



Reporting Standard GRS 460.1.G

Exposure Analysis by Reinsurance Counterparty (Level 2 Insurance Group)

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a Level 2 insurance group's exposures to reinsurance counterparties.

It includes *GRS 460.1.G Exposure Analysis by Reinsurance Counterparty (Level 2 Insurance Group)* and associated specific instructions and must be read in conjunction with 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.

Application and commencement

3. This Reporting Standard applies to the parent entity of a Level 2 insurance group as defined in *Prudential Standard GPS 001 Definitions* (GPS 001). This Reporting Standard applies for reporting periods ending on or after 1 July 2023.
4. The parent entity of a Level 2 insurance group is required to ensure that each requirement in this Reporting Standard is complied with.

Information required

5. The parent entity of a Level 2 insurance group must provide APRA with the information required by this Reporting Standard in respect of the Level 2 insurance group for each reporting period.

Method of submission

6. 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

7. Subject to paragraph 8, the parent entity of a Level 2 insurance group must provide the information required by this Reporting Standard in respect of each financial year of the Level 2 insurance group.
8. If, having regard to the particular circumstances of a Level 2 insurance group, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by paragraph 7, APRA may, by notice in writing to the parent entity, change the reporting periods, or specify reporting periods, for the particular Level 2 insurance group.
9. The information required by this Reporting Standard in respect of a Level 2 insurance group 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 8, within the time specified by notice in writing.
10. APRA may, in writing, grant the parent entity of a Level 2 insurance group an extension of a due date in paragraph 9, 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, the parent entity of a Level 2 insurance group is nonetheless required to submit the information required no later than the due date.

Quality control

11. All information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be subject to systems, processes and controls developed by the Level 2 insurance group for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the parent entity of the Level 2 insurance group to ensure that an appropriate set of policies and procedures for the authorisation of information submitted to APRA is in place.
12. Under *Prudential Standard GPS 310 Audit and Related Matters* (GPS 310), the Group Auditor of a Level 2 insurance group is not ordinarily required to provide a limited assurance review in relation to information provided by the parent entity of the Level 2 insurance group under this Reporting Standard.

Authorisation

13. When an officer, or agent, of a parent entity of a Level 2 insurance group 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.

14. If the information required by this Reporting Standard is provided by an agent who submits the information on the parent entity of a Level 2 insurance group's behalf, the parent entity of the Level 2 insurance group must:
 - (a) obtain from the agent a copy of the completed information provided to APRA; and
 - (b) retain the completed copy.
15. An officer, or agent, of the parent entity of a Level 2 insurance group who submits the information under this Reporting Standard for, or on behalf of, the parent entity of a Level 2 insurance group must be authorised by either:
 - (a) the Principal Executive Officer of the parent entity of the Level 2 insurance group; or
 - (b) the Chief Financial Officer of the parent entity of the Level 2 insurance group.

Variations

16. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of this Reporting Standard in relation to that Level 2 insurance group.

Transition

17. A parent entity of a Level 2 insurance group 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 ended before 1 July 2023; and
- (b) in relation to which the parent entity of a Level 2 insurance group 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 the parent entity of a Level 2 insurance group 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 parent entity of a Level 2 insurance group is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

18. In this Reporting Standard:
 - (a) unless the contrary intention appears, words and expressions have the meanings given to them in 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 means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*;

Chief Financial Officer means the chief financial officer of the parent entity of the Level 2 insurance group, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the parent entity of the Level 2 insurance group;

general instruction guide refers to the general instruction guide set out in Attachment A of Reporting Standard GRS 001 Reporting Requirements;

general insurer means a general insurer authorised under the *Insurance Act 1973*;

Group Auditor has the meaning given in GPS 310;

Level 2 insurance group is defined in Attachment D of GPS 001;

Principal Executive Officer means the principal executive officer of the parent entity of the Level 2 insurance group, by whatever name called, and whether or not he or she is a member of the governing board of the parent entity of the Level 2 insurance group;

regulated institution is defined in GPS 001 as a collective term for general insurers and Level 2 insurance groups; and

reporting period means a period mentioned in paragraph 7 or, if applicable, paragraph 8.

19. 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.
20. Where this Reporting Standard provides for APRA to exercise a power or discretion, this power or discretion is to be exercised in writing.

Reporting Standard GRS 460.1.G

Exposure Analysis by Reinsurance Counterparty (Level 2 Insurance Group)

General instructions

These instructions assist completion of *Reporting Standard GRS 460.1.G Exposure Analysis by Reinsurance Counterparty (Level 2 Insurance Group)* (GRS 460.1.G). GRS 460.1.G collects information relating to the impact on the capital base and each component of the prescribed capital amount of a Level 2 insurance group due to a reinsurance counterparty failure.

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

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.

Audit matters

As a result of *Insurance (exemption) determination No. 1 of 2023*, the Appointed Auditor of a general insurer is not required to audit, or provide a certificate in relation to, information provided by a general insurer under *Reporting Standard GRS 460.1 Exposure Analysis by Reinsurance Counterparty* (GRS 460.1). Under *Prudential Standard GPS 310 Audit and Related Matters* (GPS 310) the Group Auditor of a Level 2 insurance group is not required to provide a limited assurance review in relation to information provided by the parent entity of a Level 2 insurance group under GRS 460.1.G. APRA, however, may exercise its power under GPS 310 to require the Appointed Auditor or Group Auditor to undertake a special purpose review of the systems, processes and controls surrounding the completion of GRS 460.1 and GRS 460.1.G, or the data contained within GRS 460.1 and GRS 460.1.G.

Supplementary information

The Level 2 insurance group must ensure that any underlying calculations and assumptions used to complete GRS 460.1.G are made available to APRA upon request from the Level 2 insurance group's APRA responsible supervisor.

Definitions

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

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| <i>APRA counterparty grade</i> | The counterparty grade of 1 to 7 in accordance with <i>Prudential Standard GPS 001 Definitions</i> (GPS 001). |
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| <i>Asset Concentration Risk Charge (ACRC)</i> | This is the risk charge determined under <i>Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge</i> . |
| <i>Asset Risk Charge</i> | This is the risk charge determined under <i>Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge</i> . |

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| <i>Capital coverage</i> | This is the Level 2 insurance group's capital base, determined under <i>Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital</i> , divided by its prescribed capital amount, determined under <i>Prudential Standard GPS 110 Capital Adequacy</i> . |
| <i>Counterparty domicile</i> | For a subsidiary, the domicile is where the counterparty is legally incorporated. For a branch, the domicile is where the counterparty (branch) is located. Where relevant, the <i>counterparty domicile</i> must be reported as stated on the <i>country code</i> list. |
| <i>Counterparty group name</i> | The name of the group to which the counterparty to the reinsurance exposure belongs. Where relevant, the <i>counterparty group name</i> must be reported as stated on the <i>reinsurer identifier list</i> . |
| <i>Country code</i> | This means the two-letter country code as assigned by the ISO 3166 Maintenance Agency to a country defined under the International Organization for Standardization's <i>International Standard ISO 3166</i> . The ISO 3166 Maintenance agency maintains a free online database of country codes, available at https://www.iso.org/iso-3166-country-codes.html . |

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| <i>Group domicile</i> | The domicile where the group owning the counterparty is legally incorporated. Where relevant, the <i>group domicile</i> must be reported as stated on the <i>country code</i> list. |
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| <i>Insurance Concentration Risk Charge (ICRC)</i> | This is the risk charge determined under <i>Prudential Standard GPS 116 Capital Adequacy: Insurance Concentration Risk Charge</i> . |
| <i>Insurance Risk Charge</i> | This is the risk charge determined under <i>Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge</i> . |

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| <i>Name of counterparty (reinsurer)</i> | The legal name of the counterparty to the reinsurance exposure. |
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| <i>OCL surplus / deficit</i> | This is the net liabilities for incurred claims determined under <i>Australian Accounting Standard AASB 17 Insurance Contracts</i> (AASB 17) in surplus or deficit to the net outstanding claims liabilities determined under <i>Prudential Standard GPS 340 Insurance Liability Valuation</i> (GPS 340). |
| <i>Operational Risk Charge</i> | This is the risk charge determined under <i>Prudential Standard GPS 118 Capital Adequacy: Operational Risk Charge</i> . |

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| <i>PL surplus / deficit</i> | This is the net liabilities for remaining coverage determined under AASB 17 in surplus or deficit to the net premiums liabilities determined under GPS 340. |
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| <i>Reinsurer identifier</i> | The unique identifier for the counterparty reported in <i>name of counterparty (reinsurer)</i> . Where relevant, the <i>reinsurer identifier</i> must be reported as stated on the <i>reinsurer identifier list</i> . |
| <i>Reinsurer identifier list</i> | This is a list of reinsurers which includes the name of the counterparty, <i>counterparty domicile</i> , <i>counterparty group name</i> and <i>group domicile</i> . The list is located on APRA's website. |

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| <i>Total impact on Asset Concentration Risk Charge</i> | Report the change in the <i>Asset Concentration Risk Charge (ACRC)</i> due to the failure of the reinsurer reported in <i>name of counterparty (reinsurer)</i> . A Level 2 insurance group must consider whether any existing ACRC due to the reinsurer reported in <i>name of counterparty (reinsurer)</i> is decreased due to its failure. A Level 2 insurance group must also consider whether there is a change in the ACRC (either an increase in an existing ACRC or a new ACRC) due to a decrease in capital base from the failure of the reinsurer reported in <i>name of counterparty (reinsurer)</i> . |
| <i>Total impact on Asset Risk Charge (after aggregation formula)</i> | Report the change in the <i>Asset Risk Charge</i> due to the failure of the reinsurer reported in <i>name of counterparty (reinsurer)</i> . The amount reported must be after the aggregation formula in <i>Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge</i> is applied. A Level 2 insurance group may estimate this by applying the percentage of the |

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| | aggregated risk charge components to the sum of the risk charge components on <i>Reporting Standard GRS 114.0 Asset Risk Charge</i> or <i>Reporting Standard GRS 114.0.G Asset Risk Charge</i> for a Level 2 insurance group. In addition, a Level 2 insurance group may use simplifying assumptions as long as those assumptions do not have a material impact on the overall capital coverage outcome. |
| Total impact on capital base | Report the decrease in capital base, after tax where applicable, due to the failure of the reinsurer reported in name of counterparty (reinsurer) . This accounts for changes resulting from the loss of the reinsurer on a Level 2 insurance group's net outstanding claims liabilities and net premiums liability. This will include any change in the OCL surplus / deficit and PL surplus / deficit . |
| Total impact on Insurance Concentration Risk Charge | Report the increase in the Insurance Concentration Risk Charge (ICRC) due to the failure of the reinsurer reported in name of counterparty (reinsurer) . This must consider the impact on each component of the ICRC (if applicable) and the current ICRC of the insurer. A Level 2 insurance group may use simplifying assumptions as long as those assumptions do not have a material impact on the overall capital coverage outcome. |
| Total impact on Insurance Risk Charge | Report the increase in Insurance Risk Charge due to the failure of the reinsurer reported in name of counterparty (reinsurer) . This takes into account the impact on the OCL and PL risk charges as a result of the impact of a reinsurer failure on the net outstanding claims provisions and net premiums liabilities. A Level 2 insurance group may use simplifying assumptions as long as those assumptions do not have a material impact on the overall capital coverage outcome. |
| Total impact on Operational Risk Charge | Report the increase in the Operational Risk Charge due to the failure of the reinsurer reported in name of counterparty (reinsurer) . A Level 2 insurance group may use simplifying assumptions as long as those assumptions do not have a material impact on the overall capital coverage outcome. |
| Total impact on prescribed capital amount | Report the total change in prescribed capital amount due to the failure of the reinsurer reported in name of counterparty (reinsurer) . The total change in the prescribed capital amount is the change in each component of the prescribed capital amount reported in column 8 total impact on Insurance Risk Charge to column 12 total impact on Operational Risk Charge after applying the aggregation benefit in accordance with <i>Prudential Standard GPS 110 Capital Adequacy</i> . |

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| Unassigned Reinsurer Identifier | The identifier for the counterparty reported in name of counterparty (reinsurer) not listed on the reinsurer identifier list . This includes individual unassigned reinsurers, and Lloyd's of London syndicates. |
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Specific instructions

Exposure analysis by reinsurance counterparty (Level 2 insurance group)

GRS 460.1.G must be completed by all Level 2 insurance groups.

Level 2 insurance groups must complete Table 1 if *name of counterparty (reinsurer)* is on the *reinsurer identifier list* on APRA's website.

Level 2 insurance groups must complete Table 2 if *name of counterparty (reinsurer)* is:

- not on the *reinsurer identifier list*; or
- a Lloyd's of London syndicate.

For Table 1 and Table 2, report individual counterparties where the failure of that counterparty results in a five per cent change in capital coverage of the Level 2 insurance group when compared to the capital coverage at the end of the financial year.

For the purposes of GRS 460.1.G, failure means that the counterparty will no longer meet their obligation to the Level 2 insurance group. This means that the Level 2 insurance group makes no recovery from on-balance sheet reinsurance assets and the reinsurer is not replaced on any of its previous or current reinsurance programs.

Reporting Practice Guide GRPG 460 Reinsurance Counterparty Data Collection provides guidance to assist Level 2 insurance groups in completing GRS 460.1.G. Level 2 insurance groups are permitted to use simplifying assumptions where those assumptions do not have a material impact on the resulting *capital coverage* of the Level 2 insurance group.

Table 1: Exposure analysis by Reinsurance Counterparty (Level 2 Insurance Group) – Reinsurer identifier list

Reporting basis

Report balances for column 7 *total impact on capital base* to column 13 *total impact on prescribed capital amount* as at the end of the financial year.

Report information for each reporting period on a Level 2 insurance group basis.

Units of measurement

Report in whole Australian dollars (AUD).

Convert amounts denominated in foreign currency to AUD in accordance with the relevant accounting standard.

| | Name | Valid values | Description |
|---|----------------------------------|---|--|
| 1 | Reinsurer Identifier | <i>Reinsurer identifier</i> as stated in the <i>reinsurer identifier list</i> | Report the <i>reinsurer identifier</i> as stated on the <i>reinsurer identifier list</i> on APRA's website. |
| 2 | Name Of Counterparty (Reinsurer) | Blank | Leave this column blank. |
| 3 | Counterparty Group Name | Blank | Leave this column blank. |
| 4 | APRA Counterparty Grade | <ul style="list-style-type: none"> • Grade 1 • Grade 2 • Grade 3 • Grade 4 • Grade 5 • Grade 6 • Grade 7 • Not applicable | Report the <i>APRA counterparty grade</i> . |
| 5 | Counterparty Domicile | Blank | Leave this column blank. |
| 6 | Group Domicile | Blank | Leave this column blank. |
| 7 | Total Impact On Capital Base | Whole dollars | Report the <i>total impact on capital base</i> . Amounts reported for this item must be equal to or less than zero. |

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| 8 | Total Impact On Insurance Risk Charge | Whole dollars | Report the <i>total impact on Insurance Risk Charge</i> . Amounts reported for this item must be equal to or greater than zero. |
| 9 | Total Impact On Insurance Concentration Risk Charge | Whole dollars | Report the <i>total impact on Insurance Concentration Risk Charge</i> . Amounts reported for this item must be equal to or greater than zero. |
| 10 | Total Impact On Asset Risk Charge (After Aggregation Formula) | Whole dollars | Report the <i>total impact on Asset Risk Charge (after aggregation formula)</i> . Report an increase in the <i>Asset Risk Charge</i> as a positive amount and a decrease as a negative amount. |
| 11 | Total Impact On Asset Concentration Risk Charge | Whole dollars | Report the <i>total impact on Asset Concentration Risk Charge</i> . Report an increase in the ACRC as a positive amount and a decrease as a negative amount. |
| 12 | Total Impact On Operational Risk Charge | Whole dollars | Report the <i>total impact on Operational Risk Charge</i> . Amounts reported for this item must be equal to or greater than zero. |
| 13 | Total Impact On Prescribed Capital Amount | Whole dollars | Report the <i>total impact on prescribed capital amount</i> . Amounts reported for this item must be equal to or less than the sum of column 8 <i>total impact on Insurance Risk Charge</i> to column 12 <i>total impact on Operational Risk Charge</i> due to the increase in the aggregation benefit. |

Table 2: Exposure analysis by Reinsurance Counterparty (Level 2 Insurance Group) – Unassigned**Reporting basis**

Report balances for column 7 *total impact on capital base* to column 13 *total impact on prescribed capital amount* as at the end of the financial year.

Report information for each reporting period on a Level 2 insurance group basis.

Units of measurement

Report in whole Australian dollars (AUD).

Convert amounts denominated in foreign currency to AUD in accordance with the relevant accounting standard.

| | Name | Valid values | Description |
|---|----------------------------------|---------------------------------|--|
| 1 | Unassigned Reinsurer Identifier | <i>Unassigned</i> or <i>LLO</i> | Report <i>unassigned</i> if the counterparty does not appear on the <i>reinsurer identifier list</i> . Report <i>LLO</i> for Lloyd's of London syndicates. |
| 2 | Name Of Counterparty (Reinsurer) | Free text | If the <i>unassigned reinsurer identifier</i> is reported as <i>unassigned</i> , report the <i>Name of counterparty (reinsurer)</i> . If the <i>unassigned reinsurer identifier</i> is reported as <i>LLO</i> , report this item as <i>Lloyds XXXX</i> , where <i>XXXX</i> is the unique syndicate number. |
| 3 | Counterparty Group Name | Free text | If the <i>unassigned reinsurer identifier</i> is reported as <i>unassigned</i> , report the <i>counterparty group name</i> . If the <i>unassigned reinsurer identifier</i> is reported as <i>LLO</i> , report the <i>counterparty group name</i> as LLOYDS. If it does not belong to a group, leave blank. |

| | Name | Valid values | Description |
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| 4 | APRA Counterparty Grade | <ul style="list-style-type: none"> • Grade 1 • Grade 2 • Grade 3 • Grade 4 • Grade 5 • Grade 6 • Grade 7 • Not applicable | Report the <i>APRA counterparty grade</i> . |
| 5 | Counterparty Domicile | Applicable <i>country code</i> | <p>If the <i>unassigned reinsurer identifier</i> is reported as <i>unassigned</i>, report the <i>counterparty domicile</i>.</p> <p>If the <i>unassigned reinsurer identifier</i> is reported as <i>LLO</i>, report the <i>counterparty domicile</i> as GB.</p> |
| 6 | Group Domicile | Applicable <i>country code</i> | <p>If the <i>unassigned reinsurer identifier</i> is reported as <i>unassigned</i>, report the <i>group domicile</i>.</p> <p>If the <i>unassigned reinsurer identifier</i> is reported as <i>LLO</i>, report the <i>group domicile</i> as GB.</p> |
| 7 | Total Impact On Capital Base | Whole dollars | <p>Report the <i>total impact on capital base</i>.</p> <p>Amounts reported for this item must be equal to or less than zero.</p> |
| 8 | Total Impact On Insurance Risk Charge | Whole dollars | <p>Report the <i>total impact on Insurance Risk Charge</i>.</p> <p>Amounts reported for this item must be equal to or greater than zero.</p> |
| 9 | Total Impact On Insurance | Whole dollars | Report the <i>total impact on Insurance Concentration Risk Charge</i> . |

| | Name | Valid values | Description |
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| | Concentration Risk Charge | | Amounts reported for this item must be equal to or greater than zero. |
| 10 | Total Impact On Asset Risk Charge (After Aggregation Formula) | Whole dollars | Report the <i>total impact on Asset Risk Charge (after aggregation formula)</i> . Report an increase in the <i>Asset Risk Charge</i> as a positive amount and a decrease as a negative amount. |
| 11 | Total Impact On Asset Concentration Risk Charge | Whole dollars | Report the <i>total impact on Asset Concentration Risk Charge</i> . Report an increase in the ACRC as a positive amount and a decrease as a negative amount. |
| 12 | Total Impact On Operational Risk Charge | Whole dollars | Report the <i>total impact on Operational Risk Charge</i> . Amounts reported for this item must be equal to or greater than zero. |
| 13 | Total Impact On Prescribed Capital Amount | Whole dollars | Report the <i>total impact on prescribed capital amount</i> . Amounts reported for this item must be equal to or less than the sum of column 8 <i>total impact on Insurance Risk Charge</i> to column 12 <i>total impact on Operational Risk Charge</i> due to the increase in the aggregation benefit. |