



Australian Government

**Private Health Insurance
Administration Council**

Circular

Circular No 05/18

Replaces Circular: N/A

13 December 2005

PHIAC Returns – Notification of Changes to PHIAC 2 Template

The PHIAC 2 template used by Registered Organisations to submit financial and prudential information quarterly has been revised and issued in draft form with this Circular (Attachment 1). Changes have been made to the template to;

- better deal with changes to Accounting Standards and their impact on key areas of Registered Organisations' financial accounts that, in part, underpin the determination of prudential requirements
- gather more specific information about the operations of each health benefits fund to assist PHIAC's planned review of the Prudential Standards
- reduce information duplication wherever possible.

The template is issued in draft form to provide early advice of the changed information requirements and to enable Registered Organisations to put in place any necessary information system & process changes. Changes to the information requirements are not expected, but minor formatting refinements may occur prior to the issue of a final template.

Softcopies of the draft template will be emailed to Public Officers, Appointed Actuaries and PHIAC 2 contacts.

A final template will be issued in March 2006 to be used for the submission of PHIAC 2 returns due to be lodged with PHIAC **on or after 1 April 2006**. That is, the template is to be first used to report financial and prudential statistics in respect of the quarter ending 31 March 2006. The PHIAC reporting requirements will also be re-issued to reflect these and other changes.

Contact Officer:

Paul Groenewegen (02) 6215 7966 • email: paul.groenewegen@phiac.gov.au
Suite 16 • 71 Leichhardt St • Kingston • ACT • 2604
Internet: <http://www.phiac.gov.au/circulars/index.htm>

Summary of Major Changes

1. Contributions and Benefits Schedule
 - Break-up of contributions and benefits by state included, in a format similar to the PHIAC 2 Annual Return
 - State based reconciliation of PHIAC 2 and PHIAC 1 benefits (formerly Schedule 2 of the return)
2. Identification of non-health insurance business
 - Separate disclosure of revenues and expenses associated with non-health insurance business conducted by or within the fund (not business conducted by subsidiary entities)
3. Consolidation of Balance Sheet
 - Single balance sheet format
 - Expansion of liability disclosure to facilitate treatment of amounts determined by application of revised accounting standards
4. Impact of Discounting on Resilience Reserve
 - Capacity for Registered Organisations to reflect the impact of liability discounting assumptions in the calculation of the Resilience Reserve
5. Adjustment for risk margins
 - Improved treatment of risk margins determined by application of revised accounting standards qualifying as capital

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