

Explanatory Statement

Accounting Standard AASB 2013-2 *Amendments to AASB 1038 – Regulatory Capital*

March 2013



Australian Government

**Australian Accounting
Standards Board**

EXPLANATORY STATEMENT

Reasons for Issuing AASB 2013-2

AASB 2013-2 *Amendments to AASB 1038 – Regulatory Capital* makes amendments to Australian Accounting Standard AASB 1038 *Life Insurance Contracts*.

These amendments arise as a consequence of changes to the Australian Prudential Regulation Authority's reporting requirements relating to life insurers.

Main Features of AASB 2013-2

AASB 2013-2 makes amendments to AASB 1038 as a consequence of changes to the Australian Prudential Regulation Authority's reporting requirements relating to life insurers, particularly Prudential Standard LPS 110 *Capital Adequacy*, applicable from January 2013. Primarily, the amendments align terminology by changing references to 'solvency' in AASB 1038 to 'capital' and remove a related explanatory paragraph.

Application Date

This Standard applies to annual reporting periods ending on or after 31 March 2013. Early application is permitted for annual reporting periods ending on or after 1 January 2013 but before 31 March 2013.

Consultation Prior to Issuing this Standard

The AASB conducted targeted outreach with industry participants to confirm that the amendments to AASB 1038 are appropriate to achieve the purpose of aligning requirements with the changed prudential regulations.

A Regulation Impact Statement (RIS) has not been prepared specifically in connection with the issuance of AASB 2013-2 as the amendments made do not have a substantial direct or indirect impact on business or competition, are of a minor or machinery nature or clarify existing requirements.

Statement of Compatibility with Human Rights

This Standard is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

This Standard is issued by the AASB in furtherance of the objective of facilitating the Australian economy. It does not diminish or limit any of the applicable human rights or freedoms, and thus does not raise any human rights issues.