



## Reporting Standard GRS 310.0\_G (2011)

### Income Statement (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 and operational performance 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 310.0\_G Income Statement* (Form GRF 310.0\_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 310.0\_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 310.0\_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 310.0\_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 310.0\_G Income Statement (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 310.0\_G (2009) Income Statement made by Financial Sector (Collection of Data) (reporting standard) determination No. 27 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\_310\_0\_G Income Statement (G)**

**Australian Business Number**

**Institution Name**

**Reporting Period**

**Scale Factor**

**Reporting Consolidation**

July 2011

	Total business	Inter-region elimination	Australian business	New Zealand	South East Asia	Asia Pacific	USA	Americas	UK/Europe	Other
<b>1. Gross earned premium:</b>										
1.1 Gross earned premium on direct business										
1.2 Gross earned premium on inwards reinsurance business										
<b>1.3 Total gross earned premium</b>										
<b>2. Reinsurance expense:</b>										
2.1 Reinsurance expense attributed to direct business										
2.2 Reinsurance expense attributed to inwards reinsurance business										
<b>2.3 Total outward reinsurance expense</b>										
<b>3. Net premium revenue</b>										
<b>4. Claims expense:</b>										
4.1 on direct business										
4.2 on inwards reinsurance business										
<b>4.3 Gross claims expense</b>										
<b>5. Reinsurance recoveries revenue:</b>										
5.1 on direct business										
5.2 on inwards reinsurance business										
<b>5.3 Total reinsurance recoveries revenue</b>										
<b>6. Other recoveries revenue</b>										
<b>7. Total recoveries</b>										
<b>8. Net incurred claims</b>										
8.1 Net incurred claims which is: current period net claims expense										
8.2 Net incurred claims which is: non recurring items that are part of total net claims expense										
<b>9. Underwriting expenses:</b>										
9.1 Acquisition costs										
9.2 Other underwriting expenses										
9.3 Liability adequacy test deficiency on unexpired risk										
9.4 Commission revenue										
9.5 Commission expense										
<b>9.6 Total underwriting expenses</b>										
<b>10. Underwriting result</b>										







# Reporting Form GRF 310.0\_G

## Income Statement (Level 2 Insurance Group)

### Instruction Guide

#### Introduction

The purpose of this form is to collect information on the operating performance, both within Australia and internationally, of the Level 2 insurance group.

#### Audit requirements

The annual return of *GRF 310.0\_G Income Statement (Level 2 Insurance Group)* (**GRF 310.0\_G**) required under paragraphs 3 and 5(c) of *Reporting Standard GRS 310.0\_G Income Statement (Level 2 Insurance Group)* (**GRS 310.0\_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 310.0\_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.

#### Definitions

For Australian business<sup>2</sup>, report insurance business as per APRA-authorized insurer reporting. For international business<sup>3</sup>, only report insurance business deemed to be

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<sup>1</sup> Limited assurance is defined in GPS 001.

<sup>2</sup> See GPS 001.

general insurance business.<sup>4</sup> Definitions for data reporting items required by this form have been provided where possible in the instructions under the section headed 'Specific Instructions'. For prudential reporting purposes 'Level 1 Insurer' is as defined in GPS 001.

### **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 310.0\_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 310.0\_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.

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<sup>3</sup> See GPS 001.

<sup>4</sup> For the purposes of prudential reporting, Lloyd's syndicates are to be reported as international business.

## Adjustments

The parent entity of a Level 2 insurance group may apply in writing to APRA to vary the reporting requirements of GRF 310.0\_G in relation to that Level 2 insurance group. APRA may, at its discretion, approve such an application in writing.

## 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.

## International business

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. 'International Business'<sup>5</sup> is insurance business carried on by an entity within the group that is not authorised under the *Insurance Act 1973*. This treatment is different to the requirements of AASB 1023 and other Australian accounting standards.

Capturing information that distinguishes between Australian business and international business by region will ensure APRA receives enough data to enable it to effectively assess the financial performance of the entire group. This form captures information on international exposures across the Level 2 insurance group by region. This includes premiums written by the international business as well as claims arising from the international business.

International business is to be reported according to the following geographical regions:

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

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<sup>5</sup> See GPS 001.

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.

The value of inter-region transactions, which are eliminated on consolidation, need to be reported under 'Inter-region elimination'.

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

- 'Australian Business' when they relate to an entity incorporated in Australia; and
- The international region that most appropriately reflects the business and / or operational segments of the group, when they relate to an entity incorporated outside of Australia.

The regions should be defined consistently with the other Level 2 reporting forms that require data to be split by international region.

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

### **Tax Effect Accounting/Adjustments**

The treatment of tax effect accounting items in this form must be in accordance with the treatment adopted under Australian accounting standards.

### **Fair value of charged/encumbered assets**

If an asset is in any way subject to a charge, covenant, encumbrance, option to purchase or any other arrangement by way of agreement or statute, that restricts the fair value of the asset, the value attached to the assets needs to reflect the existence of these arrangements. For example, if the Level 2 insurance group has agreed to deliver an asset to a purchaser at a price below the arms length value, the fair value cannot exceed the agreed price.

### **Netting**

Unless stated otherwise in the instructions, net amounts may be reported in accordance with Australian accounting standards.

### **Limited Risk Transfer Arrangements**

The recognition of revenues and expenses arising from Limited Risk Transfer Arrangements should be consistent with the recognition of the assets and liabilities in relation to these arrangements recorded on GRF 300.0\_G. See the instructions to that form for further details.

## Specific instructions

Level 2 insurance groups are required to report financial data on Australian and international business by region. International business, as defined in GPS 001, is to be reported according to the regions specified in this form. 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. 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 AASB 1023 and other applicable Australian accounting standards.

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.

Level 2 insurance groups may apply to APRA to be exempt from having to report international business as specified in this form. This exemption, however, will be subject to the group providing information to APRA in another suitable and agreed upon format.

### 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'.

### Total business

For each line item where the data for individual regions is required to be manually entered, then the total business column must also be manually entered. For each line item, this will represent the sum of values reported under:

- Australian business;
- each region for international business; and
- inter-region elimination.

### 1.0 Gross earned premium

Gross earned premium must be recognised in accordance with the requirements under AASB 1023.

Where there is reinsurance between regions, regions are to be reported on a separate basis. That is, the region directly assuming the risks must report as direct business. The reinsuring region should report this as direct business as well.

Where reinsurance occurs between entities in one region, the reinsurance transaction is eliminated on consolidation.

### **1.1 Gross earned premium on direct business**

For each region, report the gross earned premium on direct business.

### **1.2 Gross earned premium on inwards reinsurance business**

For each region, report the gross earned premium on inwards reinsurance business.

### **1.3 Total gross earned premium**

This is automatically calculated by the form and represents the total of item 1.1 and item 1.2.

## **2.0 Reinsurance expense**

Reinsurance expense must be recognised in accordance with the requirements under AASB 1023.

### **2.1 Reinsurance expense attributed to direct business**

For each region, report the total outward reinsurance expense attributed to direct business.

### **2.2 Reinsurance expense attributed to inwards reinsurance business**

For each region, report the total outward reinsurance expense attributed to inwards reinsurance business.

### **2.3 Total outward reinsurance expense**

This is automatically calculated by the form and represents the total of item 2.1 and item 2.2.

## **3.0 Net Premium Revenue**

This is automatically calculated by the form and represents the difference between item 1.3 and item 2.3.

## **4.0 Claims Expense**

Report the claims expense for each region on:

### **4.1 direct business; and**

### **4.2 inwards reinsurance business.**

### **4.3 Gross Claims Expense**

The Gross claims expense is automatically calculated by the form and represents the sum of item 4.1 and item 4.2



## **5.0 Reinsurance Recoveries<sup>6</sup> Revenue**

Report the reinsurance recoveries revenue for each region:

**5.1 on direct business, and**

**5.2 on inwards reinsurance business.**

**5.3 Total Reinsurance Recoveries Revenue**

This is automatically calculated by the form and represents the sum of item 5.1 and item 5.2.

## **6.0 Other Recoveries Revenue**

This is the revenue from recoveries other than reinsurance recoveries, in respect of claims. Where appropriate it is to be reported after deducting the reinsurer's share of the 'other recoveries revenue'.

**7.0 Total Recoveries**

This is automatically calculated by the form and represents the sum of item 5.3 and item 6.0.

## **8.0 Net Incurred Claims**

This is automatically calculated by the form and represents the difference between item 4.3 and item 7

### **8.1 Net incurred claims which is: current period net claims expense**

Report the value of net insurance claims expense recognised during the reporting period, but only of which relate to the current period.

Current period net incurred claims expense represents:

- current period claims payments;
- current period reported outstanding case estimates (that is, case estimates created in the current period); and
- current period incurred but not reported (and incurred but not enough reported) claims expenses.

Current period net incurred claims expense should be defined and reported according to the following:

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<sup>6</sup> Reinsurance recoveries has the same meaning as 'Reinsurance recoverables' in GPS 001.

- the current period is defined as the current financial year to date;
- net of all recoverables (including input tax credits reinsurance, salvage, subrogation and other recovery types);
- inclusive of claims handling expense, assuming that industry generally includes claims handling costs with the claim paid component of the incurred claims expense;
- the outstanding claims component be inflated only i.e. undiscounted; and
- the outstanding claims component be on a central estimate basis i.e. without risk margins.

## **8.2 Net incurred claims which is: non-recurring items that are part of total net claims expense**

Report the net incurred claims recognised during the reporting period which related to non-recurring items (ie those that are not classified as current period). This amount is the portion of item 8.0 that has not been reported at item 8.1.

Quarterly actuarial reviews are not required to be conducted specifically for the purposes of completing the above two items.

## **9.0 Underwriting expenses**

### **9.1 Acquisition costs**

Report the Acquisition Costs expensed for the period as recognised in accordance with Australian accounting standards. For the purposes of this item, exclude commission expenses which are to be included in item 9.5 below

### **9.2 Other underwriting expenses**

This item will include all other underwriting expenses which are not included in item 9.1.

### **9.3 Liability adequacy test deficiency on unexpired risk**

Report any adjustments from the liability adequacy test carried out in accordance with AASB 1023. This information is only to be supplied for geographical segments in cases where it is readily available. Where this information is not available the Level 2 insurance group must be able to provide APRA with details of how application of the liability adequacy test has impacted profitability of geographical segments.

### **9.4 Commission revenue**

Report the value of commission revenue earned for the period. The measurement and recognition of commission revenue must be in accordance with the Australian accounting standards. Commission revenue is to be reported as a negative value.

## **9.5 Commission expense**

Report the value, for the duration of the reporting period, of commission or brokerage paid for obtaining business for the Level 2 insurance group. This item is determined in accordance with Australian accounting standards.

## **9.6 Total underwriting expenses**

This is automatically calculated by the form and represents the sum of the values reported for items 9.1 to 9.5.

## **10.0 Underwriting Result**

The underwriting result is calculated automatically by the form and is derived from item 3.0 less item 8.0 less item 9.6.

## **11.0 Investment Income**

### **11.1 Dividend revenue**

Dividend revenue is to be recognised in accordance with Australian accounting standards.

Item 11.1 is automatically calculated by the form and represents the sum of item 11.1.1 and item 11.1.2.

For each region, report the value of dividend income received by the Level 2 insurance group for the period on:

**11.1.1 listed equity; and**

**11.1.2 unlisted equity.**

### **11.2 Interest revenue**

Interest revenue is to be recognised in accordance with Australian accounting standards.

Report the value of interest revenue for each region during the period.

### **11.3 Trust revenue**

Report the value of trust revenue for each region during the period.

Item 11.3 is automatically calculated by the form and represents the sum of item 11.3.1 and item 11.3.2.

Revenue should be reported separately for:

**11.3.1 trusts on a 'look-through' basis; and**

**11.3.2 trusts without 'look-through'.**

## 11.4 Rental income

Rental income represents the revenue arising from the Level 2 insurance group's assets yielding rent, for example investment property rentals under *Australian Accounting Standards AASB 140 'Investment Property'*.

For each region, report the value of rental income earned during the period.

## 11.5 Other investment income

Report in this item all other investment income not reported above.

## 11.6 Net changes in fair value of investments

Changes in the fair value of investments are to be recognised in accordance with Australian accounting standards. For the measurement of assets follow AASB 1023 and other Australian accounting Standards. Unlike at Level 1, APRA will accept the notion of assets backing insurance liabilities for the Level 2 insurance group, provided these assets represent all assets controlled and managed by the group to support insurance liabilities. Investments backing general insurance liabilities must be measured at fair value.<sup>7</sup>

The form requires Level 2 insurance groups to report the net changes in the fair value of investments separately, based on whether they are:

- realised gains and losses; or
- unrealised gains and losses.

Record gains as positive amounts and losses as negative amounts.

Item 11.6 is automatically calculated by the form and represents the sum of item 11.6.1 and item 11.6.2.<sup>7</sup>

### 11.6.1 Realised net gains and losses on:

Item 11.6.1 'Realised net gains and losses on:' is automatically calculated by the form and represents the sum of items 11.6.1.1 to 11.6.1.5.

For each region, report the realised net gains or losses on:

**11.6.1.1** interest bearing instruments;

**11.6.1.2** listed equity;

**11.6.1.3** unlisted equity;

<sup>7</sup> At Level 1, APRA requires that investments to which the notion of activities integral to insurance operations is applied, must be measured at fair value for regulatory reporting purposes. This refers to investments that are controlled by the Level 1 insurer in the conduct of its general insurance activities. Therefore, the value of the investments reported in the Level 1 form may, or may not equate to the value of investments deemed to be assets backing insurance liabilities at level 2.

**11.6.1.4** investment property;

**11.6.1.5** other investments.

### **11.6.2 Unrealised net gains and losses**

Item 11.6.2 is automatically calculated by the form and represents the sum of items 11.6.2.1 to 11.6.2.5.

For each region, report the unrealised net gains or losses on:

**11.6.2.1** interest bearing instruments;

**11.6.2.2** listed equity;

**11.6.2.3** unlisted equity;

**11.6.2.4** investment property;

**11.6.2.5** other investments.

### **11.7 Total investment income**

Total investment income is calculated automatically by the form and represents the sum of item 11.1, item 11.2, item 11.3, item 11.4, item 11.5 and item 11.6.

For each region, Level 2 insurance groups are to report the total investment income arising from:

**11.7.1 assets backing insurance liabilities; and**

**11.7.2 shareholders' funds.**

Investment income is to be determined for these items in the same manner as is adopted by the Australian accounting standards.

### **12.0 Other income**

#### **12.1 Net foreign exchange gains**

Report any gains on foreign exchange separately for each region. Foreign exchange gains should be reported in accordance with Australian accounting standards. The amount reported is on a net basis. If a value is reported for a region at this item, then no value can be reported for this region at item 13.3.

#### **12.2 Bargain purchases immediately recognised in profit or loss**

Report bargain purchases immediately recognised in profit and loss, recognised and measured in accordance with Australian accounting standards.

### **12.3 Defined benefit actuarial gains**

Report the value of any defined benefit actuarial gains recognised and measured in accordance with Australian accounting standards.

### **12.4 Other income**

Report all other income not reported above in this item. Include in this item any increment or decrement (write down) from the revaluation of other assets. Decrements are to be reported as a negative number.

### **12.5 Profit from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations**

Report any gain on the measurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation.

This item must be completed in accordance with the requirements of Australian accounting standards.

### **12.6 Total other income**

Total other income is calculated automatically by the form and represents the sum of items 12.1 through to 12.5.

## **13.0 Other expenses**

### **13.1 Investment expenses on assets backing insurance liabilities**

For each region, report the value of investment expenses incurred for the period by the Level 2 insurance group on assets backing insurance liabilities.

### **13.2 Investment expenses on shareholders' funds**

For each region, report the value of investment expenses incurred for the period by the Level 2 insurance group on shareholders' funds.

### **13.3 Net foreign exchange losses**

Report any losses on foreign exchange separately for each region. Foreign exchange losses should be reported in accordance with Australian accounting standards. The amount reported is on a net basis. If a value is reported for a region at this item, then no value can be reported for this region at item 12.1.

### **13.4 Finance costs**

For each region, report the value of expenses incurred for the period in relation to financing.

### **13.5 Defined benefit actuarial losses**

Report the value of any defined benefit actuarial losses recognised and measured in accordance with Australian accounting standards.

### **13.6 Other operating expenses**

Report in this item other operating expenses not reported above.

### **13.7 Loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations**

Report any loss on the measurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation.

This item must be completed in accordance with the requirements of Australian accounting standards.

### **13.8 Other**

Report in this item expenses not reported above. This will include any:

- impairment of goodwill recognised in the income statement in accordance with the requirements of Australian accounting standards; and
- net asset revaluation adjustments (including non-consolidated subsidiaries) that is recognised in the income statement. These amounts may not equal the amounts reported in accordance with Australian accounting standards due to the prudential requirements relating to the valuation of non-consolidated subsidiaries and the mandatory revaluation of owner occupied property using the revaluation model under *Australian Accounting Standard AASB 116 'Property Plant and Equipment'*

### **13.9 Total other expenses**

This is automatically calculated by the form and represents the sum of items 13.1 through to 13.8.

### **14.0 Profit (loss) before income tax expense (benefit) from continuing operations**

The profit (loss) from continuing operations is calculated automatically by the form and is derived from item 10.0 plus item 11.7 plus item 12.6 less item 13.9.

### **15.0 Income tax expense (benefit) from continuing operations**

This represents the income tax expense or benefit attributable to the profit or loss from continuing operations.

This item must be completed in accordance with the requirements of Australian accounting standards.

**16.0 Profit (loss) after income tax and before minority interests from continuing operations**

This item is calculated automatically by the form and is derived from item 14.0 less item 15.0.

**17.0 Profit (loss) after income tax from discontinued operations**

Profit (loss) after income tax from discontinued operations is to be classified and reported in accordance with the Australian accounting standards.

**18.0 Total profit (loss) after income tax and discontinued operations and before minority interests**

This is calculated automatically by the form and is derived from item 16.0 plus item 17.0.

**19.0 Net profit (loss) after income tax attributable to minority interests**

This item is to be reported in accordance with the requirements of the Australian accounting standards.

**20.0 Net profit (loss) after income tax attributable to members of the company**

This is calculated automatically by the form and is derived from item 18.0 less item 19.0.

**21.0 Retained earnings at beginning of the financial year**

Report here the relevant retained earnings amount at the beginning of the current financial year. For the first year of reporting the APRA forms, use the retained earnings figure as per the Level 2 insurance group's financial statements prepared in accordance with Australian accounting standards.

**22.0 Adjustments to retained earnings due to changes in accounting policies**

Include the value of aggregate adjustments to retained earnings due to changes in accounting policies in accordance with Australian accounting standards.

**23.0 Reduction in retained earnings on share buy back**

Disclose that portion of the consideration used for share buy backs during the reporting period that is allocated to retained earnings. This should be entered as a positive value.

**24.0 Amounts transferred to / from reserves**

Disclose the net amount of funds transferred during the reporting period between reserves and retained earnings. A net transfer from reserves will be a positive value and a net transfer to reserves will be a negative value.



**25.0 Total available for appropriation**

This amount is calculated automatically by the form and is derived from item 20.0 plus item 21.0 plus item 22.0 less item 23.0 plus item 24.0.

**26.0 Dividends declared or paid**

Report dividends that have been declared or paid by the Level 2 insurance group during the reporting period. Dividends are to be recognised in accordance with the Australian accounting standards.

**27.0 Retained earnings at the end of the reporting period**

This is calculated automatically by the form and is derived from item 25.0 less item 26.0.