



Private Health Insurance (Registration) Rules 2017

I, Geoff Summerhayes, a delegate of APRA under subsection 174(1) of the *Private Health Insurance (Prudential Supervision) Act 2015* REVOKE *Private Health Insurance (Registration) Rules 2015* and MAKE *Private Health Insurance (Registration) Rules 2017*.

These Rules commence on the day after registration on the Federal Register of Legislation.

Dated: 22 March 2017

[Signed]

Geoff Summerhayes
Member

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1. Name of Rules

These Rules are the *Private Health Insurance (Registration) Rules 2017*.

2. Revocation

These Rules replace the *Private Health Insurance (Registration) Rules 2015*.

3. Commencement

These Rules commence on the day after registration on the Federal Register of Legislation.

4. Application

These Rules apply to restricted access insurers and companies seeking registration as private health insurers under Division 3 of Part 2 of the Act.

5. Definitions

Note: Terms used in these Rules have the same meaning as in the Act – see section 13 of the *Legislative Instruments Act 2003*. These terms are:

APRA
Chief Executive Officer
complying health insurance policy
health benefits fund
improper discrimination
private health insurer
restricted access insurer

In these Rules:

Act means the *Private Health Insurance (Prudential Supervision) Act 2015*.

PHI Act means the *Private Health Insurance Act 2007*.

PHIAC means the *Private Health Insurance Administration Council*.

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

Secretary of the Department has the same meaning as in the PHI Act.

6. Criteria for registration

The following criteria apply under section 14 of the Act to the registration of bodies as private health insurers:

- (a) APRA must be satisfied that the applicant will be able to comply with the obligations imposed by or under the Act, the PHI Act and the *Financial Sector (Collection of Data) Act 2001* on private health insurers¹;
- (b) APRA must be satisfied that the applicant has notified APRA of the name and contact details of its Chief Executive Officer;
- (c) APRA must be satisfied that the private health insurer satisfies the conditions in subsection 12(1) of the Act;
- (d) APRA must be satisfied that the application meets the requirements of subsection 12(2) of the Act;
- (e) APRA must be satisfied that the rules of the applicant do not permit improper discrimination in relation to the applicant's complying health insurance policies²;
- (f) in relation to the health benefits fund, or each of the health benefits funds, proposed to be conducted by the applicant, APRA must be satisfied that the application includes the ratio that the likely amount of management and administrative expenses in respect of the conduct of the fund or funds bears to the likely amount of premiums to be obtained by the private health insurer in respect of each fund; and
- (g) in relation to the health benefits fund, or each of the health benefits funds, proposed to be conducted by the applicant, APRA must be satisfied that the application includes the number of persons who will contribute, or are likely to contribute, to any of the funds proposed to be conducted by the applicant and the proposed premiums to be charged these persons.

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 a restricted access group to whom a restricted access insurer may make its complying health insurance products available may comprise any or all of the following:

- (a) persons who belong to a group of persons based on whether they are or were a member of one or more groups specified in paragraph (a), (b), (c) or (d) of subsection 15(4) of the Act and/or one or more groups set out in Rule 7(b) to Rule 7(i) below;
- (b) persons who were already insured with the restricted access insurer immediately before the commencement of these Rules;
- (c) persons who are, or become, officers or employees (including contractors) of the restricted access insurer;

¹ In assessing this criterion, APRA will consult with the Secretary of the Department.

² In assessing this criterion, APRA will consult with the Secretary of the Department.

- (d) an employee of a contractor who is, or was, involved in supplying goods or services to the employer referred to in subsection 15(4) of the Act;
- (e) an employee of a franchisee of a subsidiary company of the employer referred to in subsection 15(4) 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 or grandchildren of Principal Insureds of the restricted access insurer.

Notes:

The purpose of Rule 7 is to ensure that, on and from the commencement of these Rules, restricted access insurers are able to make complying health insurance products available to limited classes of persons who might not otherwise form part of a restricted access group for the purposes of subsection 15(4) of the Act.

The partners and dependent children of principal insureds who belong to a particular restricted access group are also taken to belong to that group – see subsection 15(4) of the Act.

8. Limits on insurance provided by restricted access insurers

For the avoidance of doubt, this Rule confirms that:

- (a) a restricted access insurer's constitution or rules may only specify one restricted access group to whom the insurer's complying health insurance products are, or will be, available;
- (b) a restricted access insurer may not add new persons to this restricted access group in addition to the persons included in that group by the operation of the Act and these Rules; and
- (c) paragraphs 7 (f), (g), (h) and (i) of these Rules modify the operation of subsection 15(4) of the Act in relation to the partners, siblings, parents, children and grandchildren of people who belong to a restricted access group.

9. Transition arrangements

Any approval, determination or other exercise of discretion by APRA under *Private Health Insurance (Registration) Rules 2015* or by PHIAC under *Private Health Insurance (Registration) Rules 2009 (No. 2)* will continue to have effect as though exercised pursuant to a corresponding power under these Rules.