



Solvency Reporting

June 2008

These reports are provided in accordance with the Solvency Standard issued by Health Funds Association of New Zealand, August 2007

Background to Solvency Standard

The Solvency Standard was developed in association with the New Zealand Society of Actuaries and was adopted in August 2007 by Health Funds Association. It is intended to provide information to consumers about the solvency position of health insurers in New Zealand, and was intended to be part of a wider set of industry self-regulatory initiatives.

The Government is currently reviewing the regulatory environment governing financial products and providers, including insurance. The issue of solvency standards is one part of a broader proposed prudential regime which will be administered by the Reserve Bank of New Zealand in the future.

Reporting and updating

HFANZ members are required to report half yearly in accordance with the solvency standard. The information will be continuously updated on a quarterly basis.

Certification

As part of the process, health insurers must have certification from their actuaries, as well as certification from their Board, that the solvency requirement has been calculated in accordance with the Standard.

The solvency requirement

At any time, the value of the assets of the insurer must be of an amount considered sufficient to meet the obligations of the insurer at that date, to policyholders, members and creditors referable to the insurer, under a range of adverse conditions.

The Minimum Solvency Requirement is made up of a number of components:

- The Liability Reserve,
- Inadmissible Asset Reserve
- Resilience Reserve
- Expense Reserve and
- Management Capital Requirement.

Notes

1. The solvency standard also contains transitional arrangements requiring full compliance by 2011. Further information is contained in the solvency standard itself.
2. Some insurers have assets other than health funds assets. This means the solvency position calculated in accordance with the standard may not correspond to health insurance market share.

Insurer reports

Insurer: Accuro Health Insurance
Date: 31 March 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	2.968
Minimum solvency requirement	B	2.183
Total assets available to meet solvency requirement	C	6.474
Excess assets above solvency requirement	C-B	4.291
Coverage of required solvency reserve	C/B	297%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Accuro Health Insurance is fully compliant with this Standard.

Insurer: American International Assurance Company (Bermuda) Limited – New Zealand Branch ('AIG Life')
Date: 30 November 2006

		million
Minimum solvency requirement (ignoring transitional provisions)	A	76.899
Minimum solvency requirement	B	33.771
Total assets available to meet solvency requirement	C	65.185
Excess assets above solvency requirement	C-B	31.414
Coverage of required solvency reserve	C/B	193%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand.

This standard contains provisions allowing for transition to its full requirements over a 5 year period. The Actuary has applied these transitional provisions.

Were the assessment done without the transitional provisions then AIG Life's coverage of its solvency requirement would be 85%

Insurer: Education Benevolent Society
 Date: 30 June 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	
Minimum solvency requirement	B	1.862
Total assets available to meet solvency requirement	C	5.184
Excess assets above solvency requirement	C-B	3.322
Coverage of required solvency reserve	C/B	278%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Education Benevolent Society is fully compliant with this Standard.

Insurer: ING Life (NZ) Limited
 Date: 31 December 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	
Minimum solvency requirement	B	11.954
Total assets available to meet solvency requirement	C	14.645
Excess assets above solvency requirement	C-B	2.691
Coverage of required solvency reserve	C/B	123%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and ING Life (NZ) Limited is fully compliant with this Standard.

Insurer: Manchester Unity Friendly Society
 Date: 31 May 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	62.6
Minimum solvency requirement	B	61.4
Total assets available to meet solvency requirement	C	77
Excess assets above solvency requirement	C-B	15.6
Coverage of required solvency reserve	C/B	125%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Manchester Unity Friendly Society is fully compliant with this Standard.

Insurer: Police Health Plan
 Date: 30 June 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	8.648
Minimum solvency requirement	B	4.742
Total assets available to meet solvency requirement	C	12.451
Excess assets above solvency requirement	C-B	7.709
Coverage of required solvency reserve	C/B	263%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Police Health Plan is fully compliant with this Standard.

Insurer: Southern Cross Medical Care Society
 Date: 31 December 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	238
Minimum solvency requirement	B	162.5
Total assets available to meet solvency requirement	C	481.4
Excess assets above solvency requirement	C-B	318.9
Coverage of required solvency reserve	C/B	296%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Southern Cross Medical Care Society is fully compliant with this Standard.

Insurer: Sovereign Assurance Company Limited
 Date: 31 December 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	2449
Minimum solvency requirement	B	2197
Total assets available to meet solvency requirement	C	2545
Excess assets above solvency requirement	C-B	348
Coverage of required solvency reserve	C/B	116%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Sovereign Assurance Company Limited is fully compliant with this Standard.

Insurer: Tower Medical Insurance Limited
 Date: 30 September 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	123.5
Minimum solvency requirement	B	108.5
Total assets available to meet solvency requirement	C	114.6
Excess assets above solvency requirement	C-B	6.1
Coverage of required solvency reserve	C/B	106%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand.

This standard contains provisions allowing for transition to its full requirements over a 5 year period. The Actuary has applied these transitional provisions.

Were the assessment done without the transitional provisions then Tower Medical Insurance Limited's coverage of its solvency requirement would be 93%

Insurer: Union Medical Benefits Society Limited
 Date: 30 June 2007

		million
Minimum solvency requirement (ignoring transitional provisions)	A	18.5
Minimum solvency requirement	B	12.5
Total assets available to meet solvency requirement	C	54.3
Excess assets above solvency requirement	C-B	41.8
Coverage of required solvency reserve	C/B	434%

Notes:

In determining the assets required to meet solvency requirements, the Actuary has applied the Solvency Standard as issued by the Health Funds Association of New Zealand, and Union Medical Benefits Society Limited is fully compliant with this Standard.