



# STATISTICS

## Quarterly private health insurance statistics - highlights

September 2022 (released 23 November 2022)

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## Highlights for the year to 30 September 2022

The industry reported a decrease in net profit after tax over the year to September 2022 (down 49.6 per cent to \$0.9 billion) compared to the previous year (Table 1). This decline was driven primarily by a fall in insurance margins and a large fall in investment income (Chart 1). Gross and net margins declined from the stronger growth in claims relative to premium revenue. The fall in insurer margins also reflected a combination of movements in insurers' Deferred Claims Liabilities (DCL<sup>1</sup>) and insurer givebacks from lower claims from the pandemic.

Premium revenue increased 2.4 per cent over the year to September 2022, reflecting membership growth and annual premium increases, while benefits increased by 2.8 per cent over the period reflecting an easing of COVID-19 restrictions in private hospitals contributing to a marginal fall in the gross margin (Chart 2). Management expenses increased by 9.0 per cent during the year, driven primarily by an increase in operational and administration expenses.

Investment income fell from \$571.0 million in the year to September 2021 to -\$359.5 million in the year to September 2022. The investment losses were due to large declines in the value of fixed interest investments reflecting higher bond yields and declines in equities.

Hospital treatment membership increased by 2.2 per cent or 256,768 persons during the year (Chart 3). Hospital coverage continued to increase over the year, taking total membership to 45.2 per cent of the population (September 2021: 44.8 per cent).

The growth in membership was broad-based, with membership in the 50+ age group increasing by 2.5 per cent or 114,683 persons and membership among the younger population (insured persons aged 20 to 49) increasing by 2.2 per cent or 90,073 persons.

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

	Year ended 30 September 2021	Year ended 30 September 2022	Yearly Change
Premium revenue	\$26.2 bn	\$26.8 bn	2.4%
Fund benefits (claims)	\$21.8 bn	\$22.4 bn	2.8%
Gross Margin	16.6%	16.3%	-0.3pp
Management expenses	\$2.5 bn	\$2.7 bn	9.0%
Net Margin	7.2%	6.3%	-0.9pp
Net investment income	\$571.0 m	-\$359.5 m	-
Net profit after tax	\$1.8 bn	\$0.9 bn	-49.6%

<sup>1</sup> 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.

## Highlights for the quarter ended 30 September 2022

The industry reported a net profit after tax of \$359.7 million, a reversal from the loss in the previous quarter. This result was primarily due to stronger insurance margins and a significant improvement in net investment income in the quarter (Chart 4).

Premium revenue grew by 4.0 per cent in the September quarter 2022 (Chart 5). This reflected increased membership, some private health insurers deferring their 1 April 2022 premium rate increases and some provisioning for future givebacks<sup>2</sup> to policyholders in line with private health insurers' commitments not to profit from COVID-19. Fund benefits were largely unchanged over the quarter, with increases in hospital claims being offset by falls in the value of general treatment claims. Hospital episodes increased slightly by 0.7 per cent in the September quarter 2022, following the strong increase in the previous quarter because of easing of restrictions to non-urgent elective procedures (Chart 6).

Rising premiums and flat claims growth resulted in gross margins rising 3.7 percentage points in the September quarter 2022. Net margins increased sharply to 6.6 per cent in the quarter, supported by stronger gross margins and declining management expenses, which fell 9.4 per cent in the same period, returning to trend.

The industry reported a small investment loss during the quarter. Although an improvement from the previous quarter, the loss was primarily due to large realised and unrealised losses in equities investments with some positive impact from interest bearing investments.

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

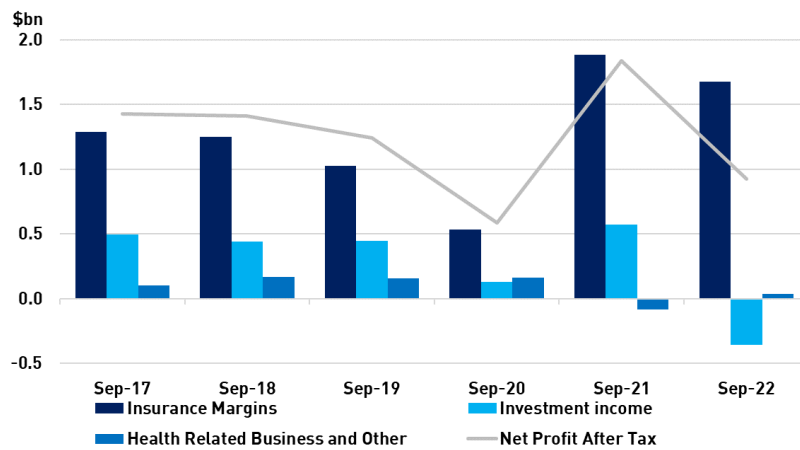
	June Quarter 2022	September Quarter 2022	Quarterly Change
Premium revenue	\$6.6 bn	\$6.9 bn	4.0%
Fund benefits (claims)	\$5.8 bn	\$5.8 bn	-0.4%
Gross Margin	12.7%	16.4%	3.7pp
Management expenses	\$744.8m	\$675.1 m	-9.4%
Net Margin	1.4%	6.6%	5.2pp
Net investment income	-\$303.0 m	-\$0.5 m	-99.8%
Net profit after tax (NPAT)	-\$259.7 m	\$359.7 m	-

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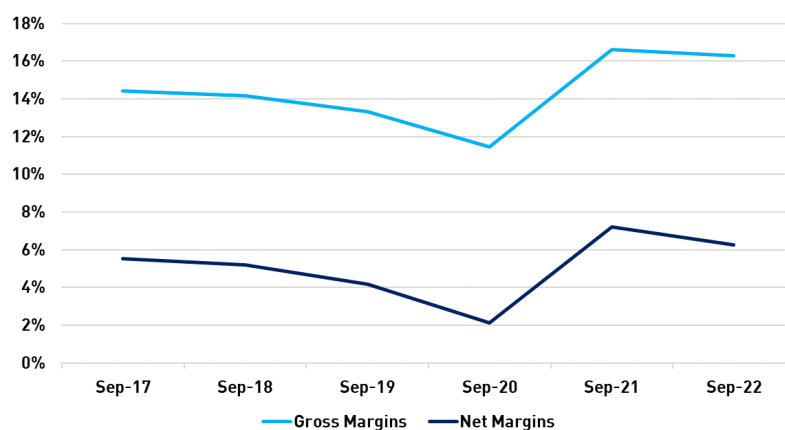
<sup>2</sup> PHIs have generally accounted for future giveback provisions as either delayed premiums or higher claims in their financial performance reporting.

## Historical performance trends

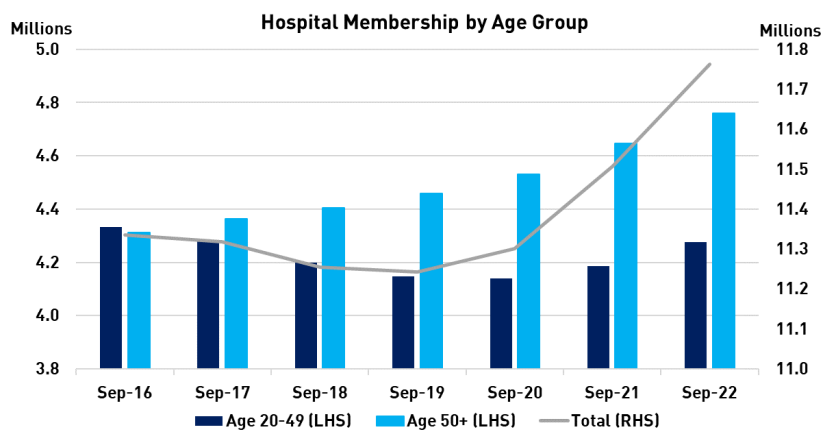
*Chart 1: Breakdown of profit components (Year ending)*



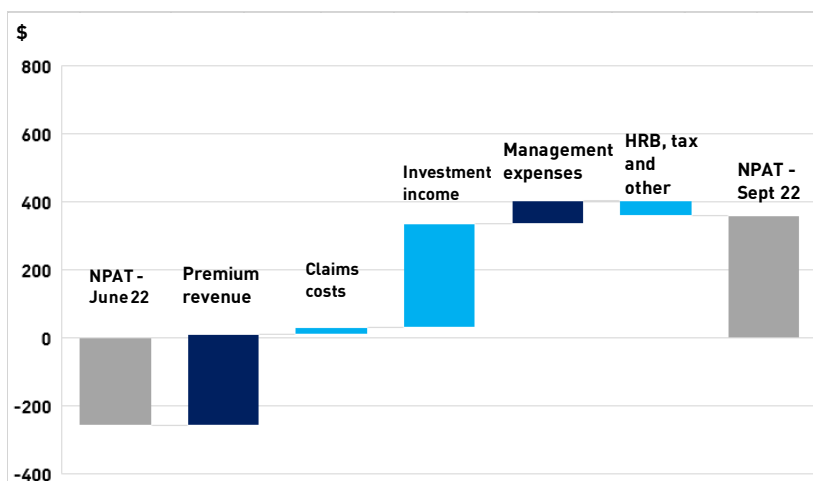
*Chart 2: Gross and net margins (Year ending)*



*Chart 3: Hospital treatment membership by age groups*



*Chart 4: Contributions to quarterly growth in profits*



*Chart 5: Premium revenue and claim costs*

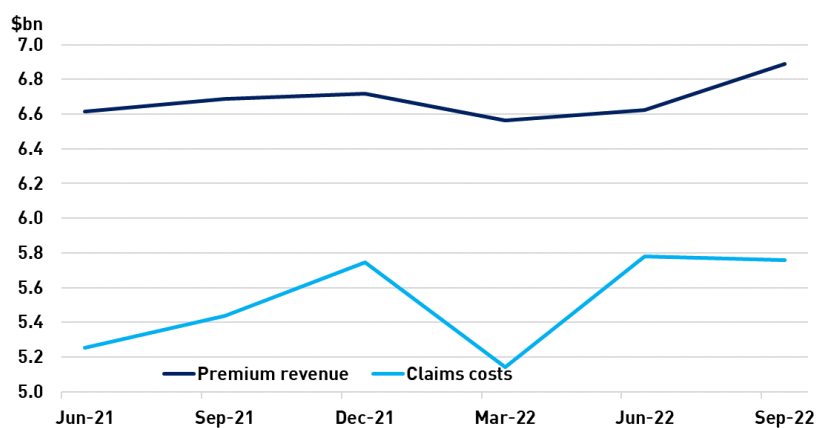
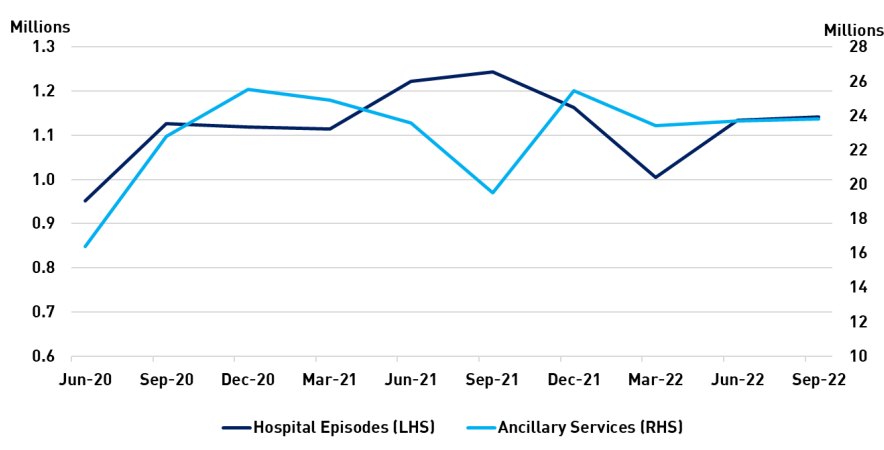


Chart 6: Hospital episodes and ancillary service





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