

GRF_114_1: Assets by Counterparty Grade

These instructions must be read in conjunction with the general instruction guide.

Explanatory notes

Reporting basis

The values of the items reported in this form are to correspond with those reported in: *GRF 114.4 Details of Investment Assets* (GRF 114.4) and *GRF 300.0 Statement of Financial Position* (GRF 300.0).

Counterparty grade

For each asset exposure, report the amounts corresponding to each counterparty grade in Columns 1 to 8. The counterparty grade is to be determined in accordance with *Prudential Standard GPS 001 Definitions* and *Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge*.

Fair value

Assets backing insurance liabilities are to be reported at fair value.

Instructions for specific items

1. Direct interest rate investments

This is the value of debt securities held by the reporting insurer as at the relevant date, plus the value of deposits and placements that have been classified by the reporting insurer 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.

The total across the counterparty grades should correspond to Item 4 in Section 1 of GRF 114.4.

2. Net loans and advances

This is, as at the relevant date, the principal amount of loans and advances provided, net of associated provisions for impairment and deferred fee income, and including any accrued interest. Loans and advances are those financial assets categorised as "Loans and receivables" in the accounting standards other than "Trade receivables" and "Cash".

The total across the counterparty grades should correspond to Item 1 - Column 4 in Section 4 of GRF 114.4.

3. Cash management trusts

This is the aggregate value of holdings in investment vehicles which constitute cash management trusts.

The total across the counterparty grades should correspond to Item 1.3 in Section 5 of GRF 114.4.

4. Derivatives

This is the value of all open derivatives positions reported as assets on GRF 300.0.

The total across the counterparty grades should correspond to Item 4 - 'Total Amount' Column in GRF 300.0.

5. Cash and liquid assets

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.

The total across the counterparty grades should correspond to Item 1 - 'Total Amount' Column in GRF 300.0.

6. Investment income receivable

This is the value, as at the relevant date, of investment income that is receivable by the reporting insurer net of any related provisions for doubtful debts. For the purposes of this item, include only income from the holding of investment assets (e.g. interest, dividends, unit trust distributions, and rental income that is accrued but not yet received). Investment assets are those acquired with the intention to subsequently sell the asset at a profit and not for use within the operations of the business or as a strategic investment.

The total across the counterparty grades should correspond to Item 2.1 - 'Total Amount' Column in GRF 300.0.

7. Net recoveries other than reinsurance receivable

This is the value, as at the relevant date, of recoveries receivable by the reporting insurer in relation to paid and unpaid insurance claims other than reinsurance recoveries, net of any provisions for depreciation or impairment.

This total across the counterparty grades should correspond to Item 2.2 - 'Total Amount' column in GRF 300.0.

8. Other receivables

This is the value, as at the relevant date, of receivables of the reporting insurer, corresponding to those collected under Item 2.8 of GRF 300.0.

9. Other assets

This is the value, as at the relevant date, of assets of the reporting insurer other than those specifically listed on this form.

It is automatically calculated as Item 13 less the sum of Items 1 to 8, 10, 11 and 12.

10. Net amount recoverable on reinsurance contracts from both outstanding claims and paid claims

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the reporting insurer. Reinsurance recoverables are any amounts due to the reporting insurer under a reinsurance arrangement that arise from the recognition of outstanding claims liabilities (OCL) in accordance with *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320). 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).

It is automatically calculated as the sum of Items 10.1, 10.2, 10.3 and 10.4.

10.1. From APRA-authorised reinsurers

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the reporting insurer from APRA-authorised reinsurers. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.2. From non-APRA-authorised reinsurers except for amounts outstanding on and from second annual balance date after the event giving rise to the reinsurance recoverables

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the reporting insurer from non-APRA-authorised reinsurers except for amounts outstanding on and from the second balance date after the financial year in which the event occurred. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.3. From non-APRA-authorised reinsurers that are amounts outstanding on and from second annual balance date after the event giving rise to the reinsurance recoverables

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the reporting insurer from non-APRA-authorised reinsurers that are amounts outstanding on and from the second balance date after the financial year in which the event occurred. This item does not include amounts under

reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.3.1. Of which supported by security arrangements in Australia

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the reporting insurer from non-APRA-authorised reinsurers that are amounts outstanding on and from the second balance date after the financial year in which the event occurred, where there is collateral, a guarantee or a letter of credit supporting the reinsurance recoverables. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

10.4. From non-APRA-authorised reinsurers which are overdue for more than 6 months

This is the value, net of provisions for doubtful debts, as at the relevant date, of reinsurance recoverables in relation to reinsurance contracts for both paid and outstanding claims against the reporting insurer from non-APRA-authorised reinsurers that are receivables overdue for more than six months since a request for payment was made to the reinsurer and where there is no formal dispute between the insurer and reinsurer in relation to the receivables. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

11. Deferred reinsurance expense

This is the value of premiums ceded to reinsurers which are deferred in accordance with the pattern of reinsurance service received as per *Australian Accounting Standard AASB 1023 General Insurance Contracts* (AASB 1023). This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

It is automatically calculated as the sum of Items 11.1 and 11.2.

11.1. Relating to APRA-authorised reinsurers

This is the value of premiums ceded to APRA-authorised reinsurers which are deferred in accordance with the pattern of reinsurance service received as per AASB 1023. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

11.2. Relating to non-APRA-authorised reinsurers

This is the value of premiums ceded to non-APRA-authorised reinsurers which are deferred in accordance with the pattern of reinsurance service received as per AASB 1023. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

12. Net amount of other reinsurance assets receivable

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting insurer that relates to reinsurance, other than those relating to: reinsurance recoverables, being any amounts due to the reporting insurer under a reinsurance arrangement that arise from the recognition of OCL in accordance with GPS 320; or deferred reinsurance expense (DRE), as determined in accordance with GPS 320. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

It is automatically calculated as the sum of Items 12.1 and 12.2.

12.1. From APRA-authorised reinsurers

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting insurer that relates to reinsurance, from APRA-authorised reinsurers, other than those relating to: reinsurance recoverables, being any amounts due to the reporting insurer under a reinsurance arrangement that arise from the recognition of OCL in accordance with GPS 320; or DRE, as determined in accordance with GPS 320. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

12.2. From non-APRA-authorised reinsurers

This is the value, as at the relevant date and net of any provisions for impairment, of any asset recognised by the reporting insurer that relates to reinsurance, from non-APRA-authorised reinsurers, other than those relating to: reinsurance recoverables, being any amounts due to the reporting insurer under a reinsurance arrangement that arise from the recognition of OCL in accordance with GPS 320; or DRE, as determined in accordance with GPS 320. This item does not include amounts under reinsurance contracts that do not meet the reinsurance documentation test or governing law requirements under GPS 230.

13. Total

This is the total of the assets classified into the counterparty grades in Columns 1 to 8.