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Subject: NIB strong member growth defies industry trend

Leading Australian health cover provider, NIB Health Funds (NIB), continues to defy the trend of flattening membership levels in the health insurance industry with strong growth for the financial year 2004/05.

NIB's membership base grew by 4.2% in the last financial year, compared to the overall industry growth of just 0.8% for the same period. This is the third consecutive year that NIB has recorded higher than industry average growth.

The Hunter-based health insurer increased its membership by almost 12,000 for the 12 months ending 30 June 2005, taking its total membership to 290,940. NIB now provides cover for 622,298 people across Australia.

While NIB continues to build on its strong membership base in New South Wales and the ACT, contributing to the 2004/05 result is the fund's substantial organic growth in Victoria and Queensland, a result of strong marketing campaigns in these states.

According to NIB Health Funds Chief Executive Officer, Mark Fitzgibbon, continued membership growth is vitally important to the future prosperity of the health fund.

"Increasing our membership, particularly in the area of young healthy adults, enables us to spread risk profile across a wider base. Additionally, it will afford the fund greater resources to invest in new and improved member services.

"Our strong growth is testament to the fund's ability to meet member needs by offering affordable products delivered with a high level of customer service. NIB has a reputation for providing value for money health cover. This has provided a significant point of difference for NIB, which operates in an industry where there is little product differentiation between funds," said Mr Fitzgibbon.

The membership growth helped the fund deliver a robust financial result for the financial year. The NIB group returned a surplus of \$29.6 million, a significant increase from the modest 2003/04 return of \$3.3 million.

Revenue increased 16.7% over the previous year and net assets increased by 13.7% to \$219 million.

Mr Fitzgibbon said that while the fund will continue to focus on increasing organic growth, NIB is also investigating acquisition opportunities, particularly in non-traditional and emerging markets.

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