



Reporting Standard GRS 117.0.G

Asset Concentration Risk Charge

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a Level 2 insurance group's Asset Concentration Risk Charge.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard GRS 001 Reporting Requirements* (GRS 001), including the general instruction guide, and *Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge*.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. The information reported to APRA under this Reporting Standard is used by APRA for the purpose of prudential supervision, including assessing compliance with the capital standards.

Application and commencement

3. This Reporting Standard applies to a parent entity of a Level 2 insurance group as defined in *Prudential Standard GPS 001 Definitions* (GPS 001). This Reporting Standard applies for reporting periods ending on or after 1 July 2023. The parent entity of a Level 2 group must ensure that each requirement in this Reporting Standard is complied with.

Information required

4. The parent entity of a Level 2 insurance group must provide APRA with the information required by this Reporting Standard in respect of the Level 2 insurance group for each reporting period.

Method of submission

5. The information required by this Reporting Standard must be given to APRA:

- (a) in electronic format using an electronic method available on APRA's website; or
- (b) by a method notified by APRA prior to submission.

Reporting periods and due dates

6. Subject to paragraph 7, the parent entity of a Level 2 insurance group must provide the information required by this Reporting Standard:
- (a) in respect of the first half year based on the financial year of the Level 2 insurance group on an unaudited basis; and
 - (b) in respect of each financial year of the Level 2 insurance group on an audited basis.

Note: The annual information required by paragraphs 4, 5 and 6(b), together with certain annual information required by other reporting standards, will form part of the Level 2 insurance group's annual accounts within the meaning of GPS 001. *Prudential Standard GPS 310 Audit and Related Matters* contains the relevant provisions governing audits.

7. If, having regard to the particular circumstances of a Level 2 insurance group, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing to the parent entity, change the reporting periods, or specify reporting periods, for the particular Level 2 insurance group.
8. The information required by this Reporting Standard in respect of a Level 2 insurance group must be provided to APRA:
- (a) in the case of half yearly information, within three months after the end of the reporting period to which the information relates;
 - (b) in the case of annual information, within three months after the end of the reporting period to which the information relates; or
 - (c) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

Note: GPS 310 requires a Level 2 insurance group to ensure that its Group Auditor conducts a limited assurance review of the group's annual accounts. Accordingly, the Group Auditor's report(s) as required by GPS 310 (relating to the information required by paragraph 4) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

9. APRA may, in writing, grant the parent entity of a Level 2 insurance group an extension of a due date in paragraph 8, in which case the new due date will be the date on the notice of extension.

Note: For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, the parent entity of a Level 2 insurance group is nonetheless required to submit the information required no later than the due date.

10. On the written application of the parent entity of a Level 2 insurance group, APRA may by notice in writing to the parent entity exclude the requirement under subparagraph 6(a) to provide half yearly information.

Quality control

11. The information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Group Auditor of the Level 2 insurance group. This will require the Group Auditor to review and test the Level 2 insurance group's systems, processes and controls designed to enable the group to report reliable financial information to APRA. This review and testing must be done on:
 - (a) an annual basis or more frequently if necessary to enable the Group Auditor to form an opinion on the reliability and accuracy of data; and
 - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard GPS 310 Audit and Related Matters* (GPS 310).
12. All information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be subject to systems, processes and controls developed by the Level 2 insurance group for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the parent entity of the Level 2 insurance group to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

13. When an officer, or agent, of a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard using an electronic format the officer, or agent, must digitally sign the relevant information using a digital certificate acceptable to APRA.
14. If the information required by this Reporting Standard is provided by an agent who submits the information on the parent entity of a Level 2 insurance group's behalf, the parent entity of a Level 2 insurance group must:
 - (a) obtain from the agent a copy of the completed information provided to APRA; and
 - (b) retain the completed copy.
15. An officer, or agent, of a parent entity of a Level 2 insurance group who submits the information under this Reporting Standard for, or on behalf of, the parent entity of a Level 2 insurance group must be authorised by either:
 - (a) the Principal Executive Officer of the parent entity of the Level 2 insurance group; or
 - (b) the Chief Financial Officer of the parent entity of the Level 2 insurance group.

Variations

16. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of this Reporting Standard in relation to that Level 2 insurance group.

Transition

17. A parent entity of a Level 2 insurance group must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

old reporting standard means the reporting standard revoked in the determination making this Reporting Standard (being the reporting standard which this Reporting Standard replaces); and

transitional reporting period means a reporting period under the old reporting standard:

- (a) which ended before 1 July 2023; and
- (b) in relation to which the parent entity of a Level 2 insurance group was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

Note: For the avoidance of doubt, if a parent entity of a Level 2 insurance group was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the parent entity of a Level 2 insurance group is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

18. In this Reporting Standard:

- (a) unless the contrary intention appears, words and expressions have the meanings given to them in GPS 001; and
- (b) the following definitions are applicable:

APRA-authorised reinsurer means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business;

capital standards means the prudential standards which relate to capital adequacy as defined in GPS 001;

Chief Financial Officer means the chief financial officer of the parent entity of the Level 2 insurance group, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the parent entity of the Level 2 insurance group;

foreign insurer means a foreign general insurer within the meaning of the Insurance Act;

Note: A reference to a ‘branch’ or ‘branch operation’ is a reference to the Australian operations of a foreign insurer.

general instruction guide refers to the general instruction guide set out in Attachment A of GRS 001;

Group Auditor has the meaning given in GPS 310;

Insurance Act means the *Insurance Act 1973*;

insurer means a general insurer within the meaning of section 11 of the Insurance Act;

Note: In this Reporting Standard, a reference to an ‘authorised insurer’, ‘authorised insurance entity’ or ‘licensed insurer’ is a reference to an insurer, and a reference to an ‘authorised reinsurance entity’ is a reference to an insurer whose business consists only of undertaking liability by way of reinsurance.

non-APRA authorised reinsurer means any reinsurer that is not an APRA-authorised reinsurer;

Principal Executive Officer means the current principal executive officer of the entity, by whatever name called, and whether or not he or she is a member of the governing board of the entity; and

reporting period means a period mentioned in subparagraph 6(a) or 6(b) or, if applicable, paragraph 7.

19. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

Reporting Standard GRS 117.0.G

Asset Concentration Risk Charge

General Instructions

Reporting tables

Tables described in this reporting standard list each of the data fields required to be reported. The data fields are listed sequentially in the column order that they will appear in the reported data set. Constraints on the data that can be reported for each field have also been provided.

Any specific combination of values in the table must not appear on more than one row in that table when reported.

Definitions

Terms in ***bold italics*** are defined in this Definitions section of these instructions.

A

<i>Adjustment for Cumulative Exposures Amount</i>	For reinsurance exposures only, this is the adjustment for cumulative exposures that needs to be made in accordance with <i>Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge</i> (GPS 117).
<i>Adjustments to Asset Concentration Risk Charge as approved by APRA</i>	<p>If APRA is of the view that the Standard Method for calculating the <i>Asset Concentration Risk Charge</i> component of the prescribed capital amount does not produce an appropriate outcome in respect of a reporting Level 2 insurance group, or a reporting Level 2 insurance group has used inappropriate judgement or estimation in calculating the <i>Asset Concentration Risk Charge</i>, APRA may adjust the <i>Asset Concentration Risk Charge</i> calculation for that reporting Level 2 insurance group.</p> <p>Approved adjustments are to be reported separately in the associated table highlighting the description of the adjustment given, transitional status and amount of adjustment applied. An increase in the risk charge is to be reported as a positive amount.</p>
<i>Asset Concentration Risk Charge</i>	<p>The <i>Asset Concentration Risk Charge</i> is the minimum amount of capital required to be held against asset concentration risks. It is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Reinsurance Asset Concentration Risk Charge</i>; • <i>Non-reinsurance Asset Concentration Risk Charge</i>; and • <i>Adjustments to Asset Concentration Risk Charge as approved by APRA</i>.
<i>Asset Concentration</i>	For reinsurance exposures this means the appropriate asset concentration limit as specified in GPS 117 for reinsurance exposures to

<i>Risk Charge Limit Amount</i>	<p>Grade 5, 6 and 7 counterparties or Grade 4 counterparties belonging to the same group.</p> <p>For non-reinsurance exposures this means the appropriate <i>Asset Concentration Risk Charge</i> limit as specified in GPS 117.</p>
<i>Asset Concentration Risk Charge Long Term Limit Amount</i>	<p>This means the appropriate <i>Asset Concentration Risk Charge</i> limit for long-term exposures to unrelated parties that are part of an APRA-regulated group as per GPS 117.</p>
<i>Asset Concentration Risk Charge Long Term Net Exposure Amount</i>	<p>This means the fair value of the exposure to long-term assets, net of provision for doubtful debts and after amounts that are deducted from the capital base. Long term exposures are those assets with a residual maturity of greater than one year.</p> <p>For exposures categorised as 'Unrelated party (APRA-regulated group)', this is the fair value of the exposure to long-term assets, net of provision for doubtful debts and after amounts that are deducted from the capital base. Long term exposures are those assets with a residual maturity of greater than one year.</p>
<i>Asset Concentration Risk Charge Net Exposure Amount</i>	<p>This means the fair value of the exposure, net of provision for doubtful debts and any regulatory adjustments to capital base related to this exposure, that is subject to <i>Asset Concentration Risk Charge</i>. For reinsurance exposures, regulatory adjustments would consist of reinsurance assets that do not meet the reinsurance documentation test and the governing law requirements as per <i>Prudential Standard GPS 230 Reinsurance Management</i> (GPS 230).</p>
<i>Asset Exposure Category After Eligible Credit Support</i>	<p>For reinsurance exposures that are covered by eligible credit support, report the counterparty grade grouping as:</p> <ul style="list-style-type: none"> • Grade 4; or • Grade 5, 6 or 7. <p>For non-reinsurance exposures, categorise the exposure into one of the following in accordance with GPS 117:</p> <ul style="list-style-type: none"> • Related party (APRA-regulated group); • Unrelated party (APRA-regulated group); or • Other.

C

<i>Counterparty Grade type</i>	<p>This means the classification applied to the exposure as per <i>Prudential Standard GPS 001 Definitions</i> (GPS 001).</p>
<i>Counterparty Group Name</i>	<p>This is the name of the group to which the counterparty to the exposure belongs.</p>

<i>Counterparty Name</i>	This is the name of the counterparty to the exposure.
<i>Counterparty Grade After Eligible Credit Support</i>	This means the <i>counterparty grade type</i> related to exposures that are covered by collateral or guarantee.

E

<i>Eligible Credit Support Applied</i>	<p>The means whether the reinsurance or non-reinsurance exposure is covered by an eligible collateral, guarantee, or letter of credit, indicate whether the Level 2 insurance group has applied the eligible credit support to calculate the <i>Asset Concentration Risk Charge</i>.</p> <p>Possible values are:</p> <ul style="list-style-type: none"> • Yes; and • No.
<i>Exposure subject to Asset Concentration Risk Charge</i>	<p>For reinsurance exposures only: This is the total exposure that is subject to the <i>Asset Concentration Risk Charge</i>. This item is calculated at the level of each <i>counterparty group name</i> as the sum of:</p> <ul style="list-style-type: none"> • <i>Asset Concentration Risk Charge net exposure amount</i>; and • <i>Adjustment for cumulative exposures amount</i>.

N

<i>Name of Provider of Eligible Credit Support</i>	This means the name of the entity providing the collateral or guarantee where the Level 2 insurance group holds collateral against the asset or if the asset has been guaranteed.
<i>Non-reinsurance Asset Concentration Risk Charge</i>	<p>This represents the <i>Asset Concentration Risk Charge</i> for non-reinsurance exposures and is the sum of the <i>Asset Concentration Risk Charges</i> for each non-reinsurance exposure category.</p> <p>This is the excess (if any) of the net exposure amount over and above the respective <i>Asset Concentration Risk Charge</i> limit and is calculated as the greater of:</p> <ul style="list-style-type: none"> • <i>Asset Concentration Risk Charge net exposure amount</i> less <i>Asset Concentration Risk Charge limit amount</i>; and • <i>Asset Concentration Risk Charge long term net exposure amount</i> less <i>Asset Concentration Risk Charge long term limit amount</i>, <p>subject to a floor of zero.</p>

O

<i>Off-Balance Sheet Large Exposure Amount</i>	This represents the fair value of the exposure, net of provision for doubtful debts, recognised off-balance sheet.
<i>On-Balance Sheet Large Exposure Amount</i>	This represents the fair value of the exposure, net of provision for doubtful debts, recognised on-balance sheet.

R

<i>Reinsurance Asset Concentration Risk Charge</i>	<p>This represents the <i>Asset Concentration Risk Charge</i> for reinsurance exposures and is the sum of the <i>Asset Concentration Risk Charges</i> for reinsurance exposures across all counterparty grades.</p> <p>This is the excess (if any) of the net exposure amount over and above the respective <i>Asset Concentration Risk Charge</i> limit and is calculated as <i>Exposure subject to Asset Concentration Risk Charge</i> less <i>Asset Concentration Risk Charge limit amount</i>, subject to a floor of zero.</p>
<i>Related party</i>	<p>This means the type of relationship of the counterparty to the reporting Level 2 insurance group. This can take the values of:</p> <ul style="list-style-type: none"> • Parent; • Controlled entity; • Associate / Joint venture; or • Other related party. <p>Definitions of the related party types listed above can be found in GPS 001.</p>

T

<i>Total Large Exposure Amount</i>	<p>This represents the fair value of the exposure, net of provision for doubtful debts, and includes both on-balance sheet and off-balance sheet amounts.</p> <p>This is calculated as the sum of:</p> <ul style="list-style-type: none"> • On-Balance Sheet Large Exposure Amount; and • Off-Balance Sheet Large Exposure Amount.
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Specific instructions

Table 1: Large Exposures

Reporting threshold

Complete this section for each exposure to an asset, a counterparty or a group of counterparties that is greater than 10 per cent of the capital base of the reporting Level 2 insurance group. Where the aggregate exposure to a group of related counterparties is over the 10 per cent threshold, report the exposure to each individual counterparty separately, even if the individual exposure is less than the threshold.

Collateral and guarantees

For exposures that are supported by collateral, guarantees or letters of credit (eligible credit support):

- If the exposure is covered by more than one collateral / guarantee / letter of credit, split the original exposure into multiple rows for each eligible credit support applicable.
- If the eligible credit support provided doesn't cover the full value of the exposure, split the original exposure into multiple rows: one for the part that is covered, and one for the part that remains uncovered.

International business

In respect of any overseas entities within a Level 2 insurance group carrying on international business, identification of asset or counterparty exposures is to be carried out on a best endeavours basis using information held by entities within the Level 2 insurance group, or otherwise publicly available information, in a manner consistent with the group's documented risk management policies.

	Name	Valid values	Description
1	Counterparty Name	Free text	Report the <i>counterparty name</i> .
2	Counterparty Group Name	Free text	Report the <i>counterparty group name</i> . Where the counterparty does not belong to a group, enter the <i>counterparty name</i> .

	Name	Valid values	Description
3	Counterparty ACN, ABN Or ARBN	9-digit valid ACN, 11-digit valid ABN or 9-digit valid ARBN	<p>Report the counterparty ACN, ABN or ARBN.</p> <p>Report the ACN of the reported counterparty. In cases where a counterparty does not have an ACN but it does have an ABN or an ARBN, report the ABN or ARBN.</p> <p>Input the number without spaces.</p> <p>If a counterparty does not have an ACN, ABN, or ARBN leave the column blank.</p>
4	Reinsurance Or Non-Reinsurance Exposure Type	<ul style="list-style-type: none"> • Reinsurance • Non-reinsurance • Combination of multiple exposures 	Report the reinsurance or non-reinsurance exposure type.
5	Reinsurance Or Non-Reinsurance Exposure Type Description	Free text	Describe the reinsurance or non-reinsurance exposure type.
6	Non-APRA Authorised Reinsurer Indicator	<ul style="list-style-type: none"> • Yes • No 	Indicate whether the counterparty is a non-APRA authorised reinsurer.
7	Related Party Type	<ul style="list-style-type: none"> • Parent • Controlled entity • Associate / Joint venture • Other related party • Not applicable 	<p>Report the <i>related party</i>.</p> <p>If exposure is not to a related party, report as 'Not applicable'.</p>
8	Counterparty Grade Type	<ul style="list-style-type: none"> • Grade 1 • Grade 2 	Report the <i>counterparty grade type</i> .

	Name	Valid values	Description
		<ul style="list-style-type: none"> • Grade 3 • Grade 4 • Grade 5 • Grade 6 • Grade 7 	
9	Name Of Provider Of Eligible Credit Support	Free text	<p>Report the <i>name of provider of eligible credit support</i>.</p> <p>If no eligible credit support is provided, report ‘Not applicable’.</p>
10	Counterparty Grade After Eligible Credit Support	<ul style="list-style-type: none"> • Grade 1 • Grade 2 • Grade 3 • Grade 4 • Grade 5 • Grade 6 • Grade 7 • Not applicable 	<p>Report the <i>counterparty grade after eligible credit support</i>.</p> <p>If no eligible credit support is provided, report ‘Not applicable’.</p>
11	On-Balance Sheet Large Exposure Amount	Whole dollars	Report the <i>on-balance sheet large exposure amount</i> .
12	Off-Balance Sheet Large Exposure Amount	Whole dollars	Report the <i>off-balance sheet large exposure amount</i> .

Table 2: Asset Concentration Risk Charge - Reinsurance Exposures**Reporting threshold**

This section is to be completed for each exposure to a group of related counterparties that will trigger an *Asset Concentration Risk Charge* limit as specified in GPS 117.

Reinsurance exposures

Reinsurance exposures must be reported in the following order for each group of related counterparties:

- Combine all exposures to Grade 5 and below; and
- Combine all exposures to Grade 4.

	Name	Valid values	Description
1	Counterparty Group Name	Free text	Report the <i>counterparty group name</i> .
2	Eligible Credit Support Applied Indicator	<ul style="list-style-type: none"> • Yes • No 	Report the <i>eligible credit support applied</i> indicator.
3	Asset Exposure Category After Eligible Credit Support	<ul style="list-style-type: none"> • Grade 4 • Grade 5, 6 or 7 	Report the <i>asset exposure category after eligible credit support</i> .
4	Asset Concentration Risk Charge Net Exposure Amount	Whole dollars	<p>Report the <i>asset concentration risk charge net exposure amount</i>.</p> <p>For reinsurance exposures regulatory adjustments would consist of reinsurance assets that do not meet the reinsurance documentation test and the governing law requirements as per <i>Prudential Standard GPS 230 Reinsurance Management</i> (GPS 230).</p>

	Name	Valid values	Description
5	Asset Concentration Risk Charge Limit Amount	Whole dollars	Report the <i>asset concentration risk charge limit amount</i> .
6	Adjustment For Cumulative Exposures Amount	Whole dollars	Report the <i>adjustment for cumulative exposures amount</i> . This applies to reinsurance exposures only.

Table 3: Asset Concentration Risk Charge - Non-Reinsurance Exposures**Reporting threshold**

This section is to be completed for each exposure to a group of related counterparties that will trigger an *Asset Concentration Risk Charge* limit as specified in GPS 117.

	Name	Valid values	Description
1	Counterparty Group Name	Free text	Report the <i>counterparty group name</i> .
2	Eligible Credit Support Applied Indicator	<ul style="list-style-type: none"> • Yes • No 	Report the <i>eligible credit support applied</i> indicator.
3	Asset Exposure Category After Eligible Credit Support Type	<ul style="list-style-type: none"> • Related party (APRA-regulated group) • Unrelated party (APRA-regulated group) • Other 	Report the <i>asset exposure category after eligible credit support</i> .
4	Asset Concentration Risk Charge Net Exposure Amount	Whole dollars	Report the <i>asset concentration risk charge net exposure amount</i> .
5	Asset Concentration Risk Charge Long Term Net Exposure Amount	Whole dollars	Report the <i>asset concentration risk charge long term net exposure amount</i> .
6	Asset Concentration Risk Charge Limit Amount	Whole dollars	Report the <i>asset concentration risk charge limit amount</i> .

	Name	Valid values	Description
7	Asset Concentration Risk Charge Long Term Limit Amount	Whole dollars	Report the <i>asset concentration risk charge long term limit amount</i> . This applies to non-reinsurance exposures only.