



# Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2023

## Reporting Standard GRS 310.2 Claims Expense and Reinsurance Recoveries

### *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. 19 of 2013, including *Reporting Standard GRS 310.2 Claims Expense and Reinsurance Recoveries* made under that Determination; and
- (b) DETERMINE *Reporting Standard GRS 310.2 Claims Expense and Reinsurance Recoveries*, 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 310.2 Claims Expense and Reinsurance Recoveries* comprises the document commencing on the following page.



## Reporting Standard GRS 310.2

### Claims Expense and Reinsurance Recoveries

#### 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 claims expense and reinsurance recoveries.

It includes *Form GRF 310.2 Claims Expense and Reinsurance Recoveries* 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. Information collected in *Form GRF 310.2 Claims Expense and Reinsurance Recoveries* (GRF 310.2) 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 310.2 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 310.2 in relation to that insurer.

### Interpretation

15. 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-authorized 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\_310\_2\_L: Claims Expense and Reinsurance Recoveries (L)

<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	

### Section 1: Direct business

Class of business (1)	Claim payments made in the current year (2)	OCL at beginning of financial year (3)	OCL at end of period (4)	Total gross claims expense (5)	Non-reinsurance recoveries revenue received in the current year (6)	Non-reinsurance recoveries receivable at beginning of financial year (7)	Non-reinsurance recoveries receivable at end of period (8)	Non-reinsurance recoveries revenue relating to current and prior years (9)	Reinsurance recoveries revenue received in the current year (10)	Reinsurance recoveries receivable at beginning of financial year (11)	Reinsurance recoveries receivable at end of period (12)	Reinsurance recoveries revenue relating to current and prior years (13)	Net claims expense (14)	Current period net claims expense (15)	Non-recurring items that are part of total net claims expense (16)
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)	Claim payments made in the current year (2)	OCL at beginning of financial year (3)	OCL at end of period (4)	Total gross claims expense (5)	Non-reinsurance recoveries revenue received in the current year (6)	Non-reinsurance recoveries receivable at beginning of financial year (7)	Non-reinsurance recoveries receivable at end of period (8)	Non-reinsurance recoveries revenue relating to current and prior years (9)	Reinsurance recoveries revenue received in the current year (10)	Reinsurance recoveries receivable at beginning of financial year (11)	Reinsurance recoveries receivable at end of period (12)	Reinsurance recoveries revenue relating to current and prior years (13)	Net claims expense (14)	Current period net claims expense (15)	Non-recurring items that are part of total net claims expense (16)
Proportional - Category A															
Proportional - Category B															
Proportional - Category C															
Non-proportional - Category A															
Non-proportional - Category B															
Non-proportional - Category C															

**Section 3: Total**

	Claim payments made in the current year	OCB at beginning of financial year	OCB at end of period	Total gross claims expense	Non-reinsurance recoveries revenue received in the current year	Non-reinsurance recoveries receivable at beginning of financial year	Non-reinsurance recoveries receivable at end of period	Non-reinsurance recoveries revenue relating to current and prior years	Reinsurance recoveries revenue received in the current year	Reinsurance recoveries receivable at beginning of financial year	Reinsurance recoveries revenue relating to current and prior years	Net claims expense	Current period net claims expense	Non-recurring items that are part of total net claims expense	Reinsurance recoveries received (cash-flow basis)	Claims paid (cash-flow basis)	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total direct business</b>																	
<b>Total reinsurance business</b>																	
<b>Proportional</b>																	
<b>Non-proportional</b>																	
<b>TOTAL</b>																	

Of which is from / with:

Parent entity

Controlled entities / Controlled entities of the parent

Associates / Joint ventures

Other related entities




## GRF\_310\_2 Claims Expense and Reinsurance Recoveries

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

##### (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) Claim payments made in the current year

This is the value of claim payments recognised during the relevant period, gross of any associated reinsurance recoveries and non-reinsurance recoveries. This item is to be determined in accordance with *Australian Accounting Standard AASB 1023 General Insurance Contracts* (AASB 1023).

##### (3) OCL at beginning of financial year

This is the value of the outstanding claims liabilities (OCL), as at the beginning of the reporting insurer's financial year, as determined in accordance with AASB 1023. This is gross of reinsurance recoveries and non-reinsurance recoveries.

**(4) OCL at end of period**

This is the value of the OCL, as at the end of the current reporting period, as determined in accordance with AASB 1023. This is gross of reinsurance recoveries and non-reinsurance recoveries.

**(5) Total gross claims expense**

This is the value of insurance claims expense recognised during the relevant period, gross of any associated reinsurance recoveries and non-reinsurance recoveries.

It is automatically calculated as Column 2 less Column 3 plus Column 4. The total amount across all direct and reinsurance classes of business should correspond to *Gross claims expense* in *GRF 310.0 Income Statement* (GRF 310.0).

**(6) Non-reinsurance recoveries revenue received in the current year**

This is the value of revenue from recoveries other than those from reinsurance in respect of insurance claims received in the current financial year. This item is determined in accordance with AASB 1023. Recoveries to be included at this item include salvage, subrogation, and input tax credit recoveries, amongst others.

**(7) Non-reinsurance recoveries receivable at beginning of financial year**

This is the value, as at the beginning of the reporting insurer's financial year, of recoveries under arrangements other than reinsurance arrangements, receivable by the reporting insurer associated with the OCL. This item is to be determined in accordance with AASB 1023.

**(8) Non-reinsurance recoveries receivable at end of period**

This is the value, as at end of the current reporting period, of recoveries under arrangements other than reinsurance arrangements, receivable by the reporting insurer associated with the OCL. This item is to be determined in accordance with AASB 1023.

**(9) Non-reinsurance recoveries revenue relating to current and prior years**

This is the value, for the duration of the relevant period, of revenue from recoveries other than those from reinsurance in respect of insurance claims relating to current and prior years.

It is automatically calculated as Column 6 less Column 7 plus Column 8.

**(10) Reinsurance recoveries revenue received in the current year**

This is the value, for the duration of the relevant period, of revenue from reinsurance recoveries in respect of insurance claims received in the current financial year. This item is to be determined in accordance with AASB 1023.

**(11) Reinsurance recoveries receivable at beginning of financial year**

This is the value, as at the beginning of the reporting insurer's financial year, of reinsurance recoverables, being amounts due to the reporting insurer under a reinsurance arrangement

that arise from the recognition of OCL. This item is to be determined in accordance with AASB 1023.

**(12) Reinsurance recoveries receivable at end of period**

This is the value, as at end of the current reporting period, of reinsurance recoverables, being amounts due to the reporting insurer under a reinsurance arrangement that arise from the recognition of OCL. This item is to be determined in accordance with AASB 1023.

**(13) Reinsurance recoveries revenue relating to current and prior years**

This is the value, for the duration of the relevant period, of revenue from reinsurance recoveries in respect of insurance claims relating to current and prior years.

It is automatically calculated as Column 10 less Column 11 plus Column 12.

**(14) Net claims expense**

This is the value of insurance claims expense recognised during the relevant period, net of any associated insurance recoveries.

It is automatically calculated as Column 5 less Column 9 less Column 13. The total amount across all direct and reinsurance classes of business should correspond to *Net claims expense* in GRF 310.0.

**(15) Current period net claims expense**

This is the value of net insurance claims expense recognised during the relevant period, but which only relate to the current period. Current period net claims expense represents: current period claims payments; current period reported outstanding case estimates (i.e. case estimates created in the current period); and current period incurred but not reported (and incurred but not enough reported) claims expenses.

Current period net claims expense should be defined and reported according to the following: net of all recoverables (including input tax credits reinsurance, salvage, subrogation and other recovery types); inclusive of claims handling expense, assuming that industry generally includes claims handling costs with the claim paid component of the incurred claims expense; the outstanding claims component be inflated only i.e. undiscounted; and the outstanding claims component be on a central estimate basis i.e. without risk margins.

'Current period' should only include claims incurred in the current accident year. For this purpose the current accident year should be aligned to the insurer's current financial year.

For reinsurers, claims expense in the current financial year to date attributable to each of the current and immediately prior underwriting years should be adopted.

The total amount across all direct and reinsurance classes of business should correspond to *Net claims expense which is: Current period net claims expense* in GRF 310.0.

**(16) Non-recurring items that are part of total net claims expense**

This is the value of net insurance claims expense recognised during the relevant period, but which only relate to non-recurring items. Non-recurring net claims expense represents those net claims expenses that are not classified as current period, and is a balancing item such that current period net claims expense and non-recurring claims expense are equal to net claims expense.

The total amount across all direct and reinsurance classes of business should correspond to *Net claims expense which is: Non-recurring items that are part of total net claims expense* in GRF 310.0.

**Section 3: Total****(17) Reinsurance recoveries received (cashflow basis)**

Report the amount of reinsurance recoveries received over the reporting period (on a year to date basis). Do not include reinsurance recoveries recognised on an accrual basis, as that is recognised in *Reinsurance recoveries revenue relating to current and prior years*.

This relates to all reinsurance recoveries received on a cash flow basis in the current financial year, regardless of the financial year in which the reinsurance recovery may have been recognised as revenue (i.e. a prior financial year).

**(18) Claims paid (cashflow basis)**

Report the amount of claims actually paid over the reporting period (on a year to date basis). This relates to all claims paid on a cash flow basis in the current financial year, regardless of the financial year in which the claim may have been recognised as an expense (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 Columns 5, 9 and 13 that are with/from the parent entity of the reporting insurer.

### **Controlled entities / Controlled entities of the parent**

Report the amounts in Columns 5, 9 and 13 that are with/from a subsidiary of the reporting insurer, or another branch of the parent entity for a Category C insurer.

### **Associates / Joint Ventures**

Report the amounts in Columns 5, 9 and 13 that are with/from an associate or joint venture of the reporting insurer.

### **Other related parties**

Report the amounts in Columns 5, 9 and 13 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.