

15 December 2016

Mr Pat Brennan
Executive General Manager
Policy and Advice Division
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

By email Insurance.Policy@apra.gov.au

Dear Mr Brennan

Response to consultation on streamlining the process for varying restricted access groups

CBHS Health Fund Limited (**CBHS**) welcomes the opportunity to comment on APRA's August 2016 consultative document regarding streamlining the process for varying restricted access groups.

Part A – proposals relevant to restricted access insurers

Draft process for future changes

CBHS supports APRA's suggested draft process by which an insurer can vary its restricted access group in the future. CBHS agrees the guidance outlined in APRA's consultative document is clear and consistent.

CBHS suggests the guidance should be made available on APRA's website.

Changes to the Registration Rules

In relation to changes made to the Registration Rules, CBHS is concerned that as a consequence of deleting the Schedule in its entirety, it may have unintended consequences for CBHS.

This is because the following classes of persons being:

- (a) an employee of a contractor to any of the Commonwealth Bank Group and who is, or was, involved in supplying goods or services to the Commonwealth Bank Group; or
- (b) an employee of a franchisee of a subsidiary company within the Commonwealth Bank Group,

do not appear to fall within either the group of persons specified in subsections (a) - (d) of section 15(4) of the Private Health Insurance (Prudential Supervision) Act or the

group of persons specified in rule 7(a) – (g) of the proposed Registration Rules (unless those persons were insured with CBHS immediately prior to 12 October 2007).

CBHS' current restricted access group not only includes employees who are employed by contractors (who currently provide goods and services to the CBA Group) but it also includes people who are employees to contractors who *previously* supplied goods or services to the CBA Group i.e. any contractors who may or may not currently be CBA contractors are all eligible.

Additionally, CBHS requests consideration be given to expanding the restricted access group definition to include the partners and dependent children of the grandchildren of the Principal Insured. This would assist CBHS in reaching approximately 20 families a year who do not meet the current CBHS eligibility criteria because of the wording of the current (and proposed) Registration Rules. We expect that this will become an ongoing and increasing issue for CBHS (and other restricted funds) in the future.

By way of a worked example:

- A. Father is a former CBA bank clerk and has been a CBHS member for 40 years.
- B. The Father's son and his wife and two dependent children are - by virtue of their connection with Principal Insured Father - CBHS members.
- C. Many years later the dependent children (who have been CBHS members all their lives and are the grandchildren of the Principal Insured) become adults, partner and have children. Whilst the grandchildren can be CBHS Members, their partners and children cannot join CBHS.

This is then an issue for CBHS because CBHS invariably loses the grandchildren and their family as CBHS members.

CBHS Proposed Registration Rules Wording Changes

Having regard to the above submission, CBHS suggests (see highlighted sections below) the following modifications be made to the wording of Rule 7 of the proposed Registration Rules.

7. Description of groups who can be offered insurance products by restricted access insurers

For the purposes of paragraph 15(4)(e) of the Act the following persons comprise a particular group of persons to whom a restricted access insurer may make its complying health insurance products available:

- a) persons who belong to a group of persons based on whether they are or were a member of a group specified in paragraph (a), (b), (c) or (d) of subsection 15(4) of the Act;
- b) persons who were already insured with a restricted access insurer immediately before 12 October 2007;
- c) persons who are, or become, officers or employees (including contractors) of the restricted access insurer;

- d) an employee of a contractor who is, or was, involved in supplying goods or services to the employer referred to in section 15(4)(b) of the Act;
- e) an employee of a franchisee of a subsidiary company of the employer referred to in section 15(4)(b) of the Act;
- f) the former partners and adult children of Principal Insureds of the restricted access insurer;
- g) the siblings, grandchildren and parents of Principal Insureds of the restricted access insurer;
- h) the partners and dependent children of persons who are the adult children of Principal Insureds of the restricted access insurer; and
- i) the partners and dependent children of persons who are the siblings and grandchildren of Principal Insureds of the restricted access insurer.

If these changes are incorporated, the definitions section should also be amended as follows (because those persons in (d) and (e) are also considered to be Principal Insureds):

Principal Insureds means the persons described in paragraphs 7(a) to 7(e) of these Rules.

Part B – proposals relevant to prospective private health insurer registrants

CBHS agrees with the clarifications which are proposed to be made to Rule 6 and 8 of the proposed Registration Rules.

Should you have any questions about CBHS' submission, please contact Nicole Nott, Legal Counsel on 9685 7574 or email Nicole.Nott@cbhs.com.au.

Yours faithfully



Nicole Nott
Legal Counsel
CBHS Health Fund Limited