



STATISTICS

Quarterly private health insurance statistics - highlights

March 2021 (released 18 May 2021)

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Highlights for the year to 31 March 2021

The PHI industry reported lower insurance profits in the year to 31 March 2021 (Table 1), primarily due to the deferral of the April 2020 premium increases and other concessions provided to policyholders in response to the COVID 19 pandemic. Fund benefits (claims) increased 2.1 per cent during the year, largely due to the deferred claims liability (DCL) raised by insurers to meet the cost of procedures deferred during the pandemic.¹ The industry reported higher investment earnings in the year to 31 March 2021, following the COVID-19 induced shock to investment markets in the March quarter 2020. The net impact of the weaker insurance earnings and recovery in investment income during the year was a 2.2 per cent decline in net profits after tax to \$952 million.

It is still too early to assess the full impact of COVID-19 on PHI claims and the extent and timing of any rebound in claims following the pandemic. The DCL has remained largely unchanged in recent quarters but is expected to reduce over the rest of 2021, in the absence of any further COVID-19 driven restrictions on health services.

Hospital treatment membership² increased by 170,219 persons during the year to 31 March 2021. However, the longer-term ageing trend in hospital membership continued, with membership in the 50+ age group increasing by 97,291 persons, while membership among people aged 20 to 49 increased by 45,112 persons over the year (Chart 3).

Future membership growth among younger people is likely to continue to be challenged by ongoing concerns with value and affordability of private health insurance. Membership growth among younger people is important because the underlying ageing demographic trends in membership have been contributing to increasing average claims trends as older age groups generally claim more than the younger population. In the year to 31 March 2021, claims per policy rose 1.1 per cent³ (Chart 5).

Table 1. Key performance data/metrics for the year to date

	Year to March 2020	Year to March 2021	Yearly Change
Premium revenue	\$25.0 bn	\$25.2 bn	0.7%
Fund benefits (claims)	\$21.7 bn	\$22.2 bn	2.1%
Gross Margin	13.0%	11.8%	-1.2pp
Management expenses	\$2.3 bn	\$2.4 bn	5.7%
Net Margin	4.0%	2.3%	-1.6pp
Net investment income	\$94.7 m	\$645.5 m	581.4%
Net profits after tax	\$973.1 m	\$951.5 m	-2.2%

¹ The deferred claims liability at the end of the March quarter 2021 was \$1.8 billion.

² Some of the membership increases may reflect policy suspensions being reinstated.

³ Claims growth in the year ended March 2021 was also impacted by the establishment of DCL.

Highlights for the quarter ended 31 March 2021

The industry reported higher insurance profits in the March quarter 2021, with fund benefits (claims)⁴ falling at a higher rate than premium revenue (Chart 1). The insurance result was largely offset by lower investment income, and this resulted in the industry reporting a 1.1 per cent decrease in net profits after tax in the quarter.

Premium revenue fell by 0.8 per cent to \$6.4 billion (Table 2) in the March quarter 2021. This was driven by seasonal decline in the March quarter, partially offset by an increase in hospital membership of 59,879 persons. Fund benefits (claims) in the March quarter declined 4.2 per cent. The number of hospital episodes declined in the quarter and remain below pre-COVID levels (Chart 4), while the number of ancillary services at the end of March 2021 remained slightly above pre-COVID levels.

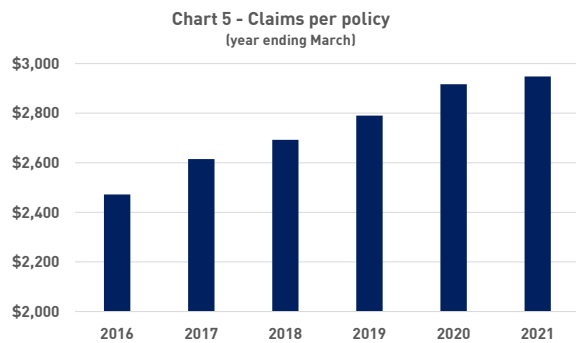
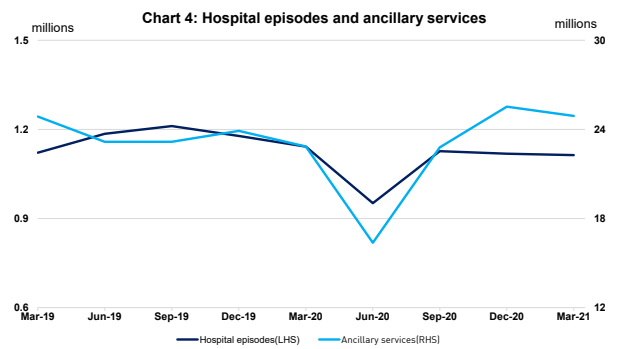
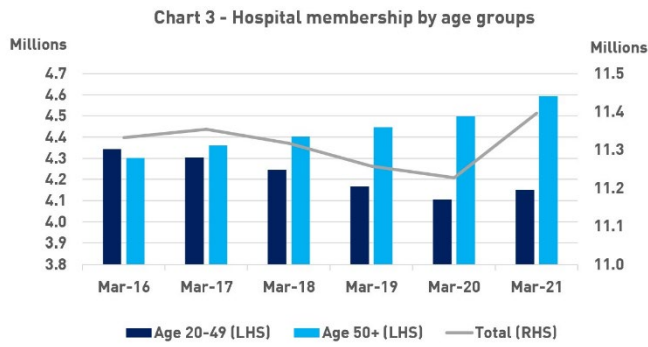
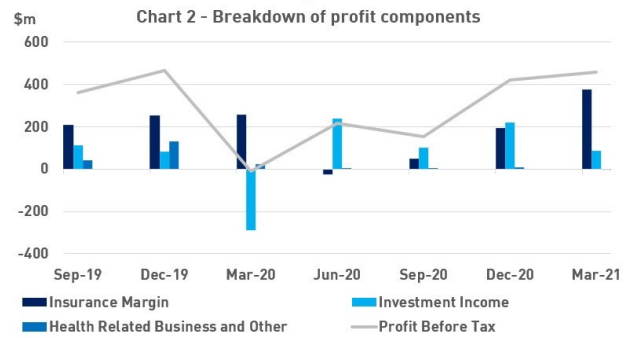
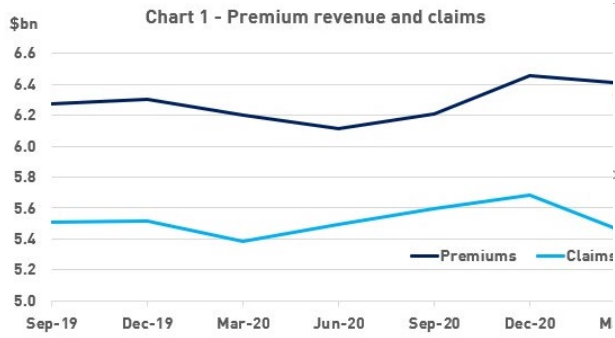
The quarterly fall in investment income (Chart 2) was due to lower returns on interest bearing investments.

Table 2. Key performance data/metrics for the quarter

	Dec-2020 Quarter	Mar-2021 Quarter	Quarterly Change
Premium revenue	\$6.5 bn	\$6.4 bn	-0.8%
Fund benefits (claims)	\$5.7 bn	\$5.4 bn	-4.2%
Gross Margin	12.0%	15.0%	3.0pp
Management expenses	\$583.2 m	\$588.3m	0.9%
Net Margin	3.0%	5.9%	2.9pp
Net investment income	\$220.6 m	\$86.5 m	-60.8%
Net profits after tax	\$342.4 m	\$338.8 m	-1.1%

⁴ This refers to benefits reported in financial statements in accordance with the relevant accounting standards, including claims incurred but not reported and claims that are processed but not yet paid which are on an accrual basis. Other benefits statistics in the Membership and Benefits, and Benefits Trends sections of this publication refer to benefits paid and reported on a cash basis.

Historical performance trends





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