Australian Government
Australian Taxation Office

# General insurance declaration on the tax outstanding claims liability value

This declaration is requested where either or both of the relevant circumstances described below applies in relation to the taxpayer during the relevant income year. Where the taxpayer is a head company of an income tax consolidated group containing one or more licensed general insurers, the declaration is to be signed on behalf of the Board of the head company. For Australian branches, the taxpayer should discuss with the ATO regarding the appropriate person to sign the declaration.

Name of taxpayer

Income year

## Relevant circumstances

During the income year, one or both of the following circumstances applied in relation to the outstanding claims liability (OCL) value determined by the taxpayer for income tax purposes:

- [ ] Circumstance 1 – The percentage probability of adequacy (PoA) of the closing value of OCL used for income tax purposes in the income year was greater than the prudential regulatory minimum (generally 75%).
- [ ] Circumstance 2 – The percentage PoA of the closing value of OCL used for income tax purposes in the income year has increased or decreased from the percentage PoA of the closing value in the previous income year.

## Declaration regarding OCL value determined for income tax purposes

The authorised representative of the taxpayer declares the following matters:

**1** Prior to signing, this declaration has been provided to the taxpayer Board and they agree to the signing of this declaration.

**2** The risk margin determined for the closing value of the tax OCL is a monetary estimate of the risk that the central estimate of the tax OCL may be insufficient, and it has been determined on the basis of the underwriting business experience of the company.

**3** The decision on the risk margin applied to determine the closing value of tax OCL only reflects the perceived level of risk of insufficiency in the central estimate. This decision did not consciously take account of any of the following factors:

- **a** modulating or influencing the release of profits (for example, profit smoothing), financial ratios, credit ratings, taxable income or regulatory capital levels
- **b** offsetting to reduce the impact of annual movements in risk free discount rates
- **c** offsetting to counter or reduce the impact of the requirement to discount to present value
- **d** providing for unexpired risk relating to business already written or to business yet to be written
- **e** using the risk margin to achieve a predetermined OCL value.

**4** Documentation in accordance with the ATO's guidance on "Documentation to evidence decision on risk margin", which is located at **ato.gov.au/Forms**, has been maintained to evidence the decision on the quantum/percentage PoA of the closing tax OCL, including the factors considered by the decision maker in determining the quantum/percentage PoA of the tax risk margin.

Name

Position

**Signature**

Date

Day / Month / Year