



# Financial Sector (Collection of Data) (reporting standard) determination No. 9 of 2023

## Reporting Standard GRS 115.0 Outstanding Claims Liabilities-Insurance Risk Charge

### *Financial Sector (Collection of Data) Act 2001*

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I, Michael Murphy, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- (a) REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2013, including *Reporting Standard GRS 115.0 Outstanding Claims Liabilities- Insurance Risk Charge* made under that Determination; and
- (b) DETERMINE *Reporting Standard GRS 115.0 Outstanding Claims Liabilities-Insurance Risk Charge*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities on 1 April 2023, and the revoked reporting standard shall cease to apply, on 1 April 2023.

This instrument commences on 1 April 2023.

Dated: 16 March 2023

Michael Murphy  
General Manager – Chief Data Officer (Acting),  
Technology and Data Division

## **Interpretation**

In this Determination:

*APRA* means the Australian Prudential Regulation Authority.

*financial sector entity* has the meaning given by section 5 of the Act.

## **Schedule**

*Reporting Standard GRS 115.0 Outstanding Claims Liabilities- Insurance Risk Charge* comprises the document commencing on the following page.



## Reporting Standard GRS 115.0

# Outstanding Claims Liabilities – Insurance Risk Charge

### 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 Insurance Risk Charge on outstanding claims liabilities.

It includes *Form GRF 115.0 Outstanding Claims Liabilities – Insurance Risk Charge* and associated specific instructions and must be read in conjunction with the general instruction guide, *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge* and *Prudential Standard GPS 320 Actuarial and Related Matters*.

### Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

### Purpose

2. Information collected in *Form GRF 115.0 Outstanding Claims Liabilities – Insurance Risk Charge* (GRF 115.0) 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 ending on or after 1 April 2023.

### Information required

4. An insurer must provide APRA with the information required by Form GRF 115.0 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:
  - (a) in respect of each quarter based on the financial year of the insurer; and
  - (b) in respect of each financial year of the insurer.

*Note:* The annual information required from an insurer by paragraphs 4, 5 and 6(b), 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 1973* (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 subparagraph 6(a) or 6(b), 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) within the time stated in *Reporting Standard GRS 001 Reporting Requirements* (GRS 001); 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 subparagraph 6(b) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

## Quality control

9. 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 (AUASB) 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*.
10. 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

11. When an officer, or agent, of an insurer provides the information required by this Reporting Standard it will be necessary for an officer, or agent, to digitally sign the relevant information using a digital certificate acceptable to APRA.
12. If an insurer provides the information required by this Reporting Standard through an agent who submits on the insurer's behalf, the insurer must:
- (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
  - (b) retain the completed copy.
13. 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

14. APRA may, by written notice to the insurer, vary the reporting requirements of Form GRF 115.0 in relation to that insurer.

### Transition

15. 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 ended before the date of revocation of the old reporting standard; 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

16. In this Reporting Standard (including the attachments):

- (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) ***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 the forms and instructions, 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 subparagraph 6(a) or 6(b) or, if  
applicable, paragraph 7.

## GRF\_115\_0: Outstanding Claims Liabilities - Insurance Risk Charge

<b>Australian Business Number</b>	<b>Institution Name</b>
<b>Reporting Period</b>	<b>Scale Factor</b>
Quarterly / Annual	Thousands of dollars no decimal place
<b>Reporting Consolidation</b>	
Licensed Insurer	

Were actuarial services used to complete this return (Yes / No)

### Section 1: Direct business

Class of business (1)	Gross OCL - Central estimate (2)	Gross OCL - risk margin (3)	Gross OCL - Total (4)	Non-reinsurance recoveries (5)	Reinsurance recoveries (6)	Net OCL - Central estimate (7)	Net OCL - Stand-alone risk margin (8)	Net OCL - Diversified risk margin (9)	Net OCL - Total (10)	OCL capital factor % (11)	OCL Insurance Risk Charge (12)	Net OCL per GRF 300.0 (13)	OCL surplus / (deficit) (14)
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
Professional indemnity
Employers liability
Other direct - category C

**Section 2: Reinsurance business**

Class of business (1)	Gross OCL - Central estimate (2)	Gross OCL - risk margin (3)	Gross OCL - Total (4)	Non-reinsurance recoveries (5)	Reinsurance recoveries (6)	Net OCL - Central estimate (7)	Net OCL - Stand-alone risk margin (8)	Net OCL - Diversified risk margin (9)	Net OCL - Total (10)	OCL capital factor % (11)	OCL Insurance Risk Charge (12)	Net OCL per GRF 300.0 (13)	OCL surplus / (deficit) (14)
Proportional - Category A													
Proportional - Category B													
Proportional - Category C													
Non-proportional - Category A													
Non-proportional - Category B													
Non-proportional - Category C													

**Section 3: Total**

	Gross OCL - Central estimate (2)	Gross OCL - risk margin (3)	Gross OCL - Total (4)	Non-reinsurance recoveries (5)	Reinsurance recoveries (6)	Net OCL - Central estimate (7)	Net OCL - Stand-alone risk margin (8)	Net OCL - Diversified risk margin (9)	Net OCL - Total (10)	OCL Insurance Risk Charge (12)	Net OCL per GRF 300.0 (13)	OCL surplus / (deficit) (14)
<b>Total direct business</b>												
<b>Total reinsurance business</b>												
Proportional												
Non-proportional												
<b>Adjustments to OCL Insurance Risk Charge as approved by APRA</b>												
<b>Total</b>												

Adjustments and exclusions to prudential requirements for the OCL Insurance Risk Charge		
Description (1)	Transitional? - Y/N (2)	Amount (3)

## GRF\_115\_0: Outstanding Claims Liabilities - Insurance Risk Charge

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 on this form.

### Instructions for specific items

#### Sections 1, 2 and 3

#### Were actuarial services used to complete this return (Yes / No)

If actuarial services were used to complete this form input 'Yes', otherwise input 'No'.

#### (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. 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.

#### (2) Gross OCL - Central estimate

This is the value, as at the relevant date, of the central estimate component of outstanding claims liabilities (OCL), gross of any recoveries, determined in accordance with *Prudential Standard GPS 320 Actuarial and Related Matters* (GPS 320).

The central estimate will be measured as the present value of the future expected payments, i.e. discounted for future investment income, determined in accordance with GPS 320. The central estimate is intended to reflect the mean value in the range of possible values for the outcome (that is, the mean of the distribution of probabilistic outcomes), and so does not include any risk margin.

### **(3) Gross OCL - risk margin**

This is the value, as at the relevant date, of the diversified risk margin component of OCL, gross of any recoveries, determined in accordance with GPS 320. The diversified risk margin refers to the risk margin that has been applied to the class of business after allowance for diversification across the whole insurance portfolio.

### **(4) Gross OCL - Total**

This is the total of the central estimate and diversified risk margin for OCL, gross of any recoveries.

The OCL relates to all claims incurred prior to the valuation date, whether or not they have been reported to the insurer. The value of the OCL must include an amount in respect of the expenses that the insurer expects to incur in settling these claims. The value of OCL must not include any Government charges directly imposed on the insurer such as levies, duties and taxes, but must be gross of input tax credit recoveries.

It is automatically calculated as Column 2 plus Column 3.

### **Non-reinsurance recoveries**

This is the value of recoveries under arrangements, other than reinsurance arrangements, receivable by the reporting insurer associated with the OCL, net of any provisions for depreciation or impairment. It is determined in accordance with GPS 320. Recoveries to be included at this item include salvage, subrogation, and input tax credit recoveries, amongst others.

### **Reinsurance recoveries**

This is the value of reinsurance recoverables, being amounts due to the reporting insurer under a reinsurance arrangement, that arise from the recognition of OCL. The value must be reported net of any provisions for doubtful debts. It is determined in accordance with GPS 320.

### **Net OCL - Central estimate**

This is the value, as at the relevant date, of the central estimate component of OCL, net of any reinsurance and non-reinsurance recoveries, determined in accordance with GPS 320.

### **Net OCL - Stand-alone risk margin**

This is the value, as at the relevant date, of the stand-alone risk margin component of OCL, net of any reinsurance and non-reinsurance recoveries, determined in accordance with GPS 320. The stand-alone risk margin refers to the risk margin that would be applied to a class of

business where no allowance for diversification with other classes of business has been allowed.

### **Net OCL - Diversified risk margin**

This is the value, as at the relevant date, of the diversified risk margin component of OCL, net of any reinsurance and non-reinsurance recoveries, determined in accordance with GPS 320. The diversified risk margin refers to the risk margin that has been applied to the class of business after allowance for diversification across the whole insurance portfolio.

### **Net OCL - Total**

This is the total of the central estimate and diversified risk margin for OCL, net of any reinsurance and non-reinsurance recoveries.

It is automatically calculated as Column 7 plus Column 9.

### **OCL capital factor %**

This is the outstanding claims risk capital factor applicable to each class of business as per Attachment A of GPS 115.

### **OCL Insurance Risk Charge**

This is the Insurance Risk Charge in respect of outstanding claims risk, which relates to the risk that the value of the net OCL is greater than the value determined in accordance with GPS 320.

It is automatically calculated as Column 10 multiplied by Column 11.

### **Net OCL per GRF 300.0**

This is the value, as at the relevant date, of the OCL, net of any recovery assets that relate to the gross OCL (including reinsurance recoveries, GST recoveries and other recoveries), determined in accordance with *Australian Accounting Standard AASB 1023 General Insurance Contracts* (AASB 1023).

The total across all classes of business should correspond to 'Total Amount' column amounts for Item 16 less Item 2.4.1 less Item 2.2.2.1 in *GRF 300.0 Statement of Financial Position*..

### **OCL surplus / (deficit)**

This is the amount by which the OCL, net of any recoveries, determined in accordance with AASB 1023 exceeds (or is in deficit of) the equivalent figure determined in accordance with GPS 320.

It is automatically calculated as Column 13 less Column 10.

### **Section 3: Total**

#### **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 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 classes of business.

#### **Adjustments to OCL Insurance Risk Charge as approved by APRA**

If APRA is of the view that the Standard Method for calculating the OCL Insurance Risk Charge component of the prescribed capital amount does not produce an appropriate outcome in respect of a reporting insurer, or a reporting insurer has used inappropriate judgement or estimation in calculating the OCL Insurance Risk Charge, APRA may adjust the OCL Insurance Risk Charge calculation for that reporting insurer.

Approved adjustments are to be reported separately in the associated table highlighting the description of the adjustment given, transitional status and amount of adjustment applied. An increase in the risk charge is to be reported as a positive amount.

This is calculated automatically as the sum of Column 3 in the table that follows.

#### **Total**

Each item in this row is automatically calculated as the sum of the Total direct business, Total reinsurance business and Adjustments and exclusions to OCL Insurance Risk Charge items in Section 3 for each corresponding column.