



# Reporting Standard LRS 420.0

## Assets Backing Policy Liabilities

### Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA in relation to assets backing a life insurer's ~~policy liabilities~~ insurance and investment liabilities (net of insurance assets) as determined under Accounting Standards AASB 17 Insurance Contracts (AASB 17) and AASB 9 Financial Instruments (AASB 9) for conventional, investment and annuity products.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard LRS 001 Reporting Requirements* (LRS 001), including the general instruction guide.

### Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

### Purpose

2. The information reported to APRA under this Reporting Standard is used by APRA for the purpose of prudential supervision including assessing compliance with capital adequacy standards.

### Application and commencement

3. This Reporting Standard applies to all life insurance companies other than friendly societies (referred to as life insurers) authorised under the *Life Insurance Act 1995* (Life Act). This Reporting Standard applies for reporting periods commencing on or after 1 July 2023.

### Information required

4. A life insurer must provide APRA with the information required by this Reporting Standard for each reporting period.

5. The information reported to APRA under this Reporting Standard is not required to be given to policy owners pursuant to section 124 of the Life Act. It does not constitute a reporting document for the purposes of section 124.

### **Method of submission**

6. The information required by this Reporting Standard must be given to APRA:
  - (a) in electronic format using an electronic method available on APRA's website; or
  - (b) by a method notified by APRA prior to submission.

### **Reporting periods and due dates**

7. Subject to paragraph 8, a life insurer must provide the information required by this Reporting Standard:
  - (a) in respect of each financial year of the life insurer on an unaudited basis.

*Note 1:* This means that information provided under this Reporting Standard will be submitted once for a full financial year.

8. If, having regard to the particular circumstances of a life insurer, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 7(a) or 7(b), APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular life insurer.
9. The information required by this Reporting Standard in respect of a life insurer must be provided to APRA:
  - (a) in the case of annual information, within three months after the end of the reporting period to which the information relates; or
  - (b) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.
10. APRA may, in writing, grant a life insurer an extension of a due date, in which case the new due date will be the date on the notice of extension.

*Note:* For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, a life insurer is nonetheless required to submit the information required no later than the due date.

### **Quality control**

11. The information provided by a life insurer under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Auditor of the life insurer. This will require the Auditor to review and test the life insurer's systems, processes and controls supporting the reporting of the information to enable the life insurer to provide reliable financial information to APRA. This review and testing must be done on:

- (a) an annual basis or more frequently if necessary to enable the Auditor to form an opinion on the reliability and accuracy of data; and
  - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard LPS 310 Audit and Related Matters*.
12. All information provided by a life insurer under this Reporting Standard must be subject to systems, processes and controls developed by the life insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the life insurer to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.
13. Actuarial valuations and calculations included in or used in the preparation of the information provided to APRA must be in accordance with the prudential standards in force for the reporting period. However, life insurers may use reasonable estimates when preparing information that will not be audited ~~(i.e. for the first four submissions of information for a full financial year).~~

### Authorisation

14. When an officer or agent of a life insurer provides the information required by this Reporting Standard using an electronic format, the officer or agent must digitally sign the relevant information using a digital certificate acceptable to APRA.
15. An officer or agent of a life insurer who submits information under this Reporting Standard must be authorised by either:
- (a) the Principal Executive Officer of the life insurer; or
  - (b) the Chief Financial Officer of the life insurer.

### Variations

16. APRA may, by written notice to the life insurer, vary the reporting requirements of this Reporting Standard in relation to that life insurer.

### Transition

17. A life insurer must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

***old reporting standard*** means the reporting standard revoked in the determination making this Reporting Standard ~~(being the reporting standard which this Reporting Standard replaces);~~ and

***transitional reporting period*** means a reporting period under the old reporting standard:

- (a) which ~~commenced~~ before 1 July 2023; and

- (b) in relation to which the life insurer was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

*Note:* For the avoidance of doubt, if a life insurer was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the life insurer is still required to provide any overdue reporting documents in accordance with the old reporting standard.

## Interpretation

### 18. In this Reporting Standard:

- (a) unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard LPS 001 Definitions* (LPS 001); and
- (b) the following definitions are applicable:

***Auditor*** means an auditor appointed under paragraph 83 of the Life Act.

***capital adequacy standards*** means the prudential standards which relate to capital adequacy as defined in LPS 001.

***Chief Financial Officer*** means the chief financial officer of the life insurer, by whatever name called.

***financial year*** has the meaning in the *Corporations Act 2001*.

***general instruction guide*** refers to the general instruction guide set out in Attachment A of LRS 001.

***Life Act*** means the *Life Insurance Act 1995*.

***Principal Executive Officer*** means the principal executive officer of the life insurer, by whatever name called, and whether or not he or she is a member of the governing board of the entity.

***reporting period*** means a reporting period under subparagraph 7(a) or 7(b) or, if applicable, paragraph 8.

- 19. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

# Reporting Standard LRS 420.0

## Assets Backing Policy Liabilities

### General Instructions

#### Reporting tables

Tables described in this reporting form list each of the data fields required to be reported. The data fields are listed sequentially in the column order that they will appear in the reported data set. Constraints on the data that can be reported for each field have also been provided.

Any specific combination of values in the table must not appear on more than one row in that table when reported.

#### Definitions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

#### A

<u>Accounts receivable</u>	<u>This relates to amounts due but not yet received as disclosed in the balance sheet of the fund.</u>
<b><i>APRA product group</i></b>	This is <b><i>APRA product group</i></b> which is defined in <i>LRS 001 Reporting Requirements</i> . Life insurers must report data items by the listed <b><i>APRA product groups</i></b> where required.
<b><i>Assets backing liabilities amount</i></b>	This is the value of assets <u>of the fund</u> backing <u>insurance and investment liabilities (net of insurance assets) determined under AASB 17 Insurance Contracts (AASB 17) and AASB 9 Financial Instruments (AASB 9) policy liabilities of the reporting fund.</u>
<u>Assets backing liabilities type</u>	<p><u>This is the type of assets backing the relevant liabilities. Possible types are:</u></p> <ul style="list-style-type: none"> <li>• <u>cash;</u></li> <li>• <u>investment property;</u></li> <li>• <u>listed equities;</u></li> <li>• <u>unlisted equities;</u></li> <li>• <u>non-indexed interest-bearing securities;</u></li> <li>• <u>indexed interest-bearing securities;</u></li> <li>• <u>loans;</u></li> <li>• <u>other investment assets (exclude derivative financial instruments);</u></li> <li>• <u>current tax assets;</u></li> <li>• <u>deferred tax assets;</u></li> <li>• <u>derivative financial instruments (assets);</u></li> </ul>

	<ul style="list-style-type: none"> <li>• <u>accounts receivable;</u></li> <li>• <u>reinsurance contract assets; and</u></li> <li>• <u>other non-investment assets.</u></li> </ul>
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## C

<b>Cash</b>	<p>This is the amount of the <b>cash</b> assets which includes any <b>cash</b> at call up to 30 days as well as any <b>cash</b> held with non-bank financial institutions.</p> <p>Note that this item does not include negotiable certificates of deposits, which should be reported under <b>non-indexed interest-bearing securities</b> or <b>indexed interest-bearing securities</b>.</p>
<b>Class of business</b>	<p><b>Class of business</b> refers to:</p> <ul style="list-style-type: none"> <li>• Australia - Superannuation business;</li> <li>• Australia - Ordinary business; and</li> <li>• Overseas - All business.</li> </ul> <p>‘Australia’ and ‘overseas’ refer to the territories where the life insurance business is undertaken, as defined in the Life Act.</p> <p>‘Ordinary business’ and ‘superannuation business’ are defined in the Life Act.</p>
<b>Current tax assets</b>	<p>This is the value of <b>current tax assets</b> determined in accordance with Australian Accounting Standards.</p>

## D

<b>Deferred tax assets</b>	<p>This is the value of <b>deferred tax assets</b> determined in accordance with Australian Accounting Standards.</p>
<b>Derivative financial instruments (assets)</b>	<p>This is the value of all open derivative positions reported as assets.</p>

## F

<b>Foreign currencies exposure proportion</b>	<p>This is the percentage of the total assets that are exposed to unhedged currency risks associated with currencies other than AUD.</p>
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I

<b><i>Indexed interest-bearing securities</i></b>	This is the amount of all interest-bearing securities held that are indexed.
<b><i>Insurance benefit</i></b>	This is the type of <b><i>insurance benefit</i></b> that a life policy can include. Life companies must report data items by <b><i>insurance benefit</i></b> where required. <b><i>Insurance benefit</i></b> can either be: <ul style="list-style-type: none"> <li>• Non-participating benefits; or</li> <li>• Participating benefits.</li> </ul>
<b><i>Investment property</i></b>	This is the amount of the <b><i>investment property</i></b> assets which includes properties acquired or held which is available for sale as well as infrastructure assets, after allowance for accumulated depreciation.  Owner-occupied property should be reported as <b><i>other non-investment assets</i></b> .

L

<b><i>Life company fund</i></b>	This means the type of <b><i>life company fund</i></b> . Possible types are: <ul style="list-style-type: none"> <li>• Statutory fund.</li> </ul>
<b><i>Listed equities</i></b>	This is the value of equity interests in companies listed on the ASX or overseas exchange, after allowance for look-through (if applicable).  This also includes equities held within Australia and overseas.
<b><i>Loans</i></b>	This is the value of <b><i>loans</i></b> . <b><i>Loans</i></b> include financial leases and mortgages, and are typically non-negotiable on the secondary market.

N

<b><i>Non-indexed interest-bearing securities</i></b>	This is the amount of all interest-bearing securities held that are not indexed.
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O

<b><i>Other investment assets (exclude derivative financial instruments)</i></b>	This is the value of all other investment assets not specifically categorised as:
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	<ul style="list-style-type: none"> <li>• <i>cash</i>;</li> <li>• <i>investment property</i>;</li> <li>• <i>listed equities</i>;</li> <li>• <i>unlisted equities</i>;</li> <li>• <i>non-indexed interest-bearing securities</i>;</li> <li>• <i>indexed interest-bearing securities</i>; or</li> <li>• <i>loans</i>.</li> </ul>
<b>Other non-investment assets</b>	<p>This is the value of all <i>other non-investment assets</i> not categorised as:</p> <ul style="list-style-type: none"> <li>• <i>current tax assets</i>;</li> <li>• <i>deferred tax assets</i>;</li> <li>• <i>derivative financial instruments (assets)</i>; <u>or</u></li> <li>• <del><i>accounts receivable. Premiums receivable</i></del>; <u>or</u></li> <li>• <del><i>Reinsurance recoveries and other accounts receivable</i></del>.</li> </ul>

## P

<del><b>Premiums receivable</b></del>	<p><del>This is the amount related to insurance premiums due but not yet received. This is subset of <i>premiums receivable</i> reported in <i>Reporting Standard LRS 112.0 Determination of Capital Base (LRS 112.0)</i> as a component of liability adjustment (gross of tax effect).</del></p> <p><del>This item must not be reported as part of other asset and liability items.</del></p>
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## R

<del><b>Reinsurance recoveries and other accounts receivable</b></del>	<p><del>This is the amount related to reinsurance and other accounts receivable due but not yet received. This is subset of the sum of reinsurance recoveries receivable and other accounts receivable reported in LRS 112.0 as components of liability adjustment (gross of tax effect).</del></p> <p><del>This item must not be reported as part of other asset items.</del></p>
<u><b>Reinsurance contract assets</b></u>	<p><u><i>Reinsurance contract asset</i> has the meaning given to it in AASB 17 Appendix A, AASB 17.78 (c), AASB 17.100 Disclosure and AASB 101.54 (da).</u></p>

## U

<b>Unlisted equities</b>	<p>This is the value of equity interests in companies not listed on any stock exchange, after allowance for look-through (if applicable).</p> <p>This also includes equities held within Australia and overseas.</p>
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## Specific instructions

**Table 1: Assets Backing Policy Liabilities**

### Reporting basis

This table applies to life insurers only. Data must be submitted at the level of each statutory fund.

This table reports assets backing insurance and investment liabilities (net of insurance assets) as determined under AASB 17 and AASB 9 for conventional, investment and annuity products only (i.e. excluding risk products).

The basis of assets reported in each asset class in this Reporting Standard ~~must be~~ ~~are to be~~ consistent with the basis for reporting values shown in Reporting Standard LRS 300.0 Statement of Financial Position ~~LRS 114.0 Asset Risk Charge (LRS 114)~~, i.e. ~~after the look-through to individual asset categories.~~

Life insurers must complete this table for annuities with longevity risk and annuities without longevity risk regardless whether the products include or do not include an investment component.

Report all information as at the reporting date.

### Units of measurement

Report the dollar values in this table in whole Australian dollars.

	Name	Valid values	Description
1	Life Company Fund Name	Free text	Report the name of <i>life company fund</i> .
2	Class Of Business	<ul style="list-style-type: none"> <li>Australia - Ordinary business</li> <li>Australia - Superannuation business</li> <li>Overseas - All business</li> </ul>	Report <u>the class of business</u> .

	Name	Valid values	Description
3	Insurance Benefit	<ul style="list-style-type: none"> <li>• Non-participating benefits</li> <li>• Participating benefits</li> </ul>	Report <u>the</u> <i>insurance benefit</i> type.
4	APRA Product Group	<ul style="list-style-type: none"> <li>• L1 - Conventional</li> <li>• L2 - Annuity with longevity risk</li> <li>• L16 - Investment policy with discretionary additions</li> <li>• L17 - Other investment policy</li> <li>• L18 - Annuity without longevity risk</li> </ul>	Report <u>the</u> <i>APRA product group</i> .
5	Assets Backing Liabilities Type	<ul style="list-style-type: none"> <li>• <i>Cash</i></li> <li>• <i>Investment property</i></li> <li>• <i>Listed equities</i></li> <li>• <i>Unlisted equities</i></li> <li>• <i>Non-indexed interest-bearing securities</i></li> <li>• <i>Indexed interest-bearing securities</i></li> <li>• <i>Loans</i></li> <li>• <i>Other investment assets (exclude derivative financial instruments)</i></li> <li>• <i>Current tax assets</i></li> <li>• <i>Deferred tax assets</i></li> <li>• <i>Derivative financial instruments (assets)</i></li> <li>• <u>Premiums</u> <u>Accounts</u> receivable</li> <li>• <i>Reinsurance <del>recoveries and other accounts</del> <u>receivable</u> <u>contract assets</u></i></li> <li>• <i>Other non-investment assets</i></li> </ul>	Report the items subject to <u>assets</u> <i>backing liabilities</i> type.

	Name	Valid values	Description
6	Assets Backing Liabilities Amount	Whole dollars	Report <del>asset</del> <u>the assets</u> <i>backing liabilities amount.</i>

**Table 2: Foreign Currencies Exposure Proportion**

**Reporting basis**

This table applies to life insurers only. Data must be submitted at the level of each statutory fund.

Report all information as at the reporting date.

**Units of measurement**

Report percentage values to two decimal places.

	Name	Valid values	Description
1	Life Company Fund Name	Free text	Report the name of <i>life company fund</i> .
2	Class Of Business	<ul style="list-style-type: none"> <li>• Australia - Ordinary business</li> <li>• Australia - Superannuation business</li> <li>• Overseas - All business</li> </ul>	Report <u>the class of business</u> .
3	Insurance Benefit	<ul style="list-style-type: none"> <li>• Non-participating benefits</li> <li>• Participating benefits</li> </ul>	Report <u>the insurance benefit</u> type.
4	APRA Product Group	<ul style="list-style-type: none"> <li>• L1 - Conventional</li> <li>• L2 - Annuity with longevity risk</li> <li>• L16 - Investment policy with discretionary additions</li> <li>• L17 - Other investment policy</li> <li>• L18 - Annuity without longevity risk</li> </ul>	Report <u>the APRA product group</u> .

	Name	Valid values	Description
5	Foreign Currencies Exposure Proportion	Percentage	Report <u>the</u> <i>foreign currencies exposure proportion.</i>