



Financial Sector (Collection of Data) (reporting standard) determination No. 62 of 2023

Reporting Standard GRS 111.0.G Adjustments and Exclusions

Financial Sector (Collection of Data) Act 2001

I, Michael Murphy, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*, determine *Reporting Standard GRS 111.0.G Adjustments and Exclusions*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I declare that the reporting standard shall begin to apply to those financial sector entities on the day it is registered on the Federal Register of Legislation.

This instrument commences upon registration on the Federal Register of Legislation.

Dated: 2 June 2023

Michael Murphy
General Manager - Chief Data Officer (Acting)
Technology and Data Division

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

Federal Register of Legislation means the register established under section 15A of the *Legislation Act 2003*.

financial sector entity has the meaning given by section 5 of the Act.

Schedule

Reporting Standard GRS 111.0.G Adjustments and Exclusions comprises the document commencing on the following page.



Reporting Standard GRS 111.0.G

Adjustments and Exclusions

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 adjustments and exclusions to the prudential standard requirements as approved by APRA.

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.

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 GPS 001 Definitions* (GPS 001). This Reporting Standard applies for reporting periods ending on or after 1 July 2023. 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 GPS 001. *Prudential Standard GPS 310 Audit and Related Matters* (GPS 310) contains the relevant provisions governing audits.

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

Interpretation

17. In this Reporting Standard:

- (a) unless the contrary intention appears, words and expressions have the meanings given to them in GPS 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 GPS 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) 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 111.0.G

Adjustments and Exclusions

General instructions

Reporting tables

Tables 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.

A

<i>APRA-approved adjustment amount</i>	This is the amount relating to APRA approved adjustments to specific requirements of the prudential standards for a reporting Level 2 insurance group.
<i>APRA-approved adjustment type</i>	This means the type of APRA-approved adjustment. Possible types relate to the: <ul style="list-style-type: none"> • <i>prescribed capital amount</i>; • <i>Asset Risk Charge</i>; • <i>Insurance Risk Charge - outstanding claims liabilities</i>; • <i>Insurance Risk Charge - premiums liabilities</i>; • <i>Insurance Concentration Risk Charge</i>; • <i>Asset Concentration Risk Charge</i>; and • <i>Operational Risk Charge</i>.
<i>Asset Concentration Risk Charge</i>	The <i>Asset Concentration Risk Charge</i> is the minimum amount of capital required to be held against asset concentration risks. The <i>Asset Concentration Risk Charge</i> relates to the risk resulting from investment concentrations in individual assets or large exposures to individual counterparties or groups of related counterparties resulting in adverse movements in the reporting Level 2 insurance group's capital base. This must be determined in accordance with <i>Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge</i> .
<i>Asset Risk Charge</i>	The <i>Asset Risk Charge</i> is the minimum amount of capital required to be held against asset risks. The <i>Asset Risk Charge</i> relates to the risk of adverse movements in the value of a reporting Level 2 insurance group's capital base due to credit or market risks. This must be determined in accordance with <i>Prudential Standard GPS</i>

	<i>114 Capital Adequacy: Asset Risk Charge.</i>
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<i>Insurance Concentration Risk Charge</i>	<p>The <i>Insurance Concentration Risk Charge</i> is the minimum amount of capital required to be held against insurance concentration risks. The <i>Insurance Concentration Risk Charge</i> relates to the risk of an adverse movement in the reporting Level 2 insurance group's capital base due to a single large loss or series of losses.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 116 Capital Adequacy: Insurance Concentration Risk Charge.</i></p>
<i>Insurance Risk Charge - outstanding claims liabilities (OCL)</i>	<p>The risk charge for outstanding claims risk relates to the risk that the value of net outstanding claims liabilities (OCL) determined in accordance with <i>Prudential Standard GPS 340 Insurance Liability Valuation</i> (GPS 340) will be insufficient to cover associated net claim payments and any associated claim expenses as they fall due.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 115 Insurance Risk Charge</i> (GPS 115).</p>
<i>Insurance Risk Charge - premiums liabilities (PL)</i>	<p>This is 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>This must be determined in accordance with GPS 115.</p>

O

<i>Operational Risk Charge</i>	<p>The <i>Operational Risk Charge</i> is the minimum amount of capital required to be held against operational risks. The <i>Operational Risk Charge</i> relates to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 118 Capital Adequacy: Operational Risk Charge.</i></p>
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<i>Prescribed capital amount</i>	The <i>prescribed capital amount</i> must be determined in accordance with <i>Prudential Standard GPS 110 Capital Adequacy.</i>
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Specific instructions

Table 1: Adjustments and exclusions

Reporting basis

For a Level 2 insurance group, report the adjustments and exclusions to the prudential standard requirements, as approved by APRA.

Units of measurement

This values in this table must be completed in whole Australian dollars.

	Name	Valid values	Description
1	APRA-Approved Adjustment Type	<ul style="list-style-type: none"> • <i>Prescribed capital amount</i> • <i>Asset Risk Charge</i> • <i>Insurance Risk Charge - outstanding claims liabilities (OCL)</i> • <i>Insurance Risk Charge - premiums liabilities (PL)</i> • <i>Insurance Concentration Risk Charge</i> • <i>Asset Concentration Risk Charge</i> • <i>Operational Risk Charge</i> 	Report the <i>APRA-approved adjustment type</i> .
2	APRA-Approved Adjustment Description	Free text	<p>Provide a description of the <i>APRA-approved adjustment amount</i>.</p> <p>Where the adjustment is a transitional adjustment, the end date for the transitional period must be clearly included in the description of the item.</p>
3	APRA-Approved	<ul style="list-style-type: none"> • Yes 	Report whether the <i>APRA-approved adjustment</i>

	Name	Valid values	Description
	Adjustment Transitional Indicator	<ul style="list-style-type: none"> No 	<p><i>amount</i> is transitional.</p> <p>Report 'Yes' if the adjustment is transitional. Report 'No' if the adjustment is not transitional.</p>
4	APRA-Approved Adjustment Amount	Whole dollars	<p>Report the <i>APRA-approved adjustment amount</i>.</p> <p>Report adjustments that would result in an increase to the <i>APRA-approved adjustment type</i> calculation as a positive value.</p>