

Friday, 17 May 2013

## Private Health Insurance uptake remains high

In the last two years, the purchase of Private Health Insurance policies taken out for the first time has grown rapidly to an annual rate of 288,000. These are the latest findings for the from the Roy Morgan Research Consumer Finance Survey of over 50,000 interviews per annum.

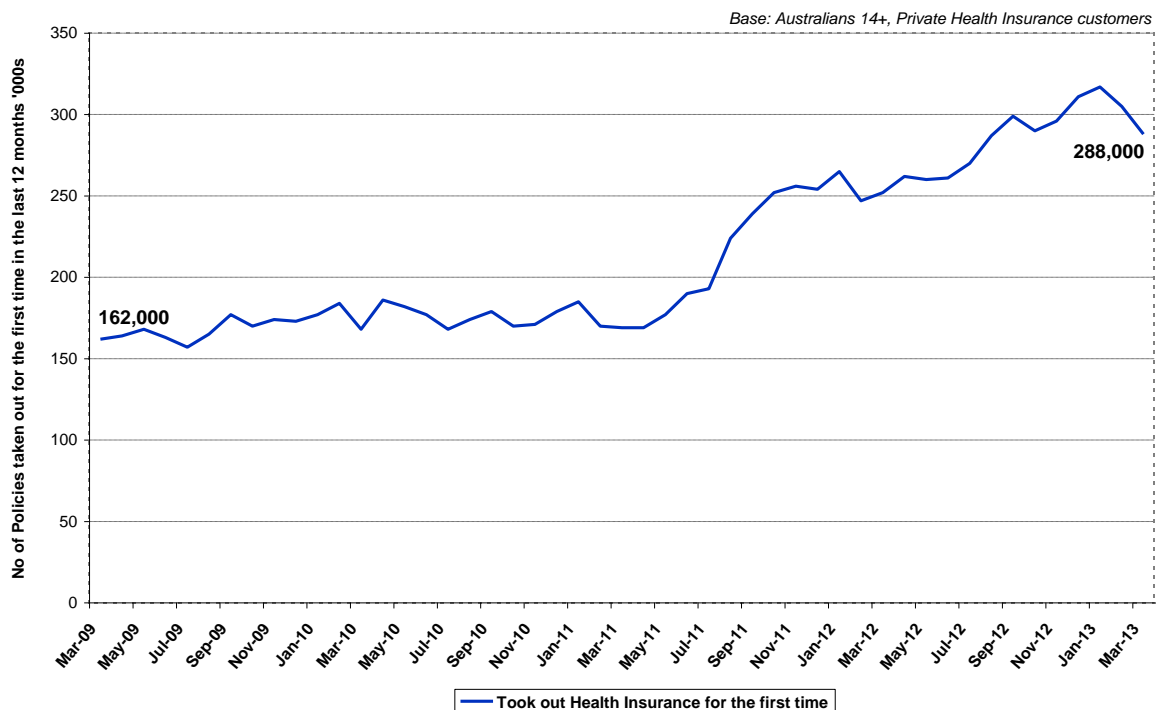
The announcement in early 2012 by the Australian government regarding Health Insurance reforms has led to an increase in new entrants to the market. The introduction of income testing for the Medicare Levy Surcharge from 1<sup>st</sup> July, 2012 resulted in a surge of new entrants with the aim of avoiding the payment of the Medicare Levy Surcharge.

Over a four year period, the annual number of policies taken out for the first time has nearly doubled from 162,000 in March 2009 to 288,000 in March 2013.

Further analysis of the new entrants segment reveals that they are primarily young singles or young couples without children. Almost three quarters of this group earn an annual Personal Income of below \$60,000.

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### Private Health Insurance policies taken out for the first time in the last 12 months



Source: Roy Morgan Single Source (Australia), 6 month moving average, average sample size = 11,197

Base: Australians 14+ Private Health Insurance customers

Within the Private Health Insurance market, the proportion of customers who have shopped around before renewing their policy has steadily increased, resulting in a lower rate of automatic renewals.

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

*“The reforms to the rebate tier system which took place mid last year coincided with a surge of new entrants to the market. Increased advertising, comparison tools and competition within the industry could also be a contributing factor to the rapid growth in new policy uptake.*

*The decline in the level of automatic renewals is a threat to established industry players who do not keep up their marketing effort.”*

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**For comments or more information 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 New Zealand, 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.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on financial behaviour, readership, voting intentions and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

### **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
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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