

Form of application for approval of 2016 premium changes

Applications from private health insurers consistent with the requirements set out below will meet the approved form requirements for the purposes of an insurer applying for approval of premium changes under section 66-10 of the *Private Health Insurance Act 2007*.

Valid applications for premium changes must include:

1) **A cover letter**, signed by the Chief Executive Officer or a director of the insurer.

2) **Written report which sets out the following criteria:**

- a) insurer name;
- b) date(s) of effect of premium change(s);
- c) percentage increase in forecast contribution income (FCI) resulting from the premium change(s) excluding forecast changes in membership, and including rate protection; expressed to two decimal places, for the 12 month period following the implementation of the changes, calculated as follows:

$$\frac{(\text{FCI with premium changes} - \text{FCI without premium changes})}{\text{FCI without premium changes}} \times 100$$

- d) percentage increase in forecast contribution income (FCI) resulting from the premium change(s), excluding forecast changes in membership, and excluding rate protection; expressed to two decimal places, for the 12 month period following the implementation of the changes, calculated as follows:

$$\frac{(\text{FCI with premium changes} - \text{FCI without premium changes})}{\text{FCI without premium changes}} \times 100$$

- e) description of the reason(s) for the change(s), including an account of the actual experience of the insurer since the previous premium changes and the insurer's forecasts up to and including March 2018. This description must include information on the following :

- components of premium change;
- drawing rates;
- membership;
- upgrades/downgrades;
- waiting periods;
- cross subsidisation;
- gross and net margins;
- capital management;
- management expenses;
- dividend payments, distributions or capital returns;

- levies;
 - investments;
 - taxation;
 - exclusions;
 - restrictions;
 - excesses;
 - co-payments;
 - extended family;
 - 3+ Adults;
 - single parents;
 - corporate products;
 - rate protection and/or pre-payments;
 - hospital contracting;
 - current and/or proposed chronic disease management programs and hospital-substitute treatment;
 - closed products;
 - new products;
 - effect of relevant changes in legislation, regulation, or Government policy;
 - proposed rule changes; and
 - other relevant matters.
- f) a statement that the changes are consistent with the *Private Health Insurance Act 2007* and associated Private Health Insurance Rules.
- g) a statement indicating whether or not consent is provided for the insurer's average premium change to be publicly released; the reasons if consent is declined.
- h) an opinion from the Appointed Actuary for the insurer regarding whether the financial forecasts and assumptions are reasonable central estimates.
- i) the contact details of a both a primary contact person an alternate contact person. The name, position title, telephone number, mobile phone number, e-mail address and dates of availability must be provided for both contacts.

3) Product information:

Insurers must provide information about each product as follows:

- State/Territory;
- SIS product code;
- product name;
- product status;
- corporate product statement;
- product type;
- insured group;
- level of hospital class;
- level of general class;
- annual excess;

- co-payments;
- exclusions;
- restrictions;
- 2014 monthly premium;
- 2015 monthly premium;
- number of people covered; and
- number of policies.

This information must be provided as set out in Template A of Attachment A. The product information must be provided as at 30 September 2015.

4) Financial information:

Insurers must provide actual results for the month end 30 September 2015 and central estimate forecasts on a monthly basis for the period from September 2015 to March 2018, as set out in Template B of Attachment A.

5) Snapshot:

Insurers must provide a snapshot of key information as set out in Template C of Attachment A.

A guide to premium application compilation is at Attachment B.