

Financial Sector (Collection of Data) exemption No. 1 of 2023

EXPLANATORY STATEMENT

Prepared by the Australian Prudential Regulation Authority (APRA)

Financial Sector (Collection of Data) Act 2001, section 16

Under subsection 16(1B) of the Financial Sector (Collection of Data) Act 2001 (the Act), APRA may, by legislative instrument, exempt a class or kind of financial sector entities from the requirement to comply with all the requirements contained in any one or more applicable reporting standards or a specified requirement or requirements contained in an applicable reporting standard or applicable reporting standards.

On 16 March 2023, APRA *determined Reporting Standard GRS 310.3 Details of Income and Expenses* (GRS 310.3) under Financial Sector (Collection of Data) (reporting standard) determination No. 17 of 2023. GRS 310.3 applies to all general insurers authorised under the *Insurance Act 1973* (collectively the financial sector entities).

On 9 October 2023, APRA made Financial Sector (Collection of Data) exemption No. 1 of 2023 (the instrument) which exempts all the financial sector entities from the requirement under paragraph 4 of GRS 310.3, to provide information for Item 4 Underwriting expenses and Acquisition costs – Section 1: Direct Business, Item 4 Underwriting expenses and Acquisition costs – Section 2: Reinsurance Business in GRS 310.3 and Item 4 Underwriting expenses and Acquisition costs – Section 3: Total under *Reporting From GRF 310.3 Details of Income and Expenses* (GRF 310.3).

The instrument commences at the start of the day after the day the instrument is registered on the Federal Register of Legislation.

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. GRS 310.3 collects details of general insurers' income and expenses.

In May and June 2023, APRA determined a suite of reporting standards applying to general insurers for reporting periods commencing on or after 1 July 2023. These reporting standards implemented revised reporting requirements for general insurers due to the introduction of the new *AASB 17 Insurance Contracts* (AASB 17) and updates to the capital framework for general insurers. The reporting requirements under these reporting standards include both quarterly and annual reporting requirements.

Section 1, 2 and 3 or Item 4 GRF 310.3 collect data that relate to a previous accounting standard that has been superseded by AASB 17. As a result, APRA does not require the information collected under sections 1 and 2 of Item 4 and is exempting financial sector entities from the requirement to provide this information.

2. Purpose and operation of the instrument

The purpose of the instrument is to exempt financial sector entities from the requirement to provide information required by sections 1, 2 and 3 of Item 4 of GRF 310.3. This will reduce the reporting burden for general insurers.

Explanation of each provision in the instrument

The Legislative Instrument is comprised of:

- a determination section made under subsection 16(1B) of the Act which exempts general insurers from specified requirements of GRF 310.3. It also states when this exemption commences;
- an interpretation section that defines key terms; and
- a schedule outlining the sections of GRF 310.3 from which general insurers are exempt.

Documents incorporated by reference

Under paragraph 14(1)(a) of the *Legislation Act 2003*, the instrument incorporates by reference as in force from time to time:

- sections of the *Financial Sector (Collection of Data) Act 2001 (Cth)*; and ; and
- Reporting Standard GRF 310.3.

These documents may be freely obtained at www.legislation.gov.au.

3. Consultation

APRA undertook public consultation on proposed updates to general insurance reporting standards from November 2020 to September 2022¹.

The final round of consultation for this instrument was completed on 27 September 2022, when APRA released finalised changes to the capital and reporting frameworks for insurance in response to the introduction of AASB 17².

Submissions were received from reporting insurers, industry bodies, and regulatory technology providers. APRA incorporated feedback received into the final versions of the reporting standards, including aligning with updates to the capital framework in response to industry feedback, adding clarification to reporting instructions and forms as requested by industry, and simplifying some reporting requirements in response to industry feedback.

¹ [New accounting standard – AASB 17 Insurance contracts | APRA](#)

² [New accounting standard – AASB 17 Insurance contracts | APRA](#)

The instrument is minor in nature and does not substantially alter existing reporting arrangements. The instrument will also reduce regulatory burden and align APRA's reporting framework with current accounting standards.

APRA is satisfied the consultation was appropriate and reasonably practicable.

4. Regulation Impact Statement

The Office of Impact Analysis confirmed that a Regulation Impact Statement was not required.

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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This Legislative Instrument is 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 Instrument

This Legislative Instrument exempts financial sector entities from the requirement to provide information required by sections 1 and 2 of Item 4 in *Reporting Standard GRS 310.3 Details of Income and Expenses* made under the *Financial Sector (Collection of Data) Act 2001*.

Human rights implications

APRA has assessed this Legislative Instrument and is of the view that it does 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 instrument is compatible with human rights.

Conclusion

This Legislative Instrument is compatible with human rights because it does not raise any human rights issues.