



**RESERVE
BANK**

O F N E W Z E A L A N D
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Insurer Return Definitions

Insurance Oversight

Prudential Supervision Department

V1 (03 July 2015 DRAFT)

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Contents

Purpose of the Insurer Return Definitions	3
Contact details for Insurance Oversight	3
Materiality and Resubmissions.....	4
Miscellaneous Terminology	5
Level of Detail	6
Life Insurance classes.....	8
General Insurance classes.....	10
Health Insurance classes	12
Accounting	13
Revenue.....	14
Expense	16
Net Profit	19
Assets	20
Liabilities	24
Deposits & Withdrawals	28
Net Assets.....	29
Movement in Net Assets	30
Life Insurance Exposure.....	31
General Insurance Exposure.....	33
Health Insurance Exposure	34

Purpose of the Insurer Return Definitions

1. The purpose of this Insurer Return Definitions document is to provide definitions for the information to be provided by insurers in the Reserve Bank of New Zealand's (the "Reserve Bank") Insurer Return.
2. Definitions may be updated from time to time. The Reserve Bank's insurance website (http://www.rbnz.govt.nz/regulation_and_supervision/insurers/) has the latest version.
3. Nothing in this document overrides the provisions of the Insurance (Prudential Supervision) Act, Regulations, Solvency Standards or Guidelines.
4. Guidance for completing the Insurer Returns may also be issued by the Reserve Bank. Any guidance is published on the insurance website linked above.
5. Current version:

<u>Definitions</u>	<u>Insurer Return</u>
V1 (03 July 2015 DRAFT)	V1 (02 July 2015 DRAFT)
6. Prior versions:

<u>Definitions</u>	<u>Insurer Return</u>
Not applicable	Not applicable

Contact details for Insurance Oversight

7. Phone +64 4 471 3951
Email insurance@rbnz.govt.nz
Secure upload <https://sup.rbnz.govt.nz/send/>
(please select subject of "Insurer Reporting & Returns")
Or contact your supervisor.

Materiality and Resubmissions

Insurer Return information is used to assist supervision of the insurer, analysis of the insurance sector (or portions of it) and to allow comparisons between insurers for prudential supervision. Accordingly a low materiality threshold is needed for the Insurer Return, and in particular financial information, compared with materiality thresholds for other purposes.

For financial information, the materiality threshold is set based on insurer size measured by the greater of insurance premiums and insurance liabilities, with a cap of NZ \$1 million – i.e. for the largest insurers materiality threshold is NZ\$ 1 million with lower thresholds for smaller insurers. The formula below is calculated within the Insurer Return at the start of Part 1 – Insurer:

$$\text{maximum } \{ \text{cap} ; (\text{fin_factor} \times \max \{ \text{prem_size} , \text{liab_size} \}) \}$$

cap = NZ \$ 1million
fin_factor = 5.0%
prem_size = gross policy & premium revenue (annualised)
liab_size = absolute value of total insurance liabilities

For exposure information, the materiality threshold is set based on the total for each exposure measure (not movement in exposure measure) as follows:

$$\text{exp_factor} \times \text{exp_total}$$

exp_factor = 5.0%
exp_total = value for total as at Report Date

If an insurer identifies an error or subsequent change in relevant data for previously submitted returns, and this exceeds the materiality thresholds above, resubmission is likely to be required. Please contact the Reserve Bank to discuss.

Miscellaneous Terminology

Terms that have a definition in the Insurance (Prudential Supervision) Act 2010 and the Insurance (Prudential Supervision) Regulations 2010 have the same definition for the Insurer Return unless otherwise defined in these definitions.

Terms that have a definition in NZ International Financial Reporting Standards (IFRS) accounting standards have the same definition for the Insurer Return unless otherwise defined in these definitions.

Note that some definitions and classifications for the Insurer Return may differ from similarly labelled definitions and classifications under various solvency standards issued by the Reserve Bank.

<u>Term</u>	<u>Definition</u>
IPSR r	Insurance (Prudential Supervision) Regulations 2010 regulation
IPSA s	Insurance (Prudential Supervision) Act 2010 section
Outwards reinsurance	Insurance of insurance where risk is transferred (ceded) by the insurer to another insurer.

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Level of Detail

The level of detail varies for each element of information according to its relevance for supervision and insurers' ability to provide detailed allocations under their current reporting systems.

At each level of detail there is a yes/no input for "Any business for each column?" Select "yes" if there is any business even if it is not material. This distinguishes blank or zero data for no business from immaterial amounts or where figures have not been allocated.

Level Explanation

L0 Not used in the Insurer Return.

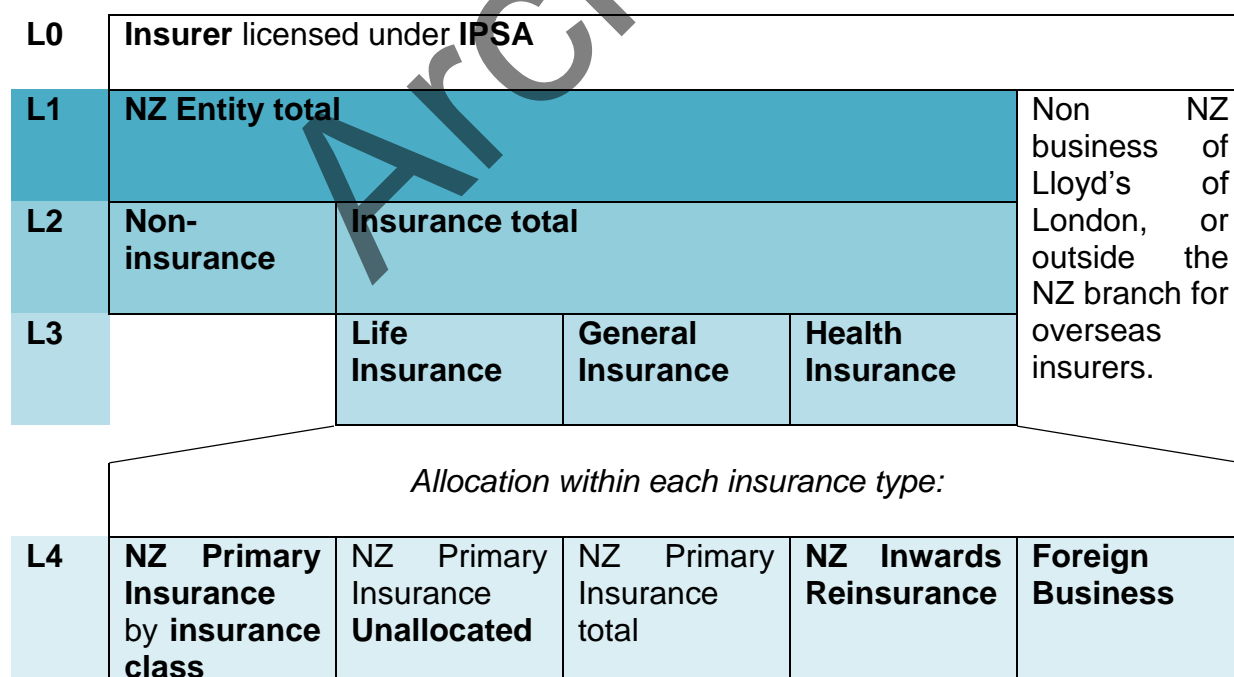
L1 Totals for the **NZ Entity**.

L2 **NZ Entity** allocated between **insurance** and **non-insurance**.

L3 **Insurance** allocated by **insurance type**.

L4 **Insurance type** allocated between **NZ Primary Insurance** (further allocated by **insurance class** plus **Unallocated** and total), **NZ Inwards Reinsurance**, and **Foreign Business**.

This is shown in the diagram below.



Financial information is reported for all shaded areas in the above diagram. Exposure information is reported at L4 for NZ Primary Insurance – i.e. excluding NZ Inwards Reinsurance and Foreign Business. Exposure is not reported for L1 to L3.

<u>Level of Detail</u>	<u>Definition</u>
NZ Entity	The licensed insurer for NZ incorporated or mutual insurers, the NZ business of Lloyd's of London, or the NZ branch for overseas insurers.
Non-insurance	Activity that is not insurance business (from the insurer's perspective). This may include insurance-related activity (such as distribution or administration of another insurer's products), as well as activities not related to insurance.
Insurance	All insurance or reinsurance business.
Insurance type	Classification of insurance with similar characteristics.
Life Insurance	As defined by IPSA s84 , having regard to IPSA s85 (composite policies) and IPSR r14 .
General Insurance	Insurance that is not Life Insurance or Health Insurance .
Health Insurance	As defined by IPSA s6 .
Insurance class	Classification of insurance with similar characteristics, that is more detailed than Insurance type .
NZ Insurance	Insurance for the benefit of people and organisations based in NZ. This includes insurance of inbound visitors and workers where this is provided by a NZ licensed insurer.
NZ Primary Insurance	NZ Insurance that is not Inwards Reinsurance .
Unallocated	The portion of a total that has not been allocated to Insurance classes . Any non-zero figures for Unallocated are required to be explained in the commentary.
NZ Inwards Reinsurance	NZ Insurance of insurance where risk is transferred (ceded) by another insurer to the insurer.
Foreign Business	Insurance that is not NZ Insurance . This includes all foreign branches of NZ incorporated insurers and any other insurance for the benefit of people and organisations not based in NZ (excluding insurance of inbound visitors and workers).

Life Insurance classes

The life insurance classes are:

- **Participating Traditional,**
- **Participating Investment,**
- **Investment-linked,**
- **Investment Account,**
- **Lump Sum Individual,**
- **Lump Sum Group,**
- **Disability Income Individual,**
- **Disability Income Group,**
- **Annuity,**
- **Credit Life Insurance,** and
- **Other Life Insurance.**

<u>Life Insurance class</u>	<u>Definition</u>
Non-participating non-investment (not an insurance class but term is used in life insurance class definitions)	Life Insurance that is non-participating as defined by IPSR r21(1) , but excluding Investment-linked and Investment Account .
Participating Traditional	Life Insurance that is participating as defined by IPSR r21(1) , but excluding Participating Investment .
Participating Investment	Life Insurance that is participating as defined by IPSR r21(1) , and is either investment account contracts as defined in IPSA s84(5) or investment-linked contracts as defined in IPSA s98(3) .
Investment-linked	Life Insurance that is both non-participating as defined by IPSR r21(1) and investment-linked contracts as defined in IPSA s98(3) .
Investment Account	Life Insurance that is both non-participating as defined by IPSR r21(1) and investment account contracts as defined in IPSA s84(5) .
Lump Sum Individual	Life Insurance that is Non-participating non-investment with lump sum benefits, and is issued on an individual basis, but excluding Credit Life Insurance .
Lump Sum Group	Life Insurance that is Non-participating non-investment with lump sum benefits, and is issued on a group basis, but excluding Credit Life Insurance .

<u>Life Insurance class</u>	<u>Definition</u>
Disability Income Individual	Life Insurance that is Non-participating non-investment , with income benefits payable upon disablement, and is issued on an individual basis, but excluding Annuity .
Disability Income Group	Life Insurance that is Non-participating non-investment , with income benefits payable upon disablement, and is issued on a group basis, but excluding Annuity .
Annuity	Life Insurance that is Non-participating non-investment and provides an income benefit that is contingent upon continuation of life but is not contingent upon disablement.
Credit Life Insurance	Life Insurance that is Non-participating non-investment , with benefit amount defined by a connected loan, debt or mortgage.
Other Life Insurance	Life Insurance that is not elsewhere classified.

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General Insurance classes

The general insurance classes are:

- **Commercial Property,**
- **Commercial Motor,**
- **Marine & Aviation,**
- **Liability,**
- **Other Commercial,**
- **Domestic Property,**
- **Domestic Motor,**
- **Personal Accident,**
- **Travel,**
- **Credit General Insurance,** and
- **Other General Insurance.**

<u>General Insurance class</u>	<u>Definition</u>
Commercial (not an insurance class but term is used in general insurance class definitions)	General Insurance that is not issued on an individual or household basis.
Personal Lines (not an insurance class but term is used in general insurance class definitions)	General insurance that is issued on an individual or household basis.
Commercial Property	General Insurance that is Commercial with cover for buildings, contents and other physical assets with generally fixed locations; or cover for associated losses and expenses (i.e. including material damage, business interruption, consequential loss).
Commercial Motor	General Insurance that is Commercial with cover for vehicles (whether or not motorized); or cover for their cargo, but excluding Marine & Aviation .
Marine & Aviation	General Insurance that is Commercial with cover for airborne or water-borne vehicles and associated equipment; or cover for their cargo.
Liability	General Insurance that is Commercial with cover for liability to third parties, but excluding policies where the liability cover is ancillary and is not a significant benefit component.
Other Commercial	General Insurance that is Commercial and is not elsewhere classified.

<u>General Insurance class</u>	<u>Definition</u>
Domestic Property	General Insurance that is Personal Lines with cover for buildings, contents and other physical assets with generally fixed locations.
Domestic Motor	General Insurance that is Personal Lines with cover for vehicles including trailers and caravans.
Personal Accident	General Insurance that is Personal Lines with cover for accident involving injury to self, but excluding Credit General Insurance .
Travel	General Insurance that is Personal Lines with cover for medical or accident or other travel-related costs for persons temporarily outside their normal country of residence.
Credit General Insurance	General Insurance that is Personal Lines , with benefit amount defined by a connected loan, debt or mortgage.
Other Personal Lines	General Insurance that is Personal Lines and is not elsewhere classified.

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Health Insurance classes

The health insurance classes are:

- **Health Individual**, and
- **Health Group**.

<u>Health Insurance class</u>	<u>Definition</u>
Health Individual	Health Insurance that is not Health Group .
Health Group	Health Insurance that is issued on a group basis, provided that at least one of the following applies (and is not generally available on an individual basis): <ul style="list-style-type: none">➤ premium discount that is material,➤ premiums based on experience of the group,➤ premiums guaranteed for any period,➤ underwriting on a preferential terms, or➤ product tailored for the group.

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<u>Accounting</u>	<u>Definition</u>
Accounting standards	The accounting standards adopted. Select one of: <ul style="list-style-type: none"> ➤ NZ IFRS, ➤ NZ IFRS (Reduced Disclosure Regime), ➤ NZ IFRS (Differential Reporting), ➤ NZ PBE IFRS, ➤ NZ GAAP (that is not IFRS), and ➤ Other – please explain in the comment box.
Alternative Financial Information	Any financial information other than NZ GAAP financial statements that are used to complete the Insurer Return.
general insurance methods	Insurance valuation methods that are consistent with Appendix D of NZ IFRS 4, or equivalents under other accounting standards. These are: <ul style="list-style-type: none"> ➤ mixture of past and future cash-flows but without including any future renewals. Information that is reported specifically for general insurance methods (and not life insurance methods) has the label shaded purple.
life insurance methods	Insurance valuation methods that are consistent with Appendix C of NZ IFRS 4, or equivalents under other accounting standards. These are either: <ul style="list-style-type: none"> ➤ projection (long-term future cash-flows including any renewals), ➤ accumulation (past cash-flows), or ➤ mixture. Information that is reported specifically for life insurance methods (and not general insurance methods) has the label shaded blue.
NZ GAAP	NZ generally accepted accounting practice as defined by IPSA s6 .
NZ IFRS	NZ version of international financial reporting standards.
NZ IFRS (Differential Reporting)	NZ version of international financial reporting standards for entities with differential reporting exemptions.
NZ IFRS (Reduced Disclosure Regime)	NZ version of international financial reporting standards for entities with reduced disclosure regime exemptions.
NZ PBE IFRS	NZ version of international financial reporting standards that applies to public benefit entities.

<u>Revenue</u>	<u>Definition</u>
Gross policy & premium revenue	Earned policy or premium revenue from insurance business, gross of outwards reinsurance premium . Excludes non-insurance (such as commissions for distributing another insurer's products).
Outwards reinsurance premium	The premium for outwards reinsurance that corresponds to gross policy & premium revenue . Excludes commissions.
Net policy & premium revenue	Earned policy or premium revenue from insurance business, net of outwards reinsurance premium .
Outwards reinsurance commission	Commission earned on outwards reinsurance , whether this is fixed or dependent on experience on the outwards reinsurance policy(s).
Other insurance revenue	Other revenue arising from insurance business (such as management fee income on insurance investment contracts) that is not included elsewhere.

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<u>Revenue</u>	<u>Definition</u>
Interest, dividends & rent	Revenue earned from investment assets, gross of investment management expense , but excluding Realised gains & losses and Unrealised gains & losses .
Realised gains & losses	Revenue earned from the realised increase in value of investment assets, gross of investment management expense . If value decreased then record as a negative figure.
Unrealised gains & losses	Revenue earned from the unrealised increase in value of investment assets, gross of investment management expense . Include movements in property revaluation reserves. If value decreased or movement is a decrease then record as a negative figure.
Fee & commission revenue	Fee & commission revenue that is from insurance-related activity (such as distribution or administration of another insurer's products), as well as activities not related to insurance. Excludes fee & commission revenue from insurance business.
Other revenue	Other revenue not included elsewhere, such as increase in currency translation reserves (if movement is a decrease record as a negative figure) and gains or losses on sale of a business (if loss record as a negative figure). Excludes revenue from insurance business.

<u>Expense</u>	<u>Definition</u>
Gross policy expense	Under life insurance methods , the cost of policy related expenses, gross of outwards reinsurance & other recoveries .
Gross benefit expense	Under life insurance methods , the cost of insurance benefit & claim payments, gross of outwards reinsurance & other recoveries .
Gross other policy expense	Under life insurance methods , the cost of policy related expenses that are not included in gross benefit expense .
Outwards reinsurance & other recoveries	Under life insurance methods , the portion of gross policy expense that is met from outwards reinsurance or payments by third parties.
Net policy expense	Under life insurance methods , the cost of policy related expenses, net of outwards reinsurance & other recoveries .
Increase in net policy liability	Under life insurance methods , the increase since the start of the financial year in policy liabilities , net of outwards reinsurance & other recovery assets . Include Deposits component of premiums and Withdrawals component of benefits . If the movement is a decrease record as a negative figure.
Increase in policyholder unvested benefit liability	Under life insurance methods , the increase since the start of the financial year in policyholder unvested benefit liability . If the movement is a decrease record as a negative figure.

<u>Expense</u>	<u>Definition</u>
Gross claims expense	Under general insurance methods , the cost of claims, gross of outwards reinsurance recoveries and other recoveries .
Gross claims paid	Under general insurance methods , the cost of claims payments, gross of outwards reinsurance recoveries and other recoveries .
Increase in gross outstanding claims liability	Under general insurance methods , the increase since the start of the financial year in gross outstanding claims liability (includes claims handling expenses and risk margin). If the movement is a decrease record as a negative figure.
Outwards reinsurance recoveries	Under general insurance methods , the portion of gross claims expense that is met from outwards reinsurance .
Other recoveries	Under general insurance methods , the portion of gross claims expense that is met from third parties (i.e. excluding outwards reinsurance).
Outwards reinsurance & other recoveries	Under general insurance methods , the portion of gross claims expense that is met from outwards reinsurance or payments by third parties.
Net claims expense	Under general insurance methods , the cost of claims, net of outwards reinsurance recoveries and other recoveries .
Decrease in deferred acquisition cost	Under general insurance methods , the decrease since the start of the financial year in deferred acquisition cost asset . If the movement is an increase record as a negative figure.
Increase in unexpired risk liability	Under general insurance methods , the increase since the start of the financial year in unexpired risk liability . If the movement is a decrease record as a negative figure.

<u>Expense</u>	<u>Definition</u>
Commissions	All remuneration that is directly dependent on sales of insurance business, including any volume or profitability bonuses. Allow for all claw-back and adjustments. Exclude salaries of the insurer's own sales staff.
Initial commission	For insurance with cover in excess of one year, the cost of commissions in respect of the first year of cover.
Other acquisition expense	Expenses associated with sales of insurance business, but excluding commissions . For example marketing costs and salaries of employed sales staff.
Other commission expense	The cost of commissions , excluding Initial commission . This includes all commission in respect of cover of one year or less.
Other insurance expense	Administration and management expenses associated with insurance business that is not included elsewhere.
Investment management expense	Expense associated with management of investment assets (regardless of whether investments are managed internally or externally).
Other expense	Expenses that are not included elsewhere, but excluding expenses associated with insurance business.

Net Profit

Definition

Insurance underwriting margin	Revenue less expenses for insurance business, gross of tax expense . Excludes investment revenue, investment management expense and non-insurance revenue and expense.
Gross profit	Revenue less expenses, gross of tax expense .
Tax expense	Cost of tax in respect of gross profit .
Profit after tax	Revenue less expenses, net of tax expense .

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<u>Assets</u>	<u>Definition</u>
Policyholder debt	Debt by policyholders that is associated with insurance policies. Excludes loans and mortgages to policyholders that are not associated with insurance policies.
Premium debt	Unpaid premiums and premiums yet to be forwarded to the insurer by agents or brokers.
Policy loans	Loans to policyholders that are secured against policy benefits and claims. Excludes loans and mortgages to policyholders that are not associated with insurance policies.
Outwards reinsurance & other recovery assets	The reinsurance assets in respect of insurance liabilities plus other claim recoveries .
Outwards reinsurance of gross policy liabilities	The portion of gross policy liabilities and policyholder unvested benefit liability that is met from outwards reinsurance . This may be negative in some circumstances.
Outwards reinsurance of gross outstanding claims	The portion of gross outstanding claims (including claims handling expense and risk margin) that is met from outwards reinsurance .
Other outwards reinsurance assets	Other assets in respect of insurance liabilities arising from outwards reinsurance . This includes prepaid reinsurance premiums, reinsurance recoveries on paid claims, reinsurance commission receivable, etc.
Other claim recoveries	The portion of gross policy liabilities and policyholder unvested benefit liability and gross outstanding claims that is met from third parties.
Deferred acquisition cost asset	Asset for capitalised (deferred) acquisition costs (unless this is included within gross policy liabilities), grossed up for any write-down associated with unexpired risk liability .
Other insurance assets	Any other asset associated with insurance business that is not included elsewhere, and excluding negative liabilities.

<u>Assets</u>	<u>Definition</u>
Investment assets	<p>Assets that are intended to generate a return through income and/or gain in value, whether held to maturity or available for resale. Includes derivatives associated with investments, but excludes other derivatives (e.g. hedging of foreign currency liabilities).</p>
	<p>Note the definitions and classification of investment assets (and also some other assets) for Insurer Return have been chosen to align with other surveys of financial institutions.</p>
	<p>In general, they do not align with the definitions and classification of assets in the solvency standards issued by RBNZ.</p>
Cash & deposits	<p>Cash at bank, transferable deposits directly useable for making payments, and fixed term deposits. Amounts are redeemable or withdrawable (with or without penalty) and are usually held with registered banks or other deposit taking institutions. Excludes loans and advances, debt securities and securities purchased under agreement to resell.</p>
Short-term debt securities	<p>Negotiable instruments serving as evidence of debt with a residual term to maturity of 1 year or less. Excludes loans and advances, securities purchased under agreement to resell, and derivatives.</p>
Long-term debt securities	<p>Negotiable instruments serving as evidence of debt with a residual term to maturity of greater than 1 year. Excludes loans and advances, securities purchased under agreement to resell, and derivatives.</p>
Shares, listed	<p>Equity investments that are listed on an official stock exchange (such as NZX or ASX).</p>
Shares, unlisted	<p>Equity investments that are not listed on an official stock exchange. Excludes investments in subsidiaries and associates.</p>
Units in listed trusts	<p>Investment in pooled investment vehicles that are listed on an official stock exchange (such as NZX or ASX).</p>

<u>Assets</u>	<u>Definition</u>
Units in unlisted trusts	Investment in pooled investment vehicles that are not listed on an official stock exchange.
Derivatives for investment	Positive or negative value of derivatives associated with investments. Exclude other derivatives (e.g. hedging of foreign currency liabilities).
Other financial assets	Financial assets that are investments but not included elsewhere.
Property	Land and buildings for the purpose of investment as well as owner-occupied property.

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<u>Assets</u>	<u>Definition</u>
Related party assets	Debt owed to the insurer by a related party, or equity investments in related parties. Related party is defined in IPSA s6 . Related party assets must not be offset against Related party liabilities . Excludes assets in relation to insurance business (such as outwards reinsurance to a reinsurer that is a related party), Derivatives for investment and Derivatives not for investment .
Loans	Debt owed to the insurer including general debtors. Excludes assets in relation to insurance business (such as Policy loans), Investment assets (such as Debt securities), and Related party assets .
Derivatives not for investment	Positive or negative value of derivatives not associated with investments (e.g. hedging of foreign currency liabilities).
Fixed assets	Physical assets that are not investment assets . This includes plant and equipment, computer hardware, motor vehicles, furniture, etc. Excludes owner-occupied property.
Goodwill & other intangible assets	Value of businesses previously purchased (goodwill) and any other intangible assets.
Tax assets	Tax balances owing to the insurer. These must not be netted off against tax liabilities .
Other assets (n.e.c.)	Any other asset not elsewhere classified. Excludes assets in relation to insurance business and investment assets .

<u>Liabilities</u>	<u>Definition</u>
gross policy liabilities – insurance contracts	Under life insurance methods , the liability for insurance contracts business, gross of outwards reinsurance . Excludes policyholder unvested benefits liability . The liability may be negative in some situations.
future policy benefits	Under life insurance methods , the liability for future contractual benefits to policyholders, gross of outwards reinsurance . Excludes future profits and outstanding claims .
future expenses	Under life insurance methods , the liability for future expenses associated with insurance policies, gross of outwards reinsurance .
future premiums	Under life insurance methods , the asset for future premium revenue from policyholders, gross of outwards reinsurance . Record as positive figure.
other best estimate liability	Under life insurance methods , the liability for insurance contracts business, gross of outwards reinsurance , that is not included elsewhere.
future profits – policyholder	Under life insurance methods , the liability for the portion of future profits from in force life insurance business that are expected to be paid to policyholders through bonuses.
future profits – shareholder	Under life insurance methods , the liability for the portion of future profits from in force life insurance business that are expected to accrue to the insurer (i.e. not paid as policyholder bonuses).
outstanding claims	Under life insurance methods , the liability for claims that have occurred but are unpaid, gross of outwards reinsurance . Includes both reported unpaid claims and incurred but not reported claims. Excludes any portion already included within gross policy liabilities .

Liabilities

Definition

other (accumulation method)	Under life insurance methods , the policy liabilities for insurance contracts that have been determined using accumulation methods (rather than projection methods). This may include a deferred acquisition cost component, in which case do not record these costs separately under Deferred acquisition cost asset .
Gross policy liabilities – investment contracts	Under life insurance methods , the liability for investment contracts business, gross of outwards reinsurance .
Policyholder unvested benefit liability	Liability for undistributed past profits that are expected to be paid to policyholders through future bonuses.

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<u>Liabilities</u>	<u>Definition</u>
Gross outstanding claims liability	Under general insurance methods , the liability for claims in respect of cover up to and including the valuation date, inclusive of claims handling expenses and risk margins (if any), but gross of outwards reinsurance .
best estimate	Under general insurance methods , the best estimate liability for claims in respect of cover up to and including the valuation date, excluding claims handling expenses and risk margins (if any), and gross of outwards reinsurance .
claims handling expense	Under general insurance methods , the liability for claims handling expenses for claims in respect of cover up to and including the valuation date.
risk margin	Under general insurance methods , the liability for risk margin for claims in respect of cover up to and including the valuation date, gross of outwards reinsurance . Risk margin is the difference between outstanding claims liabilities at a conservative value and the best estimate value. Adjust for any diversification credit - at insurance class level of detail pro rate by best estimate if the risk margins are not calculated at insurance class level.
Gross unearned premium liability	Under general insurance methods , the liability for the portion of premiums that relates to the period of cover that is in the future, gross of outwards reinsurance .
Unexpired risk liability	Under general insurance methods , the liability for the failure of the liability adequacy test that is additional to gross unearned premiums liability . I.e. the expected deficiency of premiums to meet claims and relevant expenses in respect of the period of cover that is in the future. Figure is before adjustment associated with a write-down of deferred acquisition cost asset .

<u>Liabilities</u>	<u>Definition</u>
Outwards reinsurance liabilities	The liability associated with outwards reinsurance (such as outwards reinsurance premiums payable). Exclude negative assets.
Other insurance-related liabilities	The liability associated with insurance business that is not included elsewhere (such as premium refunds payable). Exclude negative assets.
Related party liabilities	Debt owed by the insurer to a related party. Related party is defined in IPSA s6 . Related party liabilities must not be offset against related party assets . Excludes liabilities in relation to insurance business (such as outwards reinsurance liabilities to a reinsurer that is a related party).
Tax liabilities	Tax balances owed by the insurer. These must not be netted off against tax assets .
Other liability (n.e.c.)	Any other liability not elsewhere classified. Excludes liabilities in relation to insurance business.

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Deposits & Withdrawals

Definition

Deposits component of premiums

Under **life insurance methods**, the deposit component of premiums that is recorded through movement in policy liabilities instead of revenue. For the Insurer Return this is included within **Increase in net policy liability** as well as in sub-part 2.7.

Withdrawals component of benefits

Under **life insurance methods**, the withdrawal component of benefits that is recorded through movement in policy liabilities instead of expense. For the Insurer Return this is included within **Increase in net policy liability** as well as in sub-part 2.7.

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<u>Net Assets</u>	<u>Definition</u>
Net assets	Total assets less total liabilities.
Declared but unpaid dividends & capital distributions	Future dividends or distributions of capital that have been declared at Report Date but which are not fully reflected in the balance sheet.
Defined benefit scheme deficit	Deficit in any defined benefit scheme(s) for which the insurer is a sponsoring employer, to the extent this is not fully reflected in the balance sheet as a liability.
Contingent liabilities	The total value of any contingent liabilities that are required to be disclosed by the accounting standards, and which are not fully reflected in the balance sheet. For contingencies that are not included at all in the balance sheet the value is the face value or maximum possible liability. For contingencies that are partially included in the balance sheet the value is the difference between maximum possible liability and liability recorded in the balance sheet. Please include in the commentary an explanation of any contingent liabilities for which the maximum possible liability is not quantifiable.

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Movement in Net Assets

Definition

Capital additions

New capital that has been raised during the financial year, other than through profit after tax or movement in reserves. This includes issue of new share equity, transfer from head office for an overseas insurer, and contributions to members' funds for a mutual insurer.

Dividends & capital distributions

Capital that has been released during the financial year, other than through negative profit after tax or movement in reserves. This includes dividends and share buy-backs, transfers to head office for an overseas insurer, and repayment of contributions to members' funds for a mutual insurer.

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<u>Life Insurance Exposure</u>	<u>Definition</u>
Lives insured	Number of insured lives. This is not unique lives – some policies may cover multiple classes and some insureds have multiple policies (with one or more insurers).
Annual premium	Annual amount of regular premiums, excluding Single premium . This differs from premium revenue in financial data due to being a point in time measure (and movement between points in time).
Single premium	Total of single or ad hoc premiums during financial year to Report Date, whether fixed (contractual) or discretionary.
Insured benefit	Sum insured (except annual amount of benefit for Disability income individual, Disability income group and Annuity), gross of outwards reinsurance . Excludes any excess or deductible.
New business	Movement in exposure measure during financial year to Report Date in respect of business that commenced on or after the start of the financial year. For group life schemes new business includes all of a new scheme and also additions for an existing scheme. Excludes Adjustments and business that is cancelled from inception.
Lapses, surrenders & cancellations	Movement in exposure measure during financial year to Report Date in respect of business that terminated early due to policyholder election, whether by non-payment of premiums or active cancellation or surrender.
Maturities & expiries	Movement in exposure measure during financial year to Report Date in respect of business that reached the end of their contractual cover due to maturity or expiry.
Deaths & disability exits	Movement in exposure measure during financial year to Report Date in respect of business that ceased cover due to death or disablement of the insured live(s).

<u>Life Insurance Exposure</u>	<u>Definition</u>
Premium increases not included above	<p>Movement in Annual premium during financial year to Report Date that is due to contractual increases or voluntary increases (e.g. associated with optional changes in cover). Excludes movement in annual premium due to New Business, Lapses, surrenders & cancellations, Maturities & expiries, Deaths & disability exits. If the movement is a decrease record as a negative figure.</p>
Benefit increases not included above	<p>Movement in Insured benefit during financial year to Report Date that is due to contractual increases or voluntary increases (e.g. associated with optional changes in cover). Excludes movement in insured benefit due to New Business, Lapses, surrenders & cancellations, Maturities & expiries, Deaths & disability exits. If the movement is a decrease record as a negative figure.</p>
Adjustments	<p>Movement in exposure measure during financial year to Report Date that is not included elsewhere. This includes transfers of business to or from another insurer, business with an insurer that changes insurance class, correction of errors, etc.</p>
Growth	<p>The net movement in exposure measure during financial year to Report Date.</p>

**General Insurance
Exposure**

Definition

Risk units insured	<p>Number of risk units that varies by insurance class as follows:</p> <ul style="list-style-type: none"> ➤ commercial property – buildings, ➤ commercial motor – vehicles (may be estimated maximum in the case of fleet), ➤ marine & aviation – craft, ➤ liability – policies, ➤ other commercial – policies, ➤ domestic property – residential dwellings, ➤ domestic vehicle – vehicles, ➤ personal accident – lives, ➤ travel – lives, ➤ credit general insurance – policies, and ➤ other personal lines – policies. <p>Risk units provide information on insurance penetration as well as a different exposure measure to assist interpretation of sum insured.</p> <p>Due to different measures by insurance class there is no total for risk units.</p>
Annual premium	<p>Annual amount of regular premiums, excluding Single premium. This differs from premium revenue in financial data due to being a point in time measure (and movement between points in time).</p>
Single premium	<p>Total of single or ad hoc premiums during financial year to Report Date, whether fixed (contractual) or discretionary.</p>
Sum insured	<p>Sum insured, gross of outwards reinsurance. Excludes any excess or deductible. If no sum insured applies then estimate the upper limit on potential claims on a conservative basis and disclose the estimation in the commentary.</p>
Growth	<p>The net movement in exposure measure during financial year to Report Date.</p>

**Health Insurance
Exposure**

Definition

Lives insured	Number of insured lives. This is not unique lives – some insureds have multiple policies (with one or more insurers).
Annual premium	Annual amount of regular premiums, excluding Single premium . This differs from premium revenue in financial data due to being a point in time measure (and movement between points in time).
Single premium	Total of single or ad hoc premiums during financial year to Report Date, whether fixed (contractual) or discretionary.
New business	Movement in exposure measure during financial year to Report Date in respect of business that commenced on or after the start of the financial year. For group health schemes new business includes all of a new scheme and also additions for an existing scheme. Excludes Adjustments and business that is cancelled from inception.
Lapses, surrenders & cancellations	Movement in exposure measure during financial year to Report Date in respect of business that terminated early due to policyholder election, whether by non-payment of premiums or active cancellation or surrender.
Expiries	Movement in exposure measure during financial year to Report Date in respect of business that reached the end of their contractual cover due to expiry.
Deaths	Movement in exposure measure during financial year to Report Date in respect of business that ceased cover due to death of the insured live(s).
Premium increases not included above	Movement in Annual premium during financial year to Report Date that is due to contractual increases or voluntary increases (e.g. associated with optional changes in cover). Excludes movement in annual premium due to New Business, Lapses, surrenders & cancellations, Expiries, Deaths . If the movement is a decrease record as a negative figure.

**Health Insurance
Exposure**

Definition

Adjustments

Movement in exposure measure during financial year to Report Date that is not included elsewhere. This includes transfers of business to or from another insurer, business with an insurer that changes insurance class, correction of errors, etc.

Growth

The net movement in exposure measure during financial year to Report Date.

Ends

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