



Banking, Insurance and Life Insurance (prudential standard) determination No. 1 of 2016

Prudential Standard 3PS 001 Definitions

Banking Act 1959

Insurance Act 1973

Life Insurance Act 1995

I, Wayne Byres, delegate of APRA:

- (a) under subsection 11AF(1) of the *Banking Act 1959* DETERMINE *Prudential Standard 3PS 001 Definitions* in the form set out in the Schedule, to the extent that it applies to all ADIs and authorised banking NOHCs;
- (b) under subsection 32(1) of the *Insurance Act 1973* DETERMINE *Prudential Standard 3PS 001 Definitions* in the form set out in the Schedule, to the extent that it applies to all general insurers, authorised insurance NOHCs, and subsidiaries of general insurers and authorised insurance NOHCs; and
- (c) under subsection 230A(1) of the *Life Insurance Act 1995* DETERMINE *Prudential Standard 3PS 001 Definitions* in the form set out in the Schedule, to the extent that it applies to all life companies, friendly societies, registered life NOHCs, and subsidiaries of life companies and registered life NOHCs.

This instrument commences on 1 July 2017.

Dated: 8 September 2016

[Signed]

Wayne Byres
Chairman

Interpretation

In this Determination:

ADI has the meaning given in section 5 of the *Banking Act 1959*.

APRA means the Australian Prudential Regulation Authority.

authorised banking NOHC has the meaning given to the expression authorised NOHC in section 5 of the *Banking Act 1959*.

authorised insurance NOHC has the meaning given to the expression authorised NOHC in subsection 3(1) of the *Insurance Act 1973*.

friendly society has the meaning given in section 16C of the *Life Insurance Act 1995*.

general insurer has the meaning given in section 11 of the *Insurance Act 1973*.

life company has the meaning given in the Schedule to the *Life Insurance Act 1995*.

registered life NOHC has the meaning given to the expression registered NOHC in the Schedule to the *Life Insurance Act 1995*.

Schedule

Prudential Standard 3PS 001 Definitions comprises the 3 pages commencing on the following page.



Prudential Standard 3PS 001

Definitions

Objectives and key requirements of this Prudential Standard

This Prudential Standard defines key terms referred to in other Prudential Standards applicable to Level 3 Heads of Level 3 groups. All Prudential Standards applicable to Level 3 Heads must be read in conjunction with this Prudential Standard.

Authority

1. This Prudential Standard is made under:
 - (a) section 11AF of the *Banking Act 1959* (Banking Act);
 - (b) section 32 of the *Insurance Act 1973* (Insurance Act); and
 - (c) section 230A of the *Life Insurance Act 1995* (Life Insurance Act).

Application

2. This Prudential Standard commences on 1 July 2017.
3. Unless the contrary intention appears, definitions in this Prudential Standard apply to all Prudential Standards applicable to a Level 3 Head in its capacity as parent institution of a Level 3 group (Level 3 Prudential Standards).

Key terms

4. Key terms referred to in the Level 3 Prudential Standards are defined as follows:

ADI has the meaning given in the Banking Act.

Australian Accounting Standards is a reference to the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) as in force from time to time.

Australian Auditing and Assurance Standards is a reference to the Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board (AUASB) as in force from time to time.

Ensure when used in relation to a responsibility of the Board, means to take all reasonable steps and make all reasonable enquiries as are appropriate for a board so that the board can determine, to the best of its knowledge, that the stated matter has been properly addressed.

General insurer has the meaning given in the Insurance Act.

Level 3 group means the institutions determined by APRA to be members of a Level 3 group, whether determined by reference to individual institutions and/or classes of institution.

APRA may determine a Level 3 group where it considers that material activities are performed within the group across more than one prudentially regulated industry and/or in one or more non-prudentially regulated industries, to ensure that the ability of the group's prudentially regulated institutions to meet their obligations to depositors, policyholders or RSE beneficiaries is not adversely impacted by risks emanating from the group, including its non-prudentially regulated institutions.

Level 3 Head means:

- (a) an ADI or authorised NOHC under the Banking Act;
 - (b) a general insurer or authorised NOHC under the Insurance Act; or
 - (c) a life company or registered NOHC under the Life Insurance Act,
- determined by APRA to be the Level 3 Head of a Level 3 group.

Level 3 institution means an institution that is a member of the Level 3 group.

Life company has the meaning given in the Life Insurance Act.

Policyholder means a policyholder as referred to in the Insurance Act or a policy owner as referred to in the Life Insurance Act.

Prudentially regulated institution means an ADI, general insurer, life company, RSE licensee, authorised NOHC under the Banking Act or the Insurance Act, or registered NOHC under the Life Insurance Act.

RSE means a registrable superannuation entity as defined in the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

RSE licensee has the meaning given in the SIS Act.

Senior management means senior managers as defined in *Prudential Standard CPS 520 Fit and Proper*.

Wider conglomerate group means the group comprising all institutions within a consolidated group at the widest level to which the Level 3 group belongs.