



STATISTICS

Quarterly private health insurance statistics - highlights

December 2021 (released 2 March 2022)

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Highlights for the year to 31 December 2021

Industry profitability was materially higher in the year to 31 December 2021, when compared to the result for the prior year. The increase in profitability in the year to December 2021 was driven by recovery in insurance profits and investment income following the weak margins and investment returns during the height of the pandemic in 2020 (Chart 1).

Premium revenue grew 5.8 per cent over the year, from a combination of membership growth and premium rate increases (Chart 2). Fund benefits (claims) decreased slightly over the course of the year, due to various COVID-19 restrictions imposed across Australia and movements in insurers' Deferred Claims Liabilities (DCL)¹. As a result, gross and net margins increased in comparison to the prior year to 17.2 per cent and 7.7 per cent respectively (Chart 3).

Management expenses increased 6.6 per cent during the year, driven by increases in operational and administration expenses. The industry also reported higher investment earnings in the year to December 2021, with strong performance in equities investments being the primary driver.

Hospital treatment membership increased by 228,506 persons during the year. Hospital coverage continued to increase during the year, taking total membership to 44.9 per cent of the population (year to December 2020: 44.1 per cent), continuing the strong growth experienced over the past two years (Chart 4). The longer-term ageing trend in hospital membership continued in the year to December 2021, with membership in the 50+ age group increasing by 119,425 persons whereas membership among the younger population (insured persons aged 20 to 49) increased by 61,372 persons.

Table 1: Key performance data/metrics for the year at a glance²

	Year ended 31 December 2020	Year ended 31 December 2021	Yearly Change
Premium revenue	\$25.0 bn	\$26.4 bn	5.8%
Fund benefits (claims)	\$22.1 bn	\$21.9 bn	-1.2%
Gross Margin	11.3%	17.2%	5.9pp
Management expenses	\$2.4 bn	\$2.5 bn	6.6%
Net Margin	1.9%	7.7%	5.8pp
Net investment income	\$270.2 m	\$448.6 m	66.1%
Net profit after tax	\$558.8 m	\$1.8 bn	229.3%

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 DCL was raised by insurers to meet the cost of procedures deferred during the pandemic.

² Data on industry segments and classes of business is available in the publication

Highlights for the quarter ended 31 December 2021

In the December quarter 2021, the industry reported a decline in profits which was predominantly driven by increased claims costs in the quarter (Chart 5). As a result, gross and net margins were both lower relative to the prior quarter.

Premium revenue increased marginally by 0.5 per cent in the December quarter 2021 (Table 2). Fund benefits increased by 5.6 per cent, primarily driven by a material increase in ancillary services as New South Wales and Victoria emerged from prolonged lockdowns. In response to the lockdowns and the suspension of elective surgeries, insurers added \$211 million of DCL in the December quarter 2021³.

Investment earnings grew by 47.9 per cent during the quarter. This was due to a strong performance in equities investments, partially offset by losses on interest rate investments during the quarter.

Hospital episodes fell by 6.5 per cent in the December quarter 2021. The number of ancillary services increased by 30.6 per cent (Chart 6) as COVID-19 restrictions were eased in the eastern states and the seasonal effect of many health funds resetting benefit limits, prompting policyholders to use their extras cover before the end of the year.

Table 2: Key performance data/metrics for the quarter at a glance

	September Quarter 2021	December Quarter 2021	Quarterly Change
Premium revenue	\$6.7 bn	\$6.7 bn	0.5%
Fund benefits (claims)	\$5.4 bn	\$5.7 bn	5.6%
Gross Margin	18.7%	14.5%	-4.2pp
Management expenses	\$609.7 m	\$633.3 m	3.9%
Net Margin	9.6%	5.1%	-4.5pp
Net investment income	\$66.5 m	\$98.3 m	47.9%
Net profit after tax	\$486.5 m	\$347.3 m	-28.6%

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

Historical performance trends

Chart 1 – Breakdown of profit components (Year ending)

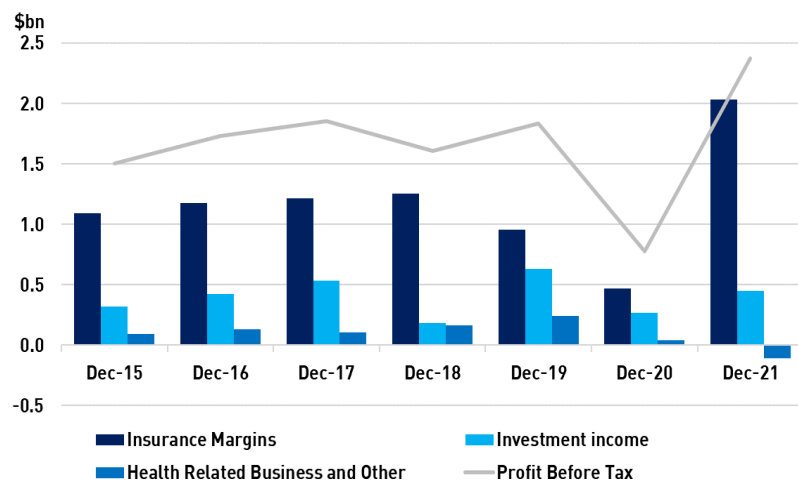


Chart 2 – Premium revenue and claim costs

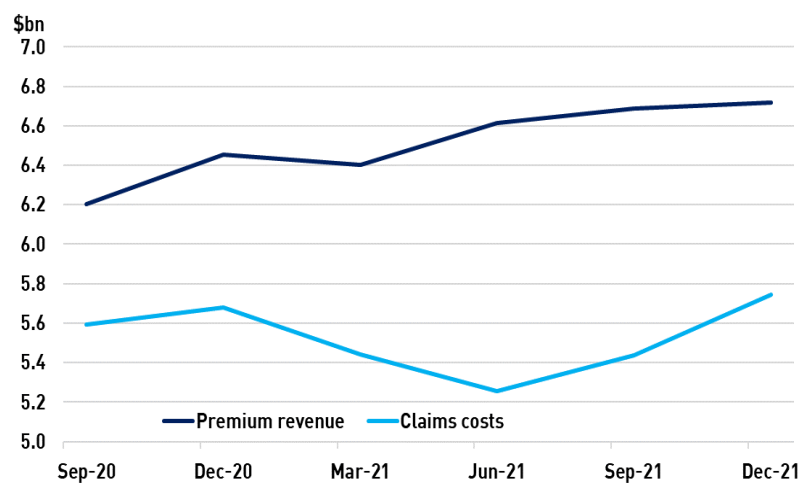


Chart 3 – Gross and net margins (Year ending)

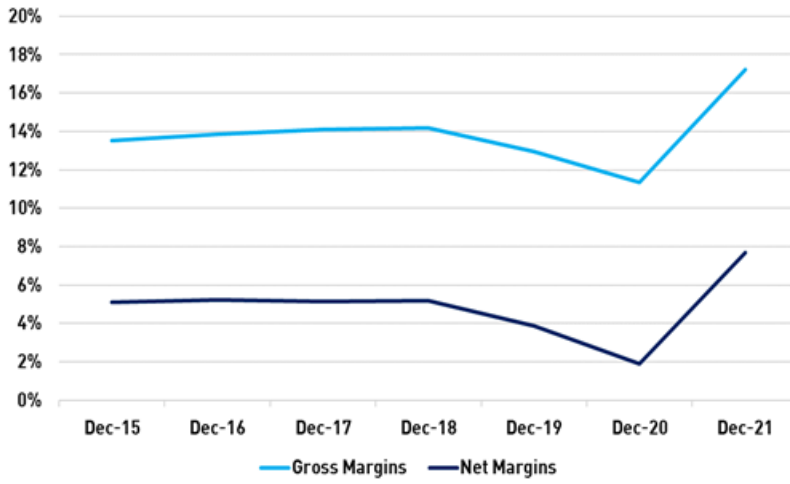


Chart 4 – Hospital treatment membership by age groups

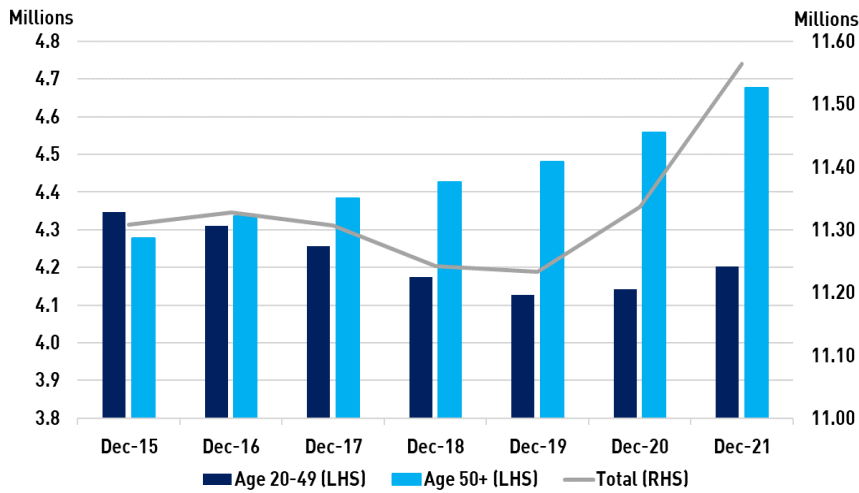


Chart 5 – Contributions to quarterly growth in profits

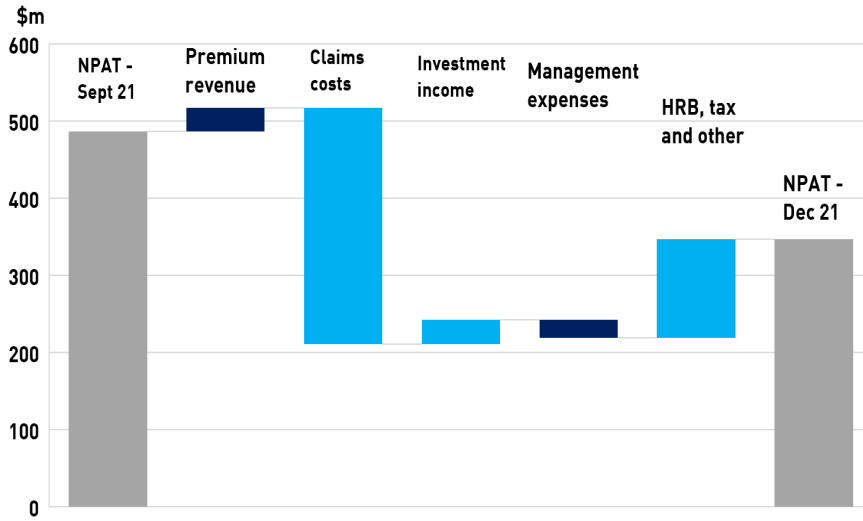
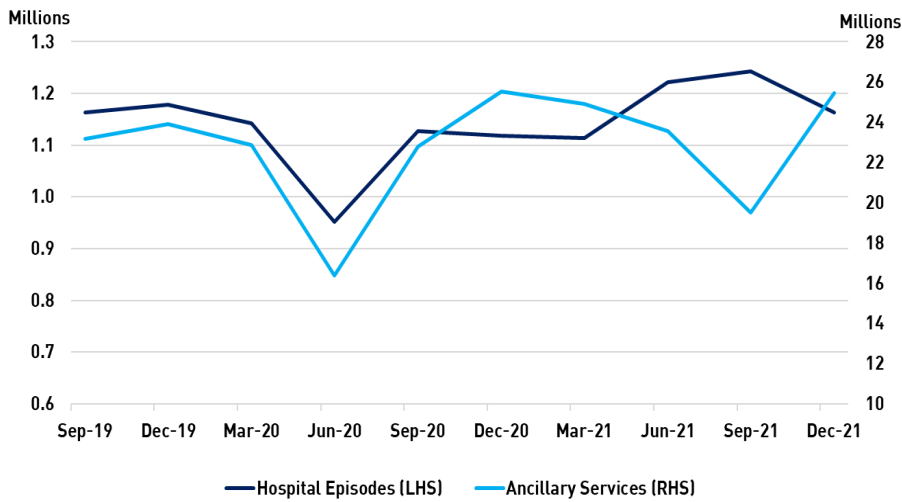


Chart 6 – Hospital episodes and ancillary service





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