



# Reporting Standard HRS 110.0

## Prescribed Capital Amount

### Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a private health insurer's prescribed capital amount.

It includes associated specific instructions must be read in conjunction with *Prudential Standard HPS 110 Capital Adequacy*: [\(HPS 110\)](#).

### 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 [commencing](#) 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; and~~

~~(b) the general fund of the private health insurer.~~

## Method of submission

- ~~6.5.~~ 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

- ~~7.6.~~ Subject to paragraph [87](#), 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.

- ~~8.7.~~ 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 [76\(a\)](#) or [76\(b\)](#), APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular private health insurer.

- ~~9.8.~~ 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 [87](#), within the time specified by notice in writing.

- ~~10.9.~~ 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

- ~~11.10.~~ 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

- [11.](#) The information submitted for the purposes of paragraph [86\(b\)](#) is to be subject to external audit to ensure consistency with the private health insurer's statutory financial accounts and faithful application of the capital standards.

~~12.~~ 12. Audit certification and opinion must be provided to APRA by 30 September each year.

### **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 annual return to replace a return referred to in paragraph (a) — the amended quarterly annual 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~~1, 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 and general fund 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 and general fund; and~~
- ~~(c) the records of the health benefits fund and general fund have been accurately compiled so as to permit the private health insurer to fairly state the information required by this Reporting Standard.~~

~~15.~~13. If a private health insurer received a qualified auditor's report for a health benefits fund ~~or~~or the general fund or the private health insurer for the year previous ~~to the year for which the~~(previous report ~~is provided), the current year's auditor 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.~~14. 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.~~15. 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.~~16. APRA may, in writing, vary the reporting requirements of this Reporting Standard in relation to a private health insurer.

## Interpretation

~~19.~~17. 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 same meaning as in the *Private Health Insurance (Prudential Supervision) Act 2015*;

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

**reporting period** means a period mentioned in paragraph ~~76~~ or, if applicable, paragraph ~~87~~.

~~20.~~18. 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.

# Reporting Standard HRS 110.0

## Prescribed Capital Amount

### General instructions

A private health insurer must apply this Reporting Standard separately to each of its **health benefits funds** and its **general fund**. The term private health insurer refers to the private health insurer as a whole. The term fund refers to each **health benefits fund** and **general fund**, unless otherwise noted.

### 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

<b><i>Adjustments to prescribed capital amount as approved by APRA</i></b>	<p>These are adjustments made to a fund's <b><i>prescribed capital amount</i></b> if APRA is of the view that the Standard Method for calculating the <b><i>prescribed capital amount</i></b> does not produce an appropriate outcome in respect of a fund, or <u>if a <del>fund</del> private health insurer has used inappropriate judgement or estimation in calculating the <b><i>prescribed capital amount</i></b> for that fund.</u></p> <p>Approved adjustments are to be reported separately in <del>the Reporting Standard HRS 111.0 Adjustments and Exclusions</del> highlighting the description of the adjustment given, transitional status and amount of adjustment applied. <u>An increase in the risk charge is to be reported as a positive amount.</u></p>
<b><i>Aggregation benefit</i></b>	<p>The <b><i>aggregation benefit</i></b> makes an explicit allowance for diversification between asset <del>risk</del> and <del>the sum of</del> insurance <del>risk and insurance concentration risk</del> risks in the calculation of the <b><i>prescribed capital amount</i></b>.</p> <p>This must be determined in accordance with <u>HPS 110.</u></p> <p><u>This is distinct from the <b><i>DCL aggregation benefit</i></b> referenced in Prudential Standard HPS <del>110 Capital Adequacy</del> <b>115 Insurance Risk Charge</b> (HPS 1105).</u></p>

<b>Asset Concentration Risk Charge</b>	<p>The <b>Asset Concentration Risk Charge</b> is the minimum amount of capital required to be held against asset concentration risks. The <b>Asset Concentration Risk Charge</b> relates to the risk resulting from investment concentrations in individual assets or large exposures to individual counterparties or groups of related counterparties resulting in adverse movements in the <del>private health insurer's fund's</del> capital base.</p> <p>It is determined in accordance with <i>Prudential Standard HPS 117 Capital Adequacy: Asset Concentration Risk Charge</i>.</p>
<b>Asset Risk Charge</b>	<p>The <b>Asset Risk Charge</b> is the minimum amount of capital required to be held against asset risks. The <b>Asset Risk Charge</b> relates to the risk of adverse movements in the value of <del>a reporting insurer's on-balance sheet and off-balance sheet exposures.</del> <u>the capital base due to credit or market risks.</u></p> <p>This amount is to be determined in accordance with <i>Prudential Standard HPS 114 Asset Risk Charge</i> (HPS 114).</p>
<b>Asset Risk Charge - aggregated risk charge component</b>	<p>A private health insurer must calculate, <u>for each of its funds,</u> the <b>risk charge components</b>, as defined in HPS 114, by considering the impact on the capital base of the fund of a range of stresses. These <b>risk charge components</b> are then aggregated using the formula set out in HPS 114. The result of applying the formula is defined as the <b>Asset Risk Charge - aggregated risk charge component</b>.</p>
<b>Asset Risk Charge - impact of diversification</b>	<p>The <b>Asset Risk Charge - impact of diversification</b> relates to the recognition of diversification benefits between the <b>Asset Risk Charge</b> components as set out in HPS 114.</p> <p>This item must be calculated as the sum of the <b>risk charge components</b> less the <b>Asset Risk Charge - aggregated risk charge component</b>.</p>

## D

<b><u>Deferred Claims Liability (DCL) aggregation benefit</u></b>	<p><del>The <b>DCL aggregation benefit</b> makes an explicit allowance for diversification between adverse movements of the Deferred Claims Liability (DCL) and insurance risk risks in the calculation of the prescribed capital amount.</del></p> <p><del>This is distinct from the <b>Aggregation benefit</b> referenced in HPS 110 and is to be reported separately in the <i>Reporting Standard HRS 115.0 Insurance Risk Charge</i> (HRS 115.0).</del></p>
<b><u>Deferred claims liability risk charge</u></b>	<p><del>The <b>Deferred claims liability (DCL) risk charge</b> relates to the risk that the value of the DCL will be greater than the value determined in accordance with <i>Prudential Standard HPS 340 Insurance Liability Valuation</i> (HPS 340).</del></p>

	<u>This amount is to be determined in accordance with HPS 115 and should correspond to the total calculated in <i>Reporting Standard HRS 115.0 Insurance Risk Charge</i> (HRS 115.0).</u>
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**F**

<b><i>Future Exposure Risk Charge</i></b>	<p>This is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>Future Exposure Risk Charge</i></b> (Health Insurance Business - <b><i>HIB</i></b>); and</li> <li>• <b><i>Future Exposure Risk Charge</i></b> (Health-Related Insurance Business - <b><i>HRIB</i></b>).</li> </ul>
<b><i>Future Exposure Risk Charge (HIB)</i></b>	<p>The <b><i>Future Exposure Risk Charge (HIB)</i></b> relates to the risk that financial performance of the health insurance business a may be materially worse than expected. The <b><i>Future Exposure Risk Charge (HIB)</i></b> quantifies the amount of capital needed should a set of standardised industry stresses occur.</p> <p>This amount is to be determined in accordance with <del>Prudential Standard HPS 115 Insurance Risk Charge (HPS 115)</del> and should correspond to the total calculated in <del>Reporting Standard HRS 115.0 Insurance Risk Charge</del>.</p>
<b><i>Future Exposure Risk Charge (HRIB)</i></b>	<p>The <b><i>Future Exposure Risk Charge (HRIB)</i></b> relates to the risk that financial performance of the health-related insurance business a may be materially worse than expected. The <b><i>Future Exposure Risk Charge (HRIB)</i></b> quantifies the amount of capital needed should a set of standardised industry stresses occur.</p> <p>This amount is to be determined in accordance with HPS 115 and should correspond to the total calculated in <del>Reporting Standard HRS 115.0 Insurance Risk Charge</del>.</p>

**G**

<u><b><i>General fund</i></b></u>	<u>Has the same meaning as in HPS 001.</u>
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**H**

<u><b><i>Health benefits fund</i></b></u>	<u>Has the same meaning as in the <i>Private Health Insurance (Prudential Supervision) Act 2015</i>.</u>
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## I

<b><i>Insurance Liability Risk Charge</i></b>	<p>The <b><i>Insurance Liability Risk Charge</i></b> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>Outstanding Claims Liabilities Risk Charge</i></b>;</li> <li>• <b><i>Premiums Liabilities Risk Charge</i></b>;</li> <li>• <b><i>Risk Equalisation <del>Liabilities</del> Risk Charge</i></b>; and</li> <li>• <b><i>Other Insurance Liabilities Risk Charge</i></b>.</li> </ul>
<b><i>Insurance Risk Charge</i></b>	<p>The <b><i>Insurance Risk Charge</i></b> is the minimum amount of capital required to be held against insurance risks. The method for determining the <b><i>Insurance Risk Charge</i></b> is set out in HPS 115.</p> <p>This is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <b><i>Insurance Liability Risk Charge</i></b>; <del>and</del></li> <li>• <b><i><u>Future Exposure Risk Charge</u></i></b>; <del>and</del></li> <li>• <b><i><u>Deferred Claims Liability Risk Charge</u></i></b>.</li> </ul>

## O

<b><i>Outstanding Claims Liabilities Risk Charge</i></b>	<p>The risk charge for Outstanding Claims Liabilities relates to the risk that the value of <u>total</u> outstanding claims liabilities will be greater than the value determined in accordance with <del><i>Prudential Standard HPS 340 Insurance Liability Valuation (HPS 340)</i></del>.</p> <p>This amount is to be determined in accordance with HPS 115 and should correspond to the total calculated in <del><i>Reporting Standard HRS 115.0 Insurance Risk Charge</i></del>.</p>
<b><i>Operational Risk Charge</i></b>	<p>The <b><i>Operational Risk Charge</i></b> is the minimum amount of capital required to be held against operational risks. The <b><i>Operational Risk Charge</i></b> relates to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p> <p>It is determined in accordance with <i>Prudential Standard HPS 118 Capital Adequacy: Operational Risk Charge</i>.</p>
<b><i>Other Insurance Liabilities Risk Charge</i></b>	<p>The risk charge for Other Insurance Liabilities relates to the risk that the value of other insurance liabilities will be greater than the value determined in accordance with HPS 340.</p> <p>This amount is to be determined in accordance with HPS 115.</p>

## P

<b><i>Premiums Liabilities Risk Charge</i></b>	<p>The risk charge for Premiums Liabilities relates to the risk that the value of premiums liabilities 12 months after the reporting date will be greater than the value determined in accordance with HPS 340.</p>
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	This amount is to be determined in accordance with HPS 115 and should correspond to the total calculated in <del>Reporting Standard</del> HRS 115.0 <del>Insurance Risk Charge</del> .
<b>Prescribed capital amount</b>	<p>The <i>prescribed capital amount</i> is <u>a derived item</u> determined in accordance with HPS 110.</p> <p>It is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <i>Insurance Risk Charge</i>;</li> <li>• <i>Asset Risk Charge</i>;</li> <li>• <i>Asset Concentration Risk Charge</i>;</li> <li>• <i>Operational Risk Charge</i>; <u>and</u></li> <li>• <del>Adjustments</del><u>adjustments</u> to <i>prescribed capital amount</i> as approved by APRA; <del>and</del></li> </ul> <p>Less the sum of:</p> <ul style="list-style-type: none"> <li>• <del>Aggregation benefit</del>; and</li> <li>• <del>Tax Benefits</del></li> <li>• <u>tax benefits</u></li> </ul> <p>The <i>prescribed capital amount</i> for a <u>health benefits fund</u> is subject to a minimum of \$5 million; <u>and will be automatically applied where the calculated sum of risk charge components is less than this amount.</u></p>

## R

<b>Risk charge components</b>	The <i>risk charge components</i> , as set out in HPS 114, are calculated by determining the fall in the capital base of the regulated institution in seven stress tests.
<b>Risk Equalisation Liabilities-Risk Charge</b>	<p>The risk charge for Risk Equalisation relates to the risk that the value of the net risk equalisation <u>asset/liability transfers</u> will be less favourable than the value determined in accordance with HPS 340.</p> <p>This amount is to be determined in accordance with HPS 115 and should correspond to the total calculated in <del>Reporting Standard</del> HRS 115.0 <del>Insurance Risk Charge</del>.</p>

<b><i>Tax benefits</i></b>	<p><b><i>Tax benefits</i></b> makes recognition for the future shareholder <b><i>tax benefits</i></b> arising from losses occurring within the <b><i>Insurance Risk Charge</i></b> and <b><i>Asset Risk Charge</i></b>.</p> <p><b><i>Tax benefits</i></b> must be calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <del>T</del><b><i>ax</i></b> <b><i>benefits from Asset Risk Charge</i></b>; and</li> <li>• <del>T</del><b><i>ax</i></b> <b><i>benefits from Insurance Risk Charge</i></b>;</li> </ul> <p>Less:</p> <ul style="list-style-type: none"> <li>• <del>Tax</del><b><i>tax</i></b> <b><i>benefits aggregation</i></b> <b><i>reduction</i></b>.</li> </ul> <p><b><i>Tax benefits</i></b> must only be recognised to the extent that tax legislation allows them to be absorbed by existing deferred tax liabilities.</p>
<b><i>Tax benefits from Asset Risk Charge</i></b>	<p>This represents the <b><i>tax benefits</i></b> from the <b><i>Asset Risk Charge</i></b> resulting from scenarios modelled by the stress tests in HPS 114, reduced to allow for the reduction in <b><i>Asset Risk Charge</i></b> due to the asset risk aggregation formula. <b><i>Tax benefits from Asset Risk Charge</i></b> must be determined in accordance with <del>Prudential Standard HPS 110 Capital Adequacy (HPS 110)</del><b><i>HPS 110</i></b>.</p>
<b><i>Tax benefits from Insurance Risk Charge</i></b>	<p>This represents the <b><i>tax benefits</i></b> from the <b><i>Insurance Risk Charge</i></b> resulting from losses in the <b><i>Insurance Risk Charge</i></b> in HPS 115. <b><i>Tax benefits from Insurance Risk Charge</i></b> must be determined in accordance with HPS 110.</p>
<b><i>Tax benefits aggregation reduction</i></b>	<p>Overall <b><i>tax benefits</i></b> are to be reduced to allow for aggregation between the <b><i>Asset Risk Charge</i></b> and <b><i>Insurance Risk Charge</i></b>. <b><i>Tax benefits</i></b> from aggregation reduction must be determined in accordance with HPS 110.</p>

## Specific Instructions

**Table 1: Prescribed Capital Amount (HBF, GF)**

### Reporting basis

Report information related to each fund's *prescribed capital amount*. This table applies to *health benefits funds* and the *general fund*.

### Units of measurement

Report the dollar values in this table in whole Australian dollars.

<b>Column 1</b>	Report the value for each of the items listed below.
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### 1. Insurance Risk Charge

<b>Item 1</b>	The <i>Insurance Risk Charge</i> is a derived item and is calculated as the sum of items 1.1, <del>and 1.2</del> <u>and 1.3</u> .
<b>Item 1.1</b>	The <i>Insurance Liability Risk Charge</i> is a derived item and is calculated as the sum of items 1.1.1 and 1.1.4.
<b>Item 1.1.1</b>	Report the <i>Outstanding Claims Liabilities Risk Charge</i> .
<b>Item 1.1.2</b>	Report the <i>Premiums Liabilities Risk Charge</i> .
<b>Item 1.1.3</b>	Report the <i>Risk Equalisation <del>Liabilities</del> Risk Charge</i> .
<b>Item 1.1.4</b>	Report the <i>Other Insurance Liabilities Risk Charge</i> .
<b>Item 1.2</b>	The <i>Future Exposure Risk Charge</i> is a derived item and is calculated as the sum of items 1.2.1 and 1.2.2.
<b>Item 1.2.1</b>	Report the <i>Future Exposure Risk Charge (HIB)</i> .
<b>Item 1.2.2</b>	Report the <i>Future Exposure Risk Charge (HRIB)</i> .
<u><b>Item 1.3</b></u>	<u>Report the <i>Deferred Claims Liability Risk Charge</i>.</u>

### 2. Asset Risk Charge

<b>Item 2</b>	Report the <i>Asset Risk Charge</i> .
<b>Item 2.1</b>	Report the <i>Asset Risk Charge - aggregated risk charge component</i> .
<b>Item 2.2</b>	Report the <i>Asset Risk Charge - impact of diversification</i> .

### 3. Asset Concentration Risk Charge

Item 3	Report the <i>Asset Concentration Risk Charge</i> .
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#### 4. Operational risk charge

Item 4	Report the <i>Operational Risk Charge</i> .
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#### 5. Aggregation benefit

Item 5	Report the <i>aggregation benefit</i> . An <i>aggregation benefit</i> which would result in a decrease to the <i>prescribed capital amount</i> should be reported as a positive value.
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#### 6. Tax benefits

Item 6	Report the <del>t</del> <i>ax benefits</i> .
Item 6.1	Report the <del>t</del> <i>ax benefits from Asset Risk Charge</i> .
Item 6.2	Report the <del>t</del> <i>ax benefits from Insurance Risk Charge</i> .
Item 6.3	Report the <del>t</del> <i>ax benefits aggregation reduction</i> .

#### 7. Adjustments to prescribed capital amount as approved by APRA

Item 7	Report the <i>adjustments to prescribed capital amount as approved by APRA</i> .  <del>These are to be reported separately in the associated table outlining the description of the adjustment, transitional status and amount of adjustment applied. Where the adjustment is a transitional adjustment, the end date for the transitional period is to be clearly included in the description of the item.</del>  Report <del>increases</del> adjustments that would result in an increase <del>to in the</del> <i>prescribed capital amount</i> as <u>a</u> positive values.
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#### 8. Prescribed capital amount

Item 8	The <i>Prescribed capital amount</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none"> <li>• Item 1;</li> <li>• Item 2;</li> <li>• Item 3;</li> </ul>
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	<ul style="list-style-type: none"><li>• Item 4; and</li><li>• Item 7</li></ul> <p>less:</p> <ul style="list-style-type: none"><li>• Item 5; and</li><li>• Item 6.</li></ul> <p><u>The <i>prescribed capital amount</i> for a <i>health benefits fund</i> is subject to a minimum of \$5 million, and will be automatically applied where the calculated sum of <i>risk charge components</i> for a <i>health benefits fund</i> is less than this amount.</u></p>
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**Table 2: Prescribed Capital Amount (Private Health Insurer)****Reporting basis**

Report information related to the private health insurer's *prescribed capital amount*.

**Units of measurement**

Report the dollar values in this table in whole Australian dollars.

<b><u>Column 1</u></b>	<u>Report the value for each of the items listed below.</u>
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**1. Insurance Risk Charge**

<b><u>Item 1</u></b>	<u>Report the <i>Insurance Risk Charge</i>.</u>
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**2. Asset Risk Charge**

<b><u>Item 2</u></b>	<u>Report the <i>Asset Risk Charge</i>.</u>
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**3. Asset Concentration Risk Charge**

<b><u>Item 3</u></b>	<u>Report the <i>Asset Concentration Risk Charge</i>.</u>
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**4. Operational Risk Charge**

<b><u>Item 4</u></b>	<u>Report the <i>Operational Risk Charge</i>.</u>
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**5. Aggregation benefit**

<b><u>Item 5</u></b>	<u>Report the <i>aggregation benefit</i>.</u> <u>An <i>aggregation benefit</i> which would result in a decrease to <i>prescribed capital amount</i> should be reported as a positive value.</u>
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**6. Tax benefits**

<b><u>Item 6</u></b>	<u>Report the <i>tax benefits</i>.</u>
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**7. Adjustments to prescribed capital amount as approved by APRA**

<b><u>Item 7</u></b>	<u>Report the <i>adjustments to prescribed capital amount as approved by APRA</i>.</u> <u>Report increases in the <i>prescribed capital amount</i> as positive values.</u>
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## 8. Prescribed capital amount

<p><u>Item 8</u></p>	<p>The <i>prescribed capital amount</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> <li>• <u>Item 1;</u></li> <li>• <u>Item 2;</u></li> <li>• <u>Item 3;</u></li> <li>• <u>Item 4; and</u></li> <li>• <u>Item 7</u></li> </ul> <p>less:</p> <ul style="list-style-type: none"> <li>• <u>Item 5; and</u></li> <li>• <u>Item 6.</u></li> </ul> <p>The <i>prescribed capital amount</i> for a private health insurer will be automatically increased where the calculated sum of <i>risk charge components</i> is less than the minimum of \$5 million for a <i>health benefits fund</i> of the private health insurer.</p>
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