



STATISTICS

Quarterly private health insurance statistics - highlights

March 2022 (released 25 May 2022)

Disclaimer Text

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Highlights for the year to 31 March 2022

Premium revenue grew 5.6 per cent over the year, from a combination of membership growth and premium rate increases (Chart 1). Fund benefits (claims) decreased 2.8 per cent over the year, because of COVID-19 restrictions and movements in insurers' Deferred Claims Liabilities (DCL)¹. These trends resulted in strengthening gross and net margins, which increased to 18.8 per cent and 9.2 per cent respectively (Chart 2). Management expenses increased 7.2 per cent during the year, driven primarily by an increase in operational and administration expenses, moderating the net margin.

The industry reported an increase in net profit after tax over the year to March 2022 of \$2.0 billion compared to the previous year (Table 1). This increase in profitability was due to higher insurance profits, partially offset by a fall in investment income (Chart 3). A proportion of the reported insurance profit is expected to be offset over the coming months through insurer commitments not to profit from COVID-19, such as via premium increase deferrals or other giveback means.

Investment earnings fell due to financial market volatility across all asset classes over the year to March 2022.

Hospital treatment membership increased by 2.0 per cent or 224,858 persons during the year. Hospital coverage continued to increase during the year, taking total membership to 45.1 per cent of the population (year to March 2021: 44.3 per cent), continuing the strong membership growth experienced over the past two years (Chart 4).

The longer-term ageing trend in hospital membership continued in the year to March 2022, with membership in the 50+ age group increasing by 2.5 per cent or 114,384 persons whereas membership among the younger population (insured persons aged 20 to 49) increased by 1.6 per cent or 64,634 persons.

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

	Year ended 31 March 2021	Year ended 31 March 2022	Yearly Change
Premium revenue	\$25.2 bn	\$26.6 bn	5.6%
Fund benefits (claims)	\$22.2 bn	\$21.6 bn	-2.8%
Gross Margin	11.8%	18.8%	7.0pp

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.

Management expenses	\$2.4 bn	\$2.6 bn	7.3%
Net Margin	2.3%	9.2%	6.9pp
Net investment income	\$645.5 m	\$207.9 m	-67.8%
Net profit after tax	\$0.95 bn	\$2.0 bn	107.8%

Highlights for the quarter ended 31 March 2022

Premium revenue declined by 2.3 per cent in the March quarter 2022. Fund benefits fell by 10.5 per cent, primarily driven by strong declines in hospital treatment from restrictions in hospital procedures, partially offset by an increase of \$191 million in DCL in the March quarter 2022². The decline in claims cost resulted in an improvement in insurance margins, with gross and net margins increasing to 21.7 percent and 12.0 per cent respectively (Table 2). In the March 2022 quarter, the industry reported an increase in net profit after tax of \$476 million.

Investment earnings declined significantly over the quarter. This was primarily due to large realised and unrealised losses on fixed interest and equities investments (Chart 5).

Hospital episodes fell by 13.6 per cent in the March quarter 2022, reflecting restrictions to non-urgent elective procedures. The number of ancillary services decreased by 8.0 per cent (Chart 6) reflecting seasonal effects after stronger growth in the previous quarter.

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

	December Quarter 2021	March Quarter 2022	Quarterly Change
Premium revenue	\$6.7 bn	\$6.6 bn	-2.3%
Fund benefits (claims)	\$5.7 bn	\$5.1 bn	-10.5%
Gross Margin	14.5%	21.7%	7.2pp
Management expenses	\$633.3 m	\$633.5m	0.1%
Net Margin	5.1%	12.0%	7.0pp
Net investment income	\$98.3 m	-\$154.2 m	Significant
Net profit after tax	\$347.3 m	\$476.2 m	37.1%

² The DCL reported by insurers was \$1.6 billion at the end of the March quarter 2022.

Historical performance trends

Chart 1 – Premium revenue and claim costs

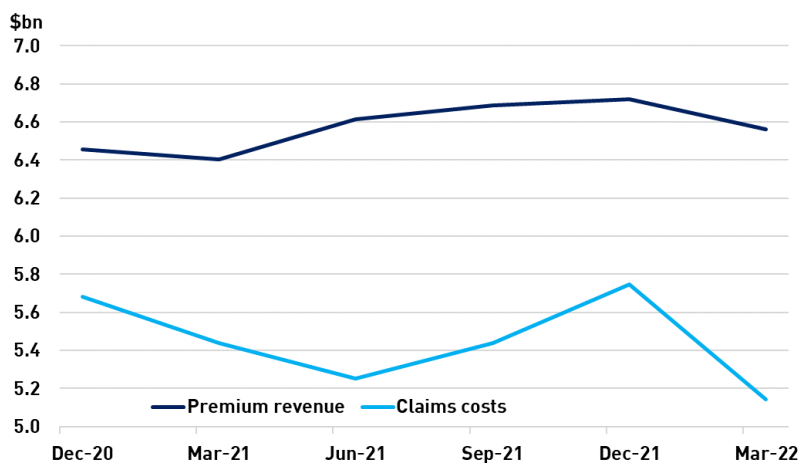


Chart 2 – Gross and net margins (Year ending)

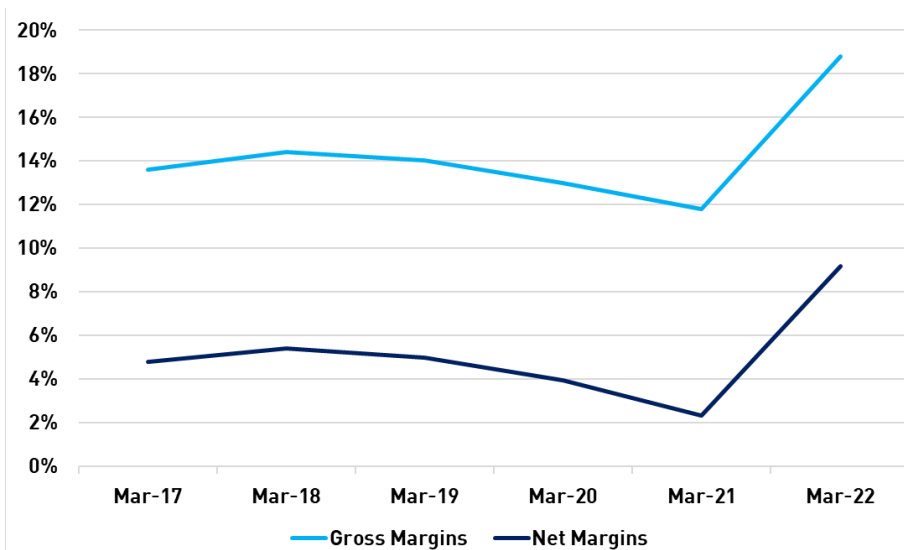


Chart 3 – Breakdown of profit components (Year ending)

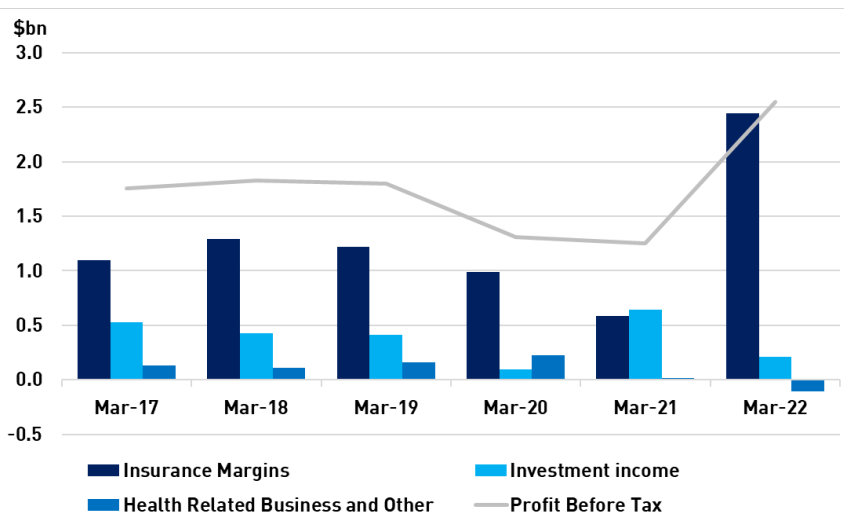


Chart 4 – Hospital treatment membership by age groups

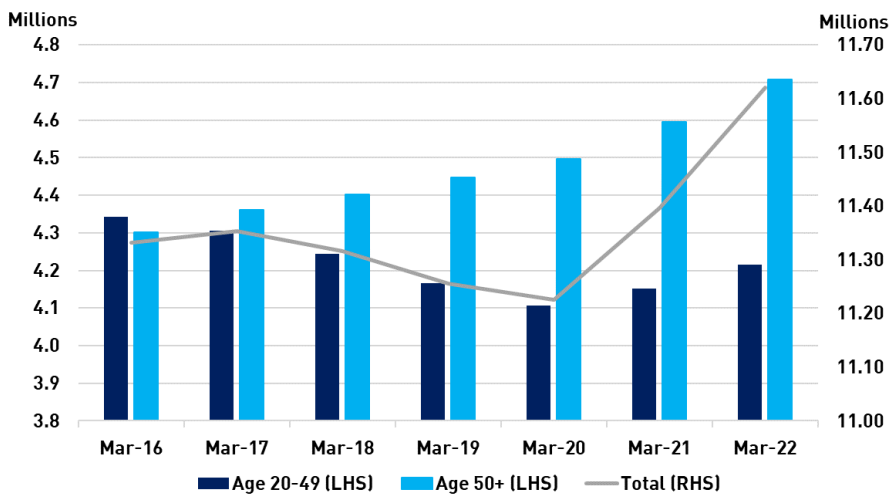


Chart 5 – Contributions to quarterly growth in profits

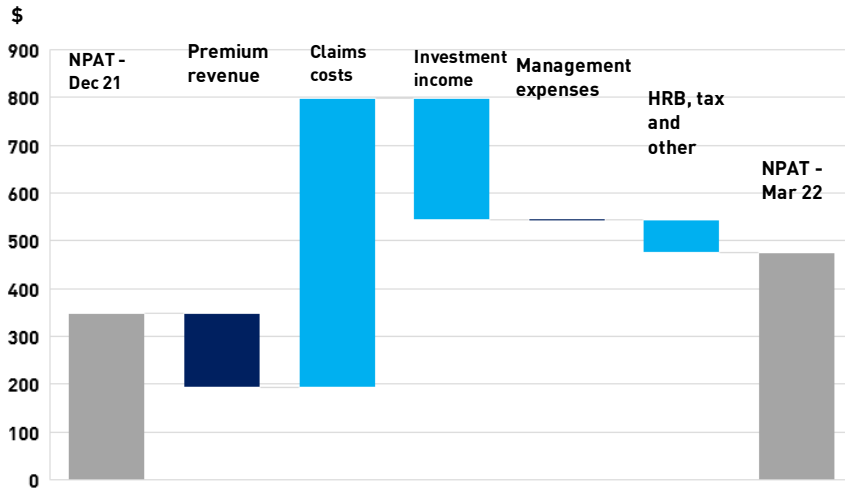
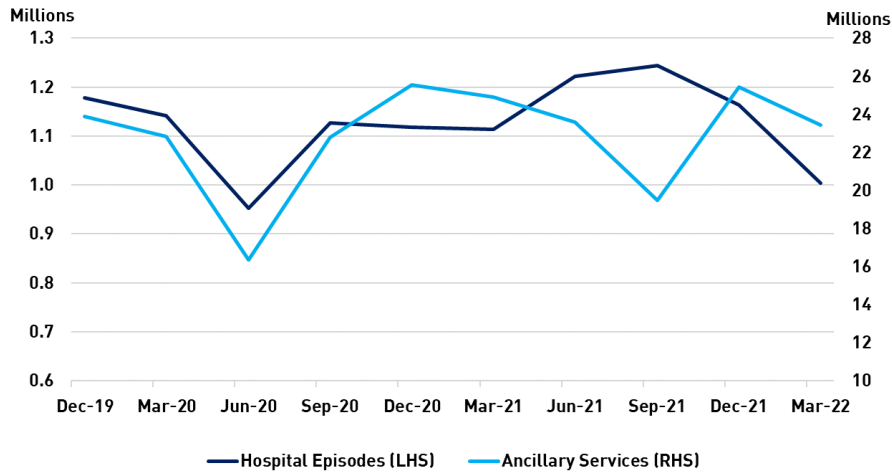


Chart 6 – Hospital episodes and ancillary service





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