

19 December 2018

Company Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**RE: Approval received for 2019 premium changes**

Private health funds across Australia have today received approval from the Federal Minister for Health for changes to private health insurance premiums.

nib has received approval from the Minister to increase insurance cover premiums for nib health funds by an average of 3.38% across all products. In addition, GU Health insurance premiums will increase by an average of 1.80%.

The changes are effective 1 April 2019.

Please see the attached media release for further information about the premium changes.

Yours sincerely,



Roslyn Toms  
**Company Secretary**

**For further information, please contact:**

Matthew Neat  
Head of Corporate Affairs & Investor Relations  
T: +61 (0)2 4914 1777  
M: +61 (0)411 700 006  
E: [m.neat@nib.com.au](mailto:m.neat@nib.com.au)

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## nib delivers lowest premium change in 16 years and confirms it will adopt PHI Reforms from 1 April 2019

**nib today received Federal Government approval to increase premiums effective 1 April 2019.**

nib also confirmed it will implement the Government's private health insurance reforms (PHI Reforms) from 1 April 2019, including the introduction of discounts for members under the age of 30, classifying products into easy to understand tiers and offering the choice of a higher hospital excess for members.

nib Managing Director, Mark Fitzgibbon, said efforts to hold down claims inflation and keep premiums affordable has helped deliver its lowest average premium increase in 16 years of 3.38%.

"This is the fifth consecutive year we've been able to deliver an average premium change lower than the previous year reflecting our ongoing focus on cost containment and inflation. Even more importantly, from 1 April next year we'll be able to offer discounts to new and existing members under the age of 30 and a higher excess option for all. So potentially, they could actually reduce their premium," Mr Fitzgibbon said.

Mr Fitzgibbon said the average premium increase being reported this year was actually deceptive in as much as the formula for calculating the average increase makes no allowance for the new discounting rules and the higher excess option.

"Insurers like nib which are early adopters of Minister Hunt's reforms will because of age-based discounts and higher excesses, see premium increases below the reported average," he said.

Mr Fitzgibbon took aim at commentators that continually make comparisons between average premium increases and CPI.

"CPI measures the unit costs of a good and service but premium increases are the result of both cost inflation and volume growth. CPI and cost inflation is less than half the story. Premium increases principally reflect the growing demand for healthcare treatment not cost inflation," he said.

Mr Fitzgibbon said nib is also doing more to help members make better healthcare decisions.

"There's no better example than our recently launched Going to Hospital Tool which helps members answer questions such as: 'am I covered for this procedure, will it cost me anything and which medical specialist should I see?' One-in-four nib members now contact us before they go to hospital, compared to about one-in-eight a year ago. In time, we expect it will be the first port of call for all our members and have it all online," he said.

Mr Fitzgibbon added that more than 10,000 nib members have enrolled in health management programs to improve or manage health conditions and reduce the risk of illness and hospitalisation.

nib will notify members of changes and what they mean for their cover in the months ahead.

"We've made a significant investment in frontline systems to make sure we can support and help guide our members through these changes," Mr Fitzgibbon added.

### MEDIA AND INVESTOR RELATIONS

**Matthew Neat**

Head of Corporate Affairs & Investor Relations

Tel: +61 (0)2 4914 1777 or 0411 700 006 (+61 411 700 006)

Email: [m.neat@nib.com.au](mailto:m.neat@nib.com.au)