



19 August 2016

To all Private Health Insurers

2015-16 End of Year Reporting Requirements

This letter is to inform Private Health Insurers (Insurers) of their reporting requirements to APRA for the year ended 30 June 2016. This letter contains:

- information on the:
 - o Audit arrangements for financial year ended 30 June 2016;
 - o risk equalisation audit arrangements;
 - o HRF 602.0 annual reporting requirements;
- the Schedule of information to be provided to APRA; and
- references to related documents available on APRA's web site:
 - o risk equalisation audit program; and
 - o guidance for auditors for the HRF 602.0 Annual Return.

Audit certificates, accompanying returns, documentation and documents provided directly from auditors are to be emailed to your frontline supervisor **by 30 September 2016**.

Audit Arrangements for Financial Year Ended 30 June 2016

As the data within the forms to be audited has not changed from PHIAC 1 to HRF 601.0 and from PHIAC 2 to HRF 602.0, the audit procedure and process should be the same as last year. For the 2015-16 financial year external auditors should follow the audit guidance provided on APRA's website <http://www.apra.gov.au/PHI/Reporting-Framework/Pages/Information-to-assist-PHI-reporting.aspx>, or an alternative program that provides similar checks and levels of accuracy. Insurers and auditors are responsible for their own audit program and processes.

Risk Equalisation

HRF 601.0 Returns (Risk Equalisation and related statistics) for the four quarters to 30 June 2016 are to be audited by external auditors. The data contained with the HRF 601 series of forms is unchanged from that contained within PHIAC 1 forms. The Audit Program Guidance for HRF 601.0 therefore is the same as that provided for the PHIAC 1 last year. Please note that all references to forms and legislation contained within the guidelines have not yet been updated from the PHIAC 1 guidelines.

Audit certification for the four quarters to 30 June each year must be provided within three months of the end of the financial year or such time as allowed by APRA. Please ensure that

the certificate for the 2015-16 financial year is received by APRA no later than 17:00 AEST, 30 September 2016. APRA only requires an electronic copy of the HRF 601.0 Returns on which the audit is based. A hard copy is not required. Audited documents and the opinion should be emailed directly from the auditor to your frontline supervisor. Contact details of your frontline supervisor should be provided to the auditor by the Insurer.

A pro forma of a suggested audit report for HRF 601.0 is attached to this letter.

HRF 602.0 (Annual) Return

The HRF 602.0 (Annual) Return for the 2015-16 financial year must be submitted by the Insurer via D2A. Please ensure that the return is received by APRA by no later than **17:00 AEST, 30 September 2016**. This return is to be subject to external audit to ensure accurate application of the solvency and capital adequacy standards.

The data contained with the HRF 602 series of forms is unchanged from that contained within PHIAC 2 forms. The Audit Program Guidance for the HRF 602.0 (Annual) Return therefore is the same as that provided for the PHIAC 2 return last year. Please note that all references to forms and legislation contained within the guidelines have not yet been updated from the PHIAC 2 guidelines.

Audit certification for the HRF 602.0 (Annual) Return must be provided within three months of the end of the financial year or such time as allowed by APRA.

APRA only requires an electronic copy of the HRF 602.0 Returns on which the audit is based. A hard copy is not required. Audited documents and the opinion should be emailed directly from the auditor to your frontline supervisor. Contact details of your frontline supervisor should be provided to the auditor by the Insurer.

A pro forma of a suggested audit report for HRF 602.0 is attached to this letter.

Schedule of Information to be provided

Insurers/Auditors are required to provide APRA with **electronic copies** of the following:

1. Audit Opinions (emailed directly from the auditor)
 - HRF 601.0; in PDF format and
 - HRF 602.0; in PDF format.
2. Copies of the HRF 601.0 Returns that have been audited (emailed directly from the auditor) in PDF format.
3. Copy of the HRF 602.0 (Annual) Return for the 12-months ending 30 June 2016 that has been audited using the current version of the template (emailed directly from the auditor) in PDF format.

4. Statutory Financial Accounts
 - A copy of the signed statutory financial accounts of the health benefits fund.¹
 - Where not already included in the copy of the statutory financial accounts, a copy of the Audit Report in relation to the Insurer's statutory financial accounts, in PDF format.
5. Financial Condition Report. A copy of the Financial Condition Report prepared by the Insurer's Appointed Actuary in respect of the 2015-16 financial year, in PDF format.

All information must be strictly received by APRA no later than 17:00 AEST 30 September 2016.

Auditors should note that each email to your frontline supervisor must not be greater than 6MB in size.

Insurers requiring additional time to meet any reporting requirements must apply in writing before the relevant due date. Applications for an extension of time to submit the HRF 602.0 (Annual) Return via D2A must outline the reason for the delay and the extension sought and must be from the CEO or CFO of the Insurer. The D2A extension application must be emailed to phireturns@apra.gov.au prior to **30 September 2016**. Applications for an extension of time to submit other annual return documents should be emailed to your frontline supervisor.

If you have any questions regarding the information in this letter, please email your frontline supervisor.

¹ Where the health benefits fund is a part of an economic entity, a copy of the consolidated financial accounts for the 2015-2016 financial year.