



23 December 2014

To: Appointed Actuaries and Chief Executive Officers of general insurers

Financial Condition Report under *Prudential Standard GPS 320 Actuarial and Related Matters*

As part of the life and general insurance capital (LAGIC) review, APRA made changes to the due date of the Financial Condition Report (FCR) required under *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320). The changes required a general insurer to submit the FCR within three months, rather than four months, of its financial year end.

To give insurers time to adapt their processes, APRA phased-in the requirement, allowing insurers to submit their FCR within four months of their financial year end for balance dates up to 31 March 2014. In a letter sent on 29 May 2014, APRA extended the four month due date applicable to FCRs for balance dates up to 31 March 2015. The transition back to a three month timeframe was to come into effect after 31 March 2015.

The extension was also to allow APRA to undertake a holistic review of the requirements of Appointed Actuaries and general insurers in relation to the FCR, Insurance Liability Valuation Report (ILVR) and other related reports such as the Internal Capital Adequacy Assessment Process (ICAAP) report.

APRA is currently in the initial stages of its review of the requirements of Appointed Actuaries. To allow APRA sufficient time to complete this review, APRA is extending the commencement of the three month due date for a further 15 months. **APRA will permit FCRs to be lodged with APRA up to four months after an insurer's balance date, for balance dates up to and including 30 June 2016.** The formal adjustment to GPS 320 to enact this amendment is attached to this letter and can be found with GPS 320 on APRA's website at:

www.apra.gov.au/GI/PrudentialFramework/Pages/prudential-standards.aspx

As with the previous adjustment, this adjustment does not affect or amend any other prudential requirements of insurers. For example, the ILVR and the review of the run-off plan (where applicable) are still due to APRA within three months of the financial year-end. In addition, an FCR that is combined with an ILVR will need to be submitted within the three-month timeframe. APRA expects insurers to continue to work on a best endeavours basis to provide the FCR to the Board and APRA as close as practical to the three-month timeframe whilst still maintaining the quality of the document.

If you have any feedback on the timing of FCRs or the review of the prudential requirements, please email Insurance.Policy@apra.gov.au. If you have any questions in relation to your specific circumstances, contact your Responsible Supervisor.

Yours sincerely



Notice of Adjustment to Reporting Requirements under Prudential Standard GPS 320 Actuarial and Related Matters

Prudential Standard GPS 320 Actuarial and Related Matters

I, Ian Laughlin, a delegate of APRA:

1. REVOKE the Notice of Adjustment to Reporting Requirements under paragraph 79 of *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320) dated 29 May 2014; and
2. ADJUST, under paragraph 79 of GPS 320, the prudential requirements in paragraph 12 of GPS 320 in relation to general insurers in the manner specified in the attached Schedule.

This instrument comes into force on 31 December 2014 and is repealed on 1 November 2016.

Dated 18 December 2014



Ian Laughlin

Deputy Chairman

Interpretation

In this Notice

APRA means the Australian Prudential Regulation Authority.

the general insurer means the company receiving this notice by way of letter headed:

18 December 2014

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Schedule

The requirements in paragraph 12 of *Prudential Standard GPS 320 Actuarial and Related Matters* in respect the general insurer are adjusted so that paragraph 12 now reads:

12. Under the Act, an insurer must submit to APRA all reports required to be prepared by its Appointed Actuary⁷. An insurer must submit to APRA:
- (a) reports relating to a special purpose review in accordance with the time specified in paragraph 44;
 - (b) unless otherwise specified under paragraph 25 or paragraph 40, the Financial Condition Report⁸:
 - (i) for financial years ending up to and including 30 June 2016, within four months of the end of the insurer's financial year; or
 - (ii) for financial years ending after 30 June 2016, within three months of the end of the insurer's financial year⁹; and
 - (c) unless otherwise specified under paragraph 25 or paragraph 40, any other reports:
 - (i) for financial years ending up to and including 31 March 2014, within four months of the end of the insurer's financial year; or
 - (ii) for financial years ending after 31 March 2014, within three months of the end of the insurer's financial year^{9a}.

Footnotes

⁷ Refer to section 49L of the *Insurance Act 1973*.

⁸ This Prudential Standard sets out further detail regarding these reports.

⁹ In exceptional cases, an insurer may apply, and APRA may grant in writing, an extension of time within which this report is to be provided to APRA.

^{9a} In exceptional cases, an insurer may apply, and APRA may grant in writing, an extension of time within which these reports are to be provided to APRA.