



## **Solvency Reporting**

May 2011

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.

### **Reporting and updating**

HFANZ members are required to report half yearly in accordance with the solvency standard. This is the fourth and final report under the HFANZ Standard. The first report was published in June 2008, with updated reports published in March 2009 and 2010.

In accordance with the Insurance (Prudential Supervision) Act 2010, insurers will in future be reporting against the Reserve Bank's solvency standard.

### **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 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.

Roger Styles  
Chief Executive

## Individual Insurer reports

Insurer: Accuro Health Insurance  
Date: 30 September 2010

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	5.361
Minimum solvency requirement	B	4.697
Total assets available to meet solvency requirement	C	8.404
Excess assets above solvency requirement	C-B	4.017
Coverage of required solvency reserve	C/B	179%

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 ('AIA New Zealand')  
Date: 30 November 2009

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	137.2
Minimum solvency requirement	B	105.6
Total assets available to meet solvency requirement	C	139.5
Excess assets above solvency requirement	C-B	33.9
Coverage of required solvency reserve	C/B	132%

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 AIG Life is fully compliant with this Standard.*

Insurer: Education Benevolent Society  
Date: 30 June 2010

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	1.568
Minimum solvency requirement	B	1.394
Total assets available to meet solvency requirement	C	7.196
Excess assets above solvency requirement	C-B	5.802
Coverage of required solvency reserve	C/B	516%

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: OnePath (NZ) Limited (formerly ING Life (NZ) Limited)  
 Date: 30 September 2010

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	159.8
Minimum solvency requirement	B	
Total assets available to meet solvency requirement	C	179.8
Excess assets above solvency requirement	C-B	20
Coverage of required solvency reserve	C/B	113%

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 2010

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	64.9
Minimum solvency requirement	B	62.3
Total assets available to meet solvency requirement	C	75.0
Excess assets above solvency requirement	C-B	12.8
Coverage of required solvency reserve	C/B	120%

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 2010

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	6.790
Minimum solvency requirement	B	6.159
Total assets available to meet solvency requirement	C	13.352
Excess assets above solvency requirement	C-B	7.193
Coverage of required solvency reserve	C/B	217%

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 2010

		\$ million
Minimum solvency requirement (ignoring transitional provisions)	A	259.2
Minimum solvency requirement	B	223.9
Total assets available to meet solvency requirement	C	469.6
Excess assets above solvency requirement	C-B	245.6
Coverage of required solvency reserve	C/B	210%

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: 30 June 2010

		million
Minimum solvency requirement (ignoring transitional provisions)	A	1997
Minimum solvency requirement	B	1828
Total assets available to meet solvency requirement	C	2102
Excess assets above solvency requirement	C-B	273
Coverage of required solvency reserve	C/B	115%

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: 31 March 2010

		million
Minimum solvency requirement (ignoring transitional provisions)	A	140.0
Minimum solvency requirement	B	132.6
Total assets available to meet solvency requirement	C	154.6
Excess assets above solvency requirement	C-B	22.0
Coverage of required solvency reserve	C/B	117%

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 Tower Medical Insurance Limited is fully compliant with this Standard.*

Insurer: Union Medical Benefits Society Limited  
Date: 31 March 2011

		million
Minimum solvency requirement (ignoring transitional provisions)	A	13.8
Minimum solvency requirement	B	13.1
Total assets available to meet solvency requirement	C	71.4
Excess assets above solvency requirement	C-B	58.3
Coverage of required solvency reserve	C/B	545%

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.*