



MEDIA RELEASE

HCF continues its record of superior member benefits

Sydney, 27 November 2014 – Australia's largest non-profit private health insurer, HCF, at its annual general meeting today, reinforced its commitment to members by reporting it returned 93% of health insurance premiums to members in the form of benefits during the 12 months ending 30 June 2014. This result was above the industry average benefit payout ratio of 87%.

It was the thirteenth year in succession HCF surpassed this industry ratio, underscoring the consistency of its member-centred offering.

HCF Managing Director, Shaun Larkin, said HCF had performed well in the challenging industry conditions that characterised the year in review and had extended its record for delivering value to members.

The HCF group reported its financial result for FY14, with total revenue for the year – including health insurance, dental centres, life insurance (HCF Life) and retirement and aged care operations – up 8% to \$2.3 billion.

Group surplus after tax was down 29% to \$76 million. This was driven by a 9% increase in claims to \$2.1 billion in HCF's core health insurance business. A 13% increase in investment income to \$93 million did not offset this claims increase which was primarily due to increased rates of hospitalisation among members.

As Australia's third-largest private health insurer, HCF maintained its share of the national health insurance market, adding more than 40,000 lives during the year.

HCF's health fund management expense ratio, measuring management expenses as a proportion of premium income, was 7.1% - significantly lower than the industry average of 8.8%.

"Medical and health care utilisation and charges continue to drive costs at a rate well in excess of general inflation and this has put pressure on operating margins. HCF has nevertheless been able to grow membership, boost revenue and retain market share while extending our consistent record for above-average benefit payout ratios," Mr Larkin said.

"Members continue to embrace our expanding range of health and wellbeing programs, which include planned upgrades to our My Home Doctor service as well as My Health Guardian and others geared to specific therapies and treatments," he said.

"We're conscious of the cost pressures that households face and the need to respond with a compelling value proposition, underpinned by efficient operations. Ensuring we meet demand for affordable and sustainable health cover remains a key priority for us and will inform future development of our offering."

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About HCF

HCF is Australia's largest non-profit health insurer, currently covering more than 1.5 million Australians. To learn more about HCF go to <http://www.hcf.com.au/about-us>.