

Reporting Form GRF 300.0_G

Statement of Financial Position (Level 2 Insurance Group)

Instruction Guide

Introduction

GRF 300.0_G Statement of Financial Position (Level 2 Insurance Group) ([GRF 300.0_G](#)) provides APRA with the necessary information on assets, liabilities and capital to undertake an assessment of the Level 2 insurance group's financial position.

Audit requirements

The annual return of [GRF 300.0_G](#) ~~*GRF 300.0_G Statement of Financial Position (Level 2 Insurance Group)*~~ required under paragraphs 3 and 5(c) of *Reporting Standard GRS 300.0_G Statement of Financial Position (Level 2 Insurance Group)* ([GRS 300.0_G](#)) must be subject to a limited assurance¹ review by the Group Auditor (see *Prudential Standard GPS 311 Audit and Actuarial Reporting and Valuation: Level 2 Insurance Groups (GPS 311)*).

The Group Auditor must prepare a review report on the basis of a limited assurance engagement in accordance with the requirements of GPS 311. Assurance in the review report will be provided in the form of negative assurance. To express negative assurance in the review report, the auditor will use limited procedures to obtain sufficient appropriate evidence. Enquiries of the Level 2 insurance group's staff and analytical procedures will be the primary tools used to obtain evidence. These procedures will not provide all the evidence that would be required in an audit.

The scope and nature of audit testing required is outlined in the Standard on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Auditing and Assurance Standards Board.

Reporting entities

[GRF 300.0_G](#) ~~*GRF 300.0_G Statement of Financial Position (Level 2 Insurance Group)*~~ is to be completed by the parent entity of a Level 2 insurance group as defined under *Prudential Standard GPS 001 Definitions (GPS 001)*.

Consolidation at Level 2 should cover the Level 2 insurance group as defined under GPS 001.

¹ Limited assurance is defined in *Prudential Standard GPS 001 Definitions (GPS 001)*.

Unit of measurement

This form is to be presented in Australian dollars (AUD), rounded to thousands of dollars, with no decimal place.

Amounts denominated in foreign currency are to be converted to AUD in accordance with Australian accounting standards.

Transactions arising under foreign currency derivative contracts at the reporting date must be prepared in accordance with Australian accounting standards.

Reporting period

Level 2 insurance groups are required to report the information in the reporting form. This information is to be reported on three occasions in a Level 2 insurance group's financial year. A Level 2 insurance group is required to submit:

- semi-annual return which is to be completed in respect of each half year from the start of the financial year of the Level 2 insurance group; and
- an audited annual return which will be based on a limited assurance review by the Group Auditor (see Audit requirements).

The financial information requested in this form is to be reported as at the last day of the reporting period on a financial year to date basis of the Level 2 insurance group.

Reporting lag

Submission times for Level 2 reporting forms are as follows (in accordance with [GRS 300.0_G](#) ~~*GRS 300.0_G Statement of Financial Position*~~):

- The semi-annual return is to be lodged within three months after the end of the reporting period.
- The audited annual return is to be lodged within four months after the end of the reporting period.

Adjustments

The parent entity of a Level 2 insurance group may apply in writing to APRA to vary the reporting requirements of [GRF 300.0_G](#) ~~*GRF 300.0_G Statement of Financial Position (Level 2 Insurance Group)*~~ in relation to that Level 2 insurance group. APRA may, at its discretion, approve such an application in writing.

Basis of preparation

Level 2 insurance groups are requested to follow the Australian accounting standards, notably [Australian Accounting Standard AASB 1023 'General Insurance Contracts' \(AASB 1023\)](#), except where indicated otherwise in the instruction guide.

International business

Level 2 insurance groups are required to report financial data on both Australian and international exposures as defined in this form. ‘Australian Business’ is as defined in GPS 001 and means insurance business carried on by any Level 1 insurer within a Level 2 insurance group. ‘International Business’² is insurance business carried on by an entity within the group that is not authorised under the *Insurance Act 1973*.³ For the purposes of prudential reporting, all insurance business written by Level 1 insurers⁴ is deemed to be Australian business. This treatment is different to the requirements of Australian accounting standards and [AASB 1023](#)~~AASB 1023~~ *‘General Insurance Contracts’*.

For prudential reporting purposes ‘Level 1 Insurer’ is as defined in GPS 001.

For entities which are not insurers within the Level 2 insurance group, items should be reported as:

- “Australian business” when they relate to an entity incorporated in Australia; and
- “International business” where they related to an entity incorporated outside of Australia.

Capturing information that distinguishes between ‘Australian business’ and aggregated ‘international business’, will ensure APRA receives enough data to enable it to effectively assess the capital adequacy and financial performance of the entire group. This form captures the total of the international exposures across all regions for each line item. This includes any cash or investments from international business as well as outstanding claims liabilities and premiums liabilities from international business.

~~Data on international exposures will be collected within the following forms according to regions defined by the Level 2 insurance group:~~

- ~~• GRF 210.0_G Outstanding Claims Liability Insurance Risk Charge (Level 2 Insurance Group);~~
- ~~• GRF 210.1_G Premiums Liabilities Insurance Risk Charge (Level 2 Insurance Group);~~
- ~~• GRF 302.0_G Statement of Financial Position by Region (Level 2 Insurance Group); and~~
- ~~• GRF 310.0_G Income Statement (Level 2 Insurance Group).~~

² See GPS 001.

³ For the purposes of prudential reporting, Lloyd’s syndicates are to be reported as international business.

⁴ Level 1 insurer means an individual insurer that is authorised under the Act and is part of a Level 2 insurance group. See GPS 001.

Tax Effect Accounting/Adjustments

The treatment of tax effect accounting items in this form must be in accordance with the treatment adopted under Australian accounting standards.

Definition of insurance business

For Australian business, report insurance business as per APRA-authorized insurer reporting. For international business, only report insurance business deemed to be general insurance business.

Limited Risk Transfer Arrangements

For Australian business a Limited Risk Transfer Arrangement that is approved by APRA as a reinsurance arrangement must be treated accordingly by the Level 2 insurance group for prudential purposes. A Limited Risk Transfer Arrangement that is approved by APRA must be accounted for by the Level 2 insurance group so that the arrangement will not misrepresent, or is not designed to disguise, a material risk to the Level 2 insurance group's current or continuing profitability, solvency or capital adequacy from any party.

The terms and conditions of the financing arrangement will determine the appropriate accounting treatment for prudential purposes.

Where APRA determines that a Limited Risk Transfer Arrangement is to be treated as a financing arrangement, the Level 2 insurance group must not treat the arrangement as reinsurance for the purpose of determining the minimum capital requirement under *Prudential Standard GPS 111 Capital Adequacy: Level 2 Insurance groups (GPS 111)* or as reinsurance for any other purpose.

For international business, while APRA will not be approving the arrangements, APRA expects the Level 2 insurance group to account for a Limited Risk Transfer Arrangement in a manner consistent with APRA's expectations under *Prudential Standard GPS 221 Risk Management: Level 2 Insurance Groups (GPS 221)*.

Materiality

~~GRF 300.0~~ ~~G~~ ~~GRF 300.0~~ ~~G~~ ~~Statement of Financial Position (Level 2 Insurance Group)~~ is to be prepared based on the concept of materiality as applied in Australian accounting standards subject to APRA's discretion. APRA's discretion is likely to apply in instances where the application of materiality criteria is not suitable for prudential reporting purposes.

Acquisitions

Subject to APRA's approval, acquisitions may be reported as an investment (for a temporary period of time). This treatment differs to the requirements of Australian accounting standards.

Reinsurance

The applicable investment risk charges relating to reinsurance assets are calculated in *GRF 301.0_G Reinsurance Assets and Risk Charge (Level 2 Insurance Group)*.

Fair value measurement of assets

The measurement of assets is to follow [AASB 1023](#) ~~AASB 1023~~ *‘General Insurance Contracts’* and other Australian accounting standards. Unlike at Level 1, APRA will accept the notion of assets backing insurance liabilities for the Level 2 insurance group, provided these assets represent all assets controlled and managed by the group to support insurance liabilities. Investments backing general insurance liabilities must be measured at fair value.⁵

Fair value of charged/encumbered assets

If an asset is in any way subject to a charge, covenant, encumbrance, option to purchase or any other arrangement by way of agreement or statute, that restricts the fair value of the asset, the value attached to the asset needs to reflect the existence of these arrangements. For example, if the Level 2 insurance group has agreed to deliver an asset to a purchaser at a price below the arms length value, the value attached to the asset cannot exceed the agreed price.

Netting

Unless otherwise specifically stated, net amounts are to be reported in accordance with Australian accounting standards.

Term to maturity

Reference to term to maturity refers to residual term to maturity not original term to maturity.

Related party disclosure

‘Related party’ or ‘Related parties’, where used in these instructions and the related form is to be taken to have the same meaning as contained in Australian accounting standards.

Investment Capital Factor %

This column for each asset discloses the appropriate investment capital factor for the asset type in accordance with GPS 111.

⁵ At Level 1 APRA requires that investments to which the notion of activities integral to insurance operations is applied must be measured at fair value for regulatory reporting purposes. This refers to investments that are controlled by the Level 1 insurer in the conduct of its general insurance activities. Therefore, the value of the investments reported in the Level 1 form may or may not equate to the value of investments deemed to be assets backing insurance liabilities at Level 2.

Investment Risk Charge

This column for each asset will calculate the appropriate investment risk charge in accordance with GPS 111.

Specific instructions

This form is to be completed by separating out 'Australian business' and aggregate 'International business'. The total business for the group will be the sum of the Australian business, aggregate international business and inter-region eliminations.

Amounts reported for Australia and other regions should be reported on the basis that these entities (or regions) are separate from the group before consolidation.

The assets and liabilities forming part of the Statement of Financial Position are to be presented on a liquidity basis, in line with the requirements for the use of that option under Australian accounting standards.

Probability of sufficiency

Report the probability of sufficiency of net outstanding claims liabilities.

Inter-region elimination

The value of inter-region transactions, which are eliminated on consolidation, need to be reported as negative values under 'Inter-region elimination'.

Total business

The total business for each line item will be automatically ~~be~~-calculated by the form and represents the sum of the Australian business, aggregate international business and inter-region eliminations.

Assets

Assets are to be interpreted in accordance with the meaning provided under Australian accounting standards.

1.0 Total Cash and Liquid Assets

This reporting item should be brought to account at the carrying value or the gross value of the outstanding balance where appropriate. Interest is taken to *GRF 310.0_G Income Statement (Level 2 Insurance Group)* when earned.

Total Cash and Liquid Assets include Notes and coins, Money at short call, and Securities purchased under agreements to resell. Money at short call and Securities purchased under agreements to resell are reported in items 1.2 through to 1.6 on the form.

Notes and coins includes Australian and foreign currency notes and coins of the Level 2 insurance group. Notes and coins in transit between any branches or offices of the Level 2 insurance group should be reported.

Money at short call includes deposits available on demand (11am accounts, money market or 24-hour money), that are used by the Level 2 insurance group for daily liquidity/operations.

Do not include any deposits at call that are managed as part of the Level 2 insurance group's investments. These are to be included in item 2 ~~‘Investments’~~.

Do not include bank overdraft balances; these are to be included in item ~~19.02.4~~ **Loans and advances**.

Securities purchased under agreements to resell have the same meaning as contained in Australian accounting standards.

Where the transferee of the securities effectively receives a lenders rate of return (i.e. the underlying risks and rewards of ownership of the underlying securities is not effectively transferred), these transactions are to be accounted for as collateralised borrowing activities (treating securities borrowing as on balance sheet exposures).

Under this method of accounting, the following treatment is to be applied:

- The securities lending transaction is to be recognised in accordance with Australian accounting standards as the asset ‘Securities purchased under agreements to resell’ included in items 1.1 to 1.6 on the form. Securities purchased under agreements to resell, represents the receivable due from counterparties from whom the securities have been borrowed and with whom cash has been lodged; and
- The Level 2 insurance group's investment securities reported on the balance sheet are not affected (i.e. increased or decreased by the securities purchased under agreements to resell).

Total cash and liquid assets which represent:

Total cash and liquid assets reported above is to be allocated according to the counterparty/asset rating grades set out below and on the form, which are detailed in *Prudential Standard GPS 114 Capital Adequacy: Investment Risk Capital Charge (GPS 114)*. The investment risk charge will be calculated according to GPS 111 and the applicable rating grades listed in GPS 114.

The total for cash and liquid assets is calculated automatically by the form and represents the sum of items 1.1 to 1.5.

1.1 Notes and coins

Of the total cash and liquid assets, disclose the aggregate balance that represents only notes and coins, as defined above.

1.2 Debt obligation with counterparty rating grade of 1 or 2

Of the total cash and liquid assets, disclose the aggregate balance, which represents funds invested with a counterparty that has a rating grade of 1 or 2.

1.3 Debt obligation with counterparty rating grade of 3

Of the total cash and liquid assets, disclose the aggregate balance, which represents funds invested with a counterparty that has a rating grade of 3.

1.4 Debt obligation with counterparty rating grade of 4

Of the total cash and liquid assets, disclose the aggregate balance, which represents funds invested with a counterparty that has a rating grade of 4.

1.5 Debt obligation with counterparty rating grade of 5

Of the total cash and liquid assets, disclose the aggregate balance, which represents funds invested with a counterparty that has a rating grade of 5.

1.6 Investments with related parties of the Level 2 insurance group

Of the total cash and liquid assets, report the balance held by related parties of the Level 2 insurance group (i.e. cash and liquid assets held by related parties that are not part of the Level 2 insurance group).

2.0 Investments

Investments backing the group's insurance liabilities must be measured at fair value in accordance with Australian accounting standards.

2.1 Direct interest rate holdings

The total for 'Direct interest rate holdings' is calculated automatically by the form and represents the sum of items 2.1.1, 2.1.2 and 2.1.3.

2.1.1 Government securities

The total for 'Government securities' is calculated automatically by the form and represents the sum of items 2.1.1.1 to 2.1.1.3.

2.1.1.1 Australian Commonwealth government

Report government securities held by the Level 2 insurance group.

Include:

- Treasury notes; and
- Treasury bonds.

Exclude:

- Government trading enterprises;
- Departments of the ACT and Northern Territory Governments (record as *Other Australian Government (State, territory & local)*); and
- Reserve Bank of Australia and Commonwealth Government financial institutions such as AIDC and EFIC.

2.1.1.2 Other Australian government (State, territory & local)

Report other Australian government securities held by the Level 2 insurance group.

2.1.1.3 National government of a foreign country where the security has a grade 1 rating or the country's long term foreign currency rating is grade 1

Report foreign government securities held by the Level 2 insurance group. Refer to GPS 114 for further information on classification of ratings grades.

2.1.2 Total direct debt holdings classified into the following (excluding government issued securities that are risk weighted above):

Include:

- Deposits or placements (i.e. money market type deposits/placements);
- Bills of Exchange (bank-accepted bills of exchange and other);
- Certificates of deposits;
- Commercial paper and promissory notes issued by banks and ADIs; general insurance corporations; securitisers; private trading corporations; registered financial corporations; Australian Commonwealth government corporations; other; and
- Any other form of debt investment that is not included above under item 2.1.1 ~~'government securities'~~.

Exclude:

- Subordinated debt.

The total for item 2.2 is calculated automatically by the form and represents the sum of items 2.1.2.1 to 2.1.2.7.

Separate 'Direct debt holdings' into the following:

2.1.2.1 Debt obligations with a rating grade of 1 that mature or are redeemable in less than 1 year.

2.1.2.2 Debt obligations with a rating grade of 1 that mature or are redeemable in 1 year or more.

2.1.2.3 Debt obligations with a rating grade of 2 that mature or are redeemable in less than 1 year.

2.1.2.4 Debt obligations with a rating grade of 2 that mature or are redeemable in 1 year or more.

2.1.2.5 Debt obligations with a rating grade of 3.

Include current and non-current debt obligations with a rating grade of 3.

2.1.2.6 Debt obligations with a rating grade of 4.

Include current and non-current debt obligations with a rating grade of 4.

2.1.2.7 Debt obligations with a rating grade of 5.

Include current and non-current debt obligations with a rating grade of 5.

Refer to GPS 114 for further information on classification of rating grades.

2.1.3 Subordinated debt

Subordinated debt has the same meaning as in GPS 114. Subordinated debt is any debt instrument issued by a company (whether Australian or foreign) that constitutes debt subordination within the meaning of subsection 563C (2) of the Corporations Act but with the references in the subsection to 'Company' to be read as including foreign corporations. This definition does not apply to debt instruments issued by an SPV set up for the purpose of securitising an asset or a pool of assets. Any debt instruments issued by such an SPV are to be treated as ordinary debt instruments with the Investment Risk Capital Charge applied according to the issue-specific counterparty rating.

For the purposes of calculating the investment risk charge, under GPS 111 subordinated debt instruments are treated differently to equities instruments. Report the fair value of subordinated debt securities that are held directly by the Level 2 insurance group in this section. Where subordinated debts are indirectly held these are to be reported under item 2.5 ~~Investments—indirectly held by the Group~~ in this form.

The total for 'Subordinated debt' is calculated automatically by the form and represents the sum of item 2.1.3.1 and item 2.1.3.2.

2.1.3.1 Listed subordinated debt

Report the amount of subordinated debt listed on a recognised exchange.

2.1.3.2 Unlisted subordinated debt

Report the amount of unlisted subordinated debt, including any amounts of subordinated debt listed on an exchange that is not a recognised exchange.

2.2 Direct equity holdings

For the purposes of calculating the appropriate investment risk charge, units in listed or unlisted trusts (e.g. property trusts) are to be included in 2.5 below.

Total 'Direct equity holdings' is calculated automatically by the form and represents the sum of item 2.2.1 and item 2.2.2.

2.2.1 Total listed equity securities related to GRF 141.0_G

Report the fair value of equity securities that are listed on a recognised exchange and held directly by the ~~insurer~~ Level 2 insurance group. This value should correspond to that reported in item 1.1 'Total listed equities – Direct holdings' of *GRF 141.0_G Listed Equity Holdings and Risk Charge (Level 2 Insurance Group)* (GRF 141.0 G).

Listed equities include:

- Preference shares; and
- Securities (stock) lent or sold under repurchase agreements.

Exclude:

- Rights, options and warrants over listed equities. Include these as Financial Derivatives on *GRF 110.0_G Minimum Capital Requirement (Level 2 Insurance Group)* (GRF 110.0 G) under 'Derivative Activity and Risk Charge' but taken into account in calculating the derivative position;
- Securities borrowed or purchased under resale agreements;
- Subordinated Debt instruments. Such instruments are to be reported under item 2.1.3 in this form; and
- Units in listed unit trusts. Where the ~~insurer~~ Level 2 insurance group has elected not to apply the look-through basis for the unit trust then report the amount in item 2.5.1 of this form. However, where the ~~insurer~~ Level 2 insurance group elects to apply the look-through basis for the unit trust, then the list equity look-through amount is to be reported in item 1.2 'Total listed equities – Indirectly Held – 'Look-through basis'' of GRF 141.0 G ~~*GRF 141.0_G Listed Equity Holdings and Risk Charge (Level 2 Insurance Group)*~~.

Note: in this section do not include units in listed or unlisted trusts as the investment capital charge calculated here is for equity investment securities only.

2.2.2 Total unlisted equity securities

Report the amount of unlisted equity securities at fair value that are held directly, including the amounts of equity securities at fair value that are listed on

an exchange that is not a recognized exchange. To avoid double counting, items reported under [item 2.2.2](#) ~~'Total unlisted equity securities'~~ should *not* be reported again under item 2.6 ~~'Investments in related entities'~~.

Include:

- Equity in unlisted companies, domestic and overseas; and
- Securities (stock) lent or sold under repurchase agreements, where the transaction does not effectively result in the transfer of the rights of ownership of the securities.

Exclude:

- Options and warrants, include these as Financial Derivatives on [GRF 110.0](#) ~~G~~ ~~GRF 110.0_G Minimum Capital Requirement (Level 2 Insurance Group)~~ under 'Derivative Activity and Risk Charge';
- Securities borrowed or purchased under resale agreements, where the transaction does not effectively result in the transfer of the rights of ownership of the securities; and
- Subordinated Debt instruments. Such instruments are to be reported under item 2.1.3.2 in this form.
- Do not include unlisted units in investment vehicles such as property trusts. Include these under 2.5 of this form.

2.3 Direct property holdings – [Total direct property investments](#)

All direct property assets (direct investment/ownership in freehold or leasehold real estate) are to be reported under this section regardless of whether classified as investment property or owner occupied property under Australian accounting standards.

The recognition and measurement of direct property assets must be in accordance with Australian accounting standards with the exception of owner occupied property for which the revaluation option under [Australian Accounting Standard AASB 116 'Property, Plant and Equipment' \(AASB 116\)](#) is mandatory for prudential reporting even though this is not a requirement of Australian accounting standards.

The following property exposures are not to be reported on this item, but in item 2.5 ~~'Investments – indirectly held by the group'~~:

- Holding in listed property trusts
Indirect ownership of physical real estate. Units are listed and traded on the primary board of a recognised exchange.
- Holding in unlisted property trusts

Indirect ownership of physical real estate. Units are not listed or are traded on an exchange that is not a recognised exchange.

2.4 Loans and advances

Loans and advances [provided by the Level 2 insurance group](#) are treated for the purposes of this return as investments of the Level 2 insurance group.

Generally include:

- Overdrafts and revolving credit facilities;
- Financial lease agreements;
- Term loans;
- Mortgage lending;
- Commercial loans;
- Equity participation in leveraged leases;
- Subordinated loans; and
- Secured and unsecured lending.

Total 'Loans and advances' is calculated automatically by the form and represents the sum of items 2.4.1.1 to 2.4.1.7.

2.4.1 Total loans and advances which can be classified into the following:

Disclose the aggregate value of the outstanding loans and advances classified into the following:

2.4.1.1 Loans and advances with a rating grade of 1 that mature or are redeemable in less than 1 year

2.4.1.2 Loans and advances with a rating grade of 1 that mature or are redeemable in 1 year or more

2.4.1.3 Loans and advances with a rating grade of 2 that mature or are redeemable in less than 1 year

2.4.1.4 Loans and advances with a rating grade of 2 that mature or are redeemable in 1 year or more

2.4.1.5 Loans and advances with a rating grade of 3

Include current and non-current loans and advances with a rating grade of 3.

2.4.1.6 Loans and advances with a rating grade of 4

Include current and non-current loans and advances rating grade of 4.

2.4.1.7 Loans and advances with a rating grade of 5

Include current and non-current loans and advances with a rating grade of 5.
Refer to GPS 114 for further information on classification of rating grades.

2.4.2 Total loans and advances which can be classified into the following:

2.4.2.1 Loans and advances to directors of the reporting group ~~and/or~~ directors of related parties of the Level 2 insurance group.

Of the total loans and advances of the Level 2 insurance group, disclose loans and advances issued to Directors of the reporting group or Directors of related parties.

Loans of this nature attract an investment risk charge of 100 per cent in accordance with GPS 111.

2.4.2.2 Rebate (loans and advances to directors of the reporting group ~~and/or~~ directors of related parties of the Level 2 insurance group).

This reporting line effectively calculates the rebate of the investment risk charge calculated on item 2.4.2.1 of this form. This is required to ensure that the total Investment risk charge on item 2.4.2.1 does not exceed 100 per cent in total.

In this line item, the appropriate Investment Capital Factor that has been levied on the value of loans to directors and or directors of related parties of the Level 2 insurance group (i.e. the value of item 2.4.2.1) has been determined in accordance with GPS 114 (as read with GPS 111). The form will automatically calculate the appropriate Investment Risk Charge rebate in the column headed 'Investment Risk Charge'.

2.4.2.3 Unsecured loans to employees that exceed \$1,000 individually

Of the total loans and advances reported on this form, disclose unsecured loans and advances issued to employees of the Level 2 insurance group that are individually greater than \$1,000.

For this purpose, related parties has the same meaning as set out above.

Loans of this nature attract an investment risk charge of 100 per cent in accordance with GPS 111.

2.4.2.4 Rebate (unsecured loans to employees that exceed \$1,000 individually)

This reporting line effectively calculates the rebate of the investment risk charge calculated on item 2.4.2.3 of this form. This is required to ensure that the total Investment risk charge on item 2.4.2.3 does not exceed 100 per cent in total.

In this line item, the appropriate Investment Capital Factor that has been levied on the value of unsecured loans to employees that exceed \$1,000 individually (i.e. the value of item 2.4.2.3) has been determined in accordance with GPS 114 (as read with GPS 111). The form will automatically calculate the appropriate Investment Risk Charge rebate in the column headed 'Investment Risk Charge'.

2.5 Investments - indirectly held by the group

This section of the reporting form requires Level 2 insurance groups to report the value of their holdings in investment vehicles. These typically will include holdings in the following:

- Individually managed mandates;
- Units in wholesale trusts;
- Units in retail/public offer unit trusts;
- Managed investment schemes; and
- Cash management trusts.

Do not include in these items the value of investments in related entities that are to be reported under item 2.6 of this form.

Total 'Investments – indirectly held by the group' is calculated automatically by the form and represents the sum of items 2.5.1.1 to 2.5.7.

Look-through basis

GPS 111 allows the ~~insurer~~ [Level 2 insurance group](#) to apply the Investment Capital Factors to the underlying assets of the trust rather than to the overall value of its holdings in the trust. This is known as the 'look-through' basis. This treatment is different to the requirements of Australian accounting standards. For assets of an insurance group held under a trust (other than a cash management trust), the Level 2 insurance group may apply the Investment Capital Factors applicable to the underlying assets (including derivatives) of the trust, if the Level 2 insurance group has information on the underlying assets.

APRA may require a Level 2 insurance group to apply different investment capital factors to different components of a hybrid instrument (with both equity and debt features such as embedded derivatives).

Where the Level 2 insurance group has elected to apply the look-through basis to calculate the investment risk capital charge and the underlying assets of the trust includes listed equities, then the investment capital charge associated with the Level 2 insurance group's share of the listed equities are to be calculated in [GRF 141.0](#) ~~*GRF 141.0_G Listed Equity Holdings and Risk Charge (Level 2 Insurance Group)*~~.

2.5.1 Listed trusts (excluding CMT) - 'without look-through'

Disclose the aggregate value of the investments in listed trusts.

Note: do not include holdings of cash management trusts. These are to be disclosed on the form under items 2.5.3 to 2.5.6.

Also do not include holdings in a trust where the ~~insurer~~ [Level 2 insurance group](#) has chosen to apply the look-through basis. For the purposes of calculating the investment risk capital charge, a ~~insurer~~ [Level 2 insurance group](#) may look-through the trust to its underlying asset where it has sufficient information to identify the underlying assets of the trust. The ~~insurer's~~ [Level 2 insurance group's](#) share of the underlying assets of the trust is to be reported under item 2.5.7 of this form per type of asset.

2.5.2 Unlisted trusts (excluding CMT) - 'without look-through'

Disclose the aggregate value of the holdings that constitute investments in unlisted trusts.

Note: do not include holdings of cash management trusts. These are to be disclosed on the form under items 2.5.3 to 2.5.6.

Also do not include holdings in a trust where the [Level 2 insurance group](#) ~~insurer~~ has chosen to apply the look-through basis. Where the look-through basis is used, the [Level 2 insurance group's](#) ~~insurer's~~ share of the underlying assets of the trust is to be reported under item 2.5.7 of this form per type of asset.

2.5.3 Cash management trusts with ~~prudential~~ [a](#) rating of grade 1 or 2

List the aggregate value of holdings in investment vehicles, which constitute cash management trusts that have a rating of grade 1 or 2. Refer to GPS 114 for details on counterparty rating grades.

2.5.4 Cash management trusts with ~~prudential~~ [a](#) rating of grade 3

List the aggregate value of holdings in investment vehicles, which constitute cash management trusts that have a rating of grade 3. Refer to GPS 114 for details on counterparty rating grades.

2.5.5 Cash management trusts with ~~prudential~~a rating of grade 4

List the aggregate value of holdings in investment vehicles, which constitute cash management trusts that have a rating of grade 4. Refer to GPS 114 for details on counterparty rating grades.

2.5.6 Cash management trusts with ~~prudential~~a rating of grade 5

List the aggregate value of holdings in investment vehicles, which constitute cash management trusts that have a rating of grade 5. Refer to GPS 114 for details on counterparty rating grades.

2.5.7 Unit trusts (excluding CMT) on a look-through basis

If the Level 2 insurance group~~insurer~~ has sufficient information on the underlying assets of the trust, the Level 2 insurance group~~insurer~~ may apply the relevant Investment Capital Factors to the underlying assets of that trust rather than apply the Investment Capital Factors on the aggregate value of the trust.

Record the fair value of the Level 2 insurance group's share in the underlying assets according to the type of the asset as detailed in GPS 114.

Column	Asset	Investment Capital Factor
2.5.7.1	<p>Assets with an investment risk charge of 0.5%:</p> <ul style="list-style-type: none"> • Cash (notes and coins) • Debt obligations of: <ul style="list-style-type: none"> • the Commonwealth Government; • an Australian State or Territory government; or • the national government of a foreign country where: <ul style="list-style-type: none"> – the security has a Grade 1 counterparty rating; or, if not rated, – the long-term, foreign currency counterparty rating of that country is Grade 1 • Assets in respect of anticipated recoveries from the Commonwealth Government or from an Australian State or Territory government • GST receivables (input tax credits) 	0.5%
2.5.7.2	<p>Assets with an investment risk charge of 1%:</p> <ul style="list-style-type: none"> • Any debt obligation that matures or is redeemable in less than one year with a counterparty rating of Grade 1 or 2 (excluding subordinated debt and debt obligations of government dealt with specifically in this Table) • Cash management trusts with a counterparty rating of Grade 1 or 2 	1%
2.5.7.3	<p>Assets with an investment risk charge of 2%:</p> <ul style="list-style-type: none"> • Any other debt obligation (that matures or is redeemable in one year or more) with a counterparty rating of Grade 1 or 2 (excluding subordinated debt and debt obligations of government dealt with specifically in this Table) 	2%
2.5.7.4	<p>Assets with an investment risk charge of 4%:</p> <ul style="list-style-type: none"> • Any other debt obligation with a counterparty rating of Grade 3 (excluding subordinated debt) • Cash management trusts with a counterparty rating of Grade 3 	4%

Column	Asset	Investment Capital Factor
2.5.7.5	Assets with an investment risk charge of 6%: <ul style="list-style-type: none"> Any other debt obligation with a counterparty rating of Grade 4 (excluding subordinated debt) Cash management trusts with a counterparty rating of Grade 4 	6%
2.5.7.6	Assets with an investment risk charge of 8%: <ul style="list-style-type: none"> Any other debt obligation with a counterparty rating of Grade 5 (excluding unlisted subordinated debt) Cash management trusts with a counterparty rating of Grade 5 Listed subordinated debt 	8%
2.5.7.7	Assets with an investment risk charge of 10%: <ul style="list-style-type: none"> Unlisted subordinated debt 	10%
2.5.7.8	Listed Equity: <ul style="list-style-type: none"> Listed equity instruments <p>Report all equity securities at fair value. Include:</p> <ul style="list-style-type: none"> Equity in listed companies, domestic and overseas; and Securities (stock) lent or sold under repurchase agreements, where the transaction does not effectively result in the transfer of the rights of ownership of the securities. <p>Exclude:</p> <ul style="list-style-type: none"> Options and warrants, include these as Financial Derivatives on <i>GRF 110.0 Minimum Capital Requirement (Level 2 Insurance Group)</i> under 'Derivatives Activity and Risk Charge'; and Securities borrowed or purchased under resale agreements, where the transaction does not effectively result in the transfer of the rights of ownership of the securities. 	N/A – see <i>GRF 141.0_G Listed Equity Holding and Risk Charge (Level 2 Insurance Group)s</i>
2.5.7.9	Unlisted Equity: <ul style="list-style-type: none"> Unlisted equity instruments <p>Report all equity securities at fair value. Include:</p> <ul style="list-style-type: none"> Equity in unlisted companies, domestic and overseas; and Securities (stock) lent or sold under repurchase agreements, where the transaction does not effectively result in the transfer of the rights of ownership of the securities. <p>Exclude:</p> <ul style="list-style-type: none"> Options and warrants, include these as Financial Derivatives on <i>GRF 110.0_G Minimum Capital Requirement (Level 2 Insurance Group)</i> under 'Derivatives Activity and Risk Charge'; and Securities borrowed or purchased under resale agreements, where the transaction does not effectively result in the transfer of the rights of ownership of the securities. 	20%
2.5.7.10	Listed Property: <ul style="list-style-type: none"> Listed Property trusts 	16%
2.5.7.11	Unlisted Property: <ul style="list-style-type: none"> Direct holdings of real estate Unlisted Property trusts 	20%
2.5.7.12	Other – Listed: Other assets not assigned an Investment Capital Factor elsewhere in this Table (other than hybrid instruments with both equity and debt features – refer to Attachment A of GPS 114)	16%
2.5.7.13	Other - Unlisted: Other assets not assigned an Investment Capital Factor elsewhere in this Table (other than hybrid instruments with both equity and debt features – refer to Attachment A of GPS 114)	20%

Total 'Unit trusts (excluding CMT) on a look-through basis' is calculated automatically by the form and represents the sum of items 2.5.7.1 to 2.5.7.13.

2.6 Investments in related entities

Report the value of investments in the following related parties of the Level 2 insurance group:

2.6.1 Parent entity

Report the carrying value of investments held by the Level 2 insurance group in the group's parent entity.⁶ The holding of these investments by the Level 2 insurance group does not constitute control of the parent entity under Australian accounting standards.

2.6.2 Associates

Report the carrying value of the investments in associates measured in accordance with Australian accounting standards.

2.6.3 Joint ventures

Report the carrying value of the investments in joint ventures measured in accordance with Australian accounting standards.

2.6.4 Non-consolidated subsidiaries

Report the carrying value of equity investments in entities that are consolidated per Australian accounting standard requirements but are treated as non-consolidated subsidiaries of the Level 2 insurance group for prudential reporting purposes. The equity method of accounting is to be applied to the measurement of the value of non-consolidated subsidiaries.

2.6.5 Other

Report the carrying value of any other related party investments not included above, measured in accordance with Australian accounting standards.

2.6.6 Total investments in related entities

This is automatically calculated by the form and represents the sum of items 2.6.1 to 2.6.5.

[The component of items 2.6.1, 2.6.2, 2.6.3 and 2.6.5 which comprises:](#)

[The total of items 2.6.1, 2.6.2, 2.6.3 and 2.6.5 reported above is to be allocated](#)

⁶ Parent entity in this context differs from that defined in GPS 001. It refers to a parent entity that may sit above the Level 2 insurance group.

according to the items below. The investment risk charge will be calculated according to GPS 111 and the applicable rating grades listed in GPS 114.

2.6.6.1 Listed equity instruments or units in listed trusts

Report the amounts of investments in related parties relating to items 2.6.1, 2.6.2, 2.6.3 and 2.6.5 which are listed equity instruments or units in listed trusts. This amount is subject to a risk charge.

2.6.6.1.1 The component of the value of investments in listed equity instruments or units in listed trusts, which represents purchased goodwill and other intangible assets (i.e. book value less value of identifiable net tangible assets)

Goodwill and any other intangible assets are to be recognised as specified in paragraph 25 of *Prudential Standard GPS 112 Capital Adequacy: Measurement of capital (GPS 112)*. Goodwill will be deducted from Total Tier 1 capital on *GRF 120.0 G Determination of Capital Base (Level 2 Insurance Group) (GRF 120.0 G)* and as such this item receives a credit for the risk charge calculated in 2.6.6.1.

2.6.6.1.2 The component of the value of investments in listed equity instruments or units in listed trusts, which represents identifiable net tangible assets (i.e. book value less value of purchased goodwill net of impairment losses and identifiable intangible assets)

This represents item 2.6.6.1 less 2.6.6.1.1.

2.6.6.2 Unlisted equity instruments or units in unlisted trusts

Report the amounts of investments in related parties relating to items 2.6.1, 2.6.2, 2.6.3 and 2.6.5 which are unlisted equity instruments or units in unlisted trusts. This amount is subject to a risk charge.

2.6.6.2.1 The component of the value of investments in unlisted equity instruments or units in unlisted trusts, which represents purchased goodwill and other intangible assets (i.e. book value less value of identifiable net tangible assets)

Goodwill and any other intangible assets are to be recognised as specified in paragraph 25 of GPS 112. Goodwill will be deducted from Total Tier 1 capital on GRF 120.0 G and as such this item receives a credit for the risk charge calculated in 2.6.6.2.

2.6.6.2.2 The component of the value of investments in unlisted equity instruments or units in unlisted trusts, which represents identifiable net tangible assets (i.e. book value less value of purchased goodwill net of impairment losses and identifiable intangible assets)

This represents item 2.6.6.2 less 2.6.6.2.1.

2.6.6.3 Other

Report any other amounts of investments in related parties relating to items 2.6.1, 2.6.2, 2.6.3 and 2.6.5 which have not already been reported in items 2.6.6.1 or 2.6.6.2

2.6.6.3.1 The component of the value of investments in Other, which represents purchased goodwill and other intangible assets (i.e. book value less value of identifiable net tangible assets)

Goodwill and any other intangible assets are to be recognised as specified in paragraph 25 of GPS 112. Goodwill will be deducted from Total Tier 1 capital on GRF 120.0_G and as such this item receives a credit for the risk charge calculated in 2.6.6.3.

2.6.6.3.2 The component of the value of investments Other, which represents identifiable net tangible assets (i.e. book value less value of purchased goodwill net of impairment losses and identifiable intangible assets)

This represents item 2.6.6.3 less 2.6.6.3.1.

Investments in related entities which comprise of:

~~Where applicable to section 2.6.6 'Total investments in related entities', record the value of goodwill associated with the acquisition of the assets of entities other than entities of a Level 2 insurance group that have been consolidated. This value should be recognised and measured in accordance with Australian accounting standards.~~

~~2.6.6.1~~ 2.6.6.4 Value of goodwill (and other intangible assets) in relation to non-consolidated subsidiaries

Of the value of non-consolidated subsidiaries reported in item 2.6.4, report the component that represents the value of goodwill and other intangible assets (i.e. current value less value of identifiable net tangible assets).

~~2.6.6.2~~ 2.6.6.5 Total other investments, which are investments in general insurance entities / business

Disclose the value of investments in related entities, which are investments in a general insurance entity or an entity that carries on a general insurance business. These values may include goodwill and other intangible assets. The value of goodwill (and other intangibles) must be deducted from capital in GRF 120.0_G ~~GRF 120.0_G Determination of Capital Base (Level 2 Insurance Group)~~.

2.7 Total investments

This is automatically calculated by the form and represents the sum of items 2.1 ~~'Direct interest rate holdings'~~, 2.2 ~~'Direct equity holdings'~~, 2.3 ~~'Direct property~~

~~holdings~~², 2.4 ~~‘Loans and advances’~~, 2.5 ~~‘Investments — Indirectly held by the group’~~ and 2.6.6 ~~‘Total investments in related entities’~~.

3.0 Receivables

3.1 Total investment income receivable

Report the total of investment income that is receivable. Investment income receivable will include items such as interest, dividends, rental income, trust distributions accrued but not yet received.

Total investment income receivable from counterparties/assets with rating of:

Total investment income receivable reported above is to be allocated according to the counterparty/asset rating grades set out below and on the form. The investment risk charge will be calculated according to GPS 111 and the applicable rating grades listed in GPS 114.

Total investment income receivable is automatically calculated by the form and represents the sum of items 3.1.1 to 3.1.7.

3.1.1 Commonwealth, state and territory governments

3.1.2 Grade 1 or 2

3.1.3 Grade 3

3.1.4 Grade 4

3.1.5 Grade 5

3.1.6 Listed equities

3.1.7 Other

3.2 Total net recoveries other than reinsurance receivable

These figures represent the value of ‘Recoveries other than reinsurance’ receivable, net of any associated provision for doubtful debts. Claims recoveries may also consist of subrogation, salvage or other recoveries.

Total net recoveries other than reinsurance receivable is automatically calculated by the form and represents the sum of items 3.2.1 and 3.2.2.

Total net amounts recoverable (other than reinsurance recoveries⁷ receivable) on:

⁷ Reinsurance recoveries has the same meaning as ‘Reinsurance recoverables’ in GPS 001.

3.2.1 Outstanding claims ~~Unpaid claims net of input tax credits (ITC)~~

Of the total value calculated in item 3.2 for total net recoveries other than reinsurance, report the value that relates to outstanding ~~unpaid claims~~.

3.2.2 ~~Paid claims net of ITC~~

Of the total value calculated in item 3.2 for total net recoveries other than reinsurance, report the value that relates to paid claims.

Net recoveries receivable, as reported in item 3.2 that are from counterparties with rating of:

The net value of recoveries receivable is to be allocated according to the counterparty/asset rating grades of the counterparty from which the recoveries are receivable. The grades are set out below and on the form, which are detailed in GPS 114. The investment risk charge will be calculated according to the applicable rating grade.

3.2.3 Commonwealth, state and territory governments

3.2.4 Grade 1 or 2

3.2.5 Grade 3

3.2.6 Grade 4

3.2.7 Grade 5

3.2.8 Other

3.3 Premium receivables

Include all premiums that are due to be received. Include unpaid premiums available for collection and premiums not yet available for collection. Unpaid reinsurance premiums are also disclosed here.

If the unpaid premium is from a reinsurance contract where a legal right of set-off exists, the amount may be included as an amount recoverable under a reinsurance contract, but only if the amount is the balance after set-off against other amounts owing under that contract. Where no legal right of set-off exists, the unpaid premium from the reinsurance contract is to be shown as an unpaid premium.

All unpaid premiums on such policies are to be disclosed here according to the length of time the premium has been due to be received. The due date is the date of inception or, for instalment premiums the date from when the instalment is owed.

Unpaid instalment premiums are to be reported as unpaid premiums and are to include all unpaid instalments. If any instalment is due for more than 6 months all the unpaid instalments are to be regarded as over 6 months.

For premium aging purposes, inward reinsurance premiums may be aged from the statement (bordereaux) date.

Disclosure of unpaid premiums due is as follows:

3.3.1 Net premium receivables due in 6 months or less:

Report the premiums which are receivable (e.g. from insurance brokers or other intermediaries) as at the reporting date in less than 6 months. Deduct any associated provision for doubtful debts. The net balance is used in the calculation of the applicable investment risk charge.

3.3.2 Net premium receivables due in more than 6 months ~~but less than 12 months~~:

Report the premiums which are receivable (e.g. from insurance brokers or other intermediaries) as at the reporting date in more than 6 months ~~but less than 12 months~~. Deduct any associated provision for doubtful debts. The net balance is used in the calculation of the applicable investment risk charge.

Where a Level 2 insurance group does not have this data available, an approach needs to be agreed with APRA on how net premium receivables are to be apportioned between item 3.3.1 and item 3.3.2.

~~**3.3.3 Net premium receivable due in greater than or equal to 12 months**~~

~~Report the premium receivable (e.g. from insurance brokers or other intermediaries) greater than or equal to 12 months after deducting any associated provision for doubtful debts as at the reporting date.~~

~~**3.3.4**~~ **3.3.3 Net premium receivables on unclosed business**

Include business written close to reporting date where acceptance of risk is prior to reporting date but there is insufficient information to accurately identify the business. Deduct any associated provision for doubtful debts. The net balance is used in the calculation of the applicable investment risk charge.

~~**3.3.5**~~ **3.3.4 Total net premium receivables**

This is automatically calculated by the form and is the sum of net premium receivables reported in items 3.3.1 to 3.3.4.

~~**3.3.6**~~ **3.3.5 Total net premiums that are receivable from related parties**

Disclose the aggregate value of 'Total net premiums receivable' that is due from related parties.

3.4 Net amount recoverable from reinsurance contracts on outstanding claims and paid claims

Report the total net reinsurance recoverable from reinsurance contracts on outstanding claims.

3.5 Deferred reinsurance expense

Report the value, as at the reporting date, of deferred reinsurance expense (DRE), determined in accordance with prudential standards.

Reinsurance expense is to be recognised in accordance with the pattern of reinsurance service received as required by relevant Accounting Standards. Reinsurance expense will be recognised from the attachment date over the period of indemnity of the reinsurance contract in accordance with the expected pattern of the incident of risk. This may vary according to the type of reinsurance contract as outlined below.

For reinsurance written on risks attaching or, equivalently, an underwriting period basis, current reinsurance contracts are fully matched to the underlying insurance portfolios. Reinsurance coverage for the underlying portfolio is recognised as the underlying policies are written.

For reinsurance written on a losses occurring basis, current reinsurance contracts provide coverage for any risks exposed during the reinsurance period irrespective of when the underlying business was written. Such reinsurance covers both the unexpired portion of policies in force at the contract commencement date and that portion of new business and renewals written during the year that is earned up to the contract expiry date. This latter portion relates to business which has not yet been written at the contract commencement date.

It is expected that initially the full minimum and deposit premium would be recognised as an expense, with any necessary adjustments due to experience at subsequent reporting dates.

Where payments under a reinsurance contract extend beyond the current year of cover, reinsurance expense is to be discounted using similar discount rates as required in measuring insurance liabilities in accordance with prudential standards.

3.5.1 Deferred reinsurance expense as reported under AASB 1023

Report the value, as at the reporting date, of deferred reinsurance expense, as determined in accordance with the Australian accounting standards.

This item is a memo item for reconciliation purposes only.

~~Report the deferred reinsurance expense for the period. The recognition and measurement of deferred reinsurance expense must be in accordance with AASB 1023 'General Insurance Contracts' and other applicable Australian accounting standards.~~

~~3.5.1 Deferred reinsurance expense in relation to current policies~~

~~Of the value of deferred reinsurance expense reported in item 3.5, report the value that relates to current policies.~~

~~3.5.2 Deferred reinsurance expense in relation to future policies~~

~~Of the value of deferred reinsurance expense reported in item 3.5, report the value that relates to future policies.~~

3.6 Other reinsurance assets receivable from reinsurers

Report the net amount of other reinsurance assets.

3.7 Deferred acquisition costs

Report the carrying value of deferred acquisition costs at the end of the reporting period recognised and measured in accordance with Australian accounting standards. This includes the results of the application of a liability adequacy test. This test may differ from the liability adequacy test required by GPS 311.

3.8 Deferred levies and charges

Report the value, as at the reporting date, of deferred levies and charges recognised in accordance with accounting standards.

Levies and charges are expenses incurred by the reporting party in relation to obligations to government authorities that are recouped by way of income from customers. Deferred levies and charges is the portion of levies and charges that relates to unearned premium and is treated as a prepayment asset.

~~3.8.3.9~~ **3.9.3.9 GST receivable**

Report the amount of GST that is receivable by the Level 2 insurance group.

~~3.9.3.10~~ **3.9.3.10 Other receivables**

Report the aggregate value of 'Other receivables' other than those specifically disclosed above.

Total 'Other receivables' is automatically calculated by the form and represents the sum of items 3.10.9.1 to 3.10.9.4.

Total other receivables with a counterparty/asset rating of:

Allocate the value of 'Other receivables' of the Level 2 insurance group, other than those specifically detailed in the form, against the appropriate rating grade associated with the counterparty/asset.

~~3.9.13.10.1~~ **3.9.13.10.1 Grade 1 or 2**

~~3.9.23.10.2~~ **3.9.23.10.2 Grade 3**

~~3.10.13.10.3~~ **3.10.13.10.3 Grade 4**

~~3.10.23.10.4~~ **3.10.23.10.4 Grade 5**

The investment risk charge will be calculated based on the capital factor applicable to the rating grades. Refer to GPS 114 for further information on classification of rating grades.

~~3.103.11~~ **Total receivables**

This is automatically calculated by the form and represents the total of all receivables.

4.0 Other assets

4.1 Prepayments

Reflects payment for services not fully delivered e.g. payments for subscriptions, rental, interest expense.

4.2 Derivative financial instruments

The classification and measurement of derivatives must be in accordance with Australian accounting standards. Report the gross amount of all derivative financial assets for the Level 2 insurance group.

4.3 Surplus in defined benefit superannuation fund

Disclose the value of any surplus, ~~net of deferred tax liabilities~~, in any defined benefit superannuation fund (or equivalent pension arrangement for international business) of which the parent entity and any of its controlled entities are employer-sponsors, applying the classification and measurement basis under Australian accounting standards.

4.4 Non-current assets and disposal groups classified as held for sale

Include non-current assets and disposal groups classified as held for sale applying the classification and measurement under Australian accounting standards.

4.5 Other

Report the value of any other asset that has not been disclosed above.

4.6 Total other assets

This is automatically calculated by the form and represents the sum of all assets reported under 'Other assets'.

Total other assets excluding derivative financial instruments and surpluses in defined benefit superannuation fund:

Note: The calculation of the appropriate investment risk charge for derivative exposures is shown on [GRF 110.0 G](#) ~~GRF 110.0_G Capital Adequacy (Level 2 Insurance Group)~~ and [GRF 141.0 G](#) ~~GRF 141.0_G Listed Equity Holdings and Risk Charge (Level 2 Insurance Group)~~. Accordingly it is necessary to exclude derivative financial instruments from this table otherwise they will be subject to an additional investment risk charge. The surplus in defined benefit superannuation fund is

deducted from Tier 1 capital and is therefore excluded from the calculation of the investment risk charge.

Allocate the value of 'Other Assets excluding derivative financial instruments and surpluses in defined benefit superannuation funds' against the appropriate rating grade associated with counterparty/asset:

4.6.1 Grade 1 or 2

4.6.2 Grade 3

4.6.3 Grade 4

4.6.4 Grade 5

4.6.5 Other

The investment risk charge will be calculated based on the capital factor applicable to the rating grades. Refer to GPS 114 for further information on classification of rating grades.

5.0 Tax assets

5.1 Current tax assets

This is recognised and measured in accordance with Australian accounting standards.

~~5.05.2 Total d~~ **Deferred tax assets**

This is ~~defined~~, recognised and measured in accordance with Australian accounting standards.

5.3 Total tax assets

This is automatically calculated by the form and represents the sum of all tax assets.

6.0 Total plant & equipment

All plant and equipment should be recognised and measured in accordance with applicable Australian accounting standards. Report the total value of plant and equipment net of depreciation and impairment.

All direct property assets are to be reported under item 2.3 ~~'Investments—Direct Property Holdings'~~. This treatment is different to the requirements of Australian accounting standards.

The investment risk charge will be calculated based on the capital factor specified in GPS 114.

7.0 Intangible assets

Classification of assets as intangible assets must be in accordance with Australian accounting standards.

7.1 Goodwill

Report the carrying value of goodwill of related entities that are consolidated entities of the Level 2 insurance group. Goodwill is to be recognised and measured in accordance with Australian accounting standards. The value of goodwill reported in [GRF 120.0_G](#) ~~GRF 120.0_G Determination of Capital Base (Level 2 Insurance Group) (GRF 120.0_G)~~ may be different to the value reported under this item on this form because GRF 120.0_G includes goodwill relating to non-consolidated subsidiaries for Level 2 insurance group reporting purposes.

7.2 Identifiable intangible assets

Identifiable intangible assets are to be recognised and measured in accordance with Australian accounting standards. Intangible assets have been divided [as follows: into](#) ~~‘Intangible assets with a finite life – Item 7.2.1’ and ‘Intangible assets with an indefinite life – Item 7.2.2’.~~

7.2.1 Intangible assets with a finite life

Record the value of intangible assets with a finite life other than goodwill, net of accumulated amortisation.

7.2.2 Intangible assets with an indefinite life

Record the value of intangible assets with an indefinite life other than goodwill, net of accumulated impairment.

7.2.3 Total identifiable intangible assets

The total identifiable intangible assets net of accumulated amortisation and impairment is automatically calculated by the form.

7.3 Total intangible assets

This is automatically calculated by the form and represents the sum of all the intangible assets.

8.0 Total Assets

Sum of total assets is automatically calculated by the form, as is the total investment risk charge.

Liabilities

9.0 Total creditors and accruals

Include the total of creditors and accruals, including accounts payables. Do not include overdrafts here, these should be disclosed under item 19.0—~~‘Total Borrowings’~~.

9.1 Total creditors and accruals payable to related parties

Include the total of creditors and accruals that are payable to related parties of the Level 2 insurance group.

10.0 Amounts due on reinsurance contracts

Include the net amount payable by the Level 2 insurance group to reinsurers or retrocessionaires where a legal right of set-off exists. This reflects the current working balance due for settlement. Include premiums payable but not yet due for payment under the terms of the reinsurance contracts and deposits withheld from reinsurers. Include items such as the reinsurer’s portion of recoveries and salvage and commissions due to reinsurers.

10.1 Amounts due on reinsurance contracts which are payable to related parties

Include the total of amounts due on reinsurance contracts that are payable to related parties of the Level 2 insurance group.

11.0 Current tax liability

This is ~~defined~~, recognised and measured in accordance with Australian accounting standards.

12.0 Outstanding claims liability

Outstanding claims liabilities relate to all claims incurred prior to the reporting date, whether or not they have been reported to the Level 2 insurance group. Outstanding claims liabilities are to be recognised and measured in accordance with [AASB 1023](#)~~AASB 1023 ‘General Insurance Contracts’~~ and other applicable Australian accounting standards.

Any excess or deficiency of net outstanding claims liabilities provided for in the Statement of Financial Position compared to the amount required by GPS 311 must be recognised in Tier 1 capital in [GRF 120.0_G](#)~~GRF 120.0_G Determination of Capital Base (Level 2 Insurance Group)~~ for the purposes of calculating the capital adequacy of the group.

13.0 Unearned premium

Unearned premium is to be recognised and measured in accordance with the requirements in [AASB 1023](#)~~AASB 1023 ‘General Insurance Contracts’~~ and other

applicable Australian accounting standards. This treatment is different to that which applies to individual APRA-authorised insurers.

Any excess or deficiency of net premiums liabilities determined in accordance with ~~AASB 1023~~ ~~AASB 1023 'General Insurance Contracts'~~ compared to the amount required by GPS 311 must be recognised in Tier 1 capital in *GRF 210.1A_G - Premiums Liabilities – Insurance Risk Charge – Australia by class of business (Level 2 Insurance Group)* (**GRF 210.1A_G**) or *GRF 210.1B_G – Premiums Liabilities – Insurance Risk Charge – Australia by region (Level 2 Insurance Group)* (**GRF 210.1B_G**). As portfolios for the liability adequacy test for the purposes of GPS 311 are based on APRA classes of business for Australian business and geographic regions for international business, the determination of excess technical provisions is carried out by comparing regional totals on *GRF 210.1A_G* or *GRF 210.1B_G* with equivalent totals recognised by region on *GRF 302.0_G – Statement of Financial Position by Region (Level 2 Insurance Group)* (**GRF 302.0_G**).

14.0 Provisions

14.1 Dividends

A provision for dividends is the allowance that the reporting entity has made in terms of the obligation for declared dividends. Dividends are to be recognised in accordance with Australian accounting standards. Consistent with the treatment under Australian accounting standards, expected dividends are not to be included in this line item. However, expected dividends must be reported in item 1.4.123 '[Expected dividends](#)' of *GRF 120.0_G* ~~*GRF 120.0_G – Determination of Capital Base (Level 2 Insurance Group)*~~ in order to be deducted from the Level 2 insurance group's capital base.

14.2 Employee entitlements

This includes provisions for long service leave, annual leave, staff housing loan benefits, health fund subsidy and other employee entitlements. The value of employee entitlements should be recognised and measured in accordance with the requirements of Australian accounting standards.

14.3 Restructuring costs

Report the value of provisions for restructuring recognised and measured in accordance with Australian accounting standards.

14.4 Other

Report all other provisions not identified above.

14.5 Total Provisions

This is automatically calculated by the form and represents the sum of all provisions reported above.

15.0 Unexpired risk liability

Report the unexpired risk liability for the Level 2 Insurance group. The recognition and measurement of unexpired risk liability must be in accordance with the requirements of [AASB 1023](#) ~~AASB 1023 'General Insurance Contracts'~~ and other applicable Australian accounting standards.

16.0 Deferred tax liability

This is ~~defined~~, recognised and measured in accordance with Australian accounting standards.

17.0 Other liabilities

17.1 Derivative financial instruments

The classification and measurement of derivatives must be in accordance with Australian accounting standards. Report the gross amount of all derivative financial liabilities for the Level 2 insurance group.

17.2 Deficit in defined benefit superannuation fund

Disclose the value of any deficit, ~~net of deferred tax assets~~, in any defined benefit superannuation fund (or equivalent pension arrangement for international business) of which the parent entity and any of its controlled entities are employer-sponsors, applying the classification and measurement basis under Australian accounting standards.

17.3 Indirectly held liabilities - 'Look-through' basis

Disclose the value of the Level 2 insurance group's share of the underlying liabilities of a trust, where the Level 2 insurance group has chosen to apply the 'look-through'⁸ basis to calculate the investment risk capital charges. This treatment is different to the requirements of Australian accounting standards. The purpose of this disclosure is to ensure that the net fair value of the Level 2 insurance group's share in the trust is adequately reported in its balance sheet.

17.4 Liabilities included in disposal groups classified as held for sale

Include liabilities included in disposal groups classified as held for sale applying the classification and measurement criteria under Australian accounting standards.

17.5 Other liabilities

Record other liabilities that are not able to be classified into the specific categories listed on the form.

17.6 Total Other Liabilities

This is automatically calculated by the form and represents the total of items 17.1 to 17.5.

⁸ Refer to section 2.5 for details on the 'Look-through' approach.

18.0 Loan capital and hybrid securities

Report the value of all loan capital and hybrid securities that have been issued by the Level 2 insurance group and have a residual term to maturity of more than one year. Presentation is to be consistent with Australian accounting standards.

18.1 Loan capital

As a guide may include:

- subordinated loans of a residual maturity of more than one year

18.2 Hybrid securities

As a guide may include:

- converting preference shares; and
- convertible notes.

18.3 Total loan capital and hybrid securities

This is automatically calculated by the form and represents the total of all loan capital and hybrid securities items listed above.

Total loan capital and hybrid securities which are:

18.3.1 Payable to the parent entity

Of the total amount reported for 'Loan capital' and 'Hybrid securities' identify the component that is payable or due to the parent entity⁹ of the Level 2 insurance group.

18.3.2 Payable to other related parties

Of the total amount reported for 'Loan capital' and 'Hybrid securities' identify the component that is payable to other related parties of the Level 2 insurance group not separately disclosed above.

18.3.3 Secured against assets of the Level 2 insurance group

Of the total amount reported for 'Loan capital' and 'Hybrid securities' identify the component that is secured against assets of the Level 2 insurance group.

19.0 Total borrowings

Include

- Securities sold under agreements to repurchase;

⁹ Parent entity in this context differs from that defined in GPS 001. It refers to a parent entity that may sit above the Level 2 insurance group.

- Subordinated loans, bonds and notes of residual maturity of less than one year;
- Treasury related borrowings from banks;
- Promissory notes;
- Commercial paper;
- Bonds;
- Debentures;
- Unsecured notes;
- Fixed-interest securities;
- Medium-term notes (MTNs);
- Floating-rate notes (FRNs);
- Other-floating rate securities;
- Secured and unsecured borrowings;
- Overdrafts; and
- Term loans.

19.1 Payable to the parent entity

Of the amount reported for ‘Total borrowings’, identify the component that is payable or due to the parent entity¹⁰ of the Level 2 insurance group.

19.2 Payable to other related parties

Of the amount reported for ‘Total borrowings’, identify the component that is payable to other related parties of the Level 2 insurance group not separately disclosed above.

19.3 Secured against assets of the Level 2 insurance group

Of the amount reported for ‘Total borrowings’ identify the component that is secured against assets of the Level 2 insurance group.

20.0 Total liabilities

This is automatically calculated by the form and represents the sum of all liabilities.

¹⁰ Parent entity in this context differs from that defined in GPS 001. It refers to a parent entity that may sit above the Level 2 insurance group.

21.0 Net assets

This is automatically calculated by the form and represents total assets less total liabilities.

Shareholders' equity

22.0 Share capital

22.1 Ordinary shares

Report ordinary share capital issued by the group.

22.2 Preference shares

Report the preference share capital issued by the group. Preference shares have a priority over dividend payments and to the assets of the group.

22.3 Other

Include any other form of share capital, not included above, that is presented as equity in accordance with the requirements of Australian accounting standards.

22.4 Total share capital

This is automatically calculated by the form and represents the total of items 22.1 [through to](#) 22.3.

23.0 Reserves

23.1 General reserve

This is derived from revenue profits and is mostly available for dividend payment.

23.2 Capital profits reserve

Capital Profits Reserve represents the realised value of revaluations associated with an asset or class of assets that have been disposed of. These assets have been subject to the fair value basis of measurement and revaluations accounted for in accordance with Australian accounting standards. Due to the disposal of these assets, the balance of the Asset Revaluation Reserve associated with these assets has been transferred to a capital profits reserve.

23.3 Asset Revaluation Reserve

Each of these reserve types is only applicable if the Level 2 insurance group uses such reserve accounts for its financial reporting with the exception of owner occupied property for which the revaluation option under [AASB 116](#) ~~AASB 116 'Property, Plant and Equipment'~~ is mandatory for prudential reporting even though this is not a requirement of the Australian accounting standards.

Report the asset revaluation reserve related to

23.3.1 Property

23.3.1.1 Property reclassified from owner-occupied to investment property

Of the amount reported in item 23.3.1 ~~‘Property’~~ disclose the amount of any revaluation due to owner-occupied property becoming investment property. Where an owner-occupied property becomes an investment property that will be carried at fair value, the treatment of any revaluation is to be in accordance with ~~AASB 116~~ [AASB 116](#) ~~‘Property, Plant and Equipment’~~ and [Australian Accounting Standard AASB 140 ‘Investment Property’](#) and other applicable Australian accounting standards.

23.3.2 Plant and equipment

23.3.3 Intangibles revaluation surplus

23.3.4 Investment in controlled entities

Report the value of asset revaluation reserves in relation to controlled entities. Exclude values that relate to non-consolidated subsidiaries.

23.3.5 Investment in non-consolidated subsidiaries

[Report the value of asset revaluation reserves in relation to non-consolidated subsidiaries.](#)

23.3.6 Investments for which equity accounting is applied

Report the value of asset revaluation reserves where the equity method of accounting is applied to investments in associates and interests in joint ventures.

23.3.7 Relating to non-current assets or disposal groups held for sale

23.3.8 Other

23.3.9 Total Asset Revaluation Reserve

This is automatically calculated by the form and represents the sum of all items of Asset Revaluation Reserve.

23.4 Foreign Currency Translation Reserve

Include the exchange rate differences arising on translation of assets and liabilities in accordance with Australian accounting standards.

23.5 Cash flow hedge reserve

Include here the portion of the gain or loss on the cash flow hedging instrument that is determined to be an effective hedge as required by Australian accounting standards.

23.6 Share-based payments reserve

Include here the equity settled share-based payments reserve amounts in accordance with Australian accounting standards.

23.7 Other Reserves

Include all reserves not separately identified above. Report dividend reinvestment plan reserve in this reporting item.

23.8 Total Reserves

This is automatically calculated by the form and represents the sum of all items listed under 'Reserves'.

24.0 Retained earnings

24.1 Retained earnings

Report the carrying value of retained earnings at the end of the period. This value may differ from the value reported in statutory financial statements because of exceptions to Australian accounting standards such as the mandatory use of the revaluation option under [AASB 116](#) ~~AASB 116 'Property, Plant and Equipment'~~ for owner occupied property.

25.0 Total shareholders' equity attributable to shareholders of the company

This is automatically calculated by the form. This represents the sum of 'Total share capital', 'Total reserves' and 'Retained earnings'.

26.0 Minority interests

Report the total value of minority interests in controlled entities. Minority interests are to be recognised and measured in accordance with Australian accounting standards.

27.0 Total shareholders' equity

This is automatically calculated by the form. This represents the sum of 'Total shareholders' equity attributable to shareholders of the company' and 'Minority interests'.