



25 November 2020

Reporting Form Income Statement by Product Grouping – General Insurance

REPORTING INSTRUCTIONS

These instructions assist completion of the reporting form *Income Statement by Product Grouping – General Insurance*. This form collects income statement data by APRA product groups.

Report information on a best endeavours basis. Where information is not available within the timeframes requested, provide available information and do not delay the submission.

Please provide in a response letter, an explanation of the significant judgements made, assumptions used (including an indication of the current level of uncertainty in the working assumptions) and business lines excluded when preparing this QIS. This is to facilitate APRA's understanding of the data included in the QIS.

Reporting consolidation

Information in this form is to be completed by general insurers for each reporting period on a Level 1 (licensed insurer) basis.

Reporting basis and units of measurement

Report values in this form in whole Australian dollars (AUD) with no decimal place.

General accounting basis

For the purposes of this QIS, unless otherwise specifically stated, reporting insurers are requested to follow the *AASB 17 Insurance Contracts* (AASB 17) requirements, which supersede the requirements in *AASB 1023 General Insurance Contracts* (AASB 1023) and *AASB 1038 Life Insurance Contracts*.

Convert amounts denominated in foreign currency to AUD in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*.

Report losses and expenses as negative values.

Reporting periods and due dates

Each insurer must complete this form with information as at the most recent reporting year end. The form is required to be provided to APRA by **5pm AEST, 31 March 2021**.

Excel template - Shaded areas

- Shaded areas in grey: Insurers are not to complete these data items.

SPECIFIC INSTRUCTIONS

APRA product groups

The APRA product groups that apply for the purpose of this QIS are:

Insurance business

- C1: Householders
- C2: Commercial motor
- C3: Domestic motor
- C4: Travel
- C5: Fire and ISR
- C6: Marine
- C7: Aviation
- C8: Consumer credit
- C9: Other accident
- C10: Mortgage
- C11: CTP
- C12: Public and product liability
- C13: Professional indemnity
- C14: Employers' liability
- C15: Cyber (new)
- C16: Directors' & officers' liability (new)
- C17: Other direct – Category A
- C18: Other direct – Category B
- C19: Other direct – Category C

Reinsurance business

- RB1: Proportional – Category A
- RB2: Proportional – Category B
- RB3: Proportional – Category C
- RB4: Non-proportional – Category A
- RB5: Non-proportional – Category B
- RB6: Non-proportional – Category C

Category A consists of householders, commercial motor, and domestic motor. Category B consists of travel, fire and ISR, marine and aviation, consumer credit, and other accident. Category C consists of mortgage, CTP, public and product liability, professional liability, employer's liability, cyber, and directors' & officers' liability.

For cyber insurance, as outlined in the discussion paper, APRA is currently eliciting views from the industry to help develop the definition of cyber insurance via the National Claims and Policies Database statistics consultation process. Once finalised, APRA will use the same definition in the Reporting Standard for the product group data collection. For the QIS, insurers are to reference the following proxy definition of cyber insurance.

Cyber insurance provides for first party and third party coverage to mitigate risk exposure by offsetting costs involved with recovery of cyber losses. Coverage may include losses from

network security breaches, data and systems recovery costs, legal expenses and third-party indemnification related to data breaches, as well as business interruption costs. Cyber includes both standalone cyber policies and affirmative cyber coverage included in other policies (e.g. covered as part of commercial casualty).

Allocation principles

For the QIS, life insurers are to apply the allocation principles outlined in the discussion paper to allocate AASB 17 numbers to APRA product groups where it is not possible to clearly identify AASB 17 numbers and assign it to specific APRA product groups.

APRA requests the participating insurers to prepare a document outlining how they have applied the allocation principles to allocate AASB 17 items to APRA product groups for APRA reporting. Insurers need to submit the document to APRA with the QIS workbook.

Income Statement by APRA product groups

Each item reported under this section aligns with AASB Standards (AASB). The applicable AASB references are specified with each item.

Item 1: Insurance revenue

Item 1	Item 1 is a derived item and is calculated as the sum of item 1.1 and item 1.2. This item is based on AASB 17.80(a) and AASB 17.83.
Item 1.1	Report insurance revenue from direct business.
Item 1.2	Report insurance revenue from inwards reinsurance.

Item 2: Insurance service expense

Item 2	Item 2 is a derived item and is calculated as the sum of items 2.1.1 to 2.1.5 inclusive and 2.2.1 to 2.2.5 inclusive. This item is based on AASB 17.80(a) and AASB 17.84.
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Item 2.1: Direct business

Item 2.1	Item 2.1 represents insurance service expenses from direct business. Item 2.1 is a derived item and is calculated as the sum of items 2.1.1 to 2.1.5 inclusive.
Item 2.1.1	Report incurred claims from direct business.
Item 2.1.2	Report other insurance service expenses from direct business.
Item 2.1.3	Report amortisation of insurance acquisition cash flows from direct business.
Item 2.1.4	Report losses and reversal of losses on onerous contracts from direct business in accordance with AASB 17.103 b(iv).
Item 2.1.5	Report any adjustments to liabilities for incurred claims from direct business.

Item 2.2: Inwards reinsurance

Item 2.2	Item 2.2 represents insurance service expenses from inwards reinsurance. Item 2.2 is a derived item and is calculated as the sum of items 2.2.1 to 2.2.5 inclusive.
Item 2.2.1	Report incurred claims from inwards reinsurance.
Item 2.2.2	Report other insurance service expenses from inwards reinsurance.
Item 2.2.3	Report amortisation of insurance acquisition cash flows from inwards reinsurance.
Item 2.2.4	Report losses and reversal of losses on onerous contracts from inwards reinsurance in accordance with AASB 17.103 b(iv).
Item 2.2.5	Report any adjustments to liabilities for incurred claims from inwards reinsurance.

Item 3: Insurance service result before reinsurance contracts held

Item 3	Item 3 is a derived item and is calculated as the sum of item 1 and item 2.
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Item 4: Allocation of reinsurance premiums

Item 4	<p>Report allocation of reinsurance premiums.</p> <p>It is requested that the entity present this item separately from amounts recoverable from reinsurers for incurred claims reported at item 5.</p> <p>This item is based on AASB 17.86.</p>
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Item 5: Amounts recoverable from reinsurers for incurred claims

Item 5	<p>Report amounts recoverable from reinsurers for incurred claims.</p> <p>This item is based on AASB 17.86.</p>
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Item 6: Net expense from reinsurance contracts held

Item 6	<p>Item 6 is a derived item and is calculated as the sum of items 4 and 5. This item can be a net income or net expense.</p> <p>This item is based on AASB 17.82 and AASB 17.86.</p>
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Item 7: Insurance service result

Item 7	<p>Item 7 is a derived item and is calculated as the sum of items 3 and 6.</p> <p>This item is based on AASB 17.80(a).</p>
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Item 8: Balance sheet memo items

APRA intends to collect General Measurement Model (GMM) and Premium Allocation Approach (PAA) liability for remaining coverage, GMM contractual service margin and the existing AASB 1023 items such as unearned premium liability / reserve (UPR) and deferred reinsurance expense (DRE) by APRA product groups. APRA will use these items and the data items collected in the liability form to form a view on profitability by APRA product groups.

APRA initially proposed to collect the following receivable and payable components for insurance and reinsurance contracts by APRA product groups under the presumption that insurers will not be tracking UPR and DRE equivalents:

- Premiums received but not earned
- Premiums invoiced but not received and not earned
- Premiums invoiced but not received and earned
- Reinsurance premiums paid but not expensed
- Reinsurance premiums invoiced but not paid and not expensed
- Reinsurance premiums invoiced but not paid and expensed

A number of insurers provided feedback that this would result in significant burden because insurers do not necessary track premiums receivables and payables by APRA product groups and asked APRA to consider the proposal of continuing to collect UPR and DRE by APRA product groups instead. APRA has updated the QIS workbook reflecting this proposal.

For clarity, the following items are defined based on AASB 17:

- AASB 17 liability for remaining coverage as defined in AASB 17 Appendix A
- AASB 17 contractual service margin as defined in AASB 17 Appendix A

Item 8.1	Insurance contract - AASB 17 GMM liabilities / assets for remaining coverage Report the amount of the liabilities / assets for remaining coverage for insurance contracts issued measured under AASB 17 GMM (or core requirements) by APRA product groups.
Item 8.2	Insurance contract - AASB 17 PAA liabilities / assets for remaining coverage Report the amount of the liabilities / assets for remaining coverage for insurance contracts issued measured under AASB 17 PAA by APRA product groups.
Item 8.3	Insurance contract - AASB 1023 unearned premium liability / reserve (UPR) Report the amount for the unearned premium liability / reserve for insurance contracts issued measured based on the AASB 1023 requirements by APRA product groups.
Item 8.4	Insurance contract - AASB 17 GMM contractual service margin Report the amount of contractual service margin from insurance contracts issued measured under AASB 17 GMM (or core requirements) by APRA product groups.
Item 8.5	Reinsurance contract - AASB 17 GMM assets / liabilities for remaining coverage

	Report the amount of the assets/liabilities for remaining coverage for reinsurance contracts held measured under AASB 17 GMM (or core requirements) by APRA product groups.
Item 8.6	<p>Reinsurance contract - AASB 17 PAA assets / liabilities for remaining coverage</p> <p>Report the amount of the assets/liabilities for remaining coverage for reinsurance contracts held measured under AASB 17 GMM (or core requirements) by APRA product groups.</p>
Item 8.7	<p>Reinsurance contract - AASB 1023 deferred reinsurance expense (DRE)</p> <p>Report the amount for the deferred reinsurance expense for reinsurance contracts held measured based on AASB 1023 requirements by APRA product groups.</p>
Item 8.8	<p>Reinsurance contract - AASB 17 GMM contractual service margin</p> <p>Report the amount of contractual service margin for reinsurance contracts held measured under AASB 17 GMM (or core requirements) by APRA product groups.</p>