

27 February 2015

The Manager  
Company Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**RE: nib announces changes to premiums**

Please find attached nib media release advising approval of nib's 2015 premium changes by the Federal Minister for Health.

nib has received approval to increase its premiums by an average of 6.55% across all products (effective 1 April 2015).

Yours sincerely



Michelle McPherson  
Chief Financial Officer &  
Company Secretary

**Date** 27 February 2015

**Subject** Rising costs driving premium changes

Rising health care costs combined with the frequency that customers access health services were the major drivers of claims inflation for nib health funds (nib) in financial year 2014 (2014).

In an effort to keep pace with rising health care inflation, as well as allow the health fund to continue to provide the level of cover and benefits customers expect, nib will be increasing its health insurance premiums from 1 April 2015.

nib's Chief Executive Officer, Mr Mark Fitzgibbon, acknowledged that price increases are never welcomed by customers, however were necessary to keep pace with expected growth in claims costs.

"Growing health care expenses combined with an increase in benefits paid to customers continue to place pressure on claims costs for all health funds," Mr Fitzgibbon said.

"In 2014, nib paid out a total of \$1.2 billion in benefits and contributions to the risk equalisation scheme. This is an increase of 11.9% on the previous year," he added.

A combination of a rise in health spending and an increase in claim experiences has seen significant growth in claims inflation in 2014.

Ancillary benefits rose by 14.6% to \$314.7 million, with dental accounting for almost half of this increase. In addition, physiotherapy and natural therapies saw substantial year-on-year rises of 15.4% and 27.5% respectively.

Hospital and medical benefits also increased 8.6% to \$609.5 million, led by orthopaedics (including hip replacements, up 21.5%) and cardiac admissions (up 15.9%).

"As a nation, like most others, we're spending more on our healthcare. While increases in health insurance premiums are highly visible they are just one part of our overall spending growth," Mr Fitzgibbon said.

"Collectively, health insurance premiums represent less than 12% of our total spending of \$150 billion\*. We tend not to see the massive increases in State and Commonwealth spending which we pay for via taxes," he said.

Despite these premium changes, nib remains one of Australia's most affordable health insurance providers and continues to deliver value for money.

"We also understand that as our customers' lifestyles change so do their health needs. As such, we encourage all customers to review their health cover at least every two years to ensure they are receiving the most relevant and affordable cover for their life stage," he said.

nib will be increasing premiums by an average of 6.55% across all products from 1 April 2015.

*\*Source: AIHW 2014. Health expenditure Australia 2012-13*

## **FOR FURTHER INFORMATION:**

Matthew Neat  
Corporate Affairs & Investor Relations Manager  
Tel: 02 4914 1777  
Mob: 0411 700 006  
Email: m.neat@nib.com.au