



Reporting Standard GRS 410.0

Movement in Outstanding Claims Liabilities

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a general insurer's *Prudential Standard GPS 340 Insurance Liability Valuation* (GPS 340) outstanding claims liabilities.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard GRS 001 Reporting Requirements* (GRS 001) and the 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 all general insurers authorised under the *Insurance Act 1973* (insurers). This Reporting Standard applies for reporting periods commencing on or after 1 July 2023.

Information required

4. An insurer must provide APRA with the information required by this Reporting Standard 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, an insurer must provide the information required by this Reporting Standard in respect of each financial year of the insurer.

Note: The annual information required from an insurer by paragraphs 4, 5 and 6, together with certain annual information required by other reporting standards, will form part of the insurer's yearly statutory accounts within the meaning of section 3 of the Insurance Act. This means that the information must be audited in accordance with paragraph 49J(1)(a) of the Insurance Act. Under subsection 49J(3), the principal auditor of the insurer must give the insurer a certificate relating to the yearly statutory accounts, and that certificate must contain statements of the auditor's opinions on the matters required by the prudential standards to be dealt with in the certificate.

7. If, having regard to the particular circumstances of an insurer, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by paragraph 6, APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular insurer.
8. The information required by this Reporting Standard in respect of an insurer must be provided to APRA:
 - (a) in the case of annual information, within three months after the end of the reporting period to which the information relates; or
 - (b) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

Note: Paragraph 49L(1)(a) of the Insurance Act provides that the auditor's certificate required under subsection 49J(3) of that Act must be lodged with APRA in accordance with the prudential standards. The prudential standards provide that the certificate must be submitted to APRA together with the yearly statutory accounts. Accordingly, the auditor's certificate relating to the annual information referred to in paragraph 6 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 an insurer 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, an insurer is nonetheless required to submit the information required no later than the due date.

Quality control

10. The information provided by an insurer under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Appointed Auditor of the insurer. This will require the Appointed Auditor to review and test the insurer's systems, processes and controls designed to enable the insurer 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 Appointed 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*.
11. All information provided by an insurer under this Reporting Standard must be subject to systems, processes and controls developed by the insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the insurer to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

12. When an officer, or agent, of an insurer 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.
13. If the information required by this Reporting Standard is provided by an agent who submits the information on the insurer's behalf, the insurer must:
- (a) obtain from the agent a copy of the completed information provided to APRA; and
 - (b) retain the completed copy.
14. An officer, or agent, of an insurer who submits the information under this Reporting Standard for, or on behalf of, the insurer must be authorised by either:
- (a) the Principal Executive Officer of the insurer; or
 - (b) the Chief Financial Officer of the insurer.

Variations

15. APRA may, by written notice to the insurer, vary the reporting requirements of this Reporting Standard in relation to that insurer.

Transition

16. An insurer must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

old reporting standard means the reporting standard revoked in the determination making this Reporting Standard; and

transitional reporting period means a reporting period under the old reporting standard:

- (a) which commenced before 1 July 2023; and
- (b) in relation to which the insurer was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

Note: For the avoidance of doubt, if an insurer was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the insurer is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

17. In this Reporting Standard:

- (a) unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard GPS 001 Definitions* (GPS 001); and
- (b) the following definitions are applicable:

Appointed Auditor means an auditor appointed under paragraph 39(1)(a) of the Insurance Act;

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 insurer, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the insurer;

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;

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 principal executive officer of the insurer, by whatever name called, and whether or not he or she is a member of the governing board of the insurer; and

reporting period means a period mentioned in paragraph 6 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.

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General instructions

Reporting tables

Tables described 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.

Any specific combination of values in a table must not appear on more than one row in that table when reported.

Definitions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

A

<i>Accident year</i>	This refers to the financial year that the losses / claims associated with individual policies are incurred.
<i>Accident year or underwriting year</i>	This refers to whether the year associated is <i>accident year</i> or <i>underwriting year</i> .

C

<i>Class of business</i>	<p>This refers to the direct or reinsurance <i>classes of business</i> in accordance with <i>Prudential Standard GPS 001 Definitions</i> (GPS 001).</p> <p>In respect of the ‘other’ <i>class of business</i> as per GPS 001 for <i>direct business</i>, the Appointed Actuary is required to determine the most appropriate category (i.e. category A, B or C) as per Table 1 of Attachment A in <i>Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge</i> (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 <i>other direct - category A</i>, <i>other direct - category B</i> or <i>other direct - category C</i> line items are to follow this basis.</p> <p>For <i>reinsurance business</i>, the classes of business are to be aggregated by the category and reinsurance type as per Table 2 of Attachment A in GPS 115.</p>
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D

<i>Direct business</i>	This refers to insurance business written directly by the reporting insurer in accordance with the direct classes of business in GPS 001.
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G

<i>GPS 340 net OCL - undiscounted</i>	This refers to the net outstanding claims liabilities (OCL) determined in accordance with <i>Prudential Standard GPS 340 Insurance Liability Valuation</i> (GPS 340) but on an undiscounted basis. For avoidance of doubt, the OCL includes claims handling expenses, is net of any reinsurance and non-reinsurance recoveries and including risk margin.
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M

<i>Movement in GPS 340 net OCL - undiscounted</i>	<p>This refers to a <i>movement in GPS 340 net OCL - undiscounted</i> amount, an increase is where the prior financial year provision is insufficient to pay for the losses associated with this particular <i>accident year</i> for direct writers of insurance and <i>underwriting year</i> for reinsurance writers. In these instances, the insurer increases the GPS 340 net OCL in the current financial year by adding additional provision to accommodate the losses associated with this particular prior <i>accident year / underwriting year</i>.</p> <p>A decrease in <i>GPS 340 net OCL - undiscounted</i> amount is where the prior financial year provision is more than is required to pay for the losses associated with this particular <i>accident year / underwriting year</i>. Claim payments are not to be classified as a decrease in the GPS 340 net OCL for the purposes of this table.</p>
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R

<i>Reinsurance business</i>	This refers to the <i>reinsurance business</i> written by the reporting insurer in accordance with the reinsurance classes of business GPS 001 and GPS 115. For <i>reinsurance business</i> , the classes of business are to be aggregated by the category and reinsurance type as per Table 2 of Attachment A in GPS 115.
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U

<i>Underwriting year</i>	This 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.
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Y

<i>Years</i>	This refers to the relevant <i>accident year</i> or <i>underwriting year</i> to be reported. Individual years from <i>current year</i> to <i>10 years previous</i> are
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	required to be reported. <i>More than 10 years previous</i> are to be combined and reported.
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Specific instructions

Table 1: Movement in Outstanding Claims Liabilities

Reporting basis

Report both direct classes of business and reinsurance classes of business. In relation to the reporting basis:

- Data underlying direct classes of business (other than lenders mortgage insurance) must be based on ***accident year***.
- Data underlying lenders mortgage insurance business must be based on ***underwriting year***.
- Data underlying ***reinsurance business*** must be based on ***underwriting year***.
- Notwithstanding above, if an insurer has been providing data based on a basis different to the approach outlined above, continue on that basis and notify APRA.

For the purposes of this table, the OCL (on an undiscounted basis) is to be allocated across the respective time buckets specified on the form. Accordingly, each year that this form is completed, the OCL that is recorded for the respective time buckets will likely change as this is reassessed.

For direct ***class of business*** and reinsurance ***class of business***, amounts are to also include all OCL associated with business sourced through underwriting pools or joint ventures, or portfolio transfers/acquisitions.

Units of measurement

Report values in whole Australian dollars (no decimal places).

	Name	Valid values	Description
1	Accident Year or Underwriting Year	<ul style="list-style-type: none"> • <i>Accident Year</i> • <i>Underwriting Year</i> 	Report <i>accident year or underwriting year</i> .

	Name	Valid values	Description
2	Years	<ul style="list-style-type: none"> • Current year • 1 year previous • 2 years previous • 3 years previous • 4 years previous • 5 years previous • 6 years previous • 7 years previous • 8 years previous • 9 years previous • 10 years previous • More than 10 years previous 	<p>Report <i>years</i> applicable.</p> <p>Individual years from <i>current year</i> to <i>10 years previous</i> are required to be reported. <i>More than 10 years previous</i> are to be combined and reported.</p> <p>Should an insurer be unable to provide the <i>more than 10 years previous</i> grouping due to the data being impractical to obtain, the insurer can commence grouping at the earliest year possible.</p>
3	Class Of Business	<p>Direct classes of business:</p> <ul style="list-style-type: none"> • Householders • Commercial Motor • Domestic Motor • Other Direct - Category A • Travel • Fire and ISR • Marine • Aviation • Consumer Credit • Other Accident • Other Direct - Category B • Mortgage • CTP • Public and Product Liability 	Report <i>class of business</i> .

	Name	Valid values	Description
		<ul style="list-style-type: none"> Professional Indemnity Employers Liability Cyber Directors and Officers Other Direct - Category C <p>Reinsurance classes of business:</p> <ul style="list-style-type: none"> Proportional - Category A Proportional - Category B Proportional - Category C Non-proportional - Category A Non-proportional - Category B Non-proportional - Category C 	
4	GPS 340 Net OCL - Undiscounted	Whole dollars	Report <i>GPS 340 net OCL - undiscounted</i> amount. Report on an undiscounted basis.
5	Movement In GPS 340 Net OCL - Undiscounted	Whole dollars	<p>Report the <i>movement in GPS 340 net OCL - undiscounted</i> amount.</p> <p>Report the increase in GPS 340 net OCL as a positive figure and the decrease in GPS 340 Net OCL in the current financial year as a negative figure.</p> <p>Claim payments are not to be classified as a decrease in the GPS 340 Net OCL for the purposes of this table.</p> <p>Report on an undiscounted basis.</p>