

Date Monday May 12 2008

Subject nib reconfirms guidance for FY08 post Medicare Levy Surcharge Change

Following the release of changes to the Medicare Levy Surcharge which is expected to be announced in this week's Federal Budget, nib holdings limited (nib) reconfirms the guidance for FY08 it has previously given with its interim results announced on 27 February 2008.

nib believes the Federal Government's changes to the Medicare Levy Surcharge runs contrary to Government policy to increase private health insurance (PHI) participation and relieve pressure on the public system.

nib's Managing Director, Mr Mark Fitzgibbon said that he acknowledges the Medicare Levy Surcharge has been a factor in increased PHI participation in recent years, however growth principally reflects rising disposable incomes, a crisis of confidence in the public system and supportive Government policy such as the Federal Government's 30% Rebate and Lifetime Health Cover.

"nib has been able to further leverage these factors with product innovation and aggressive marketing to significantly grow its customer base, brand profile and market share," Mr Fitzgibbon said.

"However, in acknowledging the changes to the Medicare Levy Surcharge, nib reconfirms the FY08 guidance given to the market when we announced our half year results in February 2008.

"We expect net organic growth for FY08 will remain in excess of 35,000 policies and our normalised net underwriting margin will be near 3.0% for the full year," Mr Fitzgibbon added.

nib expects the changes to the Medicare Levy Surcharge to have an impact on future new sales and lapse rates and it is presently analysing possible implications. nib expects to form a clearer view shortly but remains very positive about the industry's outlook and growth prospects and will notify the market accordingly.

nib intends to make representations to the Federal Government to investigate further changes to the national health policy including the introduction of means testing of Medicare.

FOR FURTHER INFORMATION:

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