



Australian Government

Australian Accounting Standards Board

Reinsurance & Regulatory Reporting Working Group

AASB 17 TRG Meeting
7 December 2020

Presenter
Abhijit Apte

- The Reinsurance & Regulatory Reporting Working Group (RRR WG) is a sub-group of the APRA & Actuaries Institute IFRS17 Taskforce.
- The sub-group was established in December 2019 with the aim of:
 - Identifying and analysing reinsurance issues relating to the integration of AASB17 within APRA's capital and reporting framework,
 - Identifying and analysing reinsurance issues which could impede APRA's ability to assess profitability and sustainability of insurers under AASB17; and
 - Considering and proposing possible solutions to APRA to address the underlying prudential risks, achieving alignment across General, Life and Health insurers where possible.
- The RRR WG identified six topics for consideration and analysis (summarised on next page). Three of the topics were prioritised to support APRA's targeted QIS. This work was completed by October 2020 and findings were incorporated by APRA for the QIS preparation.
- The RRR WG also provided feedback on the draft targeted QIS workbook and instructions.
- Going forward, the RRR WG will be reconvened as required to discuss, review and provide feedback to APRA on the final QIS, or work through other issues related to APRA reporting etc.

The table below briefly describes the topics and issues which were identified by the reinsurance working group.

Topic #	Topic Name	Topic Summary
1	Deferral of Expected RI Loss	Reinsurance recovery on onerous direct contracts is immediate but expected loss on reinsurance contracts is deferred which is not consistent with APRA's measurement of capital.
2	Contract Boundary Mismatch	Introduction of the "contract boundary" concept in AASB17 may create new mismatches between direct and reinsurance contracts that could impact on APRA capital & reporting.
3	Reinsurance Credit Risk	Under AASB17 the likelihood of reinsurer default will be factored in cashflows which may lead to a double-up with APRA's asset risk charge for measuring capital.
4	APRA Product Group Reporting	An allocation approach may be required to produce the APRA product group results where this is more granular than the AASB17 group, to ensure there is consistency between APRA and statutory reporting.
5	Non-distinct Investment Component	Non-distinct investment component for certain reinsurance treaty features may impact on APRA reporting.
6	Changes to Financial Statement Presentation	Changes to financial statement presentations under AASB17 and the resulting changes required to insurers' systems, data and ledgers may impact on their ability to meet APRA reporting requirements and/or lead to dual reporting.



RRR WG Membership

Name	Profession / Company	Name	Profession / Company
Abhijit Apte (Chair)	Actuary, Suncorp	Leong Tan	Accountant, Swiss Re
Alec Cham	Actuary, IAG	Martin Lam	Actuary, Hannover Re
Anne Driver	Accountant, Deloitte (ex QBE)	Mike Williamson	Actuary, Pacific Life Re
Bolin Li	Actuary, Met Life	Pankaj Srinivasan	Accountant, APRA
David Chan	Actuary, APRA	Peter Craig	Actuary, APRA
David Jenkins	Actuary, APRA	Rachel Poo	Accountant, QBE
David Rush	Actuary, Consulting	Rene Niekerk	Actuary, Consulting
Evelyn Chow	Actuary, Swiss Re	Rhian Saunbury	Accountant, IAG
Jun Oh	Actuary, APRA	Richard Sheridan	Accountant, IAG
Kenneth Chua	Actuary, EY	Sacha Antioch	Actuary, AMP
Kent Hopper	Actuary, Retender	Sylvia Service	Accountant, Munich Re
Sam Tang	Actuary, Munich Re	Ben Yun Ang	Actuary, Munich Re

