



# Reporting Standard GRS 115.1

## Premiums Liabilities – Insurance Risk Charge

### Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a general insurer's Insurance Risk Charge on premiums liabilities.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard GRS 001 Reporting Requirements* (GRS 001), including the general instruction guide, *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge* (GPS 115) and *Prudential Standard GPS 340 Insurance Liability Valuation* (GPS 340).

### Authority

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

### Purpose

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

### Application and commencement

3. This Reporting Standard applies to all general insurers authorised under the *Insurance Act 1973* (insurers). This Reporting Standard applies for reporting periods ending on or after 1 July 2023.

### Information required

4. An insurer must provide APRA with the information required by this Reporting Standard for each reporting period.

### Method of submission

5. The information required by this Reporting Standard must be given to APRA:
  - (a) in electronic format using an electronic method available on APRA's website; or

(b) by a method notified by APRA prior to submission.

## Reporting periods and due dates

6. Subject to paragraph 7, an insurer must provide the information required by this Reporting Standard:

(a) in respect of each quarter based on the financial year of the insurer; and

(b) in respect of each financial year of the insurer.

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

7. If, having regard to the particular circumstances of an insurer, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular insurer.

8. The information required by this Reporting Standard in respect of an insurer must be provided to APRA:

(a) in the case of quarterly information, within 20 business days after the end of the reporting period to which the information relates;

(b) in the case of annual information, within three months after the end of the reporting period to which the information relates; or

(c) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

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

9. APRA may, in writing, grant an insurer an extension of a due date in paragraph 8, in which case the new due date will be the date on the notice of extension.

*Note:* For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, an insurer is nonetheless required to submit the information required no later than the due date.

## Quality control

10. The information provided by an insurer under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Appointed Auditor of the insurer. This will require the Appointed Auditor to review and

test the insurer's systems, processes and controls designed to enable the insurer to report reliable financial information to APRA. This review and testing must be done on:

- (a) an annual basis or more frequently if necessary to enable the Appointed Auditor to form an opinion on the reliability and accuracy of data; and
  - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard GPS 310 Audit and Related Matters*.
11. All information provided by an insurer under this Reporting Standard must be subject to systems, processes and controls developed by the insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the insurer to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

### Authorisation

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

### Variations

15. APRA may, by written notice to the insurer, vary the reporting requirements of this Reporting Standard in relation to that insurer.

### Transition

16. An insurer must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

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

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

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

*Note:* For the avoidance of doubt, if an insurer was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the insurer is still required to provide any overdue reporting documents in accordance with the old reporting standard.

## Interpretation

### 17. In this Reporting Standard:

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

***Appointed Auditor*** means an auditor appointed under paragraph 39(1)(a) of the Insurance Act;

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

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

***Chief Financial Officer*** means the chief financial officer of the insurer, by whatever name called;

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

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

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

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

***Insurance Act*** means the *Insurance Act 1973*;

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

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

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

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

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

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

# Reporting Standard GRS 115.1

## Premiums Liabilities - Insurance Risk Charge

### General instructions

#### Reporting tables

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

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

#### Definitions

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

#### A

<b><i>Additional policies risk charge</i></b>	<p>This is the component of the Insurance Risk Charge which relates to the risk that material net written premium, as defined in <i>Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge</i> (GPS 115), will be insufficient to fund the liabilities arising from that business.</p> <p>It is calculated by multiplying:</p> <ul style="list-style-type: none"> <li>• <b><i>Net written premium for material business that incepts in the next reporting period</i></b>; and</li> <li>• <b><i>PL capital factor %</i></b></li> </ul>
<b><i>Adjustments to PL Insurance Risk Charge as approved by APRA</i></b>	<p>If APRA is of the view that the Standard Method for calculating the premiums liabilities (PL) Insurance Risk Charge component of the prescribed capital amount does not produce an appropriate outcome in respect of a reporting insurer, or a reporting insurer has used inappropriate judgement or estimation in calculating the <b><i>PL Insurance Risk Charge</i></b>, APRA may adjust the <b><i>Total PL Insurance Risk Charge</i></b> calculation for that reporting insurer.</p> <p>Approved adjustments are to be reported separately in the associated table highlighting the description of the adjustment given, transitional status and amount of adjustment applied. An increase in the risk charge is to be reported as a positive amount.</p>

#### C

<b><i>Claims Handling Expenses</i></b>	<p>This item is the present value of claims handling expense (CHE) associated with the <i>Prudential Standard GPS 340 Insurance Liability Valuation</i> (GPS 340) PL.</p>
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<b><i>Class of business</i></b>	<p>Report the items in the sections of this Reporting Standard by the direct or reinsurance classes of business in accordance with <i>Prudential Standard GPS 001 Definitions</i> (GPS 001).</p> <p>For the purpose of calculating the <b><i>Insurance Risk Charge</i></b> in respect of the ‘Other’ <b><i>class of business</i></b> as per GPS 001 for <b><i>direct business</i></b>, the Appointed Actuary is required to determine the most appropriate category (i.e. category A, B or C) in GPS 115 that this business falls within. The choice must be based on the underlying risk characteristics of the business being written. The amounts reported in the Other direct - category A, Other direct - category B or Other direct - category C line items are to follow this basis.</p> <p>For reinsurance business, the classes of business in GPS 115 are to be aggregated by the Category and Reinsurance Type.</p>
<b><i>Commissions</i></b>	This item is the present value of commissions associated with the GPS 340 PL.

**D**

<b><i>Direct business</i></b>	Report <b><i>direct business</i></b> written directly by the reporting insurer in accordance with the direct classes of business in GPS 001.
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**E**

<b><i>Expected future reinsurance costs for PL not covered by current and future RI arrangements</i></b>	<p>This is the value of expected future cost of any reinsurance arrangements required to fully cover the exposure period for premiums liabilities. This may include an additional cost for existing reinsurance contracts where the expense is yet to be recognised under Australian Accounting Standards as well as an additional reinsurance purchase cost for any part of the premiums liabilities not covered by current reinsurance arrangements calculated in accordance with GPS 340.</p> <p>For avoidance of doubt, the reported figure is to be gross of any recoveries, and should not include any claims handling expenses, policy administration expenses or risk margin.</p>
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**G**

<b><i>Gross PL - central estimate (excluding CHE and PAE)</i></b>	<p>This is the value, as at the relevant date, of the central estimate component of PL, excluding CHE and excluding policy administration expenses (PAE), gross of any recoveries, determined in accordance with GPS 340. Amounts relating to <b><i>expected future reinsurance costs for PL not covered by current and future RI arrangements</i></b>, <b><i>commissions</i></b> and <b><i>reinsurance commissions</i></b> are also to be excluded and reported separately.</p> <p>The central estimate will be measured as the present value of the future expected payments, i.e. discounted for future investment income, determined in accordance with GPS 340. The central estimate is</p>
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	intended to reflect the mean value in the range of possible values for the outcome (that is, the mean of the distribution of probabilistic outcomes), and so does not include any risk margin.
<b><i>Gross PL - central estimate (including CHE and PAE)</i></b>	<p>This is the value, as at the relevant date, of the central estimate component of PL, CHE and PAE, gross of any recoveries, determined in accordance with GPS 340.</p> <p>It is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>Gross PL - central estimate (excluding CHE and PAE);</i></b></li> <li>• <b><i>Expected future Reinsurance costs for PL not covered by current and future RI arrangements;</i></b></li> <li>• <b><i>commissions;</i></b></li> <li>• <b><i>claims handling expenses;</i></b> and</li> <li>• <b><i>policy administration expenses</i></b></li> </ul> <p>Less:</p> <ul style="list-style-type: none"> <li>• <b><i>Reinsurance commissions.</i></b></li> </ul>
<b><i>Gross PL - risk margin (diversified)</i></b>	<p>This is the value, as at the relevant date, of the diversified risk margin component of PL, gross of any recoveries, determined in accordance with GPS 340. The diversified risk margin refers to the risk margin that has been applied to the class of business after allowance for diversification across the whole insurance portfolio.</p>
<b><i>Gross PL - total (including CHE and PAE)</i></b>	<p>This is the total of the central estimate and diversified risk margin for PL, including claims handling expenses and policy administration expenses, gross of any recoveries, determined in accordance with GPS 340</p> <p>It is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>Gross PL - central estimate (including CHE and PAE);</i></b> and</li> <li>• <b><i>Gross PL - risk margin (diversified).</i></b></li> </ul>

**N**

<b><i>Net PL - central estimate (excluding CHE and PAE)</i></b>	<p>This is the value, as at the relevant date, of the central estimate component of PL, excluding:</p> <ul style="list-style-type: none"> <li>• CHE;</li> <li>• PAE; and</li> <li>• commissions and reinsurance exchange commissions,</li> </ul> <p>net of any expected reinsurance and non-reinsurance recoveries, determined in accordance with GPS 340.</p> <p>This is calculated as:</p> <ul style="list-style-type: none"> <li>• <b><i>Gross PL - central estimate (excluding CHE and PAE);</i></b></li> <li>• <b><i>Expected future reinsurance costs for PL not covered by current and future RI arrangements;</i></b> and</li> <li>• <b><i>Commissions;</i></b></li> </ul>
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	<p>less the sum of:</p> <ul style="list-style-type: none"> <li>• <i>Reinsurance commissions;</i></li> <li>• <i>Net PL - non-reinsurance recoveries (central estimate);</i> and</li> <li>• <i>Net PL - expected reinsurance recoveries (central estimate).</i></li> </ul>
<b><i>Net PL - central estimate (including CHE and PAE)</i></b>	<p>This is the value, as at the relevant date, of the central estimate component of PL, including:</p> <ul style="list-style-type: none"> <li>• CHE; and</li> <li>• PAE,</li> </ul> <p>net of any expected reinsurance and non-reinsurance recoveries, determined in accordance with GPS 340.</p> <p>This is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <i>Net PL - central estimate (excluding CHE and PAE);</i></li> <li>• <i>claims handling expenses;</i> and</li> <li>• <i>policy administration expenses.</i></li> </ul>
<b><i>Net PL - diversified risk margin</i></b>	<p>This is the value, as at the relevant date, of the diversified risk margin component of the Net PL, net of any expected reinsurance and non-reinsurance recoveries, determined in accordance with GPS 340. The diversified risk margin refers to the risk margin that has been applied to the class of business after allowance for diversification across the whole insurance portfolio.</p>
<b><i>Net PL - expected reinsurance recoveries (central estimate)</i></b>	<p>This is the value of expected reinsurance recoveries receivable by the reporting insurer associated with the central estimate of PL, gross of any provisions for depreciation or impairment. It is determined in accordance with GPS 340.</p>
<b><i>Net PL - non-reinsurance recoveries (central estimate)</i></b>	<p>This is the value of recoveries under arrangements, other than reinsurance arrangements, receivable by the reporting insurer associated with the central estimate of PL, gross of any provisions for depreciation or impairment. It is determined in accordance with GPS 340. Recoveries to be included at this item include salvage, subrogation, and input tax credit recoveries, amongst others.</p>
<b><i>Net PL - stand-alone risk margin</i></b>	<p>This is the value, as at the relevant date, of the stand-alone risk margin component of the Net PL, net of any expected reinsurance and non-reinsurance recoveries, determined in accordance with GPS 340. The stand-alone risk margin refers to the risk margin that would be applied to a class of business where no allowance for diversification with other classes of business has been allowed.</p>
<b><i>Net PL - total</i></b>	<p>This is the total of the central estimate (including claims handling expenses, including policy admin expenses) and diversified risk margin for PL, net of any expected reinsurance and non-reinsurance recoveries.</p>

	<p>It is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b>Net PL - central estimate (including CHE and PAE);</b> and</li> <li>• <b>Net PL - diversified risk margin.</b></li> </ul>
<b>Net written premium for material business that incepts in the next reporting period</b>	<p>This is the value of future net written premium income for contracts for which the insurer is already committed that will expose the insurer to material risks in the subsequent relevant period, but are not otherwise recognised within the capital requirements. This premium income is net of: levies that are included in the gross premium and would be payable on the business (in particular fire service levy); reinsurance costs that would arise in respect of the premium income and would be payable under treaty arrangements to protect the business; and commission that would be payable to secure the business once it is written (such as brokerage or reinsurance exchange commission).</p> <p>Typically this will be for policies for which a written premium is not yet recognised under accounting standards, and have not been included in the PL, but for which the insurer has already committed to cover.</p> <p>The materiality of the business that incepts in the next reporting period should be determined in accordance with the Australian Accounting and Auditing Standards subject to APRA's discretion.</p>

**P**

<b>PL capital factor %</b>	This is the premiums liability risk capital factor applicable to each <b>class of business</b> as per GPS 115.
<b>PL Insurance Risk Charge</b>	<p>This is the component of the Insurance Risk Charge which relates to the risk that the value of the net PL is greater than the value determined in accordance with GPS 340.</p> <p>The <b>PL Insurance Risk Charge</b> is calculated for each combination of <b>business type</b> and <b>class of business</b> by multiplying:</p> <ul style="list-style-type: none"> <li>• <b>Net PL – total;</b> and</li> <li>• <b>PL capital factor %.</b></li> </ul>
<b>Policy Administration Expenses</b>	This item is the present value of policy administration expense associated with the GPS 340 PL.

**R**

<b>Reinsurance business</b>	Report <b>reinsurance business</b> written by the reporting insurer in accordance with the reinsurance classes of business GPS 001 and GPS 115. Aggregate the classes of business by the Category and Reinsurance Type in GPS 115.
<b>Reinsurance commissions</b>	This item is the present value of reinsurance commissions relating to reinsurance held, associated with the GPS 340 PL. Examples include

	but are not limited to reinsurance exchange commissions and profit commissions.
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**T**

<b><i>Total PL Insurance Risk Charge</i></b>	<p>Means the Insurance Risk Charge in respect of premiums liability risk, which relates to the risk that the value of the net PL is greater than the value determined in accordance with GPS 340. It also relates to the risk that material net written premium, as defined in GPS 115, will be insufficient to fund the liabilities arising from that business.</p> <p>The <b><i>Total PL Insurance Risk Charge</i></b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>PL Insurance Risk Charge</i></b>;</li> <li>• <b><i>additional policies risk charge</i></b>; and</li> <li>• <b><i>adjustments to PL Insurance Risk Charge as approved by APRA</i></b>.</li> </ul>
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## Specific instructions

### Table 1: Premiums Liabilities - Insurance Risk Charge

#### Reporting basis

Report the components of the GPS 340 Premiums Liabilities by *class of business* for *direct business* and *reinsurance business*.

#### Units of measurement

Report values in whole Australian dollars (no decimal places).

#### Were actuarial services used to complete this return?

Use the drop-down selection to report whether actuarial services were used to complete this table. If actuarial services were used input 'Yes' otherwise input 'No'.

	Name	Valid values	Description
1	Class Of Business	<p>Direct classes of business:</p> <ul style="list-style-type: none"> <li>• Householders</li> <li>• Commercial Motor</li> <li>• Domestic Motor</li> <li>• Other Direct - Category A</li> <li>• Travel</li> <li>• Fire and ISR</li> <li>• Marine</li> <li>• Aviation</li> <li>• Consumer Credit</li> <li>• Other Accident</li> <li>• Other Direct - Category B</li> <li>• Mortgage</li> </ul>	Report the <i>class of business</i> .

	Name	Valid values	Description
		<ul style="list-style-type: none"> <li>• CTP</li> <li>• Public and Product Liability</li> <li>• Professional Indemnity</li> <li>• Employers Liability</li> <li>• Cyber</li> <li>• Directors and Officers</li> <li>• Other Direct - Category C</li> </ul> <p>Reinsurance classes of business:</p> <ul style="list-style-type: none"> <li>• Proportional - Category A</li> <li>• Proportional - Category B</li> <li>• Proportional - Category C</li> <li>• Non-proportional - Category A</li> <li>• Non-proportional - Category B</li> <li>• Non-proportional - Category C</li> </ul>	
2	Gross PL - Central Estimate (Excluding CHE And PAE)	Whole dollars	Report the <i>gross PL - central estimate (Excluding CHE and PAE)</i> .
3	Expected Future Reinsurance Costs For PL Not Covered By Current And Future RI Arrangements	Whole dollars	Report the <i>expected future reinsurance costs for PL not covered by current and future RI arrangements</i> .
4	Commissions	Whole dollars	Report the <i>commissions</i> included in the PL.

	Name	Valid values	Description
5	Reinsurance Commissions	Whole dollars	Report the <i>reinsurance commissions</i> included in the PL.  <i>Reinsurance commissions</i> is to be reported as a positive number if they act to reduce the Gross PL.
6	Claims Handling Expenses	Whole dollars	Report the <i>claims handling expenses</i> .
7	Policy Administration Expenses	Whole dollars	Report the <i>policy admin expenses</i> .
8	Gross PL - Risk Margin (Diversified)	Whole dollars	Report the <i>gross PL - risk margin (diversified)</i> .
9	Net PL - Non-Reinsurance Recoveries (Central Estimate)	Whole dollars	Report the <i>net PL - non-reinsurance recoveries (central estimate)</i> .  Non-reinsurance recoveries should be reported as a positive number if they act to reduce the Gross PL.
10	Net PL - Expected Reinsurance Recoveries (Central Estimate)	Whole dollars	Report the <i>net PL - expected reinsurance recoveries (central estimate)</i> .  Expected reinsurance recoveries should be reported as a positive number if they act to reduce the Gross PL.
11	Net PL - Stand-Alone Risk Margin	Whole dollars	Report the <i>net PL - stand-alone risk margin</i> .

	<b>Name</b>	<b>Valid values</b>	<b>Description</b>
12	Net PL - Diversified Risk Margin	Whole dollars	Report the <i>net PL - diversified risk margin</i> .
13	Net Written Premium For Material Business That Incepts In The Next Reporting Period	Whole dollars	Report the <i>net written premium for material business that incepts in the next reporting period</i> .