

13 November 2019

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

**Presentation to the Macquarie Securities Private Health Insurance Meetings**

Attached presentation delivered by nib at the Macquarie Securities private health insurance meetings (13 November 2019).

Yours sincerely,



Roslyn Toms  
**Company Secretary**

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A photograph of a group of people participating in a fitness activity, possibly a group exercise or a race. In the foreground, a woman with blonde hair tied back is smiling broadly and looking down at her wrist, where she appears to be wearing a fitness tracker or a watch. She is wearing a pink tank top and a blue backpack. Behind her, other participants are visible, some wearing blue shirts and others in various athletic wear. The background shows a city street with buildings and a yellow taxi. The image is partially obscured by a dark blue diagonal overlay on the right side.

# Macquarie Private Health Insurance meetings

**Rhod McKensey**  
Group Executive – arhi

# Business strategy



Personalised  
healthcare



Affordability and  
sustainability



Grow the core  
(arhi)



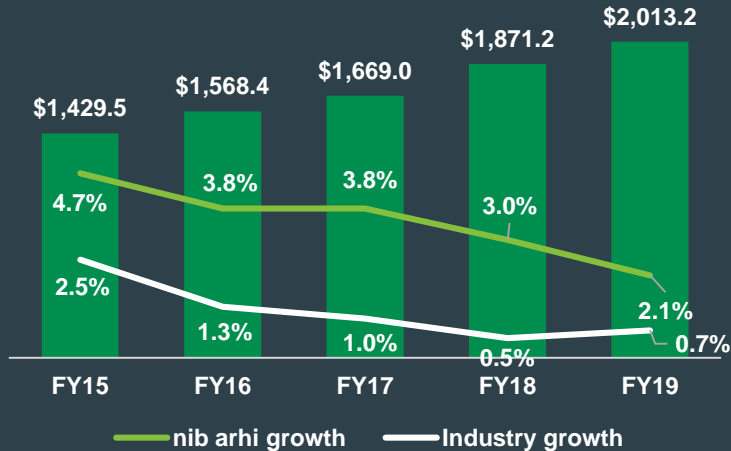
Adjacent  
businesses



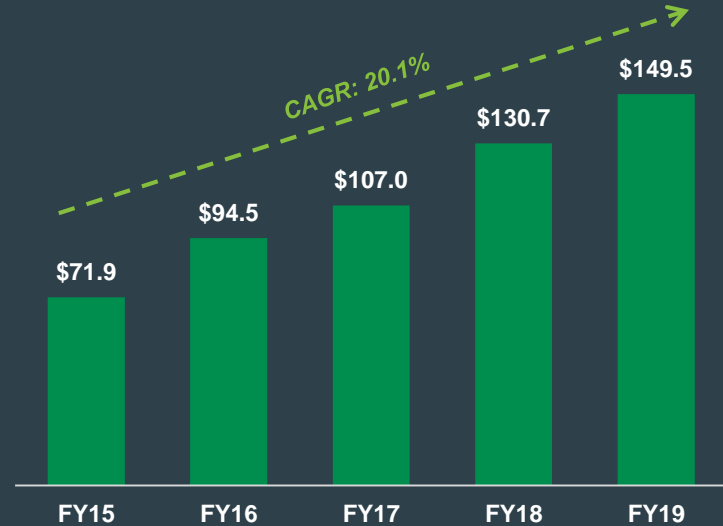
Racing the Red  
Queen (RRQ)

# 5 year performance (arhi)

Premium revenue (\$m) and membership growth (%)



UOP (\$m)



Note: FY18 premium revenue figures include 8 month result from GU Health with business acquired 31 October 2017.

FY18 membership growth excludes GU Health, addition of GU Health policyholders contributed a further 5.2% of net policyholder growth resulting in arhi total net policyholder growth of 8.2% for FY18

# 5 year performance (arhi)

### Net promoter score (%)



### Employee engagement (%)



**537**  
FTEs<sup>3</sup>

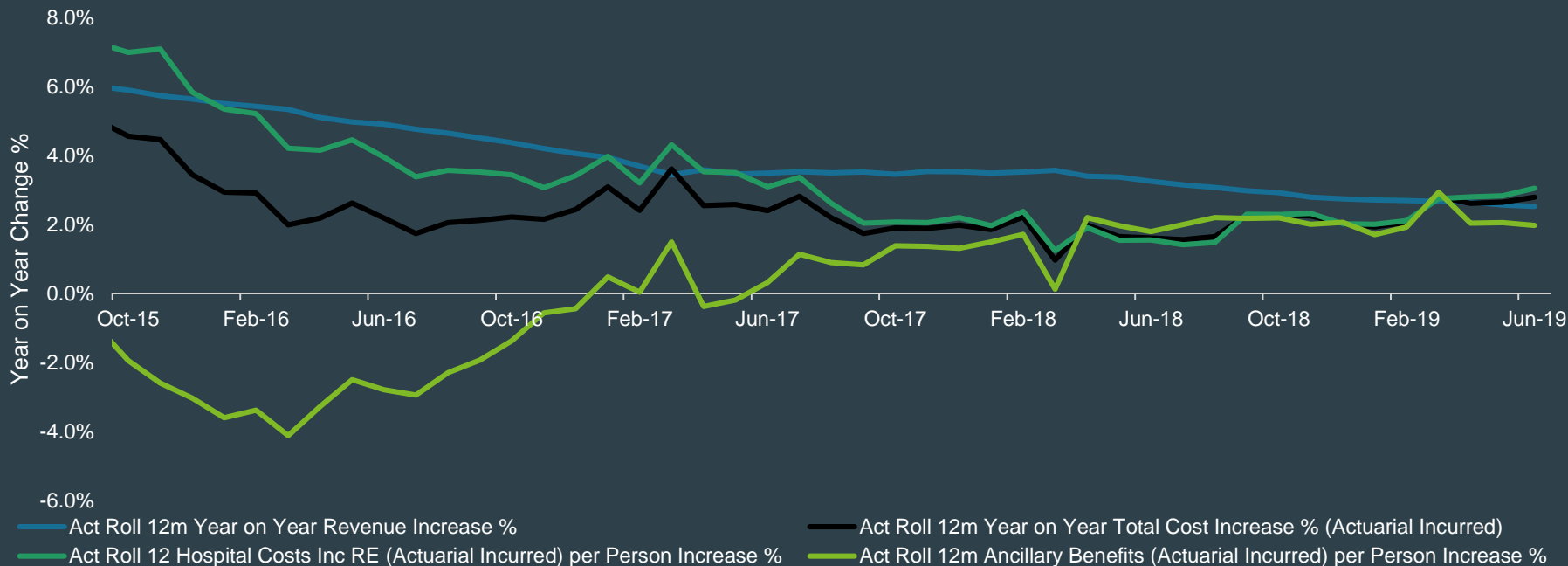
1. 2019 score based on a "pulse check" reduced survey therefore no AU norm available. Full engagement survey conducted every two years.

2. Source: IBM, modelled on employee data from over 400 organisations.

3. arhi division FTEs as at 30 June 2019. Includes GU Health.

# Recent arhi claims trends

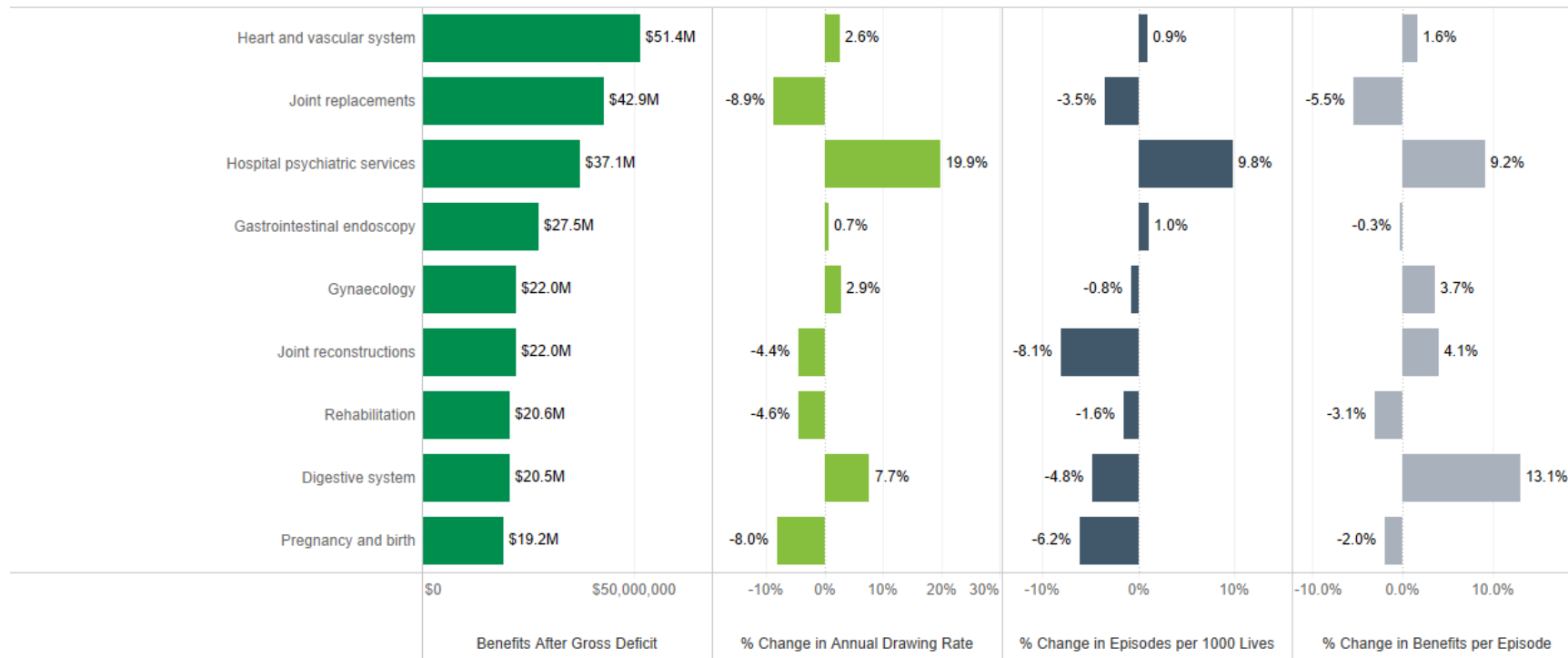
Rolling 12 month change in revenue, total costs, hospital and ancillary benefits (actuarial incurred<sup>1</sup>) per person arhi (excluding GU Health)



1. Actuarial incurred is latest estimate of claims incurred by service month taking into account all payments to date by service month and any claims still estimated to be outstanding as at 31 July 2019 for each service month.

# Hospital and medical claims a key contributor of total arhi claims

A selection of standard clinical definition procedures - Admissions 12 Months to June 2019 - Private and Day Facilities



Developed and  
launched Australia's  
TripAdvisor for health



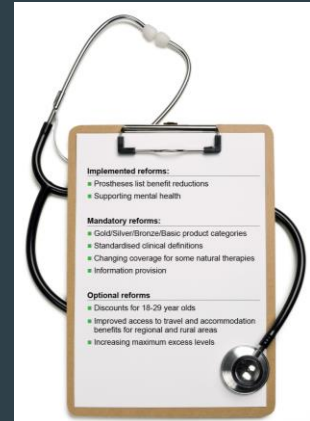
Industry leader in  
whitelabel distribution  
partnerships and  
capability



Acquisition of specialist  
corporate health insurer  
GU Health



Adopted PHI Reforms  
(from 1 April 2019)





## Adverse selection

- Adverse selection is a significant threat in a community-rated environment
- Driving positive selection is a key value lever but requires “whole of business” coordination:
  - Product design and pricing
  - Marketing
  - Distribution
  - Leads management

## White label partnerships

- Aligning incentives contractually is critical
- Partnership “mindset” requires significant commitment
- Agility, iteration and focus are essential ingredients for success

## Member experience

- Members want more than a transactional relationship with their insurer
- Providers slowly accepting cost transparency is inevitable



Brand positioning



Product choice



Personalisation



Channel diversification



Risk selection



Provider networks



Organisational capability

# Consumer empowerment

### Find a Provider

I'M LOOKING FOR...  LOCATED IN...  [SEARCH](#)

6 results for **Cardiothoracic Surgeon (Heart and Lung)** near **Newcastle, NSW**

**DR. Rosaura Mejia**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
 ★★★★★ From 1 patients on Whitecoat  
 3.4 km · 58A Cleary St, Hamilton NSW 2303

**Helpful cost information** for DR. Rosaura Mejia

27 nib members seen over the last 12 months	96% of nib members had no out of pocket costs	\$52 was the average out of pocket cost
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**DR. Peng Seah**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
 7.8 km · Kingston Building, 14 Lookout Rd, New La...

Cost information is unavailable for **DR. Peng Seah**

**DR. Allen James**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
 ★★★★★ From 1 patients on Whitecoat  
 7.9 km · 26 Lookout Rd, New Lambton Heights NSW...

**Helpful cost information** for DR. Allen James

74 nib members seen over the last 12 months	98% of nib members had no out of pocket costs	\$819 was the average out of pocket cost
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**DR. Allen James**  
 Cardiothoracic Surgeon (Heart and Lung), Surgeon  
 ★★★★★ From 1 patients on Whitecoat  
 7.9 km · 26 Lookout Rd, New Lambton Heights NSW 2305

049525911 [Email](#)

**Helpful cost information** for DR. Allen James

74 nib members seen over the last 12 months	98% of nib members had no out of pocket costs	\$819 was the average out of pocket cost
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**Before you book an appointment...**  
 We always recommend checking costs and out of pocket fees, as these may change. It's also a good idea to check your policy by logging in or talking to us to make sure you're covered.

# From sickcare to healthcare



Past and contemporary systems respond to (and have learnt to monetise) sickness or injury



Data science is rapidly enabling deeper insight of individual health risk and capacity to better predict, prevent, manage and more precisely treat disease



System design and technological challenges include:

- access, assembly and security of relevant data sets
- capability to interpret data sets and profile individual risk
- creation/procurement of evidenced-based interventions
- trust and engagement of members and doctors



Benefits to nib

- healthier members
- stronger value proposition
- capacity to fund broader range of products and services
- enhanced role in healthcare systems