



Insurance (prudential standard) determination No. 1 of 2009

Variations to:

**Prudential Standard GPS 114 Capital Adequacy: Investment
Risk Capital Charge**

Insurance Act 1973

I, John Roy Trowbridge, a Member of APRA and delegate of APRA, under subsection 32(4) of the *Insurance Act 1973* (the Act), VARY *Prudential Standard GPS 114 Capital Adequacy: Investment Risk Capital Charge* made on 23 June 2008 by Insurance (prudential standard) No.4 of 2008 in the manner set out in the Schedule.

This determination takes effect on the date of registration on the Federal Register of Legislative Instruments (FRLI).

Dated 11 May 2009

[Signed]

John Trowbridge
Member

Interpretation

In this instrument:

APRA means the Australian Prudential Regulation Authority.

general insurer has the meaning given in section 11 of the Act.

Schedule

Variations to Prudential Standard GPS 114 Capital Adequacy: Investment Risk Capital Charge – Attachment A

- a. Paragraph 5 – heading delete the word “due” from before the word “from”.
- b. Paragraph 5 – in line 1 delete the word “due” before the word “from”.
- c. Paragraph 5 – in line 3 delete the word “due” before the word “from”.
- d. Paragraph 5 – in line 5 delete the word “the” before the word “reinsurance” and substitute the word “each”.
- e. Paragraph 5 – in line 5 delete the “s” from the word “recoverables”.
- f. Paragraph 5 – in line 6 insert the word “annual” before the word “balance”.
- g. Paragraph 5 – in line 6 delete the words “the end of the financial year in which”.
- h. Paragraph 5 – in line 7 delete the word “each” before the word “recoverable” and substitute the word “the”.
- i. Paragraph 5 – in line 7 insert the word “reinsurance” before the word “recoverable”.
- j. Paragraph 5 – in line 7 delete the word “occurred”.
- k. Paragraph 5 – in lines 7 and 8 delete the words “These reinsurance recoverables must be identified in the ILVR according to GPS 310”.
- l. Paragraphs 5 – at the end of line 11 insert footnote reference 13.
- m. Footnote 12 – in line 1 insert the word “annual” before the word “balance”.
- n. Footnote 12 – in line 2 delete the words “the end of the financial year in which”.
- o. Insert a new footnote 13 - “For the avoidance of doubt, the Investment Capital Factors specified in Table 2 apply to the amount of relevant reinsurance recoverables that exceeds the amount of available collateral, guarantee or letter of credit.”
- p. Paragraph 6(c) – in line 2 update numbering of footnote 13 to footnote 14.
- q. Attachment B Paragraph 3 – in line 1 update numbering of footnote 14 to footnote 15.