



27 March 2017

TO: ALL PRIVATE HEALTH INSURERS AND OTHER INTERESTED PARTIES

PRIVATE HEALTH INSURANCE REGISTRATION RULES

APRA has finalised the process of streamlining the *Private Health Insurance (Registration) Rules 2017* (the Rules). The Rules set the criteria for registration of new licensees and describes groups which can be offered insurance products by restricted access insurers under the *Private Health Insurance (Prudential Supervision) Act 2015*.

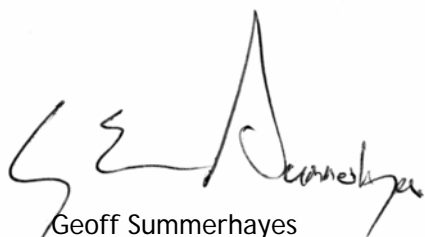
Following consultation, APRA revised the Rules to replace an administratively burdensome process for changing restricted access group criteria. The new process facilitates a consultative process for restricted access insurers to engage with APRA in changing their restricted access groups. Further changes to restricted access groups will only need to be reflected in the insurer's Rules or Constitution and on the APRA website. The Rules also clarify a number of matters relevant to new applicants for registration.

APRA received two written submissions on the proposals. The Rules and the suggested outline for future applications received universal support from the industry and the Department of Health, subject to several minor technical issues. These issues have been addressed in the Rules and are explained in more detail at Attachment A.

The Rules, Outline of Process document and the insurer submissions are now available on the APRA website.

If you have any questions on this letter, please contact Peter Kohlhagen (02 9210 3363 or peter.kohlhagen@apra.gov.au).

Yours sincerely,



Geoff Summerhayes
Member

ATTACHMENT A

RESPONSE TO SUBMISSIONS ON THE PRIVATE HEALTH INSURANCE (REGISTRATION) RULES

On 22 March 2017, APRA made the *Private Health Insurance (Registration) Rules 2017* (the Rules). The changes made to the Rules following the consultation process are outlined below.

Issue 1 - more than one grouping

The Schedule of definitions in the previous Rules allowed insurers to cover more than one of the four categories in section 15(4) of the *Private Health Insurance (Prudential Supervision) Act 2015* (the Act) and to extend their restricted access group beyond those groups. One submission contended that APRA's proposal may not preserve this entitlement.

In response, APRA extended the grandfathering provision to the current date to cover existing groups and amended rule 7(a) to refer to 'one or more' groups specified in paragraph (a), (b), (c) or (d) of subsection 15(4) of the Act and/or 'one or more other groups' that otherwise meet APRA registration requirements.

Issue 2 - employees of contractors and franchisees

A submission noted that the proposed Rules would not allow for its current restricted access grouping which includes employees of contractors or franchisees of an employer group. While the specific example cited would fall within the 2017 grandfathering clause, APRA has extended the concept of employer to ensure it can operate consistently.

Issue 3 - making optionality clear

To make it clearer that restricted access insurers have the option to extend coverage to a particular group of people rather than having to seek an exemption, the revised Rules provide that a restricted access group may comprise 'any or all' of the specified groups. There is no requirement for insurers to make any changes to their existing restricted access groups.

Issue 4 - partners and dependent children

APRA accepted a suggestion to retain the note to Rule 7 for ease of reference. This repeats the extension in the Act allowing partners and dependent children extension of the principal insured to be part of the restricted access group.

Issue 5 - extending the familial group

A submission suggested that the familial group should be extended to cover the partners and dependent children of the grandchildren of the principal insured. After consulting with the Department of Health, APRA accepted this proposal as appropriate and Rule 7(i) has been amended accordingly.