

# We are hirmaa

13 July, 2010

Mr Josh Edwards  
Manager  
Prudential Standards  
PHIAC  
PO Box 4589  
**KINGSTON ACT 2604**

Dear Mr Edwards

Thank you for the opportunity to offer comments on the Discussion Paper, *Disclosure Standard for Private Health Insurers, May 2010*.

HIRMMA has consulted with its constituent members and the following comments are submitted for your consideration.

Yours sincerely

**RON WILSON**  
**Executive Director**

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In summary, HIRMAA welcomes the development by PHIAC, in consultation with the private health insurance (PHI) industry, of a disclosure standard for private health insurers.

## KEY OBJECTIVES

HIRMAA notes that PHIAC has five key objectives behind the development of a disclosure standard, namely:

- Promoting a culture of transparency
- Ensuring that PHIAC is better informed about unusual events
- Increasing the protection of consumers
- Ensuring that PHIAC can intervene and reduce the risk of failure by insurers
- Providing consistency between PHIAC's disclosure requirements and those of other regulatory regimes.

While HIRMAA supports the development of a disclosure standard, it notes that much of the draft standard represents current practice for the industry and individual funds. HIRMAA has consulted its constituent funds (Appendix A) and makes the following specific comments and observations.

## PROPOSED FRAMEWORK

HIRMAA notes that the standard will outline two new information requirements to be reported to PHIAC, namely:

- Routine disclosures, and,
- Unusual governance events.

Before reflecting upon the two new requirements, HIRMAA notes and welcomes the assurance offered by PHIAC that

- *The reporting timeframes for each new disclosure requirement will be no more onerous than the timeframes set by other regulators*
- *In most instances, PHIAC will only require a copy of the information being provided to another recipient*
- *There will be no requirement to use a PHIAC form*
- *In the case of an unusual governance event, notification can be by telephone or email.*

HIRMAA agrees with PHIAC that the financial and compliance impact on insurers should be kept to a minimum.

## NEW INFORMATION REQUIREMENTS

### Routine Disclosure

HIRMAA notes the requirement of companies to provide ASIC with a range of information and also notes PHIAC's observation that in many of these instances insurers provide a copy of information to PHIAC out of a "sense of collegiate

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communication, transparency and good will.” While noting the need to keep the regulatory burden on insurers to a minimum, HIRMAA supports the submitting to PHIAC of the following ASIC forms – ASIC form 484, changes to company details; ASIC form 2501, extension of time for AGMs and ASIC form 205, notice of a resolution.

Similarly, HIRMAA supports the provision to PHIAC of routine AGM material and material relating to the calling and conduct of Extraordinary General Meetings.

## Unusual governance events

PHIAC has listed three unusual events that would require notification, namely:

- A proposal to remove director/s
- Proposals to expel policyholder/s unrelated to financial status
- Investigations of a criminal or civil nature impacting on the company or its officer/s

While HIRMAA accepts the rationale behind such requirements, it will be necessary for PHIAC to be fully cognisant of the needs to protect personal privacy. HIRMAA is aware that Police Health has made note of this issue in its submission.

With regard to “other” unusual governance events, HIRMAA notes that the intent of this requirement is to promote a culture within insurers such that, when in doubt as to the severity of the event, they report it to PHIAC. While HIRMAA supports the intent behind this requirement, it also notes that without specifically identifying such events this requirement may result in dispute and conjecture.

HIRMAA is aware that Teachers’ Union Health has made reference to a possible overlap between this requirement and a requirement in PHIAC’s Appointed Actuary Standard.

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## **Attachment A – HIRMAA funds**

ACA Health Benefits Fund Ltd

CBHS Health Fund Ltd

Defence Health Ltd

Health Care Insurance Ltd

Health Partners Ltd

Lysaght Peoplecare Ltd

Navy Health Ltd

Phoenix Health Fund Ltd

Police Health Ltd

Queensland Country Heath Ltd

Queensland Teachers' Union Health Fund Ltd

Railway and Transport Health Fund Ltd

Reserve Bank Health Society Ltd

Teachers Federation Health Ltd

The Doctors' Health Fund Ltd

Transport Health Pty Ltd

Westfund Ltd