

# Enterprise Risk Management Seminar



**Capturing the Upside**

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**Actuaries  
Institute**

# KEYS TO CAPTURING THE UPSIDE

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*This presentation has been prepared for the Actuaries Institute 2014 ERM Seminar.  
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## OVER 60 YEARS OF EXPERIENCE

**Bupa was created in 1947 in the UK** with the merger of 17 provident associations. Their mission was to “prevent, relieve and cure sickness and ill health of every kind”.

Our history goes back even earlier in **Australia to the 1930s**. Our business was founded to help people who could not afford doctors' fees.



## OUR SOLE FOCUS IS HEALTHCARE

Our founders' mission translates nowadays to our purpose - **longer, healthier, happier lives**. We have grown by anticipating and meeting people's healthcare needs throughout their lives.





## WE HAVE NO SHAREHOLDERS

We **reinvest our profits** to provide more and better healthcare to our customers and communities around the world.



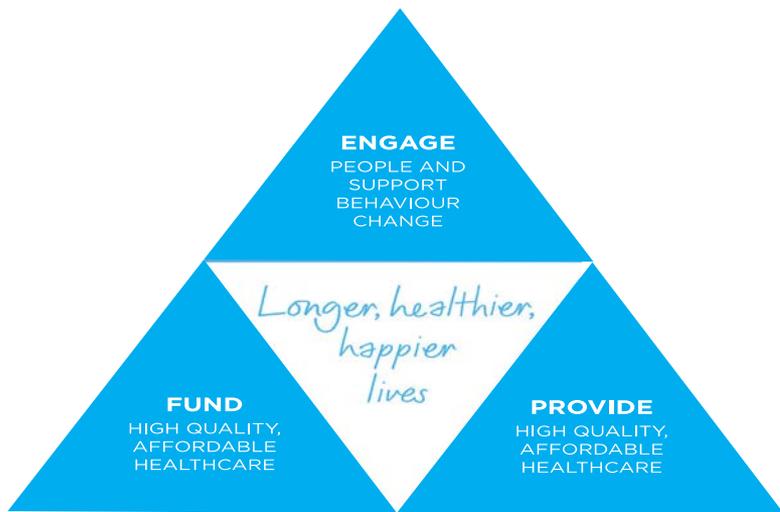
## INTERNATIONAL IN OUR SCALE

We have over **22 million** customers in over **190 countries**. We employ more than **70,000** people, principally in the UK, Australia, Spain, Poland, New Zealand and Chile, as well as Saudi Arabia, Hong Kong, India, Thailand and the USA.



# OUR BUSINESS MODEL

Using our vast experience and varied skills, we deliver quality, coordinated care to our customers. This creates a stable platform for strong and sustainable growth. With no shareholders, we take a long-term approach and invest strategically, in markets where we can bring meaningful expertise.



## FUND

We fund healthcare for customers in over 190 countries, working in partnership with healthcare professionals to ensure customers have access to the best possible care and advice.

## PROVIDE

We provide quality healthcare in hospitals, clinics, dental centres, care homes, residential care villages and the workplace, as well as through mobile screening, health assessments and treatment at home.

## ENGAGE

We support millions of people to manage their health, providing information, advice and coaching to empower them to live well and better deal with long-term conditions.

## INTEGRATION

We have seen increasing evidence that combining the funding and provision of healthcare (integrated care) results in better customer experiences and outcomes, and is more sustainable for the healthcare industry. We look to develop repeatable models for integrated care which are tailored to the needs of customers and health systems in each market.

# BUPA AUSTRALIA AND NEW ZEALAND

## HEALTH INSURANCE

Bupa Australia is the largest privately owned health insurance provider in the country.

It offers health insurance, including hospital, medical and ancillary cover, as well as health related services and international health cover. Bupa also offers access to travel, car and home insurance.

Bupa health insurance has one of Australia's largest retail footprints, with almost 100 outlets.

Bupa members have access to Australia's largest combined ancillary provider network of dental, optical, physiotherapy and chiropractic providers.

## CARE SERVICES

Bupa Aged Care Australia is the largest privately-owned aged care provider in Australia, caring for nearly 5,400 residents in 61 homes.

Bupa Care Services New Zealand is the largest provider of aged care services with an 11% market share. We care for nearly 4,200 residents in 56 care homes, 25 retirement villages and seven rehabilitation sites. We also provide telecare services via a personal alarm network.

## Business Units

Bupa Australia Health Insurance

Bupa Aged Care Australia

Bupa Care Services New Zealand

Bupa Health Services Australia

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## CUSTOMERS

4.9m

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## EMPLOYEES

14,500

## DENTAL CORP

Dental Corp is Australia and New Zealand's largest provider of dental services.

Dental Corp has 193 dental practices across Australia and New Zealand. In 2013, Dental Corp practices served more than 500,000 patients.

## BUPA MEDICAL VISA SERVICES

In 2014, Bupa won a significant tender to provide visa health checks and a range of other medical and processing services for the Australian Government.

From 28 July, Bupa will provide medical services and health checks to ensure that people applying for visas to migrate permanently or stay temporarily in Australia, satisfy health requirements.

Around 250,000 visa applicants are required to undergo health checks in Australia each year.

## BUPA OPTICAL

Bupa Optical has been operating in Australia since 2008.

Bupa optical offers optometry services and products to more than 58,000 people annually across 27 optical stores.

## BUPA HEALTH DIALOG

Bupa Health Dialog is an evidence-based wellness, prevention and chronic disease management services.

It provides population health analytics and holistic telephonic coaching services which supports patients to understand their condition and healthcare choices.

Bupa Health Dialog complements the role of healthcare professionals by empowering patients to make informed decisions about their health and healthcare.

In Australia, Bupa Health Dialog has touched the lives of more than 60,000 people.

# KEYS TO CAPTURING THE UPSIDE

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- Clear Risk Strategy aligned to the business model
  - Guiding principles
  - Risk Appetite
- Robust governance structures
  - Clearly defined roles and responsibilities
- Risk culture across the organization
  - Risk management is BAU and everyone's responsibility

# RISK STRATEGY ALIGNED TO THE BUSINESS STRATEGY

**Extraordinary Growth:** living Bupa's purpose, embracing customers, align with partners, engaging risk

## Risk Strategy Statement

Fully informed risk taking and effective risk control that supports delivery of the Business strategy

## Risk Principles

- The ERMF is fully aligned with the ANZ, Business Strategy and management objectives
- The Board is accountable for the RMS
- The ERMF is communicated to all senior management, staff and outsourced functions
- The Three Lines of Defence Model is fully embedded
- Risk Appetite is expressed qualitatively and quantitatively
- Risks are identified, measured, monitored, managed & reported on an individual and aggregate basis
- An effective Control Framework is maintained
- The Internal Model is a central element of the way that the organisation manages its business and performance (i.e. Strategy, Capital Management Plan, Net Pricing etc)

# GOVERNANCE: 3 LINES OF DEFENCE MODEL

## Line 1: Management

- Accountable for implementing and using the ERMF when it delivers the business plan, all risk taking and embedding a risk culture:
  - Delivering the business plan within Risk Appetite and managing the risk profile
  - Identifying and evaluating all material risks in decision-making
  - Monitoring and analysing changes in the risk profile on a regular basis and assessing these against Risk Appetite
  - Producing regular and timely reports on all material risk positions

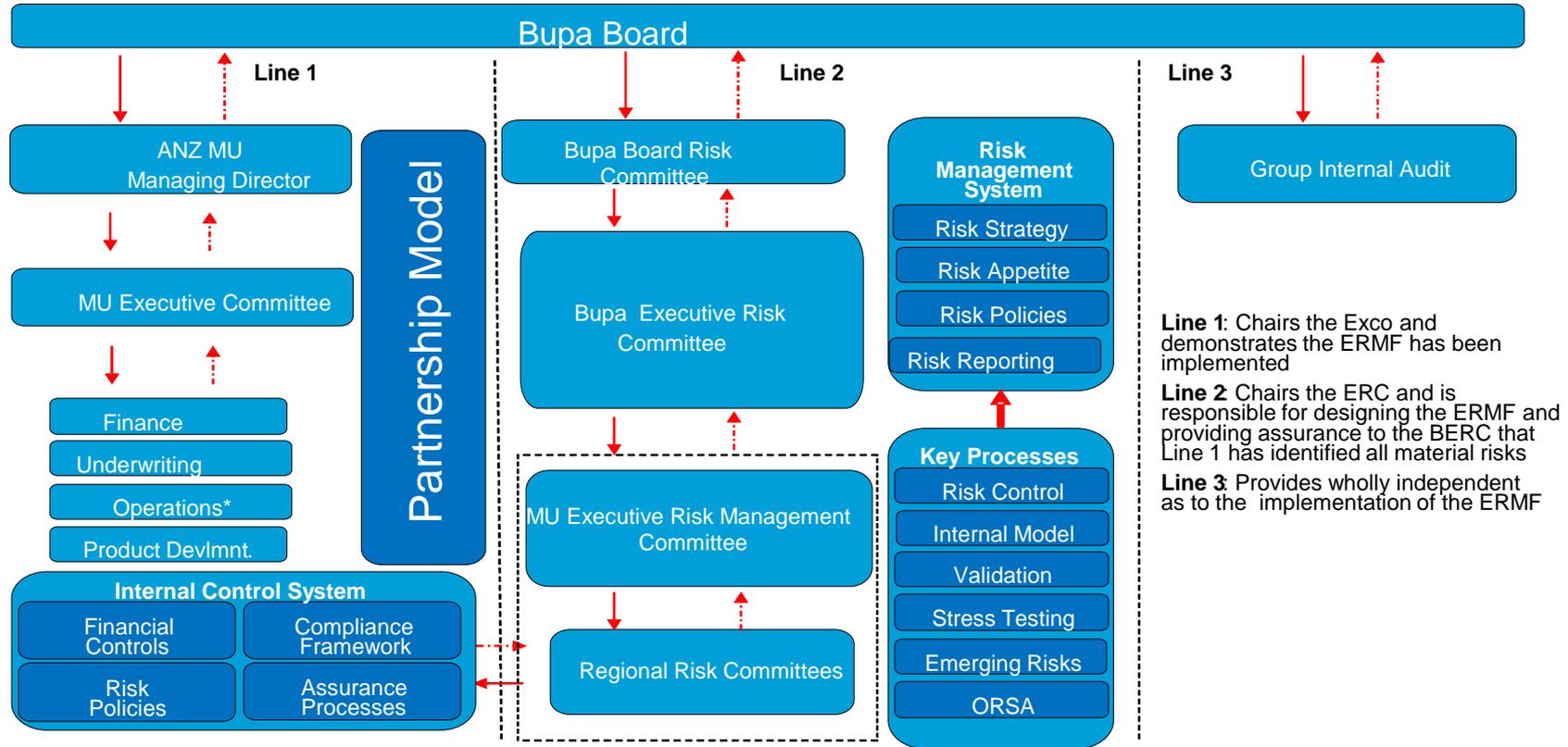
## Line 2: Risk Function

- Accountable for providing an independent & forward looking view of the risk profile to the MU Exco
- Provides assurance that all material risks have been considered by Line 1
  - Provides value-adding challenge and support to Line 1 via a 'Partnership Model' to help ensure that risk has been adequately considered in all significant business decisions
  - Accountable for developing and maintaining the ERMF for Line 1 to use in its day-to-day activities
  - Provides assurance to the MU Exco that the ERMF is being operated effectively by Line 1. Makes remedial recommendations as needed

## Line 3: Internal Audit

- Accountable for providing wholly independent assurance on the adequacy and effectiveness of risk management and control

# OVERVIEW AND ALIGNING TO THE RISK FUNCTION

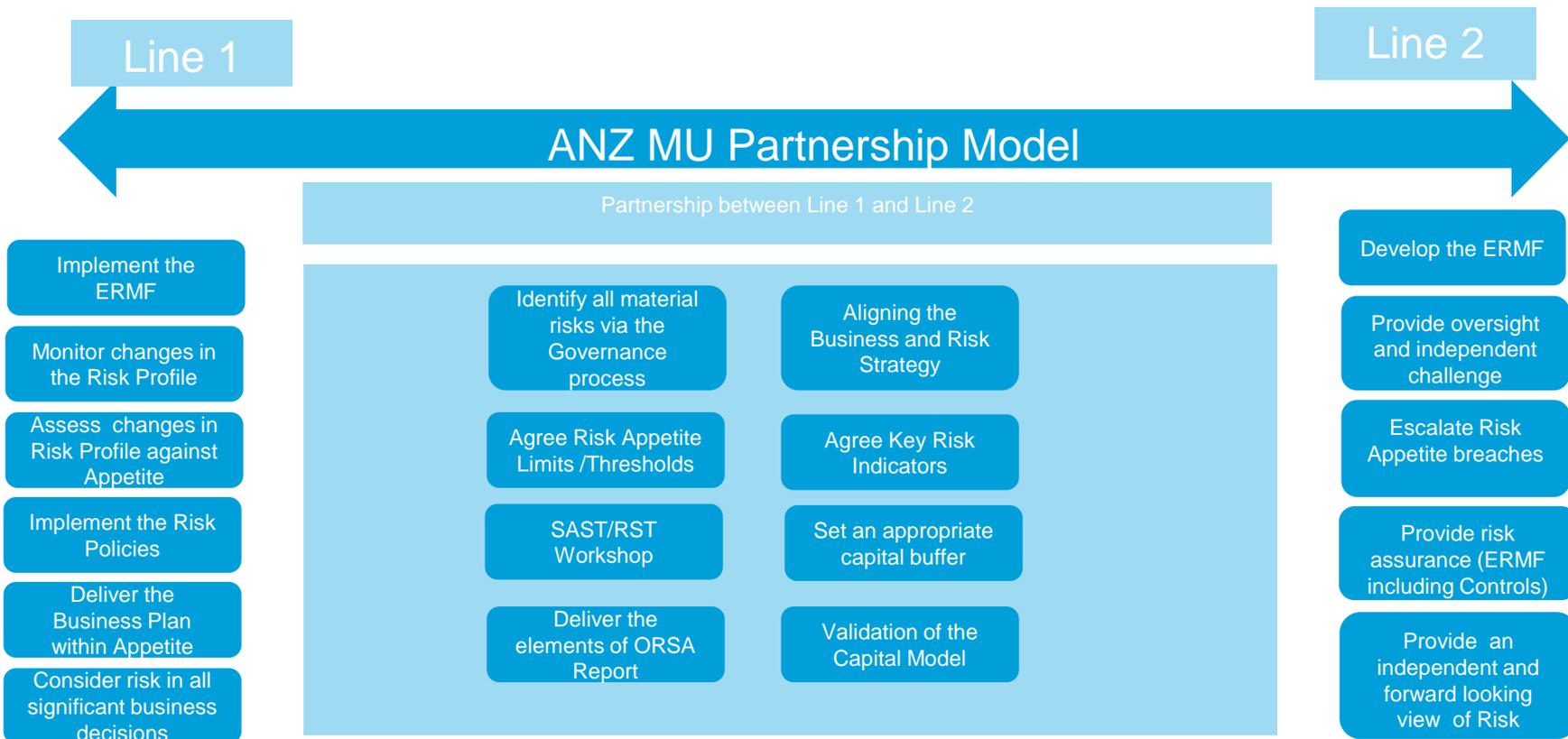


**Line 1:** Chairs the Exco and demonstrates the ERMF has been implemented

**Line 2:** Chairs the ERC and is responsible for designing the ERMF and providing assurance to the BERC that Line 1 has identified all material risks

**Line 3:** Provides wholly independent as to the implementation of the ERMF

# HIGHLIGHTS OF THE PARTNERSHIP MODEL



# RISK CULTURE IN THE ORGANISATION

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- Tone from the top (CEO, Board)
- Visible and consistent role modelling of desired behaviours and standards by senior managers
- A clear and well communicated strategy
- Training
- Performance management
- Objectives linked to risk management
- Rapid escalation of threats and concerns
- High standards of analytical rigor and information sharing across the organization
- Its everyone's responsibility!

# Q & A

