

GRF_114_1_G: Assets by Counterparty Grade (G)

These instructions must be read in conjunction with the general instruction guide.

Explanatory notes

Reporting basis

The values of the items reported in this form should correspond with the values reported in *GRF 300.0_G Statement of financial position* (GRF 300.0_G).

Counterparty grade

For each asset, report the amounts corresponding to each counterparty grade in Columns (1) to (8). The counterparty grade is to be determined in accordance with *Prudential Standard GPS 001 Definitions* (GPS 001) and *Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge*.

Fair value

For assets backing insurance liabilities, these are to be reported at fair value.

Australian business

Items 10.1 to 10.4, 11.1, 11.2, 12.1 and 12.2 are only applicable to the Level 2 insurance group's Australian business.

Instructions for specific items

Sections 1 and 2

1. Direct interest rate investments

This is the value of direct interest rate investments held by the Level 2 insurance group as at the relevant date.

The total across the counterparty grades should correspond to Item 3.1 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

2. Net loans and advances

This is, as at the relevant date, the principal amount of loans and advances provided, net of associated provisions for impairment and deferred fee income, and including any accrued interest. Loans and advances are those financial assets categorised as "Loans and receivables" in the Australian Accounting Standards other than "Trade receivables" and "Cash".

The total across the counterparty grades should correspond to Item 3.4 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

3. Cash management trusts

This is the aggregate value of holdings in investment vehicles which constitute cash management trusts.

The total across the counterparty grades should correspond to Item 3.5.3 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

4. Derivatives

This is the value of all open derivatives positions reported as assets on GRF 300.0_G.

The total across the counterparty grades should correspond to Item 4 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

5. Cash and liquid assets

This is the value, as at the relevant date, of notes and coins, deposits withdrawable or redeemable within 24 hours, and securities purchased under agreements to resell.

The total across the counterparty grades should correspond to Item 1 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

6. Investment income receivable

This is the value, as at the relevant date, of investment income that is receivable by the Level 2 insurance group net of any related provisions for doubtful debts. For the purposes of this item, include only income from the holding of investment assets (e.g. Interest, dividends, unit trust distributions, and rental income that is accrued but not yet received). Investment assets are those acquired with the intention to subsequently sell the asset at a profit and not for use within the operations of the business or as a strategic investment.

The total across the counterparty grades should correspond to Item 2.1 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

7. Net recoveries other than reinsurance receivable

This is the value, as at the relevant date, of recoveries receivable by the Level 2 insurance group in relation to paid and unpaid insurance claims other than reinsurance recoveries, net of any provisions for depreciation or impairment.

The total across the counterparty grades should correspond to Item 2.2 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

8. Other receivables

This is the value, as at the relevant date, of receivables of the Level 2 insurance group, other than investment income receivable and non-reinsurance recoverables.

The total across the counterparty grades should correspond to Item 2.8 - 'Australian business' or 'International business' Columns in GRF 300.0_G.

9. Other assets

This is the value, as at the relevant date, of assets of the Level 2 insurance group other than those specifically listed in this form.

It is automatically calculated as Item 13 less the sum of Items 1 to 8, 10, 11 and 12.

10. Net amount recoverable on reinsurance contracts from both outstanding claims and paid claims

This is the value net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims. Reinsurance recoverables are any amounts due to the reporting party under a reinsurance arrangement that arise from the recognition of outstanding claims liabilities (OCL) in accordance with *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320). This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under *Prudential Standard GPS 230 Reinsurance Management* (GPS 230).

For Australian business, it is automatically calculated as the sum of Items 10.1, 10.2, 10.3 and 10.4.

10.1 From APRA-authorised reinsurers

This is the value net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the Level 2 insurance group from APRA-authorised reinsurers on Australian business. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.2 From non-APRA-authorised reinsurers except for amounts outstanding on and from second annual balance date after the event giving rise to the reinsurance recoverables

This is the value net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the Level 2 insurance group from non-APRA-authorised reinsurers on Australian business, except for amounts outstanding on and from the second balance date after the financial year in which the event occurred. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.3 From non-APRA-authorised reinsurers that are amounts outstanding on and from second annual balance date after the event giving rise to the reinsurance recoverables

This is the value net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and

outstanding claims against the Level 2 insurance group from non-APRA-authorised reinsurers that are amounts outstanding on and from the second balance date after the financial year in which the event occurred. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.3.1 Of which supported by security arrangements in Australia

This is the value net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the Level 2 insurance group from non-APRA-authorised reinsurers on Australian business that are amounts outstanding on and from the second balance date after the financial year in which the event occurred, where there is collateral, guarantee or a letter of credit supporting the reinsurance recoverables. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.4 From non-APRA-authorised reinsurers which are overdue for more than 6 months

This is the value net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the Level 2 insurance group from non-APRA-authorised reinsurers on Australian business that are receivables overdue for more than six months since a request for payment was made to the reinsurer and where there is no formal dispute between the Level 2 insurance group and reinsurer in relation to the receivables. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

11. Deferred reinsurance expense

This is the value of premiums ceded to reinsurers which are deferred in accordance with the pattern of reinsurance service received as per AASB 1023. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

For Australian business, it is automatically calculated as the sum of Items 11.1 and 11.2.

11.1 Relating to APRA-authorised reinsurers

This is the value of premiums ceded to APRA-authorised reinsurers on Australian business which are deferred in accordance with the pattern of reinsurance service received as per AASB 1023. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

11.2 Relating to non-APRA-authorised reinsurers

This is the value of premiums ceded to non-APRA-authorised reinsurers on Australian business which are deferred in accordance with the pattern of reinsurance service

received as per AASB 1023. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

12. Net amount of other reinsurance assets receivable

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting party that relates to reinsurance, other than those relating to: reinsurance recoverables, being any amounts due to the reporting party under a reinsurance arrangement that arise from the recognition of OCL in accordance with GPS 320; or deferred reinsurance expense (DRE), as determined in accordance with GPS 320. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

For Australian business, it is automatically calculated as the sum of Items 12.1 and 12.2.

12.1 From APRA-authorised reinsurers

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting party that relates to reinsurance, from APRA-authorised reinsurers on Australian business, other than those relating to: reinsurance recoverables, being any amounts due to the Level 2 insurance group under a reinsurance arrangement that arise from the recognition of OCL in accordance with GPS 320; or DRE, as determined in accordance with GPS 320. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

12.2 From non-APRA-authorised reinsurers

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting party that relates to reinsurance, from non-APRA-authorised reinsurers on Australian business, other than those relating to: reinsurance recoverables, being any amounts due to the Level 2 insurance group under a reinsurance arrangement that arise from the recognition of OCL in accordance with GPS 320; or DRE, as determined in accordance with GPS 320. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

13. Total

This is the total assets of the Level 2 insurance group that are classified into the counterparty grades from GPS 001.