

MEDIA RELEASE:

06.06.2018

Members Health funds record 96% member satisfaction

Members Health funds continue to enjoy extremely high levels of satisfaction amongst their members according to recently completed independent research.

“The independent research conducted by Discovery Research collected more than 21,000 responses from customers of participating Members Health funds and found average satisfaction coming in at 96%, an outstanding achievement,” said Managing Partner of Discovery Research, Mr David Williams.

Members Health CEO Matthew Koce described this year’s results as a fantastic achievement which is line with the consumer centric focus of the funds.

“A 96% satisfaction rate is very impressive and once again demonstrates the enormous commitment that the Members Health funds have towards serving the needs and expectations of their policy holders.”

“While the for-profit funds are required to generate a financial return for shareholders, Members Health funds do not. Therefore the Members Health funds are able to return around 90 cents in every premium dollar back to members in benefits. In contrast, the industry average for health insurers is around 85 cents in the dollar and for General insurers it is just 65 cents.”

“With the debate about affordability and value for money in private health insurance an ongoing point of discussion, the fact that there are a diverse range of funds operating solely in the interests of consumers is of growing significance.

“Consumers are becoming increasingly aware of the superior value and service offered by the smaller not-for-profit, member owned and community based health insurers and are voting with their feet. As a group the Members Health funds are now averaging policyholder growth of around four times that of the rest of the industry.”

“With more than 21,000 customers surveyed the results paint a comprehensive and accurate picture of the strong value and performance of participating Members Health funds.”

“All Members Health funds share one or more of the following traits, being not-for-profit, member owned and community based. They exist only to serve the needs of consumers, not to deliver a financial dividend to shareholders or overseas investors. Members Health funds are entirely consumer centric and therefore have enormous integrity,” Matthew Koce said.

Consumers need to be aware that not all health funds are the same. Whether it be quality of health cover, communication to members, fast payment of claims, value for money or price competitiveness, the

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independent research once again proves that Members Health funds are performing at extremely high standards.

Members Health is the peak industry body for 23 health insurers which are not-for-profit, member-owned and community based. In all, the Members Health funds provide private health insurance to over 1.7 million Australians.

Further enquires:

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Overview of Discovery Research Results 2018

<p>Overall Member Satisfaction</p> <p>Overall, how satisfied are you with your health fund membership?</p>	<p>2018: 96% satisfied</p>	<p>2017: 97% satisfied 2016: 97% satisfied 2015: 98% satisfied 2014: 98% satisfied 2013: 97% satisfied 2012: 98% satisfied</p>	<p>2011: 98% satisfied 2010: 98% satisfied 2009: 98% satisfied 2008: 97% satisfied 2007: 98% satisfied 2006: 97% satisfied</p>
<p>Member Communication</p> <p>How satisfied are you with the amount of communication that you receive regarding your membership?</p>	<p>2018: 96% satisfied</p>	<p>2017: 97% satisfied 2016: 96% satisfied 2015: 96% satisfied 2014: 97% satisfied 2013: 97% satisfied 2012: 96% satisfied</p>	<p>2011: 96% satisfied 2010: 96% satisfied 2009: 95% satisfied 2008: 94% satisfied 2007: 94% satisfied 2006: 93% satisfied</p>
<p>Telephone Service</p> <p>How satisfied have you been with the quality of the service that you have received over the telephone, i.e. in terms of your problem being solved, the advice that you have been given, etc?</p>	<p>2018: 96% satisfied</p>	<p>2017: 97% satisfied 2016: 97% satisfied 2015: 97% satisfied 2014: 97% satisfied 2013: 96% satisfied 2012: 97% satisfied</p>	<p>2011: 97% satisfied 2010: 97% satisfied 2009: 97% satisfied 2008: 95% satisfied 2007: 96% satisfied 2006: 96% satisfied</p>
<p>Written Service</p> <p>How satisfied are you with the service offered by mail, fax or email?</p>	<p>2018: 93% satisfied</p>	<p>2017: 95% satisfied 2016: 95% satisfied 2015: 95% satisfied 2014: 95% satisfied 2013: 95% satisfied 2012: 94% satisfied</p>	<p>2011: 96% satisfied 2010: 96% satisfied 2009: 95% satisfied 2008: 94% satisfied 2007: 94% satisfied 2006: 93% satisfied</p>
<p>Payment of Claims</p> <p>How satisfied are you with the speed of the payment of your claim(s)?</p>	<p>2018: 98% satisfied</p>	<p>2017: 98% satisfied 2016: 98% satisfied 2015: 98% satisfied 2014: 98% satisfied 2013: 98% satisfied 2012: 97% satisfied</p>	<p>2011: 98% satisfied 2010: 98% satisfied 2009: 97% satisfied 2008: 95% satisfied 2007: 95% satisfied 2006: 97% satisfied</p>

ABOUT MEMBERS HEALTH FUNDS

There is a notable difference between for-profit health insurers and not-for-profit, member owned health insurers represented by **Members Health**.

Members Health funds make up 23 of the 37 registered private health insurers and share one or more of the following attributes, being: Not-for-profit; Member owned; Regional or community based. Combined, **Members Health** insurers provide health cover to over 1.7 million Australians nation-wide.

Members Health funds a very highly valued service to key communities of interest spanning regional populations and industry groups, including: Military families; Teachers; Police; Nurses and Midwives; Transport; Mining and Doctors. Regional communities in which **Members Health** insurers are headquartered include: Townsville; Lithgow; Wollongong; Newcastle; Latrobe Valley; Launceston; Burnie and Mildura.

The data supplied by APRA, the Commonwealth Ombudsman and independently run surveys all consistently points to the **Members Health** funds as being the success story of the health insurance industry. On average they provide highly competitive policies with lower than average premium increases, offer excellent customer service, valued products and are intimately connected to their communities of interest.

Members Health funds have consistently experienced average policyholder growth that is much faster than the rest of the industry. They also experience much higher policyholder retention rates. If it were not for the superior performance of the **Members Health** funds, participation in private health insurance would be much lower than it is today, highlighting the importance of the not-for-profit, member owned and community based health funds to the ongoing sustainability of private health insurance.

Recognising the importance of value for money, on average **Members Health** funds have achieved smaller premium increases over the past five years than the rest of the industry. All **Members Health** funds operate on narrow margins. Notably, several **Members Health** funds operate on premiums that have a net negative margin, making a small profit only after accounting for returns on investments.

Members Health funds also lead in terms of customer satisfaction. Independent research by Discovery Research showed a customer satisfaction level of 96% amongst the over 21,000 consumer responses received in 2018.

It is clear that without the superior performance, diversity and competition provided by **Members Health** funds, Australian consumers and the private health industry as a whole would be significantly worse off in terms of both participation levels, cost and the quality of private health insurance.

Attached is a snapshot benchmarking the performance of the **Members Health** funds across a range of industry metrics.

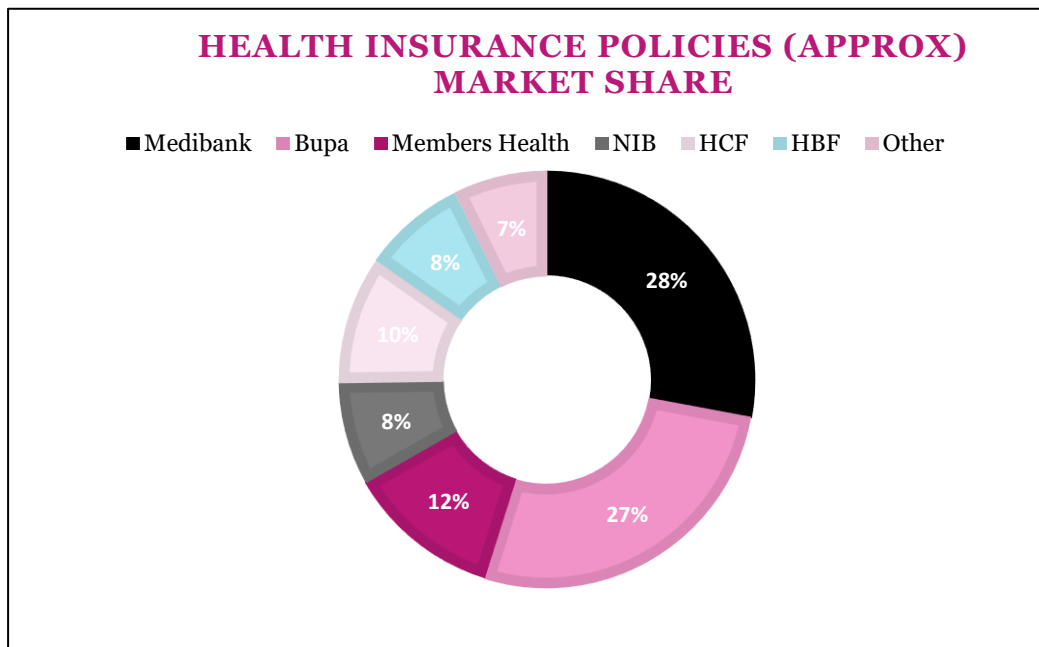
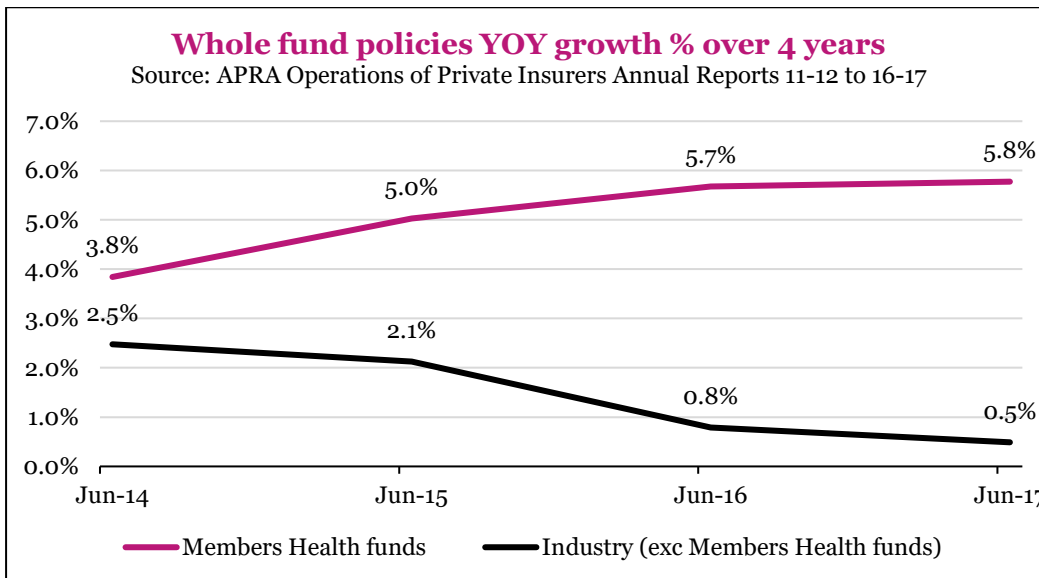
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Higher levels of growth than industry average

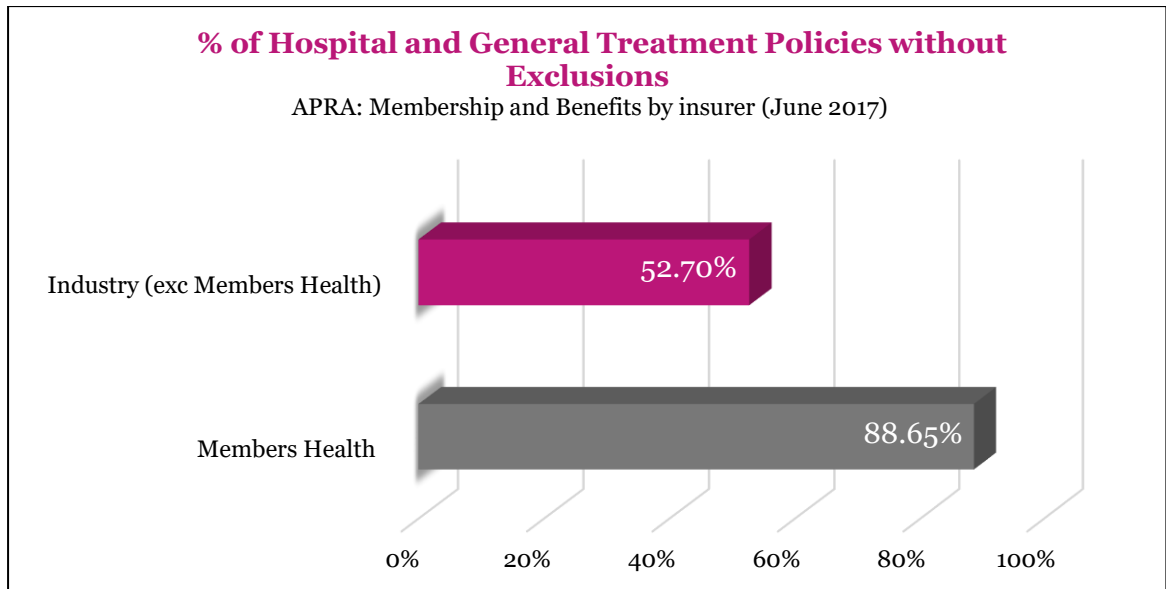
Policyholder growth has for many years been well above the industry average, highlighting that consumers are increasingly recognising the superior value proposition of the not-for-profit, member owned and community based health insurers. Today Member Health funds account for 12% of the private health insurance industry.



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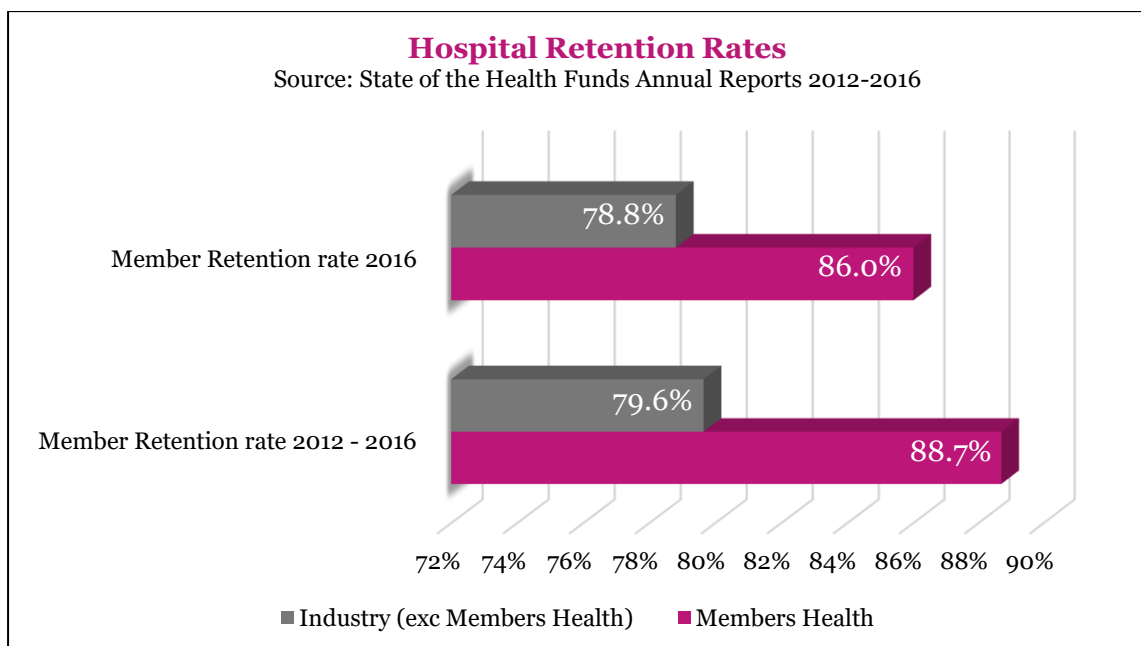
Members Health funds have fewer exclusionary policies

Industry data indicates that Members Health insurers are leaders when it comes to high cover policies. The overwhelming majority of policies provided by Members Health funds are free of exclusions.



High rates of customer retention with Members Health funds

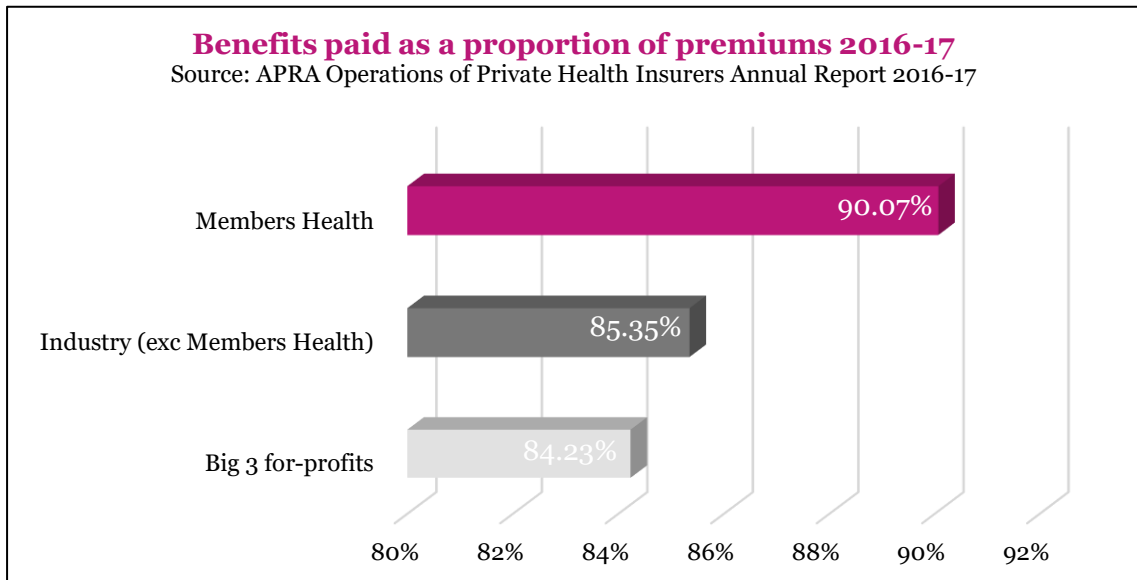
Customer retention rates that are significantly higher than the industry average, further highlights the strong customer performance of Members Health funds.



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Higher proportions of premiums go to benefits for consumers

Members Health funds are unashamedly customer centric in their ethos. They return on average around 90 per cent of all premiums paid, back to policyholders, as benefits. This is in contrast to the for-profit insurers, which operate primarily for the benefit of shareholders and return on average around 85 per cent.



High levels of customer satisfaction

Members Health funds consistently experience very high levels of customer satisfaction. This is reflected through the Discovery Research customer satisfaction survey, which has been running for the last 12 years and is conducted independently.

Participating Members Healthfunds have consistently recorded over **97 per cent customer satisfaction** rates among their policyholders. In 2017 over 15,000 survey responses were received from policyholders.

Members Health fund membership satisfaction

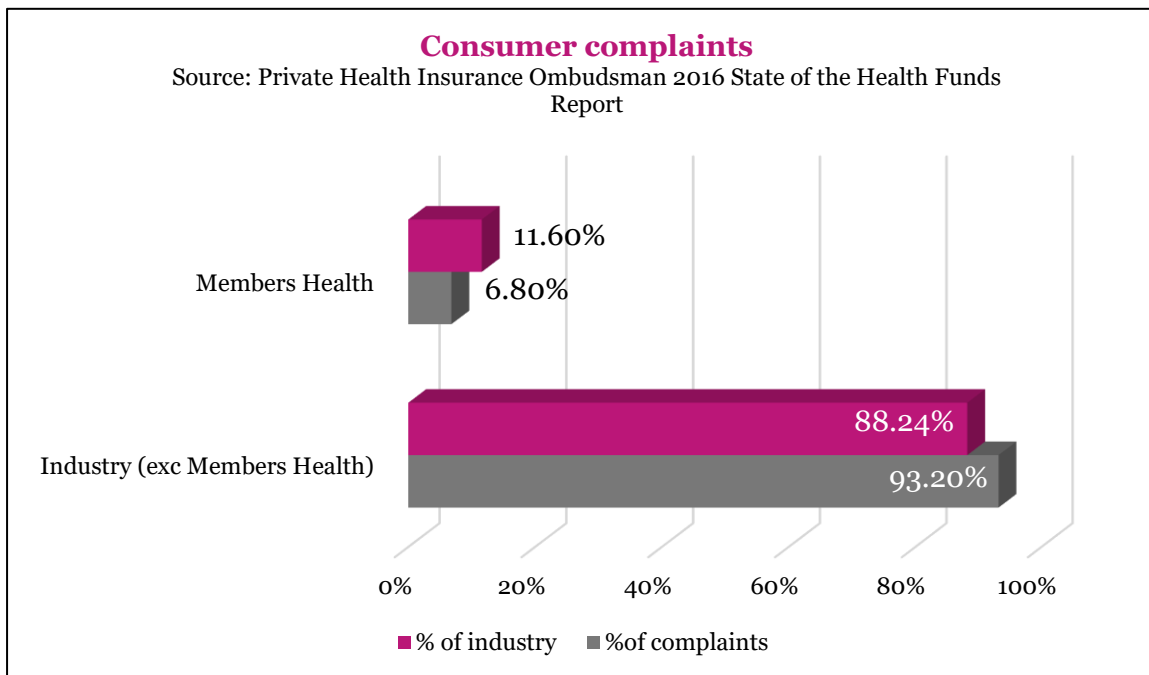
<p>Overall Member Satisfaction Overall, how satisfied are you with your health fund membership?</p>	<p>2018: 96% satisfied</p>
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Source: Discovery Research 2018

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Commonwealth Ombudsman statistics reinforce the customer centric ethos of Members Health funds

Commonwealth Ombudsman figures show that while funds belonging to Members Health represent around 10 per cent of the market, they account for less than 5 per cent of all complaints received in 2015-16 by the Commonwealth Ombudsman relating to health insurance products and service.



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