

Glossary

Definitions

AASB 1023 is the principal accounting standard for the accounting treatment of general insurance contracts.

Adjustment/endorsement refers a change in the premium or terms of a policy after it has been invoiced.

APRA-authorized general insurer is a body corporate authorised under section 12 of the *Insurance Act 1973* to carry on insurance business in Australia.

ASIC is the Australian Securities and Investments Commission.

Atypical exemption applies to contracts which insure against loss or liability for specific risks: nuclear, biological, war, terrorism, medical clinical trials, space or aviation liability, marine and equine risks.

Australian Financial Services Licence (AFSL) is defined in section 761A of the *Corporations Act 2001* as a licence under section 913B of that Act that authorises a person who carries on a financial services business to provide financial services.

Availability is the custom exemption where there is no Australian insurer that will insure against the risk.

Cancellations represent premium that has been cancelled (either from inception or in part).

Class of business refers to the insurance industry classification of similar risks under a sub-head.

Custom exemption applies when the general insurance intermediary is satisfied, on reasonable grounds, that there is no authorised insurer willing to insure the risk (*Availability*), or where the terms or price (*Terms*) of the risk being insured by authorised insurers is substantially less favourable to the insured than the terms or price on which a UFI will insure the risk.

Exemption type refers to the exemption category applicable for an Australian policyholder seeking insurance with an unauthorised foreign insurer. The categories are HVI, atypical risk, foreign and custom, refer *Insurance Regulations 2002, Part 2 (4b to 4e)*.

Foreign law exemption applies where a law of a foreign country requires that the insurance contract be issued by an insurer authorised or permitted under the laws of that country.

General insurance intermediaries are current AFSL holders who are authorised to deal in general insurance products.

Gross written premium is recognised fully when the business is written. Prior to September 2010, this was measured under APRA's prospective reporting framework. From September 2010, this is measured in accordance with AASB 1023.

HVI (High-value-insured) exemption applies if the policyholder meets certain criteria, with one of assets, revenue or number of employees exceeding specified limits (\$200 million, \$200 million and 500, respectively).

Intermediaries see general insurance intermediaries.

Lloyd's is a London based insurance market in which business is underwritten by both individuals and corporate members who form syndicates to accept risk.

Lloyd's underwriter means an underwriting member of Lloyd's as defined in subsection 3(1) of the *Insurance Act 1973*.

New or renewed policies refer only to new or renewed contracts of insurance purchased by insureds from intermediaries during the reporting period. Premium invoiced for new or renewed policies differs from total premium invoiced which includes adjustments, endorsements and cancellations from policies written in prior periods.

Other direct classes comprises homeowners/householders, motor vehicle, consumer credit, travel, mortgage and employers liability.

Premium effective is premium that is effective in the reporting period. Premium effective could have been invoiced in subsequent periods.

Premium invoiced is policy premium that is invoiced in the reporting period.

Region refers to the geographic location where a UFI is based.

Terms see custom exemption.

Unauthorised Foreign Insurers (UFIs) are foreign domiciled insurers and are not authorised by APRA to carry on insurance business in Australia except under limited exemption arrangements.

Underwriters are entities who provide insurance and include APRA-authorized general insurers, Lloyd's underwriters and unauthorised foreign insurers.