



## **Prudential Standard GPS 311**

# **Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups**

### **Objective and key requirements of this Prudential Standard**

This Prudential Standard aims to ensure that the Board and senior management of the parent entity of a Level 2 insurance group are provided with impartial advice in relation to the group's operations, financial position and insurance liabilities. This advice is designed to assist the Board and senior management of the parent entity in carrying out their responsibility for the sound and prudent management of the group.

Accordingly, this Prudential Standard specifies the roles and responsibilities of a Level 2 insurance group's Group Auditor and its Group Actuary; it also specifies the obligations of a Level 2 insurance group to make arrangements to enable its Group Auditor and Group Actuary to fulfil their responsibilities. In addition, the Prudential Standard establishes a set of principles and practices for the measurement and reporting of insurance liabilities for all Level 2 insurance groups.

The key requirements of this Prudential Standard in relation to audit and actuarial reporting and valuation are that a Level 2 insurance group must:

- appoint a Group Auditor and Group Actuary;
- make arrangements to enable its Group Auditor and Group Actuary to undertake their roles and responsibilities;
- ensure that on an annual basis its Group Auditor conducts a limited assurance review of the annual accounts of the group and reviews other aspects of the group's operations;

- ensure that its Group Actuary prepares an Insurance Liability Valuation Report annually which is addressed to the Board of the parent entity of the group;
- ensure that its Group Auditor and Group Actuary undertake other functions such as special purpose reviews where required;
- for the purposes of the capital standards and reporting requirements under the *Financial Sector (Collection of Data) Act 2001*, ensure that the group's insurance liabilities are valued in accordance with this Prudential Standard; and
- submit to APRA all reports required under this Prudential Standard prepared by its Group Auditor and Group Actuary.

## Authority

1. This Prudential Standard is made under paragraph 32(1)(a) of the *Insurance Act 1973 (the Act)*.

## Application

2. This Prudential Standard applies<sup>1</sup> to each:
  - (a) **general insurer (insurer)**;
  - (b) authorised NOHC; and
  - (c) **subsidiary** of an insurer or authorised NOHC that is a **parent entity** of a Level 2 insurance group.
3. Insurers and authorised NOHCs must, ~~subject to paragraph 45,~~ comply with this Prudential Standard from 1 December 2011 ~~31 March 2009~~ (effective date).
4. Where a requirement is expressed to be imposed on a Level 2 insurance group in this Prudential Standard, the parent entity of the group must ensure that the group meets the requirement.

## Interpretation

5. Unless otherwise defined in this Prudential Standard, expressions in bold are defined in *Prudential Standard GPS 001 Definitions. (GPS 001)*.

## Appointment of a Group Auditor and Group Actuary

6. A Level 2 insurance group must appoint a **Group Auditor**. The Group Auditor of a Level 2 insurance group must be one of the following persons:
  - (a) the Appointed Auditor<sup>2</sup> of the parent entity where the parent entity is an insurer;
  - (b) the Appointed Auditor<sup>3</sup> of an APRA-authorised insurer within the group; or
  - (c) a responsible auditor<sup>4</sup> of the parent entity where the parent entity is a NOHC.

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<sup>1</sup> Refer to sections 32 and 35 of the *Insurance Act 1973 (the Act)*.

<sup>2</sup> Note that the Appointed Auditor already has to meet fit and proper criteria under *Prudential Standard GPS 520 Fit and Proper (GPS 520)*.

<sup>3</sup> Note that the Appointed Auditor already has to meet fit and proper criteria under GPS 520.

<sup>4</sup> As defined in GPS 520. Note that the responsible auditor already has to meet fit and proper criteria under GPS 520.

7. In addition to the fit and proper criteria that the Group Auditor is required to meet under *Prudential Standard GPS 520 Fit and Proper (GPS 520)*, the Level 2 insurance group must ensure that the Group Auditor is not:
  - (a) the Group Actuary;
  - (b) the actuary of an entity within the group carrying on insurance business;
  - (c) an employee or director of the entity of which a person referred to in paragraph (a) or (b) is an employee or director; or
  - (d) a partner of a person referred to in paragraph (a) or (b).
8. A Level 2 insurance group must also ensure that its Group Auditor meets the independence requirements applicable to an Appointed Auditor under *Prudential Standard GPS 510 Governance (GPS 510)*.<sup>5</sup>
9. A Level 2 insurance group must appoint a **Group Actuary**. The Group Actuary of a Level 2 insurance group must :
  - (a) meet the fit and proper criteria to hold a responsible person position under paragraph 22 of GPS 520;
  - (b) have appropriate formal qualifications;
  - (c) have a minimum of 5 years relevant experience, since obtaining the qualifications referred to in paragraph (b), in the provision of actuarial services to entities carrying on insurance business and it would be prudent to conclude that the person is familiar with current issues in the provision of actuarial services to such entities;
  - (d) be a member of a recognised professional body for actuaries; and
  - (e) not be
    - (i) the Group Auditor;
    - (ii) the auditor of an entity within the Level 2 insurance group carrying insurance business;
    - (iii) an employee or director of an entity of which a person referred to in paragraph (i) or (ii) is an employee or director;
    - (iv) a partner of a person referred to in paragraph (i) or (ii); or
    - (v) the Chief Executive or a director of any entity of the Level 2 insurance group or its wider corporate group (where applicable).  
~~carrying on insurance business.~~

<sup>5</sup> In particular, under *Prudential Standard GPS 510 Governance (GPS 510)* read with this paragraph, the Group Auditor and Group Actuary of a Level 2 insurance group cannot both be employed by **related bodies corporate**, or by **related firms**.

## Role of Group Auditor and Group Actuary

10. A Level 2 insurance group must ensure that its Group Auditor:
  - (a) conducts a **limited assurance**<sup>6</sup> review of the group's annual accounts;
  - (b) performs for the group the functions of a Group Auditor set out in this Prudential Standard and any other prudential standard; and
  - (c) prepares, and gives to the group, any reports required to be prepared by the Group Auditor under this Prudential Standard.
11. A Level 2 insurance group must ensure that its Group Actuary:
  - (a) performs for the group the functions of a Group Actuary set out in this Prudential Standard and any other prudential standard; and
  - (b) prepares, and gives to the group, any reports required to be prepared by the Group Actuary under this Prudential Standard.
12. A Level 2 insurance group must:
  - (a) ensure that the reports required to be prepared by the Group Auditor and Group Actuary deal with all the matters required by this Prudential Standard to be dealt with in the reports; and
  - (b) lodge with APRA:
    - (i) the reports required to be prepared by its Group Auditor; and
    - (ii) the reports required to be prepared by its Group Actuaryunder this Prudential Standard.

## Obligations of a Level 2 insurance group

13. A Level 2 insurance group must make any arrangements necessary to enable its Group Auditor and Group Actuary to undertake their functions as required by this Prudential Standard. These arrangements include ensuring that its Group Auditor and Group Actuary are fully informed of material **prudential requirements** applicable to the group. These arrangements also include ensuring that its Group Auditor and Group Actuary are provided with any other information that:
  - (a) APRA has provided to the group and may assist the Group Auditor or Group Actuary, in performing their duties; and
  - (b) has been requested by the Group Auditor or Group Actuary in performing their duties.

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<sup>6</sup> As defined in *Prudential Standard GPS 001 Definitions*. ~~(GPS 001)~~.

14. A Level 2 insurance group must ensure that its Group Auditor and Group Actuary have access to all relevant data, information, reports and staff of the group (and must take all reasonable steps to ensure access to contractors of the group) that its Group Auditor and Group Actuary reasonably believe are necessary to fulfil their responsibilities. This will include access to:
  - (a) the board (**Board**) of the parent entity of the group;
  - (b) the board audit committee of the parent entity, if any;
  - (c) the board of any other entity within the group; and
  - (d) the board audit committee, if any, of any other entity within the group .
15. A Level 2 insurance group must submit to APRA:
  - (a) reports, other than those relating to a special purpose review, on or before the day that the group's annual accounts are to be lodged in accordance with reporting standards made under the *Financial Sector (Collection of Data) Act 2001* (**Collection of Data Act**);<sup>7</sup> and
  - (b) reports relating to a special purpose review in accordance within the time specified.
16. APRA does not require the Insurance Liability Valuation Reports (**ILVRs**)<sup>8</sup> of a Level 2 insurance groups to be subject to external peer review in contrast with the requirement applying to Level 1 insurers under *Prudential Standard GPS 310 Audit and Actuarial Reporting and Valuation* (**GPS 310**).

### Special purpose external peer review

17. APRA may require the advice of the Group Actuary which is prepared in accordance with this Prudential Standard to be subject to peer review by an external actuary.<sup>9</sup> The external actuary appointed to this role, and the scope of the review, is to be agreed with APRA. The external actuary must prepare a report in respect of the review. The review must be completed in accordance with any relevant professional standards and guidance notes. The cost of the review will be borne by the Level 2 insurance group. The external actuary must submit the report to APRA and the Level 2 insurance group simultaneously within three months of the review being commissioned unless APRA grants an extension of time in writing.

<sup>7</sup> This Prudential Standard sets out further detail regarding these reports.

<sup>8</sup> Refer section below on the ILVRs.

<sup>9</sup> The external actuary must have appropriate formal qualifications and must not be an employee of the Level 2 insurance group.

## Roles and responsibilities of the Group Auditor

~~17.18.~~ A Group Auditor's primary roles are to provide:

- (a) an independent and objective view of the truth and fairness of the group's **annual accounts** required by reporting standards made under the Collection of Data Act; and
- (b) an assessment of the group's systems, procedures and controls used to address compliance with prudential requirements and for the purposes of producing reliable financial data.

A Level 2 insurance group may also seek the advice of its Group Auditor in relation to other matters where the group considers this to be appropriate.

~~18.19.~~ A Level 2 insurance group must ensure that its Group Auditor:

- (a) conducts a limited assurance review of the annual accounts of the group;<sup>10</sup>
- (b) on an annual basis, reviews and tests the group's systems, processes and controls designed to:
  - (i) address compliance with all prudential requirements; and
  - (ii) enable the group to report reliable financial information to APRA; and
- (c) performs such other work as necessary to fulfil the Group Auditor's responsibilities under this Prudential Standard.

~~19.20.~~ A Level 2 insurance group must ensure that its Group Auditor provides a report to the group relating to the findings of this review. The report must meet the requirements set out in paragraphs ~~35 34~~ to ~~37 36~~ of this Prudential Standard.

~~20.21.~~ A Level 2 insurance group must ensure that its Group Auditor provides the report to the group within such time as to enable the group to provide the report to APRA four months after the group's financial year end.

## Roles and responsibilities of the Group Actuary

~~21.22.~~ A Group Actuary's primary role is to provide advice on the valuation of the group's insurance liabilities. A Level 2 insurance group may also seek the advice of its Group Actuary in relation to other matters where the group considers this to be appropriate.

~~22.23.~~ A Level 2 insurance group must ensure that its Group Actuary, on an annual basis (subject to paragraph ~~27 26~~), undertakes an investigation to enable the preparation of an ILVR.<sup>11</sup>

<sup>10</sup> See requirements of paragraph ~~35 34~~.

~~23.24.~~ A Level 2 insurance group must seek the advice of its Group Actuary for an actuarial assessment of the group's insurance liabilities for each half-yearly report submitted to APRA. There is no requirement to prepare or submit a mid-year ILVR.

~~24.25.~~ In each ILVR, the Group Actuary must comment on the advice provided to the group in relation to the two half-yearly reports immediately preceding the date of the ILVR. Those comments should cover the extent to which the advice was accepted by the group in preparing its half-yearly reports and the extent to which the actuary has amended the valuation of insurance liabilities in the ILVR compared to the last advice given to the group for the half-yearly report at the group's balance date.

~~25.26.~~ A Level 2 insurance group must ensure that its Group Actuary reviews the determination of the MER for the group and includes relevant comments on this review in the ILVR. The review should include consideration of:

- (a) whether there are exposures other than property exposures that may give rise to significant accumulations; and
- (b) the adequacy of the Level 2 insurance group's MER given the business being undertaken and the reinsurance arrangements.

~~26.27.~~ APRA may, in writing, specify that an ILVR in respect of a Level 2 insurance group be prepared:

- (a) more frequently if, having regard to the particular circumstances of the group, APRA considers it necessary or desirable to obtain the ILVR more frequently for the purposes of the prudential supervision of the group; or
- (b) less frequently if, having regard to the particular circumstances of the group, APRA considers it unnecessary to obtain the ILVR on a yearly basis for the purposes of the prudential supervision of the group.

~~27.28.~~ A Level 2 insurance group must ensure that it provides the ILVR to APRA within four months of the group's balance date.

~~28.29.~~ Where APRA has specified that an ILVR is to be prepared more or less frequently under paragraph ~~27~~ 26, APRA may also specify, in writing, the time within which:

- (a) a Level 2 insurance group must receive the report from its Group Actuary; and
- (b) the group must provide the report to APRA.

In doing so, APRA will have regard to the particular circumstances of the group and the need to obtain the reports for the purposes of the prudential supervision of the group.

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<sup>11</sup> See requirements of paragraph ~~44~~ 42.

### **Special purpose review**

~~29.~~30. The requirements of a special purpose review set out in GPS 310 apply equally to a Level 2 insurance group in respect of the Group Auditor and Group Actuary.

### **Non-routine reporting by Group Auditors and Group Actuaries**

~~30.~~31. A Level 2 insurance group must ensure that its Group Auditor and Group Actuary report to APRA on a non-routine basis where APRA requests specific information or where the Group Auditor or Group Actuary has information that they consider would assist APRA in performing its functions.<sup>12</sup>

~~31.~~32. If APRA requests information or documents from the Group Auditor or Group Actuary, the Level 2 insurance group must ensure that such information or documents are provided to APRA.

### **Meetings with Group Auditors and Group Actuaries**

~~32.~~33. APRA liaison with either the Group Auditor or a Group Actuary of a Level 2 insurance group is normally conducted under trilateral arrangements involving:

- (a) APRA;
- (b) the group; and
- (c) the Group Auditor or Group Actuary.

~~33.~~34. Any one of these parties may initiate a meeting or discussion when the party considers it necessary. Notwithstanding the trilateral relationship, APRA and a Group Auditor or Group Actuary may meet on a bilateral basis where either party considers this to be necessary.

### **Limited assurance review report**

~~34.~~35. A Level 2 insurance group must ensure that its Group Auditor prepares a report on an annual basis and provides that report to the group by the time specified in paragraph ~~21~~ 20. The report must:

- (a) be addressed to the Board of the parent entity of the group; and
- (b) provide the Group Auditor's opinion on a range of matters.

~~35.~~36. Preparation of the report must be consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board (AUASB) as may be amended from time to time, to the extent that they are not inconsistent with the requirements of this Prudential Standard. A Level 2

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<sup>12</sup> Also note Part IV Division 2 of the Act on the duties of auditors and actuaries of insurers, authorised NOHCs or subsidiaries as defined in the Insurance Act of insurers or authorised NOHCs to give information to APRA.

insurance group must ensure that its Group Auditor bases this report on at least a limited assurance engagement.

| ~~36.37.~~ A Level 2 insurance group must ensure that its Group Auditor specifies in the report the results of their investigations, including the matters listed at Attachment B.

### **Valuation of insurance liabilities**

| ~~37.38.~~ A Level 2 insurance group must value its insurance liabilities in accordance with this Prudential Standard. Attachment A provides further details on this valuation. The valuation must then be used for the purpose of:

- a) calculating the group's Minimum Capital Requirement in accordance with the capital standards; and
- b) completing the group's **accounts** in accordance with reporting standards made under the Collection of Data Act.

| ~~38.39.~~ Where a Level 2 insurance group includes in its accounts a value for insurance liabilities which is inconsistent with the advice of its Group Actuary, the group must notify APRA in writing at the same time it submits its accounts to APRA. This written notification must include:

- (a) the reasons for not accepting the Group Actuary's advice; and
- (b) where relevant, details of the alternative assumptions and methodologies used for determining the value of the insurance liabilities.

| ~~39.40.~~ Subject to paragraph ~~41~~ ~~40~~, a Level 2 insurance group must determine the value of its insurance liabilities in a manner consistent with that set out in GPS 310. In respect of Australian business, the insurance liability valuation for a Level 2 insurance group should be the same as that applicable to an insurer under GPS 310 subject to identified consolidated adjustments such as intra-group transactions and diversification.

| ~~40.41.~~ In respect of international business, the insurance liability valuation for a Level 2 insurance group may be based on accounting entries for outstanding claims and premiums liabilities, subject to:

- (a) assessment by the Group Actuary of the appropriateness of these entries relative to the requirements of GPS 310; and
- (b) any adjustments required as a consequence of this assessment.

The requirements specified in paragraphs (a) and (b) will not apply to international consolidated entities which APRA deems to be immaterial. A Level 2 insurance group will need to consult with APRA prior to excluding any international consolidated entities from the requirements in paragraphs (a) and (b).

Consolidation adjustments referred to in paragraph ~~40~~ 39 may also be required. Attachment A provides further detail of the assessment by the Group Actuary that is required, including the requirement to apply a liability adequacy test at a 75 per cent probability of sufficiency (prescribed liability adequacy test).

~~41.42.~~ On the application of a Level 2 insurance group, APRA may determine that the Group Actuary of the Level 2 insurance group can apply the method set out in paragraph ~~41~~ 40 in relation to its Australian business. APRA's determination may be subject to conditions.

43. The determination of the capital base of a Level 2 insurance group which reports premiums liabilities on the basis of paragraphs 41 and 42 will, in some circumstances, differ to that prescribed under paragraph 16(a)(v) of Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital (GPS 112). If the Level 2 insurance group has premiums liabilities (determined using accounting entries) which is higher than the amount calculated under the prescribed liability adequacy test (i.e., a surplus), it cannot include this amount in its capital base as a surplus technical provision. If the Level 2 insurance group has premiums liabilities (determined using accounting entries) which is lower than the amount calculated under the prescribed liability adequacy test (i.e., a deficit), it must include this amount in the determination of the capital base as a deficit technical provision, in accordance with GPS 112.

### **Insurance Liability Valuation Report**

~~42.44.~~ A Level 2 insurance group must ensure that its Group Actuary prepares an ILVR as required by this Prudential Standard and provides that ILVR to the group within the time required by paragraph ~~28~~ 27. The ILVR must:

- a) be addressed to the Board of the parent entity;
- b) provide the Group Actuary's advice in respect of the value of the group's insurance liabilities, determined in accordance with this Prudential Standard; and
- c) in respect of the group, provide details on the same matters as required under GPS 310 for an APRA-authorized insurer's ILVR.

~~43.45.~~ Preparation of the ILVR for a Level 2 insurance group must be consistent with professional standards issued by the Institute of Actuaries of Australia (**IAAust**) that relate to the preparation of insurance liability valuation reports for insurance groups, where these have been issued. Any such professional standards apply to the extent that they are not inconsistent with the requirements of this Prudential Standard. In the event of any inconsistency arising from application of the professional standards and this Prudential Standard, the requirements of this Prudential Standard prevail.

~~44.46.~~ The ILVR for a Level 2 insurance group must provide sufficient information in relation to the assumptions and methods used for the valuation of liabilities so that another actuary reading the ILVR will be able to obtain a sound understanding of:

- (a) the valuation process and results;
- (b) the suitability of accounting figures for overseas business relative to the requirements of GPS 310;
- (c) the nature and quantum of consolidation adjustments;
- (d) any inherent limitations in the process and results; and
- (e) the key risks pertaining to the insurance liabilities of the portfolio.

Further detail on the measurement and reporting of insurance liabilities is provided at Attachment A. The ILVR may refer to other actuarial reports in respect of the Australian business or international business of the group and the group must also ensure the Group Actuary's access to those actuarial reports.

### **Transition, adjustments and exclusions**

~~45. — APRA may grant a period of transition to a Level 2 insurance group by determining a later effective date for this Prudential Standard for the group where the parent entity has applied for such transitional relief. The effective date determined by APRA will be no later than 31 December 2009.~~

~~46.~~47. On the application of a Level 2 insurance group, APRA may by notice in writing to the parent entity of the Level 2 insurance group adjust or exclude a specific prudential requirement in this Prudential Standard in relation to that Level 2 insurance group.

### **Engagement of the Group Auditor and Group Actuary**

~~47.~~48. Where this Prudential Standard requires a Level 2 insurance group to ensure that its Group Auditor or Group Actuary performs a particular task or service or complies with a requirement, the Level 2 insurance group must ensure the contract engaging the Group Auditor or Group Actuary (if external to the Level 2 insurance group) includes a term requiring the Group Auditor or Group Actuary (as the case may be) to perform the task or service or comply with the requirement.

### **Determinations made under previous prudential standards**

47. An exercise of APRA's discretion (such as an approval, waiver or direction) under a previous version of this Prudential Standard continues to have effect as though exercised pursuant to a corresponding power (if any) exercisable by APRA under this Prudential Standard. For the purposes of this paragraph, 'a previous version of this Prudential Standard' includes *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups* made on 17 December 2008.

## Attachment A

### Insurance Liability Valuation

1. Paragraphs ~~22~~ ~~24~~ to ~~26~~ ~~25~~ of this Prudential Standard set out the responsibilities of the Group Actuary in respect of insurance liability valuation. This Attachment elaborates on those requirements.
2. A Level 2 insurance group may consist of Australian business only (insurers authorised by APRA) or may comprise both Australian and international business.
3. In the case of a Level 2 insurance group with only Australian business, the valuation of group insurance liabilities must be based on the ILVR of each insurer in the group and must be compiled as follows:
  - a) the sum of the insurance liabilities for each insurer in the group; plus or minus
  - b) consolidation adjustments for intra-group transactions (which are likely to be eliminations); plus or minus
  - c) consolidation adjustments for diversification benefits in risk margins (if any); plus or minus
  - d) any other adjustments the Group Actuary considers necessary to comply with this Prudential Standard.
4. In the case of a Level 2 insurance group with international business, the Group Actuary must also determine appropriate values for each of outstanding claims and premiums liabilities for the international controlled entities before applying the steps described above.
5. In respect of outstanding claims, the consolidated accounts of the group prepared in accordance with Australian Accounting Standards will include consolidated gross outstanding claims liabilities (and corresponding recovery assets) prepared in accordance with Australian accounting standards. Given that those standards are, in most respects, the same as APRA requirements for outstanding claims, the Group Actuary may adopt the outstanding claims liabilities from the consolidated accounts of the group subject to:
  - a) ensuring that the risk margins are in accordance with APRA standards; and
  - b) any other adjustments that are needed, in the Group Actuary's opinion, to materially comply with APRA standards.

6. In respect of premiums liabilities, the consolidated group accounts prepared in accordance with Australian Accounting Standards will not include prospective estimates of premiums liabilities as required by APRA standards. The Group Actuary must make an appropriate estimate of premiums liabilities and advise the group accordingly. For international business the premiums liabilities may be recorded as the equivalent accounting entries<sup>13</sup> provided they are subject to a liability adequacy test at a 75 per cent level of sufficiency by the Group Actuary.
7. The liability adequacy test for the purpose of this standard should be in accordance with the requirements of Australian accounting standards rather than APRA standards. The probability of sufficiency used must be 75 per cent. The business segments used should not, however, combine Australian and international businesses in the same segments because the Australian business already has a premiums liability estimate from its ILVR that is used as a component of the group results.

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<sup>13</sup> The net premiums liabilities are estimated as unearned premiums less deferred acquisition costs less the relevant reinsurance items plus any liability adequacy test adjustments.

## Attachment B

### Matters to be addressed in a limited assurance review report

For the purposes of paragraph ~~37~~ 36 of this Prudential Standard, the Group Auditor's report must address whether:

- (a) there is evidence to suggest that the returns provided to APRA in accordance with the Collection of Data Act do not present a fair view of the financial position of the Level 2 insurance group;
- (b) there exist systems, procedures and controls that are kept up-to-date and address compliance with all prudential requirements. If the Group Auditor is of the opinion that the group does not have such systems, procedures and controls, it must specify in the report the reasons for this opinion;
- (c) systems, procedures and controls relating to actuarial data integrity and financial reporting risks (the risks that incorrect source data will be used in completing returns to APRA in accordance with the Collection of Data Act) are adequate and effective;
- (d) during the course of testing the group's systems, procedures and controls, instances of non-compliance with prudential requirements have been identified. If so, details are to be provided;
- (e) the group has complied, in all significant respects, with its Risk Management Strategy (**RMS**) and Reinsurance Management Strategy (**REMS**).<sup>14</sup> If the Group Auditor is of the opinion that the Level 2 insurance group has not complied with its RMS and REMS, it must specify in the report the reasons for this opinion;
- (f) the group has systems, procedures and controls in place to ensure that reliable statistical and financial data are provided to APRA in the semi-annual returns required by reporting standards made under the Collection of Data Act. If the Group Auditor is of the opinion that the group does not have such systems, procedures and controls, it must specify in the report the reasons for this opinion; and
- (g) there are matters which have come to the Group Auditor's attention that will, or are likely to, adversely affect the interests of policyholders of the group. If so, the Group Auditor must provide details in the report.

<sup>14</sup> As defined in *Prudential Standard GPS 220 Risk Management* (~~GPS 220~~) and *Prudential Standard GPS 230 Reinsurance Management* (~~GPS 230~~) respectively, read with *Prudential Standard GPS 221 Risk Management for Level 2 Insurance Groups*. (~~GPS 221~~).