Commonwealth Coat of Arms

**Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2023**

**Reporting Standard GRS 112.3 Related Party Exposures**

*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*:

1. REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2013, including *Reporting Standard GRS 112.3 Related Party Exposures* made under that Determination; and
2. DETERMINE *Reporting Standard GRS 112.3 Related Party Exposures,* 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 GRS 112.3 Related Party Exposures* comprises the document commencing on the following page.

**Commonwealth Coat of Arms **

**Reporting Standard GRS 112.3**

**Related Party Exposures**

**Objective of this Reporting Standard**

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a general insurer’s related party exposures.

It includes *Form GRF 112.3 Related Party Exposures* 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*.

**Purpose**

* 1. Information collected in *Form GRF 112.3 Related Party Exposures* (GRF 112.3) is used by APRA for the purpose of prudential supervision including assessing compliance with the capital standards.

**Application and commencement**

* 1. This Reporting Standard applies to all general insurers authorised under the *Insurance Act 1973* (insurers). This Reporting Standard applies for reporting periods ending on or after 1 April 2023.

**Information required**

* 1. An insurer must provide APRA with the information required by Form GRF 112.3 for each reporting period.

**Method of submission**

* 1. 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**

* 1. Subject to paragraph 7, an insurer must provide the information required by this Reporting Standard:

1. in respect of each quarter based on the financial year of the insurer; and
2. in respect of each financial year of the insurer.

*Note*: The annual information required from an insurer by paragraphs 4, 5 and 6(b), together with certain annual information required by other reporting standards, will form part of the insurer’s yearly statutory accounts within the meaning of section 3 of the *Insurance Act 1973* (the Insurance Act). This means that the information must be audited in accordance with paragraph 49J(1)(a) of the Insurance Act. Under subsection 49J(3), the principal auditor of the insurer must give the insurer a certificate relating to the yearly statutory accounts, and that certificate must contain statements of the auditor’s opinions on the matters required by the prudential standards to be dealt with in the certificate.

* 1. If, having regard to the particular circumstances of an insurer, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular insurer.
  2. The information required by this Reporting Standard in respect of an insurer must be provided to APRA:
     1. within the time stated in *Reporting Standard GRS 001 Reporting Requirements* (GRS 001); or
     2. in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

*Note*: Paragraph 49L(1)(a) of the Insurance Act provides that the auditor’s certificate required under subsection 49J(3) of that Act must be lodged with APRA in accordance with the prudential standards. The prudential standards provide that the certificate must be submitted to APRA together with the yearly statutory accounts. Accordingly, the auditor’s certificate relating to the annual information referred to in subparagraph 6(b) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

**Quality control**

* 1. The information provided by an insurer under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Appointed Auditor of the insurer. This will require the Appointed Auditor to review and test the insurer’s systems, processes and controls designed to enable the insurer to report reliable financial information to APRA. This review and testing must be done on:

1. an annual basis or more frequently if necessary to enable the Appointed Auditor to form an opinion on the reliability and accuracy of data; and
2. 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 *Prudential Standard GPS 310 Audit and Related Matters*.
   1. All information provided by an insurer under this Reporting Standard must be subject to systems, processes and controls developed by the insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the insurer to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

**Authorisation**

* 1. When an officer, or agent, of an insurer provides the information required by this Reporting Standard it will be necessary for an officer, or agent, to digitally sign the relevant information using a digital certificate acceptable to APRA.
  2. If an insurer provides the information required by this Reporting Standard through an agent who submits on the insurer’s behalf, the insurer must:
     1. obtain from the agent a copy of the completed form with the information provided to APRA; and
     2. retain the completed copy.
  3. An officer, or agent, of an insurer who submits the information under this Reporting Standard for, or on behalf of, the insurer must be authorised by either:

1. the Principal Executive Officer of the insurer; or
2. the Chief Financial Officer of the insurer.

**Variations**

* 1. APRA may, by written notice to the insurer, vary the reporting requirements of Form GRF 112.3in relation to that insurer.

**Interpretation**

* 1. In this Reporting Standard (including the attachments):

1. unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard GPS 001 Definitions* (GPS 001); and
2. ***Appointed Auditor*** means an auditor appointed under paragraph 39(1)(a) of the Insurance Act;

***APRA-authorised reinsurer*** means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd’s underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business. The Australian Reinsurance Pool Corporation is also an APRA-authorised reinsurer for the purposes of this definition;

***capital standards*** means the prudential standards which relate to capital adequacy as defined in GPS 001;

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

***financial year*** means the financial year (within the meaning in the *Corporations Act 2001*) of the insurer;

***foreign insurer*** means a foreign general insurer within the meaning of the Insurance Act;

*Note:* A reference to a ‘branch’ or ‘branch operation’ is a reference to the Australian operations of a foreign insurer.

***general instruction guide*** refers to the general instruction guide set out in Attachment A of GRS 001;

***Insurance Act*** means the *Insurance Act 1973*;

***insurer*** means a general insurer within the meaning of section 11 of the Insurance Act;

*Note***:** In the forms and instructions, a reference to an ‘authorised insurer’, ‘authorised insurance entity’ or ‘licensed insurer’ is a reference to an insurer, and a reference to an ‘authorised reinsurance entity’ is a reference to an insurer whose business consists only of undertaking liability by way of reinsurance.

***non-APRA-authorised reinsurer*** means any reinsurer that is not an APRA-authorised reinsurer;

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

***reporting period*** means a period mentioned in subparagraph 6(a) or 6(b) or, if applicable, paragraph 7.

|  |
| --- |
| **GRF\_112\_3: Related Party Exposures (GEN)** |

|  |  |  |
| --- | --- | --- |
| **Australian Business Number** | **Institution Name** |  |
|  |  |  |
| **Reporting Period** | **Scale Factor** | **Reporting Consolidation** |
| Quarterly / Annual | Thousands | Licensed Insurer |

|  |
| --- |
| **Section 1: Investments in subsidiaries, joint ventures and associates and contributions to regulatory adjustments** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** | **ACN / ABN** | **Category** | **Description / nature of business** | **Country of incorporation** | **Total assets** | **Value of investment net of goodwill and other intangibles** | **Ownership percentage (%)** | **Goodwill** | **Other intangibles** | **Adjustment for goodwill / other intangibles** | **Nature of regulatory capital requirement** | **Regulatory capital requirement** | **Adjustment for regulatory capital requirements** |
| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **(8)** | **(9)** | **(10)** | **(11)** | **(12)** | **(13)** | **(14)** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** | | | | |  |  |  |  |  |  |  |  |  |

|  |
| --- |
| **Section 2: Other related party exposures** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **ACN / ABN** | **Category** | **Type of exposure** | **Fair value of exposure** |
| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** |
|  |  |  |  |  |
| **Total** |  |  |  |  |

**GRF\_112\_3 Related Party Exposures**

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

**Explanatory notes**

**Reported exposures**

All equity investments in subsidiaries, associates and joint ventures should be reported in Section 1, Columns 1 to 8, regardless of whether the investment is subject to the regulatory adjustments relating to goodwill, intangibles and regulatory capital requirement.

Columns 9 to 14 do not apply to an investment in a subsidiary, joint venture or associate that:

* is operationally independent;
* represents a genuine arm's-length investment;
* is not subject to regulatory capital requirements; and
* does not undertake insurance business or business related to insurance business.

Any other related party exposures (both on and off-balance sheet) are to be reported in Section 2. Exposures to the same related party across multiple types of exposures should be reported on separate lines.

**Joint operations**

For the purposes of this form, a joint operation as defined under *Australian Accounting Standard AASB 11 Joint Arrangements* (AASB 11) is to be treated as a joint venture.

**Instructions for specific items**

**Section 1: Investments in subsidiaries, joint ventures and associates and contributions to regulatory adjustments**

1. Name

This column reports the registered business name of the subsidiary, associate or joint venture of the insurer.

1. ACN / ABN

Where relevant, this column reports the Australian Company Number (ACN) of the reported subsidiary, associate or joint venture.  In cases where an entity doesn’t have an ACN but it does have an Australian Business Number (ABN) or an Australian Registered Body Number (ARBN), the ABN or ARBN should be reported.  If an entity does not have an ACN, ABN, or ARBN the column should be left blank.

Input the number without spaces.

1. Category

This column reports the appropriate category of the related entity i.e. whether it is a subsidiary, joint venture or associate.

1. Description / nature of business

This column provides a brief description of the main business conducted by the subsidiary, joint venture or associate.

1. Country of incorporation

This column reports the country in which the subsidiary, joint venture or associate is incorporated.

1. Total assets

This column reports the total assets of the subsidiary, joint venture or associate as reported on its own balance sheet.

1. Value of investment net of goodwill and other intangibles

This column reports the value of the investment in the subsidiary, joint venture or associate as reported on the reporting insurer's balance sheet, adjusted for goodwill and intangible assets.

1. Ownership percentage (%)

This is the percentage of the insurer's ownership of shares or units of the subsidiary, associate or joint venture.

Report this as a number between zero and 100.

1. Goodwill

This is the value of goodwill reported on the balance sheet of the subsidiary, joint venture or associate, net of adjustments to profit or loss reflecting changes arising from any impairment. The amounts reported must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.

1. Other intangibles

This is the value of intangible assets, other than goodwill, reported on the balance sheet of the subsidiary, joint venture or associate, net of adjustments to profit or loss reflecting changes arising from any impairment and amortisation. The amounts reported must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.

1. Adjustment for goodwill / other intangibles

This column reports the amount of regulatory adjustments applied in respect of the goodwill and other intangible assets (net of impairment) in relation to the investment in the subsidiary, joint venture or associate.

This adjustment is calculated automatically as Column 8 divided by 100, multiplied by the sum of Column 9 and Column 10.

1. Nature of regulatory capital requirement

This column reports the nature of the regulatory capital requirement (if any) of the subsidiary, joint venture or associate. An appropriate category is to be selected from the drop-down box, which is either:

* the prescribed capital amount if the investment is an insurer as defined under the *Insurance Act 1973;* or
* the equivalent amount to the prescribed capital amount if the investment is an entity carrying on insurance business in a foreign jurisdiction; or
* a comparable regulatory capital requirement as agreed with APRA; or
* no regulatory capital requirement.

1. Regulatory capital requirement

This column reports, where applicable, the regulatory capital requirement of the subsidiary, joint venture or associate.

Where such capital requirements do not exist, this item should be reported as zero.

1. Adjustment for regulatory capital requirements

This column reports the adjustment for investment in subsidiaries, joint ventures and associates that are subject to regulatory capital requirements.

As per Attachment B of GPS 112, this adjustment is calculated automatically as the lesser of the insurer’s share of the regulatory capital requirements and the value of the investment that is recorded on the insurer’s balance sheet after adjustment for any intangible component as reported in column (11).

**Section 2: Other related party exposures**

1. Name

Column reports the registered business name of the relevant individual related party that the insurer has exposures to.

1. ACN / ABN

Where relevant, this column reports the Australian Company Number (ACN) of the reported subsidiary, associate or joint venture.  In cases where an entity doesn’t have an ACN but it does have an Australian Business Number (ABN) or an Australian Registered Body Number (ARBN), the ABN or ARBN should be reported.  If an entity does not have an ACN, ABN, or ARBN the column should be left blank.

Input the number without spaces.

1. Category

This column reports the appropriate descriptive category of the corporate structure of the related party as either parent, subsidiary, associate, joint venture or other related party.

1. Type of exposure

This column reports the appropriate category for the exposure to the related party.

1. Fair value of exposure

This column reports the fair value of the exposures reported against the parent or other related party.