

Financial Sector (Collection of Data) (reporting standard) determination Nos. 4, 6, 9, 10, 11, 12, 13, 14, 18, 19 and 20 of 2023

EXPLANATORY STATEMENT

Prepared by the Australian Prudential Regulation Authority (APRA)

Financial Sector (Collection of Data) Act 2001, sections 13 and 15

Acts Interpretation Act 1901, section 33

Under subsection 13(1) of the *Financial Sector (Collection of Data) Act 2001* (the Act), APRA has the power to determine reporting standards, in writing, with which financial sector entities must comply. Such standards relate to reporting financial or accounting data and other information regarding the business or activities of the entities. Subsection 33(3) of the *Acts Interpretation Act 1901* provides that where an Act confers a power to make, grant or issue an instrument of a legislative or administrative character the power shall, unless the contrary intention appears, be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to revoke any such instrument.

Subsection 15(1) of the Act provides that APRA may declare a day on and after which the reporting standards are to apply.

On 16 March 2023, APRA made the following determinations (the instruments):

1. The Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2023 which:
 - (i) revokes *Reporting Standard GRS 110.1 Prescribed Capital Amount* (GRS 110.1) made under Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2013; and
 - (ii) determines a new version of GRS 110.1;
2. The Financial Sector (Collection of Data) (reporting standard) determination No. 6 of 2023 which:
 - (i) revokes *Reporting Standard GRS 114.0 Asset Risk Charge* (GRS 114.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2013; and
 - (ii) determines a new version of GRS 114.0;
3. The Financial Sector (Collection of Data) (reporting standard) determination No. 9 of 2023 which:
 - (i) revokes *Reporting Standard GRS 115.0 Outstanding Claims Liabilities-Insurance Risk Charge* (GRS 115.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2013; and
 - (ii) determines a new version of GRS 115.0;

4. The Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2023 which:
 - (i) revokes *Reporting Standard GRS 115.1 Premiums Liabilities- Insurance Risk Charge* (GRS 115.1) made under by Financial Sector (Collection of Data) (reporting standard) determination No. 11 of 2013; and
 - (ii) determines a new version of GRS 115.1);
5. The Financial Sector (Collection of Data) (reporting standard) determination No. 11 of 2023 which:
 - (i) revokes *Reporting Standard GRS 116.0 Insurance Concentration Risk Charge* (GRS 116.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2013; and
 - (ii) determines a new version of GRS 116.0;
6. The Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2023 which:
 - (i) revokes *Reporting Standard GRS 118.0 Operational Risk Charge* (GRS 118.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 15 of 2013; and
 - (ii) determines a new version of GRS 118.0;
7. The Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2023 which:
 - (i) revokes *Reporting Standard GRS 300.0 Statement of Financial Position* (GRS 300.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2013; and
 - (ii) determines a new version of GRS 300.0;
8. The Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2023 which:
 - (i) revokes *Reporting Standard GRS 310.0 Income Statement* (GRS 310.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 17 of 2013; and
 - (ii) determines a new version of GRS 310.0;
9. The Financial Sector (Collection of Data) (reporting standard) determination No. 18 of 2023 which:

(i) revokes *Reporting Standard GRS 400.0 Statement of Risk by Country* (GRS 400.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 21 of 2013; and

(ii) determines a new version of GRS 400.0;

10. The Financial Sector (Collection of Data) (reporting standard) determination No. 19 of 2023 which:

(i) revokes *Reporting Standard GRS 410.0 Movement in Outstanding Claims Liabilities* (GRS 410.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 22 of 2013; and

(ii) determines a new version of GRS 410.0; and

11. The Financial Sector (Collection of Data) (reporting standard) determination No. 20 of 2023 which:

(i) revokes *Reporting Standard GRS 420.0 Premium Revenue by State and Territory of Australia* (GRS 420.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 23 of 2013; and

(ii) determines a new version of GRS 420.0.

These instruments commence on 1 April 2023.

1. Background

APRA's prudential framework includes a suite of prudential standards that impose capital requirements for general insurers (GIs), for the purpose of ensuring GIs hold sufficient capital to address the risks associated with their operations.

APRA's reporting standards collect financial data from regulated entities. This data contains critical indicators of a regulated entity's financial wellbeing, including capital adequacy. APRA relies heavily on this financial data to inform its supervisory actions towards its regulated entities. Without timely and complete data, APRA may miss indicators that a GI is taking on imprudent risk or is in distress. APRA's supervisory decisions may be jeopardised if its receipt of data is unreliable due to entities seeking merits review under its reporting standards.

In 2013, APRA introduced new reporting requirements for GIs following the Life and General Insurance Capital review of the regulatory capital framework for GIs and life insurers (LIs) that APRA commenced in 2010 (LAGIC review). APRA made a range of amendments to its prudential framework to give effect to the findings of the review. As a result of the changes, there was a common capital framework across GIs and LIs.

The new reporting requirements introduced as a result of the LAGIC review permit APRA to collect data to support APRA's prudential supervision of GIs and are used by APRA to assess compliance with the capital standards.

The reporting standards were last determined by APRA in 2013 (the previous instruments).

2. Purpose and operation of the instruments

The previous instruments were to be repealed by sunseting on 1 April 2023 under subsection 50(1) of the *Legislation Act 2003*. APRA has reviewed the regulatory performance of the previous instruments and found that they continue to be fit for purpose. Consequently, APRA intends that they be remade without substantive changes.

The purpose of the instruments is to revoke the previous instruments and remake the instruments with minor changes to use the drafting style employed currently for APRA's reporting standards, such as formatting to improve readability and accessibility in line with government requirements, make minor definitional changes and update the commencement date. The changes to the instruments do not alter the existing reporting obligations or interests of GIs. The due dates, data required and the application of the reporting standards have not changed.

The instruments incorporate by reference certain provisions of Acts, Prudential Standards, and Australian Accounting Standards issued by the Australian Accounting Standards Board. All of these references are references to the instruments as they exist from time to time. These instruments are disallowable instruments and are available on the Federal Register of Legislation at www.legislation.gov.au.

There are a number of powers that may be exercised by APRA in reporting standards that involve an element of discretion and which may impact the interests of the financial sector entity to which the reporting standard applies. These decisions include APRA refusing to change a reporting period or due date for a GI to provide information required by the instruments. Decisions made by APRA exercising those powers are not subject to merits review. Delays caused by an entity seeking merits review of APRA's decisions under one or more reporting standards could significantly compromise use of the data at an entity and aggregate level by APRA. It is necessary that these reporting standards be allowed to continue in force from 1 April 2023 onwards.

APRA considers decisions made by APRA exercising discretions under its reporting standards should not be subject to merits review as they are financial decisions with a significant public interest element.

3. Consultation

The substance of the instruments has already been consulted on with industry when originally determining the reporting standards (see the Explanatory Statements for the previous instruments). APRA is satisfied that further consultation is not necessary and not reasonably practicable to undertake for these instruments. The instruments do not alter the existing reporting obligations that are required to be complied with by GIs and any changes to the instruments are minor and machinery in nature.

4. Regulation Impact Statement

The Office of Impact Analysis has advised that a Regulation Impact Statement is not required for these legislative instruments.

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

A Statement of compatibility prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* is provided at Attachment A to this Explanatory Statement.

Attachment A

Statement of Compatibility with Human Rights

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

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of 2023

These Legislative Instruments are 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* (HRPS Act).

Overview of the Legislative Instruments

These Legislative Instruments permit APRA to collect data to support APRA's prudential supervision of general insurers (GIs) and are used by APRA to assess compliance with the capital standards. GIs are bodies corporate authorised to conduct insurance business in Australia.

The purpose of the Legislative Instruments is to revoke the existing versions of the instruments determined by APRA in 2013 and replace them with new versions. New versions of the instruments are being made as the instruments are due to sunset on 1 April 2023.

Human rights implications

APRA has assessed the Legislative Instruments and is of the view that they do not engage any of the applicable rights or freedoms recognised or declared in the international instruments listed in section 3 of the HRPS Act. Accordingly, in APRA's assessment the Legislative Instruments are compatible with human rights.

Conclusion

These Legislative Instruments are compatible with human rights as they do not raise any human rights issues.