



Financial Sector (Collection of Data) (reporting standard) determination No. 61 of 2023

Reporting Standard GRS 111.0 Adjustments and Exclusions

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*, determine *Reporting Standard GRS 111.0 Adjustments and Exclusions*, 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 the day it is registered on the Federal Register of Legislation.

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

Dated: 2 June 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 111.0 Adjustments and Exclusions comprises the document commencing on the following page.



Reporting Standard GRS 111.0

Adjustments and Exclusions

Objective of this Reporting Standard

This Reporting Standard sets out requirements for the provision of information to APRA relating to a general insurer's adjustments and exclusions to prudential capital requirements as approved by APRA.

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.

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.

Interpretation

16. 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.

17. 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 111.0

Adjustments and Exclusions

General instructions

Reporting tables

Tables 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.

Definitions

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

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<i>APRA-approved adjustment amount</i>	This is the amount relating to APRA approved adjustments to specific requirements of the prudential standards for a reporting insurer.
<i>APRA-approved adjustment type</i>	<p>This means the type of APRA-approved adjustment. Possible types relate to the:</p> <ul style="list-style-type: none"> • <i>prescribed capital amount;</i> • <i>Asset Risk Charge;</i> • <i>Insurance Risk Charge - outstanding claims liabilities;</i> • <i>Insurance Risk Charge - premiums liabilities;</i> • <i>Insurance Concentration Risk Charge;</i> • <i>Asset Concentration Risk Charge;</i> and • <i>Operational Risk Charge.</i>
<i>Asset Concentration Risk Charge</i>	<p>The <i>Asset Concentration Risk Charge</i> is the minimum amount of capital required to be held against asset concentration risks. The <i>Asset Concentration Risk Charge</i> relates to the risk resulting from investment concentrations in individual assets or large exposures to individual counterparties or groups of related counterparties resulting in adverse movements in the reporting insurer's capital base.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 117 Capital Adequacy: Asset Concentration Risk Charge</i>.</p>

Asset Risk Charge	<p>The Asset Risk Charge is the minimum amount of capital required to be held against asset risks. The Asset Risk Charge relates to the risk of adverse movements in the value of a reporting insurer's capital base due to credit or market risks.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge</i>.</p>
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Insurance Concentration Risk Charge	<p>The Insurance Concentration Risk Charge is the minimum amount of capital required to be held against insurance concentration risks. The Insurance Concentration Risk Charge relates to the risk of an adverse movement in the reporting insurer's capital base due to a single large loss or series of losses.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 116 Capital Adequacy: Insurance Concentration Risk Charge</i>.</p>
Insurance Risk Charge - outstanding claims liabilities (OCL)	<p>The risk charge for outstanding claims risk relates to the risk that the value of net outstanding claims liabilities (OCL) determined in accordance with <i>Prudential Standard GPS 340 Insurance Liability Valuation</i> (GPS 340) will be insufficient to cover associated net claim payments and any associated claim expenses as they fall due.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge</i> (GPS 115).</p>
Insurance Risk Charge - premiums liabilities (PL)	<p>This is the Insurance Risk Charge in respect of premiums liability risk, which relates to the risk that the value of the net PL is greater than the value determined in accordance with GPS 340. It also relates to the risk that material net written premium, as defined in GPS 115, will be insufficient to fund the liabilities arising from that business.</p> <p>This must be determined in accordance with GPS 115.</p>

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Operational Risk Charge	<p>The Operational Risk Charge is the minimum amount of capital required to be held against operational risks. The Operational Risk Charge relates to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p> <p>This must be determined in accordance with <i>Prudential Standard GPS 118 Capital Adequacy: Operational Risk Charge</i>.</p>
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Prescribed capital amount	<p>The prescribed capital amount must be determined in accordance with <i>Prudential Standard GPS 110 Capital Adequacy</i>.</p>
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Specific instructions

Table 1: Adjustments and exclusions

Reporting basis

For a licensed insurer, report the adjustments and exclusions to the prudential standard requirements, as approved by APRA.

Units of measurement

This values in this table must be completed in whole Australian dollars.

	Name	Valid values	Description
1	APRA-Approved Adjustment Type	<ul style="list-style-type: none"> • <i>Prescribed capital amount</i> • <i>Asset Risk Charge</i> • <i>Insurance Risk Charge - outstanding claims liabilities (OCL)</i> • <i>Insurance Risk Charge - premiums liabilities (PL)</i> • <i>Insurance Concentration Risk Charge</i> • <i>Asset Concentration Risk Charge</i> • <i>Operational Risk Charge</i> 	Report the <i>APRA-approved adjustment type</i> .
2	APRA-Approved Adjustment Description	Free text	<p>Provide a description of the <i>APRA-approved adjustment amount</i>.</p> <p>Where the adjustment is a transitional adjustment, the end date for the transitional period must be clearly included in the description of the item.</p>
3	APRA-Approved	<ul style="list-style-type: none"> • Yes 	Report whether the <i>APRA-approved adjustment</i>

	Name	Valid values	Description
	Adjustment Transitional Indicator	<ul style="list-style-type: none"> No 	<p><i>amount</i> is transitional.</p> <p>Report 'Yes' if the adjustment is transitional. Report 'No' if the adjustment is not transitional.</p>
4	APRA-Approved Adjustment Amount	Whole dollars	<p>Report the <i>APRA-approved adjustment amount</i>.</p> <p>Report adjustments that would result in an increase to the <i>APRA-approved adjustment type</i> calculation as a positive value.</p>