Australian Prudential Regulation Authority (confidentiality) determination

No. 11 of 2012

Information provided by general insurers under reporting standards GRS 110.0 (2008), GRS 120.0 (2008), GRS 300.0 (2008), GRS 301.0 (2008), GRS 310.0 (2008), GRS 310.3 (2008), GRS 320.0 (2008), GRS 400.0 (2008), GRS 110.0 (2010), GRS 120.0 (2010), GRS 300.0 (2010), GRS 301.0 (2010), GRS 310 (2010) and GRS 400 (2010), except for data items listed in Appendix B

**EXPLANATORY STATEMENT**

Prepared by the Australian Prudential Regulation Authority (***APRA***)

*Australian Prudential Regulation Authority Act 1998* (***APRA Act***), s 57

**Purpose**

The purpose of the Australian Prudential Regulation Authority (confidentiality) determination No. 11 of 2012 (***this*** ***Determination***) made on 5 June 2012 is to enable APRA to disclose, including by way of publication, including in industry bulletins, certain information provided by general insurers to APRA, being information which is of use to regulators, policymakers, industry, researchers, analysts and other interested parties.

**Legislative background**

Subsection 56(5C) of the APRA Act provides that it is not an offence against s 56(2) of that Act to disclose information in a reporting document given to APRA under s 13 of the *Financial Sector (Collection of Data) Act 2001* (***Collection of Data Act***) where APRA has determined, under s 57, that the document does not contain confidential information.

Section 57 of the APRA Act gives APRA power to determine whether a document given under s 13 of the Collection of Data Act contains confidential information. The section provides that before doing so APRA must give relevant entities or bodies, or their representative association, a reasonable opportunity to make representations as to whether information of the kind contained in the document is confidential, and take such representations into account. The consultation undertaken is discussed below.

**Information covered by the determination**

This Determination provides that information in reporting documents given to APRA under the reporting standards listed in Appendix A (made under s13 of the Collection of Data Act) prior to the date of this Determination in respect of a financial year ending on or between 1 January 2010 and 31 December 2011 inclusive, is non-confidential, except for the data items listed in Appendix B. This Determination applies to all general insurers, including foreign general insurers operating in Australia through branch operations.

**Consultation**

This Determination is the latest in a series of determinations through which APRA publishes regular statistical information relating to general insurers.

APRA commenced consultations in relation to whether information of the kind covered by this Determination should be treated as non-confidential by writing to all authorised general insurers on 30 September 2005. APRA received 17 submissions from general insurers and insurance groups and 14 submissions from other interested organisations. Feedback was generally positive, with many respondents pleased that APRA would be releasing more detailed statistics on the general insurance industry. However, some general insurers, in particular those which operate in small, specialised markets, were concerned that the proposed determination would result in the release of commercially sensitive information. In order to address these concerns, APRA revised the proposed determination to exclude reporting standards and related forms which cover data relating to classes of business, namely GRS 210.0, GRS 210.1, GRS 310.1, GRS 310.2, GRS 420.0 and GRS 430.0 and related forms.

Further consultation was held in relation to the revised proposed determination with two general insurance bodies and their members. The removal of information provided under reporting standards GRS 210.0, GRS 210.1, GRS 310.1, GRS 310.2, GRS 420.0 and GRS 430.0 alleviated the consulted parties’ major concerns.

On 1 July 2008, new general insurance prudential standards took effect to refine the existing framework, which modified categories of insurer and certain requirements relating to capital. It followed that the correlating reporting requirements were also to be amended. Relevant to this Determination, the following reporting standards were subsequently introduced: GRS 110.0 (2008), GRS 120.0 (2008), GRS 300.0 (2008), GRS 301.0 (2008), GRS 310.0 (2008), GRS 310.3 (2008), GRS 320.0 (2008), and GRS 400.0 (2008). Since the kind of information collected under these new standards did not substantively alter from the 2007 versions that they superseded, APRA took the view it was not necessary to consult with industry about public disclosure since the requisite consultation had already been undertaken (as described above).

On the dates listed in Appendix A, the following reporting standards took effect to replace the 2008 versions: GRS 110.0 (2010), GRS 120.0 (2010), GRS 300.0 (2010), GRS 301.0 (2010), GRS 310 (2010) and GRS 400 (2010). The new standards aligned the general insurance prudential reporting requirements with the Australian equivalents to International Financial Reporting Standards (AIFRS) while retaining certain prudential elements for capital adequacy purposes. The information collected in the balance sheet and income statement is prepared under the Australian Accounting Standards Board (AASB 1023) reporting framework, as used for statutory reporting (for non-branch insurers). Although the basis of accounting concept changed, the kind of information collected under these new standards did not substantively alter from the 2008 versions. This view is based on both reporting standards seeking information on the fundamental profit and loss and balance sheet statements of insurers under each framework, although some individual items may differ. For example, prospective Premium Liability figures were replaced with AASB items used to calculate a proxy figure, including Unearned Premium Liability (UPL), Deferred Acquisition Cost (DAC), and Deferred Reinsurance Expense (DRE). Some data elements were added that differ from data collected under the 2008 versions. These items are excluded from the Determination and are listed in Appendix B. APRA took the view that it was not necessary to consult with industry about public disclosure since the requisite consultation had already been undertaken (as described above).

**Conclusion**

APRA considers that this Determination strikes the appropriate balance between protecting general insurers’ commercially sensitive information and the public interest in releasing data that will enable the public to gain a greater understanding of the financial strength of individual insurers and offer further insight into the Australian insurance market.

**Statement of compatibility prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011***

The legislative instrument the subject of this explanatory statement does not engage any of the applicable rights or freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. Accordingly, in APRA’s assessment, this legislative instrument is compatible with human rights.

**Appendix A**

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| **Reporting Standards** | **FRLI reference** |
| Reporting Standard GRS 110.0 (2008) Minimum Capital Requirement (which came into effect on 23 October 2008) | *Made by Financial Sector (Collection of Data) determination No. 60 of 2008*  Legislative Instrument - F2008L03911 |
| Reporting Standard GRS 120.0 (2008) Determination of Capital Base (which came into effect on 23 October 2008) | *Made by Financial Sector (Collection of Data) determination No. 61 of 2008*  Legislative Instrument - F2008L03912 |
| Reporting Standard GRS 300.0 (2008) Statement of Financial Position (which came into effect on 31 October 2008) | *Made by Financial Sector (Collection of Data) determination No. 77 of 2008*  Legislative Instrument - F2008L03946 |
| Reporting Standard GRS 301.0 (2008) Reinsurance Assets and Risk Charge (which came into effect on 31 October 2008) | *Made by Financial Sector (Collection of Data) determination No. 78 of 2008*  Legislative Instrument - F2008L03947 |
| Reporting Standard GRS 310.0 (2008) Statement of Financial Performance (which came into effect on 7 November 2008) | *Made by Financial Sector (Collection of Data) determination No. 79 of 2008*  Legislative Instrument - F2008L03948 |
| Reporting Standard GRS 310.3 (2008) Investment and Operating Income and Expense (which came into effect on 1 November 2008) | *Made by Financial Sector (Collection of Data) determination No. 82 of 2008*  Legislative Instrument - F2008L03954 |
| Reporting Standard GRS 320.0 (2008) Reconciliation of Annual Disclosure (which came into effect on 3 November 2008) | *Made by Financial Sector (Collection of Data) determination No. 83 of 2008*  Legislative Instrument - F2008L03956 |
| Reporting Standard GRS 400.0 (2008) Statement of Risk by Country (which came into effect on 3 November 2008) | *Made by Financial Sector (Collection of Data) determination No. 84 of 2008*  Legislative Instrument - F2008L03959 |
| Reporting Standard GRS 110.0 (2010) Minimum Capital Requirement (which came into effect on 24 August 2010) | *Made by Financial Sector (Collection of Data) determination No. 2 of 2010*  Legislative Instrument - F2010L02322 |
| Reporting Standard GRS 120.0 (2010) Determination of Capital Base (which came into effect on 23 August 2010) | *Made by Financial Sector (Collection of Data) determination No. 3 of 2010*  Legislative Instrument - F2010L02323 |
| Reporting Standard GRS 300.0 (2010) Statement of Financial Position (which came into effect on 30 August 2010) | *Made by Financial Sector (Collection of Data) determination No. 8 of 2010*  Legislative Instrument - F2010L02328 |
| Reporting Standard GRS 301.0 (2010) Reinsurance Assets and Risk Charge (which came into effect on 23 August 2010) | *Made by Financial Sector (Collection of Data) determination No. 9 of 2010*  Legislative Instrument - F2010L02330 |
| Reporting Standard GRS 310 (2010) Revenue, Expenses and Statement of Financial Performance (which came into effect on 30 August 2010), except for items listed in Appendix B. | *Made by Financial Sector (Collection of Data) determination No. 10 of 2010*  Legislative Instrument - F2010L02331 |
| Reporting Standard GRS 400 (2010) Supplementary Reporting Information (which came into effect on 24 August 2010) | *Made by Financial Sector (Collection of Data) determination No. 11 of 2010*  Legislative Instrument - F2010L02332 |

**Appendix B**

The following items collected under GRS 310 (2010) Statement of Financial Performance are excluded for this Determination:

* The following items collected in Form GRF 310.0 Statement of Financial Performance (Form GRF 310.0):
* Net claims expense which is: Current period net claims expense
* Net claims expense which is: Non-recurring items that are part of total net claims expense
* All items collected in Form GRF 310.1 Premium Revenue and Reinsurance Expense (Form GRF 310.1).
* All items collected in Form GRF 310.2 Claims Expense and Reinsurance Recoveries (Form GRF 310.2).
* The following items collected in Form GRF 310.3 Investment and Operating Income and Expense, Underwriting expenses and acquisition costs (Form GRF 310.3):
* Part 4: Underwriting expenses and Acquisition costs by class of business level.

The following items collected under GRS 400 (2010) Supplementary Reporting Information are excluded for this Determination:

* All items collected in Form GRF 410.0 Movement in Outstanding Claims Provision (Form GRF 410.0)
* All items collected in Form GRF 420.0 Premium Revenue by State and Territory of Australia (Form GRF 420.0)
* All items collected in Form GRF 430.0 Claims Expense by State and Territory of Australia (Form GRF 430.0)
* All items collected in Form GRF 440.0 Claims Development Table (Form GRF 440.0)
* All items collected in Form GRF 450.0 Interest in Controlled Entities, Associates and Joint Ventures (Form GRF 450.0)