Reporting Standard GRS 114.0.G

Asset Risk Charge

Objective of this Reporting Standard

This Reporting Standard sets out requirements for the provision of information to APRA relating to a Level 2 insurance group's asset 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 114 Capital Adequacy: Asset Risk Charge* (GPS 114).

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 a parent entity of a Level 2 insurance group as defined in *Prudential Standard CGPS 001 Definitionsed terms* (CGPS 001). This Reporting Standard applies for reporting periods ending on or after 1 Januaruly 20273. The parent entity of a Level 2 group is required to ensure that each requirement in this Reporting Standard is complied with.

Information required

4. The parent entity of a Level 2 insurance group must provide APRA with the information required by this Reporting Standard in respect of the Level 2 insurance group 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, the parent entity of a Level 2 insurance group must provide the information required by this Reporting Standard:

   (a) in respect of the first half year based on the financial year of the Level 2 insurance group on an unaudited basis; and

   (b) in respect of each financial year of the Level 2 insurance group on an audited basis.

   Note: The annual information required by paragraphs 4, 5 and 6(b), together with certain annual information required by other reporting standards, will form part of the Level 2 insurance group's annual accounts within the meaning of CGPS 001. *Prudential Standard GPS 310 Audit and Related Matters* contains the relevant provisions governing audits.

7. If, having regard to the particular circumstances of a Level 2 insurance group, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing to the parent entity, change the reporting periods, or specify reporting periods, for the particular Level 2 insurance group.

8. The information required by this Reporting Standard in respect of a Level 2 insurance group must be provided to APRA:

   (a) in the case of half yearly information, within three months 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: GPS 310 requires a Level 2 insurance group to ensure that its Group Auditor conducts a limited assurance review of the group's annual accounts. Accordingly, the Group Auditor's report(s) as required by GPS 310 (relating to the information required by paragraph 4) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

9. APRA may, in writing, grant the parent entity of a Level 2 insurance group 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, the parent entity of a Level 2 insurance group is nonetheless required to submit the information required no later than the due date.

10. On the written application of the parent entity of a Level 2 insurance group, APRA may by notice in writing to the parent entity exclude the requirement under subparagraph 6(a) to provide half yearly information.

Quality control

11. The information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Group Auditor of the Level 2 insurance group. This will require the Group Auditor to review and test the Level 2 insurance group's systems, processes and controls designed to enable the group to report reliable financial information to APRA. This review and testing must be done on:

    (a) an annual basis or more frequently if necessary to enable the Group Auditor to form an opinion on the reliability and accuracy of data; and

    (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board 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* (GPS 310).

12. All information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be subject to systems, processes and controls developed by the Level 2 insurance group for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the parent entity of the Level 2 insurance group to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

13. When an officer, or agent, of a parent entity of a Level 2 insurance group 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.

14. If the information required by this Reporting Standard is provided by an agent who submits the information on the parent entity of a Level 2 insurance group's behalf, the parent entity of a Level 2 insurance group must:

    (a) obtain from the agent a copy of the completed information provided to APRA; and

    (b) retain the completed copy.

15. An officer, or agent, of a parent entity of a Level 2 insurance group who submits the information under this Reporting Standard for, or on behalf of, the parent entity of a Level 2 insurance group must be authorised by either:

    (a) the Principal Executive Officer of the parent entity of the Level 2 insurance group; or

    (b) the Chief Financial Officer of the parent entity of the Level 2 insurance group.

Variations

16. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of this Reporting Standard in relation to that Level 2 insurance group.

Transition

17. A parent entity of a Level 2 insurance group must report under the old reporting standard revoked by the determination that makes this Reporting Standard in respect of any reporting periods ending in respect of a transitional reporting period. For these purposes:

18. ***old reporting standard*** means the reporting standard revoked in the determination making this Reporting Standard; and

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

20. which ended before 1 Januarulyy 20237; and

21. in relation to which the parent entity of a Level 2 insurance group was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

22.17. *Note:* For the avoidance of doubt, if a parent entity of a Level 2 insurance group was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the parent entity of a Level 2 insurance group is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

23.18. In this Reporting Standard:

(a) unless the contrary intention appears, words and expressions have the meanings given to them in GCPS 001; and

(b) the following definitions are applicable:

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 CGPS 001;

Chief Financial Officer means the chief financial officer of the parent entity of a Level 2 insurance group, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the parent entity of a Level 2 insurance group;

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

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

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

Group Auditor has the meaning given in GPS 310;

Insurance Act means the *Insurance Act 1973*;

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

*Note***:** In 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 current principal executive officer of the entity, by whatever name called, and whether or not he or she is a member of the governing board of the entity; and

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

~~24.~~19. 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 or existing from time to time.

Reporting Standard GRS 114.0.G

Asset 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 a table must not appear on more than one row in that table when reported.

Look-through treatment

For asset and liability items that have been treated on a look-through basis for the purpose of GPS 114, report the effective underlying exposures after adjustments for look-through as well as their resultant impacts on capital base respectively.

Derivative treatment

All items should be reported gross of impacts from derivatives. Report the fair value of open derivative positions under ***derivatives (liabilities)*** and ***derivatives (assets)***.

Assets subject to stress

Exclude from the calculation of Asset Risk Charge all components of assets that are either:

- deducted from total assets for the purpose of determining the capital base; or
- subject to the Asset Concentration Risk Charge.

Include investment receivable with the asset that generated the income.

Asset stress scenario

Level 2 insurance groups are not required to report the components of ***impact on capital base*** for asset stress scenarios where it is determined that those scenarios would improve the capital base (i.e. result in a zero-***risk charge component***) as at the end of the relevant reporting period.

Level 2 insurance groups must report all asset stress scenarios that would give rise to a positive ***risk charge component***.

Tax benefit

Unlike Level 1 insurers, Level 2 insurance groups can rely on tax benefits of other entities within the Level 2 insurance group. However, a Level 2 insurance group cannot recognise tax benefits whose value is contingent on the tax benefits being used by entities outside the Level 2 insurance group.

Currency stress

Level 2 insurance groups must make all consolidation adjustments for intra-group arrangements before applying the currency stress.

Default stress

Level 2 insurance groups must make all consolidation adjustments for intra-group arrangements before applying the ***default stress***.

International business

A Level 2 insurance group may use a best endeavours basis to determine the identification of asset or counterparty exposures for international business. The best endeavours basis must use information held by entities within the Level 2 insurance group, or otherwise publicly available information, in a manner consistent with the group's documented credit risk management policies.

A Level 2 insurance group may use accounting records to derive values for the following data items for international business (subject to meeting *Prudential Standard GPS 340 Insurance Liability Valuation* (GPS 340) requirements):

- ***Reinsurance recoverables on outstanding claims***;
- ***Expected reinsurance recoveries***;
- ***Other reinsurance assets***;
- ***GPS 340 net outstanding claims liabilities***; and
- ***GPS 340 net premium liabilities***.

The Level 2 insurance group must remove regulatory receivables and payables from the accounting records and separately report these data items. The Level 2 insurance group may use a best endeavours basis for the removal.

Definitions

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

A

Adjusted pre-stress amount	This is the value of relevant items of the reporting Level 2 insurance group. Report amounts before the application of any designated asset stresses, net of the effect of any look-through adjustments and applying the fair value requirement outlined in *Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital* and GPS 114.
Aggregated risk charge component	This is the aggregated result of applying the aggregation formula over ***risk charge components*** set out in GPS 114. The formula allows for the likelihood of the asset risk stress scenarios occurring simultaneously.
Amounts payable on	This is the value of ***amounts payable on reinsurance contracts held***. This includes reinsurance premiums that are due to be paid, all unpaid instalment reinsurance premiums, reinsurer's portion of recoveries and

reinsurance contracts held ***(Items subject to Asset Risk Charge type)***	salvage, and commissions due to reinsurers. This also includes deposits withheld from reinsurers. For reinsurance contracts held, if there is a legal right of set-off within the underlying reinsurance contracts, report the amount after set-off against other amounts receivable from the reinsurer under that reinsurance contract. If the amount is a net receivable position from the reinsurer, report the amount under ***amounts receivable on reinsurance contracts held***. If there is not a legal right of set-off, report the amounts payable without set-off. Also refer to the definition of ***amounts receivable on reinsurance contracts held***. ***Amounts payable on reinsurance contracts held*** is netted against reinsurance contract assets or added to reinsurance contract liabilities under *AASB 17 Insurance Contracts* (AASB 17). This must exclude any amount already allowed in insurance liabilities determined under GPS 340 to avoid double counting. This amount must be consistent with ***amounts payable on reinsurance contracts held*** reported in *Reporting Standard GRS 112.0.G Determination of Capital Base* (GRS 112.0.G).
Amounts receivable on reinsurance contracts held ***(Items subject to Asset Risk Charge type)***	This is the value of ***amounts receivable on reinsurance contracts held***. This includes reinsurance recoverables on paid claims. For reinsurance contracts held, if there is a legal right of set-off within the underlying reinsurance contracts, report the amount after set-off against other amounts payable to the reinsurer under that reinsurance contract. If the amount is a net payable position to the reinsurer, report the amount under ***amounts payable on reinsurance contracts held***. If there is not a legal right of set-off, report the receivable amount without set-off. Also refer to the definition of ***amounts payable on reinsurance contracts held***. ***Amounts receivable on reinsurance contracts held*** is netted against reinsurance contract liabilities or added to reinsurance contract assets under AASB 17. This must exclude any amount already allowed in insurance liabilities determined under GPS 340 to avoid double counting. This amount must be consistent with ***amounts receivable on reinsurance contracts held*** reported in GRS 112.0.G.
Assets subject to credit spreads stress type	This is the category of assets subject to ***credit spreads stress***. The options are: • bonds and other non-securitised assets; • structured and securitised assets; and • re-securitised assets.

C

Cash and cash equivalents ***(Items subject to Asset Risk Charge type)***	This is the value, as at the relevant date, of notes and coins; deposits withdrawable or redeemable within 24 hours; and securities purchased under agreements to resell.
Claims payable ***(Items subject to Asset Risk Charge type)***	This is the value of ***claims payable***, which reflects claims due but not paid. For inwards reinsurance business, where there is a legal right of set-off within the underlying reinsurance contract, report under this item if the amount after set-off results in a net payable position to the cedant. If there is not a legal right of set-off, report the amounts payable without set-off. Also refer to the definition of ***premiums receivable***. ***Claims payable*** is netted against insurance contract assets or added to insurance contract liabilities under AASB 17. This must exclude any amount already allowed in insurance liabilities determined under GPS 340 to avoid double counting. This amount must be consistent with ***claims payable*** reported in GRS 112.0.G.
Counterparty grade	This is the classification applied to an investment or exposure as per the requirements of CGPS 001. Assets guaranteed by an Australian state or territory government must be reported in the ***counterparty grade*** that applies after rating up one grade in accordance with GPS 114.
Credit spread fair value amount	This is the fair value of assets that are subject to ***credit spreads stress***.
Credit spread stressed amount	This is the stressed value of assets that are subject to ***credit spreads stress***.
Credit spreads stress ***(Stress scenario type)***	This is the impact on a Level 2 insurance group's capital base of an increase in credit spreads and the risk of default and is calculated in accordance with GPS 114. This stress applies to interest bearing assets, including cash deposits and floating rate assets. Credit derivatives and zero-coupon instruments such as bank bills must also be included.
Currency downwards stress	This is the impact on a Level 2 insurance group’s capital base of downward changes in foreign currency exchange rates and is calculated in accordance with GPS 114.

(Stress scenario type)	
Currency upwards stress ***(Stress scenario type)***	This is the impact on a Level 2 insurance group's capital base of upward changes in foreign currency exchange rates and is calculated in accordance with GPS 114.
Current tax assets ***(Items subject to Asset Risk Charge type)***	This is the value of ***current tax assets*** determined in accordance with Australian Accounting Standards.

D

Default stress ***(Stress scenario type)***	This is the impact on a Level 2 insurance group's capital base of the risk of counterparty default and is calculated in accordance with GPS 114. It applies to reinsurance assets, over the counter derivatives, unpaid premiums and all other credit or counterparty exposures that have not been affected by the ***credit spreads stress***. In accordance with GPS 114, only the central estimates of reinsurance assets are to be subject to ***default stress***.
Deferred tax assets ***(Items subject to Asset Risk Charge type)***	This is the value of tax benefits that may be recognised in future financial periods, as consistent with the asset risk scenario under consideration.
Deferred tax liabilities ***(Items subject to Asset Risk Charge type)***	This is the value of taxes payable in future periods in respect of taxable temporary differences. The definition is interpreted consistently with *Australian Accounting Standard AASB 112 - Income Taxes* (AASB 112).
Derivatives (assets) ***(Items subject to Asset Risk Charge type)***	This is the value of all open derivative positions reported as assets.
Derivatives (liabilities)	This is the value of all open derivatives positions reported as liabilities.

(Items subject to Asset Risk Charge type)	
Dividend yield used in determination of equity stress ***(Yields used in stress scenarios type)***	This is the dividend yield of the ASX 200 index used in determining the reduction in equity asset values under the ***equity stress*** scenario.

E

Earnings yield used in determination of property stress ***(Yields used in stress scenarios type)***	This is the average earnings yield before taxes used in determining the reduction in infrastructure asset values under the ***property stress*** scenario.
Equities (direct) ***(Items subject to Asset Risk Charge type)***	This is the value, as at the relevant date, of equity securities and of subordinated debt securities. Equity securities are, as defined by the Australian Accounting Standards, contracts that evidence a residual interest in the assets of an entity after deducting all its liabilities. This includes equity securities lent or sold by the entity under repurchase agreements, where the transaction does not result in the transfer of the rights of ownership of the securities away from the entity to another party. Subordinated debt is a debt security where the claim to repayment ranks lower in priority to other claims.
Equity stress ***(Stress scenario type)***	This is the impact on a Level 2 insurance group's capital base of a fall in equity and other asset values and is calculated in accordance with GPS 114. This stress applies to both listed and unlisted equity assets and to any other assets that are not considered in any of the other asset risk stresses. This stress also includes an increase to equity volatility.
Expected inflation downwards stress ***(Stress scenario type)***	Expected inflation stress measures the impact on a Level 2 insurance group's capital base of changes to expected Consumer Price Index inflation rates. It also affects nominal interest rates. This item reports the impact on the capital base of the Level 2 insurance group arising from the application of the downward expected inflation stress and is calculated in accordance with GPS 114.

Expected inflation upwards stress ***(Stress scenario type)***	Expected inflation stress measures the impact on a Level 2 insurance group's capital base of changes to expected Consumer Price Index inflation rates. It also affects nominal interest rates. This item reports the impact on the capital base of the Level 2 insurance group arising from the application of the upward expected inflation stress and is calculated in accordance with GPS 114.
Expected reinsurance recoveries ***(Items subject to Asset Risk Charge type)***	This is the amount due to a Level 2 insurance group from a reinsurer that arises from the recognition of premiums liabilities referred to in the GI Prudential Standards (including GPS 340). This is distinguished from reinsurance recoverables.

G

GPS 340 net outstanding claims liabilities ***(Items subject to Asset Risk Charge type)***	This is the value of the net outstanding claims liabilities determined in accordance with GPS 340. This includes an asset risk ***default stress*** amount arising from ***non-reinsurance recoveries receivable*** on outstanding claims liability, where relevant. This is because failure to receive such a recovery in full would have a detrimental impact on the general insurer's capital base. General insurers are to report the ***default stress*** amount on ***non-reinsurance recoveries receivable*** on outstanding claims liability within ***GPS 340 net outstanding claims liabilities***. This is because under the requirements of GPS 340 paragraph 9, net outstanding claims is defined to be net of non-reinsurance recoveries, and therefore a default in ***non-reinsurance recoveries receivable*** on outstanding claims liability will affect the capital base via a rise in the reported ***GPS 340 net outstanding claims liabilities***.
GPS 340 net premium liabilities ***(Items subject to Asset Risk Charge type)***	This is the value of the net premium liabilities determined in accordance with GPS 340.

I

Impact of diversification	This is calculated as the sum of the ***risk charge components*** used in calculating the ***aggregated risk charge component***, less the ***aggregated risk charge component*** as set out in GPS 114.

Impact on capital base	This shows the impact on the capital base of each asset risk stress scenario as set out in GPS 114. This item is calculated for each ***stress scenario type*** as the sum of: • ***cash and cash equivalents*** • ***current tax assets*** • ***interest rate investments (direct)*** • ***equities (direct)*** • ***property (direct)*** • ***loans (direct)*** • ***indirect investments*** • ***deferred tax assets*** • ***derivatives (assets)*** • ***investments in related entities (associates, joint ventures, subsidiaries)*** • ***other assets subject to Asset Risk Charge*** • ***deferred tax liabilities*** • ***derivatives (liabilities)*** • ***other liabilities subject to Asset Risk Charge*** • ***reinsurance recoverables on outstanding claims*** • ***amounts receivable on reinsurance contracts held*** • ***expected reinsurance recoveries*** • ***other reinsurance assets*** • ***GPS 340 net outstanding claims liabilities*** • ***GPS 340 net premium liabilities*** • ***premiums receivable*** • ***non-reinsurance recoveries receivable*** • ***other accounts receivable on insurance contracts issued*** • ***claims payable*** • ***amounts payable on reinsurance contracts held*** • ***other accounts payable on insurance contracts issued*** • ***off-balance sheet exposures***
Indirect investments ***(Items subject to Asset Risk Charge type)***	This is the value of the net assets of unit trusts or managed investment schemes invested in by the reporting Level 2 insurance group, or mandates individually managed on behalf of the reporting Level 2 insurance group.
Interest rate investments (direct) ***(Items subject to Asset Risk Charge type)***	This is the value of debt securities held by the reporting Level 2 insurance group as at the relevant date, plus the value of deposits and placements that have been classified by the reporting Level 2 insurance group as assets backing insurance liabilities for statutory reporting purposes. A debt security is a transferable instrument evidencing a relationship of indebtedness. It is characterised by having a definable

	return that is not based on the economic performance of the issuing entity.
Investments in related entities (associates, joint ventures, subsidiaries) ***(Items subject to Asset Risk Charge type)***	This is the value of strategic investments or acquisitions of the reporting Level 2 insurance group. This includes investments in associates, joint ventures and subsidiaries from the AASB 17 balance sheet. This does not include investments that constitute assets backing general insurance liabilities.

L

Loans (direct) ***(Items subject to Asset Risk Charge type)***	This is the value of ***loans***. ***Loans*** include financial leases and mortgages, and are typically non-negotiable on the secondary market.

N

Non-reinsurance recoveries receivable ***(Items subject to Asset Risk Charge type)***	This is the value of non-reinsurance recoveries on paid claims. ***Non-reinsurance recoveries receivable*** is netted against insurance contract liabilities or added to insurance contract assets under AASB 17. This must exclude any amount already allowed in insurance liabilities determined under GPS 340 to avoid double counting. This amount must be consistent with ***non-reinsurance recoveries receivable*** reported in GRS 112.0.G. This includes an asset risk ***default stress*** amount arising from ***non-reinsurance recoveries receivable*** on outstanding claims liability, where relevant.

O

Off-balance sheet exposures ***(Items subject to Asset Risk Charge type)***	This is the value of ***off-balance sheet exposures*** that are subject to the Asset Risk Charge.
Other accounts payable on	***Other accounts payable on insurance contracts issued*** reflects any other amounts due but not paid relating to insurance contracts. This may

insurance contracts issued ***(Items subject to Asset Risk Charge type)***	include (but is not limited to) levies, taxes, rebates, fees and commissions. ***Other accounts payable on insurance contracts issued*** is netted against insurance contract assets or added to insurance contract liabilities under AASB 17. This must exclude any amount already allowed in insurance liabilities determined under GPS 340 to avoid double counting. This amount must be consistent with ***other accounts payable on insurance contracts issued*** reported in GRS 112.0.G.
Other accounts receivable on insurance contracts issued ***(Items subject to Asset Risk Charge type)***	***Other accounts receivable on insurance contracts issued*** reflects any other amounts due but not received relating to insurance contracts. This may include (but is not limited to) levies, taxes, rebates, fees and commissions. ***Other accounts receivable on insurance contracts issued*** is netted against insurance contract liabilities or added to insurance contract assets under AASB 17. This must exclude any amount already allowed in insurance liabilities determined under GPS 340 to avoid double counting. This amount must be consistent with ***other accounts receivable on insurance contracts issued*** reported in GRS 112.0.G.

Other assets subject to Asset Risk Charge ***(Items subject to Asset Risk Charge type)***	This is the value of the accounting assets that have not been reported elsewhere in: • ***cash and cash equivalents*** • ***current tax assets*** • ***deferred tax assets*** • ***derivatives (assets)*** • ***investments in related entities (associates, joint ventures, subsidiaries)*** • ***interest rate investments (direct)*** • ***equities (direct)*** • ***property (direct)*** • ***loans (direct)*** • ***indirect investments*** This does not include assets in excess of the concentration limits set out in *Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge* or assets which are deducted from capital base such as surplus in defined benefit superannuation funds of which the reporting Level 2 insurance group is an employer-sponsor. Additionally, this excludes the following items from the AASB 17 balance sheet: • insurance contract assets; and • reinsurance contract assets.
Other liabilities subject to Asset Risk Charge ***(Items subject to Asset Risk Charge type)***	This consists of all other accounting liabilities of the reporting Level 2 insurance group not separately reported under ***deferred tax liabilities*** or ***derivatives (liabilities)***. Additionally, this excludes the following items from the AASB 17 balance sheet: • insurance contract liabilities • reinsurance contract liabilities
Other reinsurance assets ***(Items subject to Asset Risk Charge type)***	This is the value of the central estimate of any asset recognised by the reporting Level 2 insurance group that relates to reinsurance other than: • ***reinsurance recoverables on outstanding claims***; • ***amounts receivable on reinsurance contracts held***; and • ***expected reinsurance recoveries***.

P

Premiums receivable	This is the value of unpaid premiums in relation to direct insurance business and inwards reinsurance business. Unpaid premiums include premiums that are due to be received, unpaid premiums available for

(Items subject to Asset Risk Charge type)	collection, and premiums not yet available for collection. Insurers must include all unpaid instalment premiums. This amount includes unpaid premiums in relation to unclosed business. Unclosed business refers to business written close to the balance date where acceptance of risk is prior to the balance date but there is insufficient information to accurately identify the business. This includes insurance policies that have not been processed, but for which a reporting insurer is liable at the valuation date. Premiums should be gross of reinsurance and commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts. For inwards reinsurance business, if there is a legal right of set-off within the underlying reinsurance contract, report the amount after set-off against other amounts payable to the cedant under that reinsurance contract. If the amount is a net payable position to the cedant, report the amount under ***claims payable***. If there is not a legal right of set-off, report the amounts receivable without set-off. Also refer to the definition of ***claims payable***. ***Premiums receivable*** is netted against insurance contract liabilities or added to insurance contact assets under AASB 17. ***Premiums receivable*** must be reduced by the amount that is likely to become uncollectable in the future. This amount must be consistent with ***premiums receivable*** reported in GRS 112.0.G.
Property stress ***(Stress scenario type)***	This is the impact on a Level 2 insurance group's capital base of changes in property and infrastructure asset values and must be calculated in accordance with GPS 114.
Property (direct) ***(Items subject to Asset Risk Charge type)***	This is the value of property held by the reporting Level 2 insurance group, in accordance with the classification and measurement basis under the relevant Australian Accounting Standards.

R

Real interest rates downwards stress ***(Stress scenario type)***	The real interest rates stress measures the impact on a Level 2 insurance group's capital base of downward changes in real interest rates. It also affects nominal interest rates. This item is calculated in accordance with GPS 114.

Real interest rates upwards stress ***(Stress scenario type)***	The real interest rates stress measures the impact on a Level 2 insurance group's capital base of upward changes in real interest rates. It also affects nominal interest rates. This item is calculated in accordance with GPS 114.
Reinsurance recoverables on outstanding claims ***(Items subject to Asset Risk Charge type)***	This is the value of the central estimate of reinsurance recoverables in relation to reinsurance contracts for outstanding claims. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under *Prudential Standard GPS 230 Reinsurance Management* (GPS 230).
Rental yield used in determination of property stress ***(Yields used in stress scenarios type)***	This is the average rental yield for the property assets, based on current leases, and net of expenses.
Risk charge components	This item is calculated for each ***stress scenario type*** as the greater of zero and the ***impact on capital base*** amount. If the ***impact on capital base*** is less than zero then the ***risk charge component*** is equal to the absolute value of the ***impact on capital base***. If the ***impact on capital base*** is greater than zero then the ***risk charge component*** is zero.

S

Stress scenario amount	This is the contribution of the relevant items towards the change in capital base under the ***stress scenario types***. Specifications of the stresses are determined in accordance with GPS 114.

Stress scenario type	This consists of the stress scenarios that must be applied to individual items under GPS 114. The scenarios are: • ***real interest rates upwards stress***; • ***real interest rates downwards stress***; • ***expected inflation upwards stress***; • ***expected inflation downwards stress***; • ***currency upwards stress***; • ***currency downwards stress***; • ***equity stress***; • ***property stress***; • ***credit spreads stress***; and • ***default stress***.

Y

Yields used in stress scenario percent	This is the percentage values of ***yields used in stress scenario type***.
Yields used in stress scenario type	This consists of the types of yields used in stress scenario that must be applied to individual items under GPS 114. The yield types are: • ***dividend yield used in determination of equity stress;*** • ***rental yield used in determination of property stress;*** and • ***earnings yield used in determination of property stress***.

Specific instructions

Table 1: Adjusted Pre-Stress Amount

Reporting basis

Level 2 insurance groups should report the value of all relevant items within the balance sheet of the reporting Level 2 insurance group.

Report values before the application of any designated asset stresses, and net of the effect of any look-through adjustments.

Units of measurement

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

	Name	Valid values	Description
1	Items Subject To Asset Risk Charge Type	Accounting assets subject to stress: • ***Cash and cash equivalents*** • ***Current tax assets*** • ***Interest rate investments (direct)*** • ***Equities (direct)*** • ***Property (direct)*** • ***Loans (direct)*** • ***Indirect investments*** • ***Deferred tax assets*** • ***Derivatives (assets)*** • ***Investments in related entities (associates, joint ventures, subsidiaries)*** • ***Other assets subject to Asset Risk Charge*** Accounting liabilities subject to stress: • ***Deferred tax liabilities*** • ***Derivatives (liabilities)***	Report the items subject to Asset Risk Charge type. Items categorised under accounting assets subject to stress must exclude the following items from the AASB 17 balance sheet: • insurance contract assets; and • reinsurance contract assets. Items categorised under accounting liabilities subject to stress must exclude the following items from the AASB 17 balance sheet: • insurance contract liabilities; and • reinsurance contract liabilities.

	Name	Valid values	Description
		• ***Other liabilities subject to Asset Risk Charge*** GPS 340 Insurance liabilities subject to stress: • ***GPS 340 net outstanding claims liabilities*** • ***GPS 340 net premium liabilities*** Capital regulatory receivables subject to stress: • ***Premiums receivable*** • ***Non-reinsurance recoveries receivable*** • ***Other accounts receivable on insurance contracts issued*** Capital regulatory payables subject to stress: • ***Claims payable*** • ***Amounts payable on reinsurance contracts held*** • ***Other accounts payable on insurance contracts issued*** GPS 340 reinsurance assets subject to default stress: • ***Reinsurance recoverables on outstanding claims*** • ***Amounts receivable on reinsurance contracts held*** • ***Expected reinsurance recoveries*** • ***Other reinsurance assets*** Off balance sheet exposures subject to stress: • ***Off-balance sheet exposures***	
2	Adjusted Pre-Stress Amount	Whole dollars	Report the ***adjusted pre-stress amount*** on a look-through fair value basis. Report the pre-stress amounts as positive values.

Table 2: Impact on Capital Base

Reporting basis

Report the impacts on the capital base of the application of the ***stress scenario types***. Reported values in Column 3 should represent the contribution of the relevant items in Column 1 to the change in capital base under a given ***stress scenario type*** in Column 2. Report decreases to assets and increases to liabilities as negative values in Column 3. Report increases to assets and decreases to liabilities as positive values in Column 3.

Units of measurement

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

	Name	Valid values	Description
1	Items Subject To Asset Risk Charge Type	Accounting Assets subject to stress: • ***Cash and cash equivalents*** • ***Current tax assets*** • ***Interest rate investments (direct)*** • ***Equities (direct)*** • ***Property (direct)*** • ***Loans (direct)*** • ***Indirect investments*** • ***Deferred tax assets*** • ***Derivatives (assets)*** • ***Investments in related entities (associates, joint ventures, subsidiaries)*** • ***Other assets subject to Asset Risk Charge*** Accounting liabilities subject to stress: • ***Deferred tax liabilities*** • ***Derivatives (liabilities)*** • ***Other liabilities subject to Asset Risk Charge***	Report the items subject to Asset Risk Charge type. Items categorised under accounting assets subject to stress must exclude the following items from the AASB 17 balance sheet: • Insurance contract assets; and • Reinsurance contract assets. Items categorised under accounting liabilities subject to stress must exclude the following items from the AASB 17 balance sheet: • Insurance contract liabilities; and • Reinsurance contract liabilities.

	Name	Valid values	Description
		GPS 340 insurance liabilities subject to stress: • ***GPS 340 net outstanding claims liabilities*** • ***GPS 340 net premium liabilities*** Capital regulatory receivables subject to stress: • ***Premiums receivable*** • ***Non-reinsurance recoveries receivable*** • ***Other accounts receivable on insurance contracts issued*** Capital regulatory payables subject to stress: • ***Claims payable*** • ***Amounts payable on reinsurance contracts held*** • ***Other accounts payable on insurance contracts issued*** GPS 340 reinsurance assets subject to default stress: • ***Reinsurance recoverables on outstanding claims*** • ***Amounts receivable on reinsurance contracts held*** • ***Expected reinsurance recoveries*** • ***Other reinsurance assets*** Off balance sheet exposures subject to stress: • ***Off-balance sheet exposures***	
2	Stress Scenario Type	• ***Real interest rates upwards stress*** • ***Real interest rates downwards stress*** • ***Expected inflation upwards stress*** • ***Expected inflation downwards stress*** • ***Currency upwards stress*** • ***Currency downwards stress*** • ***Equity stress*** • ***Property stress***	Report the ***stress scenario type***. ***Default stress*** must be assigned to the data items under GPS 340 reinsurance assets subject to ***default stress***.

	Name	Valid values	Description
		• ***Credit spreads stress*** • ***Default stress***	
3	Stress Scenario Amount	Whole dollars	Report the ***stress scenario amount***. A negative number indicates a reduction in the capital base.

Table 3: Counterparty Grade

Reporting basis

Reports the fair value and stressed value of assets that are subject to ***credit spreads stress***, subdivided by ***counterparty grade*** type and ***assets subject to credit spreads stress type***.

Units of measurement

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

	Name	Valid values	Description
1	Assets Subject To Credit Spreads Stress Type	• Bonds & other non-securitised assets • Structured / securitised assets • Re-securitised assets	Report the ***assets subject to credit spreads stress type***.
2	Counterparty Grade Type	• Grade 1 (Government) • Grade 1 (Other) • Grade 2 • Grade 3 • Grade 4 • Grade 5 • Grade 6 • Grade 7	Report the ***counterparty grade*** type.
3	Credit Spread Fair Value Amount	Whole dollars	Report the ***credit spread fair value amount***.
4	Credit Spread Stressed Amount	Whole dollars	Report the ***credit spread stressed amount***.

Table 4: Yields

Reporting basis

Report each of the yields used in stress scenarios as at the reporting date.

Units of measurement

Report all percentages as percentage points to two decimal places.

	Name	Valid values	Description
1	Yields Used In Stress Scenarios Type	• ***Dividend yield used in determination of equity stress*** • ***Rental yield used in determination of property stress*** • ***Earnings yield used in determination of property stress***	Report the ***yields used in stress scenarios type.*** ***Dividend yield used in determination of equity stress*** is only required if the ***risk charge component*** for the ***equity stress*** is greater than zero. ***Rental yield used in determination of property stress is*** only required if the ***risk charge component*** for the ***property stress*** is greater than zero due to property assets. If rental yields and falls in value have been determined separately for each property asset, enter an estimate of the average rental yield for this item. ***Earnings yield used in determination of property stress is*** only required if the ***risk***

	Name	Valid values	Description
			charge component for the ***property stress*** is greater than zero due to infrastructure assets.
2	Yields Used In Stress Scenarios Percent	Percentage	Report the ***yields used in stress scenarios percent***.