



## Reporting Standard GRS 116.0

### Insurance Concentration Risk Charge

#### Objective of this Reporting Standard

This Reporting Standard sets out the requirements for providing information to APRA about a general insurer's Insurance Concentration Risk Charge.

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, and *Prudential Standard GPS 116 Capital Adequacy: Insurance Concentration Risk Charge* (GPS 116).

#### Authority

1. 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 (insurers). This Reporting Standard applies for reporting periods ending on or after 1 January 2027.

#### 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; and

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

- (a) which ended before 1 January 2027; 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 CPS 001 Defined terms* (CPS 001); and
- (b) the following definitions are applicable:

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

***APRA-authorised reinsurer*** means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business. The Australian Reinsurance Pool Corporation is also an APRA-authorised reinsurer for the purposes of this definition;***capital standards*** means the prudential standards which relate to capital adequacy as defined in CPS 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 116.0

## Insurance Concentration 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.

#### Definitions

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

#### B

<p><b><i>Basis for determination of H3 requirement</i></b></p>	<p>The insurer must select ‘gross’ if it has determined that the <b><i>H3 requirement</i></b> would be greater if it is based on the gross loss arising from the occurrence of a single event, when compared to the net loss arising from the occurrence of a single event, unless it has reinsurance arrangements with <b><i>basis risk</i></b> that respond to the <b><i>H3 requirement</i></b>.</p> <p>The insurer must select ‘net’ if:</p> <ul style="list-style-type: none"> <li>(a) it has determined that the <b><i>H3 requirement</i></b> would be greater if it is based on the net loss arising from the occurrence of a single event, when compared to the gross loss arising from the occurrence of a single event, or</li> <li>(b) it has reinsurance arrangements with <b><i>basis risk</i></b> that respond to the <b><i>H3 requirement</i></b>.</li> </ul>
<p><b><i>Basis for determination of H4 requirement</i></b></p>	<p>The insurer must select ‘gross’ if it has determined that the <b><i>H4 requirement</i></b> would be greater if it is based on the gross loss arising from the occurrence of a single event, when compared to the net loss arising from the occurrence of a single event, unless it has reinsurance arrangements with <b><i>basis risk</i></b> that respond to the <b><i>H4 requirement</i></b>.</p> <p>The insurer must select ‘net’ if:</p> <ul style="list-style-type: none"> <li>(a) it has determined that the <b><i>H4 requirement</i></b> would be greater if it is based on the net loss arising from the occurrence of a single event, when compared to the gross loss arising from the occurrence of a single event, or</li> <li>(b) it has reinsurance arrangements with <b><i>basis risk</i></b> that respond to the <b><i>H4 requirement</i></b>.</li> </ul>
<p><b><i>Basis for determination of NP VR</i></b></p>	<p>The insurer must enter ‘gross’ if it has determined that the <b><i>NP VR</i></b> would be greater, if it is based on the gross loss arising from the occurrence of a single event, than the net loss arising from the occurrence of a single</p>

	<p>event, unless it has reinsurance arrangements with <b>basis risk</b> that respond to the <b>NP VR</b>.</p> <p>The insurer must enter ‘net’ if:</p> <ul style="list-style-type: none"> <li>(a) it has determined that the <b>NP VR</b> would be greater, if it is based on the net loss arising from the occurrence of a single event, than the gross loss arising from the occurrence of a single event, or</li> <li>(b) it has reinsurance arrangements with <b>basis risk</b> that respond to the <b>NP VR</b>.</li> </ul>
<b>Basis risk</b>	<p><b>Basis risk</b> refers to the risk that there is an imperfect correlation between the underlying losses of the insurer and the recoveries under the reinsurance contract. For clarity, this is not intended to capture features where, after being defined in the contract, the absolute size of the loss is the only variable which will impact reinsurance recoverables, examples of which would include deductibles, limits or quota share cession ratios. This is also not intended to capture reinsurance programs with varying levels of reinsurance coverage across a portfolio.</p>

**C**

<b>Commencement date of catastrophe reinsurance program</b>	<p>The insurer is required to report the <b>commencement date of catastrophe reinsurance program</b>. Where the insurer has multiple inception dates for its catastrophe reinsurance program it must consult with APRA to determine the relevant commencement date.</p>
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**E**

<b>End date of catastrophe reinsurance program</b>	<p>The insurer is required to report the <b>end date of catastrophe reinsurance program</b>. Where the insurer has multiple inception dates for its catastrophe reinsurance program it must consult with APRA to determine the relevant end date.</p>
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**G**

<b>Group A reinsurance</b>	<p><b>Group A reinsurance</b> comprises reinsurance that has no <b>basis risk</b> (for example all-peril, all-region reinsurance covers) and no optionality or contingent features nor any of the features of <b>Group C reinsurance</b>. This may include, but is not limited to, catastrophe excess of loss and quota share arrangements.</p>
<b>Group B reinsurance</b>	<p><b>Group B reinsurance</b> comprises any reinsurance which does not meet the definition of either <b>Group A reinsurance</b> or <b>Group C reinsurance</b>.</p> <p>This category includes reinsurance with basis risk that is limited to peril coverage or geographic coverage.</p> <p>This category includes reinsurance which would otherwise have met the definition of <b>Group C reinsurance</b>, but has been assessed by the Appointed Actuary as not material.</p>

	For clarity, where an assessment made by the Appointed Actuary or Group Actuary results in an adjustment to the capital risk charge, the adjustment must be made after the application of reinsurance.
<b>Group C reinsurance</b>	<p><b>Group C reinsurance</b> comprises reinsurance that has one or more of the following features:</p> <ul style="list-style-type: none"> <li>• reinsurance where an adjustment under GPS 116 would impact the assessment of capital under <i>Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge</i> (GPS 115);</li> <li>• reinsurance that introduces <b>basis risk</b> between the underlying losses and recoveries for any reason other than peril or geographic coverage; or</li> <li>• reinsurance where the Appointed Actuary advises the insurer to refer the reinsurance to APRA;</li> </ul> <p>except in cases where the Appointed Actuary advises the insurer the reinsurance is not material.</p> <p>For clarity, adjustments to the capital risk charge based on advice from the Appointed Actuary or Group Actuary, or as approved by APRA, refer to adjustments made after the application of reinsurance.</p>

## H

<b>H3 adjustments based on the Appointed Actuary's advice</b>	<p><b>H3 adjustments based on the Appointed Actuary's advice</b> is the amount of potential reinsurance recoverables from <b>Group B reinsurance</b> cover. If reinstatements are included, the cost of reinstatement must be included in the <b>H3 reinstatement cost</b>. The Appointed Actuary must advise the insurer how to determine this adjustment.</p> <p>The total <b>H3 adjustments based on the Appointed Actuary's advice</b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event; and</li> <li>• third event.</li> </ul> <p>For clarity, where an insurer's Appointed Actuary advises it to use the net whole-of-portfolio approach to calculate the <b>H3 requirement</b>, the adjustment amount should not be reported in this section as it would already be captured in the <b>net H3 loss</b>.</p>
<b>H3 adjustments as approved by APRA</b>	<p><b>H3 adjustments as approved by APRA</b> comprises potential reinsurance recoverables from <b>Group C reinsurance</b> cover and other adjustments as approved by APRA. If reinstatements are included, the cost of reinstatement must be included in the <b>H3 reinstatement cost</b>. The insurer must agree with APRA a methodology for the determination of this adjustment.</p> <p>The total <b>H3 adjustments as approved by APRA</b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> </ul>

	<ul style="list-style-type: none"> <li>• second event; and</li> <li>• third event.</li> </ul>
<b><i>H3 loss per event</i></b>	<p>The <b><i>H3 loss per event</i></b> is calculated for each H3 event as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>single event loss from H3 event;</i></b></li> <li>• <b><i>H3 reinstatement cost;</i></b></li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• <b><i>H3 reinsurance recoverables;</i></b></li> <li>• <b><i>H3 adjustments based on the Appointed Actuary's advice;</i></b></li> <li>• <b><i>H3 adjustments as approved by APRA;</i></b> and</li> <li>• <b><i>H3 reinstatement premiums.</i></b></li> </ul>
<b><i>H3 reinstatement cost</i></b>	<p>The insurer is not required to determine a <b><i>H3 reinstatement cost</i></b> after the third event.</p> <p><b><i>H3 reinstatement cost</i></b> is the cost (if any) of reinstating catastrophe reinsurance cover, including <b><i>Group A reinsurance, Group B reinsurance</i></b> and <b><i>Group C reinsurance,</i></b> after the occurrence of the first two H3 losses.</p> <p>The cost (if any) must reflect the cost of reinstating reinsurance cover up to the size of the third event. In determining this cost, if the insurer does not have contractually agreed rates for the reinsurance cover, the insurer must estimate the cost based on the reinsurance market conditions that would prevail after the occurrence of the events. The amount must not be less than the full original cost of the cover, with no deduction for the expiry of time since the inception of the reinsurance arrangements unless the insurer is able to demonstrate to APRA that the amount materially overstates the cost that would prevail in the market after the occurrence of the events.</p> <p>The total <b><i>H3 reinstatement cost</i></b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event; and</li> <li>• second event.</li> </ul>
<b><i>H3 reinstatement premiums</i></b>	<p><b><i>H3 reinstatement premiums</i></b> are applicable to insurers that write reinsurance and may receive inwards reinstatement premiums from cedants as a result of the events that give rise to three H3 losses. <b><i>H3 reinstatement premiums</i></b> must only be included in <b><i>NP HR</i></b> if the reinsurance contract specifically stipulates that offsetting with the cedant will occur at the time of the payment of the reinsurance claim.</p> <p>The total <b><i>H3 reinstatement premiums</i></b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event; and</li> <li>• third event.</li> </ul>
<b><i>H3 reinsurance recoverables</i></b>	<p><b><i>H3 reinsurance recoverables</i></b> are the level of potential reinsurance recoverables from <b><i>Group A reinsurance</i></b> should there be the occurrence of three H3 losses over the catastrophe reinsurance program treaty year.</p>

	<p><b><i>H3 reinsurance recoverables</i></b> must not include any amounts due from <b><i>Group B reinsurance</i></b> or <b><i>Group C reinsurance</i></b>.</p> <p>The total <b><i>H3 reinsurance recoverables</i></b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event; and</li> <li>• third event.</li> </ul>
<b><i>H3 requirement</i></b>	The <b><i>H3 requirement</i></b> is calculated as the total over the three events for <b><i>H3 loss per event</i></b> .
<b><i>H4 adjustments based on the Appointed Actuary's advice</i></b>	<p><b><i>H4 adjustments based on the Appointed Actuary's advice</i></b> is the amount of potential reinsurance recoverables from <b><i>Group B reinsurance</i></b>. If reinstatements are included, the cost of reinstatement must be included in the <b><i>H4 reinstatement cost</i></b>. The Appointed Actuary must advise the insurer how to determine this adjustment.</p> <p>The total <b><i>H4 adjustments based on the Appointed Actuary's advice</i></b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event</li> <li>• third event; and</li> <li>• fourth event.</li> </ul> <p>For clarity, where an insurer's Appointed Actuary advises it to use the net whole-of-portfolio approach to calculate the <b><i>H4 requirement</i></b>, the adjustment amount should not be reported in this section as it would already be captured in the <b><i>net H4 loss</i></b>.</p>
<b><i>H4 adjustments as approved by APRA</i></b>	<p><b><i>H4 adjustments as approved by APRA</i></b> comprises potential reinsurance recoverables from <b><i>Group C reinsurance</i></b> and other adjustments as approved by APRA. If reinstatements are included, the cost of reinstatement must be included in the <b><i>H4 reinstatement cost</i></b>. The insurer must agree with APRA a methodology for the determination of this adjustment.</p> <p>The total <b><i>H4 adjustments as approved by APRA</i></b> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event;</li> <li>• third event; and</li> <li>• fourth event.</li> </ul>
<b><i>H4 loss per event</i></b>	<p>The <b><i>H4 loss per event</i></b> is calculated for each H4 event as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>single event loss from H4 event</i></b>; and</li> <li>• <b><i>H4 reinstatement cost</i></b>;</li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• <b><i>H4 reinsurance recoverables</i></b>;</li> <li>• <b><i>H4 adjustments based on the Appointed Actuary's advice</i></b>;</li> </ul>

	<ul style="list-style-type: none"> <li>• <i>H4 adjustments as approved by APRA</i>; and</li> <li>• <i>H4 reinstatement premiums</i>.</li> </ul>
<i>H4 reinstatement cost</i>	<p><i>H4 reinstatement cost</i> is the cost (if any) of reinstating catastrophe reinsurance cover, including <i>Group A reinsurance</i>, <i>Group B reinsurance</i>, and <i>Group C reinsurance</i>, after the occurrence of the first three H4 losses. The cost (if any) must reflect the cost of reinstating reinsurance cover up to the size of the fourth event. In determining this cost, if the insurer does not have contractually agreed rates for the reinsurance cover, the insurer must estimate the cost based on the reinsurance market conditions that would prevail after the occurrence of the events. The amount must not be less than the full original cost of the cover, with no deduction for the expiry of time since the inception of the reinsurance arrangements unless the insurer is able to demonstrate to APRA that the amount materially overstates the cost that would prevail in the market after the occurrence of the events.</p> <p>The total <i>H4 reinstatement cost</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event; and</li> <li>• third event.</li> </ul>
<i>H4 reinstatement premiums</i>	<p><i>H4 reinstatement premiums</i> are applicable to insurers that write reinsurance and may receive inwards reinstatement premiums from cedants as a result of the events that give rise to three H4 losses. <i>H4 reinstatement premiums</i> must only be included in <i>NP HR</i> if the reinsurance contract specifically stipulates that offsetting with the cedant will occur at the time of the payment of the reinsurance claim.</p> <p>The total <i>H4 reinstatement premiums</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event;</li> <li>• third event; and</li> <li>• fourth event.</li> </ul>
<i>H4 reinsurance recoverables</i>	<p><i>H4 reinsurance recoverables</i> are the level of potential reinsurance recoverables from <i>Group A reinsurance</i> should there be the occurrence of four H4 losses over the catastrophe reinsurance program treaty year. <i>H4 reinsurance recoverables</i> must not include any amounts due from <i>Group B reinsurance</i> or <i>Group C reinsurance</i>.</p> <p>The total <i>H4 reinsurance recoverables</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• first event;</li> <li>• second event;</li> <li>• third event; and</li> <li>• fourth event.</li> </ul>
<i>H4 requirement</i>	<p>The <i>H4 requirement</i> is calculated as the total over the four events for <i>H4 loss per event</i>.</p>

## L

<b><i>LMI Concentration Risk Charge</i></b>	The <b><i>LMI Concentration Risk Charge</i></b> represents the net loss from the application of a prescribed three-year economic downturn scenario to any lenders mortgage insurance business. The determination of the <b><i>LMI Concentration Risk Charge</i></b> is based on the formulae and requirements set out in GPS 116.
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## N

<b><i>Natural perils horizontal requirement (NP HR)</i></b>	The <b><i>natural perils horizontal requirement (NP HR)</i></b> is calculated as the greater of: <ul style="list-style-type: none"> <li>• <b><i>H3 requirement</i></b>; or</li> <li>• <b><i>H4 requirement</i></b></li> </ul> less: <ul style="list-style-type: none"> <li>• <b><i>PL offset</i></b>.</li> </ul>
<b><i>Natural perils vertical requirement (NP VR)</i></b>	The <b><i>natural perils vertical requirement (NP VR)</i></b> is calculated as the greater of: <ul style="list-style-type: none"> <li>• <b><i>NP PML less NP reinsurance recoverables</i></b>; or</li> <li>• <b><i>net whole-of-portfolio loss</i></b>;</li> </ul> less: <ul style="list-style-type: none"> <li>• <b><i>NP reinstatement premiums</i></b></li> </ul> plus: <ul style="list-style-type: none"> <li>• <b><i>NP reinstatement cost</i></b></li> </ul> less: <ul style="list-style-type: none"> <li>• <b><i>NP VR adjustments based on the Appointed Actuary's advice</i></b></li> </ul> less <ul style="list-style-type: none"> <li>• <b><i>NP VR adjustments as approved by APRA</i></b>.</li> </ul> <p>If an insurer has reinsurance arrangements with <b><i>basis risk</i></b> that respond to the <b><i>NP VR</i></b>, it must calculate the <b><i>NP VR</i></b> using the <b><i>net whole-of-portfolio loss</i></b>.</p>
<b><i>Net whole-of-portfolio loss</i></b>	<b><i>Net whole-of-portfolio loss</i></b> is the net loss arising from the occurrence of a single event where that net loss is not less than the whole-of-portfolio annual net loss with a 0.5 per cent probability of occurrence.
<b><i>NP PML</i></b>	<b><i>NP PML</i></b> is the gross loss arising from the occurrence of a single event, where that loss is not less than the whole-of-portfolio annual loss with a 0.5 per cent probability of occurrence.

<b><i>NP reinstatement cost</i></b>	<b><i>NP reinstatement cost</i></b> is the cost (if any) of reinstating all catastrophe reinsurance cover relating to the reinsurance recoverables determined, including <b><i>Group A reinsurance</i></b> , <b><i>Group B reinsurance</i></b> , and <b><i>Group C reinsurance</i></b> . In determining this cost, if the insurer does not have contractually agreed rates for the reinsurance cover, the insurer must estimate the cost based on current reinsurance market conditions. The amount must not be less than the full original cost of the cover with no deduction for the expiry of time since the inception of the reinsurance arrangements unless the insurer is able to demonstrate to APRA that the amount materially overstates the cost that would prevail. This cost is not required for reinsurance arrangements that typically do not have a reinstatement.
<b><i>NP reinstatement premiums</i></b>	<b><i>NP reinstatement premiums</i></b> are applicable to insurers that write reinsurance and may receive inwards reinstatement premiums from cedants as a result of the event that gives rise to its <b><i>NP PML</i></b> , or the <b><i>net whole-of-portfolio loss</i></b> . <b><i>NP reinstatement premiums</i></b> must only be included in <b><i>NP VR</i></b> if the reinsurance contract specifically stipulates that offsetting with the cedant will occur at the time of the payment of the reinsurance claim.
<b><i>NP reinsurance recoverables</i></b>	<b><i>NP reinsurance recoverables</i></b> is the level of potential reinsurance recoverables from <b><i>Group A reinsurance</i></b> should there be the occurrence of the event that gives rise to <b><i>NP PML</i></b> . This amount must not include any amounts due from <b><i>Group B reinsurance</i></b> or <b><i>Group C reinsurance</i></b> .
<b><i>NP VR adjustments based on the Appointed Actuary's advice</i></b>	<b><i>NP VR adjustments based on the Appointed Actuary's advice</i></b> comprises potential reinsurance recoverables from <b><i>Group B reinsurance</i></b> . If reinstatements are included, the cost of reinstatement must be included in the <b><i>NP reinstatement cost</i></b> . <b><i>Group B reinsurance</i></b> cover is eligible to be considered for inclusion in the <b><i>NP VR</i></b> as advised by the Appointed Actuary of the insurer. For clarity, where an insurer's Appointed Actuary advises it to use the net whole-of-portfolio approach to calculate the <b><i>NP VR</i></b> , the adjustment amount should not be reported in this section as it would already be captured in the <b><i>net whole-of-portfolio loss</i></b> .
<b><i>NP VR adjustments as approved by APRA</i></b>	<b><i>NP VR adjustments as approved by APRA</i></b> comprises potential reinsurance recoverables from <b><i>Group C reinsurance</i></b> and other adjustments as approved by APRA. If reinstatements are included, the cost of reinstatement must be included in the <b><i>NP reinstatement cost</i></b> . The methodology to recognise adjustments from <b><i>Group C reinsurance</i></b> must be agreed with APRA.

## O

<b><i>OA PML</i></b>	<b><i>OA PML</i></b> is the gross loss arising from the occurrence of a single event, such that the size of the loss has 0.5 per cent probability of occurrence. An insurer with exposures to accumulations of losses arising from a
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	common dependent source or non-natural perils must determine <b>OA PML</b> .
<b>OA reinstatement cost</b>	<b>OA reinstatement cost</b> is the cost (if any) of reinstating all catastrophe reinsurance cover relating to <b>OA reinsurance recoverables</b> . In determining this cost, if the insurer does not have contractually agreed rates for the reinsurance cover, the insurer must estimate the cost based on the current reinsurance market conditions. The amount must not be less than the full original cost of the cover with no deduction for the expiry of time since the inception of the reinsurance arrangements unless the insurer is able to demonstrate to APRA that the amount materially overstates the cost that would prevail.
<b>OA reinsurance recoverables</b>	<b>OA reinsurance recoverables</b> is the level of potential reinsurance recoverables should there be occurrence of <b>OA PML</b> .
<b>Other accumulations vertical requirement (OA VR)</b>	The <b>other accumulations vertical requirement (OA VR)</b> is calculated as the sum of: <ul style="list-style-type: none"> <li>• <b>OA PML</b>; and</li> <li>• <b>OA reinstatement cost</b></li> </ul> less: <ul style="list-style-type: none"> <li>• <b>PL adjustment to OA PML</b>; and</li> <li>• <b>OA reinsurance recoverables</b>.</li> </ul>

**P**

<b>PL adjustment to OA PML</b>	The insurer may reduce the <b>OA PML</b> for any losses included in the other accumulation scenario that is already specifically allowed for in the premiums liabilities of the insurer.
<b>PL offset</b>	<b>PL offset</b> is the portion of the premiums liability provision which relates to catastrophic losses (those that give rise to a relatively significant number of claims and occur no more frequently than every three months), as determined by the Appointed Actuary.

**S**

<b>Single event loss from H3 event</b>	The <b>single event loss from H3 event</b> is the gross or net loss from the occurrence of a single event, where that loss is not less than the whole-of-portfolio annual (gross/net) loss with a 10 per cent probability of occurrence.
<b>Single event loss from H4 event</b>	The <b>single event loss from H4 event</b> is the gross or net loss from the occurrence of a single event, where that loss is not less than the whole-of-portfolio annual (gross/net) loss with a 16.7 per cent probability of occurrence.

## Specific instructions

**Table 1: Insurance Concentration Risk Charge**

### Insurance concentration risk charge (ICRC)

The insurer is not required to report each component of the ICRC where the amount determined for one or more of the components is always expected to be materially lower than the amount determined for one or more of the other components. If a field does not apply, it should be left blank.

### Units of measurement

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

### 1. Natural perils vertical requirement (NP VR)

<b>Item 1</b>	<p><i>Natural perils vertical requirement (NP VR)</i> is a derived item and is calculated as the greater of:</p> <ul style="list-style-type: none"> <li>• item 1.2 less item 1.3; or</li> <li>• item 1.4;</li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• item 1.5</li> </ul> <p>plus:</p> <ul style="list-style-type: none"> <li>• item 1.6</li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• item 1.7</li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• item 1.8</li> </ul>
<b>Item 1.1</b>	<p>Report the <i>basis for determination of NP VR</i> value. The valid values are:</p> <ul style="list-style-type: none"> <li>• gross; or</li> <li>• net.</li> </ul> <p>The insurer is expected to report this item where it has determined an NP VR value.</p>
<b>Item 1.2</b>	Report the <i>NP PML</i> amount.
<b>Item 1.3</b>	<p>Report the <i>NP reinsurance recoverables</i> amount.</p> <p>The insurer must only report this item if the insurer has entered ‘gross’ in item 1.1.</p>
<b>Item 1.4</b>	Report the <i>net whole-of-portfolio loss</i> amount.

	The insurer must only report this item if the insurer has entered ‘net’ in item 1.1.
<b>Item 1.5</b>	Report the <i>NP reinstatement premiums</i> amount.
<b>Item 1.6</b>	Report the <i>NP reinstatement cost</i> amount.
<b>Item 1.7</b>	Report the <i>NP VR adjustments based on the Appointed Actuary’s advice</i> . The insurer must only report this item if the insurer has entered ‘gross’ in item 1.1. Report this as a positive number where it would reduce the <i>NP VR</i> .
<b>Item 1.8</b>	Report the <i>NP VR adjustments as approved by APRA</i> amount. Report this as a positive number where it would reduce the <i>NP VR</i> .

## 2. Natural perils horizontal requirement (NP HR)

<b>Item 2</b>	<i>Natural perils horizontal requirement (NP HR)</i> is a derived item and is calculated as the greater of <ul style="list-style-type: none"> <li>• item 2.3; or</li> <li>• item 2.4</li> </ul> less: <ul style="list-style-type: none"> <li>• item 2.5.</li> </ul>
<b>Item 2.1</b>	Report the <i>commencement date of catastrophe reinsurance program</i> amount.
<b>Item 2.2</b>	Report the <i>end date of catastrophe reinsurance program</i> amount.

## H3 requirement

The following items relate to the *H3 requirement*.

<b>Item 2.3</b>	<i>H3 requirement</i> is a derived item and is calculated as the total over the three events (across columns 1 to 3) for: <ul style="list-style-type: none"> <li>• item 2.3.8</li> </ul>
<b>Item 2.3.1</b>	Report the <i>basis for determination of H3 requirement</i> . The valid values are: <ul style="list-style-type: none"> <li>• gross; or</li> <li>• net.</li> </ul> The insurer is expected to report this item where it has determined an H3 requirement.
<b>Item 2.3.2</b>	Report the <i>single event loss from H3 event</i> amount.

The following columns are to be reported for item 2.3.3 to item 2.3.8.

<b>Column 1</b>	Report the amount for the first event.
<b>Column 2</b>	Report the amount for second event.
<b>Column 3</b>	Report the amount for the third event.

<b>Item 2.3.3</b>	<p>Report the <i>H3 reinsurance recoverables</i> amount for each event.</p> <p>This item must only be reported if the insurer has selected ‘gross’ in item 2.3.1.</p> <p>The total <i>H3 reinsurance recoverables</i> is calculated as the sum across columns 1 to 3.</p>
<b>Item 2.3.4</b>	<p>Report the <i>H3 adjustments based on the Appointed Actuary’s advice</i> amount for each event.</p> <p>This item must only be reported if the insurer has selected ‘gross’ in item 2.3.1.</p> <p>Report this as a positive number where it would reduce the <i>H3 requirement</i>.</p> <p>The total <i>H3 adjustments based on the Appointed Actuary’s advice</i> is calculated as the sum across columns 1 to 3.</p>
<b>Item 2.3.5</b>	<p>Report the <i>H3 adjustments as approved by APRA</i> amount for each event.</p> <p>Report this as a positive number where it would reduce the <i>H3 requirement</i>.</p> <p>The total <i>H3 adjustments as approved by APRA</i> is calculated as the sum across columns 1 to 3.</p>
<b>Item 2.3.6</b>	<p>Report the <i>H3 reinstatement premiums</i> amount for each event.</p> <p>The total <i>H3 reinstatement premiums</i> is calculated as the sum across columns 1 to 3.</p>
<b>Item 2.3.7</b>	<p>Report the <i>H3 reinstatement cost</i> amount after the first and second events.</p> <p>The insurer is not required to determine a <i>H3 reinstatement cost</i> after the third event.</p> <p>The total <i>H3 reinstatement cost</i> is calculated as the sum across columns 1 to 2.</p>
<b>Item 2.3.8</b>	<p><i>H3 loss per event</i> is a derived item and is calculated for each event as the sum of:</p> <ul style="list-style-type: none"> <li>• item 2.3.2; and</li> </ul>

	<ul style="list-style-type: none"> <li>• item 2.3.7</li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• item 2.3.3;</li> <li>• item 2.3.4;</li> <li>• item 2.3.5; and</li> <li>• item 2.3.6.</li> </ul> <p>The total <b><i>H3 loss per event</i></b> is calculated as the sum across columns 1 to 3.</p>
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#### H4 requirement

The following items relate to the ***H4 requirement***.

<b>Item 2.4</b>	<p><b><i>H4 requirement</i></b> is a derived item and is calculated as the total over the four events (across columns 1 to 4) for:</p> <ul style="list-style-type: none"> <li>• item 2.4.8</li> </ul>
<b>Item 2.4.1</b>	<p>Report the <b><i>basis for determination of H4 requirement</i></b>. The valid values are:</p> <ul style="list-style-type: none"> <li>• gross; or</li> <li>• net.</li> </ul> <p>The insurer is expected to report this item where it has determined an H4 requirement.</p>
<b>Item 2.4.2</b>	Report the <b><i>single event loss from H4 event</i></b> amount.

The following columns are to be reported for item 2.4.3 to item 2.4.8.

<b>Column 1</b>	Report the amount for the first event.
<b>Column 2</b>	Report the amount for second event.
<b>Column 3</b>	Report the amount for the third event.
<b>Column 4</b>	Report the amount for the fourth event.

<b>Item 2.4.3</b>	<p>Report the <b><i>H4 reinsurance recoverables</i></b> amount for each event.</p> <p>This item must only be reported if the insurer has selected ‘gross’ in item 2.4.1.</p> <p>The total <b><i>H4 reinsurance recoverables</i></b> is calculated as the sum across columns 1 to 4.</p>
<b>Item 2.4.4</b>	Report the <b><i>H4 adjustments based on the Appointed Actuary’s advice</i></b> amount for each event.

	<p>This item must only be reported if the insurer has selected ‘gross’ in item 2.4.1.</p> <p>Report this as a positive number where it would reduce the <b>H4 requirement</b>.</p> <p>The total <b>H4 adjustments based on the Appointed Actuary’s advice</b> is calculated as the sum across columns 1 to 4.</p>
<b>Item 2.4.5</b>	<p>Report the <b>H4 adjustments as approved by APRA</b> amount for each event.</p> <p>Report this as a positive number where it would reduce the <b>H4 requirement</b>.</p> <p>The total <b>H4 adjustments as approved by APRA</b> is calculated as the sum across columns 1 to 4.</p>
<b>Item 2.4.6</b>	<p>Report the <b>H4 reinstatement premiums</b> amount for each event.</p> <p>The total <b>H4 reinstatement premiums</b> is calculated as the sum across columns 1 to 4.</p>
<b>Item 2.4.7</b>	<p>Report the <b>H4 reinstatement cost</b> amount after the first, second and third events.</p> <p>The insurer is not required to determine a <b>H4 reinstatement cost</b> after the fourth event.</p> <p>The total <b>H4 reinstatement cost</b> is calculated as the sum across columns 1 to 3.</p>
<b>Item 2.4.8</b>	<p><b>H4 loss per event</b> is a derived item and is calculated for columns 1 to 4 as the sum of:</p> <ul style="list-style-type: none"> <li>• item 2.4.2; and</li> <li>• item 2.4.7</li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• item 2.4.3;</li> <li>• item 2.4.4;</li> <li>• item 2.4.5; and</li> <li>• item 2.4.6.</li> </ul> <p>The total <b>H4 loss per event</b> is calculated as the sum across columns 1 to 4.</p>

<b>Item 2.5</b>	Report the <b>PL offset</b> amount.
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### 3. Other accumulations vertical requirement (OA VR)

<b>Item 3</b>	<p><b>Other accumulations vertical requirement (OA VR)</b> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• item 3.1; and</li> </ul>
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	<ul style="list-style-type: none"> <li>• item 3.4</li> </ul> less: <ul style="list-style-type: none"> <li>• item 3.2; and</li> <li>• item 3.3.</li> </ul>
<b>Item 3.1</b>	Report the <i>OA PML</i> amount.
<b>Item 3.2</b>	Report the <i>PL adjustment to OA PML</i> amount.
<b>Item 3.3</b>	Report the <i>OA reinsurance recoverables</i> amount.
<b>Item 3.4</b>	Report the <i>OA reinstatement cost</i> amount.

#### 4. LMI concentration risk charge

<b>Item 4</b>	Report the <i>LMI concentration risk charge</i> amount.
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