

## Quarterly statistical summary: December 2016

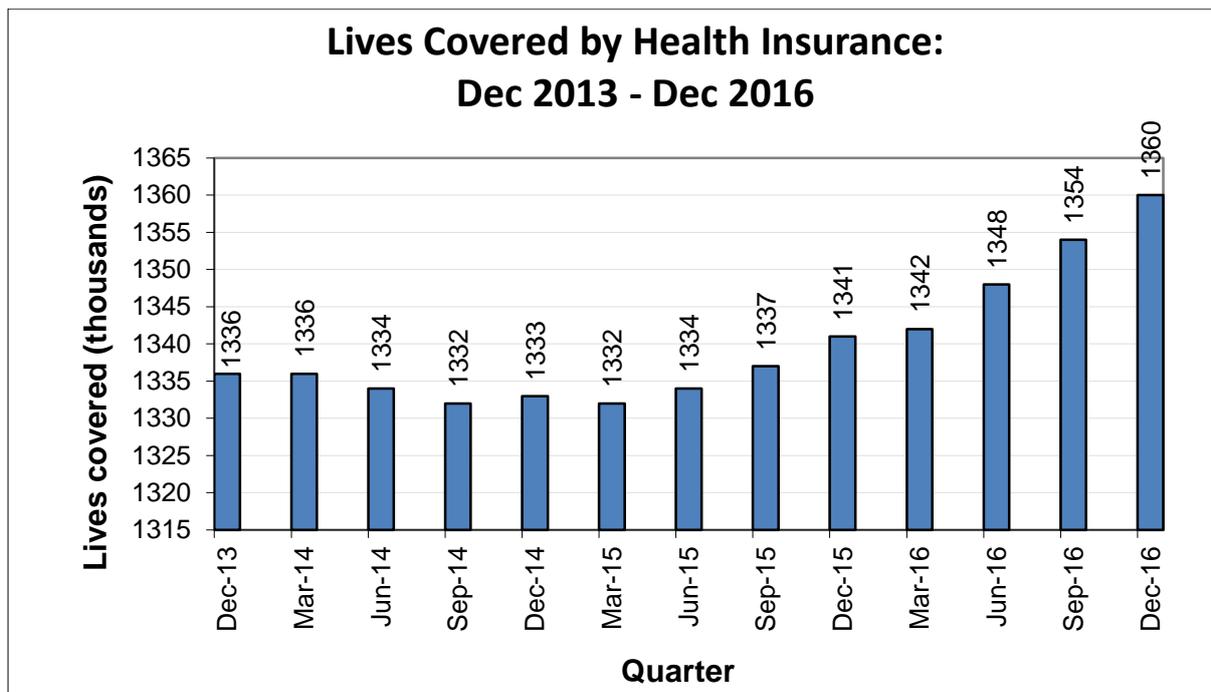
This statistical supplement sets out key health insurance statistics for lives covered, claims and premiums over the previous quarter and 12 month period, together with commentary on changes and underlying trends.

### Headline changes

- △ Lives covered up 5,900 (0.4 percent) for the quarter; up 18,900 or 1.4 percent for the year;
- △ Premium income of \$349 million for the quarter, up \$7m (2.2 percent) on September quarter; annual premium \$1.357 billion, up \$77m (6.0 percent) on December 2015 year;
- △ Claims paid for quarter of \$306 million, up 2.4 percent on September quarter; up 13 percent on previous December 2015 quarter; annual claims paid for December year of \$1136 million up 9.4 percent on December 2015 year claims.

### Lives covered

There was an increase of 5,900 lives covered over the December 2016 quarter. Total lives covered as at 31 December 2016 stood at 1.360 million. On an annual basis, lives covered have increased by 18,900 or 1.4 percent for the year ending December 2016. This is the seventh straight quarter of growth in lives covered, and marks the strongest annual growth in lives covered recorded since 2008.

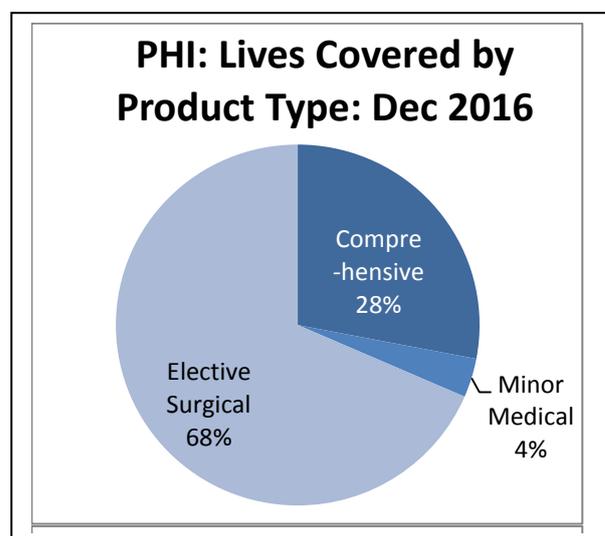


## Minor Medical – A new category

Historically, statistics published by HFANZ have reported two categories of health insurance – elective surgical and comprehensive. In 2016, HFANZ began separating out a third category which is labelled ‘minor medical’. These policies are more limited in terms of the level of cover, and less expensive. While such policies typically provide for reimbursements of day to day expenses, such as GP visits, physio and the like, they will usually have restricted or no cover for major surgery.

Most insurers in New Zealand offer a product which meets the definition of minor medical. Minor medical policies account for around 48,000 lives covered – or just 3.5% of the total lives covered.

Until the change, minor medical policies had generally been counted in the comprehensive category. The proportions of each product type are shown in the adjacent chart.



## Changes in lives covered by age-group

The table below gives a breakdown of the changes in lives covered over the past year by age group.

*Table: Change in lives covered by Age: December 2016 year*

Age	Dec 2015	Dec 2016	Change	percent
0–4	60,617	60,872	255	0.4%
5–9	83,563	83,806	243	0.3%
10–14	82,900	84,116	1,216	1.5%
15–19	84,618	84,592	-26	0.0%
20–24	76,815	77,245	430	0.6%
25–29	72,870	76,760	3,890	5.3%
30–34	85,572	88,685	3,113	3.6%
35–39	93,541	96,364	2,823	3.0%
40–44	110,920	109,500	-1,420	-1.3%
45–49	117,112	118,813	1,701	1.5%
50–54	119,228	118,714	-514	-0.4%
55–59	109,689	111,806	2,117	1.9%
60–64	90,890	91,644	754	0.8%
65–69	67,364	67,944	580	0.9%
70–74	38,891	40,314	1,423	3.7%
75–79	23,200	25,099	1,899	8.2%
80–84	13,236	13,406	170	1.3%
85–89	7,514	7,606	92	1.2%
90+	2,893	3,072	179	6.2%
<b>Totals</b>	<b>1,341,434</b>	<b>1,360,359</b>	<b>18,925</b>	<b>1.4%</b>

Of note is the significant increase of around 10,000 lives covered in the 25-39 age group. This is up by around four percent for the year. This continues a trend noted over recent quarters, with the increased popularity of newer types of minor medical health insurance products which have found favour with this younger demographic.

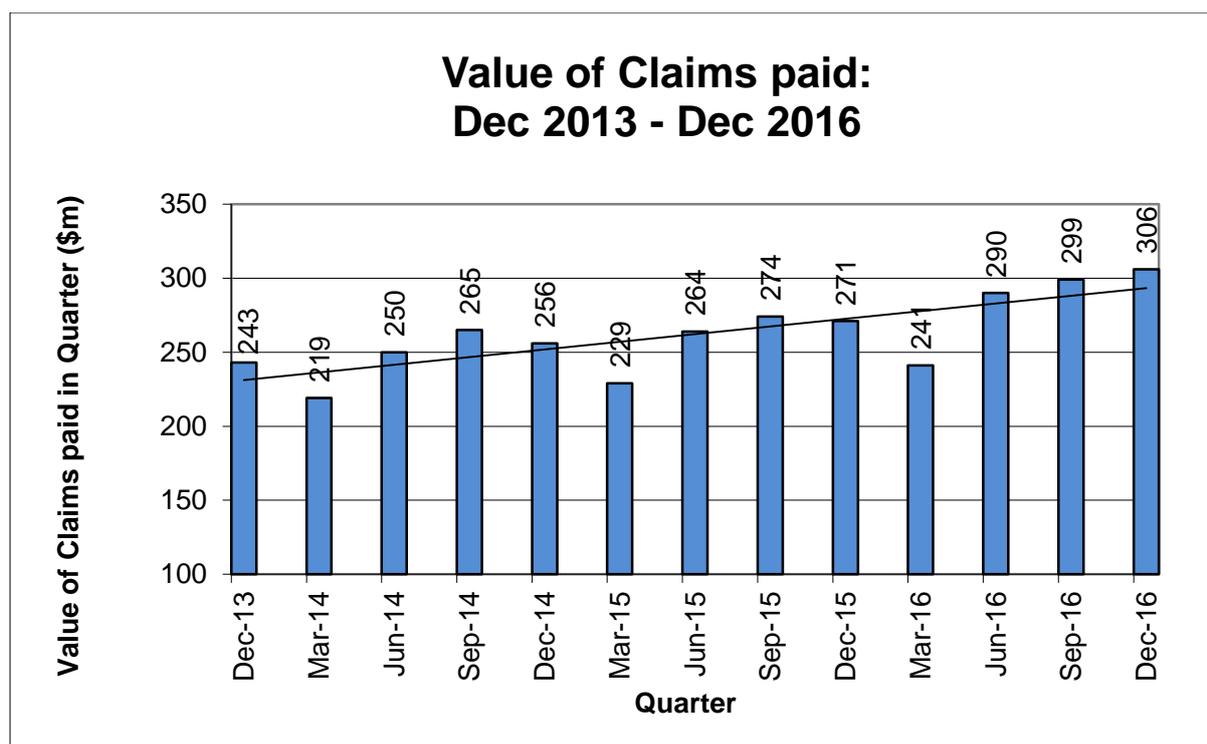
The lives covered in the over 65 age group has grown again, after a slight drop seen earlier in 2016. The annual growth in lives covered in the 65+ age group of around 4,000 takes the total number of 65+ persons with health insurance to 157,400.

### Premium income

Premium income for the December 2016 quarter totalled \$349 million – up by \$7m or 2.2 percent on the September quarter. Annual premium for the year ended 31 December 2016 was \$1.357 billion, up 6.0 percent or \$77m on premium income for the December 2015 year.

### Claims paid

Claims paid for the December 2016 quarter totalled \$306 million, up 13 percent on the previous December 2015 quarter. Total claims paid for the 12 months ending 31 December 2016 were \$1136 million, up 9.4 percent on December 2015 year claims.



The strong growth in claims paid recorded over recent years saw annual claims paid surpass the \$1 billion mark in 2015.

The annual claims growth for the December 2016 year was a record \$98 million increase over the December 2015 year. A major contributing factor was increased volume of surgery, with an increase in the claim incidence rates for those with elective surgical policies driving additional surgical volumes over the year. The additional number of lives covered, along with the general ageing of the insured population, have also been contributing factors.

## Doubling in a Decade

The past decade has seen the health insurance contribution to total healthcare funding double from \$575m annually to 1.136 billion annually. This increase highlights the important and valuable contribution that health insurance makes to overall healthcare funding in New Zealand.

