

MEDIA RELEASE

Complaints over performance of the big for-profit insurers.

hirmaa, the peak-body representing eighteen member-owned and community-based private health insurers, says that complaint statistics published by the Commonwealth Ombudsman demonstrate the small and medium-sized insurers are out-performing the industry heavyweights.

“It comes as no surprise that Medibank, Bupa and Nib are driving up complaints in our industry” said hirmaa CEO Matthew Koce. “The high number of complaints against the big three for-profit funds is a strong indicator that they are once again placing the interests of shareholders and overseas owners ahead of their members.”

“The Ombudsman’s report suggests that the behaviour of the big for profit health insurers is of concern to consumers but it would be grossly unfair to taint all 33 private health insurers as being the same.”

“hirmaa health insurers are very different to the large for-profit motivated funds, we exist only to serve in the best interests of our customers. All profits are retained for the benefit of our policy holders, not investors. We pride ourselves on delivering the highest quality service to our customers and it is pleasing to see those efforts so transparently reflected in the Ombudsman’s report”.

The Ombudsman report shows that the big three for-profits were responsible for 721 of the 1,056 complaints in the June quarter. This equates to over 68% of all complaints despite holding less than 64% of the industry market share.

By contrast, the eighteen hirmaa insurers fielded just 37 complaints in the quarter. This is equal to 3.5% of all complaints, despite holding over 9% of the market share combined

Twelve hirmaa insurers had one or less complaint and eight received none whatsoever.

“When a person’s health is on the line, it is absolutely imperative that insurers put the member first and provide accurate information,” said Mr Koce. “That is why hirmaa insurers are always looking to make improvements to customer service. We regularly undertake independent research to survey our members and we put their feedback into action”.

In 2015, independent surveying of close to 18,000 hirmaa members demonstrated that 98% were satisfied with their health insurer. 97% were satisfied with the quality of service received over the telephone and 97% were satisfied with the clarity of information provided by their insurer.

These very high levels of customer satisfaction are reflected in strong customer retention rates. In 2013-14 the Ombudsman reported close to 90% retention for hirmaa insurers, falling to around 83% across the big three for-profit insurers.

“The low retention rates across the big three for-profits are especially concerning. It would seem to confirm that a large number of their customers are unhappy and voting with their feet” said Mr Koce.

“When it comes to health insurance, the bigger for profits are not always better. It appears that Australians are increasingly becoming aware of the benefits that come with community based health insurers that exist only to serve their members.”

Member-owned and community-based health insurers have grown faster than the industry average in recent years. hirmaa funds have enjoyed a compound annual growth rate of 4.17% over the past five years, compared to the industry's growth of 2.68%.

hirmaa is the peak industry body for eighteen private health insurers which are member-owned and not-for-profit. In all, the hirmaa funds provide private health insurance for over one million Australians.

A complete list of hirmaa funds is available at http://hirmaa.com.au/member_funds.

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