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# Reporting Guidance For Life Companies (including Friendly Societies) - July 2013

## Reporting Form LRF 110_2: Prescribed Capital Amount (Entity)

Section 1: Summary of prescribed capital amount
Item 1 Life Company: Prescribed capital amount

According to the reporting instructions, LRF 110_2 *Prescribed Capital Amount* is the total prescribed capital amount at the life company level.

The Prescribed Capital Amount is calculated as the sum of Item 9 (Prescribed capital amount) across all LRF 110_1 *Prescribed Capital Amount* forms.

This sum is subjected to a floor of $10 million at the life company level, except for any friendly society in relation to which exemption or transition has been granted by APRA regarding the minimum prescribed capital amount. Any such approved minimum would replace the $10 million floor accordingly.

## Reporting Form LRF 112_0: Determination of Capital Base (SF)

Section 2: Additional information – Capital Base
Item 1 Liability adjustments

LRF 112_0 has the following validation rule: *Additional information - Capital base, Liability adjustments must equal Asset risk charge calculation, Adjusted balance sheet - pre-stress, Liability adjustments on LRF 114_0 Asset Risk Charge.*

In prudential standard LPS 112 Attachment B, paragraph 22 describes the liability adjustments as inclusive of tax effects.

LRF 112_0 is consistent with *Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital* (LPS 112). The instructions for *Section 1 Item 3 Liability Adjustments* in LRF 114 refer back to LPS 112, and therefore the pre-stress liability adjustments on LRF 114 should include tax effects.

As noted in the instructions to LRF 114_0, tax benefits arising as a result of the stresses are reported separately in item 1.3 in LRF 114_0.

In order to report correctly and to satisfy the validation rule, entities should enter a net of tax value in *LRF 114_0 section 1 Item 3 Pre-stress Liability Adjustments value*.

## Treatment of ‘Other’ data items

APRA participates in the Government’s Standard Business Reporting (SBR) program and, during consultation in June 2012, proposed to change the design of reporting forms in relation to the treatment of ‘other’ data items. This change was proposed to comply with the SBR principle of maximising the reuse of data elements.

Under the previous reporting framework, ‘Other’ data items were input fields in a number of reporting forms and, as such, required a specific definition for each reporting form. In the new collection, APRA revised the design of the reporting forms for insurers such that, where applicable, ‘Other’ data items are balancing items.

As a result ’Other’ data items (where applicable) are now being calculated in the form and the ‘Total’ data items are input fields. Therefore, the ‘Total’ amount should be entered by the insurer, and the ’Other’ data item will be derived automatically. The form instructions detail how the ‘Other’ data item is derived.

For example in LRF 310.1 *(Income Statement and Related Information (SF and SF Eliminations)* – Item 5 (Total revenue) should be entered, and then item 4 (Other revenue) will be then calculated automatically.