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# Codes of Business Practice:

New Zealand Health Insurance Sector

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# The New Zealand Health Insurance Sector

- HFANZ has 10 members (95% of market)
- Members include friendly societies, mutuals, subsidiaries of public companies
- 75% of NZ health insurance is provided by not-for-profit organisations
- 1.36 million New Zealanders have health insurance



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# The Role of Health Insurance

- NZ health insurance both duplicates and complements the public system (OECD)
- Aggregate health insurance expenditure – was approx \$700 million in 2005
- Health insurers fund around 70% of surgery in the private/independent sector
- Health insurance funds 50% of the major electives conducted in the NZ Health System (hips, knees, cataract replacement, cardiac surgery.)

# Best Practice Initiatives



- Set up in 1989, HFANZ has worked to promote best practice in the health insurance industry
- Code of Practice - Adopted 1992, Reviewed 1995, 1998.
  - HFANZ members are obliged to comply
  - To be incorporated into the HFANZ Accreditation Programme
- Consumer Information – “*Making sense of Health Insurance.*” New Edition March 2006
- “The need for industry self-regulation” 2001



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# The HFANZ Code

- Requires all employees and intermediaries of the HFANZ member to abide by the Code
- Responsible selling practices – eg: factual accuracy, free look arrangements
- Brochures must draw attention to existence of limitations and exclusions
- Specific direct marketing and advertising requirements
- Outlines proposal process, certification requirements, claims procedures



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# “Making Sense of Health Insurance”

- Assists consumers to make informed purchasing decisions
- Provides actual costs of surgery
- Informs consumers about the insurance contract
- Outlines types of policy
- Explains ratings systems, premium charging
- Underlines the importance of disclosure of material information
- Reproduced March 2006- distributed by HFANZ members to intermediaries.



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# Accreditation Objectives

- Separates industry standards from membership
- Intends to enhance consumer protection and confidence
- Assist health insurers to maintain strong performance & strengthen industry resilience
- Develops and maintain industry improvements
- Consumer involvement in governance of scheme
- Adopts internationally accepted best practice – transparency, co-operation, accountability, proportionality



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# Accreditation Requirements

- Solvency standards – developed with NZ Society of Actuaries, adopted August 2006
- Risk management standards
- Governance standards
- Consumer information and selling practices – updates current code
- Management of complaints through the ISO Scheme



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# Proposals for NZ Regulation:

- Is it co-regulation or really full regulation?
- Proposed models of licensing -  
? Risk of duplication – standards,  
structures, costs, greater complexity
- Does it compromise industry progress to date?



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# The Way Forward:

- Regulation should build upon current initiatives
- Be based upon internationally accepted best practice: transparency, co-operation, accountability, proportionality at all levels for consumers and providers:
  - Codes of practice
  - Regulation
  - Accountability of the regulators
- Work to continually improve