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MEDIA RELEASE – FOR IMMEDIATE USE

## **Younger policyholders boost health insurance numbers: HFANZ**

The number of New Zealanders with health insurance rose again in the December 2014 quarter, up 1000 to 1.333 million, according to statistics released today by the Health Funds Association (HFANZ).

HFANZ chief executive Roger Styles welcomed the figures, saying the number of lives covered had been relatively static for the past five quarters. He said this reflected the country's economic stability and New Zealanders' understanding that they would need to fund some of their future healthcare costs themselves.

Most encouraging was the increase in coverage in the 25-35 age group, up almost 3000 lives in the quarter. Mr Styles said this was possibly as a result of concentrated efforts by some insurers to attract a younger demographic with less expensive policies. These generally provide cover for day-to-day health costs such as GP visits, physiotherapy, dental check-ups and glasses.

"The increase in younger people taking out health insurance is very pleasing because it indicates that they recognise the value of getting in early, before the onset of pre-existing conditions, to safeguard themselves for the future," he said.

The over-65 age group also recorded an increase, largely due to the ageing population.

Mr Styles said the statistics showed a sizeable number of New Zealanders appreciated the value of health insurance, especially as we head towards a future where access to publicly provided health services will come under increasing financial pressure.

For the year to the end of December, lives covered dropped 2600, or 0.2 percent, the lowest recorded annual decline since September 2009.

Claims paid for the December 2014 quarter were \$255.6 million, up 5.5 percent on the previous December 2013 quarter. Total claims paid for the year to December 31 were \$989 million, up 4.8 percent on the previous year.

Premium income for the December 2014 quarter totalled \$310 million, up \$5.3 million or 1.7 percent on the September 2014 quarter. Annual premium for the year to the end of December was \$1.21 billion, up 5.9 percent or \$68 million on the December 2013 year.

ENDS (Three-page statistical summary follows)

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# Quarterly statistical summary: December 2014



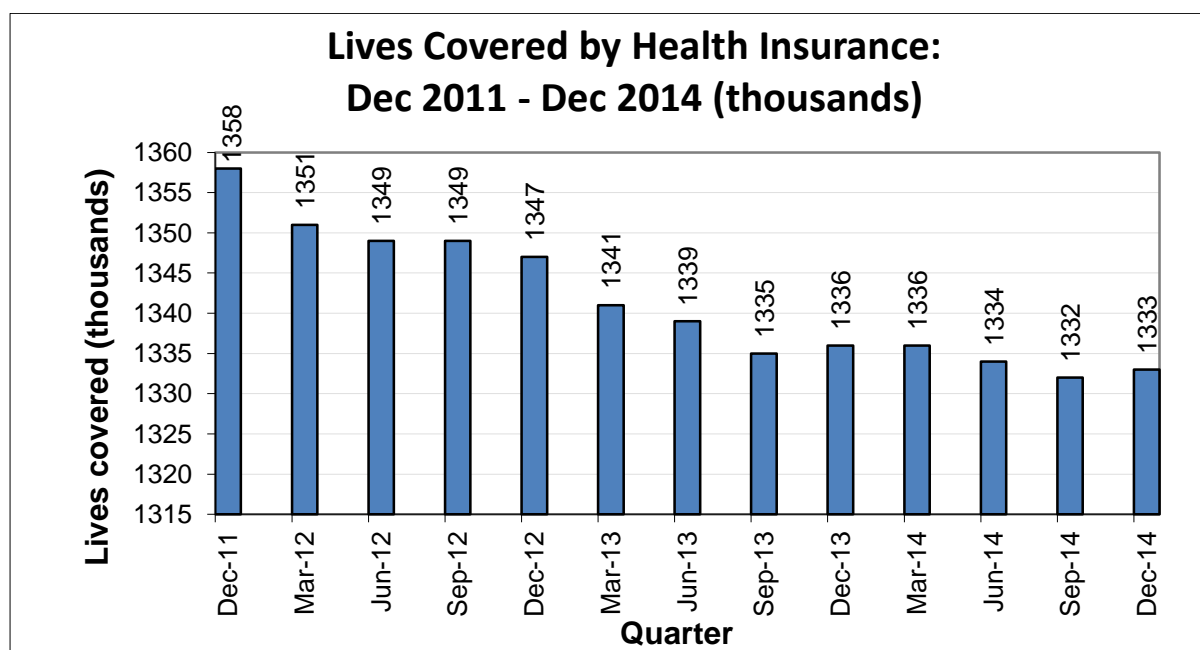
This statistical supplement sets out key health insurance statistics for lives covered, claims and premiums over the previous quarter and 12 month period, together with commentary on changes and underlying trends.

## Headline changes

- △ Lives covered up 1000 or 0.1 percent for the quarter; reduction of 2600 or 0.2 percent for the year;
- △ Premium income of \$310 million for the quarter, up 1.7 percent on September quarter; annual premium \$1.21 billion, up 5.9 percent on December 2013 year;
- △ Claims paid for quarter of \$256 million, up 5.5 percent on previous December 2013 quarter; annual claims paid for December year of \$989 million up 4.8 percent on December 2013 year claims.

## Lives covered

The change in lives covered was a gain of 1000 lives covered in the December quarter. Total lives covered as at 31 December 2014 stood at 1.333 million. On an annual basis, lives covered declined by 2600, or 0.2 percent over the year ending December 2014. In addition to the quarterly growth in lives covered, the annual change is the lowest recorded annual decline in lives covered since September 2009. The relative stability in lives covered over the past five quarters is welcome, as is the return to growth in overall lives covered.



## Comprehensive vs Elective Surgical

The past year has seen a decrease in the number of lives covered by comprehensive health insurance (-9100), although there has been an increase in lives covered by elective surgical and specialist policies (+6500). Elective surgical policies continue to increase as a proportion of policies, now accounting for 67.5 percent of lives covered.

*Note that this figure is slightly lower than the percentage reported in recent quarters. This is due to the re-classification of around 20,000 lives covered from the elective surgical category to comprehensive.*

## 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. The overall reduction of 0.2 percent for the year results from some age groups increasing while others have decreased.

The 35-49 age group has seen a much smaller decline over the past year than in previous years, while the ageing population has again meant an increase in lives covered in the over 65 age group. Of note is the increase of nearly 3000 lives covered in the younger 25-35 age group, possibly attributable to the popularity of a newer category of comprehensive health insurance products which have found favour with this younger demographic.

*Table: Change in lives covered by Age: December 2014 year*

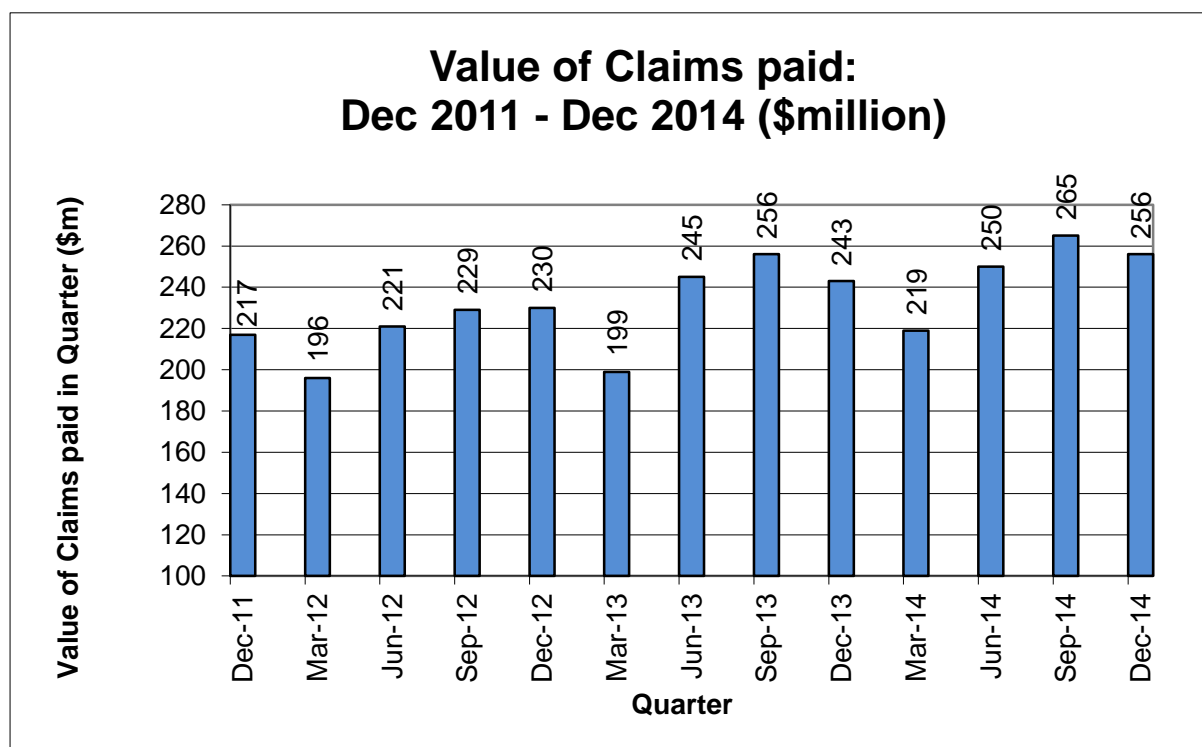
age	Dec 2013	Dec 2014	Change	percent
0-4	63,538	62,501	-1,037	-1.6%
5-9	82,418	83,153	735	0.9%
10-14	83,668	82,966	-702	-0.8%
15-19	87,088	85,293	-1,795	-2.1%
20-24	77,332	76,617	-715	-0.9%
25-29	67,553	69,137	1,584	2.3%
30-34	81,698	82,905	1,207	1.5%
35-39	93,910	92,882	-1,028	-1.1%
40-44	114,560	112,988	-1,572	-1.4%
45-49	116,863	115,728	-1,135	-1.0%
50-54	121,302	120,208	-1,094	-0.9%
55-59	108,185	108,467	282	0.3%
60-64	92,011	91,183	-828	-0.9%
65-69	64,447	66,174	1,727	2.7%
70-74	37,271	38,289	1,018	2.7%
75-79	20,891	21,600	709	3.4%
80-84	13,405	13,295	-110	-0.8%
85-89	7,279	7,298	19	0.3%
90+	2,634	2,786	152	5.8%
	<b>1,336,055</b>	<b>1,333,471</b>	<b>-2,584</b>	<b>-0.2%</b>

## Premium income

Premium income for the December 2014 quarter totalled \$310 million. This was up \$5.3 million or 1.7 percent on the September 2014 quarter. Annual premium for the year ended 31 December 2014 was \$1.21 billion, up 5.9 percent or \$68 million on premium income for the December 2013 year.

## Claims paid

Claims paid for the December 2014 quarter were \$255.6 million, up 5.5 percent on the previous December 2013 quarter. Total claims paid for the 12 months ending 31 December 2014 were \$989 million, up 4.8 percent on December 2013 year claims.



The strong growth in claims paid recorded over recent quarters has moved annual claims closer towards the \$1 billion level. It is expected that total annual health insurance claims will surpass a billion dollars in the upcoming quarters, underpinning the valuable contribution health insurance makes to total health spending.