



Reporting Standard HRS 112.0

Determination of Capital Base

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA regarding the determination of a private health insurer's capital base.

It includes associated specific instructions and must be read in conjunction with *Prudential Standard HPS 110 Capital Adequacy* and *Prudential Standard HPS 112 Capital Adequacy: Measurement of Capital*.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. The information reported to APRA under this Reporting Standard is used by APRA for the purpose of prudential supervision including assessing compliance with capital standards.

Application and commencement

3. This Reporting Standard applies to all private health insurers. This Reporting Standard applies for reporting periods ending on or after 1 July 2023.

Information required

4. A private health insurer must provide APRA with the information required by this Reporting Standard for each reporting period.
5. The information required by this Reporting Standard must be provided, as relevant, for:
 - (a) each health benefits fund of the private health insurer;
 - (b) the general fund of the private health insurer; and
 - (c) the private health insurer.

Method of submission

6. The information required by this Reporting Standard must be given to APRA:
 - (a) in electronic format using an electronic method available on APRA's website; or
 - (b) by a method notified by APRA prior to submission.

Reporting periods and due dates

7. Subject to paragraph 8, a private health insurer must provide the information required by this Reporting Standard:
 - (a) in respect of each calendar quarter (i.e. the periods ending 30 September, 31 December, 31 March and 30 June); and
 - (b) in respect of each year ending 30 June.
8. If, having regard to the particular circumstances of a private health insurer, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 7(a) or 7(b), APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular private health insurer.
9. The information required by this Reporting Standard must be provided to APRA:
 - (a) in the case of quarterly information, within 28 calendar days after the end of the reporting period to which the information relates;
 - (b) in the case of annual information, by 30 September each year; or
 - (c) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.
10. APRA may, in writing, grant a private health insurer an extension of a due date, in which case the new due date will be the date on the notice of extension.

Note: For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, a private health insurer is nonetheless required to submit the information required no later than the due date.

Quality control

11. All information provided by a private health insurer under this Reporting Standard must be subject to systems, processes and controls developed by the private health insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the private health insurer to ensure that an appropriate set of policies and procedures for the authorisation of information submitted to APRA is in place.

Annual audit requirements

12. By 30 September each year, a private health insurer must give to APRA an auditor's report relating to:

- (a) the information provided by the private health insurer under this Reporting Standard for each quarter in the year ending 30 June of that year; or
 - (b) if the private health insurer provides an amended quarterly return to replace a return referred to in paragraph (a) — the amended quarterly return.
- 13. The auditor providing the report to a private health insurer must not be an Officer of, or employed by, the private health insurer.
- 14. For the purposes of paragraph 12, the auditor's report must be addressed to APRA and must set out the auditor's opinion as to whether:
 - (a) the records for the health benefits fund, general fund, and private health insurer contain the information required to be kept by this Reporting Standard and the *Private Health Insurance Risk Equalisation (Administration) Rules 2015*;
 - (b) the submitted information for the purposes of this Reporting Standard, accurately reflects the information contained in the records of the health benefits fund, general fund, and private health insurer; and
 - (c) the records of the health benefits fund, general fund, and private health insurer have been accurately compiled so as to permit the private health insurer to fairly state the information required by this Reporting Standard.
- 15. If a private health insurer received a qualified auditor's report for a health benefits fund, general fund, or the private health insurer for the year previous to the year for which the report is provided, the report for the year for which the report is provided must state whether the auditor has examined the issues identified and is satisfied that the private health insurer has taken the appropriate steps to rectify the matters raised in the previous report.
- 16. The auditor's report must:
 - (a) state details of the program adopted to carry out the audit; and
 - (b) include the name of, and be signed by, the auditor who takes responsibility for the accuracy of the report.

Authorisation

- 17. A person who submits the information required under this Reporting Standard must be suitably authorised by an officer of the private health insurer.

Variations

- 18. APRA may, in writing, vary the reporting requirements of this Reporting Standard in relation to a private health insurer.

Interpretation

- 19. In this Reporting Standard:
 - (a) unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard HPS 001 Definitions* (HPS 001); and

(b) the following definitions are applicable:

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*;

capital standards means the prudential standards which relate to capital adequacy as defined in HPS 001;

fund means each health benefits fund and the general fund, unless otherwise noted;

officer has the meaning in the *Private Health Insurance (Prudential Supervision) Act 2015*;

private health insurer has the meaning in the *Private Health Insurance (Prudential Supervision) Act 2015*; and

reporting period means a period mentioned in paragraph 7 or, if applicable, paragraph 8.

20. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

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General instructions

Reporting tables

Tables described in this reporting standard list each of the data fields required to be reported. The data fields are listed sequentially in the column order that they will appear in the reported data set. Constraints on the data that can be reported for each field have also been provided.

Definitions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

A

<i>Accumulated other comprehensive income and other disclosed reserves</i>	<p>This is the sum of all other comprehensive income and disclosed reserves and is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Unrealised gains or losses recognised on balance sheet;</i> • <i>Reserves from equity-settled share-based payments;</i> • <i>Foreign currency translation reserve;</i> • <i>General reserve;</i> • <i>Cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital;</i> and • <i>Other gains and losses in accumulated comprehensive income and other disclosed reserves.</i>
<i>Additional Tier 1 Capital</i>	<p>This is the value of instruments issued by the private health insurer that meet the criteria for inclusion in <i>Additional Tier 1 Capital</i> in accordance with <i>Prudential Standard HPS 112 Capital Adequacy: Measurement of Capital</i> (HPS 112), and which are not included in <i>Common Equity Tier 1 Capital</i>. This is net of regulatory adjustments specified in HPS 112.</p> <p>This is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Additional Tier 1 Capital instruments;</i> • <i>Adjustments and exclusions to Additional Tier 1 Capital;</i> and • <i>Transitional Additional Tier 1 Capital</i> <p>less:</p> <ul style="list-style-type: none"> • <i>Holdings of own Additional Tier 1 Capital instruments;</i> and • <i>Adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 capital.</i>
<i>Additional Tier 1 Capital instruments</i>	<p>This is the value of capital instruments issued by the private health insurer that meet the eligibility criteria for <i>Additional Tier 1 Capital</i> but not the criteria for the higher quality capital, i.e. <i>Common Equity Tier 1 Capital</i>.</p>

<i>Adjustments and exclusions to Additional Tier 1 Capital</i>	This is the value of adjustments applied to <i>Additional Tier 1 Capital</i> that is specific to the application of the requirements in HPS 112.
<i>Adjustments and exclusions to Common Equity Tier 1 Capital</i>	This is the value of adjustments applied to the <i>Common Equity Tier 1 Capital</i> that are specific to the application of the requirements in HPS 112.
<i>Adjustments and exclusions to Tier 2 Capital</i>	This is the value of adjustments applied to the <i>Tier 2 Capital</i> that are specific to the application of the requirements in HPS 112.
<i>Adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital</i>	This is the value of any deductions (refer to HPS 112) from <i>Additional Tier 1 Capital</i> due to a shortfall in <i>Tier 2 Capital</i> to absorb required deductions from this category of capital.
<i>Adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital</i>	<p>This is the value, as at the relevant date, of any deductions (refer to HPS 112) from <i>Common Equity Tier 1 Capital</i> due to a shortfall in <i>Additional Tier 1 Capital</i> to absorb required deductions from this category of capital.</p> <p>Where the value of <i>Tier 2 Capital</i> as defined in HPS 112 is insufficient to cover the value of deductions required to be made from this category of capital, the shortfall must first be deducted from <i>Additional Tier 1 Capital</i> and, if <i>Additional Tier 1 Capital</i> is insufficient to cover the value of deductions required, the remaining value must be deducted from <i>Common Equity Tier 1 Capital</i>.</p>
<i>Adjustments to net assets of the fund due to shortfall in Tier 2 Capital</i>	This is the value, as at the relevant date, of any deductions (refer to HPS 112) from the <i>net assets of the fund</i> due to a shortfall in <i>Tier 2 Capital</i> to absorb the required deductions from this category of capital.
<i>Assets under a fixed or floating charge</i>	<p>This is the value of assets of the private health insurer that are under a fixed or floating charge, mortgage or other security to the extent of the indebtedness secured on those assets. This deduction may be reduced by the value of any liability for the charge that is recognised on the private health insurer's balance sheet.</p> <p>Where the security exclusively supports a private health insurer's insurance liabilities (valued in accordance with <i>Prudential Standard HPS 340 Insurance Liability Valuation</i> (HPS 340)), the deduction only applies to the amount by which the fair value of the charged assets exceeds the private health insurer's supported insurance liabilities.</p>

C

<p>Capital base</p>	<p>The capital base represents the value of capital eligible for the purpose of meeting the Prudential Capital Requirement at the fund level or for the private health insurer as set out in <i>Prudential Standard HPS 110 Capital Adequacy</i>.</p> <p>For each fund, capital base is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Net assets of the fund;</i> • <i>Net surplus / (deficit) relating to insurance liabilities;</i> • <i>Regulatory adjustments to net assets for accounts receivables;</i> • <i>Other adjustments to net assets as approved by APRA;</i> and • <i>Tier 2 Capital</i> <p>Less:</p> <ul style="list-style-type: none"> • <i>Regulatory adjustments to net assets for accounts payables;</i> and • <i>Regulatory adjustments to net assets.</i> <p>For the private health insurer, capital base is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Tier 1 Capital;</i> and • <i>Tier 2 Capital.</i>
<p>Cash flow hedge reserves relating to hedging of items not recorded at fair value</p>	<p>This is the value of cash flow hedge reserves that relate to the hedging items that are not recorded at fair value on the balance sheet (including projected cash flows).</p>
<p>Claims payable</p>	<p>This is the value related to claims due but not yet paid.</p> <p>This reflects claims payable recognised as a separate liability on the balance sheet under <i>AASB 1023 General Insurance Contracts</i> (AASB 1023) which is netted against insurance assets or added to insurance contract liability under <i>AASB 17 Insurance Contracts</i> (AASB 17).</p>
<p>Common Equity Tier 1 Capital</p>	<p>This is the highest quality component of capital held by the private health insurer as determined under the eligibility characteristics set out in HPS 112, net of all regulatory adjustments.</p> <p>Common Equity Tier 1 Capital is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Paid-up ordinary shares;</i> • <i>Retained earnings;</i> • <i>Undistributed current year earnings;</i> • <i>Accumulated other comprehensive income and other disclosed reserves;</i> • <i>Net surplus / (deficit) relating to insurance liabilities;</i> • <i>Regulatory adjustments to Common Equity Tier 1 Capital for accounts receivables;</i> and • <i>Adjustments and exclusions to Common Equity Tier 1 Capital</i>

	less: <ul style="list-style-type: none"> • <i>Regulatory adjustments to Common Equity Tier 1 Capital for accounts payables</i>; and • <i>Regulatory adjustments to Common Equity Tier 1 Capital</i>
<i>Cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital</i>	<p>This is the cumulative unrealised gains or losses on hedges offsetting the gains or losses of components of <i>Common Equity Tier 1 Capital</i>.</p> <p>This includes cumulative unrealised gains or losses on effective cash flow hedges as defined in the Australian Accounting Standards and any fair value gains or losses on derivatives representing effective economic hedges of assets.</p>

D

<i>Deficit in defined benefit superannuation fund</i>	This is the value of deficit (if any) in a defined benefit superannuation fund where the private health insurer is an employer-sponsor.
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E

<i>Eligible Tier 2 Capital instruments</i>	This is the value of capital instruments issued by the private health insurer that meet the eligibility criteria for <i>Tier 2 Capital</i> in HPS 112.
<i>Eligible Tier 2 Capital instruments issued by the fund</i>	This is the value of capital instruments issued by the fund that meet the eligibility criteria for <i>Tier 2 Capital</i> in HPS 112.
<i>Excess of deferred tax assets over deferred tax liabilities</i>	<p>This is the value of deferred tax assets in excess of deferred tax liabilities within the fund or private health insurer as per the requirements of HPS 112.</p> <p>The netting of deferred tax assets and deferred tax liabilities must include any tax effects that would result from the accounts receivables and accounts payables adjustments and the technical provisions in surplus / (deficit) of HPS 340 liabilities.</p>

F

<i>Fair value adjustments</i>	A private health insurer must deduct any value required by APRA in writing where APRA considers that fair values on the balance sheet are not prudent or reliable.
<i>Fair value gains and losses from</i>	This is the net unrealised gains (or losses) from changes in the fair values of the liabilities of the fund or private health insurer that arise due to changes in creditworthiness of the private health insurer.

<i>changes in own creditworthiness</i>	
<i>Foreign currency translation reserve</i>	This is the value of the reserve relating to exchange rate differences arising on translation of assets and liabilities to the presentation currency in accordance with Australian Accounting Standards.

G

<i>General reserve</i>	<i>General reserves</i> are created from the appropriation of profits by the private health insurer after the payment of all dividends and tax.
<i>Goodwill</i>	This is the value of <i>goodwill</i> , as per HPS 112, net of adjustments to profit or loss reflecting changes arising from any impairment. This item also includes the <i>goodwill</i> attributable to certain categories of subsidiaries, associates and joint ventures of the private health insurer as per HPS 112.

H

<i>Holdings of own Additional Tier 1 Capital instruments</i>	This is the total effective own holdings of <i>Additional Tier 1 Capital</i> instruments issued by the private health insurer unless exempted by APRA or eliminated under Australian Accounting Standards.
<i>Holdings of own Common Equity Tier 1 Capital instruments</i>	This is the total effective <i>holdings of own Tier 1 Capital instruments</i> issued by the private health insurer, unless exempted by APRA or eliminated under Australian Accounting Standards. This item must also include: <ul style="list-style-type: none"> • capital instruments the private health insurer could be contractually obliged to purchase; and • unused portion of the limits agreed with APRA as per HPS 112.
<i>Holdings of own Tier 1 capital instruments</i>	This is the total effective holdings of <i>own Tier 1 Capital instruments</i> that were issued by the private health insurer. This includes <i>Common Equity Tier 1 capital</i> and <i>Additional Tier 1 capital instruments</i> held by the fund unless exempted by APRA or eliminated under Australian Accounting Standards.
<i>Holdings of own Tier 2 Capital instruments</i>	For each fund, this is the effective holdings of own <i>eligible Tier 2 Capital instruments issued by the fund</i> unless exempted by APRA or eliminated under Australian Accounting Standards. For the private health insurer, this is the total effective holdings of own <i>eligible Tier 2 Capital instruments</i> that were issued by the private health insurer unless exempted by APRA or eliminated under Australian Accounting Standards.

I

<i>Insurance liabilities surplus / (deficit)</i>	For Incurred Claims and Remaining Coverage, this is the insurance and reinsurance contract liabilities after deducting insurance and reinsurance contract assets determined under Australian Accounting Standards in surplus (positive value) or deficit (negative value) to the outstanding claims liabilities, premiums liabilities, risk equalisation liability, and other insurance liabilities determined under HPS 340.
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N

<i>Net assets of the fund</i>	This is the <i>net assets of the fund</i> as reported in the balance sheet.
<i>Net surplus / (deficit) relating to insurance liabilities</i>	<p>This is the total technical provisions in surplus or deficit of those required by HPS 340. Technical provisions refer to the accounting insurance and reinsurance liabilities and assets.</p> <p>For each fund, it is calculated as:</p> <ul style="list-style-type: none"> • <i>insurance liabilities surplus / (deficit)</i> <p>less:</p> <ul style="list-style-type: none"> • <i>tax effect of insurance liabilities surplus / (deficit)</i>. <p>For the private health insurer, it is calculated as the sum of the <i>net surplus / (deficit) relating to insurance liabilities</i> across all funds of the private health insurer.</p>
<i>Non-reinsurance recoveries receivable</i>	<p>This is the value related to recoveries relating to claims that do not relate to exposures to a reinsurer that are due but not yet received.</p> <p>This reflects <i>non-reinsurance recoveries receivable</i> recognised as a separate asset on the balance sheet under AASB 1023 which is added to insurance contract asset or netted against insurance contract liability under AASB 17.</p>

O

<i>Other accounts payable</i>	<p>This is the value related to other amounts due but not yet paid. This may include (but is not limited to) levies, taxes, rebates, fees and commissions.</p> <p>This reflects <i>other accounts payable</i> recognised as a separate liability on the balance sheet under AASB 1023 which is netted against insurance and reinsurance contract assets and added to insurance and reinsurance contract liabilities under AASB 17.</p>
<i>Other accounts receivable</i>	<p>This is the value related to any other relevant accounts receivable. This may include (but is not limited to) levies, taxes, rebates, fees and commissions.</p> <p>This reflects <i>other accounts receivable</i> recognised as a separate asset on the balance sheet under AASB 1023 which is added to insurance contract assets or netted against insurance contract liabilities under AASB 17.</p>

<i>Other adjustments to net assets as approved by APRA</i>	This is the value of adjustments applied to the <i>net assets of the fund</i> that are specific to the application of the requirements in HPS 112.
<i>Other Common Equity Tier 1 Capital adjustments</i>	This is the value of deductions from <i>Common Equity Tier 1 Capital</i> that the private health insurer must make as required under any prudential standards other than HPS 112.
<i>Other gains and losses in accumulated comprehensive income and other disclosed reserves</i>	This is the value of any <i>other gains and losses in accumulated comprehensive income and other disclosed reserves</i> that may be specified in writing by APRA as per HPS 112.
<i>Other intangible assets</i>	<p>This is the value of intangible assets, other than <i>goodwill</i>, as per HPS 112, net of adjustments to profit or loss reflecting changes arising from any impairment and amortisation. The values reported must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.</p> <p>This item also includes the intangible assets attributable to certain categories of subsidiaries, associates and joint ventures of the private health insurer as per HPS 112.</p>
<i>Other net asset adjustments</i>	This is the value of deductions from the net assets that the fund must make as required under any prudential standards other than HPS 112.

P

<i>Paid-up ordinary shares</i>	This represents <i>paid-up ordinary shares</i> issued by the private health insurer that meet the criteria for classification as ordinary shares for regulatory purposes in accordance with HPS 112.
<i>Premiums receivable</i>	<p>This is the value related to insurance premiums due but not yet received. Premiums should be gross of reinsurance and commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts.</p> <p>This reflects <i>premiums receivable</i> recognised as a separate asset on the balance sheet under AASB 1023 which is netted against insurance contract liabilities or added to insurance contract assets under AASB 17.</p>

R

<i>Regulatory adjustments to Common Equity Tier 1 Capital</i>	<p>This is the total of all regulatory adjustments applied to <i>Common Equity Tier 1 Capital</i> specified in HPS 112.</p> <p><i>Regulatory adjustments to Common Equity Tier 1 Capital</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Holdings of own Common Equity Tier 1 Capital instruments;</i> • <i>Cash flow hedge reserves relating to hedging of items not recorded at fair value;</i> • <i>Excess of deferred tax assets over deferred tax liabilities;</i> • <i>Fair value gains and losses from changes in own creditworthiness;</i> • <i>Goodwill;</i> • <i>Other intangible assets;</i> • <i>Surplus in defined benefit superannuation fund;</i> • <i>Deficit in defined benefit superannuation fund;</i> • <i>Reinsurance assets not subjected to an executed and legally binding contract;</i> • <i>Regulatory capital requirement of investments in subsidiaries, JVs and associates;</i> • <i>Assets under a fixed or floating charge;</i> • <i>Regulatory adjustments to Common Equity Tier 1 Capital for receivables/payables;</i> • <i>Fair value adjustments;</i> • <i>Adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital;</i> and • <i>Other Common Equity Tier 1 Capital adjustments.</i>
<i>Regulatory adjustments to Common Equity Tier 1 Capital for accounts payables</i>	<p>This item represents the aggregate regulatory adjustments for accounts payables made across all funds.</p>
<i>Regulatory adjustments to Common Equity Tier 1 Capital for accounts receivables</i>	<p>This item represents the aggregate regulatory adjustments for accounts receivables made across all funds.</p>
<i>Regulatory adjustments to net assets</i>	<p>This is the total of all regulatory adjustments applied to net assets specified in HPS 112.</p> <p>It is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Holdings of own Common Equity Tier 1 Capital instruments;</i>

	<ul style="list-style-type: none"> • <i>Cash flow hedge reserves relating to hedging of items not recorded at fair value;</i> • <i>Excess of deferred tax assets over deferred tax liabilities;</i> • <i>Fair value gains and losses from changes in own creditworthiness;</i> • <i>Goodwill;</i> • <i>Other intangible assets;</i> • <i>Surplus in defined benefit superannuation fund;</i> • <i>Deficit in defined benefit superannuation fund;</i> • <i>Reinsurance assets not subjected to an executed and legally binding contract;</i> • <i>Regulatory capital requirement of investments in subsidiaries, JVs and associates;</i> • <i>Assets under a fixed or floating charge;</i> • <i>Fair value adjustments;</i> • <i>Adjustments to net assets of the fund due to shortfall in Tier 2 Capital;</i> and • <i>Other net asset adjustments.</i>
<i>Regulatory adjustments to net assets for accounts payables</i>	<p>This is the value of any adjustments to be deducted from net assets relating to accounts payables, net of tax effects. It is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Claims payable;</i> • <i>Reinsurance premiums payable;</i> • <i>Reinsurance and non-reinsurance recoveries payable;</i> and • <i>Other accounts payable</i> <p>less:</p> <ul style="list-style-type: none"> • <i>Reversal of tax impact of payables.</i>
<i>Regulatory adjustments to net assets for accounts receivables</i>	<p>This is the value of any adjustments to be added to net assets relating to accounts receivables, net of tax effects. It is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Premiums receivable;</i> • <i>Reinsurance recoveries receivable;</i> • <i>Non-reinsurance recoveries receivable;</i> and • <i>Other accounts receivable</i> <p>less:</p> <ul style="list-style-type: none"> • <i>Reversal of tax impact of receivables.</i>
<i>Regulatory capital requirement of investments in subsidiaries, JVs and associates</i>	<p>This is the deduction for investments in subsidiaries, joint ventures and associates that are subject to regulatory capital requirements as detailed in HPS 112.</p>
<i>Reinsurance and non-reinsurance</i>	<p>This is the value related to reinsurance and non-reinsurance recoveries due but not yet paid.</p>

<i>recoveries payable</i>	
<i>Reinsurance assets not subjected to an executed and legally binding contract</i>	This is the value of reinsurance assets (if positive) reported in relation to each reinsurance arrangement that, subject to a six-month grace period from risk inception, does not comprise an executed and legally binding contract.
<i>Reinsurance premiums payable</i>	<p>This is the value related to reinsurance premiums due but not yet paid. Premiums should be gross of commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts.</p> <p>This reflects <i>reinsurance premiums payable</i> recognised as a separate liability on the balance sheet under AASB 1023 which is netted against reinsurance assets or added to reinsurance contract liabilities under AASB 17.</p>
<i>Reinsurance recoveries receivable</i>	<p>This is the value related to reinsurance recoveries due but not yet received.</p> <p>This reflects <i>reinsurance recoveries receivable</i> recognised as a separate asset on the balance sheet under AASB 1023 which is added to reinsurance contract assets or netted against reinsurance contract liabilities under AASB 17.</p>
<i>Reserves from equity-settled share-based payments</i>	This is the value of <i>reserves from equity-settled share-based payments</i> granted to employees as part of their remuneration package that meets the requirements of HPS 112. Only the reserves relating to the issue of new shares should be reported.
<i>Retained earnings</i>	This is the value, as at the end of the reporting period, of <i>retained earnings</i> . This should not include the value of <i>undistributed current year earnings</i> .
<i>Reversal of tax impact of payables</i>	<p>This is the value related to the reversal of tax effect of the payables items:</p> <ul style="list-style-type: none"> • <i>claims payable</i>; • <i>reinsurance premiums payable</i>; • <i>reinsurance recoveries and other recoveries payable</i>; and • <i>other accounts payable</i>.
<i>Reversal of tax impact of receivables</i>	<p>This is the value related to the reversal of tax effect of the receivable items:</p> <ul style="list-style-type: none"> • <i>premiums receivable</i>; • <i>reinsurance recoveries receivable</i>; • <i>non-reinsurance recoveries receivable</i>; and • <i>other accounts receivable</i>.

S

<i>Surplus in defined benefit superannuation fund</i>	<p>This is the value of surplus (if any) in defined benefit superannuation funds where the private health insurer is an employer-sponsor, net of any associated deferred tax liabilities that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.</p> <p>Representations may be made to APRA to include the surplus in the <i>capital base</i> provided the criteria are met as per HPS 112.</p>
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T

<i>Tax effect of insurance liabilities surplus / (deficit)</i>	<p>This is the tax effect of the technical provisions in surplus (positive value) or deficit (negative value) of those required under HPS 340.</p> <p>Do not deduct the tax effect if a deferred tax asset has been recognised in relation to the net surplus / (deficit).</p>
<i>Tier 1 Capital</i>	<p><i>Tier 1 Capital</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Common Equity Tier 1 Capital</i>; and • <i>Additional Tier 1 Capital</i>.
<i>Tier 2 Capital</i>	<p>This is the total value of capital instruments that meet the eligibility criteria for <i>Tier 2 Capital</i> but not the criteria for the higher quality capital, net of all regulatory adjustments.</p> <p>It is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Eligible Tier 2 Capital instruments issued by the fund</i>; • <i>Adjustments and exclusions to Tier 2 Capital</i>; and • <i>Transitional Tier 2 Capital</i> <p>less:</p> <ul style="list-style-type: none"> • <i>Holdings of own Tier 2 Capital instruments</i>.
<i>Transitional Additional Tier 1 Capital</i>	<p>This is the value of capital instruments that have been temporarily recognised and approved as <i>Additional Tier 1 Capital</i> for transition purposes.</p>
<i>Transitional Tier 2 Capital</i>	<p>This is the value of capital instruments that have been temporarily recognised and approved as <i>Tier 2 Capital</i> for transition purposes.</p>

U

<i>Undistributed current year earnings</i>	<p>The <i>undistributed current year earnings</i> reported should account for (where applicable) negative <i>goodwill</i>, expected tax expenses, and dividends when declared. The declared dividends reported may be reduced by the expected proceeds, as agreed in writing by APRA, of a Dividend Reinvestment Plan to the extent that dividends are used to purchase new ordinary shares issued by the private health insurer.</p>
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<i>Unrealised gains or losses recognised on balance sheet</i>	This is the total value of unrealised gains or losses that have been recognised on the balance sheet.
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Specific Instructions

Table 1: Determination of Capital Base (health benefits fund, general fund)

Reporting basis

Report information related to each fund's *capital base*.

Units of measurement

Report the values in this table in whole Australian dollars (no decimal place).

Column 1	Report the value for each of the items listed below.
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1. Net assets

Item 1.1	Report <i>net assets of the fund</i> .
Item 1.2	<p><i>Net surplus / (deficit) relating to insurance liabilities</i> is a derived item and is calculated as:</p> <ul style="list-style-type: none"> • item 1.2.1 <p>less:</p> <ul style="list-style-type: none"> • item 1.2.2.
Item 1.2.1	<p>Report <i>insurance liabilities surplus / (deficit)</i>.</p> <p>Report any surpluses as a positive value and any deficits as a negative value.</p>
Item 1.2.2	<p>Report <i>tax effect of insurance liabilities surplus / (deficit)</i>.</p> <p>Report any surpluses as a positive value and any deficits as a negative value.</p>
Item 1.3	<p><i>Regulatory adjustments to net assets for accounts receivables</i> is a derived item and is calculated as:</p> <ul style="list-style-type: none"> • the sum of items 1.3.1 to 1.3.4 inclusive <p>less:</p> <ul style="list-style-type: none"> • item 1.3.5.
Item 1.3.1	<p>Report <i>premiums receivable</i>.</p> <p>This item is to be reported as a positive value and is an addition to net assets.</p>
Item 1.3.2	<p>Report <i>reinsurance recoveries receivable</i>.</p> <p>This item is to be reported as a positive value and is an addition to net assets.</p>
Item 1.3.3	<p>Report <i>non-reinsurance recoveries receivable</i>.</p> <p>This item is to be reported as a positive value and is an addition to net assets.</p>

Item 1.3.4	Report <i>other accounts receivable</i> . This item is to be reported as a positive value and is an addition to net assets.
Item 1.3.5	Report <i>reversal of tax impact of receivables</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.4	<i>Regulatory adjustments to net assets for accounts payables</i> is a derived item and is calculated as: <ul style="list-style-type: none"> the sum of items 1.4.1 to 1.4.4 inclusive less: <ul style="list-style-type: none"> item 1.4.5.
Item 1.4.1	Report <i>claims payable</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.4.2	Report <i>reinsurance premiums payable</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.4.3	Report <i>reinsurance and non-reinsurance recoveries payable</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.4.4	Report <i>other accounts payable</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.4.5	Report <i>reversal of tax impact of payables</i> . This item is to be reported as a positive value and is an addition to net assets.
Item 1.5	<i>Regulatory adjustments to net assets</i> is a derived item and is calculated as the sum of items 1.5.1 to 1.5.14 inclusive.
Item 1.5.1	Report <i>holdings of own Tier 1 Capital instruments</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.5.2	Report <i>cash flow hedge reserves relating to hedging of items not recorded at fair value</i> .
Item 1.5.3	Report <i>excess of deferred tax assets over deferred tax liabilities</i> .

	This item is to be reported as a positive value and is a deduction to net assets. Where the deferred tax liabilities exceed the deferred tax assets, report this value as zero.
Item 1.5.4	Report <i>fair value gains and losses from changes in own creditworthiness</i> . Report this as a positive value where there are unrealised gains or a negative value for unrealised losses. This item is a deduction to net assets.
Item 1.5.5	Report <i>goodwill</i> . Values reported in this item must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards. This item is a deduction to net assets.
Item 1.5.6	Report <i>other intangible assets</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.5.7	Report <i>surplus in defined benefit superannuation fund</i> . Report the surplus (if any) as a positive value. This item is a deduction to net assets. Where the extinguished deferred tax liability of the defined benefit superannuation fund exceeds the reported surplus, report this as zero.
Item 1.5.8	Report <i>deficit in defined benefit superannuation fund</i> . This item only needs to be reported where the deficit is not already reflected in the <i>net assets of the fund</i> or <i>Common Equity Tier 1 Capital</i> . Report the deficit (if any) as a positive value. This item is a deduction to net assets.
Item 1.5.9	Report <i>reinsurance assets not subjected to an executed and legally binding contract</i> . This item is to be reported as a positive value and is a deduction to net assets.
Item 1.5.10	Report <i>regulatory capital requirement of investments in subsidiaries, JVs and associates</i> . The value of the deduction is the lesser of the private health insurer's share of the regulatory capital requirements and the value of the investment that is recorded on the private health insurer's balance sheet after adjustment for any intangibles reported in: <ul style="list-style-type: none"> • Goodwill; and • Other intangible assets. •

	<p>If the investment subject to this deduction is a non-operating holding company, a look-through approach must be applied.</p> <p>This item is to be reported as a positive value and is a deduction to net assets.</p>
Item 1.5.11	<p>Report <i>assets under a fixed or floating charge</i>.</p> <p>This item is to be reported as a positive value and is a deduction to net assets.</p>
Item 1.5.12	<p>Report <i>fair value adjustments</i>.</p> <p>Where the asset fair value is less than the reported value in the balance sheet, report a positive value. Otherwise, report this as a negative value. This item is a deduction to net assets.</p>
Item 1.5.13	<p>Report <i>adjustments to net assets of the fund due to shortfall in Tier 2 Capital</i>.</p> <p>Report any shortfall in <i>Tier 2 Capital</i> as a positive value. This item is a deduction to net assets.</p>
Item 1.5.14	<p>Report <i>other net asset adjustments</i>.</p> <p>This item is to be reported as a positive value and is a deduction to net assets.</p>
Item 1.6	<p>Report <i>other adjustments to net assets as approved by APRA</i>.</p> <p>Report adjustments that would result in an increase to the <i>net assets of the fund</i> as a positive value.</p>

2. Tier 2 Capital

Item 2	<p><i>Tier 2 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 2.1; • item 2.3; and • item 2.4 <p>less:</p> <ul style="list-style-type: none"> • item 2.2.
Item 2.1	<p>Report <i>eligible Tier 2 Capital instruments issued by the fund</i>.</p> <p>Report this net of any amortisation required under HPS 112.</p>
Item 2.2	<p>Report <i>holdings of own Tier 2 Capital instruments</i>.</p> <p>This item is to be reported as a positive value where the fund has holdings of the private health insurer's own issued Tier 2 instruments and is a deduction to <i>Tier 2 Capital</i>.</p>
Item 2.3	<p>Report <i>adjustments and exclusions to Tier 2 Capital</i>.</p>

	Report adjustments that would increase the amount of <i>Tier 2 Capital</i> recognised as a positive value.
Item 2.4	Report <i>transitional Tier 2 Capital</i> .

3. Capital base

Item 3	<p><i>Capital base</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 1.1; • item 1.2; • item 1.3; • item 1.6; and • item 2; <p>less the sum of:</p> <ul style="list-style-type: none"> • item 1.4; and • item 1.5.
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Table 2: Determination of Capital Base (Private health insurer)**Reporting basis**

Report information for the private health insurer's *capital base*.

Units of measurement

Report the values in this table in whole Australian dollars (no decimal place).

Column 1	Report the value for each of the items listed below.
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1. Tier 1 Capital

Item 1.1	<p><i>Common Equity Tier 1 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 1.1.1; • item 1.1.2; • item 1.1.3; • item 1.1.4; • item 1.1.5; • item 1.1.6; and • and item 1.1.9; <p>less:</p> <ul style="list-style-type: none"> • item 1.1.7; and • item 1.1.8.
Item 1.1.1	Report <i>paid-up ordinary shares</i> .
Item 1.1.2	Report <i>retained earnings</i> .
Item 1.1.3	Report <i>undistributed current year earnings</i> .
Item 1.1.4	<i>Accumulated other comprehensive income and other disclosed reserves</i> is a derived item and is calculated as the sum of items 1.1.4.1 to 1.1.4.6 inclusive.
Item 1.1.4.1	Report <i>unrealised gains or losses recognised on balance sheet</i> .
Item 1.1.4.2	Report <i>reserves from equity-settled share-based payments</i> .
Item 1.1.4.3	Report the <i>foreign currency translation reserve</i> .
Item 1.1.4.4	Report the <i>general reserve</i> .
Item 1.1.4.5	Report <i>cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital</i> .
Item 1.1.4.6	Report <i>other gains and losses in accumulated comprehensive income and other disclosed reserves</i> .

Item 1.1.5	Report <i>net surplus / (deficit) relating to insurance liabilities</i> .
Item 1.1.6	Report <i>regulatory adjustments to Common Equity Tier 1 Capital for accounts receivables</i> .
Item 1.1.7	Report <i>regulatory adjustments to Common Equity Tier 1 Capital for accounts payables</i> .
Item 1.1.8	<i>Regulatory adjustments to Common Equity Tier 1 Capital</i> is a derived item and is calculated as the sum of items 1.1.8.1 to 1.1.8.14 inclusive.
Item 1.1.8.1	Report <i>holdings of own Common Equity Tier 1 Capital instruments</i> .
Item 1.1.8.2	Report <i>cash flow hedge reserves relating to hedging of items not recorded at fair value</i> .
Item 1.1.8.3	Report <i>excess of deferred tax assets over deferred tax liabilities</i> . Where the deferred tax liabilities exceed the deferred tax assets, report this value as zero.
Item 1.1.8.4	Report <i>fair value gains and losses from changes in own creditworthiness</i> . Report this value as a positive value where there are unrealised gains or a negative value for unrealised losses.
Item 1.1.8.5	Report <i>goodwill</i> . Values reported in this item must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.
Item 1.1.8.6	Report <i>other intangible assets</i> .
Item 1.1.8.7	Report <i>surplus in defined benefit superannuation fund</i> . Report the surplus (if any) as a positive value. Where the extinguished deferred tax liability of the defined benefit superannuation fund exceeds the reported surplus, report this as zero.
Item 1.1.8.8	Report <i>deficit in defined benefit superannuation fund</i> . This item only needs to be reported where the deficit is not already reflected in the <i>net assets of the fund</i> or <i>Common Equity Tier 1 Capital</i> . Report the deficit (if any) as a positive value.
Item 1.1.8.9	Report <i>reinsurance assets not subjected to an executed and legally binding contract</i> .
Item 1.1.8.10	Report <i>regulatory capital requirement of investments in subsidiaries, JVs and associates</i> .

	<p>The value of the deduction is the lesser of the private health insurer's share of the regulatory capital requirements and the value of the investment that is recorded on the private health insurer's balance sheet after adjustment for any intangibles reported in:</p> <ul style="list-style-type: none"> • Goodwill; and • Other intangible assets. <p>If the investment subject to this deduction is a non-operating holding company, a look-through approach must be applied.</p>
Item 1.1.8.11	Report <i>assets under a fixed or floating charge</i> .
Item 1.1.8.12	<p>Report <i>fair value adjustments</i>.</p> <p>Where the asset fair value is less than the reported value in the balance sheet, report a positive value. Otherwise, report this as a negative value.</p>
Item 1.1.8.13	<p>Report <i>adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital</i>.</p> <p>Report any shortfall in <i>Additional Tier 1 Capital</i> and <i>Tier 2 Capital</i> as a positive value.</p>
Item 1.1.8.14	Report <i>other Common Equity Tier 1 Capital adjustments</i> .
Item 1.1.9	<p>Report <i>adjustments and exclusions to Common Equity Tier 1 Capital</i>.</p> <p>Report adjustments that would result in an increase to <i>Common Equity Tier 1 Capital</i> as a positive value.</p>
Item 1.2	<p><i>Additional Tier 1 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • Item 1.2.1; • Item 1.2.4; and • Item 1.2.5 <p>less the sum of:</p> <ul style="list-style-type: none"> • Item 1.2.2; and • Item 1.2.3.
Item 1.2.1	Report <i>additional Tier 1 Capital instruments</i> .
Item 1.2.2	Report <i>holdings of own Additional Tier 1 Capital instruments</i> .
Item 1.2.3	<p>Report <i>adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital</i>.</p> <p>This is to be reported as a positive value where it would result in a reduction to <i>Additional Tier 1 Capital</i>.</p>

Item 1.2.4	Report <i>adjustments and exclusions to Additional Tier 1 Capital</i> . Report adjustments that would increase the amount of <i>Additional Tier 1 Capital</i> as a positive value.
Item 1.2.5	Report <i>transitional Additional Tier 1 Capital</i> .
Item 1.3	<i>Tier 1 Capital</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none"> • Item 1.1; and • Item 1.2.

2. Tier 2 Capital

Item 2	<i>Tier 2 Capital</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none"> • Item 2.1; • Item 2.3; and • Item 2.4 less: <ul style="list-style-type: none"> • Item 2.2.
Item 2.1	Report <i>eligible Tier 2 Capital instruments</i> . Report this net of any amortisation required under HPS 112.
Item 2.2	Report <i>holdings of own Tier 2 Capital instruments</i> . This item is to be reported as a positive value where the private health insurer has holdings of its own issued Tier 2 instruments.
Item 2.3	Report <i>adjustments and exclusions to Tier 2 Capital</i> . Report adjustments that would increase the amount of <i>Tier 2 Capital</i> recognised as a positive value.
Item 2.4	Report <i>transitional Tier 2 Capital</i> .

3. Capital base

Item 3	<i>Capital base</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none"> • Item 1.3; and • Item 2.
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