



# Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2016

## Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group)

### *Financial Sector (Collection of Data) Act 2001*

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I, Steven John Davies, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- (a) REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 29 of 2013, including *Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group)* made under that Determination; and
- (b) DETERMINE *Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group)*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities, and the revoked reporting standard shall cease to apply, on 30 June 2016.

This instrument commences on 30 June 2016.

Dated: 19 July 2016

[Signed]  
Steven John Davies  
General Manager  
Statistics

## **Interpretation**

In this Determination:

*APRA* means the Australian Prudential Regulation Authority.

*financial sector entity* has the meaning given by section 5 of the Act.

## **Schedule**

*Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group)* comprises the 12 pages commencing on the following page.



## Reporting Standard GRS 112.3\_G

### Related Party Exposures (Level 2 Insurance Group)

#### Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a Level 2 insurance group's related party exposures.

It includes *Form GRF 112.3\_G Related Party Exposures (G)* and associated specific instructions and must be read in conjunction with the general instruction guide.

#### Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

#### Purpose

2. Information collected in *Form GRF 112.3\_G Related Party Exposures (G)* (GRF 112.3\_G) is used by APRA for the purpose of prudential supervision, including assessing compliance with the capital standards.

#### Application and commencement

3. This Reporting Standard applies to a parent entity of a Level 2 insurance group as defined in *Prudential Standard GPS 001 Definitions* (GPS 001). This Reporting Standard applies for reporting periods ending on or after 30 June 2016. The parent entity of a Level 2 group is required to ensure that each requirement in this Reporting Standard is complied with.

#### Information required

4. The parent entity of a Level 2 insurance group must provide APRA with the information required by Form GRF 112.3\_G in respect of the Level 2 insurance group for each reporting period.

## Forms and method of submission

5. The information required by this Reporting Standard must be given to APRA in electronic format using the 'Direct to APRA' application or, where 'Direct to APRA' is not available, by a method notified by APRA prior to submission.

*Note:* The 'Direct to APRA' application software may be obtained from APRA.

## Reporting periods and due dates

6. Subject to paragraph 7, the parent entity of a Level 2 insurance group must provide the information required by this Reporting Standard:
  - (a) in respect of the first half year based on the financial year of the Level 2 insurance group on an unaudited basis; and
  - (b) in respect of each financial year of the Level 2 insurance group on an audited basis.

*Note:* The annual information required by paragraphs 4, 5 and 6(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 310 Audit and Related Matters* (GPS 310) contains the relevant provisions governing audits.

7. If, having regard to the particular circumstances of a Level 2 insurance group, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing to the parent entity, change the reporting periods, or specify reporting periods, for the particular Level 2 insurance group.
8. The information required by this Reporting Standard in respect of a Level 2 insurance group must be provided to APRA:
  - (a) within the time stated in *Reporting Standard GRS 001 Reporting Requirements* (GRS 001); or
  - (b) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

*Note:* GPS 310 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 310 (relating to the information required by paragraph 4) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

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 6(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 systems, 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 Level 2 insurance group's systems, processes and controls designed to enable the group to report reliable financial information to APRA. This review and testing must be done on:

- (a) an annual basis or more frequently if necessary to enable the Group Auditor to form an opinion on the reliability and accuracy of data; and
  - (b) at least a limited assurance engagement 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 GPS 310.
11. All information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be subject to systems, 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. When an officer, or agent, of a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard using the 'Direct to APRA' software it will be necessary for an officer, or agent, to digitally sign the relevant information using a digital certificate acceptable to APRA.
13. If a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard through an agent who submits using the 'Direct to APRA' software, on the parent entity of the Level 2 insurance group's behalf, the parent entity of the Level 2 insurance group must:
- (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
  - (b) retain the completed copy.
14. An officer, or agent, of a parent entity of a Level 2 insurance group who submits the information under this Reporting Standard for, or on behalf of, the parent entity of a Level 2 insurance group must be authorised 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.

## Variations

15. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of Form GRF 112.3\_G in relation to that Level 2 insurance group.

## Transition

16. A parent entity of a Level 2 insurance group must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

*old reporting standard* means the reporting standard revoked in the determination making this Reporting Standard (being the reporting standard which this Reporting Standard replaces); and

*transitional reporting period* means a reporting period under the old reporting standard:

- (a) which ended before the date of revocation of the old reporting standard; and
- (b) in relation to which the parent entity of the Level 2 insurance group was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

*Note:* For the avoidance of doubt, if a parent entity of a Level 2 insurance group was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the parent entity of a Level 2 insurance group is still required to provide any overdue reporting documents in accordance with the old reporting standard.

## Interpretation

17. In this Reporting Standard (including the attachments):
- (a) unless the contrary intention appears, words and expressions have the meanings given to them in GPS 001; and
  - (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 Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business;

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

*Chief Financial Officer* means the chief financial officer of the parent entity of the Level 2 insurance group, by whatever name called;

*financial year* means the financial year (within the meaning of the *Corporations Act 2001*) of the parent entity of the Level 2 insurance group;

***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.

***general instruction guide*** refers to the general Instruction guide set out in Attachment A of GRS 001;

***Group Auditor*** has the meaning given in GPS 310;

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

***insurer*** means a general insurer within the meaning of section 11 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;

***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; and

***reporting period*** means a period mentioned in subparagraph 6(a) or 6(b) or, if applicable, paragraph 7.

## GRF\_112\_3\_G Related Party Exposures (G)

<b>Australian Business Number</b>	Entity identifier, to be provided
<b>Institution Name</b>	Name of Level 2 insurance group
<b>Reporting Period</b>	As at end of each half-year and as at financial year end
<b>Scale Factor</b>	Thousands of dollars no decimal place
<b>Reporting Consolidation</b>	Level 2 insurance group

**Section 1: Interest in consolidated entities of the Level 2 insurance group - Australian**

Name (1)	ACN / ABN (2)	APRA regulated general insurer (3)	Ow nership percentage (%) (4)	Value of investment net of goodw ill and other intangibles (5)	Goodw ill (6)	Other intangibles (7)	Net tangible assets (8)

**Section 2: Interest in consolidated entities of the Level 2 insurance group - International**

Name (1)	Region (for which net tangible assets are reported) (2)	Country of incorporation (3)	Ow nership percentage (%) (4)	Value of investment net of goodw ill and other intangibles (5)	Goodw ill (6)	Other intangibles (7)	Net tangible assets (8)

**Section 3: Interest in non-consolidated controlled entities of the Level 2 insurance group**

Name (1)	ACN / ABN (2)	Description / Nature of business (3)	APRA regulated (4)	Country of incorporation (5)	Ow nership percentage (%) (6)	Value of investment net of goodw ill and other intangibles (7)	Goodw ill (8)	Other intangibles (9)	Net tangible assets (10)	Adjustment for investment in non- consolidated subsidiaries (11)	Adjustment for undercapitalisation of non-consolidated subsidiaries (12)
<b>Total.....</b>											



**Section 4: Interest in associates and joint ventures**

Name (1)	ACN / ABN (2)	Description / Nature of business (3)	Country of incorporation (4)	Net tangible assets (5)	Ow nership percentage (%) (6)	Value of investment net of goodwill and other intangibles (7)	Goodw ill (8)	Other intangibles (9)	Adjustment for goodw ill / other intangibles (10)	Nature of regulatory capital requirement (11)	Regulatory capital requirement (12)	Adjustment for regulatory capital requirements (13)
<b>Total</b> .....												

## GRF\_112\_3\_G Related Party Exposures (G)

These instructions must be read in conjunction with the general instruction guide.

### Explanatory notes

#### Joint operations

For the purposes of this form, a joint operation as defined under *Australian Accounting Standard AASB 11 Joint Arrangements* (AASB 11) is to be treated as a joint venture.

### Instructions for specific items

#### Section 1: Interest in consolidated entities of the Level 2 insurance group - Australian

'Consolidated entities - Australian' includes only the Australian reporting entities included in the Level 2 insurance group. Do not include international reporting entities here. Consolidated entities which are not insurers within the Level 2 insurance group but are incorporated in Australia should also be reported here.

##### (1) Name

This column reports the registered business name of the entity.

##### (2) ACN / ABN

Where relevant, this column reports the Australian Company Number (ACN) of the reported entity. In cases where an entity doesn't have an ACN but it does have an Australian Business Number (ABN) or an Australian Registered Body Number (ARBN), the ABN or ARBN should be reported. If an entity does not have an ACN, ABN, or ARBN the column should be left blank.

Input the number without spaces.

##### (3) APRA regulated general insurer

Indicate whether the entity is an insurer as defined under the *Insurance Act 1973* (the Act) by inputting 'Y' or 'N'.

##### (4) Ownership percentage (%)

This is the percentage of the Level 2 insurance group's ownership of shares or units of the entity.

**(5) Value of investment net of goodwill and other intangibles**

This column reports the value of the investment as reported on the Level 2 insurance group's balance sheet, adjusted for goodwill and intangible assets.

**(6) Goodwill**

This is the value of goodwill reported on the balance sheet of the consolidated entity, net of adjustments to profit or loss reflecting changes arising from any impairment. The amounts reported must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.

**(7) Other intangibles**

This is the value of intangible assets, other than goodwill, reported on the balance sheet of the consolidated entity, net of adjustments to profit or loss reflecting changes arising from any impairment and amortisation. The amounts reported must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.

**(8) Net tangible assets**

This column reports the net assets of the entity as reported on the balance sheet, adjusted for goodwill and intangible assets.

**Section 2: Interest in consolidated entities of the Level 2 insurance group - International**

'Consolidated entities - International' includes only the international reporting entities included in the Level 2 insurance group. Do not include Australian reporting entities here. Consolidated entities which are not insurers within the Level 2 insurance group but are incorporated outside of Australia should also be reported here.

Columns 1 and 4 to 8 of this section have the same definition as the corresponding columns in Section 1.

**(2) Region (for which net tangible assets are reported)**

Report the region which most appropriately reflects the location of the assets and liabilities of the entity. This item is to be reported according to the following geographical regions: New Zealand; South East Asia; Asia Pacific; USA Americas; UK/Europe; and Other.

**(3) Country of incorporation**

This column reports the country in which the entity is incorporated.

### **Section 3: Interest in non-consolidated controlled entities of the Level 2 insurance group**

Report controlled entities that are consolidated under Australian Accounting Standards but are treated, for prudential reporting purposes, as non-consolidated subsidiaries of the Level 2 insurance group under *Prudential Standard GPS 001 Definitions*.

Columns 8 to 11 do not apply to a non-consolidated controlled entity that:

- is operationally independent;
- represents a genuine arm's-length investment;
- is not subject to regulatory capital requirements; and
- does not undertake insurance business or business related to insurance business.

Unless otherwise specified below, the columns in this section have the same definition as corresponding columns in previous sections. References to 'consolidated entities' in the previous sections must be read as references to 'non-consolidated controlled entities' in this section.

#### **(3) Description / Nature of business**

This column provides a brief description of the main business conducted by the entity.

#### **(4) APRA regulated**

Indicate whether the entity is regulated by APRA by inputting 'Y' or 'N'.

#### **(11) Adjustment for investment in non-consolidated subsidiaries**

This corresponds to the regulatory adjustment to Common Equity Tier 1, for Level 2 insurance groups, for equity exposures and other capital investments in non-consolidated subsidiaries or controlled entities as per Attachment I of *Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital* (GPS 112).

It is automatically calculated as Column 7 plus the sum of Columns 8 and 9 multiplied by Column 6.

#### **(12) Adjustment for undercapitalisation of non-consolidated subsidiaries**

This corresponds to the regulatory adjustment to Common Equity Tier 1, for Level 2 insurance groups, to cover undercapitalisation of a non-consolidated subsidiary (or subsidiaries) as required by APRA in accordance with Attachment I of GPS 112.

## **Section 4: Interest in associates and joint ventures**

Report for associates and joint venture entities / operations of the Level 2 insurance group.

Unless otherwise specified below, the columns in this section have the same definition as corresponding columns in previous sections. References to ‘consolidated entities’ in the previous sections must be read as references to ‘associates and joint ventures’ in this section.

Columns 8 to 13 do not apply to investment in a joint venture or associate that:

- is operationally independent; and
- represents a genuine arm's-length investment; and
- is not subject to regulatory capital requirements; and
- does not undertake insurance business or business related to insurance business.

### **(10) Adjustment for goodwill / other intangibles**

This column reports the amount of regulatory adjustments applied in respect of the goodwill and other intangible assets (net of impairment) in relation to the investment in the joint venture or associate.

This adjustment must be reported as Column 6 multiplied by the sum of Columns 8 and 9.

### **(11) Nature of regulatory capital requirement**

This column reports the nature of the regulatory capital requirement (if any) of the joint venture or associate. An appropriate category is to be selected from the drop-down box, which is either:

- the prescribed capital amount if the investment is an insurer as defined under the Act; or
- the equivalent amount to the prescribed capital amount if the investment is an entity carrying on insurance business in a foreign jurisdiction; or
- a comparable regulatory capital requirement as agreed with APRA; or
- no regulatory capital requirement.

### **(12) Regulatory capital requirement**

This column reports, where applicable, the regulatory capital requirement of the joint venture or associate.

Where such capital requirements do not exist, this item should be reported as zero.

**(13) Adjustment for regulatory capital requirements**

This column reports the regulatory adjustment to Common Equity Tier 1 for investment in joint ventures and associates that are subject to regulatory capital requirements. As per Attachment B of GPS 112, this adjustment is determined as the lesser of the Level 2 insurance group's share of the regulatory capital requirements and the value of the investment that is recorded on the Level 2 insurance group's balance sheet after adjustment for any intangible component as reported in column 10.