



Reporting Standard GRS 114.3_G

Off-balance Sheet Business (Level 2 Insurance Group)

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 off-balance sheet business.

It includes *Form GRF 114.3 G Off-balance Sheet Business (G)* 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 114.3_G Off-balance Sheet Business (G)* (GRF 114.3_G) 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 30 June 2016. The parent entity of a Level 2 group is required to 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 Form GRF 114.3_G in respect of the Level 2 insurance group 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, 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* (GPS 310) 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) 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: 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. 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

10. 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 (AUASB) as may be amended from time to time, to the extent that they are not inconsistent with the requirements of GPS 310.
11. 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

12. When an officer, or agent, of a parent entity of a Level 2 insurance group 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.
13. If a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard through an agent who submits using the 'Direct to APRA' software, on the parent entity of the Level 2 insurance group's behalf, the parent entity of the Level 2 insurance group must:
 - (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
 - (b) retain the completed copy.
14. 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

15. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of Form GRF 114.3_G in relation to that Level 2 insurance group.

Transition

16. 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 the date of revocation of the old reporting standard; and
- (b) in relation to which the parent entity of the 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

17. In this Reporting Standard (including the attachments):
- (a) unless the contrary intention appears, words and expressions have the meanings given to them in GPS 001; and
 - (b) ***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 parent entity of the Level 2 insurance group, by whatever name called;

financial year means the financial year (within the meaning of 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 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 current principal executive officer of the entity, regardless of title, 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.

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Australian Business Number Entity identifier, to be provided

Institution Name Name of Level 2 insurance group

Reporting Period As at end of each half-year and as at financial year end

Scale Factor Thousands of dollars no decimal place

Reporting Consolidation Level 2 insurance group

	Australian business	International business	Inter-region elimination	Total business
1. Credit substitutes provided				
1.1 Total non-market related credit substitutes				
2. Charges granted				
2.1 Principal value of charges granted.....				
2.2 Outstanding value of charges granted.....				
2.3 Fair value of assets subject to charges granted.....				
3. Credit support received				
3.1 Eligible collateral provided to the Level 2 insurance group				
3.1.1 Total assets being supported by collateral.....				
3.1.2 Fair value of eligible collateral provided.....				
3.2 Guarantees or letters of credit provided to the Level 2 insurance group				
3.2.1 Total assets being supported by guarantees or letters of credit.				
3.2.2 Value of guarantees or letters of credit provided.....				

GRF_114_3_G Off-balance Sheet Business (G)

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

Instructions for specific items

1. Credit substitutes provided

1.1 Total non-market related credit substitutes

This is the value, as at the relevant date, of all credit substitutes that are not transacted in financial markets.

A credit substitute is any transaction that exposes the Level 2 insurance group to counterparty credit risk that is not a direct extension of credit. Counterparty credit risk is the risk that the counterparty to the transaction will not fulfil their obligations under the contract. A direct extension of credit is where the Level 2 insurance group provides funds or other on-balance sheet assets to the counterparty in the expectation that they will be repaid at some future date.

2. Charges granted

2.1. Principal value of charges granted

This is the principal or face value or amount of the charges or encumbrances given over the assets of the Level 2 insurance group.

2.2. Outstanding value of charges granted

This is the outstanding value of the charges or encumbrances, as at the reporting date, given over the assets of the Level 2 insurance group.

2.3. Fair value of assets subject to charges granted

This is the fair value of assets that are subject to charges or encumbrances given by the Level 2 insurance group.

3. Credit support received

3.1. Eligible collateral provided to the Level 2 insurance group

3.1.1 Total assets being supported by collateral

This is the fair value of the assets of the Level 2 insurance group that are supported by eligible collateral. Eligible collateral includes any form of security that supports the value of assets held by the Level 2 insurance group other than guarantees and letters of credit.

3.1.2 Fair value of eligible collateral provided

This is the fair value, as at the relevant date, of eligible collateral provided to the Level 2 insurance group. The fair value of the outstanding balance is to be reported where appropriate. Fair value is determined in accordance with the Australian Accounting Standards.

3.2. Guarantees or letters of credit provided to the Level 2 insurance group

3.2.1 Total assets being supported by guarantees or letters of credit

This is the fair value of the assets of the Level 2 insurance group that are supported by guarantees and standby letters of credit.

3.2.2 Value of guarantees or letters of credit provided

This is the value, as at the relevant date, of guarantees and standby letters of credit provided to the Level 2 insurance group to support its assets.