Reporting Standard GRS 114.1_G

Assets by Counterparty Grade (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 the breakdown of a Level 2 insurance group's assets by counterparty grade.

It includes *Form GRF 114.1_G Assets by Counterparty Grade (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 114.1_G Assets by Counterparty Grade (G)* (GRF 114.1_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~~1 July 2022. 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 114.1_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 114.1_G in relation to that Level 2 insurance group.

Interpretation

16. 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.

GRF_114_1_G: Assets by Counterparty Grade (G)

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

Section 1: Australian business

	Counterparty grade								Total
	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)	(9)
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									
10. Net amount recoverable on reinsurance contracts from both outstanding claims and paid claims									
10.1. From APRA-authorised reinsurers									
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									

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.....									
10.3.1. Of which supported by security arrangements in Australia.....									
10.4. From non-APRA-authorised reinsurers that are overdue for more than 6 months.....									
11. Deferred reinsurance expense.....									
11.1. Relating to APRA-authorised reinsurers.....									
11.2. Relating to non-APRA-authorised reinsurers.....									
12. Net amount of other reinsurance assets receivable.....									
12.1. From APRA-authorised reinsurers.....									
12.2. From non-APRA-authorised reinsurers.....									
13. Total.....									

Section 2: International business

	Counterparty grade								
	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)**	**Total (9)**
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.....									
10. Net amount recoverable on reinsurance contracts from both outstanding claims and paid claims.....									
11. Deferred reinsurance expense.....									
12. Net amount of other reinsurance assets receivable.....									
13. Total.....									

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 fom 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.