

GRF_420_0 Premium Revenue by State and Territory of Australia

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

Explanatory notes

Reporting basis

Premium revenue is to be recognised as per the instructions to GRF 310.1. Where the reporting insurer's operations are wholly within Australia, total premium revenue per this form should agree with the aggregate of premium revenue disclosed in GRF 310.1.

Reporting entities

This form is required to be completed by insurers that write direct classes of business.

Instructions for specific items

Premium revenue

Report the gross earned premium revenue in Australia according to where the risk is located. Premium revenue must be recognised on a basis that is consistent with the requirements of *Australian Accounting Standard AASB 1023 General Insurance Contracts* (AASB 1023).

In accordance with AASB 1023, premium revenue shall be recognised from the attachment date as soon as there is a basis on which it can be reliably estimated over the period of the general insurance contract, in accordance with the pattern of the incidence of risk expected under the general insurance contract.

Premium revenue must be discounted where it is to be received beyond the current year of cover under an insurance contract. In these cases, use the discount rate as required in calculating outstanding claims liabilities in accordance with AASB 1023.

Premium revenue excludes amounts collected on behalf of third parties i.e. government stamp duty and taxes. Levies charged to insured, such as fire service levies, are to be included as total premium revenue. Premium refunds and rebates are to be deducted from premium revenue. For instalment premium policies, the amount of the annualised premium is to be used.

Where premium is calculated on an adjustment basis, the estimated annual premium is to be brought to account, with the estimated premium being replaced by the actual amount as it becomes known. Where premium is accepted on a deposit basis, the full annual premium is to be brought into account.

Premium revenue must be gross of reinsurance expense.

Total business

Each item in this row is automatically calculated as the sum of each state across the classes of business.

Class of business

Premium revenue is to be reported for direct business. Insurance business written directly by the reporting insurer is to be reported in accordance with the direct classes of business in Attachment B of *Prudential Standard GPS 001 Definitions* (GPS 001).

For the purpose of calculating the Insurance Risk Charge in respect of the 'Other' class of business as per GPS 001, the Appointed Actuary is required to determine the most appropriate category (i.e. category A, B or C) in Table 1 and Table 2 of Attachment A of *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge* that this business falls within. The choice must be based on the underlying risk characteristics of the business being written. The amounts reported in the *Other direct - category A*, *Other direct - category B* or *Other direct - category C* line items are to follow this basis.