



7 December 2017

Senior Manager, Insurance Policy  
Policy and Advice Division  
Australian Prudential Regulation Authority

Dear Sir/Madam,

**Response to APRA's Submissions Paper: Review of the role of the Appointed Actuary and actuarial advice within insurers.**

Thank you for the opportunity to provide feedback in respect of the prudential standard and practice guide regarding Actuarial and Related Matters.

HBF is a not-for-profit member-focussed health fund with a strong membership base in Western Australia and a growing national presence. HBF is WA's largest health insurer with over one million members.

HBF agrees with the principles outlined in the Response to Submissions Paper and appreciates the expectations articulated by APRA. HBF acknowledges the important role the Appointed Actuary ("AA") plays in private health insurance and has worked closely with its existing AA over many years.

**Purpose Statement for the Appointed Actuary**

HBF supports the new purpose statement for the AA. HBF does not necessarily feel that its own AA has become overly compliance focused, however, the flexibility which the Actuarial Advice Framework ("AAF") will provide for actuarial advice should enable the AA to focus on more material, strategic matters to the benefit of policyholders' interests.

**Actuarial Advice Framework**

HBF has always met the requirements of Prudential Standard HPS 320 and supports the positive way in which Notifiable Circumstances promotes relevant engagement with the AA. The continued relevance of Notifiable Circumstances and materiality as proposed in the draft CPS 320 will support HBF's transition to adopting an AAF and promote effective options for actuarial and non-actuarial advice. HBF notes the collaborative approach, involving the AA, proposed for the construct and implementation of the Board approved AAF.

**Managing conflicts of interest**

HBF has managed the potential for conflicts of interest or duty in the AA role by appointing an independent external actuary. In the event that HBF chooses to appoint an AA internally we agree with the proposal to manage any conflicts of interest via the Actuarial Advice Framework. We support the proposed requirement that potential conflicts of interest or duties in the AA role be managed through the Actuarial Advice Framework.



### **Review of actuarial advice and reports**

HBF expects CPS 320 to have little impact to the scope of the Financial Condition Report given the standard's close alignment to the existing prudential standard HPS 320 which, in turn, references compliance with the Professional Standard 600 – Financial Condition Reports for Private Health Insurers (Institute of Actuaries of Australia).

HBF currently meets the three month timeframe for FCR reporting to APRA and does not anticipate any problems in continuing to do so.

### **Alignment between GPS 320, LPS 320 and HPS 320**

HBF supports APRA's approach to amalgamate the three standards into one and feels identifying industry specific matters through separate Attachments is a practical approach to the matter.

Once again I would like to thank you for the opportunity to provide input into the prudential standard for the role of the Appointed Actuary and actuarial advice for insurers. If you have any queries, please feel free to contact me.

Kind regards

A handwritten signature in blue ink, appearing to read 'J. Van Der Wielen', is located below the 'Kind regards' text. The signature is fluid and cursive.

**John Van Der Wielen**  
Chief Executive Officer