

17 March 2016

## **iSelect welcomes AMA call for consumers to 'know their product'**

### ***iSelect response to the AMA's Private Health Insurance Report Card 2016***

Health insurance experts iSelect have today welcomed the Australian Medical Association's (AMA) call for consumers to be better informed about the private health insurance policy they are purchasing. The AMA's *Private Health Insurance Report Card 2016* has called for consumers to know their insurance product thoroughly.

iSelect is Australia's leading health insurance comparison service and last year sold more than 130,000 private health insurance policies. In 2015, 20 per cent of all private health insurance sales in Australia were purchased through iSelect, with an estimated 42 per cent of all iSelect's customers taking out private health insurance for the first time.

iSelect CEO Scott Wilson said iSelect plays an invaluable role in helping consumers to better understand private health insurance.

"There are thousands of private health insurance policies to choose between so it's not surprising that consumers are confused. Our health insurance experts can help a customer to cut through the complexity and understand which policy is best suited to their individual needs and budget," Mr Wilson said.

The AMA's Report Card also raised concerns about commissions earned by comparison sites but Mr Wilson said iSelect was very transparent with customers that they are paid a fee by the provider.

"Our expert advice is provided free-of-charge to our customers with the health funds paying us a commission as a lower cost alternative to carrying their own sales, distribution, risk and marketing costs," Mr Wilson said.

"The important thing for our customers to understand is that our advice and recommendations are not influenced or biased by the commissions we earn or the fee arrangements with our health insurance partners."

Mr Wilson said that iSelect fee arrangements were confidential, with even the company's 220 expert health consultants unaware of the fees paid to individual insurers. Consultants do not earn more or receive higher commissions for recommending one insurer over another.

"We know our customers place a great deal of trust in the person on the other end of the phone. We do our best to reward this trust every single time with reliable, quality advice based only on their individual needs and not our commissions or fee arrangements," he added.

Mr Wilson said it was also important for customers to understand that iSelect does not mark up its products.

"A customer will pay exactly the same for a health insurance policy purchased from us as they would buying the same policy directly from the insurer or via another comparison site," he said.

Mr Wilson also took the opportunity to dispel the myth that comparison sites are contributing to premium increases.

"Increases in private health insurance premiums in recent years are due to our ageing population and rising health care costs, not the introduction of comparator services."

Mr Wilson said health funds choose to use comparator services as they provide a more cost-effective way to attract new customers than undertaking marketing and sales functions exclusively themselves.

"The commissions paid to us are balanced out by the cost savings they achieve through reductions in their advertising, marketing and sales budgets. We are also helping increase competition by giving smaller funds the opportunity to benefit from iSelect's considerable marketing, sales and brand presence.

Mr Wilson said that as market leader iSelect understands it is important to maintain the high standards of transparency that consumers expect, with comparator sites already regulated by the Australian Competition and Consumer Commission (ACCC), the Australian Securities and Investments Commission (ASIC), and the Australian Prudential Regulation Authority (APRA).

"Unlike some of our competitors who only focus on price, iSelect focuses first and foremost on our customers' individual needs," he added.

"Of course price is always going to be part of the conversation but it's important that customers don't just focus on the premium cost. We help ensure they have the right policy for their family's health needs so that they are properly covered should they have to make a claim."

Mr Wilson said iSelect also supported the AMA in criticising budget or so-called 'junk policies'.

"We don't just recommend the cheapest policy, as cheaper policies can end up costing you significantly more if you need to claim. As with all insurance products, it's about finding the best cover at a price you can afford."

Mr Wilson said only 12 per cent of policies sold by iSelect so far in 2016 could be classified as budget policies and were generally purchased by younger, healthier customers looking to minimise tax obligations. Only 2.5 per cent of budget policies sold by iSelect this year have been to customers over 40 years of age.

iSelect is independently owned and operated and unlike many other comparison sites, is not owned by an insurer. iSelect is also member of the Private Health Insurance Intermediaries Association (PHIIA).

#### **PricewaterhouseCoopers independent reasonable assurance engagement**

So that customers can be confident that iSelect's advice is unbiased, PricewaterhouseCoopers ('PwC') was engaged to conduct an independent reasonable assurance engagement on the design and operating effectiveness of internal controls (including within the Health business). PwC provided reasonable assurance that iSelect had suitably designed and operated internal controls to ensure that sales consultants acted in a manner that did not favour particular providers (in accordance with the criteria as at 4 February 2015).

**ENDS**

**For further information, please contact:**

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**Laura Crowden**

Public Relations Manager | iSelect Limited

Ph: +61 3 9276 8178 | Mob: +61 421 784 254 | Email: [lcrowden@iselect.com.au](mailto:lcrowden@iselect.com.au)