

## EXPLANATORY MEMORANDUM TO PRACTICE GUIDELINE 699.02 (VALUATION OF HEALTH INSURANCE LIABILITIES)

March 2018

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### **A. About this Explanatory Memorandum**

This Explanatory Memorandum has been prepared to assist Members in understanding the new Practice Guideline 699.02 (Valuation of Health Insurance Liabilities) ("PG 699.02") which replaces the version issued in December 2012.

### **B. Background to review**

Regulatory and legislative changes, the most significant of which are the current health insurance capital standards adopted by APRA in HPS 100 and HPS 110 and updated Actuaries Institute documentation guidelines (2013 documentation guidelines)<sup>1</sup> have necessitated an update to this practice guideline.

### **C. Review process and consultation**

During 2017, a Drafting Group in HPC was established to review and amend this Practice Guideline. The Drafting Group consisted of members of the HPC and Institute staff. The draft Practice Guideline issued for member consultation has been approved by the HPC and the Institute. Feedback arising from member consultation has been considered by HPC as part of the finalisation of this practice guideline.

### **D. Key changes**

The following are the key changes:

- ▶ The removal of the definitions section. This is now covered in a separate Practice Guide
- ▶ Updated terms to reflect APRA as the new regulator and administrative changes as specified by latest Institute PG guidance
- ▶ Minor amendments to wording to increase clarity and resilience against obsolescence.

## END OF EXPLANATORY MEMORANDUM

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<sup>1</sup> Actuaries Institute, "Policy for developing documents to guide and regulate professional practice as in force as at Council resolution 13/06/8.7 (11 June 2013)"