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MEDIA RELEASE – FOR IMMEDIATE USE

Baby blip boosts health insurance coverage

Higher birth rates and young families taking out new policies have caused a surge in health insurance numbers in the year to the end of June, according to the latest figures from the Health Funds Association (HFANZ).

The total number of New Zealanders with private health insurance cover stood at 1.348 million as at June 30 this year, up 14,100 or 1.1 percent on the same time last year. In the June quarter, lives covered rose by 6100, or 0.5 percent.

Of significant note was an increase of more than 7000 lives covered in the 0-4 age group during the year, an increase of 12.3 percent, and a 6.4 percent increase in the 25-39 age bracket.

HFANZ chief executive Roger Styles said it appeared more young families were taking out new policies covering themselves and their children. New Zealand's birth rate had increased over the past year for the first time in four years, and young people had also been keen to take up the new types of minor medical health insurance policies available.

“Things are looking up. It's pleasing to see young families are taking no chances regarding their healthcare. They realise the government can't fund everything, and that they are going to have to take more responsibility for the healthcare of themselves and their children.”

Mr Styles said these figures showed the fifth straight quarter of growth, and marked the strongest annual growth in numbers recorded since September 2008.

Regional figures showed the main centres were leading the way, he said, with Auckland, urban Canterbury and Wellington having the highest health insurance coverage, followed by

Southland and Taranaki. All five regions were above the national average of 29 percent coverage.

“These areas are the best prepared when it comes to looking after their healthcare,” Mr Styles said.

Total claims paid amounted to \$1.076 billion for the year ending June 30, 2016 – up 6.2 percent on the previous 12 months. Claims paid for the June quarters were \$290 million, up 10 percent on June 2015.

ENDS (Four-page statistical summary follows)

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Quarterly statistical summary: June 2016

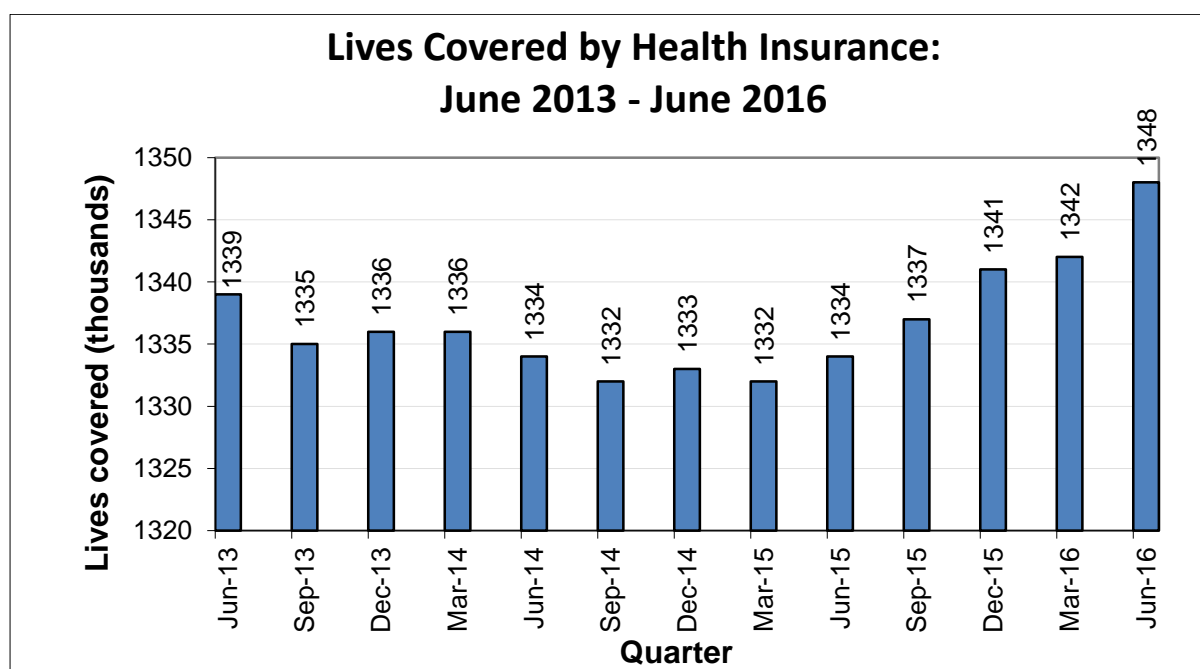
This statistical supplement sets out key health insurance statistics for lives covered, claims and premiums over the previous quarter and 12 month period, together with commentary on changes and underlying trends.

Headline changes

- ▲ Lives covered up 6100 (0.5 percent) for the quarter; up 14,100 or 1.1 percent for the year;
- ▲ Premium income of \$338 million for the quarter, up \$9 million (2.7 percent) on March quarter; annual premium \$1.318 billion, up \$75 million (6.0 percent) on June 2015 year;
- ▲ Claims paid for quarter of \$290 million, up 10.0 percent on previous June 2015 quarter; annual claims paid for June year of \$1076 million up 6.2 percent on June 2015 year claims.

Lives covered

The change in lives covered was an increase of 6100 lives covered over the June quarter. Total lives covered as at 30 June 2016 stood at 1.348 million. On an annual basis, lives covered have increased by 14,100 or 1.1 percent for the year ending June 2016. This is the fifth straight quarter of growth in lives covered, and marks the strongest annual growth in lives covered recorded since September 2008.



Elective Surgical vs Comprehensive

Over the 2016 year, the robust growth in health insurance coverage saw growth in both elective surgical and comprehensive categories. However, the net increase in lives covered of 14,100 mainly comprised additional elective surgical policies, with changes over the year as follows:

- Comprehensive policies – lives covered: +5,300
- Elective surgical and specialist policies – lives covered: +8,800

Elective surgical and specialist policies now account for 68.5 percent of all lives covered.

Changes in lives covered by age-group

The table below gives a breakdown of the changes in lives covered over the past year by age group.

Of note is the significant increase of over 7000 lives covered in the 0-4 age group. This is up by 12 percent. Partly this reflects the growth in the policyholder age group 25-39 – where a family taking out health insurance may have more than one child. Partly it also reflects New Zealand's birth rate trending up over the past year, with 2015 seeing the first increase in births in four years.

The growth in the 25-39 age group has been noted over recent quarters, with the increased popularity of newer types of minor medical health insurance products which have found favour with this younger demographic.

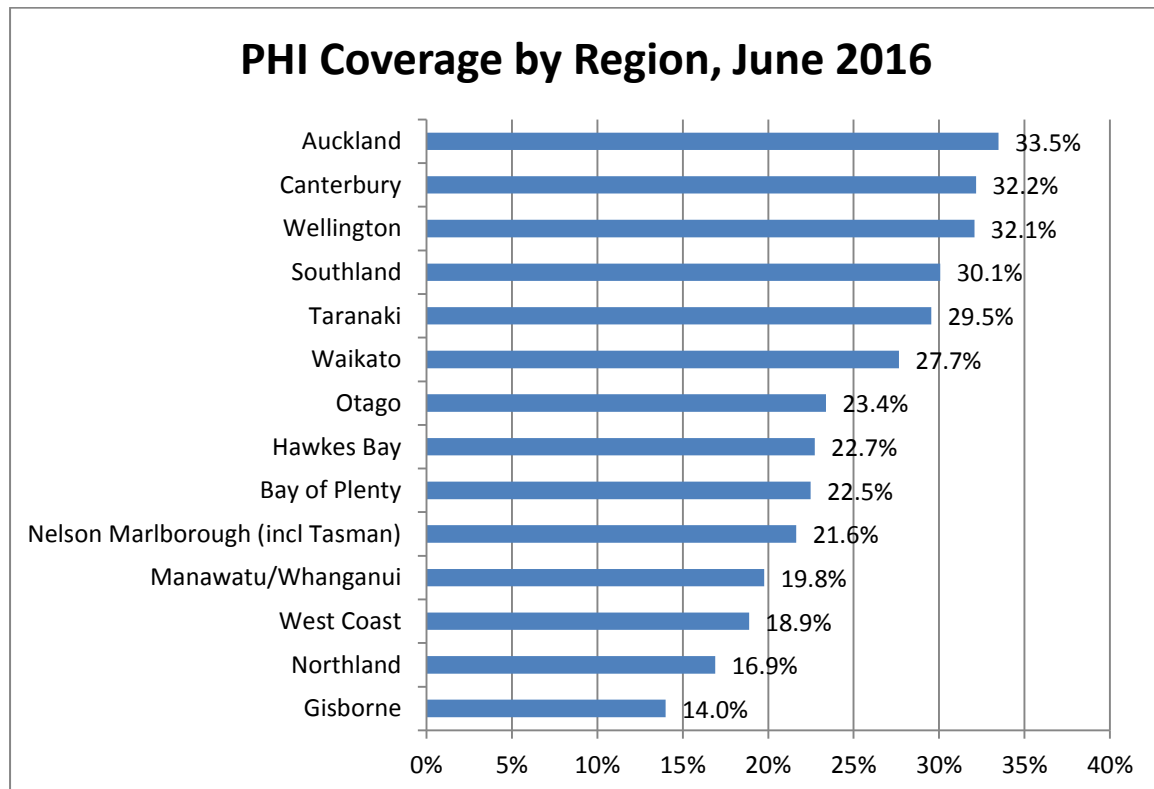
Table: Change in lives covered by Age: June 2016 year

Age	Jun 2015	Jun 2016	Change	percent
0-4	61,790	69,361	7571	12.3%
5-9	83,521	84,273	752	0.9%
10-14	82,698	83,180	482	0.6%
15-19	84,916	85,080	164	0.2%
20-24	77,066	76,929	-137	-0.2%
25-29	70,235	74,703	4468	6.4%
30-34	83,816	88,111	4295	5.1%
35-39	93,052	94,972	1920	2.1%
40-44	111,727	112,477	750	0.7%
45-49	115,923	117,490	1567	1.4%
50-54	119,291	119,399	108	0.1%
55-59	108,537	108,166	-371	-0.3%
60-64	90,343	88,528	-1815	-2.0%
65-69	66,434	64,306	-2128	-3.2%
70-74	38,462	37,587	-875	-2.3%
75-79	22,364	21,831	-533	-2.4%
80-84	13,168	12,532	-636	-4.8%
85-89	7388	6552	-836	-11.3%
90+	2871	2273	-598	-20.8%
Total	1,333,603	1,347,751	14,148	1.1%

At the same time there has been a drop in the number of persons aged 65 and over with health insurance, despite the ageing population and increase in the number of persons aged over 65. The decline of 5600 for this age group over the year equates to around 0.4 percent.

Regional Breakdown

This quarter HFANZ has included a regional breakdown which sets out the percentage of the population covered by health insurance in different regions. There is significant variation in coverage across the regions, with the highest coverage seen in the Auckland region. The other main urban regions of Canterbury and Wellington also show coverage levels above the average of 29 percent.

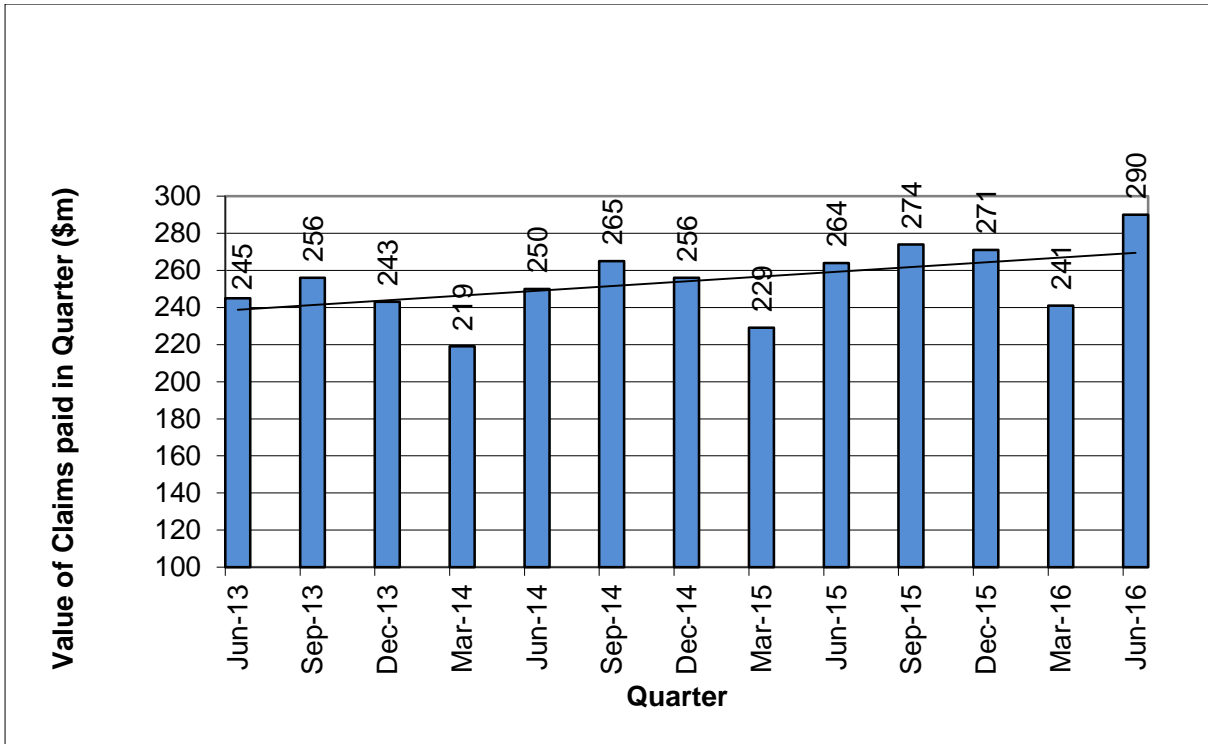


Premium income

Premium income for the June 2016 quarter totalled \$338 million – up by \$9 million or 2.7 percent on the March quarter. Annual premium for the year ended 30 June 2016 was \$1.318 billion, up 6.0 percent or \$75 million on premium income for the June 2015 year.

Claims paid

Claims paid for the June 2016 quarter totalled \$290 million, up 10.0 percent on the previous June 2015 quarter. Total claims paid for the 12 months ending 30 June 2016 were \$1076 million, up 6.2 percent on June 2015 year claims.



The strong growth in claims paid recorded over recent quarters has seen annual claims paid surpass the \$1 billion mark in 2015. Annual claims for the June 2016 year at \$1.076 billion are almost double what they were a decade ago. This underpins the valuable contribution health insurance makes to healthcare funding in New Zealand.

