



## Reporting Standard GRS 302.0\_G (2011)

### Statement of Financial Position by Region (Level 2 Insurance Group)

#### Objective of this reporting standard

This reporting standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001* (the Collection of Data Act). It requires the parent entity of a Level 2 insurance group to report to APRA, generally on a semi-annual and annual basis, in relation to the financial position by region of the Level 2 insurance group.

This reporting standard outlines the overall requirements for the provision of this information to APRA. It should be read in conjunction with:

- *Form GRF 302.0\_G Statement of Financial Position by Region* (Form GRF 302.0\_G) and the associated instructions (which are attached and all form part of this reporting standard); and
- any prudential standards referenced in the attached instructions.

#### Purpose

1. Data collected in Form GRF 302.0\_G is used by APRA for the purpose of prudential supervision including assessing a Level 2 insurance group's compliance with the capital standards.

## Application and commencement

2. This reporting standard applies to a parent entity of a Level 2 insurance group for reporting periods commencing on or after 1 July 2011. The parent entity of a Level 2 group is required to ensure that each requirement in this reporting standard is complied with.

## Information required

3. The parent entity of a Level 2 insurance group must provide APRA with the information required by the Form GRF 302.0\_G for each reporting period specified in paragraph 5 for the Level 2 insurance group.

## Forms and method of submission

4. The information required by this reporting standard must be given to APRA either:
  - (a) in electronic form using the 'Direct to APRA' application, applying one of the electronic submission mechanisms under that application; or
  - (b) by manually completing Form GRF 302.0\_G on paper and mailing the completed form to APRA's head office at Level 26, 400 George Street, Sydney, New South Wales.

Where the information is submitted on behalf of the Level 2 insurance group by an agent appointed by the parent entity of the Level 2 insurance group, the agent may only provide the information in accordance with subparagraph 4(b) if the agent has contacted APRA and advised that the agent cannot submit the information in electronic form under subparagraph 4(a).

*Note:* the Direct to APRA application software and paper forms may be obtained from APRA.

## Reporting periods and due dates

5. Subject to paragraph 6, the parent entity of a Level 2 insurance group must provide the information required by this reporting standard:
  - (a) in respect of each half year based on the financial year (as defined in *Prudential Standard GPS 001 Definitions (GPS 001)*) of the Level 2 insurance group on an unaudited basis; and
  - (b) in respect of each financial year (as defined in GPS 001) of the Level 2 insurance group on an audited basis.

*Note:* The annual information required by paragraphs 3, 4 and 5(b) together with certain annual information required by other reporting standards, will form part of the Level 2 insurance group's annual accounts within the meaning of GPS 001. *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups (GPS 311)* contains the relevant provisions governing audits.

6. APRA may, by notice in writing to the parent entity, change the reporting periods, or specified reporting periods, for a particular Level 2 insurance group to require it to provide the information:
  - (a) more frequently (if, having regard to the particular circumstances of the Level 2 insurance group, APRA considers it necessary or desirable to obtain information more frequently for the purposes of the prudential supervision of the Level 2 insurance group); or
  - (b) less frequently (if, having regard to the particular circumstances of the Level 2 insurance group and the extent to which it requires prudential supervision, APRA considers it unnecessary to require the Level 2 insurance group to provide the information as frequently).
7. The information required by paragraph 3 of this reporting standard in respect of a Level 2 insurance group must be provided to APRA by the following times:
  - (a) in the case of the half yearly information required by subparagraph 5(a) – three months after the end of the reporting period to which the information relates; and
  - (b) in the case of the audited annual information required by subparagraph 5(b) – four months after the end of the reporting period to which the information relates.

*Note:* GPS 311 requires a Level 2 insurance group to ensure that its Group Auditor conducts a limited assurance review of the group's annual accounts. Accordingly, the Group Auditor's report(s) as required by GPS 311 (relating to the information required by paragraph 3) must be provided to APRA by the time specified in subparagraph 7(b) of this reporting standard (unless an extension is granted under paragraph 8).
8. APRA may by notice in writing to the parent entity grant a Level 2 insurance group an extension of a due date for the provision of the information, in which case the new due date will be the date on the notice of extension.
9. On the written application of the parent entity of a Level 2 insurance group, APRA may by notice in writing to the parent entity exclude the requirement under subparagraph 5(a) to provide half yearly information.

### **Quality control**

10. The information provided by the parent entity of a Level 2 insurance group under this reporting standard must be the product of processes and controls that have been reviewed and tested by the Group Auditor of the Level 2 insurance group. This will require the Group Auditor to review and test the systems, processes and controls supporting the reporting of the information to ensure that they produce accurate data and are otherwise reliable. This review and testing must be done on:
  - (a) an annual basis to enable the Group Auditor to form an opinion on the accuracy and reliability of the data; and

- (b) at least a limited assurance engagement consistent with the 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 *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups*.
11. The information provided by the parent entity of a Level 2 insurance group under this reporting standard must be subject to processes and controls developed by the Level 2 insurance group for the internal review and authorisation of that information. It is the responsibility of the board and senior management of the parent entity of the Level 2 insurance group to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

### **Authorisation**

12. If an officer of a parent entity of a Level 2 insurance group provides the information required by this reporting standard:
- (a) under subparagraph 4(a), the officer must digitally sign, authorise and encrypt the information (for which purpose APRA's certificate authority will issue digital certificates, for use with the 'Direct to APRA' application, to officers of the parent entity of the Level 2 insurance group who have authority from the parent entity of the Level 2 insurance group to transmit data to APRA); or
  - (b) under subparagraph 4(b), the completed form must be signed in accordance with paragraph 13.
13. If a parent entity of a Level 2 insurance group provides the information required by this reporting standard through an agent under either subparagraphs 4(a) or (b), the agent will not be required to sign or authorise the information. However, the Level 2 insurance group must:
- (a) obtain from the agent a paper copy of the completed form as provided to APRA (whether it was provided under subparagraph 4(a) or (b)); and
  - (b) cause the paper copy to be signed in accordance with paragraph 14; and
  - (c) lodge the signed paper copy with APRA by mailing the completed form to APRA's head office at Level 26, 400 George Street, Sydney, New South Wales, by the relevant due date (unless APRA, in writing, waives the requirement to lodge the signed paper copy with APRA by varying this reporting standard in relation to the Level 2 insurance group).

*Note:* APRA may, for example, determine to waive the requirement under subparagraph 13(c) where a Level 2 insurance group has undertaken to retain the signed copy of the completed form for an agreed period of time.

14. If information under this reporting standard is provided in paper form, it must be signed on the front page of the relevant completed form by either:
  - (a) the Principal Executive Officer of the parent entity of the Level 2 insurance group; or
  - (b) the Chief Financial Officer of the parent entity of the Level 2 insurance group (whatever his or her official title may be).

### **Minor alterations to forms and instructions**

15. APRA may make minor variations to the instructions to a form, to clarify their application to the form without changing any substantive requirement in the form or instructions.
16. If APRA makes such a variation it must notify the parent entity of each Level 2 insurance group in writing.

### **Adjustments**

17. The parent entity of a Level 2 insurance group may apply in writing to APRA to vary the reporting requirements of *GRF 302.0\_G Statement of Financial Position by Region (Level 2 Insurance Group)* in relation to that Level 2 insurance group. APRA may in its discretion in writing approve such an application.

### **Transition**

18. The parent entity of a Level 2 insurance group must report in relation to a reporting period ending prior to 1 July 2011 in accordance with the old standard.

### **Interpretation**

19. In this reporting standard (including the attachments):
  - (a) Unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard GPS 001 Definitions*;
  - (b) **APRA-authorised reinsurer** means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Act is an APRA-authorised reinsurer if it carries on reinsurance business;

*business days* means ordinary business days, exclusive of Saturdays, Sundays and public holidays;

*capital standards* means the prudential standards which relate to capital adequacy as defined in *Prudential Standard GPS 001 Definitions*;

***foreign insurer*** means a foreign general insurer within the meaning of the Insurance Act;

*Note:* A reference to a ‘branch’ or ‘branch operation’ is a reference to the Australian operations of a foreign insurer.

***Group Auditor*** has the meaning given in *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups*;

***Insurance Act*** means the *Insurance Act 1973*;

***insurer*** means a general insurer within the meaning of the Insurance Act;

*Note:* In the forms and instructions, a reference to an ‘authorised insurer’, ‘authorised insurance entity’ or ‘licensed insurer’ is a reference to an insurer, and a reference to an ‘authorised reinsurance entity’ is a reference to an insurer whose business consists only of undertaking liability by way of reinsurance.

***Non-APRA authorised reinsurer*** means any reinsurer that is not an APRA-authorised reinsurer;

***old standard*** means Reporting Standard GRS 302.0\_G (2009) Statement of Financial Position by Region made by Financial Sector (Collection of Data) (reporting standard) determination No. 26 of 2009;

***Principal Executive Officer*** means the current principal executive officer of the entity, regardless of title, and whether or not he or she is a member of the governing board of the entity;

***reporting period*** means a period mentioned in subparagraph 5(a) or (b) or, if applicable, paragraph 6.

20. A reference to a prudential standard is a reference to the applicable prudential standard made under section 32 of the Insurance Act, as amended from time to time. If the prudential standard has been revoked and replaced, the reference shall be taken to be to the prudential standard that has replaced it.

July 2011

## GRF\_302\_0\_G Statement of Financial Position by Region

**Australian Business Number**

**Institution Name**

**Reporting Period**

**Scale Factor**

**Reporting Consolidation**

July 2011

Line items are numbered to correspond with GRF\_300\_0\_G

	Total business	Inter-region elimination	Australian business	New Zealand	South East Asia	Asia Pacific	USA	Americas	UK/Europe	Other
<b>Assets</b>										
1. Total cash and liquid assets										
2.7 Total investments										
3.1 Total investment income receivable										
3.2 Total net recoveries other than reinsurance receivable										
3.3.4 Total net premium receivables										
3.4 Net amount recoverable from reinsurance contracts on										
3.5 Deferred reinsurance expense										
3.6 Other reinsurance assets receivable from reinsurers										
3.7 Deferred acquisition costs										
3.8 Deferred levies and charges										
3.9 GST receivable										
3.10 Other receivables										
4.6 Total other assets										
5.1 Current tax assets										
5.2 Deferred tax assets										
6. Total plant & equipment										
7.3 Total intangible assets										
<b>8. Total assets</b>										
<b>Liabilities</b>										
9. Total creditors and accruals										
10. Amounts due on reinsurance contracts										
11. Current tax liability										
12. Outstanding claims liability										
13. Unearned premium										
14.5 Total provisions										
15. Unexpired risk liability										
16. Deferred tax liability										
17.6 Total other liabilities										
18.3 Total loan capital and hybrid securities										
19. Total borrowings										
<b>20. Total liabilities</b>										
<b>21. Net assets</b>										

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**Shareholders' equity**

22.4 Total share capital										
23.8 Total reserves										
24.1 Retained earnings										
25. Total shareholders' equity attributable to shareholders of the										
26. Minority interests										
<b>27. Total shareholders' equity</b>										

# Reporting Form GRF 302.0\_G

## Statement of Financial Position by Region (Level 2 Insurance Group)

### Instruction Guide

#### Introduction

This form provides information to APRA on the assets and liabilities for each region in which the Level 2 insurance group operates.

#### Audit requirements

The annual return of *GRF 302.0\_G Statement of Financial Position by Region (Level 2 Insurance Group)* (**GRF 302.0\_G**) required under paragraphs 3 and 5(c) of *Reporting Standard GRS 302.0\_G Statement of Financial Position by Region (Level 2 Insurance Group)* (**GRS 302.0\_G**) must be subject to a limited assurance<sup>1</sup> review by the Group Auditor (see *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups* (**GPS 311**)).

The Group Auditor must prepare a review report on the basis of a limited assurance engagement in accordance with the requirements of GPS 311. Assurance in the review report will be provided in the form of negative assurance. To express negative assurance in the review report, the auditor will use limited procedures to obtain sufficient appropriate evidence. Enquiries of the Level 2 insurance group's staff and analytical procedures will be the primary tools used to obtain evidence. These procedures will not provide all the evidence that would be required in an audit.

The scope and nature of audit testing required is outlined in the *Standard on Assurance Engagement ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Auditing and Assurance Standards Board.

#### Reporting entities

GRF 302.0\_G is to be completed by the parent entity of a Level 2 insurance group as defined under *Prudential Standard GPS 001 Definitions* (**GPS 001**).

Consolidation at Level 2 should cover the Level 2 insurance group as defined under GPS 001.

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<sup>1</sup> Limited assurance is defined in *Prudential Standard GPS 001 Definitions* (**GPS 001**)

## **Basis of preparation**

Level 2 insurance groups are requested to follow the Australian accounting standards, notably *Australian Accounting Standard AASB 1023 'General Insurance Contracts'*, (**AASB 1023**) except where indicated otherwise in the instruction guide.

## **Unit of measurement**

This form is to be presented in Australian dollars (**AUD**), rounded to thousands of dollars, with no decimal place.

Amounts denominated in foreign currency are to be converted to AUD in accordance with Australian accounting standards.

Transactions arising under foreign currency derivative contracts at the reporting date must be prepared in accordance with Australian accounting standards.

## **Materiality**

GRF 302.0\_G is to be prepared based on the concept of materiality as applied in Australian accounting standards subject to APRA's discretion. APRA's discretion is likely to apply in instances where the application of materiality criteria is not suitable for prudential reporting purposes.

## **Reporting period**

Level 2 insurance groups are required to report the information in the reporting form. This information is to be reported on three occasions in a Level 2 insurance group's financial year. A Level 2 insurance group is required to submit:

- semi-annual return which is to be completed in respect of each half year from the start of the financial year of the Level 2 insurance group; and
- an audited annual return which will be based on a limited assurance review by the Group Auditor (see Audit requirements).

The financial information requested in this form is to be reported as at the last day of the reporting period on a financial year to date basis of the Level 2 insurance group.

## **Reporting lag**

Submission times for Level 2 reporting forms are as follows (in accordance with GRS 302.0\_G):

- The semi-annual return is to be lodged within three months after the end of the reporting period.
- The audited annual return is to be lodged within four months after the end of the reporting period.

## **Adjustments**

The parent entity of a Level 2 insurance group may apply in writing to APRA to vary the reporting requirements of GRF 302.0\_G in relation to that Level 2 insurance group. APRA may, at its discretion, approve such an application in writing.

## Specific instructions

Level 2 insurance groups are required to report financial data on both Australian and international exposures as defined in this form. For the purposes of segment reporting, Level 2 insurance groups are not to follow the requirements under the Australian accounting standards when completing this form where they conflict with the specific instructions in this form.

For prudential reporting purposes 'Australian business' is as defined in GPS 001 and means insurance business carried on by any Level 1 insurer within a Level 2 insurance group. Therefore, all insurance business written by Level 1 insurers is deemed to be Australian business. This treatment is different to the requirements of Australian accounting standards and AASB 1023.

For prudential reporting purposes 'Level 1 Insurer' is as defined in GPS 001.

International business, as defined in GPS 001, is to be reported according to the regions specified in this form.<sup>2</sup> Level 2 insurance groups are required to report according to the regions which most appropriately reflects the business and/or operational segments of the group.

The form allows reporting for up to seven international regions:

- New Zealand;
- South East Asia;
- Asia Pacific;
- USA;
- Americas;
- UK/Europe; and
- Other.

For entities which are not insurers within the Level 2 insurance group, items should be reported as:

- 'Australian business' where they relate to an entity incorporated in Australia; and;
- 'International business' where they relate to an entity incorporated outside of Australia. The entity should be included in the international region which most appropriately reflects the incorporation of the entity. The region can be selected to align to the region(s) chosen by the Level 2 insurance group for reporting insurance business carried on by an entity within the group that is not authorised under the *Insurance Act 1973*.

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<sup>2</sup> For the purposes of prudential reporting, Lloyd's syndicates are to be reported as international business.

### **Inter-region elimination**

The value of inter-region transactions, which are eliminated on consolidation, need to be reported as negative values under 'Inter-region elimination'. Amounts reported for Australia and other regions should be reported on the basis that these entities (or regions) are separate from the group before consolidation.

Once business segments are defined, they should generally be maintained thereafter for consistency. However, this does not prevent the Level 2 insurance group from altering its reporting segments where necessary, provided APRA is notified of any change.

### **Specific line items**

Line items in this form are numbered to correspond with *GRF 300.0\_G Statement of Financial Position (Level 2 Insurance Group) (GRF 300.0\_G)*. For description of line items refer to the instructions to GRF 300.0\_G.

### **Automatically calculated items**

#### **Total business**

For each line item, 'Total business' is automatically calculated by the form and represents the sum of 'Inter-region elimination', 'Australian business' and all the international regions reported.

#### **Total assets**

Item 8 is automatically calculated by the form and represents the sum of items 1 to 7.3.

#### **Total liabilities**

Item 20 is automatically calculated by the form and represents the sum of items 9 to 19.

#### **Net assets**

Item 21 is automatically calculated by the form and represents the difference between item 8 and item 20.

#### **Total shareholders' equity attributable to shareholders of the company**

Item 25 is automatically calculated by the form and represents the sum of item 22.4, item 23.8 and item 24.1.

#### **Total shareholders' equity**

Item 27 is automatically calculated by the form and represents the sum of item 25 and item 26.