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## Premium rise a downer for 13 million Australians with private health insurance

### *Australians urged to review their cover well before April 1*

Australians are being urged to review their private health cover before Easter and make sure it still provides the best value for their current health needs, following the Federal Health Minister's announcement today that private health insurance premiums are set to rise by an average 5.59%.

Around half the Australian population has some form of private health insurance and are likely to be affected by the premium rise which comes into effect on April 1 2016. The increase could impact more than 13 million policy holders, regardless of what type of cover they have.

Private health insurance expert iSelect is encouraging Australians with private health insurance to review their policy well ahead of the premium increase and if necessary, shop around to find a policy or provider better suited to their current lifestyle and budget.

"The upcoming premium increase will hit the hip pocket of the average family by around an extra \$200 per year<sup>1</sup>," said Laura Crowden from iSelect. "For example a \$4,000 per year policy will rise on average by \$223 per year while a \$2,500 per year policy will rise on average by just under \$140 per year."

Laura said it's important for policy holders to be aware that the 5.59% increase announced today is an average only, with many Australians set to be hit with increases above 5.59% depending on their provider and the type of policy they hold.

"Some insurers are increasing their average premiums by more than 8%, while others will only be passing on average increases of around 4%. This difference highlights the importance of taking the time to review your cover and compare how it stacks up against other providers."

iSelect is encouraging Australians to review their current policy as soon as possible to beat the mad scramble following Easter in the final days leading up 1 April.

"Around 250,000 Australians turned to iSelect in March last year to review their cover prior to the April 1 premium increase."

"This year's late announcement and the timing of Easter means there is already less than 20 business days to shop around for a better deal, even less for those states with a March long weekend coming up," Laura said.

"Most people won't receive a letter from their fund notifying them of the increase for a week or so, but we'd encourage consumers to start reviewing their cover now and if they are considering making a change, to do so before Easter to avoid delays."

With many Australians already concerned about the cost of private health insurance, its likely today's announcement will prompt more Australians to reconsider private health insurance.

"That more than 40,000 people took the time to respond to the Federal Government's recent private health insurance survey demonstrates that affordability of private health insurance is a major issue for many Australians."

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<sup>1</sup> Based on iSelect sales data November 2015 – February 2016 which shows average annual premium for a family policy is \$3,700 which will increase by an average of \$207 on 1 April 2016.

Laura said despite affordability concerns, a survey last year showed that 83 per cent of Australians with private cover say it gives them peace of mind.<sup>2</sup>

"If you're concerned about affordability, rather than considering dropping your cover altogether, take the time to first find out whether a different provider or policy could offer the right balance between reassurance and affordability."

Laura said many Australians are afraid to switch insurers to get a better deal because they are mistakenly under the impression they would lose their hospital benefit waiting periods.

"This simply isn't true because any hospital benefit waiting periods are protected by law if you switch to an equivalent or lower level of hospital cover."

2015 iSelect research found that almost a third of Australians have never reviewed their policy<sup>3</sup> and Laura said this suggests many people may no longer have an appropriate level of cover.

"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. Our strong advice is for consumers to review their cover well ahead of the premium increase and ensure they still have the best value cover suited to their individual health needs," said Laura.

<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 while dividing hospital and extras cover between different providers could bring your premiums down.
<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

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### About iSelect

iSelect is Australia's leading multi-channel comparison service, providing Australian consumers with trusted product comparison and advice on more than 12,500 insurance, energy, personal finance and broadband products from over 85 partner providers. With a household brand that attracts over 8 million unique visitors to its website every year, iSelect now distributes 1 in 5 of all private health insurance policies in Australia. Owing to its digitally enabled and customer-centric advice model, iSelect continues to grow its market-leading position in health insurance, energy, life insurance and personal finance comparison.

<sup>2</sup> In November 2015 iSelect commissioned a nationally representative consumer research study with Ipsos Australia to assess the attitudes of over 1,200 Australian adults towards private health insurance.

<sup>3</sup> In June 2015 iSelect commissioned a nationally representative consumer research study with IPSOS Australia to assess the attitudes of over 1,000 Australian adults towards private health insurance in the lead up to June 30 2015.