

## nib postpones 2.72% premium rise five months to September 2023

- Annual premium increase at 2.72% is second lowest in 20 years
- Increase is delayed by five months until 1 September
- Further review expected mid-year

nib holdings Limited (nib) (ASX: NHF) will increase its private health insurance premium by 2.72%, the second lowest annual premium rise in 20 years and below the industry average of 2.90%. nib will defer the increase for five months to 1 September, 2023.

nib Chief Executive and Managing Director, Mark Fitzgibbon, said nib's decision to defer the premium rise reflects the continued slow pace of claims, which remain below pre-COVID levels for hospital treatment, and nib's continued focus on affordability of private health insurance for members.

nib has postponed its annual premium increase three times since the beginning of the COVID-19 pandemic.

Australia's Federal Health Minister, Mark Butler, and the Department of Health and Aged Care approve industry-wide, annual private health insurance premium increases, effective from 1 April. The industry average increase, at 2.90%, is below the 10-year average rise of 4.40%, according to the Minister.

"Householders are facing very strong cost of living pressures," Mr Fitzgibbon said. "nib's premium increase is below the industry average, much lower than inflation, and less than the price rises we have experienced in many parts of the health sector. We also anticipated claims would be back to pre-COVID levels by now, but we have not seen that yet.

"We're conscious of containing premium increases, in line with our commitment not to profiteer from the COVID-19 pandemic, and with an ongoing focus on value for members."

The deferral brings nib's Group COVID-19 support package to more than \$175 million<sup>1</sup>.

In 2022, nib announced it would give back \$40 million in claims savings to more than 600,000 members; and delayed its 1 April premium increase of 2.66% - the lowest in 20-years - to 1 November 2022. It extended COVID-19 cover for a limited period, and announced that telehealth services, which were introduced at the start of the pandemic, were here to stay.

nib also invested in a range of targeted health management programs, giving members access to support services to better manage chronic diseases. These include cardiovascular, weight loss and diabetes programs.

"Investing in our members' better health and wellbeing has resulted in a drop in rates of unplanned hospital re-admissions by around 16% in one of our managed health programs," Mr Fitzgibbon said. "That's a good outcome for the member, their family and community. We are committed to delivering better health outcomes for members."

Mr Fitzgibbon said nib will assess the deferred premium increase before September to determine what's appropriate given claims experience. "So far, the claims environment has been benign," he said. "That may change."

He said factors nib considered when applying for a premium increase of 2.72% include claims inflation that may arise later in the year, and into 2024. For example, costs for heart and vascular procedures rose 3.40%, and costs for hernia and appendix operations rose 6.40% in FY22. nib also considered the outlook for general inflation in the economy, which feeds into healthcare costs.

In Australia, private health insurance operates under a community rating rule: health insurers must provide cover for any Australian citizen regardless of pre-existing conditions and charge the same premium for the same product.

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<sup>1</sup> Figure represents COVID-19 support across the nib Group.



In some circumstances, there may be waiting periods before cover is provided. To spread more evenly the weight of claims that flow across the sector, private health funds contribute to a risk equalisation pool. “nib is the single biggest contributor to the risk equalisation pool among health funds, paying \$208 million in FY22,” Mr Fitzgibbon said.

“And although we recognised through the year that claims were lower, we still paid out \$1.7 billion in claims in FY22<sup>2</sup>. This covered more than 306,000 hospital visits and 3.6 million ancillary health visits to physiotherapists, dentists and other health providers.

“More than 2,000 of our claims were for amounts above \$50,000<sup>3</sup>. We are meeting the needs of members and remain aware that if the external environment changes, we need to be in a position where we continue to meet those needs and deliver value.”

nib will notify eligible<sup>4</sup> members of the premium postponement with the changes automatically applied to their health cover policy.



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Company Secretary

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This announcement has been authorised for release by Roslyn Toms, nib Company Secretary.

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<sup>2</sup> Claims data refers to Australian residents' health insurance members only, including whitelabel partners and GU Health. Excludes DCL and OSC provision movement.

<sup>3</sup> Claims data refers to Financial Year 2022.

<sup>4</sup> Available to arhi members (including whitelabel partners), excludes GU Health.

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