



Financial Sector (Collection of Data) (reporting standard) determination No. 75 of 2023

Reporting Standard GRS 117.0 Asset Concentration Risk Charge

Financial Sector (Collection of Data) Act 2001

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. 16 of 2022, including *Reporting Standard GRS 117.0 Asset Concentration Risk Charge* made under that Determination; and
- (b) determine *Reporting Standard GRS 117.0 Asset Concentration 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 that reporting standard.

Under section 15 of the Act, I declare that *Reporting Standard GRS 117.0 Asset Concentration Risk Charge* shall begin to apply to those financial sector entities, and the revoked reporting standard shall cease to apply, on the day *Reporting Standard GRS 117.0 Asset Concentration Risk Charge* is registered on the Federal Register of Legislation.

This instrument commences upon registration on the Federal Register of Legislation.

Dated: 18 May 2023

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

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

Federal Register of Legislation means the register established under section 15A of the *Legislation Act 2003*.

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

Schedule

Reporting Standard GRS 117.0 Asset Concentration Risk Charge comprises the document commencing on the following page.



Reporting Standard GRS 117.0

Asset Concentration 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 Asset Concentration Risk Charge.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard GRS 001 Reporting Requirements* (GRS 001), including the general instruction guide, and *Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge* (GPS 117).

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 ending 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:
 - (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. 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) in the case of quarterly information, within 20 business days after the end of the reporting period to which the information relates;
 - (b) in the case of annual information, within three months after the end of the reporting period to which the information relates; or
 - (c) 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).

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 ended 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 subparagraph 6(a) or 6(b) 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.

Reporting Standard GRS 117.0

Asset Concentration Risk Charge

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 the table must not appear on more than one row in that table when reported.

Definitions

Terms in *bold italics* are defined in this Definitions section of these instructions.

A

<i>Adjustment for Cumulative Exposures Amount</i>	For reinsurance exposures only, this is the adjustment for cumulative exposures that needs to be made in accordance with GPS 117.
<i>Asset Concentration Risk Charge Limit Amount</i>	For reinsurance exposures this means the appropriate asset concentration limit as specified in GPS 117 for reinsurance exposures to grade 5, 6 and 7 counterparties or grade 4 counterparties belonging to the same group. For non-reinsurance exposures this means the appropriate Asset Concentration Risk Charge limit as specified in GPS 117.
<i>Asset Concentration Risk Charge Long Term Limit Amount</i>	This means the appropriate Asset Concentration Risk Charge limit for long-term exposures to unrelated parties that are part of an APRA-regulated group as per GPS 117. For exposures categorised as 'Unrelated party (APRA-regulated group)', this is the fair value of the exposure to long-term assets, net of provision for doubtful debts and after amounts that are deducted from the capital base. Long term exposures are those assets with a residual maturity of greater than one year.
<i>Asset Concentration Risk Charge Long Term Net Exposure Amount</i>	This means the fair value of the exposure to long-term assets, net of provision for doubtful debts and after amounts that are deducted from the capital base. Long term exposures are those assets with a residual maturity of greater than one year.
<i>Asset</i>	This means the fair value of the exposure, net of provision for doubtful

Concentration Risk Charge Net Exposure Amount	debts and any regulatory adjustments to capital base related to this exposure, that is subject to Asset Concentration Risk Charge. For reinsurance exposures, regulatory adjustments would consist of reinsurance assets that do not meet the reinsurance documentation test and the governing law requirements as per <i>Prudential Standard GPS 230 Reinsurance Management (GPS 230)</i> .
Asset Exposure Category After Eligible Credit Support	<p>For reinsurance exposures that are covered by eligible credit support, report the counterparty grade grouping as:</p> <ul style="list-style-type: none"> • grade 4; or • grade 5, 6 or 7. <p>For non-reinsurance exposures, categorise the exposure into one of the following in accordance with GPS 117:</p> <ul style="list-style-type: none"> • related party (APRA-regulated group); • unrelated party (APRA-regulated group); or • other.

C

Counterparty Grade type	This means the classification applied to the exposure as per <i>Prudential Standard GPS 001 Definitions (GPS 001)</i> .
Counterparty Group Name	This is the name of the group to which the counterparty to the exposure belongs.
Counterparty Name	This is the name of the counterparty to the exposure.
Counterparty Grade After Eligible Credit Support	This means the counterparty grade type related to exposures that are covered by collateral or guarantee.

E

Eligible Credit Support Applied	<p>The means whether the reinsurance or non-reinsurance exposure is covered by an eligible collateral, guarantee, or letter of credit, indicate whether the insurer has applied the eligible credit support to calculate the Asset Concentration Risk Charge.</p> <p>Possible values are:</p> <ul style="list-style-type: none"> • yes; and • no.
Exposure subject to Asset Concentration Risk Charge	<p>For reinsurance exposures only: This is the total exposure that is subject to the Asset Concentration Risk Charge. This item is calculated at the level of each counterparty group name as the sum of:</p> <ul style="list-style-type: none"> • Asset Concentration Risk Charge net exposure amount; and

	<ul style="list-style-type: none"> • <i>adjustment for cumulative exposures amount.</i>
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N

<i>Name of Provider of Eligible Credit Support</i>	This means the name of the entity providing the collateral or guarantee where the insurer holds collateral against the asset or if the asset has been guaranteed.
<i>Non-reinsurance Asset Concentration Risk Charge</i>	<p>This represents the Asset Concentration Risk Charge for non-reinsurance exposures and is the sum of the Asset Concentration Risk Charges for each non-reinsurance exposure category.</p> <p>This is the excess (if any) of the net exposure amount over and above the respective Asset Concentration Risk Charge limit and is calculated as the greater of:</p> <ul style="list-style-type: none"> • <i>Asset Concentration Risk Charge net exposure amount</i> less <i>Asset Concentration Risk Charge limit amount</i>; and • <i>Asset Concentration Risk Charge long term net exposure amount</i> less <i>Asset Concentration Risk Charge long term limit amount</i>, <p>subject to a floor of zero.</p>

O

<i>Off-Balance Sheet Large Exposure Amount</i>	This represents the fair value of the exposure, net of provision for doubtful debts, recognised off-balance sheet.
<i>On-Balance Sheet Large Exposure Amount</i>	This represents the fair value of the exposure, net of provision for doubtful debts, recognised on-balance sheet.

R

<i>Reinsurance Asset Concentration Risk Charge</i>	<p>This represents the Asset Concentration Risk Charge for reinsurance exposures and is the sum of the Asset Concentration Risk Charges for reinsurance exposures across all counterparty grades.</p> <p>This is the excess (if any) of the net exposure amount over and above the respective Asset Concentration Risk Charge limit and is calculated as <i>exposure subject to Asset Concentration Risk Charge</i> less <i>Asset Concentration Risk Charge limit amount</i>, subject to a floor of zero.</p>
<i>Related party</i>	<p>This means the type of relationship of the counterparty to the reporting insurer. This can take the values of:</p> <ul style="list-style-type: none"> • parent;

	<ul style="list-style-type: none"> • controlled entity; • associate / joint venture; or • other related party. <p>Definitions of the <i>related party</i> types listed above can be found in GPS 001.</p>
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T

<p><i>Total large exposure amount</i></p>	<p>This represents the fair value of the exposure, net of provision for doubtful debts, and includes both on-balance sheet and off-balance sheet amounts.</p> <p>This is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>on-balance sheet large exposure amount</i>; and • <i>off-balance sheet large exposure amount</i>.
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Specific instructions

Table 1: Large Exposures

Reporting threshold

Complete this section for each exposure to an asset, a counterparty or a group of counterparties that is greater than 10 per cent of the capital base (or adjusted net assets in Australia for a Category C insurer) of the reporting insurer. Where the aggregate exposure to a group of related counterparties is over the 10 per cent threshold, report the exposure to each individual counterparty separately, even if the individual exposure is less than the threshold.

Collateral and guarantees

For exposures that are supported by collateral, guarantees or letters of credit (eligible credit support):

- If the exposure is covered by more than one collateral / guarantee / letter of credit, split the original exposure into multiple rows for each eligible credit support applicable.
- If the eligible credit support provided doesn't cover the full value of the exposure, split the original exposure into multiple rows: one for the part that is covered, and one for the part that remains uncovered.

	Name	Valid values	Description
1	Counterparty Name	Free text	Report the <i>counterparty name</i> .
2	Counterparty Group Name	Free text	Report the <i>counterparty group name</i> . Where the counterparty does not belong to a group, enter the <i>counterparty name</i> .
3	Counterparty ACN, ABN Or ARBN	9-digit valid ACN, 11-digit valid ABN or 9-digit valid ARBN	Report the counterparty ACN, ABN or ARBN. Report the ACN of the reported counterparty. In cases where a counterparty does not have an ACN but it does have an ABN or an ARBN, report the ABN or

	Name	Valid values	Description
			ARBN. Input the number without spaces. If a counterparty does not have an ACN, ABN, or ARBN leave the column blank.
4	Reinsurance Or Non-Reinsurance Exposure Type	<ul style="list-style-type: none"> • Reinsurance • Non-reinsurance • Combination of multiple exposures 	Report the reinsurance or non-reinsurance exposure type.
5	Reinsurance Or Non-Reinsurance Exposure Type Description	Free text	Describe the reinsurance or non-reinsurance exposure type.
6	Non-APRA Authorised Reinsurer Indicator	<ul style="list-style-type: none"> • Yes • No 	Indicate whether the counterparty is a non-APRA authorised reinsurer.
7	Related Party Type	<ul style="list-style-type: none"> • Parent • Controlled entity • Associate / Joint venture • Other related party • Not applicable 	Report the <i>related party</i> . If exposure is not to a related party, report as 'not applicable'.
8	Counterparty Grade Type	<ul style="list-style-type: none"> • Grade 1 • Grade 2 • Grade 3 • Grade 4 • Grade 5 • Grade 6 	Report the <i>counterparty grade type</i> .

	Name	Valid values	Description
		<ul style="list-style-type: none"> Grade 7 	
9	Name Of Provider Of Eligible Credit Support	Free text	Report the <i>name of provider of eligible credit support</i> . If no eligible credit support is provided, report 'not applicable'.
10	Counterparty Grade After Eligible Credit Support	<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>counterparty grade after eligible credit support</i> . If no eligible credit support is provided, report 'not applicable'.
11	On-Balance Sheet Large Exposure Amount	Whole dollars	Report the <i>on-balance sheet large exposure amount</i> .
12	Off-Balance Sheet Large Exposure Amount	Whole dollars	Report the <i>off-balance sheet large exposure amount</i> .

Table 2: Asset Concentration Risk Charge - Reinsurance Exposures

Reporting threshold

This section is to be completed for each exposure to a group of related counterparties that will trigger an Asset Concentration Risk Charge limit as specified in GPS 117.

Reinsurance exposures

Reinsurance exposures must be reported in the following order for each group of related counterparties:

- Combine all exposures to Grade 5 and below; and
- Combine all exposures to Grade 4.

Application to Category C insurers

For Category C insurers, the Asset Concentration Risk Charge calculation is to be applied to the assets in Australia.

	Name	Valid values	Description
1	Counterparty Group Name	Free text	Report the <i>counterparty group name</i> .
2	Eligible Credit Support Applied Indicator	<ul style="list-style-type: none"> • Yes • No 	Report the <i>eligible credit support applied</i> indicator.
3	Asset Exposure Category After Eligible Credit Support	<ul style="list-style-type: none"> • Grade 4 • Grade 5, 6 or 7 	Report the <i>asset exposure category after eligible credit support</i> .
4	Asset Concentration Risk Charge Net Exposure Amount	Whole dollars	Report the <i>asset concentration risk charge net exposure amount</i> . For reinsurance exposures regulatory adjustments would consist of reinsurance assets that do not meet

	Name	Valid values	Description
			the reinsurance documentation test and the governing law requirements as per GPS 230.
5	Asset Concentration Risk Charge Limit Amount	Whole dollars	Report the <i>asset concentration risk charge limit amount</i> .
6	Adjustment For Cumulative Exposures Amount	Whole dollars	Report the <i>adjustment for cumulative exposures amount</i> . This applies to reinsurance exposures only.

Table 3: Asset Concentration Risk Charge - Non-Reinsurance Exposures

Reporting threshold

This section is to be completed for each exposure to a group of related counterparties that will trigger an Asset Concentration Risk Charge limit as specified in GPS 117.

Application to Category C insurers

For Category C insurers, the Asset Concentration Risk Charge calculation is to be applied to the assets in Australia.

	Name	Valid values	Description
1	Counterparty Group Name	Free text	Report the <i>counterparty group name</i> .
2	Eligible Credit Support Applied Indicator	<ul style="list-style-type: none"> • Yes • No 	Report the <i>eligible credit support applied</i> indicator.
3	Asset Exposure Category After Eligible Credit Support Type	<ul style="list-style-type: none"> • Related party (APRA-regulated group) • Unrelated party (APRA-regulated group) • Other 	Report the <i>asset exposure category after eligible credit support</i> .
4	Asset Concentration Risk Charge Net Exposure Amount	Whole dollars	Report the <i>asset concentration risk charge net exposure amount</i> .
5	Asset Concentration Risk Charge Long Term Net Exposure Amount	Whole dollars	Report the <i>asset concentration risk charge long term net exposure amount</i> .
6	Asset Concentration	Whole dollars	Report the <i>asset concentration risk charge limit</i>

	Name	Valid values	Description
	Risk Charge Limit Amount		<i>amount.</i>
7	Asset Concentration Risk Charge Long Term Limit Amount	Whole dollars	Report the <i>asset concentration risk charge long term limit amount.</i> This applies to non-reinsurance exposures only.