



Reporting Standard GRS 114.1

Assets by Counterparty Grade

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a general insurer's assets by counterparty grade.

It includes *Form GRF 114.1 Assets by Counterparty Grade* and associated specific instructions and must be read in conjunction with the general instruction guide.

Authority

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

Purpose

2. Information collected in *Form GRF 114.1 Assets by Counterparty Grade* (GRF 114.1) 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 all general insurers authorised under the *Insurance Act 1973* (insurers). This Reporting Standard applies for reporting periods ending on or after 1 January 2013.

Information required

4. An insurer must provide APRA with the information required by Form GRF 114.1 for each reporting period.

Forms and method of submission

5. The information required by this Reporting Standard must be given to APRA in electronic format using the 'Direct to APRA' application or, where 'Direct to APRA' is not available, by a method notified by APRA prior to submission.

Note: The 'Direct to APRA' application software may be obtained from APRA.

Reporting periods and due dates

6. Subject to paragraph 7, an insurer must provide the information required by this Reporting Standard:
 - (a) in respect of each quarter based on the financial year of the insurer; and
 - (b) in respect of each financial year of the insurer.

Note: The annual information required from an insurer by paragraphs 4, 5 and 6(b), together with certain annual information required by other reporting standards, will form part of the insurer's yearly statutory accounts within the meaning of section 3 of the *Insurance Act 1973* (the Insurance Act). This means that the information must be audited in accordance with paragraph 49J(1)(a) of the Insurance Act. Under subsection 49J(3), the principal auditor of the insurer must give the insurer a certificate relating to the yearly statutory accounts, and that certificate must contain statements of the auditor's opinions on the matters required by the prudential standards to be dealt with in the certificate.

7. If, having regard to the particular circumstances of an insurer, 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, change the reporting periods, or specify reporting periods, for the particular insurer.
8. The information required by this Reporting Standard in respect of an insurer must be provided to APRA:
 - (a) within the time stated in *Reporting Standard GRS 001 Reporting Requirements* (GRS 001); or
 - (b) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

Note: Paragraph 49L(1)(a) of the Insurance Act provides that the auditor's certificate required under subsection 49J(3) of that Act must be lodged with APRA in accordance with the prudential standards. The prudential standards provide that the certificate must be submitted to APRA together with the yearly statutory accounts. Accordingly, the auditor's certificate relating to the annual information referred to in subparagraph 6(b) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

Quality control

9. The information provided by an insurer under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Appointed Auditor of the insurer. This will require the Appointed Auditor to review and test the insurer's systems, processes and controls designed to enable the insurer 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 Appointed 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 (AUASB) 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*.

10. All information provided by an insurer under this Reporting Standard must be subject to systems, processes and controls developed by the insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the insurer to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

11. When an officer, or agent, of an insurer provides the information required by this Reporting Standard using the 'Direct to APRA' software it will be necessary for an officer, or agent, to digitally sign the relevant information using a digital certificate acceptable to APRA.
12. If an insurer provides the information required by this Reporting Standard through an agent who submits using the 'Direct to APRA' software on the insurer's behalf, the insurer must:
 - (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
 - (b) retain the completed copy.
13. An officer, or agent, of an insurer who submits the information under this Reporting Standard for, or on behalf of, the insurer must be authorised by either:
 - (a) the Principal Executive Officer of the insurer; or
 - (b) the Chief Financial Officer of the insurer.

Variations

14. APRA may, by written notice to the insurer, vary the reporting requirements of Form GRF 114.1 in relation to that insurer.

Interpretation

15. In this Reporting Standard (including the attachments):
 - (a) unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard GPS 001 Definitions* (GPS 001); and
 - (b) ***Appointed Auditor*** means an auditor appointed under paragraph 39(1)(a) of the Insurance Act;

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. The Australian Reinsurance Pool Corporation is also an APRA-authorised reinsurer for the purposes of this definition;

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 insurer, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the insurer;

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;

Insurance Act means the *Insurance Act 1973*;

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

Note: In the forms and instructions, 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 principal executive officer of the insurer, by whatever name called, and whether or not he or she is a member of the governing board of the insurer; and

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

GRF_114_1: Assets by Counterparty Grade

Australian Business Number

Entity identifier, to be provided

Institution Name

Name of general insurer

Reporting Period

As at end of each quarter and as at financial year end

Scale Factor

Thousands of dollars no decimal place

Reporting Consolidation

Licensed insurer

| | Counterparty grade | | | | | | | Total (9) | |
|--|--------------------------------|------------------------|----------------|----------------|----------------|----------------|----------------|--------------|----------------|
| | Grade 1 (Government) (1) | Grade 1 (Other) (2) | Grade 2 (3) | Grade 3 (4) | Grade 4 (5) | Grade 5 (6) | Grade 6 (7) | | Grade 7 (8) |
| 1. Direct interest rate investments..... | | | | | | | | | |
| 2. Net loans and advances..... | | | | | | | | | |
| 3. Cash management trusts..... | | | | | | | | | |
| 4. Derivatives (positive position)..... | | | | | | | | | |
| 5. Cash and liquid assets..... | | | | | | | | | |
| 6. Investment income receivable..... | | | | | | | | | |
| 7. Net recoveries other than reinsurance receivable..... | | | | | | | | | |
| 8. Other receivables..... | | | | | | | | | |
| 9. Other assets..... | | | | | | | | | |

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| Net amount recoverable on reinsurance contracts from both | | | | | | | | | |
| 10. outstanding claims and paid | | | | | | | | | |
| claims..... | | | | | | | | | |
| 10.1. From APRA-authorized reinsurers..... | | | | | | | | | |
| 10.2. From non-APRA-authorized reinsurers except for amounts | | | | | | | | | |
| outstanding on and from second annual balance date after the | | | | | | | | | |
| event giving rise to the reinsurance | | | | | | | | | |
| recoverables..... | | | | | | | | | |
| | | | | | | | | | |
| 10.3. From non-APRA-authorized reinsurers that are amounts | | | | | | | | | |
| outstanding on and from second annual balance date after the | | | | | | | | | |
| event giving rise to the reinsurance | | | | | | | | | |
| recoverables..... | | | | | | | | | |
| | | | | | | | | | |
| 10.3.1. Of which supported by security arrangements in | | | | | | | | | |
| Australia..... | | | | | | | | | |
| | | | | | | | | | |
| 10.4. From non-APRA-authorized reinsurers that are overdue for | | | | | | | | | |
| more than 6 | | | | | | | | | |
| months..... | | | | | | | | | |
| 11. Deferred reinsurance expense..... | | | | | | | | | |
| 11.1. Relating to APRA-authorized reinsurers..... | | | | | | | | | |
| 11.2. Relating to non-APRA-authorized reinsurers..... | | | | | | | | | |
| 12. Net amount of other reinsurance assets receivable..... | | | | | | | | | |
| 12.1. From APRA-authorized reinsurers..... | | | | | | | | | |
| 12.2. From non-APRA-authorized reinsurers..... | | | | | | | | | |
| 13. Total..... | | | | | | | | | |

GRF_114_1: Assets by Counterparty Grade

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 are to correspond with those reported in: *GRF 114.4 Details of Investment Assets* (GRF 114.4) and *GRF 300.0 Statement of Financial Position* (GRF 300.0).

Counterparty grade

For each asset exposure, 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* and *Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge*.

Fair value

Assets backing insurance liabilities are to be reported at fair value.

Instructions for specific items

1. Direct interest rate investments

This is the value of debt securities held by the reporting insurer as at the relevant date, plus the value of deposits and placements that have been classified by the reporting insurer as assets backing insurance liabilities for statutory reporting purposes. A debt security is a transferable instrument evidencing a relationship of indebtedness. It is characterised by having a definable return that is not based on the economic performance of the issuing entity.

The total across the counterparty grades should correspond to Item 4 in Section 1 of GRF 114.4.

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 accounting standards other than "Trade receivables" and "Cash".

The total across the counterparty grades should correspond to Item 1 - Column 4 in Section 4 of GRF 114.4.

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 1.3 in Section 5 of GRF 114.4.

4. Derivatives

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

The total across the counterparty grades should correspond to Item 4 - 'Total Amount' Column in GRF 300.0.

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 - 'Total Amount' Column in GRF 300.0.

6. Investment income receivable

This is the value, as at the relevant date, of investment income that is receivable by the reporting insurer 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 - 'Total Amount' Column in GRF 300.0.

7. Net recoveries other than reinsurance receivable

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

This total across the counterparty grades should correspond to Item 2.2 - 'Total Amount' column in GRF 300.0.

8. Other receivables

This is the value, as at the relevant date, of receivables of the reporting insurer, corresponding to those collected under Item 2.8 of GRF 300.0.

9. Other assets

This is the value, as at the relevant date, of assets of the reporting insurer other than those specifically listed on 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 against the reporting insurer. Reinsurance recoverables are any amounts due to the reporting insurer 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).

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 reporting insurer from APRA-authorised reinsurers. 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 reporting insurer from non-APRA-authorised reinsurers 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 reporting insurer 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 reporting insurer from non-APRA-authorized reinsurers that are amounts outstanding on and from the second balance date after the financial year in which the event occurred, where there is collateral, a 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-authorized 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 reporting insurer from non-APRA-authorized reinsurers 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 insurer 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 *Australian Accounting Standard AASB 1023 General Insurance Contracts* (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.

It is automatically calculated as the sum of Items 11.1 and 11.2.

11.1. Relating to APRA-authorized reinsurers

This is the value of premiums ceded to APRA-authorized 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.

11.2. Relating to non-APRA-authorized reinsurers

This is the value of premiums ceded to non-APRA-authorized 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.

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 insurer that relates to reinsurance, other than those relating to reinsurance recoverables, being any amounts due to the reporting insurer 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.

It is automatically calculated as the sum of Items 12.1 and 12.2.

12.1. From APRA-authorized reinsurers

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting insurer that relates to reinsurance, from APRA-authorized reinsurers, other than those relating to: reinsurance recoverables, being any amounts due to the reporting insurer 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-authorized reinsurers

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting insurer that relates to reinsurance, from non-APRA-authorized reinsurers, other than those relating to: reinsurance recoverables, being any amounts due to the reporting insurer 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 of the assets classified into the counterparty grades in Columns 1 to 8.