

# Financial Services Bulletin

## May 2010 E-Bulletin

### General insurance activities—a new reporting obligation with a wide reach

---

A new reporting regime has recently commenced which requires a wide range of Australian financial services (AFS) licensees to report twice yearly on certain dealings in general insurance products.

The regime is overseen by the Australian Securities & Investments Commission and administered by the Australian Prudential Regulation Authority (APRA). Its aim is to collect data on the Australian insurance market; and particularly on insurance placed with unauthorised foreign insurers (UFIs).

#### Who must report?

All AFS licensees authorised to deal in general insurance products are required to report. Reporting entities are referred to as “general insurance intermediaries”. APRA-authorized general insurers and authorised representatives of general insurance intermediaries are exempt from the requirements.

This means that even fund managers who acquire insurance to insure fund assets are required to report. However, as outlined below, the content of their reporting will differ, depending on the nature of the insurance dealing activity.

#### What must be reported?

Information about any general insurance product entered into as a result of a dealing with an APRA-authorized insurer, Lloyd’s underwriter or UFI is required to be reported. The guidance issued by APRA confirms only information about dealings resulting in the placement of general insurance is sought. If a licensee does not transact general insurance business on behalf of a client, then this should result in a “nil” return being lodged.

APRA has confirmed to us that fund managers (i.e., responsible entities/trustees) who deal in insurance merely to insure fund assets do have to report; however, they can lodge a “nil” return. Others who place clients in insurance will be required to provide more information, as outlined below.

#### How to report

To report, general insurance intermediaries must complete and lodge a form 701 with APRA. The form 701 requires the following information to be provided:

1. Part 1—aggregated data on insurance contracts placed with APRA-authorized insurers, Lloyd’s underwriters or UFIs. All general insurance intermediaries must complete this section, even for “nil” returns.
2. Part 2—transaction data on insurance contracts placed with UFIs. Only those who place business with UFIs are required to complete this part.

A form 701 can be lodged in paper form or online; however, if Part 2 of the form is required to be completed, then the form can only be lodged online.

#### When to report

Reporting periods are 1 January to 30 June and 1 July to 31 December of each year. The form 701 must be lodged within 20 business days after the end of each reporting period. However, for the first reporting period, which is from 1 May to 30 June 2010, general insurance intermediaries have 40 business days to lodge the form 701, i.e., by **26 August 2010**.

Late fees apply and failure to report or provide the data required is a strict liability offence (which attracts monetary penalties).

If you are unsure whether you are required to comply with this reporting requirement, or how to comply, then you can email Shawn Chan or Matthew Moses; or call 07 3239 2906.



**Shawn Chan**

Lawyer

07 3239 2906

[shawn.chan@mcmahonclarke.com](mailto:shawn.chan@mcmahonclarke.com)



**Matthew Moses**

Partner

07 3239 2906

[matthew.moses@mcmahonclarke.com](mailto:matthew.moses@mcmahonclarke.com)