

Friday 25 February 2011

Attn: Emma Badhni  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney, NSW, 2000


Lodged ASX Company Announcements Platform (electronically)

## RE: nib confirms 2011 price and product changes

Please find attached nib media release confirming approval of nib's 2011 price and product changes by the Federal Government's Department of Health and Ageing.

nib has received approval to increase its premiums by an average of 6.19% across all products (effective 1 April 2011) and maintains its FY11 net underwriting margin guidance of 5.4-5.7% and pre tax underwriting profit of \$55-\$58 million.

Yours sincerely



Michelle McPherson  
Chief Financial Officer &  
Company Secretary

**Date** 25 February 2011  
**Subject** 2011 price and product changes

nib health funds limited (nib) has received approval from the Federal Government's Department of Health and Ageing to increase its premiums by an average of 6.19% across all products.

These changes will be effective from 1 April 2011.

nib's Chief Executive Officer, Mr Mark Fitzgibbon, said premium changes are necessary to keep pace with the rising cost of providing health care services and to maintain the level of health cover our customers expect.

"In the 2010 calendar year we paid almost \$800 million in benefits. This is an increase of more than 8% on the previous year and represents a return of about 85 cents for every \$1 contributed in premiums," Mr Fitzgibbon said.

"We understand that premium changes are never good news for our customers. However, every effort has been made to minimise premium increases as much as possible to ensure nib remains one of Australia's best value health funds," Mr Fitzgibbon added.

nib's premium changes will vary across individual products and result in almost two thirds of nib policyholders receiving an increase of less than \$2 per week.

Mr Fitzgibbon added that caution has to be exercised in comparing percentage increases across health funds as some like nib have lower average premiums to start with.

"Our customers' average premium per person following the increase will be approximately \$1250. This is more than 7% lower than our estimate of the industry average premium per person of almost \$1345, supporting our position as one of Australia's most affordable health funds."

nib also singled out the increasing contribution it is obliged to make to the industry's risk equalisation scheme as a pressure point for it. The risk equalisation scheme requires all insurers to contribute towards the costs of claims made by older policyholders of all insurers. Because nib has such a young profile its contribution towards the scheme has increased by almost 300% during the past five years from \$37.3 million to in FY05 to \$107.3 million in FY10.

In addition to the premium changes, some cover changes have been made to align with shifting demand and preferences. nib policyholders are encouraged to check for any changes when they receive their premium notification from next week.

## **nib Product Price Comparison Examples – 1 April 2010 vs 1 April 2011**

The below table indicates the year on year price comparisons for a single, couple and family on a nib product.

Product	1 April 2010	1 April 2011	Difference per week
<b>Single</b>			
Basic Saver \$500 excess	\$10.95	\$11.95	\$1.00
<b>Couple</b>			
Basic Plus \$500 Excess	\$31.71	\$33.29	\$1.58
<b>Family</b>			
Top Cover \$500 Excess	\$66.71	\$69.37	\$2.66

*Figures used in the above table are weekly premiums for NSW and include a discount of 4% for direct debit from a cheque or savings account, Federal Government 30% Rebate on Private Health Insurance and excludes Lifetime Health Cover Loadings.*

## **FOR FURTHER INFORMATION:**

Matthew Neat  
 Tel: 02 4914 1777  
 Mob: 0411 700 006  
 Email: m.neat@nib.com.au