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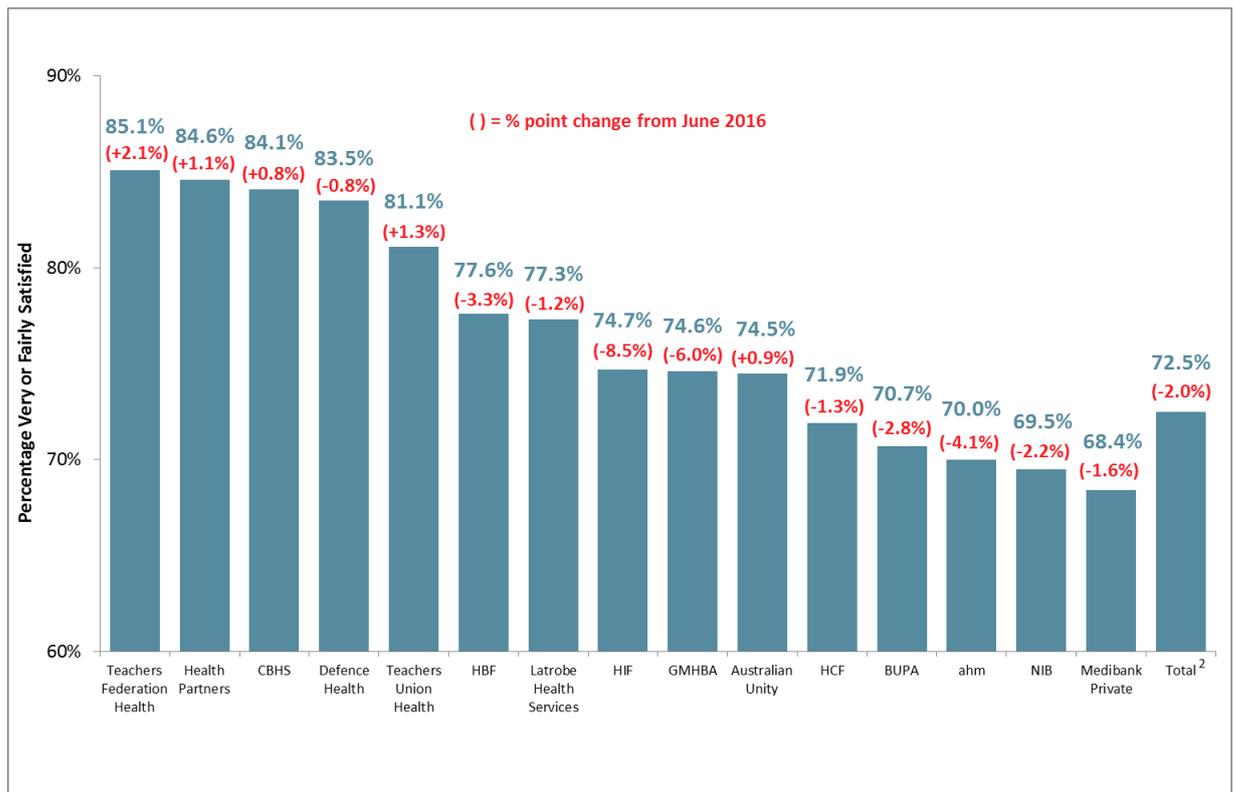
Small private health insurers lead in satisfaction and improvement – big funds lag

New research from Roy Morgan shows that the top three private health insurers for customer satisfaction over the year to June 2017 were all small niche players, well ahead of the main funds and increasing their lead.

These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers pa.

The top three performers (among the fifteen largest funds) for private health insurance satisfaction over the last year were Teachers Federation Health (85.1%), Health Partners (84.6%) and CBHS (84.1%). These three funds all went against the overall negative satisfaction trend over the last year with Teachers Federation Health up 2.1% points, Health Partners up 1.1% points and CBHS up 0.8% points.

Private Health Insurance Satisfaction - 15 Largest Insurers¹



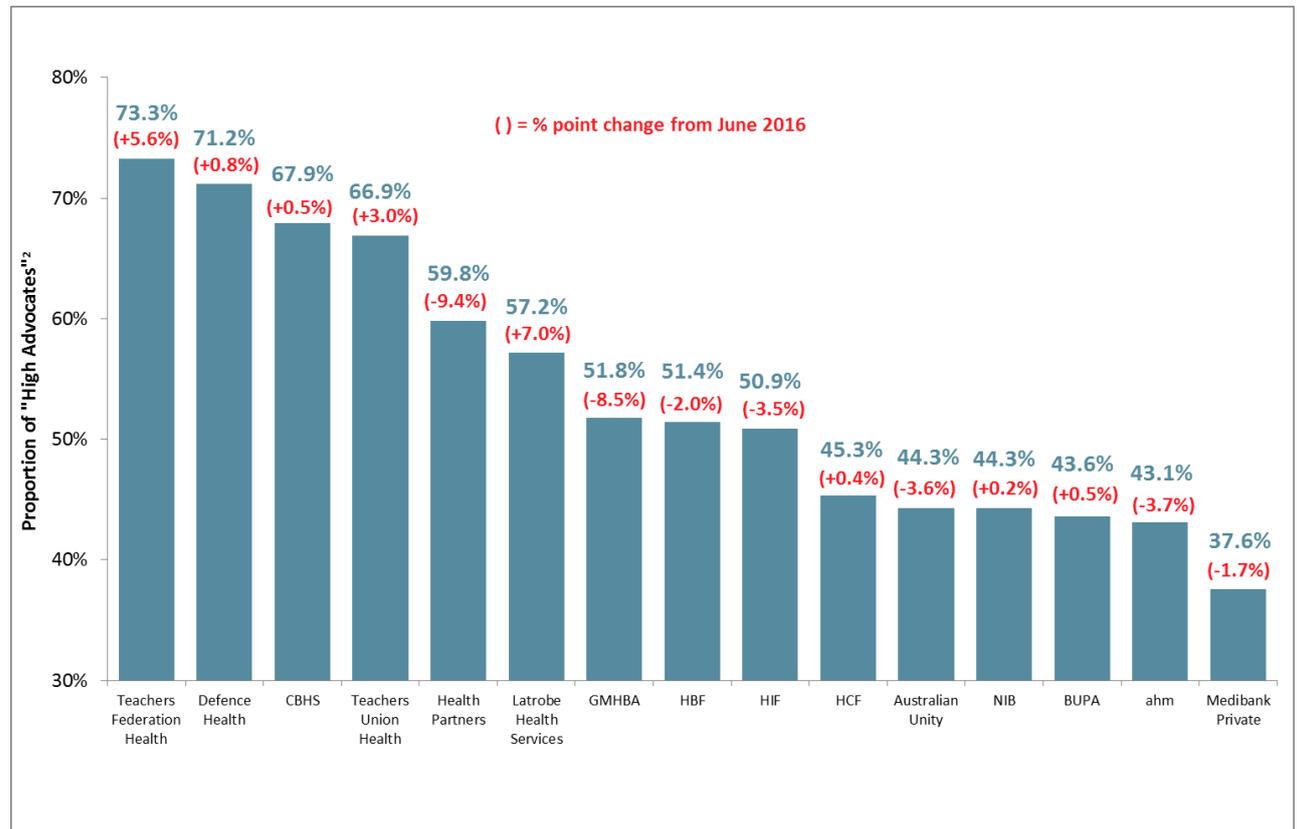
Source: Roy Morgan Single Source (Australia) 12 months to June 2017, n = 50,008, 12 months to June 2016, n = 50,712. **Base:** Australians 14+. 1. Based on customer numbers. 2. Total includes brands not shown.

Satisfaction with the two largest funds remain below the smaller players, with BUPA on 70.7% (down 2.8% points over the last year) and Medibank Private 68.4% (down 1.6% points).

Smaller funds show the way in customer advocacy

Less than half of the members of the major health funds would be 'highly likely' (with a score of 8 to 10 on a ten point scale) to recommend their fund to friends or colleagues. Only 43.6% of BUPA members consider that they would be 'highly likely' to recommend them, while the other two largest funds also had low ratings, with MediBank Private on 37.6% and HCF 45.3%.

Private Health Insurance Member "Highly Likely" to Recommend Their Fund: 15 Largest Insurers¹



Source: Roy Morgan Single Source (Australia) 12 months to June 2017, n = 50,008, 12 months to June 2016, n = 50,712. **Base:** Australians 14+. 1. Based on customer numbers. 2. "High Advocates" = a score of 8, 9 or 10 on a ten point scale regarding "How likely would you be to recommend (health Fund) to a friend or colleague?"

The best overall performer for advocacy was Teachers Federation Health, with nearly three quarters (73.3%) of members being 'highly likely' to recommend them, followed by Defence Health (71.2%).

The biggest improvers over the last year for advocacy were all small players with Latrobe Health Services (up 7.0% points), Teachers Federation Health (up 5.6% points) and Teachers Union Health (up 3.0% points).

Norman Morris, Industry Communications Director, Roy Morgan Research says:

"With a great deal of negative publicity being given to the rapidly rising cost of private health insurance over recent times, it is not surprising that satisfaction levels have been declining for most funds. It is worth noting that a number of smaller funds have shown that it is possible to improve even in this environment."

“Our research shows that by far the major reason that fund members either drop out altogether or change funds, is to do with cost. As a result of these cost pressures, the proportion of the population with private health insurance over the last year has declined from 46.5% to 45.4%. Indications from our survey are that this decline in the take up of private health insurance is likely to decline further over the next year, as shown by the fact that there is an increase in the proportion of fund members saying they will be likely to drop their insurance.

“In this difficult and highly competitive market, where factors impacting on the cost of private health insurance are largely outside the control of the funds, it remains critical that the larger funds learn from the smaller funds who not only show that they have the highest satisfaction levels but are improving their satisfaction levels.”

For comments or more information about Roy Morgan Research’s banking and finance data, please contact:

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About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2