
Date 4.15pm Thursday 25 September 2008

Subject nib updates guidance for FY2009 taking into consideration continuing Medicare Levy Surcharge uncertainty

- Net policyholder growth rate of 3.5%
- Normalised net underwriting margin in the order of 4%

nib holdings limited (nib) has updated guidance for FY2009 following the Senate's rejection last night of the Medicare Levy Surcharge (MLS) Threshold Bill.

In May this year the Government announced in the Federal Budget that it proposed to increase the MLS annual income threshold limit to \$100,000 for singles and \$150,000 for couples.

Earlier this week the Government proposed a compromise to the Bill to increase the annual income threshold limit to \$75,000 for singles, with the couples threshold at \$150,000.

The Senate last night rejected the Bill, which subject to the adoption of a new Bill, means the annual income threshold limits will remain unchanged at \$50,000 for singles and \$100,000 for couples.

nib's updated FY2009 guidance is based on the Government's proposed compromise ultimately being accepted by the Senate.

nib's Managing Director, Mr Mark Fitzgibbon said nib's FY2009 forecast results have the potential to be further improved if the ultimate outcome is 'no change' to the current MLS annual income threshold limits, and updated guidance would be provided at that time.

"Despite the continuing uncertainty regarding the final MLS annual income threshold limits, nib's forecast FY2009 results have been improved from previous guidance. This is due to the delay in implementing the MLS threshold changes, the Government having moved to a proposed \$75,000 annual income threshold limit for singles and operational efficiencies the business has implemented and will continue to roll out in the short to medium term," Mr Fitzgibbon said.

"Today's guidance announcement for FY2009 is premised on the Government's publicly stated compromise for the annual income threshold to increase to \$75,000 for singles and \$150,000 for couples being legislated," Mr Fitzgibbon added.

"On this basis we believe our net policyholder growth for FY2009 will be 3.5%, compared to our previous forecast range of 2%-5%, which was subject to MLS impact. Our normalised net underwriting margin for the same period will be in the order of 4%, compared to our previous forecast of at least 2.5%."

nib also confirmed nib policyholders who cancelled their health cover as a result of the proposed MLS uncertainty will be offered an amnesty to reinstate their policy.

"Customers who have cancelled their policy due to confusion around the MLS changes will be able to reverse their cancellation simply by back-paying any outstanding premiums. This will ensure they avoid both the MLS and additional waiting periods."

The period of amnesty applies to nib policyholders who lapsed between 1 May 2008 and 25 September 2008.

For further information nib policyholders should contact nib's Customer Care Centre on 13 14 63 or visit an nib Retail Centre.

FOR FURTHER INFORMATION:

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