

Latrobe Health Services Limited Capital Adequacy 30 June 2024

Purpose

This document has been prepared to fulfil the reporting requirements of the Australian Prudential Regulation Authority (APRA) under the Private Health Insurance (Prudential Supervision) Act 2015 and associated standards. It provides an overview of our Capital Base, Prescribed Capital Amount, and Capital Adequacy Multiple, ensuring transparency regarding our capital adequacy status for policyholders and market participants. Consistent with APRA's guidelines, this document is available on our corporate website.

Prudential Standards Compliance

Latrobe Health Services Limited operates in compliance with APRA's Private Health Insurance Prudential Standards (PHIPS). These standards, tailored to the private health insurance sector, ensure that insurers maintain the financial resilience necessary to protect policyholders' interests. The PHIPS framework includes requirements for capital adequacy, risk management, and governance specific to the private health insurance industry.

Internal Capital Adequacy Assessment Process (ICAAP)

This report is based on audited information provided to APRA. Our Capital Management Plan is a key framework within the PHIPS requirements, ensuring that we actively assess and maintain sufficient capital levels relative to our risk profile and business needs. ICAAP will be in place by 30 June 2025

Capital Base, Prescribed Capital Amount (PCA), and Capital Adequacy Multiple (CAM)

Our capital adequacy has been calculated and reported in the figures below:

Year ended 30 June 2024 (\$m)	Health Benefit Fund	
Net Assets	\$	204
Regulatory Adjustments	\$	3
Common Equity Tier 1	\$	207
Capital Base	\$	207
Insurance Risk Charge	\$	28
Asset Risk Charge	\$	26
Operational Risk charge	\$	4
Aggregation Benefit	-\$	12
Prescribed Capital Amount (PCA)	\$	46
Capital Adequacy Multiple		4.52



Download our
mobile app



Elements of the table:

Regulatory Adjustments: This comprises of net surplus/(deficit) relating to insurance liabilities, adjustments for account receivables, payables and intangibles.

Common Equity Tier 1: This is core capital, including retained earnings required to absorb losses and ensure financial stability. Other Tiers are not applicable to Latrobe

Capital Base: Is calculated in a similar manner, by adding the equity capital paid with retained earnings and certain other instruments that are available to absorb unexpected losses including regulatory adjustments

Insurance Risk Charge: Relates to risk of adverse impacts due to movement in future claims, expenses and other insurance risks

Asset Risk Charge: Relates to the risk of adverse impacts in the value of Latrobe's on-balance sheet and off-balance sheet exposures

Operational Risk Charge: Relates to the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events

Aggregation Benefit: An allowance for diversification between asset and insurance risks in the calculation of the PCA

Prescribed Capital Amount: Required level of capital which is intended to take account of the full range of risks to which Latrobe is exposed

Capital Adequacy Multiple: Capital base divided by the Prescribed Capital Amount

Excess Capital: Excess after commitments (Insurance, Asset, Operational Risk charges and Aggregation Benefit)



Download our
mobile app

