

GRF_310_1 Premium Revenue and Reinsurance Expense

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

Explanatory notes

Direct business

Section 1 is to be completed for the insurance business written directly by the reporting insurer and is to be reported in accordance with the direct classes of business in Attachment B of *Prudential Standard GPS 001 Definitions* (GPS 001).

Reinsurance business

Section 2 is to be completed for the reinsurance business written by the reporting insurer and is to be reported in accordance with the reinsurance classes of business in Attachment B of GPS 001 and Attachment A of *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge* (GPS 115). The classes of business are to be aggregated by the Category and Reinsurance Type in Table 2 of Attachment A of GPS 115 for reporting in this form.

Instructions for specific items

Sections 1, 2 and 3

(1) Class of business

Report the items in these sections by the direct or reinsurance classes of business in accordance with Attachment B of 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 GPS 115 that this business falls within. The choice must be based on the underlying risk characteristics of the business being written. This amounts reported in the *Other direct - category A*, *Other direct - category B* or *Other direct - category C* line items are to follow this basis.

(2) Total gross written premium revenue

This is the value of gross written premium revenue recognised during the relevant period, as determined in accordance with Australian Accounting Standards. This item excludes any fire service levy (FSL) or other levies imposed by state and territory governments and is gross of any associated outwards reinsurance expense.

This includes business sourced through insurance intermediaries such as co-insurance, underwriting pools or joint ventures, or portfolio transfers.

(3) Of which: Gross written premium revenue relating to unclosed business

This is the value of gross written premium revenue recognised during the relevant period, and which is related to unclosed business. Unclosed business is that which has been accepted by the reporting insurer/reinsurer prior to the balance date but there is insufficient information to fully identify the business. This item excludes any FSL or other levies imposed by state and territory governments and is gross of any associated outwards reinsurance expense.

(4) AASB 1023 Gross UPL at beginning of financial year

This is the value, as at the beginning of the reporting insurer's financial year, of premium income received in advance which is still unearned and is classified as a liability to the reporting insurer. The unearned premium liability (UPL) is to be reported in accordance with *Australian Accounting Standard AASB 1023 General Insurance Contracts* (AASB 1023). It excludes unearned FSL and other levies imposed by state and territory governments.

(5) AASB 1023 Gross UPL at end of period

This is the value, as at the end of the current reporting period, of premium income received in advance which is still unearned and is classified as a liability to the reporting insurer. The UPL is to be reported in accordance with AASB 1023. It excludes unearned fire service levy and other levies imposed by state and territory governments.

(6) AASB 1023 Gross earned premium (excluding FSL)

This is the value of premium revenue earned during the relevant period, excluding FSL and other levies imposed by state and territory governments and gross of any associated outwards reinsurance expense.

It is automatically calculated as Column 2 plus Column 4 less Column 5.

(7) Fire service levy and other levies imposed by state and territory governments

This is the value of insurance premium revenue derived from FSL and other state and territory government levies that was earned during the relevant period. This item is to be determined in accordance with AASB 1023. FSL is earned in accordance with the pattern of the incidence of risk expected under the policy. This item is gross of any associated outwards reinsurance expense.

(8) AASB 1023 Gross earned premium (including FSL)

This is the value of premium revenue earned during the relevant period, including FSL and other levies imposed by state and territory governments and gross of any associated outwards reinsurance expense.

It is automatically calculated as Column 6 plus Column 7.

(9) Full cost of reinsurance entered into in the period

This is the value of the full cost of reinsurance entered into during the relevant period. The full cost of reinsurance entered into during the relevant period includes both reinsurance costs recognised as an expense in the relevant period and reinsurance costs deferred for recognition in future periods.

(10) GRF 300.0 DRE at beginning of financial year

This is the value, as at the beginning of the reporting insurer's financial year, of deferred reinsurance expense (DRE), determined in accordance with *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320). DRE represents the deferral of reinsurance expense in accordance with the pattern of reinsurance service received.

(11) GRF 300.0 DRE at end of period

This is the value, as at the end of the current reporting period, of DRE, determined in accordance with GPS 320.

The total amount across all direct and reinsurance classes of business should correspond to Item 8 in *GRF 300.0 Statement of Financial Position*.

(12) Total reinsurance expense

This is the value of reinsurance expense recognised during the relevant period, as determined in accordance with GPS 320.

It is automatically calculated as Column 9 plus Column 10 less Column 11.

(13) Net premium revenue

This is the value of premium revenue earned during the relevant period (including FSL and other levies) and net of any associated outwards reinsurance expense.

It is automatically calculated as Column 8 less Column 12.

(14) Total reinsurance expense per AASB 1023

Report the total reinsurance expense that would be reported under AASB 1023. Where there is no difference to the amount reported as *Total reinsurance expense* in Column 12 as per GPS 320, report the same amount. Where the insurer does not ordinarily calculate reinsurance expense under AASB 1023, input zero. This is a memo item.

(15) Number of risks written

For direct business, report the number of risks written during the relevant period, on a financial year to date basis. Where a policy covers multiple APRA classes of business and the premium is apportioned between these classes, one risk must be reported in each APRA class of business to which premium was allocated. For example, a home and contents policy with a domestic liability component must have premium allocated to both the householders class of business, and the public liability class of business. For this policy, one risk must be reported for the householders class of business (even if this business may be further split internally into building and contents risks), and one risk must be reported for the public liability class of business.

Section 3: Total**(16) Premiums rec'd on a cashflow basis**

This is the amount of premiums actually received over the reporting period (on a year to date basis). It relates to all premiums received on a cashflow basis in the current financial year, regardless of the financial year in which the premiums may have been recognised as revenue (i.e. a prior financial year).

Total direct business

Each item in this row is automatically calculated as the sum of each corresponding column in Section 1 across the classes of business.

Total reinsurance business

Each item in this row is automatically calculated as the sum of the *Proportional* and *Non-proportional* items in Section 3 for each corresponding column.

Proportional

Each item in this row is automatically calculated as the sum of each corresponding column in Section 2 across the proportional reinsurance classes of business.

Non-proportional

Each item in this row is automatically calculated as the sum of each corresponding column in Section 2 across the non-proportional reinsurance classes of business.

Total

Each item in this row is automatically calculated as the sum of the *Total direct business* and *Total reinsurance business* items in Section 3 for each corresponding column.

Parent entity

Report the amounts in each column that are with/from the parent entity of the reporting insurer.

Controlled entities / Controlled entities of the parent

Report the amounts in each column that are with/from a controlled entity of the reporting insurer, or another branch of the parent entity for a Category C insurer.

Associates / Joint Ventures

Report the amounts in each column that are with/from an associate or joint venture of the reporting insurer.

Other related parties

Report the amounts in each column that are with/from a related entity of the reporting insurer that is not the parent entity, a subsidiary, an associate or a joint venture of the reporting insurer.