



## Premium review – frequently asked questions

### What causes premiums to go up?

Premiums can go up when the cost of paying insurance claims increases. Factors that can affect premium increases include:

- The changing cost of consultations, medical treatments and equipment
- An increase in the number and type of treatments
- New technologies and techniques
- The number and frequency of surgical procedures.

### How are premiums calculated?

For most health cover plans, premiums are calculated based on age, gender, smoking status and the chosen excess level. Premiums increase with age to reflect the estimated health costs associated with each age bracket and the likelihood of making a claim.

The annual premium increase typically comprises a medical claim inflation rate and an age band increase. Medical inflation is generally higher than average CPI increases. As medical advancements and available, they can impact on the average cost of claims as well as increasing in the number of claims being received.

### Age related increases

Statistically, as customers age, they claim more. So every year, we include an age adjustment in the premium increase. For example, nib's average claims costs for a male in their sixties is about three to four times that for a male in their forties.

#### 1-year age band increases

Our on-sale products (Ultimate Health Max, Ultimate Health and Easy Health) and most legacy products (EasyCare, Premier Health) are reviewed and may increase each year. The average age-related premium increase is between 3-7% for most age bands, increasing as the customer gets older. This is in addition to the rate of medical inflation.

#### 5-year age band increases

We do have a few products (Health Plus, Hospital Cover, and Staywell) that are reviewed and may increase every five years. Resulting premium increases for most five-year age bands range between 8-40%, in addition to the rate of medical inflation.

### Removal of no claims discount

Some of our legacy products (Hospital Cover) have a no-claims discount as an added benefit. If your client (member) has claimed in the last year, the no-claims discount may be removed, and the premium will increase as a result.

### Child to adult rates

When a customer turns 21 years of age, they are then rated as an adult at the next policy renewal. This results in an increase in premiums.

### Who claims and what is being claimed for?

Up to around the age of 60 years, the overall cost of claims is higher for females compared to males, with females claiming more from gynaecology, general surgery and orthopaedic procedures. After the age of 60, male claim costs are higher than females, with males claiming more for orthopaedic, general surgery, urology and cardiology procedures. Some of the procedures where nib is experiencing the highest claims costs are:

- Cancer
- Diagnostics
- General Surgery
- Gynaecology
- Orthopedic.

### How can you help your clients afford their health insurance?

Adding an excess or increasing the excess is one way clients can manage their premiums.

The discount applicable to each excess level may vary between nib products. The table on the following page shows the indicative discount level applicable to each excess level, for all nib on-sale and legacy base products. The level of discount may be changed from time to time.





Excess levels	Nil	\$250	\$500	\$1,000	\$2,000	\$4,000	\$6,000
<b>On Sale Products</b>							
Easy Health <sup>1</sup>	0.0%	5.0%	25.0%	35.0%	45.0%	55.0%	60.0%
Ultimate Health <sup>1</sup>	0.0%	10.0%	25.0%	35.0%	45.0%	55.0%	60.0%
Ultimate Health Max <sup>1</sup>	0.0%	10.0%	25.0%	35.0%	45.0%	55.0%	60.0%
Premier Health Business	0.0%	5.0%	25.0%	35.0%	45.0%	55.0%	60.0%
<b>Legacy Products</b>							
Staywell Classic	0.0%	5.0%	25.0%	35.0%	45.0%	55.0%	60.0%
Staywell Worksite	0.0%	5.0%	25.0%	35.0%	45.0%	55.0%	60.0%
Health Plus Business	0.0%	5.0%	25.0%	35.0%	45.0%	55.0%	60.0%
Premier Health	0.0%	6.7%	26.3%	36.2%	46.0%	57.4%	62.1%
EasyCare	0.0%	6.7%	25.0%	36.2%	46.0%	57.4%	62.1%
Health Plus	0.0%	6.7%	26.3%	36.2%	46.0%	57.4%	62.1%
Hospital Cover w/o PPB	0.0%	6.7%	25.0%	36.2%	46.0%	57.4%	62.1%
Hospital Cover with PPB	0.0%	6.7%	25.0%	36.2%	46.0%	57.4%	62.1%

<sup>1</sup> For new policies purchased after 1 July 2018, the discount for second and subsequent lives on a policy will vary from that shown in the table. Information in this update is valid as at December 2023 but may change in the future.

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