

22 May 2014

The Manager
Company Announcements
Australia Securities Exchange Limited
Level 4, Bridge Street
SYDNEY NSW 2000

Subject: nib and Apia enter distribution alliance

nib and Apia today announced a strategic distribution alliance to sell private health insurance under the Apia brand.

Further information is contained in the attached media release.

Yours sincerely



Michelle McPherson
Company Secretary/Chief Financial Officer

Date 22 May 2014

Subject nib and Apia enter distribution alliance

nib (ASX:NHF) and Apia, two of Australia's leading insurance brands, have today announced a strategic distribution alliance to sell private health insurance under the Apia brand.

nib's Group Manager Australian Residents Health Insurance, Mr Rhod McKensey said the "white-labelling" arrangement with Apia is a major opportunity for the health fund as it aims to further grow its share of the over 50s market.

"In recent years we have had tremendous success in growing our policyholder base in the under 40s age group. This has been supported by positioning our brand in the youth segment as well as designing products and distribution channels which appeal to this demographic," Mr McKensey said.

"However, our alliance with Apia allows us to tap into the very attractive and increasing over 50s market by leveraging Apia's well-established brand and distribution strategy," Mr McKensey added.

Under the arrangement, Apia will from next month begin offering Apia branded private health insurance products designed and tailored specifically for those aged 50 and over.

"Private health insurance consumers, whether they are aged under 40 or over 50, don't want to be paying for benefits they don't need. That's why our Apia branded products will not cover things like obstetrics, antenatal and postnatal, but include cover for things relevant to Apia customers including joint replacements, heart procedures and hearing aids," Mr McKensey said.

As at 31 December 2013 more than four million Australians aged over 50 held private health insurance cover (hospital cover), with this figure growing three per cent annually. This represents more than 37 per cent of total private health insurance coverage.

According to Mr McKensey, nib's alliance with Apia provides both organisations a great opportunity to grow and capture new markets.

"Apia are a trusted and respected consumer insurance brand in the over 50s market, so we expect they will have a lot of success with a private health insurance offering," Mr McKensey said.

"For nib, we have been looking for a white-labelling partner in this market for some time. This alliance with Apia provides us with a solid platform to expand our market share in what is a very attractive and growing segment, while still allowing us to maintain our focus and strong positioning in the under 40s demographic," he added.

Danae Croft, Apia Senior Manager, Business Partnerships, said nib is the ideal partner to provide its customers with a new health insurance offering that would complement their specialised range of insurance products.

"Our customers are keen for us to provide a tailored private health insurance offering and nib's approach allows us to provide something that aligns with Apia's approach and high standards," Ms Croft said.

The Apia health insurance product range will be available to customers from 2 June 2014 by calling Apia on 13 50 50 or visiting www.apia.com.au/health

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