

10 February 2017

## “Expensive” private health insurance to become even more costly for over 13 million Australians

### *Aussies urged to review their policy well before April 1 premium rise*

Health insurance expert iSelect is encouraging Australians to urgently review their private health cover, following the Federal Health Minister's announcement today that private health insurance premiums are set to rise by an average **4.84%**.

Despite being less than previous years, this year's rate rise is still more than **three times** the current rate of inflation<sup>1</sup>. This latest increase, which will come into effect on 1 April 2017, means that average premiums have increased by a total of more than **50 per cent** since 2010.

Currently around **half of the population** or more than **13 million Australians** are covered by some form of private health insurance. A recent survey commissioned by iSelect suggested that **87 per cent** of Australians with private health insurance considered their cover as “expensive”<sup>2</sup> even before today's announcement.

Laura Crowden, iSelect Spokesperson said the upcoming April premium increase stands to hit the hip pocket of the average family by about **\$185** per year<sup>3</sup>.

“For example a **\$4,000** per year family policy will rise on average by **\$193** per year while a **\$2,500** per year singles policy will rise by an average **\$121** per year,” Laura said.

Australians with private health insurance should receive a letter from their health fund in the coming weeks notifying them of exactly how much their premium will increase on 1 April.

“It's important that policy holders understand that the increase is an average only, with many Australians expected to be hit with increases well above this average, depending on their provider and they type of policy they hold.”

On the back of the announcement, some insurers will increase their average premiums by as much as **8.53%**, with other providers increasing their premiums by as little as **2.98%**.

“The difference in premium increases doesn't just vary between insurers. Even with the one insurer, their different policies will go up by different amounts,” Laura explained.

“This means it can be really complicated to understand how your policy compares against other options. This is why it's important to get on the front foot early to review your cover, and if necessary, make a change to a better value policy.”

Laura said recent iSelect research found that **90 per cent** of Australians believed their private health insurance was important to them despite affordability concerns<sup>4</sup>.

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<sup>1</sup> Inflation is currently 1.5% according to the Reserve Bank of Australia, 10 February 2017

<sup>2</sup> In October 2016 iSelect commissioned a nationally representative consumer research study with Galaxy to assess the attitudes of over 1,000 Australian adults towards private health insurance.

<sup>3</sup> Based on iSelect 2016 sales data which shows average annual premium for a family policy in 2016 was \$3,835 which will increase by an average of \$185.60 on 1 April 2017.

<sup>4</sup> In October 2016 iSelect commissioned a nationally representative consumer research study with Galaxy to assess the attitudes of over 1,000 Australian adults towards private health insurance.

“But rising premiums are encouraging Australians to more regularly compare their cover, with our research suggesting that **two-thirds** of privately insured Australians reviewed their cover in the last year<sup>5</sup>,” Laura said.

Laura said many Australians had reached a ‘tipping point’ with private health insurance and it’s likely that today’s announcement will prompt many Australians to consider dropping or downgrading their cover.

“If you're concerned about affordability, don’t just cancel your cover or downgrade to a ‘junk’ policy. First, take the time to speak to a health insurance expert and find out whether a different provider or policy could provide you better value for your budget.”

“Savvy customers know that paying your annual premiums up front will help you avoid the premium increase for another year. If you are in a position to do so, pre-paying before April 1 will lock in your current rates for another 12 months.”

“Our strong advice is for Australians to seek expert advice when reviewing their cover ahead of the premium increase to ensure it still matches their life-stage and budget,” Laura said.

“Being a set-and-forgetter can result in not being covered for what you need, and in many cases paying for things you don’t need,” said Laura.

Laura said customers looking to switch before April 1 shouldn’t be put off by concerns around waiting periods.

“Remember, any hospital benefit waiting periods you have already served are protected by law and will be carried over to the new policy, as long as you move to a policy with an equal or lower level of cover.”

<b>iSelect's top tips for getting the best value private health insurance</b>	
<b>1. Make sure your policy still suits your lifestyle</b>	– when your circumstances or life stage changes, it's important to review your cover and make sure it suits your current needs. Not checking your policy could result in not being covered for things you need or paying for things you don't need.
<b>2. Pre-pay and save</b>	– if you are in a position to do so, pre-paying your annual premium upfront before April 1 will lock in current rates and help you avoid the premium increase for 12 months.
<b>3. Waiting periods are protected</b>	– many people think that by changing policy or provider they'll lose their hospital benefit waiting periods but this simply isn't true. Any hospital benefit waiting periods you've already served will be protected by law if you switch to an equivalent or lower level of hospital cover.
<b>4. Look for payment discounts</b>	– some providers offer a discount for paying by direct-debit.
<b>5. Split your cover</b>	– you may be able to save money and find more tailored coverage by splitting your cover. For example, a couple could save by splitting into two singles policies if they have different health needs such as the woman needing pregnancy/obstetrics cover.
<b>6. Review the extras</b>	– if you don't think you'll use them, why pay for them? Also consider flexible extras products that combine your separate extras limits into a single annual limit for you to use across different services.

ENDS

**For further information, please contact:**

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## About iSelect

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At iSelect, we get that most people find insurance, utilities and personal finance boring. But we understand that it's really important to always get these things right. As Australia's life admin store, iSelect gives customers the confidence to make the right call on some of the things that matter most.

Last year, more than 9 million Australians visited our website and we provided recommendations to over 6 million customers. But we are much more than just another online comparison website. Our highly-trained experts at iSelect HQ help customers to choose and buy from thousands of available policies, products and plans. And we provide our advice at no cost to the customer.

We compare and sell some of Australia's biggest brands but are proud that, unlike other comparison sites, we are not owned by an insurance company. From health and life insurance through to energy and broadband, as well as car insurance and home loans, iSelect helps Australians take care of the boring but important stuff. [www.iselect.com.au](http://www.iselect.com.au)