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CONFIDENTIALITY OF LIFE INSURANCE DATA

On 22 February 2013, APRA released a discussion paper on proposed changes to its life insurance statistical publications and on the confidentiality of life insurance data submitted to APRA.¹

In the discussion paper, APRA proposed to enhance its life insurance statistical publications to better meet stakeholders' needs for more detailed and timely statistics. APRA also proposed to determine that all data submitted by life insurers including friendly societies are non-confidential and therefore would be publicly accessible. The consultation period for submissions to be made to APRA closed on 5 April 2013.

On 21 May 2013, APRA released a response letter which noted it would implement the improvements to the life insurance publications as proposed. APRA released the first of the improved publications, the *Quarterly Life Insurance Performance Statistics* (QLIPS) publication, for the March 2013 reference period on 21 May 2013. APRA further improved the QLIPS publication for the September 2013 reference period by releasing a database version of the publication which included additional statistics on 19 November 2013.

During 2013, APRA undertook extensive further consultation with industry to clarify the submissions received in response to the discussion paper. APRA subsequently released a response to the consultation on 11 December 2013, outlining that certain data had been determined non-confidential.²

This letter outlines APRA's final response to the consultation, with APRA now having made a decision on the confidentiality of the majority of data proposed to be determined non-confidential in the February 2013 discussion paper.

Confidentiality of data

The February 2013 discussion paper sought feedback on APRA's proposal to determine all data submitted by life insurers including friendly societies to be non-confidential.

Section 57 of the APRA Act provides that APRA may, by legislative instrument, determine that data submitted to it by entities under section 13 of the *Financial Sector (Collection of Data) Act 2001* (FSCOD Act) contain or do not contain confidential information. APRA may determine data to be non-confidential if "APRA considers that the benefit to the public from the disclosure of [the data] outweighs any detriment to commercial interests that the disclosure may cause".

Representations received on the discussion paper

¹ <http://www.apra.gov.au/lifs/Publications/Pages/Confidentiality-of-life-insurance-data-statistical-publications.aspx>

² http://www.apra.gov.au/lifs/Publications/Documents/Release_of_institution_level_publication_LI_response_letter_-_December_2013.pdf

Several submissions on the discussion paper generally supported the principles behind APRA's proposals to determine data non-confidential, with a few submissions indicating that it would be desirable to make most of the data accessible by determining it non-confidential.

Some submissions suggested that a second round of consultation would be necessary to properly consider and gauge the effect of determining data to be non-confidential. Following its initial consideration of submissions, APRA invited the industry bodies and other entities that had made submissions to make additional representations to clarify their submissions. APRA also met with industry representatives and other stakeholders to discuss its proposals and obtain further feedback in October 2013 and January 2014. During this additional consultation, further representations from industry were received in November 2013 and December 2013.

December 2013 response

As outlined in the December 2013 response to submissions, having considered all of the feedback on data confidentiality, APRA implemented a phased approach to the determination of data to be non-confidential and hence the publication of non-confidential data.

In December 2013, APRA had determined data that are the source of the statistics in the *Life Insurance Institution-level Statistics* (LIILS) publication, and which industry suggested would not be detrimental to their commercial interests to disclose, to be non-confidential. The data that APRA determined non-confidential under section 57 of the APRA Act in December 2013 are listed in Appendix A.

June 2015 response

APRA indicated that it would weigh up the public benefit and commercial detriment of the remaining data proposed to be non-confidential in the February 2013 discussion paper. APRA has now made a decision about the confidentiality of the remaining data, giving careful consideration to the representations received from interested parties.

Where APRA has determined data to be non-confidential, this decision was made on the basis that the public benefit from disclosure clearly outweighs any detriment to commercial interests that the disclosure may cause.

Where it was not clear on current evidence that the public benefit of disclosure outweighs commercial detriment that disclosure may cause, APRA has made no decision on the confidentiality of the data at this time. For these data, APRA will continue to apply confidentiality protection measures for industry-level publications to ensure that confidential information relating to an individual institution cannot be derived from APRA's published statistics. APRA may in the future review its position on such data having regard to any new evidence and/or industry or regulatory developments.

In relation to product group data, APRA notes the arguments put forward in some of the submissions against product group data being made non-confidential, as well as other submissions that argued in favour of non-confidentiality. APRA is not entirely convinced by the arguments against the data being non-confidential and the commercial detriment it could cause. APRA intends to further analyse and test the strength of these arguments and undertake additional consultation on the disclosure of class of business data before making a decision about the data's confidentiality. APRA intends to undertake the consultation over the next year. In the meantime, APRA has made no decision on the confidentiality of class of business data and will continue to treat the data as confidential.

The data that APRA determined non-confidential under section 57 of the APRA Act through the determination signed on 17 June 2015 are listed in Appendix B.

Next steps

APRA appreciates the feedback provided to date by industry and other stakeholders. We would also encourage industry and other stakeholders to continue to review the information that is published for accuracy and consistency, so that the quality of the data collection and publications is enhanced over time.

Yours sincerely

A handwritten signature in black ink, appearing to be 'L. J. ...', is positioned below the text 'Yours sincerely'.

Appendix A - Data that APRA determined non-confidential under S57 of the APRA Act (December 2013)

APRA has determined annual data on the following forms (and equivalent forms under previous reporting frameworks) to be non-confidential:

- LRF 110.1 - Prescribed Capital Amount (SF, GF) (all data items excluding details of adjustments)
- LRF 110.2 - Prescribed Capital Amount (Entity) (all data items excluding details of adjustments)
- LRF 112.2 - Determination of Capital Base (Entity) (all data items)
- LRF 300.1 - Statement of Financial Position (SF and Eliminations) (all data items)
- LRF 300.2 - Statement of Financial Position (SF Total, GF, Entity) (all data items)
- LRF 310.1 - Income Statement and Related Information (SF) (selected data items included in LIILS)
- LRF 310.2 - Income Statement and Related Information (SF Total, GF, Entity) (selected data items included in LIILS)

Appendix B - Data that APRA determined non-confidential under S57 of the APRA Act (June 2015)

APRA has determined data (annual and quarterly) on the following forms (and equivalent forms under previous reporting frameworks) to be non-confidential:

- LRF 110.1: Prescribed Capital Amount (SF, GF) (all data items excluding item 8. Adjustments to prescribed capital amount as approved by APRA: items in table)
- LRF 110.2: Prescribed Capital Amount (Entity) (all data items)
- LRF 112.0: Determination of Capital Base (SF) (all data items)
- LRF 112.1: Determination of Capital Base (GF) (all data items)
- LRF 112.2: Determination of Capital Base (Entity) (all data items)
- LRF 112.3: Related Party Exposures (totals only)
- LRF 114.0: Asset Risk Charge (all data items excluding item 8. Adjustments to asset risk charge as approved by APRA: items in table)
- LRF 114.2: Derivatives Activity (all data items)
- LRF 114.3: Off-balance Sheet Business (all data items)
- LRF 115.0: Insurance Risk Charge (SF) (all data items excluding item 5. Adjustments to insurance risk charge as approved by APRA: items in table)
- LRF 115.1: Insurance Risk Charge (GF) (all data items excluding item 8. Adjustments to insurance risk charge as approved by APRA: items in table)
- LRF 117.0: Asset Concentration Risk Charge (all data items excluding Section 1: Large exposures; Section 2: Asset Concentration Risk Charge; and Section 3, Item 5. Adjustments to asset concentration risk charge as approved by APRA: items in table)
- LRF 118.0: Operational Risk Charge (all data items excluding item 4. Adjustments to operational risk charge as approved by APRA: items in table)
- LRF 200.0: Capital Adequacy Supplementary Information (Section 2: Insurance risk charge, item 3. Total impact of stress margins; and Section 3: Variable annuities)
- LRF 300.1: Statement of Financial Position (SF and SF Eliminations) (all data items)
- LRF 300.2: Statement of Financial Position (SF Total, GF, GF Elim, Entity) (all data items)
- LRF 310.1: Income Statement (SF and SF Eliminations) (all data items)
- LRF 310.2: Income Statement (SF Total, GF, GF Elim, Entity) (all data items)
- LRF 330.0: Summary of Revenue and Expenses (item 2. Totals by class of business)
- LRF 340.1: Retained Profits (SF and SF Eliminations) (all data items)
- LRF 340.2: Retained Profits (SF Total, GF, GF Elim, Entity) (all data items)
- LRF 400.0: Statement of Policy Liabilities (item 2. Totals by class of business and basis)
- LRF 420.0: Assets Backing Policy Liabilities (item 3. Totals by class of business)
- LRF 430.0: Sources of Profit (item 2. Totals by class of business and profit allocation)