

## GRF\_440\_0 Claims Development Table

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

### Explanatory notes

#### (1) Class of business

The classes of business for direct business and reinsurance business are as defined 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 for direct business, the Appointed Actuary is required to determine the most appropriate category (i.e. category A, B or C) in Table 1 of Attachment A of *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge* (GPS 115) 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.

For reinsurance business, the classes of business in Table 2 of Attachment A of GPS 115 are to be aggregated by the Category and Reinsurance Type for reporting on this form.

#### Reporting basis

The following fields are to be completed on a cumulative basis: gross and net earned premium for accident year; gross and net written premium for underwriting year; number of claims reported; and gross and net claim payments.

The following fields are not to be completed on a cumulative basis: number of claims outstanding; gross and net case estimates; and gross and net incurred but not reported (IBNR) / incurred but not enough reported (IBNER).

### Instructions for specific items

#### Section 1: Direct business

##### (2) Accident year

Direct insurance business (except lenders mortgage insurance) must be completed based on accident year. An accident year refers to the financial year of the insurer that the losses/claims are incurred. For example, the 2007 accident year for an insurer with a balance date of 30 June will relate to claims with dates of loss (regardless of notification date) occurring between 1 July 2006 and 30 June 2007.

The form is to be completed for each of the following years:

- Current Accident Year;
- Accident Year - 1 Year Previous;
- Accident Year - 2 Years Previous;
- Accident Year - 3 Years Previous;
- Accident Year - 4 Years Previous;
- Accident Year - 5 Years Previous;
- Accident Year - 6 Years Previous;
- Accident Year - 7 Years Previous;
- Accident Year - 8 Years Previous;
- Accident Year - 9 Years Previous;
- Accident Year - 10 Years Previous; and
- Accident Year - More than 10 Years Previous.

Lenders mortgage insurance will be reported in this section but will be completed on an underwriting year basis.

**(3) Gross earned premium**

This is the value of premium revenue earned during the relevant period, including fire service levy and other levies imposed by state and territory governments and excluding amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported gross of any associated outwards reinsurance expense.

**(4) Net earned premium**

This is the value of premium revenue earned during the relevant period, including fire service levy and other levies imposed by state and territory governments and excluding amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported net of any associated outwards reinsurance expense.

**(5) Number of claims reported**

This is the accumulated number of insurance claims reported, as at the relevant date.

**(6) Number of claims outstanding**

This is the number of outstanding claims, including the actuarial gross central estimate of the number of insurance claims outstanding, as at the relevant date.

**(7) Gross claim payments (net of non-reinsurance recoveries)**

This is the value of insurance claims payments, as at the relevant date. This item is to be reported gross of any associated reinsurance recoveries, but net of any associated non-reinsurance recoveries.

**(8) Net claim payments (net of reinsurance and non-reinsurance recoveries)**

This is the value of insurance claims payments, as at the relevant date. This item is to be reported net of any associated reinsurance and non-reinsurance recoveries. This includes reinsurance and non-reinsurance recoveries that have been received or are expected to be received only in relation to claims already paid.

**(9) Gross case estimates (net of non-reinsurance recoveries)**

This is the value of gross case estimates included in the outstanding claims liabilities (OCL) as at the relevant date.

For the purposes of this item, case estimates must be reported: as the balance outstanding at the relevant date; gross of reinsurance recoveries; net of non-reinsurance recoveries; and excluding claims IBNR/IBNER, claims handling expenses and risk margins.

**(10) Net case estimates (net of reinsurance and non-reinsurance recoveries)**

This is the value of net case estimates included in the OCL as at the relevant date.

For the purposes of this item, case estimates must be reported: as the balance outstanding at the relevant date; net of reinsurance and non-reinsurance recoveries; and excluding IBNR/IBNER, claims handling expenses and risk margins.

**(11) Gross IBNR/IBNER (net of non-reinsurance recoveries)**

This is the value of gross IBNR/IBNER included in the OCL as at the relevant date.

For the purposes of this item, the IBNR/IBNER must be reported: as the balance outstanding at the relevant date; inflated and undiscounted; gross of reinsurance recoveries; net of non-reinsurance recoveries; excluding claims handling expenses; and as the central estimate only (i.e. do not include a risk margin).

**(12) Net IBNR/IBNER (net of reinsurance and non-reinsurance recoveries)**

This is the value of net IBNR/IBNER included in the OCL as at the relevant date.

For the purposes of this item, the IBNR/IBNER must be reported: as the balance outstanding at the relevant date; inflated and undiscounted; net of reinsurance recoveries; net of non-reinsurance recoveries; excluding claims handling expenses; and as the central estimate only (i.e. do not include a risk margin).

### **(13) Total gross ultimate cost (IUD)**

This is the value of the total gross ultimate cost (inflated & undiscounted) of claims, as at the relevant date.

It is automatically calculated as the sum of Columns 6, 8 and 10.

### **(14) Total net ultimate cost (IUD)**

This is the value of the total net ultimate cost (inflated & undiscounted) of claims, as at the relevant date.

It is automatically calculated as the sum of Columns 7, 9 and 11.

## **Section 2: Reinsurance business**

### **(2) Underwriting year**

Reinsurance business must be completed on an underwriting year basis. Underwriting year refers to the financial year of the insurer in which the policy incepts, regardless of when the premiums and claims are actually reported, booked or paid. For example, the 2005 underwriting year for an insurer with a 30 June balance date includes premiums and claims (both paid and outstanding) attaching to policies incepting in the period 1 July 2005 to 30 June 2006. For an insurer with a 31 December balance date, the 2005 underwriting year includes premiums and claims (both paid and outstanding) attaching to policies incepting in the period 1 January 2005 to 31 December 2005.

The form is to be completed for each of the following years:

- Current Underwriting Year;
- Underwriting Year, 1 Year Previous;
- Underwriting Year, 2 Years Previous;
- Underwriting Year, 3 Years Previous;
- Underwriting Year, 4 Years Previous;
- Underwriting Year, 5 Years Previous;
- Underwriting Year, 6 Years Previous;
- Underwriting Year, 7 Years Previous;
- Underwriting Year, 8 Years Previous;

- Underwriting Year, 9 Years Previous;
- Underwriting Year, 10 Years Previous; and
- Underwriting Year, More than 10 Years Previous.

**(3) Gross written premium**

This is the value of gross written insurance premium revenue recognised during the relevant period, as determined in accordance with Australian Accounting Standards. This item includes fire service levy and other levies imposed by state and territory governments and excludes amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported gross of any associated outwards reinsurance expense.

**(4) Net written premium**

This is the value of net written insurance premium revenue recognised during the relevant period, as determined in accordance with Australian Accounting Standards. This item includes fire service levy and other levies imposed by state and territory governments and excludes amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported net of any associated outwards reinsurance expense.

**Columns (5) to (14)**

For this columns, the instructions are as per Columns (5) to (14) for direct business in Section 1.

**Section 3: Total**

For this section, lenders mortgage insurance business will be included in the totals for direct business.

**(2) Total gross ultimate cost (IUD)**

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 12 in Sections 1 and 2.

**(3) Total net ultimate cost (IUD)**

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 13 in Sections 1 and 2.

**(4) Gross claim payments**

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 6 in Sections 1 and 2.

**(5) Net claim payments**

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 7 in Sections 1 and 2.

**(6) Gross outstanding claims (IUD)**

This is automatically calculated as Column 2 less Column 4 in Section 3.

**(7) Net outstanding claims (IUD)**

This is automatically calculated as Column 3 less Column 5 in Section 3.

**(8) Discount on net outstanding claims**

This is the value of discounting on net outstanding claims. This includes the impact of discounting the net actuarial central estimate of outstanding claims (excluding claims handling expenses).

This is only required as an aggregate total for direct business and reinsurance business.

**(9) Claims handling expenses on net outstanding claims**

This is the value of claims handling expenses on net outstanding claims. This includes the claims handling expense allowance in the net actuarial central estimate of outstanding claims.

This is only required as an aggregate total for direct business and reinsurance business.

**(10) APRA risk margin on net outstanding claims**

This is the value, as at the relevant date, of the risk margin component of OCL, net of any recoveries, determined in accordance with relevant prudential standards. This includes the APRA risk margin (75 per cent probability of sufficiency including diversification benefits) included in the net OCL.

This is only required as an aggregate total for direct business and reinsurance business.

**(11) APRA net OCL**

This is automatically calculated as Column 7 less Column 8 plus Column 9 plus Column 10.