

Date:

6 November 2002

Subject

Trading results leave NIB in best of health

Leading NSW health insurer NIB Health Funds achieved its strongest ever trading position during the 2002 financial year.

NIB recorded membership growth of 3.2%, well above the industry average of 0.5%, to finish the year with an operating surplus of \$29.7million.

Accumulated funds and reserves rose to an all-time high of \$173million, making NIB financially one of the strongest health insurers in Australia.

NIB's Chief Executive Officer, Mark Fitzgibbon, said the results reflected the fund's focus on delivering a diversity of services that cater for an increasingly wider range of members' needs and interests.

"Ongoing membership growth has been underpinned by providing access to quality health care at affordable prices, and our strong financial position has allowed us to absorb many cost increases on behalf of our members," Mr Fitzgibbon said.

"Our recent adjustment in contribution rates, at an average of 3%, was the first in three years and among the lowest in the industry.

"However, the development of a wider range of products and services has been a key point of differentiation for NIB in a very competitive market.

"Our private hospital, dental and eye care operations are all proving popular with members and further expansion of these and other health care options will be fundamental to maintaining membership growth."

Membership growth during the financial year 2002 means that NIB is now providing health cover for more than 500,000 Australians.

Membership growth was accompanied by a significantly increased use of services. Total benefits paid to members in 2001-2002 were \$302.4million, up 13.6% on the previous year.

Mr Fitzgibbon said NIB would be focusing on achieving an increased share of the national health insurance market in coming years.

"Although NIB is a mutual body, it cannot exist without being profitable. Our profitability allows us to develop and expand member services and ensures there are always sufficient funds to meet member claims and other liabilities," he said.

He expected NIB to improve its position through further member growth, possible mergers with smaller funds, and ongoing development of electronic business solutions.

"We introduced a number of initiatives during the year that made doing business with NIB much easier for members and intending members," Mr Fitzgibbon said.

NIB Health Funds Limited
A.B.N. 83 000 124 381

Head Office
384 Hunter Street
Newcastle NSW 2300

Phone: 13 14 63
Fax: 02 4921 2444
Web: nib.com.au

Retail centres around Australia

A not for profit registered
health benefits organisation

"While we still have much to do in development across all these areas, we have in place the electronic platforms that can enhance our core competencies and make NIB fund membership as accessible as possible.

"By early next year, we will also have in place a strategic plan that focuses on future growth and capitalizing on opportunities certain to be presented from change and rationalisation in the industry.

Highlights of 2001 - 2002

- Membership growth of 3.2%, taking NIB coverage to 506,226 Australians.
- An operating surplus of \$29.7million for the year, taking financial reserves to record \$173million.
- Contributions from members grew to \$370.4million.
- Total benefits paid to members were \$302.4million, up 13.6% on the previous year.
- Contribution rate adjustment aligned to CPI (average 3% across all tables), one of the industry's lowest increases.

NIB Health Funds Limited
A.B.N. 83 000 124 381

Head Office
384 Hunter Street
Newcastle NSW 2300

Phone: 13 14 63
Fax: 02 4921 2444
Web: nib.com.au

Retail centres around Australia

A not for profit registered
health benefits organisation