

30 January 2015

Attention: Ms Laura Johnson
Manager
Insurance and Superannuation Unit
Financial System and Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: phiconsultation@treasury.gov.au

Dear Laura

Thank you for the opportunity to provide feedback on the exposure draft of the Private Health Insurance (Prudential Supervision) Bill 2015 ("the Bill").

We have reviewed the Bill and note that the functions and powers of APRA to regulate prudential matters largely reflect the current prudential provisions within the Private Health Insurance Act 2007. Where there are differences we note they are, for the most part, relatively minor; which we understood to be the intention in transferring the prudential supervision responsibilities from PHIAC to APRA.

We are pleased APRA intends to continue to apply a principles based approach to the prudential standards, and that the current standards will apply to at least July 2016, and that any changes in the future will be made in consultation with the industry.

Items of note, which we look forward to seeing more clarity on include:

1. Financial Sector (Collection of Data) Act 2001 (FS(CD) Act) – we understand that the FS(CD) Act, generally speaking:
 - enables APRA to collect information from regulated entities;
 - authorises APRA to determine reporting standards; and
 - grants authority to APRA to issue notices (including infringement notices).

We note that the PHI Act makes no reference to this legislation. We seek clarification on how APRA intends to exercise its authority under this Act, and the extent to which it believes it will increase compliance and reporting obligations for private health insurers.

2. Administration Levy – we seek further explanation of the changes to the way the levy is calculated. Specifically why the rates will be determined by the Minister rather than contained in the enabling act, and if the levy payable by each insurer will continue to be based on the relative size of that insurer.

We acknowledge these matters were discussed at the industry roundtable in Sydney yesterday, however we would appreciate further clarity on these matters specifically, and suspect a short telephone call as per your offer at the roundtable may be sufficient.

We have also contributed to the submission made by Private Healthcare Australia, and look forward to seeing the response to the comments and questions contained in their submission.

We also take this opportunity to note our appreciation of the dedicated and professional work of PHIAC in supervising the industry, and our commitment to developing strong relationships with Treasury and APRA, as we have shared with the Department of Health and PHIAC.

Should you wish to discuss any of these matters further, please don't hesitate to contact me on 02 4914 1768 or m.mcpherson@nib.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'm.mcpherson', with a stylized flourish at the end.

Michelle McPherson
Chief Financial Officer/
Deputy Chief Executive Officer