



STATISTICS

Quarterly private health insurance statistics - highlights

June 2021 (released 17 August 2021)

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Highlights for the year to 30 June 2021

In the year to 30 June 2021, industry profitability was higher than for the year to 30 June 2020, driven by stronger insurance profits and investment income (Chart 1).

Premium revenue grew 3.2 per cent over the year, due to membership growth and premium rate increases. Claims growth remained relatively flat, and was partially impacted by movements in insurers' Deferred Claims Liabilities (DCL)¹. The combined impact of these factors was that gross margins increased to 14.5 per cent in the year ending 30 June 2021 (Chart 2). The ongoing uncertainty in relation to COVID-19 impacts on future claims, particularly given the current lockdowns in many areas, makes it more challenging for the industry to assess the near-term direction of the DCL.

Management expenses increased 5.2 per cent during the year (in line with the 5-year average), driven by growth in operational and administration expenses. Net margins were 5.0 per cent for the year ending 30 June 2021 (Chart 2) and there was a recovery in investment earnings during the year, following materially lower investment earnings in the year to June 2020.

Hospital treatment membership² increased by 245,189 persons during the year. The longer-term ageing trend in hospital membership continued, with membership in the 50+ age group increasing by 122,786 persons (Chart 3) compared with membership among the younger population (insured persons aged 20 to 49) which increased by 70,389 persons during the year (Chart 3).

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

	Year to June 2020	Year to June 2021	Yearly Change
Premium revenue	\$24.9 bn	\$25.7 bn	3.2%
Fund benefits (claims)	\$21.9 bn	\$22.0 bn	0.3%
Gross Margin	12.0%	14.5%	2.4pp
Management expenses	\$2.3 bn	\$2.4 bn	5.2%
Net Margin	2.8%	5.0%	2.3pp
Net investment income	\$146.2 m	\$603.9 m	313.2%
Net profits after tax	\$754.0 m	\$1.5 bn	93.7%

Highlights for the quarter ended 30 June 2021

The industry reported an increase in profits in the June quarter 2021 due to higher premiums, lower claims costs (with insurers reducing their DCL) and higher investment income. These drivers were

¹ Claims are 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. The deferred claims liability (DCL) was raised by insurers to meet the cost of procedures deferred during the pandemic.

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

partially offset by a seasonal increase in management expenses during the quarter (Chart 4). Operational and administration expenses were the largest contributor to management expenses growth in the June quarter 2021, and this was similar to the results for the June quarter 2020.

Premium revenue increased 3.3 per cent in the June quarter 2021 (Table 2), underpinned by the 1 April 2021 premium rate increases and a further increase in membership. The industry released \$0.4 billion DCL in the June quarter 2021, some of which contributed to a 3.4 per cent decline in claims³ (Chart 5).

Hospital episodes increased by 9.7 per cent in the June quarter 2021, while the number of ancillary services declined 5.3 per cent (Chart 6). The current COVID-19 lockdowns are likely to have a material effect on utilisations of private health insurance in the September quarter 2021.

The quarterly increase in investment income was mainly due to gains on equities investments.

Table 2. Key performance data/metrics for the quarter

	Mar-2021 Quarter	Jun-2021 Quarter	Quarterly Change
Premium revenue	\$6.4 bn	\$6.6 bn	3.3%
Fund benefits (claims)	\$5.4 bn	\$5.3 bn	-3.4%
Gross Margin	15.0%	20.6%	5.6pp
Management expenses	\$588.3m	\$683.3m	16.2%
Net Margin	5.9%	10.3%	4.4pp
Net investment income	\$86.5 m	\$197.4 m	128.1%
Net profits after tax	\$338.8 m	\$667.2 m	96.9%

³ The DCL reported by insurers was \$1.4 billion at the end of the June quarter 2021.

Historical performance trends

Chart 1 – Breakdown of profit components (Year ending)

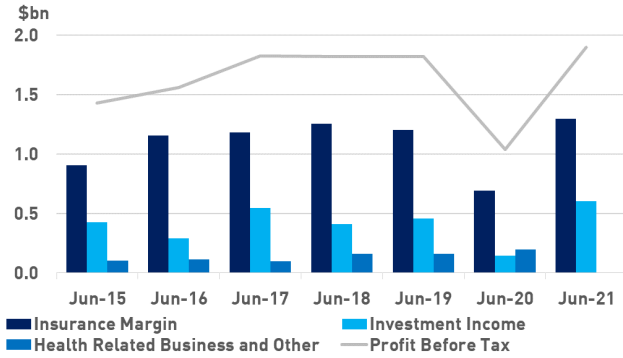


Chart 2 - Gross and net margins (year ending June)

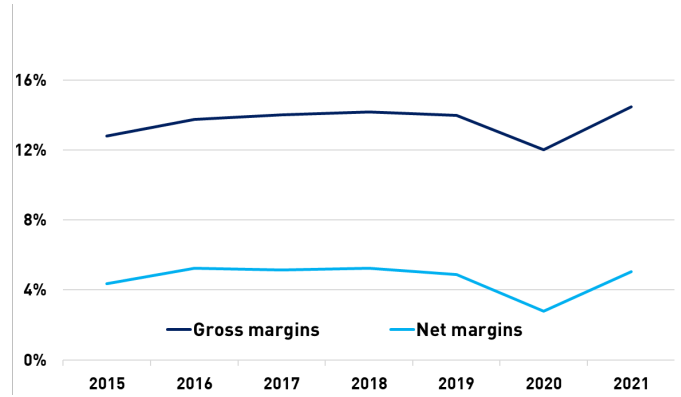


Chart 3 – Hospital membership by age groups

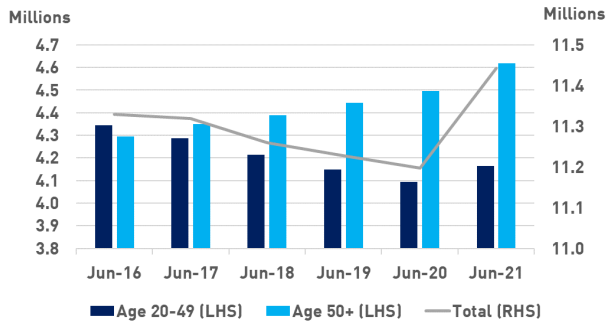


Chart 4 – Contributions to quarterly growth in profits

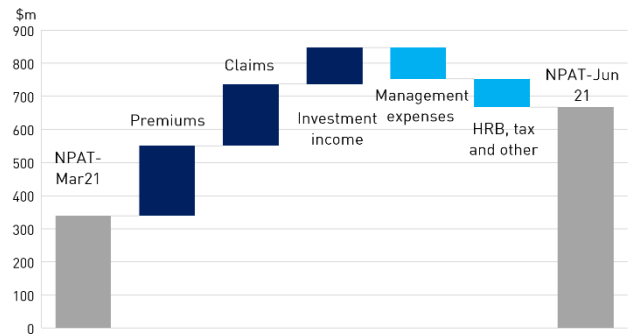


Chart 5 – Premium revenue and claims

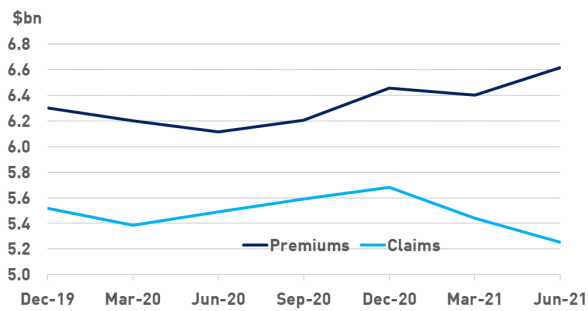
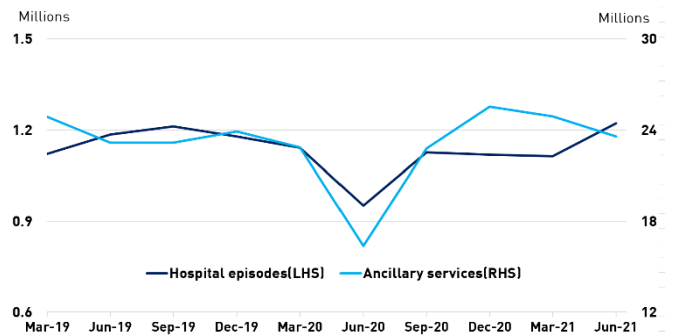


Chart 6 – Hospital episodes and ancillary services





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