



Financial Sector (Collection of Data) (reporting standard) determination No. 36 of 2023

Reporting Standard LRS 400.0 Statement of Policy Liabilities

Financial Sector (Collection of Data) Act 2001

I, Michael Murphy, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- (a) REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 57 of 2013, including *Reporting Standard LRS 400.0 Statement of Policy Liabilities* made under that Determination; and
- (b) DETERMINE *Reporting Standard LRS 400.0 Statement of Policy Liabilities*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities on 1 April 2023, and the revoked reporting standard shall cease to apply, on 1 April 2023.

This instrument commences on 1 April 2023.

Dated: 16 March 2023

Michael Murphy
General Manager – Chief Data Officer (Acting),
Technology and Data Division

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

financial sector entity has the meaning given by section 5 of the Act.

Schedule

Reporting Standard LRS 400.0 Statement of Policy Liabilities comprises the document commencing on the following page.



Reporting Standard LRS 400.0

Statement of Policy Liabilities

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA in relation to a statement of a life company's policy liabilities.

It includes *Form LRF 400.0 Statement of Policy Liabilities* and associated specific instructions and must be read in conjunction with the general instruction guide.

Authority

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

Purpose

2. Information collected in *Form LRF 400.0 Statement of Policy Liabilities* (LRF 400.0) is used by APRA for the purpose of prudential supervision including assessing compliance with capital standards.

Application and commencement

3. This Reporting Standard applies to all life insurance companies including friendly societies (together referred to as 'life companies') registered under the *Life Insurance Act 1995* (Life Insurance Act). This Reporting Standard applies for reporting periods ending on or after 1 April 2023.

Information required

4. A life company must provide APRA with the information required by the Form LRF 400.0 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 Insurance 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 company must provide the information required by this Reporting Standard in respect of each financial year of the life company on an audited basis.

Note: The annual audited form must be submitted in conjunction with the annual auditor's report, as required under *Prudential Standard LPS 310 Audit and Related Matters* (LPS 310).

8. If, having regard to the particular circumstances of a life company, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by paragraph 7, APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular life company.
9. The information required by this Reporting Standard in respect of a life company must be provided to APRA:
 - (a) within the time stated in *Reporting Standard LRS 001 Reporting Requirements* (LRS 001); or
 - (b) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.

Quality control

10. The information provided by a life company 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 company. This will require the Auditor to review and test the life company's systems, processes and controls supporting the reporting of the information to enable the life company 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 (AUASB) as may be amended from time to time, to the extent that they are not inconsistent with the requirements of LPS 310.
11. All information provided by a life company under this Reporting Standard must be subject to systems, processes and controls developed by the life company for the internal review and authorisation of that information. It is the responsibility of the

Board and senior management of the life company to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

12. 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 companies 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

13. When an officer of a life company provides the information required by this Reporting Standard, it will be necessary for the officer to digitally sign the relevant information using a digital certificate acceptable to APRA.
14. An officer of a life company submitting information under this Reporting Standard must be authorised by either:
 - (a) the Principal Executive Officer of the life company; or
 - (b) the Chief Financial Officer of the life company.

Variations

15. APRA may, by written notice to the life company, vary the reporting requirements of Form LRF 400.0 in relation to that life company.

Transition

16. A life company 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 by the determination making this Reporting Standard; and

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

- (a) which ended before the date of revocation of the old reporting standard; and
- (b) in relation to which the life company 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 company 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 company is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

17. In this Reporting Standard (including the attachments):

- (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) **capital 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 company, 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;

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

reporting period means a reporting period under paragraph 7 or, if applicable, paragraph 8.

LRF_400_0: Statement of Policy Liabilities

Australian Business Number	Institution Name
	Life Insurers and Friendly Societies
Reporting Period	Scale Factor
Annual	Thousands
Reporting Consolidation	
Statutory fund	

1. Policy liabilities - All statutory fund products

1.1. In force business and movements in gross contractual regular contributions over the year

Class of business	Product group	Policy count (actual number, not scaled)	Member count (actual number, not scaled)	Gross insurance amount, account balance or equivalent	Reinsured insurance amount, account balance or equivalent	Gross contractual regular contributions	Reinsured contractual regular contributions	Gross contractual regular contribution increases over the year	Gross contractual regular contribution decreases due to claims and/or maturities	Gross contractual regular contribution decreases due to voluntary discontinuance	Other movements in Gross contractual regular contributions over the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Australia - Ordinary Business	F1. Education										
Australia - Superannuation Business	F2. Investment Account										
Overseas - All Business	F3. Annuity & Superannuation										
	F4. Defined Benefit										

Risk
F5. Capital Guaranteed Defined Contribution Funeral
F6. Investment Linked
L1. Conventional Participating
L2. Participating Investment Account
L3. Annuity with Longevity Risk
L4. Individual Lump Sum Risk
L5. Individual Disability Income Insurance
L6. Group Lump Sum Risk
L7. Group Disability Income Insurance
L8. Investment Linked
L9. Non-par Investment Policy with Discretionary Additions
L10. Other Non-par Investment Policy
L11. Annuity without Longevity Risk
L12. Other

1.2. Components of gross policy liability

Class of business	Product group	Basis	Gross best estimate liability					Gross value of future profits: policy owner bonuse	Gross value of future profits: shareholder profit	Gross investment contract liability	Gross management services asset or liability	Gross policy liability
			Gross value of future policy benefits	Gross value of future expenses	Gross value of (balance of) future premiums	Gross reduction in respect of unrecouped	Total gross best estimate liability					

			(1)	(2)	(3)	acquisition expenses (4)	(5)	s (6)	margins (7)	(8)	(9)	(10)
Australia - Ordinary Business	F1. Education	Last Year										
Australia - Superannuation Business	F2. Investment Account	LY / TY										
Overseas - All Business	F3. Annuity & Superannuation	This Year										
	F4. Defined Benefit Risk											
	F5. Capital Guaranteed Defined Contribution Funeral											
	F6. Investment Linked											
	L1. Conventional Participating											
	L2. Participating Investment Account											
	L3. Annuity with Longevity Risk											
	L4. Individual Lump Sum Risk											
	L5. Individual Disability Income Insurance											
	L6. Group Lump Sum Risk											
	L7. Group Disability Income Insurance											
	L8. Investment Linked											
	L9. Non-par Investment Policy with Discretionary Additions											
	L10. Other Non-par Investment Policy											

L11. Annuity without Longevity Risk
L12. Other

1.3. Components of reinsured policy liability and net policy liability

Class of business	Product group	Basis	Reinsured best estimate liability					Reinsured value of future profits : policy owner bonuses (6)	Reinsured value of future profits : s/h profit margins (7)	Reinsured investment contract liability (8)	Reinsured management services asset or liability (9)	Reinsured policy liability (10)	Net policy liability (11)
			Reinsured value of future policy benefits (1)	Reinsured value of future expenses (2)	Reinsured value of (balance of) future premiums (3)	Reinsured reduction in respect of unrecouped acquisition expenses (4)	Total reinsured best estimate liability (5)						
Australia - Ordinary Business	F1. Education	Last Year											
Australia - Superannuation Business	F2. Investment Account	LY / TY											
Overseas - All Business	F3. Annuity & Superannuation	This Year											
	F4. Defined Benefit Risk												
	F5. Capital Guaranteed Defined Contribution Funeral												
	F6. Investment Linked												
	L1. Conventional Participating												
	L2. Participating Investment Account												
	L3. Annuity with												

Longevity Risk
L4. Individual Lump Sum Risk
L5. Individual Disability Income Insurance
L6. Group Lump Sum Risk
L7. Group Disability Income Insurance
L8. Investment Linked
L9. Non-par Investment Policy with Discretionary Additions
L10. Other Non-par Investment Policy
L11. Annuity without Longevity Risk
L12. Other

1.4. Sundry items

Class of business	Product group	Cost of previous year best estimate bonus (1)	Cost of current period best estimate bonus (2)	S/h profit margins on cost of current period best estimate bonus (3)	Gross policy liability in respect of inwards reinsurance (4)	Cost of declared bonus excluding, interim (5)	Amount of terminal bonus paid (6)	Amount of interim bonus paid (7)	Accumulated loss recognition at beginning of period (8)	Accumulated loss recognition at end of period (9)	Profit carrier or acquisition expense recovery carrier (10)	Percentage of profit carrier or acquisition expense recovery carrier (11)
Australia - Ordinary Business	F1. Education											
Australia - Superannuation	F2. Investment Account											

Business	
Overseas - All Business	F3. Annuity & Superannuation
	F4. Defined Benefit Risk
	F5. Capital Guaranteed Defined Contribution Funeral
	F6. Investment Linked
	L1. Conventional Participating
	L2. Participating Investment Account
	L3. Annuity with Longevity Risk
	L4. Individual Lump Sum Risk
	L5. Individual Disability Income Insurance
	L6. Group Lump Sum Risk
	L7. Group Disability Income Insurance
	L8. Investment Linked
	L9. Non-par Investment Policy with Discretionary Additions
L10. Other Non-par Investment Policy	
L11. Annuity without Longevity Risk	
L12. Other	

2. Totals by class of business and basis

2.1. In force business and movements in gross contractual regular contributions over the year

Policy count	Member count	Gross insurance	Reinsured	Gross contractual	Reinsured	Gross contractual	Gross contractual	Gross contractual	Other movements
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(actual number, not scaled)	(actual number, not scaled)	amount, account balance or equivalent	insurance amount, account balance or equivalent	al regular contributions	contractual regular contributions	al regular contribution increases over the year	al regular contribution decreases due to claims and/or maturities	al regular contribution decreases due to voluntary discontinuance	ts in Gross contractual regular contributions over the year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

2.1.1. Australian business

2.1.1.1. Ordinary business

2.1.1.2. Superannuation business

2.1.1.3. Total Australian business

2.1.2. Overseas - All business

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2.1.3. Total statutory fund business

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2.2. Components of gross policy liability

Gross best estimate liability									
Gross value of future policy benefits	Gross value of future expenses	Gross value of (balance of) future premiums	Gross reduction in respect of unrecovered acquisition expenses	Total gross best estimate liability	Gross value of future profits: policy owner bonuses	Gross value of future profits: shareholder profit margins	Gross investment contract liability	Gross management services asset or liability	Gross policy liability
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

2.2.1. Australian business

2.2.1.1. Ordinary business

2.2.1.1.1. This year

2.2.1.1.2. LY / TY

2.2.1.1.3. Last year

2.2.1.2. Superannuation business

2.2.1.2.1. This year

2.2.1.2.2. LY / TY

2.2.1.2.3. Last year

2.2.1.3. Total Australian business

2.2.1.3.1. This year

2.2.1.3.2. LY / TY

2.2.1.3.3. Last year

2.2.2. Overseas - All business

2.2.2.1. This year

2.2.2.2. LY / TY

2.2.2.3. Last year

2.2.3. Total statutory fund business

2.2.3.1. This year

2.2.3.2. LY / TY

2.2.3.3. Last year

2.3. Components of reinsured policy liability and net policy liability

Reinsured best estimate liability					Reinsured value of future	Reinsured value of	Reinsured investment	Reinsured management	Reinsured policy liability	Net policy liability
Reinsured value of	Reinsured value of	Reinsured value of	Reinsured reduction in	Total reinsured best estimate						

future policy benefits	future expenses	(balance of) future premiums	respect of unrecouped acquisition expenses	e liability	profits: policy owner bonuses	future profits: s/h profit margins	contract liability	services asset or liability		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

2.3.1. Australian business

2.3.1.1. Ordinary business

2.3.1.1.1. This year

2.3.1.1.2. LY / TY

2.3.1.1.3. Last year

2.3.1.2. Superannuation business

2.3.1.2.1. This year

2.3.1.2.2. LY / TY

2.3.1.2.3. Last year

2.3.1.3. Total Australian business

2.3.1.3.1. This year

2.3.1.3.2. LY / TY

2.3.1.3.3. Last year

2.3.2. Overseas - All business

2.3.2.1. This year

2.3.2.2. LY / TY

2.3.2.3. Last year

2.3.3. Total statutory fund business

2.3.3.1. This year

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2.3.3.2. LY / TY
 2.3.3.3. Last year

2.4. Sundry items

Cost of previous year best estimate bonus (1)	Cost of current period best estimate bonus (2)	S/h profit margins on cost of current period best estimate bonus (3)	Gross policy liability in respect of inward s reinsurance (4)	Cost of declared bonus excl terminal, interim (5)	Amount of terminal bonus paid (6)	Amount of interim bonus paid (7)	Accumulated loss recognition at beginning of period (8)	Accumulated loss recognition at end of period (9)	Profit carrier or acquisition expense recover y carrier (10)	Percentage of profit carrier or acquisition expense recover y carrier (11)
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2.4.1. Australian business

2.4.1.1. Ordinary business

2.4.1.2. Superannuation business

2.4.1.3. Total Australian business

2.4.2. Overseas - All business

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2.4.3. Total statutory fund business

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LRF_400_0 Statement of Policy Liabilities

These instructions must be read in conjunction with the general instruction guide.

Explanatory notes

Classes of business

This section is to be completed for each class of business, as specified in the drop-down box list.

- Australia – Superannuation business
- Australia – Ordinary business
- Overseas – All business

The expressions ‘ordinary business’ and ‘superannuation business’ are defined in the *Life Insurance Act 1995* (the Act).

APRA product group

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

Friendly societies

- F1. Education;
- F2. Investment Account;
- F3. Annuity & Superannuation;
- F4. Defined Benefit Risk;
- F5. Capital Guaranteed Defined Contribution Funeral;
- F6. Investment Linked.

Life companies other than friendly societies

- L1. Conventional Participating;
- L2. Participating Investment Account;
- L3. Annuity with Longevity Risk;
- L4. Individual Lump Sum Risk;
- L5. Individual Disability Income Insurance;
- L6. Group Lump Sum Risk;

- L7. Group Disability Income Insurance;
- L8. Investment Linked;
- L9. Non-participating Investment Policy with Discretionary Additions;
- L10. Other Non-participating Investment Policy;
- L11. Annuity without Longevity Risk; and
- L12. Other.

For each APRA product group, two iterations of reporting are required to capture the breakdown of sources of profit between policy owners and shareholders. This is controlled by the drop-down box titled profit allocation.

Valuation basis

Within each APRA product group, some data will be collected on up to three bases, indicated as follows:

- ‘This year’ – current position, based on current year’s valuation basis;
- ‘Last year’ – current position, based on previous year’s valuation basis; and
- ‘LY/TY’ – current position, based on previous year’s valuation basis, except substituting current year’s investment and economic assumptions.

Instructions for specific items

1. Policy liabilities - All statutory fund products

1.1. In force business and movements in gross contractual regular contributions over the year

(1) Policy count (actual number, not scaled)

This is the number of policies in the statutory fund at the end of the period.

This column is required to be reported on ‘This year’ basis only.

(2) Member count (actual number, not scaled)

This is the number of members in the statutory fund at the end of the period. A member with more than one policy is considered as one member. This would be based on the number of lives insured for group policies, joint-life individual policies, or policies that allow the insurance of auxiliary lives.

This column is required to be reported on ‘This year’ basis only.

(3) Gross insurance amount, account balance or equivalent

This is the gross insurance amount or account balance of all the members of the fund.

(4) Reinsured insurance amount, account balance or equivalent

This is the value of the reinsured portion of gross insurance amount or account balance of all the members of the fund, reported in item 3 above.

(5) Gross contractual regular contributions

Include any business that is accepted through direct debit, has a specific contractual requirement for future on-going premiums, has an expectation of renewal each year (e.g. yearly renewable term products) or generally causes a policy to discontinue on cessation of future payment. It should be gross of all reinsurance.

This column is required to report on 'This year' basis only.

This amount should be equal to the amount reported for the previous year plus all movements for the current year.

(6) Reinsured contractual regular contributions

Include any business that is accepted through direct debit, has a specific contractual requirement for future on-going premiums, has an expectation of renewal each year (e.g. yearly renewable term products) or generally causes a policy to discontinue on cessation of future payment. It should be net of all reinsurance.

This column is required to report on 'This year' basis only.

(7) Gross contractual regular contribution increases over the year

Refer to all increases to contractual regular premiums due to new policies sold during the period, including CPI increases.

This column is required to report on 'This year' basis only.

(8) Gross contractual regular contribution decreases due to claims and/or maturities

Decreases due to claims refer to the reduction in contractual regular contributions following a claim arising from the occurrence of an insured event. Note that it is only included when an insurance claim causes alteration or cessation of the premium, e.g. premiums paid on disability income policies will sometimes remain unaffected following a claim, depending on the policy terms and conditions.

Decreases due to maturities refer to the cessation of contractual regular contributions due to the maturity of a policy, i.e. following the completion of a policy's term. This would occur when a member retires and is paid his/her superannuation benefit, a policy owner reaches a defined age on an Endowment policy or the termination of a savings plan on or after the contractual period.

This column is required to report on 'This year' basis only.

This item must be entered as a positive amount.

(9) Gross contractual regular contribution decreases due to voluntary discontinuance

Include any decrease in contractual regular contributions due to lapses or surrenders of policies, i.e. the cessation of regular premiums prior to the completion of the policy's term.

This column is required to report on 'This year' basis only.

This item must be entered as a positive amount.

(10) Other movements in gross contractual regular contributions over the year

Include the increase/decrease in contractual contributions following transfers of business from one statutory fund to another or any other movements not recorded in previous columns.

This column is required to report on 'This year' basis only.

1.2. Components of gross policy liability

Columns 1 to 10 are required to be reported separately on the three bases defined above ('This year', 'Last year' & 'LY / TY').

Columns 1 to 7 are for life insurance contracts. Columns 8 and 9 are for life investment contracts. All items are defined in *Prudential Standard LPS 340 Valuation of Policy Liabilities* (LPS 340).

For participating benefits, the best estimate liability includes past declared bonuses only. Current year bonuses are excluded. For non-participating benefits with an entitlement to discretionary additions, the cost of the current year discretionary additions must be included as part of the best estimate liability.

(1) Gross value of future policy benefits

Where business is valued using techniques other than projection techniques, gross value of future policy benefits includes the total liability, before deducting the value of unrecouped acquisition expenses.

(2) Gross value of future expenses

(3) Gross value of (balance of) future premiums

(4) Gross reduction in respect of unrecouped acquisition expenses

Only for business valued using techniques other than a projection technique.

(5) Total gross best estimate liability

This column will be calculated automatically by derivations contained within the form and represents the sum of columns 1 to 4.

(6) Gross value of future profits: policy owner bonuses

For participating benefits, the value of future profits includes future bonuses only. Current year bonuses are excluded.

(7) Gross value of future profits: shareholder profit margins

(8) Gross investment contract liability

This is the net contractual obligation under a life investment contract which arises under the financial instrument element of the contract.

(9) Gross management services asset or liability

This is the liability in respect of the management services element of a life investment contract. It includes deferred fee revenues and deferred acquisition costs.

(10) Gross policy liability

This column will be calculated automatically by derivations contained within the form and represents the total amount of gross policy liability.

1.3. Components of reinsured policy liability and net policy liability

Paragraph 122 of LPS 340 states that the reinsured policy liability consists of a reinsured best estimate liability and the value of the reinsured profit margins. Reinsurance must meet the definition of an insurance contract and involve the transfer of insurance risk.

Columns 1 to 11 are required to be reported separately on the three bases defined above. Columns 1 to 7 are for life insurance contracts. Columns 8 and 9 are for life investment contracts. Columns 1 to 10 correspond to the components of the gross policy liability in the previous section.

(11) Net policy liability

This column represents the net amount of policy liability and the number entered should equal gross policy liability minus reinsured policy liability.

1.4. Sundry items

The items included in columns 1 to 10 are defined in LPS 340.

Columns 1 to 3 and 5 to 7 are only relevant for participating business. Columns 4 and 8 to 11 are relevant for all product groups.

All figures in this section are to be reported on the 'This year' basis.

Where applicable, figures in this section are to be reported on a net of reinsurance basis.

(11) Percentage of profit carrier or acquisition expense recovery carrier

This column is calculated automatically by the form and equals ‘shareholder profit margins on cost of current period best estimate bonus’ (Column (3)) divided by ‘profit carrier or acquisition expense recovery carrier’ (Column (10)).

2. Totals by class of business and basis

Refer to the explanatory notes and specific reporting instructions for the corresponding items in section 1 ‘Policy liabilities - All statutory fund products’ for details.