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8 November 2016

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

Presentation to UBS Australasia Conference – November 2016

Attached presentation delivered by nib at the UBS Australasia Conference (8 November 2016).

Yours sincerely

Michelle McPherson
Company Secretary/Chief Financial Officer

UBS AUSTRALASIA CONFERENCE 2016

MARK FITZGIBBON
8 NOVEMBER 2016

nib

PRIVATE HEALTH INSURANCE

EVOLUTION OR REVOLVING DOOR?

nib

HERE AND NOW

Insurers and/or policyholders mostly pay whatever doctors and hospitals demand based upon fee for service. Fee variation is widespread.

Doctors, hospitals and every other clinical provider have an economic incentive to drive volume. Treatment variation is widespread.

Consumers don't know any better and mostly don't care (moral hazard). Have little ability to assess best option. Often think higher the fee the better the doctor.

Insurers pay the same fee irrespective of clinical performance and quality.

Regulatory settings guarantee "floor prices" irrespective of clinical performance and efficiency.

As only one payer and due to regulatory constraints (e.g. restriction on out of hospital care and risk equalisation) PHI has little capability and incentive to encourage more integrated and holistic healthcare care.

Digital platforms are only just emerging to help consumers make more informed choices around doctors, dentists and other clinicians (e.g. Whitecoat).

Private health insurance premiums have been rising 5-7% per annum. Regulatory failure explains lack of price competition:

- Price signalling and risk implicit in approval process
- Risk equalisation
- Floor prices

BY 2020

PHI, States and Commonwealth payers together contract with GPs (healthcare home) for the purposes of better managing “frequent flyers” and reducing unnecessary volume. No one pays hospitals for “never ever” events and other makers of poor clinical quality, such as re-admission within seven days.

Consumers and their GPs have at their fingertips access to data on treatment options and choice of doctor, dentist or clinician. Information includes:

- Fees and likely out of pockets
- Treatment volumes and experience
- Hospital sourced clinical performance data
- Patient reported experiences
- Patient reported outcomes

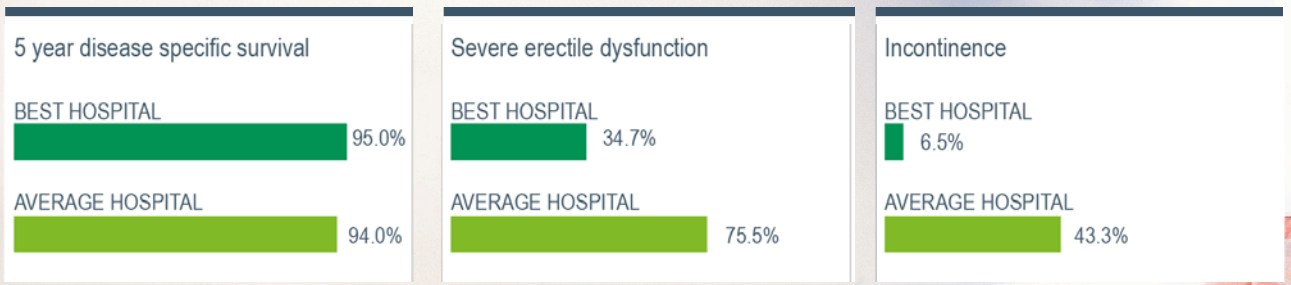
Consumers are more able to readily transact with healthcare providers (e.g. search, online bookings and payments).

Some remediation of regulatory failure. PHI premiums increase in range of 4-6%.

VARIATION IN HEALTH OUTCOMES IS A WORLD-WIDE PROBLEM

Outcome customer measurement and transparency is key to driving down variation.

Measuring multiple outcomes | Prostate cancer care in Germany



Source: ICHOM

BY 2025

Every Australian has a designated healthcare home. PHI, States and Commonwealth collaborate and jointly fund:

- Systems and data integration (including personal electronic health record)
- Case managers and specialists human resources (e.g. social workers)
- GP incentives for improving health outcomes/ reducing costs

Healthcare has become all the more personalised courtesy of the internet of things, artificial intelligence and genomics.

Additional foreign PHI companies operate in Australia and there is more significant integration with life insurance offerings.

Digital platforms such as Whitecoat service both PHI and social insurance systems such as Medicare, DVA and iCare.

DVA is outsourced and operated by PHI.

Private hospitals role in building and operating public hospitals is significant and accelerating.

Doctors and hospitals compete with international healthcare providers but conversely, service many foreigners. Medical travel is growing.

BY 2040

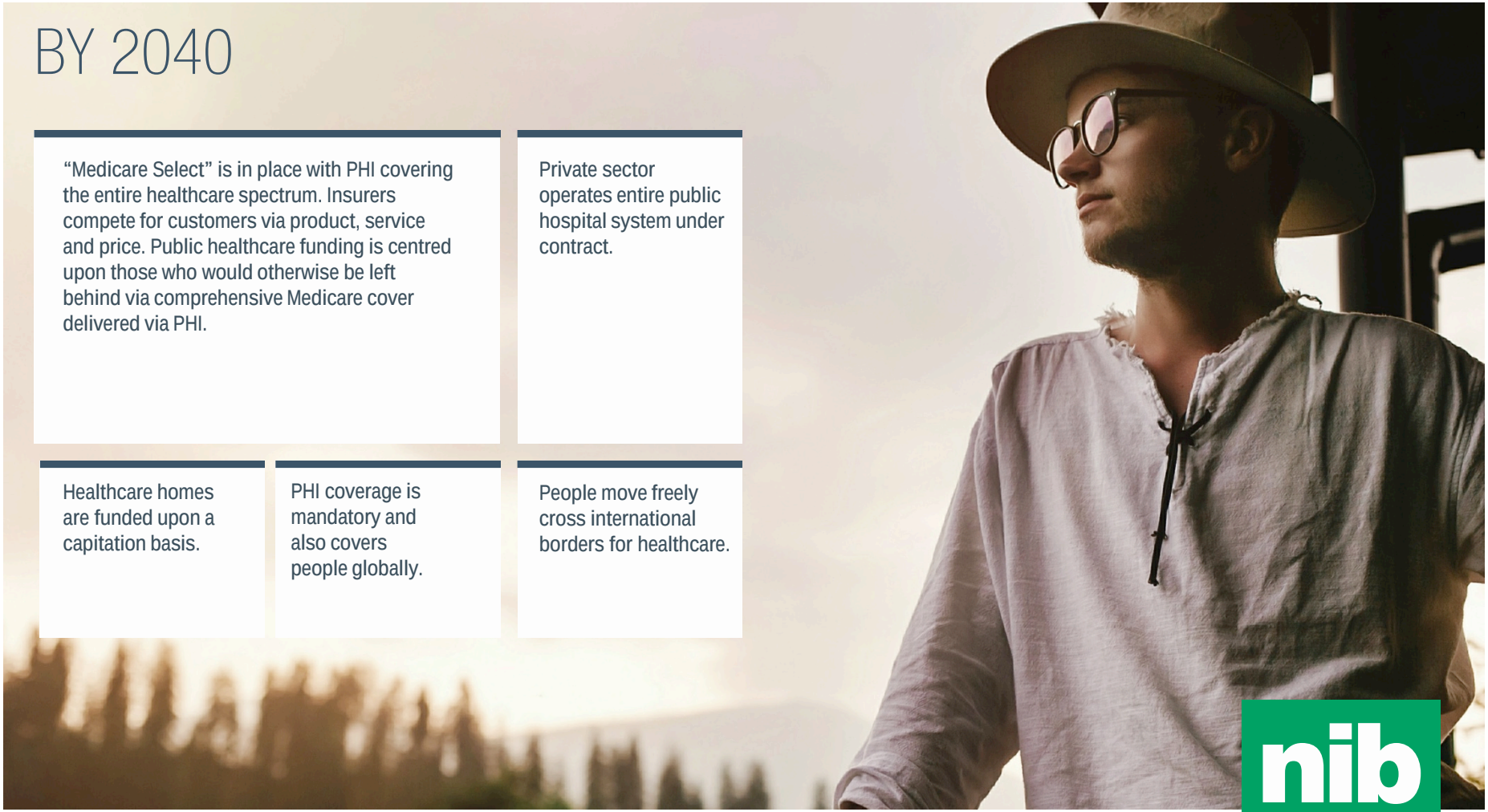
"Medicare Select" is in place with PHI covering the entire healthcare spectrum. Insurers compete for customers via product, service and price. Public healthcare funding is centred upon those who would otherwise be left behind via comprehensive Medicare cover delivered via PHI.

Private sector operates entire public hospital system under contract.

Healthcare homes are funded upon a capitation basis.

PHI coverage is mandatory and also covers people globally.

People move freely cross international borders for healthcare.




THANK YOU