Private Health Insurance Intermediaries

State of the Sector Survey Report

For the 2020-21 Financial Year

Report prepared on behalf of PHIIA by Survey Matters
September 2021

PHIIA
Private Health Insurance Intermediaries Association Inc

survey matters.

About

This report has been prepared on behalf of the Private Health Insurance Intermediaries Association (PHIIA) by Survey Matters.

Survey Matters specialise in providing research services to associations and not-for-profit organisations, their customers, and members. Survey Matters have helped a wide range of associations understand their value proposition - what is important to members, how the association can help them and how satisfied they are with their associations' performance. We also work with associations to generate and build industry data and knowledge to support advocacy, promotion, industry development and marketing activities.

As authors of the Associations Matter Research Series, Survey Matters have a significant knowledge base of the Australasian association sector.

Survey Matters is a member of the Australian Market and Social Research Society.

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Disclaimer

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Introduction

The Private Health Insurance Intermediaries Association (PHIIA) is the peak body representing and monitoring standards for comparison services, independent intermediaries, agents and brokers selling private health insurance in Australia.

Intermediary organisations help Australians understand the often-complicated field of health insurance, that can be difficult and daunting to navigate alone.

PHIIA has established this 'State of the Sector' report to gather information from member companies about the number of consumers members service, the consumer segments they serve, the policies they sell and other market data to be used to better understand the role and importance of intermediaries to the health insurance sector.

The 2020-21 State of the Sector Survey highlighted several interesting trends and characteristics related to members of the Private Health Insurance Intermediaries Association (PHIIA).

Thanks to all of our members for their contribution to make this study possible.

Christopher Zinn
CEO
Private Health Insurance Intermediaries Association (PHIIA)

Methodology

The 2020-21 State of the Sector Survey was carried out by research firm Survey Matters on behalf of the Private Health Insurance Intermediaries Association Inc (PHIIA).

A total of five PHIIA member companies were invited to complete the 2020-21 State of the Sector Survey. These ranged from small insurance comparison firms with a relatively small number of customers, to the largest players in the sector.

All invited member companies completed the survey to give a completion rate of 100%. Importantly, all of the largest member firms completed the survey. The member companies are estimated to account for approximately 90% of lead enquiries, sales and employees across the sector, providing confidence that the survey results provide an accurate representation of the market overall.

The survey was opened for member companies to complete on the 28th July 2021, and was closed on the 23rd August 2021. Completed data was processed and analysed using Q statistical software and Microsoft Excel.

Data analysis and report writing were carried out in August 2021, with the final report released to PHIIA in late September 2021.

To ensure that no individual company is able to be identified in the published results, the survey data has been analysed at an aggregate level, with all results reported as sector totals and percentages.

Highlights

The sector's regulator APRA found there were more than 780,000 policies sold in 2020-21 and this survey shows PHIIA respondents were responsible for one-quarter of these sales. The proportion has remained consistent for the last three years.

For the first time the 2020-21 survey collected data by hospital tier, customer type and age, finding that a majority of customers new to private health insurance purchased bronze (44.4%) or silver (21.7%) policies. Young customers are also most likely to take out bronze tier hospital cover, comprising 51.7% of sales to customers aged less than 40.

Overall, silver policies were the most popular, making up 42.9% of sales at 76,121, followed by bronze polices at 38.3% (67,908). Sales of silver policies increased 17.6% in 2020-21, with many customers moving down from gold to newly created silver plus products, while the number of bronze policy sales increased 12.6%. The number of basic policies sold increased 38.7%, although they continue to represent a small proportion (11%) of policies sold by PHIIA members. In contrast, sales of gold policies dropped 34.5% to account for 7.8% of all policies sold in 2020-21.

The value of average Gross Annual Premium (GAP) sales increased across each of the cover types in 2020-21. The average GAP sale for combined, hospitals and extras cover was $3,904 (up 0.7%) while hospital only cover was $2,883 (up 2.7%). Extras only policies saw a 5.6% jump in the average GAP in 2020-21, to $1,063.

PHIIA survey respondents assisted almost 2.07 million customers with information about policies in 2020-21. A monthly average of 172,206 leads was reported in 2020-21. These peaked in March 2021 at 296,343, due to health insurance premiums increasing from April 1 each year, with a low of 97,383 in December 2020. In 2020-21, the number of leads also surged in September 2020 with the 2020 increase deferred until 1 October due to COVID-19. Of these leads, 9.4% were converted into sales, up from 9.0% in 2019-20.

Almost one third (31.2%) of the sales made by intermediaries in 2020-21 were to new private health insurance customers, up from 27.6% in 2019-20. This represents over 60,000 new customers to the market and highlights the pivotal role PHIIA members play in servicing large numbers of new customers. In 2020-21, 65.4% of these new entrants to the market were aged 39 years and below. Only 4.8% of new entrants were 65 years or older.

Driven by a higher sales conversion, health insurance sales via respondents increased by 2.8% in 2020- 21, to 196,161. This increase continues the growth trend in sales from the previous two years. Reflecting the pattern of enquiries, sales peaked in March 2021 (32,856), up 14.1% from March 2020 when sales declined with the impact of the delayed premium increase. The average number of sales per month in 2020-21 increased by 2.8%, to 16,347.

While there has been a decline in the proportion of policies purchased by younger cohorts, sales to customers aged under 40 continue to account for over one third (37.9%) of all policies purchased via PHIIA members. The largest age cohort for sales was those aged between 30 and 34 years, at 11.7% of sales in 2020-21. Sales to older cohorts, from 65 years and above, increased between 2017-18 to 2020-21 and account for one in five policies purchased via intermediaries.

Key Findings

According to APRA, there were 787,773 new health insurance policies sold in 2020-21. PHIIA respondents accounted for around one-quarter of these sales.

- APRA data shows that the total number of new health insurance policies sold in Australia increased by 3.5% in 2021-22, from 760,800 in 2019-20. PHIIA respondents made 24.9% of the total health insurance sales in 2020-21, almost unchanged from 25.1% in 2019-20, and 25.0% in 2018-19.

After a difficult last three months of 2019-20 due to COVID, intermediaries saw some improvements over 2020-21.

- Economic uncertainty and a rise in national unemployment had a major negative effect on leads and sales in the final quarter of 2019-20. While these continued to decline in the first quarter of 2020-21, they surged in September ahead of deferred annual premium price rises in October 2020. After dipping again from October 2020 through February 2021, leads and sales grew strongly from March 2021 through June 2021.

Consumers purchased 196,161 policies via PHIIA respondents in 2020-21, up 2.8% for the year.

- An average of 16,347 sales per month were made via PHIIA respondents in 2020-21, with a high of 32,856 in March 2021, and a low of 8,994 in December 2020. With the annual premium increase deferred until 1 October in 2020, sales also surged 37.8% in September 2020, to 19,224.

The number of sales to new entrants increased substantially, while switchers declined. Almost one third (31.2%) of sales made by intermediaries in 2020-21 were to new private health insurance customers, up from 27.6% in 2019-20.

- This represents over 60,000 new customers to the private health insurance market. Almost two-thirds (65.4%) of these new sales were to consumers aged below 40 years of age. A majority of new entrants to the private health insurance market purchased bronze (44.4%) or silver (21.7%) tier hospital cover.

While each of basic, bronze and silver tier hospital policies increased as proportions of sales, gold policies declined.

- Silver policies were the most popular in 2020-21, making up 42.9% of sales at 76,121 (up 17.6%), followed by bronze polices at 38.3% (67,908, up 12.6%). The number of basic policies sold increased, although they continue to represent a small proportion (11%) of policies sold by PHIIA members. In contrast, sales of gold policies dropped 34.5% to account for 7.8% of policies sold in 2020-21.

The value of average Gross Annual Premium (GAP) sales increased across each cover type in 2020- 21.

- The value of average Gross Annual Premium (GAP) sales increased across each of the cover types in 2020-21. The average GAP for combined hospitals and extras cover was $3,904 (up 0.7%) while hospital only cover was $2,883 (up 2.7%). Extras only policies saw a 5.6% jump in the average GAP in 2020-21, to $1,063.

While there has been a general decline in the proportion policies purchased by younger cohorts, sales to customers aged under 40 continue to account for over a third (37.9%) of all policies purchased via PHIIA members.

- The largest age cohort for sales was those aged between 30 and 34 years, at 11.7% of sales in 2020-21. While this percentage has declined over each of the past three years, from a high of 13.3% in 2017-18, PHIIA members made 22,870 sales to consumers in this age bracket. Anecdotally, some of these sales in 2020-21 were ex-patriates returning to Australia from overseas due to COVID-19. These were mainly in the 35 to 59 years age cohorts.

The proportion of sales to consumers in older cohorts, from 65 years and above, increased from 2017 to 2021. Sales to older consumers account for one in five policies purchased via Intermediaries.

- The 60 to 64 years cohort accounted for 8.7% of sales in 2020-21, unchanged from 2019-20, but up from 8.1% in 2017-18. The proportion of sales to those aged 65 to 69 years dipped to 7.6% in 2020-21. While sales to customers above 70 years continue to increase in percentage terms, this cohort comprised just 12.5% of sales by PHIIA members in 2020-21.

In 2020-21, PHIIA survey respondents gave information and guidance to more than two million consumers, with a stronger conversion rate as more leads were converted into sales.

- While intermediaries generated 2.07 million leads in 2021-22, this was down 2.2% from the previous year’s 2.11 million leads. In 2020-21, 9.4% of leads were converted into sales, up from 9.0% in 2019-20, and 8.5% in 2018-19.

More than half (50.3%) of all policies sold via PHIIA members were to singles.

- A total of 98,630 policy sales via PHIIA respondents were to singles in 2020- 21. At 50.3% of sales, this was up from 48.6% in 2019-20, continuing the growth trend since 2017-18. Sales to couples accounted for 22.7% of policy sales, while families accounted for 21.8%.

- Sales of combined policies continued to increase as a proportion of sales in 2020-21, to 72.7%, while sales of hospital only and extras policies fell.

Detailed Results

Leads

Reporting PHIIA members had approximately 2.07 million leads in 2020-21, down 2.2% from more than 2.11 million leads in 2019-20, and a peak of almost 2.20 million leads in 2018-19. This downward trend is likely due to weaker demand in response to the COVID-19 pandemic, and associated uncertainty in national unemployment and wages growth. After increasing by 4.3% in 2017-18, the number of leads then fell 3.8% in 2019-20.

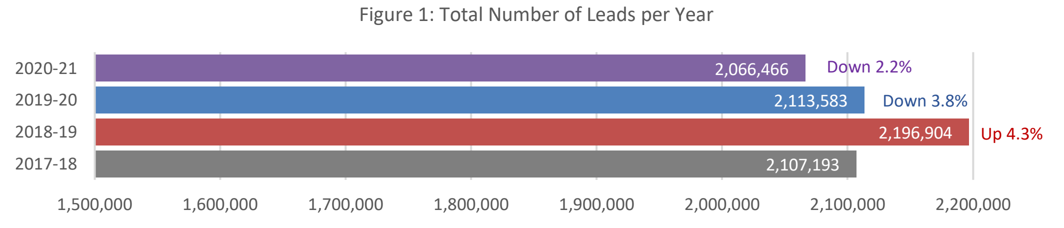


Figure 1: Please provide the NUMBER of leads per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Key findings in leads by month:

- In 2020-21, an average of 172,206 leads were made each month. This was down 2.2% from 176,132 in 2019-20, and from 183,075 in 2018-19. In 2020-21, the number of leads peaked in March 2021 at 296,343, with a low of 97,383 in December 2020.
- As seen in Figure 2, below, the number of monthly leads peaks each March, due to health insurance premiums generally increasing from April 1 each year. The annual March surge is due to current insurance holders shopping around for a better price on their health insurance, with potential new clients also seeking out the best deals.
- After declining significantly from March 2020 through August 2020 due to uncertainty around the COVID-19 pandemic, the number of leads also surged in September 2020 with the 2019-20 annual premium increase deferred in 2020 until 1 October. However, the number of leads then declined over subsequent months through February 2021 compared with the corresponding months in 2019 and 2020 due to uncertain business conditions.
- From March 2021 through June 2021, the number of leads were higher compared with the same months in 2020.

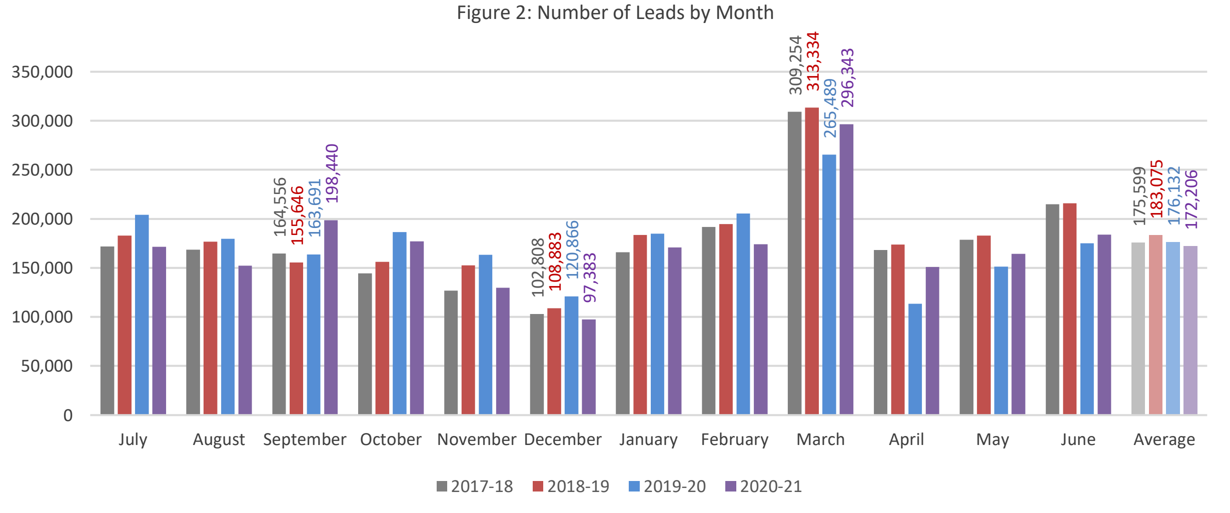


Figure 2: Please provide the NUMBER of leads per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Key findings in the proportion of leads per month:

- As shown in Figure 3, in March 2021, the proportion of annual leads returned to levels seen in previous years, at 14.3%. This followed a decline to 12.6% of leads for the 2019-20 year in March 2020. The March 2020 decrease was in response to the COVID-19 pandemic, with additional declines seen over subsequent months.
- Similarly, the proportion of annual leads increased significantly in September 2020 due to the deferral of the annual premium increase to 1 October 2020.
- In contrast with the large number and high proportion of leads each March, just 4.7% of annual leads were from December 2020.
- As with the number of leads, the proportion of leads increased each month from March 2021 through June 2021. Despite the proportional increases, these percentages remained below the percentages seen in the corresponding months from April through June in 2018 and 2019.

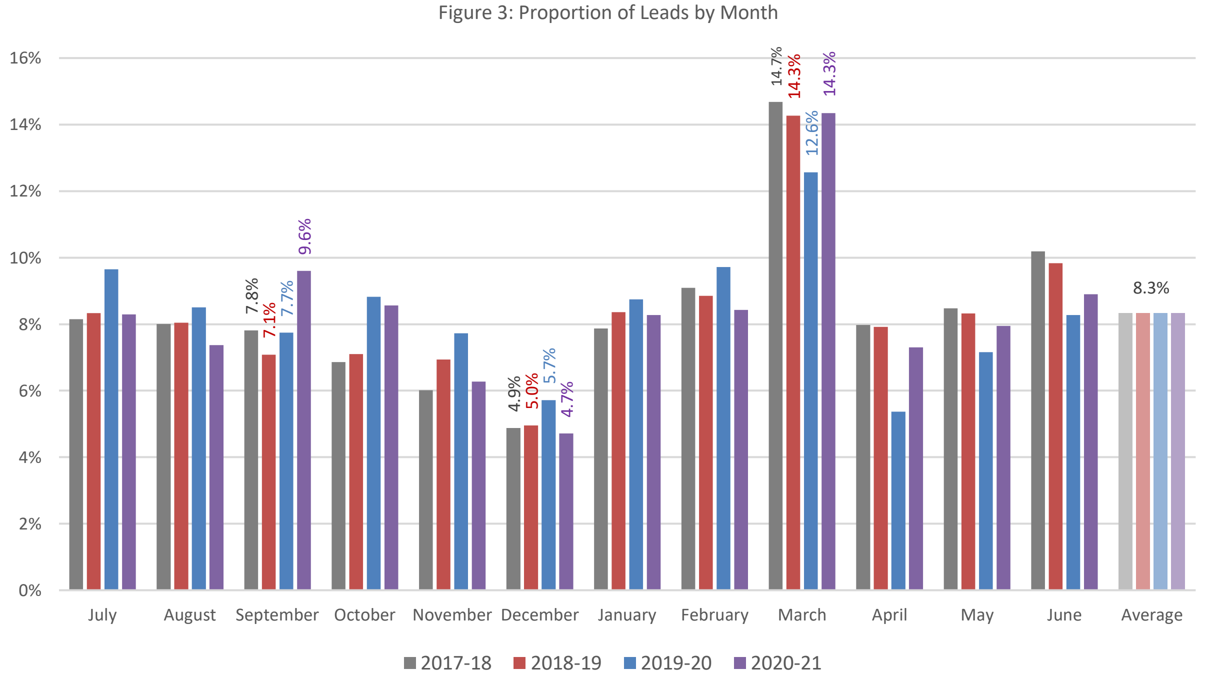


Figure 3: Please provide the NUMBER of leads per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Sales

Despite the 2.2% decline in the number of leads in 2020-21, the number of sales completed by PHIIA reporting entities increased 2.8% for the year, to 196,161. This shows a higher conversion rate by private health insurance intermediaries, and a greater proportion of people ready to take up private health insurance when contacting intermediaries.

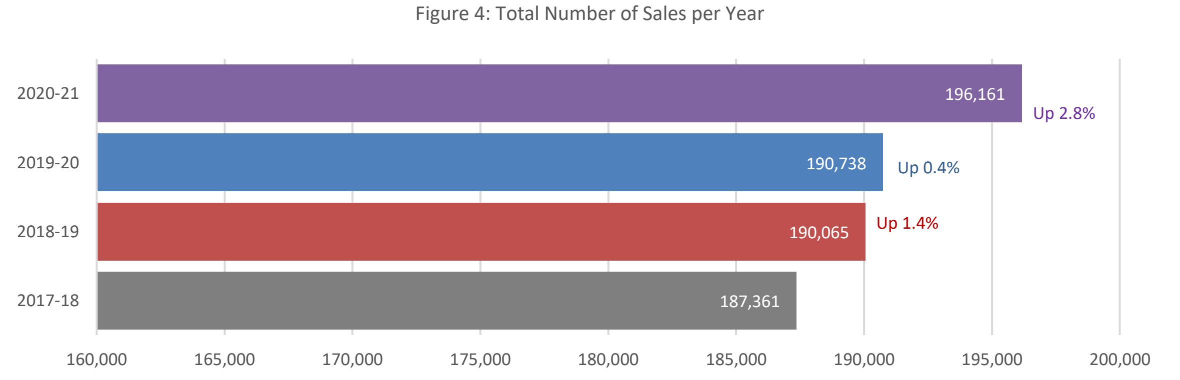


Figure 4: Please provide the NUMBER of sales per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Key findings in sales by month:

- The average number of sales per month in 2020-21 increased by 2.8%, to 16,347. This 2020-21 figure was also up from 2019-20, at 15,895, and from 15,839 in 2018-19.
- As with the number of leads, sales peaked in March 2021 at 32,856 prior to the annual premium increase on 1 April 2021. This was up 14.0% from March 2020, and more than double the number of sales in February 2021. Sales also increased significantly in September 2020, prior to the deferred 2019-20 premium increase on 1 October 2020. Sales were lowest in December 2020 at 8,994.

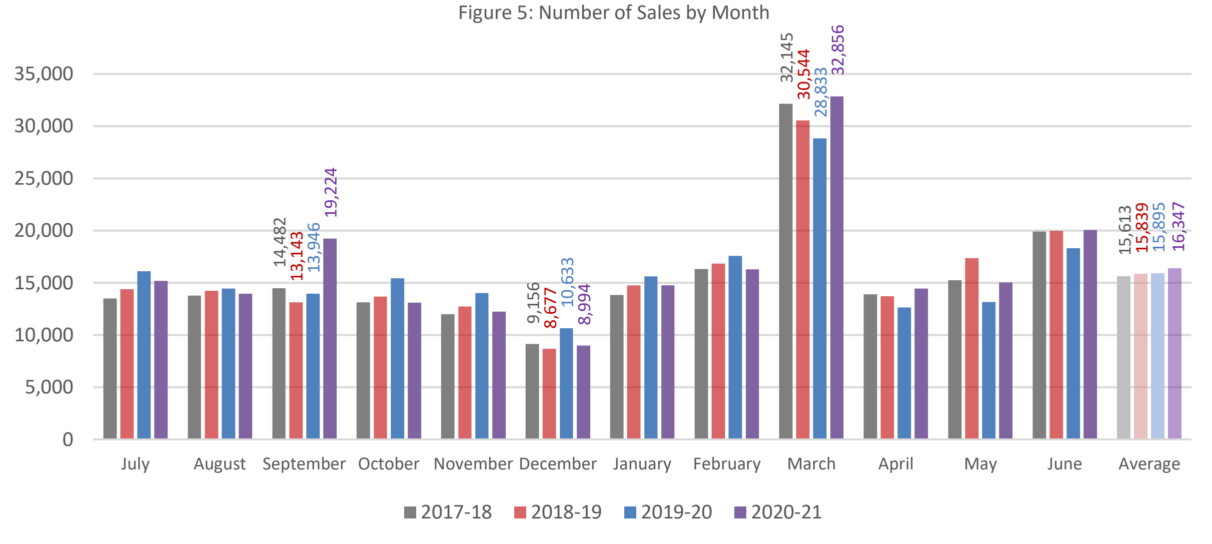


Figure 5: Please provide the NUMBER of sales per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Key findings in sales per month (cont.):

- After monthly declines from March 2020 through August 2020, sales surged in September 2020 before the deferred annual premium increase on 1 October 2020. However, sales returned to being below the corresponding month from October 2020 through February 2021 as uncertainty remained. Sales recovered from March 2021 through June 2021 compared with the same months of 2020.
- As with the number of sales, the proportion of sales peaked in March 2021, at 16.7%. This was more than twice the average annual proportion of sales at 8.3%. The proportion of sales were also relatively high in June 2021 and September 2020, at 10.2% and 9.8%, respectively.
- Only 4.6% of sales were made in December 2020, down from 5.6% in December 2019, and similar to the proportion seen in December in prior years.

Figure 6: Proportion of Sales by Month

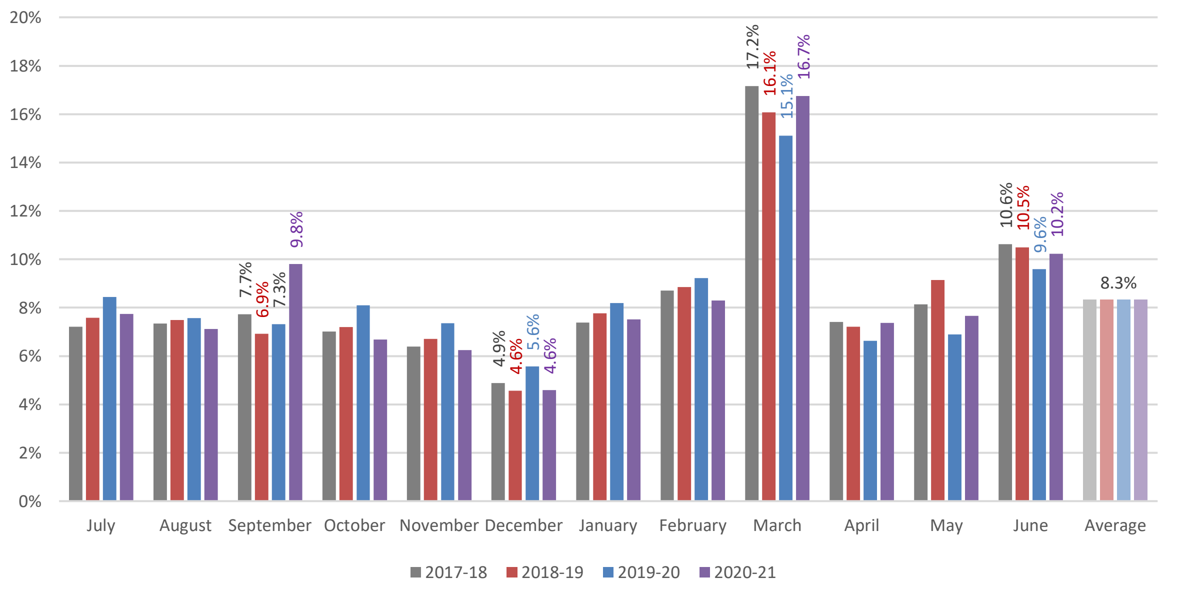


Figure 6: Please provide the NUMBER of sales per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Sales Conversions

The ratio of sales to leads is a useful indicator to show how well PHIIA respondents were able to convert leads into sales. The sales conversion trend tend to be similar to trends for the number of leads, and the number of sales.

Key findings for sales conversions:

- As show in Figure 7, below, 9.4% of leads were converted into sales in 2020-21. This was up from 9.0% in 2019-20, and 8.5% in 2018-19. The higher sales conversion ratio in 2020-21 was due to a large increase in the number of sales for the year, and a corresponding decline in the number of leads. These factors also contributed to the higher ratio of sales per lead in 2019-20.
- The sales conversion ratio increased in most months of 2020-21 from the corresponding month of the previous year, excluding October 2020 and April 2021 when the ratio declined. Growth was particularly strong in July 2020 through September 2020.
- Stronger conversion rates in 2020-21 are likely due to consumer anxiety about the COVID-19 pandemic, with more clients being prepared to take up or change health insurance policies via an intermediary.

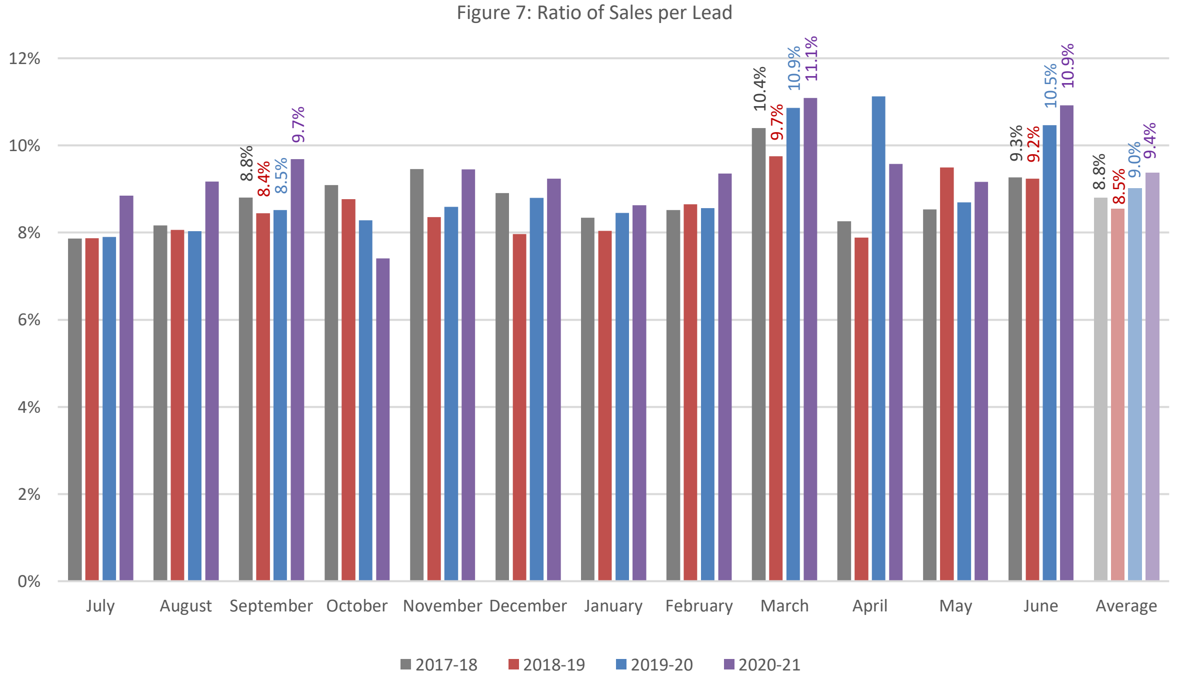


Figure 7: Please provide the NUMBER of leads per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)
Please provide the NUMBER of sales per month (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Sales by Age Cohort

Sales data by 5-year age cohort provided by PHIIA members showed some interesting trends from 2017-18 through 2020-21. For ease of reporting, the 5-year age cohort starts with the 15 to 19 years cohort, and combines the cohorts for 85 to 89 years, 90 to 94 years, and 95+ years into a single 85+ years cohort.

Key sales by 5-year age cohort points:

- Due to the 2% loading applied to people that do not take out private health insurance prior to their 31st birthday, the 30 to 34 years cohort is the largest for the sector, at 11.7% of sales in 2020-21, although there have been declines each year from 2017-18.
- The second-largest cohort is for those aged 25 to 29 years, at 10.7% of sales in 2020-21. This was up from the previous year, although it was down from 2017-18.
- Anecdotally, a proportion of the new to private health insurance sales in 2020-21 were to ex-patriates returning to Australia from overseas due to the global COVID-19 pandemic. These were mainly in the 35 to 39 years through 55 to 59 years age cohorts.
- In 2020-21, growth trends continued for older age cohorts with sales to consumers aged over 70 up each year since 2017-18.

Figure 8: Sales by 5-year Age Cohorts

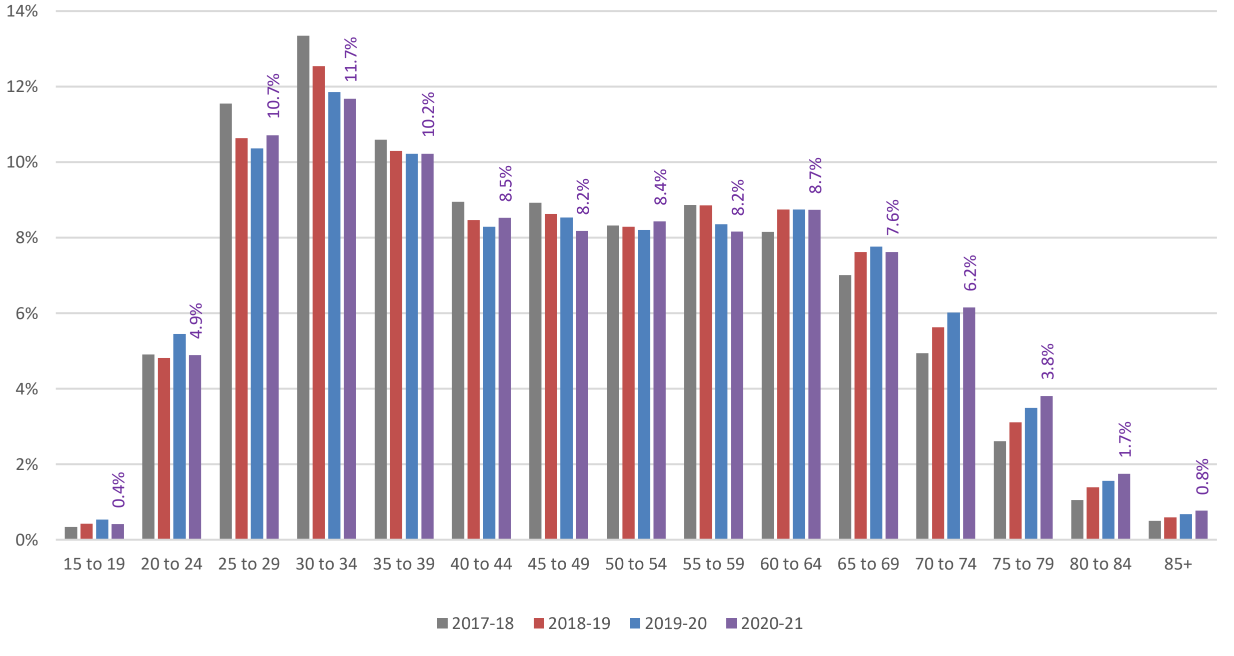


Figure 8: Please provide the TOTAL NUMBER of sales by Age Cohort (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Sales by Customer Status

Customer status refers to whether customers are new entrants or switchers. New entrants include customers that have not previously held health insurance, and are being guided by a PHIIA member. Switchers are existing policy holders that are switching policies within the same fund, or switching from a different insurance provider.

Key sales by customer status points:

- There was a 16.2% increase in new entrants in 2020-21, to 61,078, while the number of switchers declined 2.3% to 134,765. Anecdotally, the increase in new entrants could be due to consumer concerns about the COVID-19 pandemic and expatriates returning to Australia.
- New entrants accounted for 31.2% of total sales in 2020-21, up from 27.6% in 2019-20, and consequently the proportion of switchers declined to 68.8% in 2020-21, down from 72.4% in 2019-20. This demonstrates that PHIIA members are effective in reaching and providing services to a large number of new customers, and providing valuable services to private health insurance firms.

Figure 9: Proportion of Sales by Customer Status

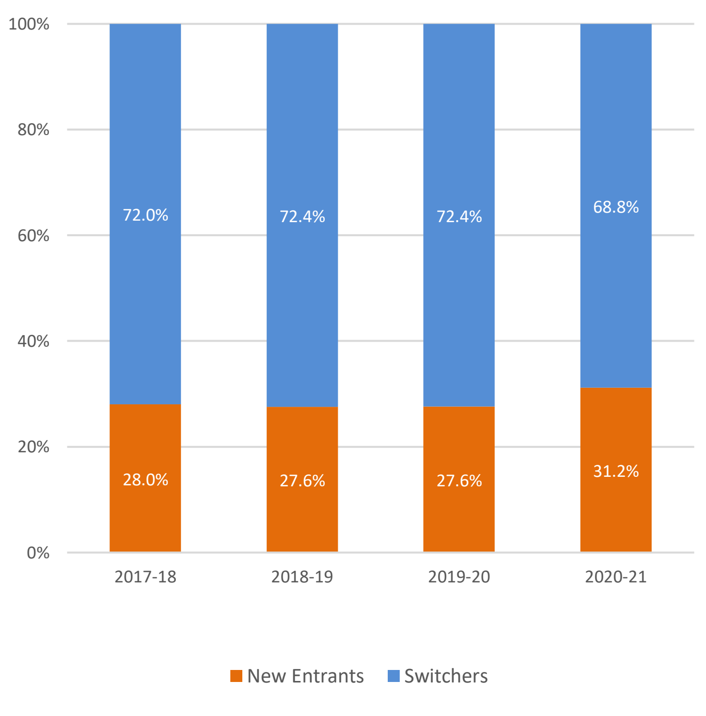
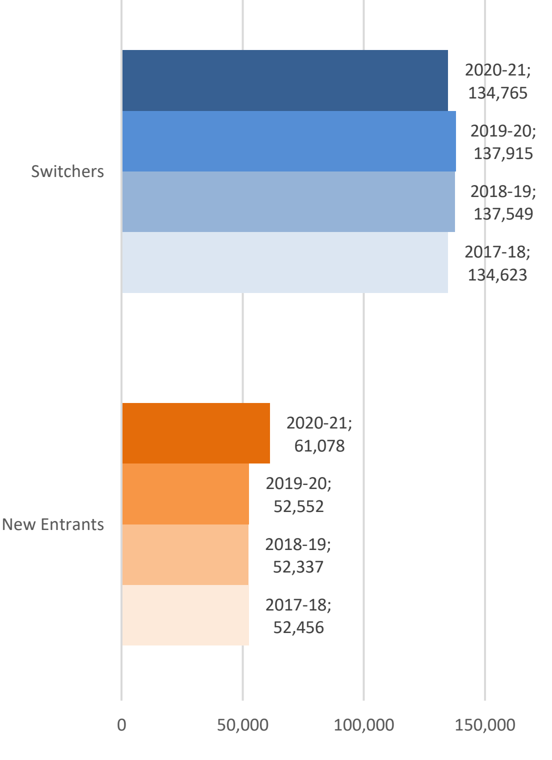


Figure 10: Number of Sales by Customer Status



Figures 9 and 10: Please provide the TOTAL NUMBER of sales by New Entrant or Switcher (2017-18 and 2018-19: n = 5, 2019-20 and 2020-21: n = 4)

In 2020-21, the survey included questions by age cohort about whether customers were new entrants or switchers. The data highlighted some interesting results and trends across age cohorts.

Key sales by customer status and age cohort points:

- New entrants tend to be younger, while switchers are fairly evenly spread across the age groups ranging from 30 to 34 years through 70 to 74 years.
- More than half (53.%) of new entrants in 2020-21 were aged 34 years and below, while only 4.8% of new entrants were aged 65 years or more. The main age cohort for new entrants was those aged 25 to 29 years, at 22.0%.
- In contrast, only 15.9% of switchers were aged 34 years or less, and 27.0% of switchers were aged more than 65 years.
- Over four in five sales to consumers aged over 55 are to those switching policies.

Figure 11: Proportion of Sales per Age Cohort, by Customer Status, 2020-21

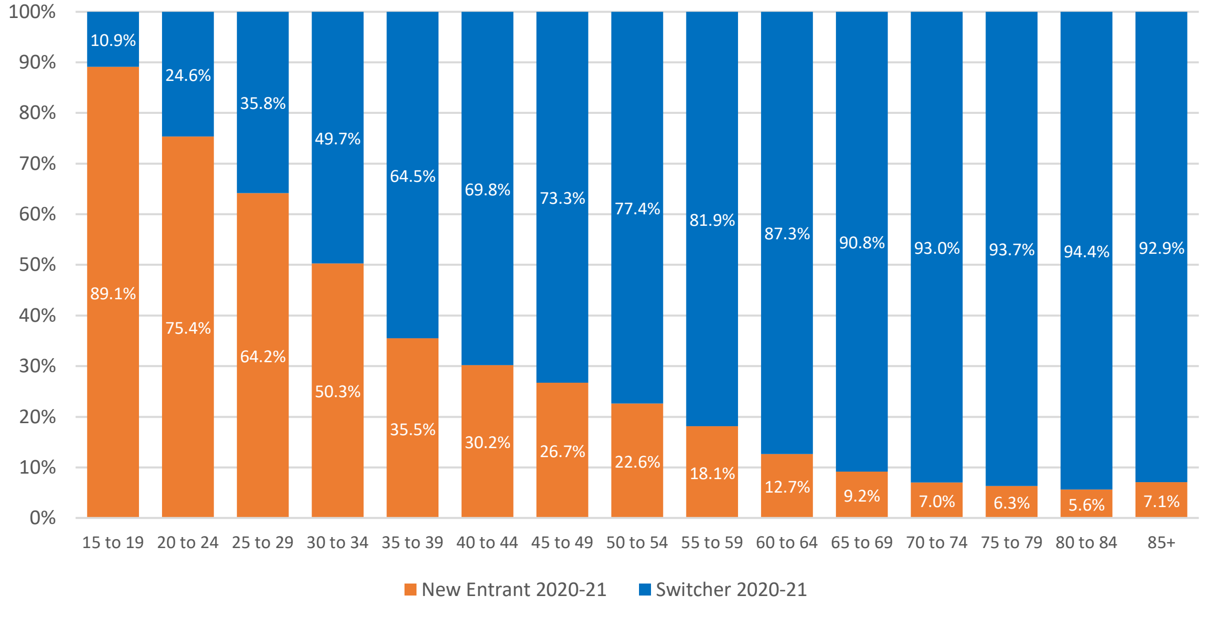


Figure 12. Proportion of Sales per Customer Type, by Age Cohort, 2020-21

	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85+	Total
New Entrant	1.2%	11.8%	22.0%	18.8%	11.6%	8.2%	7.0%	6.1%	4.7%	3.5%	2.2%	1.4%	0.8%	0.3%	0.1%	100.0%
Switcher	0.1%	1.8%	5.6%	8.4%	9.6%	8.6%	8.7%	9.5%	9.7%	11.1%	10.1%	8.3%	5.2%	2.4%	1.0%	100.0%

Figures 11 & 12: Please provide the TOTAL NUMBER of sales by New Entrant or Switcher (2017-18 and 2018-19: n = 5, 2019-20 and 2020-21: n = 4)

Sales by Customer Type

PHIIA members were asked to provide data showing the number of sales by customer type. The four types of customer are singles, couple, families, and single parents.

Key points for sales by customer type:

- More than half (50.3%) of respondent sales were to singles in 2020-21, at 98,630. The number of sales to singles was up 6.5% for the year from 92,600 in 2019-20, continuing the growth trend over prior years. This was 2.4% higher than sales to singles in 2018-19 (90,430), when it represented 48.8% of sales for the year. Further, the singles segment has steadily increased as a portion of sales since 2017-18, when it accounted for 46.5% of sales.
- Sales to couples as reported by PHIIA members dipped by 0.5% in 2020-21, to 42,763. While the number of sales has remained relatively steady since 2017-18, this segment has declined as a portion of sales, from 22.8% in 2017-18, to 21.8% in 2020-21. It decreased in 2019-20 by 1.7%, to 42,996 when these made up 22.7% of sales for the year, down slightly from 23.0% in 2018-19, and 22.8% in 2017-18.
- The number of sales to families declined in absolute and percentage terms in 2020-21, and from 2017-18. In contrast, sales to single parents increased in 2020-21, and as a portion of sales since 2017-18.

Figure 13: Number of Sales by Customer Type

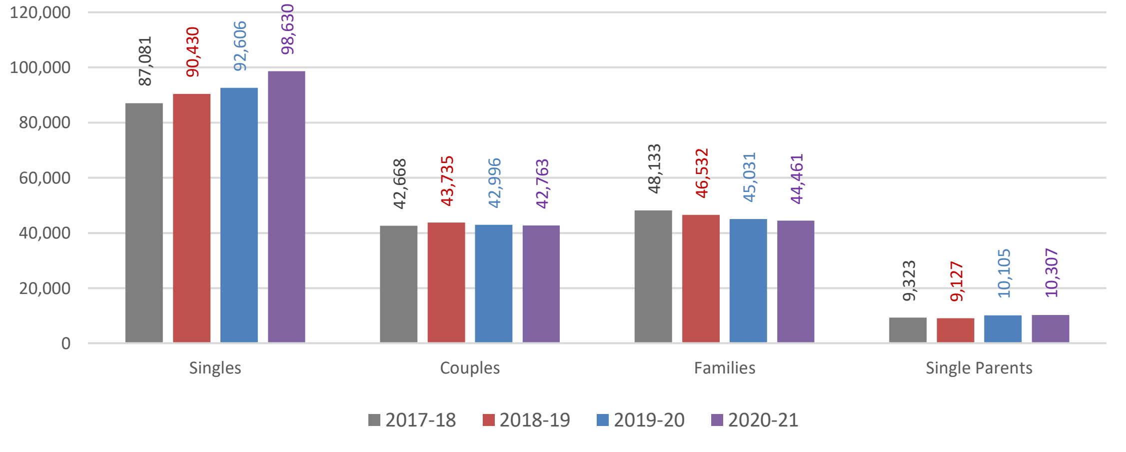


Figure 14: Proportion of Sales by Customer Type

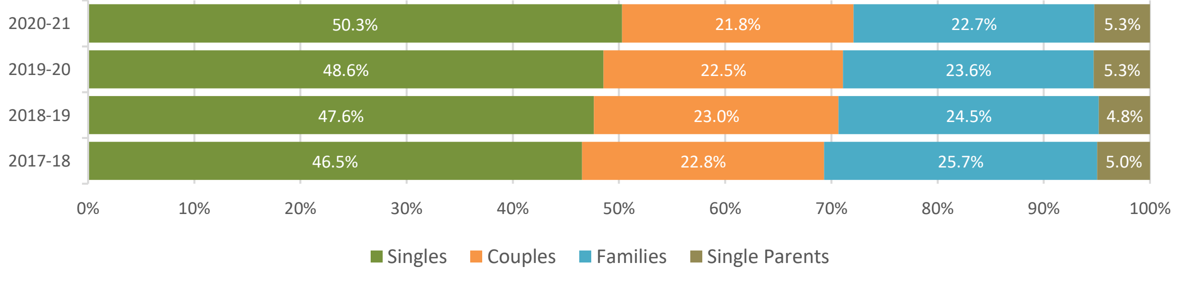


Figure 13 and 14: Please provide the TOTAL NUMBER of sales by Customer Type (2017-18 and 2018-19: n = 6, 2019-20 and 202-21: n = 5)

Sales by Cover Type

Private health insurance intermediaries sell various types of health cover to consumers on behalf of insurance firms. These cover types are: combined hospital and extras insurance; hospital-only insurance; and, extras-only insurance. As shown in Figures 15 and 16, below, there have been some moderate changes in the proportional sizes of these categories between 2017-18 and 2020-21.

Key findings for sales by cover type:

- The number of health insurance policies sold via PHIIA respondents that combined hospital and extras totalled 142,633 in 2020-21, or 72.7% of sales. The number of combined cover sales was up 5.9% for the year, from 134,669 in 2019-20, at 70.6% of sales. The number of these types of sales also increased in 2018-19.
- Sales of hospital-only insurance declined 3.2% in 2020-21, to 28,202, continuing the downward trend from 2019-20. These sales made up 14.4% of total sales in 2020-21, down from 15.3% in 2019-20, and 17.0% in 2018-19.
- With 25,326 sales, the proportion of extras-only insurance policies sold also decreased in 2020-21, to 12.9%, from 14.1% in 2019-20, and 14.8% in 2018-19.

Figure 15: Number of Sales by Cover Type

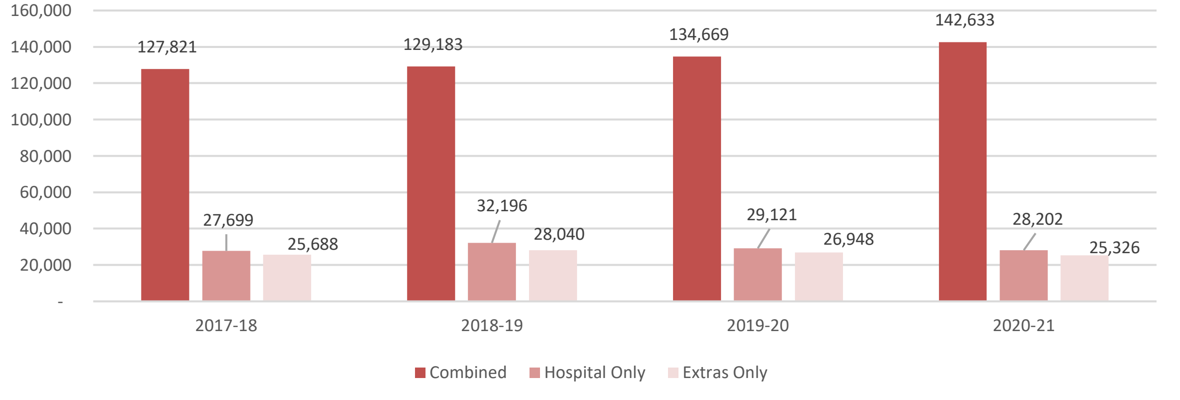
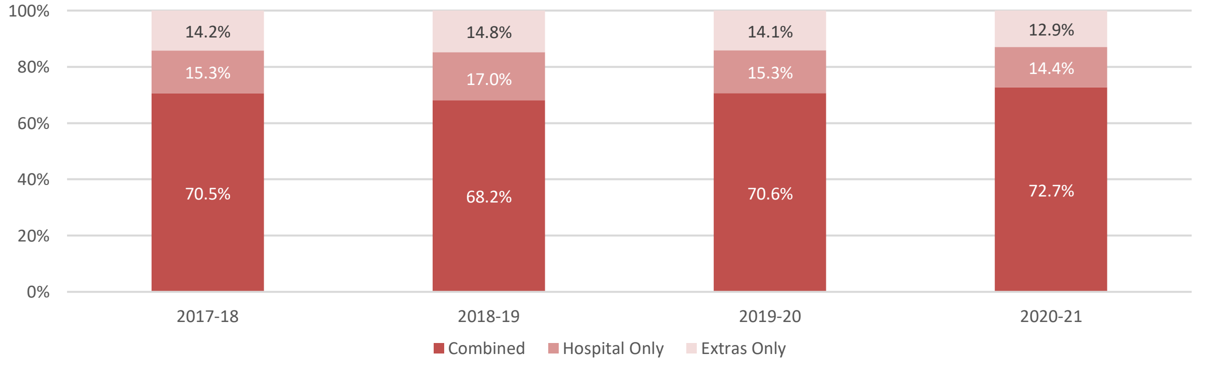


Figure 16: Proportion of Sales by Cover Type



Figures 15 and 16: Please provide the TOTAL NUMBER of sales by Cover Type (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Sales by Hospital Tier

The four hospital tiers included in the survey were basic, bronze, silver and gold. Sales data by these hospital tiers highlighted some large changes in 2020-21 from the previous year.

Key sales points by hospital tier:

- With 42.9% of sales in 2020-21, the silver tier was the most popular hospital tier at 76,121 sales. The number of silver policy sales was up 17.6% from 2019-20, with a high proportion being switchers (see Figure 18). The proportion of silver tier sales was also up from 40.4% in the prior year.
- Bronze tier sales also increased strongly in 2020-21, to 67,908, and 38.3% of sales. The proportion of bronze sales that were to switchers was much higher than for new entrants, although bronze is the most common policy level purchased by new entrants to the market.
- While basic tier sales increased 38.7% in 2020-21 to 19,503 sales, this was from a relatively low base of 14,066 in 2019-20. Basic tier sales accounted for 11.0% of sales in 2020-21, up from 8.8% in 2019-20.
- In contrast to each of the other three tiers, gold tier sales declined in 2020-21, by 34.5% to 13,869. These gold tier sales accounted for 7.8% of total sales in 2020-21, down from 13.2% in 2019-20.

Figure 17: Sales by Hospital Tier

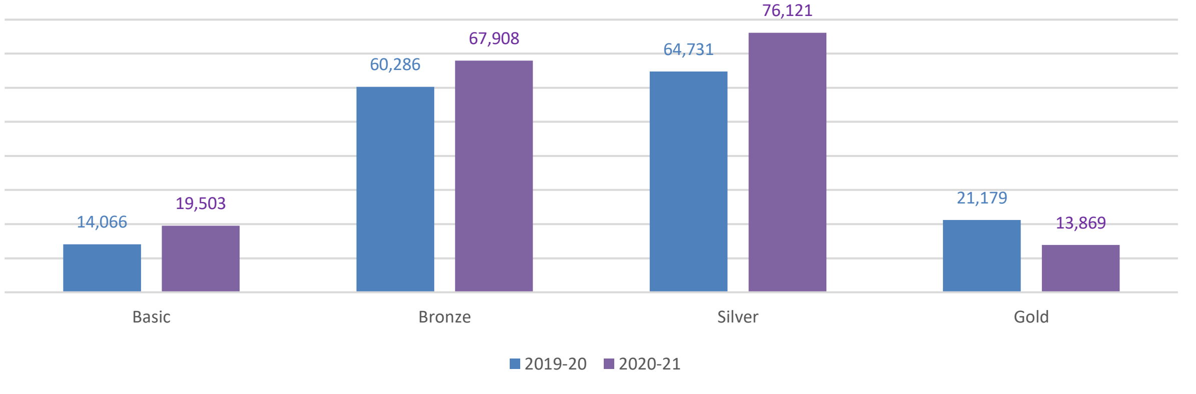


Chart 18: Proportion of Sales by Hospital Tier

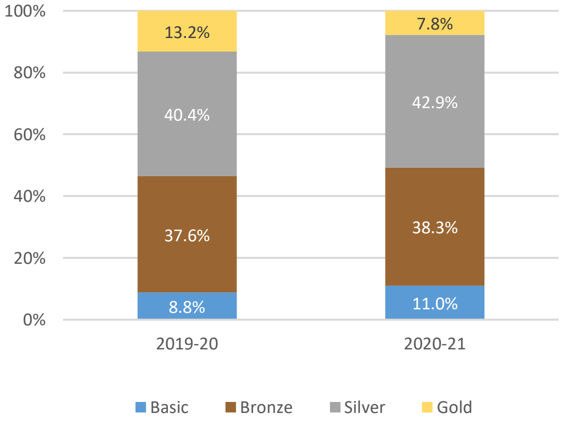


Figure 19: Number of Sales by Customer Status and Hospital Tier, 2020-21

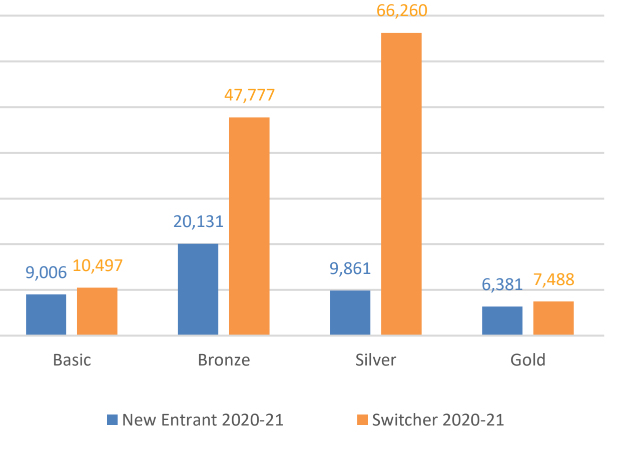


Figure 17 to 19 Please provide the TOTAL NUMBER of sales by Hospital Tier (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

For the first time, the 2020-21 survey collected data by hospital tier and age cohort. Figure 20 shows the percentage of sales per age cohort by hospital tier, while Figure 21 shows the percentage of sales of each hospital tier made to consumers in different each age groups.

Key sales points by hospital tier and age cohort:

- While 65.5% of basic tier policies are to customers aged below 40, these basic tier policy sales made up only 20.1% of sales to this age group, with this group more likely to opt for higher level hospital cover.
- Bronze tier customers are more commonly in younger age cohorts. Of all bronze tier sales, 48.1% were to customers aged under 40. Similarly, young customers are most likely to take out bronze tier hospital cover with 51.7% of sales to customers younger than 40 buying bronze tier policies.
- Conversely, silver tier sales were more common for older cohorts, with 74.7% of all silver tier sales made to customers aged over 50. Of customers in this age cohort, 82% of sales were silver hospital tier sales.
- Although basic and gold hospital tier sales made up only small portions of total sales, these contrasting tiers were more common in younger age cohorts, and in similar. For example, 25.2% of basic tier sales were to those aged 30 to 34 years, with 21.1% of gold tier sales also made to this age cohort (Figure 21).

Figure 20: Proportion of Sales per Age Cohort by Hospital Tier, 2020-21

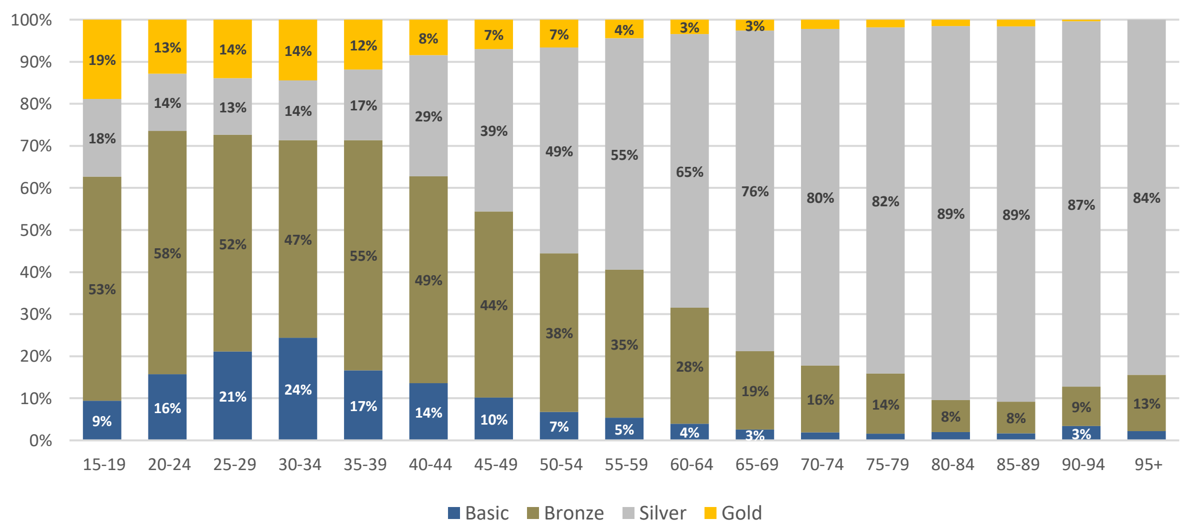


Figure 21. Proportion of Sales per Hospital Tier by Age Cohort, 2020-21

	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85+	Total
Basic	0.3%	5.8%	18.6%	25.2%	15.2%	10.5%	7.6%	5.3%	4.1%	3.3%	1.9%	1.1%	0.6%	0.3%	0.1%	100.0%
Bronze	0.5%	6.2%	13.0%	14.0%	14.4%	10.9%	9.5%	8.4%	7.7%	6.6%	4.0%	2.7%	1.5%	0.4%	0.2%	100.0%
Silver	0.2%	1.3%	3.0%	3.8%	3.9%	5.7%	7.4%	9.8%	10.8%	13.9%	14.4%	12.3%	7.9%	3.9%	1.7%	100.0%
Gold	0.9%	6.7%	17.3%	21.1%	15.3%	9.2%	7.4%	7.3%	4.8%	4.0%	2.6%	1.8%	1.0%	0.4%	0.1%	100.0%

Figures 20 and 21: Please provide the TOTAL NUMBER of sales by Hospital Tier (2020-21: n = 5)

Average Gross Annual Premiums (GAP) Sales

PHIIA member firms were asked to provide their average gross annual premiums (GAP) by cover type. Combined with the number of members by cover type for each reporting member, average GAPs were able to be calculated for each year from 2017-18 through 2020-21.

Key points for Average Gross Annual Premiums (GAP) :

- In 2020-21, the average GAP for sales of combined policies was $3,904, up 0.7% from $3,878 in 2019-20.
- The average GAP for sales of hospital-only policies increased by 2.7% in 2020-21, to $2,883. This was up from $2,807 in the previous year.
- For extras-only policies, average GAP increased by 5.6% in 2020-21, to $1,063. This average GAP value was up from $1,007 in 2019-20.

Figure 22: Average Gross Annual Premium (GAP) Sales

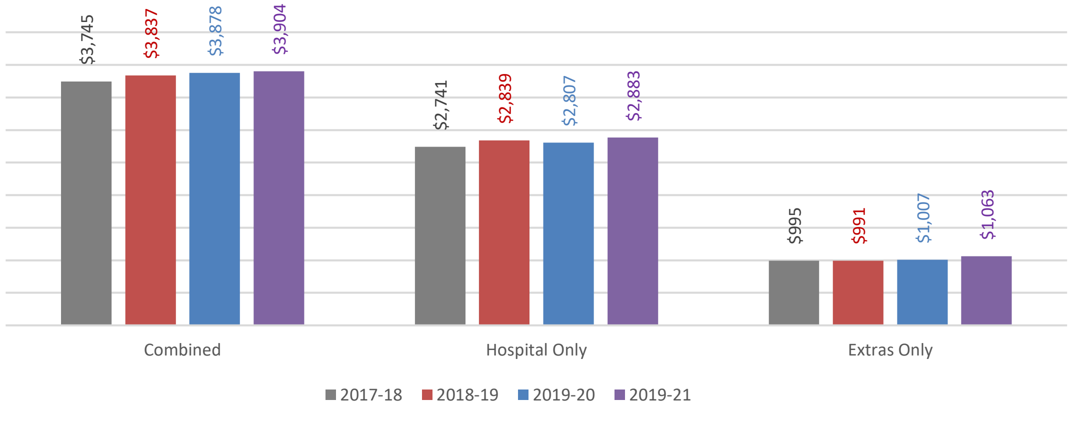
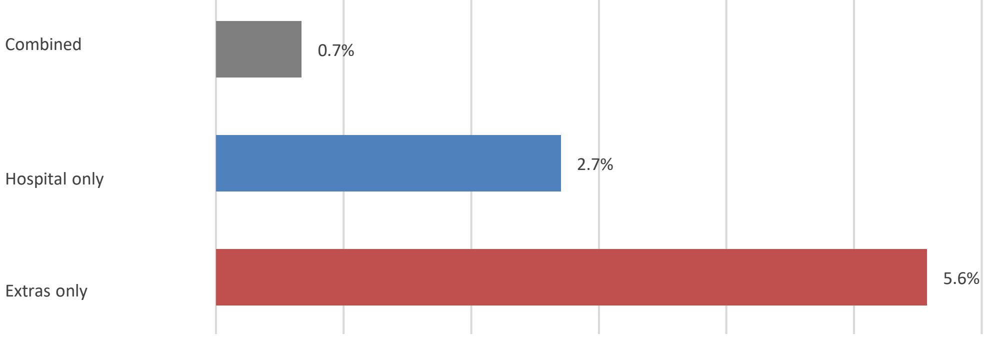


Figure 23: Change in Average Gross Annual Premium (GAP) Sales, 2019-20 to 2020-21



Figures 22 and 23: Average Gross Annual Premium (GAP) Sales (2017-18 and 2018-19: n = 6, 2019-20 and 2020-21: n = 5)

Appendix

Appendix

Table 1. Number of Leads Generated per Month, 2017-18 to 2020-21

	July	August	September	October	November	December	January	February	March	April	May	June	Average	Total
2017-18	171,740	168,689	164,556	144,491	126,696	102,808	165,843	191,584	309,254	168,163	178,615	214,751	**175,599**	**2,107,190**
2018-19	182,946	176,723	155,646	155,992	152,439	108,883	183,647	194,496	313,334	173,904	182,930	215,964	**183,075**	**2,196,904**
2019-20	203,990	179,751	163,691	186,449	163,318	120,866	184,830	205,444	265,489	113,548	151,239	174,968	**176,132**	**2,113,583**
2020-21	171,475	152,277	198,440	177,001	129,561	97,383	170,974	174,092	296,343	150,937	164,136	183,847	**172,206**	**2,066,466**
Change from 19-20 to 20-21	-15.9%	-15.3%	21.2%	-5.1%	-20.7%	-19.4%	-7.5%	-15.3%	11.6%	32.9%	8.5%	5.1%	**-2.2%**	**-2.2%**

Table 2. Proportion of Leads Generated per Month, 2017-18 to 2020-21

	July	August	September	October	November	December	January	February	March	April	May	June	Average
2017-18	8.2%	8.0%	7.8%	6.9%	6.0%	4.9%	7.9%	9.1%	14.7%	8.0%	8.5%	10.2%	**8.3%**
2018-19	8.3%	8.0%	7.1%	7.1%	6.9%	5.0%	8.4%	8.9%	14.3%	7.9%	8.3%	9.8%	**8.3%**
2019-20	9.7%	8.5%	7.7%	8.8%	7.7%	5.7%	8.7%	9.7%	12.6%	5.4%	7.2%	8.3%	**8.3%**
2020-21	8.3%	7.4%	9.6%	8.6%	6.3%	4.7%	8.3%	8.4%	14.3%	7.3%	7.9%	8.9%	**8.3%**

Table 3. Number of Sales per Month, 2017-18 to 2020-21

	July	August	September	October	November	December	January	February	March	April	May	June	Average	Total *
2017-18	13,508	13,771	14,482	13,133	11,982	9,156	13,838	16,318	32,145	13,892	15,240	19,896	**15,613**	**187,361**
2018-19	14,398	14,241	13,143	13,680	12,741	8,677	14,771	16,828	30,544	13,717	17,371	19,954	**15,839**	**190,065**
2019-20	16,113	14,437	13,946	15,446	14,036	10,633	15,616	17,589	28,833	12,633	13,148	18,308	**15,895**	**190,738**
2020-21	15,177	13,968	19,224	13,107	12,240	8,994	14,746	16,282	32,856	14,457	15,037	20,073	**16,347**	**196,161**
Change from 19-20 to 20-21	-5.8%	-3.2%	37.8%	-15.1%	-12.8%	-15.4%	-5.6%	-7.4%	14.0%	14.4%	14.4%	9.6%	**2.8%**	**2.8%**

Table 4. Proportion of Sales per Month, 2017-18 to 2020-21

	July	August	September	October	November	December	January	February	March	April	May	June	Average
2017-18	7.2%	7.3%	7.7%	7.0%	6.4%	4.9%	7.4%	8.7%	17.2%	7.4%	8.1%	10.6%	**8.3%**
2018-19	7.6%	7.5%	6.9%	7.2%	6.7%	4.6%	7.8%	8.9%	16.1%	7.2%	9.1%	10.5%	**8.3%**
2019-20	8.4%	7.6%	7.3%	8.1%	7.4%	5.6%	8.2%	9.2%	15.1%	6.6%	6.9%	9.6%	**8.3%**
2020-21	7.7%	7.1%	9.8%	6.7%	6.2%	4.6%	7.5%	8.3%	16.7%	7.4%	7.7%	10.2%	**8.3%**

Table 5. Ratio of Sales per Month, 2017-18 to 2020-21

	July	August	September	October	November	December	January	February	March	April	May	June	Average
2017-18	7.9%	8.2%	8.8%	9.1%	9.5%	8.9%	8.3%	8.5%	10.4%	8.3%	8.5%	9.3%	**8.8%**
2018-19	7.9%	8.1%	8.4%	8.8%	8.4%	8.0%	8.0%	8.7%	9.7%	7.9%	9.5%	9.2%	**8.5%**
2019-20	7.9%	8.0%	8.5%	8.3%	8.6%	8.8%	8.4%	8.6%	10.9%	11.1%	8.7%	10.5%	**9.0%**
2020-21	8.9%	9.2%	9.7%	7.4%	9.4%	9.2%	8.6%	9.4%	11.1%	9.6%	9.2%	10.9%	**9.4%**

* Totals do not always align across indicators due to different measuring and recording methods used within categories by some respondents. These differences can result in the non-alignment of reported figures.

Table 6. Number of Sales by Customer Type, 2017-18 to 2020-21

	Singles	Couples	Families	Single Parents	Total *
2017-18	87,081	42,668	48,133	9,323	**187,205**
2018-19	90,430	43,735	46,532	9,127	**189,824**
2019-20	92,606	42,996	45,031	10,105	**190,738**
2020-21	98,630	42,763	44,461	10,307	**196,161**
Change from 19-20 to 20-21	6.5%	-0.5%	-1.3%	2.0%	2.8%

Table 7. Proportion of Sales by Customer Type, 2017-18 to 2020-21

	Singles	Couples	Families	Single Parents
2017-18	46.5%	22.8%	25.7%	5.0%
2018-19	47.6%	23.0%	24.5%	4.8%
2019-20	48.8%	22.7%	23.7%	5.3%
2020-21	50.3%	21.8%	22.7%	5.3%

Table 8. Number of Sales by Cover Type, 2017-18 to 2020-21

	Combined	Hospital Only	Extras Only	**Total ***
2017-18	127,821	27,699	25,688	**181,208**
2018-19	129,183	32,196	28,040	**189,419**
2019-20	134,669	29,121	26,948	**190,738**
2020-21	142,633	28,202	25,326	**196,161**
Change from 19-20 to 20-21	5.9%	-3.2%	-6.0%	**2.8%**

Table 9.Proportion of Sales by Cover Type, 2017-18 to 2020-21

	Combined	Hospital Only	Extras Only
2017-18	70.5%	15.3%	14.2%
2018-19	68.2%	17.0%	14.8%
2019-20	70.6%	15.3%	14.1%
2020-21	72.7%	14.4%	12.9%

Table 10. Number of Sales by Age Cohort, 2017-18 to 2020-21

	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85+	**Total ***
2017-18	623	9,158	21,570	24,936	19,790	16,718	16,667	15,539	16,548	15,218	13,081	9,218	4,870	1,964	927	**186,827**
2018-19	792	8,992	19,883	23,460	19,256	15,828	16,138	15,500	16,563	16,360	14,254	10,523	5,816	2,602	1,110	**187,077**
2019-20	1,008	10,369	19,736	22,567	19,451	15,776	16,246	15,609	15,903	16,644	14,781	11,456	6,641	2,970	1,280	**190,437**
2020-21	807	9,571	20,976	22,870	20,007	16,685	16,014	16,505	15,969	17,099	14,918	12,050	7,453	3,418	1,501	**195,843**
Change from 19-20 to 20-21	-19.9%	-7.7%	6.3%	1.3%	2.9%	5.8%	-1.4%	5.7%	0.4%	2.7%	0.9%	5.2%	12.2%	15.1%	17.3%	**2.8%**

Table 11. Proportion of Sales by Age Cohort, 2017-18 to 2020-21

	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85+
2017-18	0.3%	4.9%	11.5%	13.3%	10.6%	8.9%	8.9%	8.3%	8.9%	8.1%	7.0%	4.9%	2.6%	1.1%	0.5%
2018-19	0.4%	4.8%	10.6%	12.5%	10.3%	8.5%	8.6%	8.3%	8.9%	8.7%	7.6%	5.6%	3.1%	1.4%	0.6%
2019-20	0.5%	5.4%	10.4%	11.9%	10.2%	8.3%	8.5%	8.2%	8.4%	8.7%	7.8%	6.0%	3.5%	1.6%	0.7%
2020-21	0.4%	4.9%	10.7%	11.7%	10.2%	8.5%	8.2%	8.4%	8.2%	8.7%	7.6%	6.2%	3.8%	1.7%	0.8%

* Totals do not always align across indicators due to different measuring and recording methods used within categories by some respondents.
These differences can result in the non-alignment of reported figures.

Table 12. Number of Sales by Customer Status, 2017-18 to 2020-21

	New Entrant	Switchers	**Total ***
2017-18	52,456	134,623	**187,079**
2018-19	52,337	137,549	**189,886**
2019-20	52,552	137,915	**190,467**
2020-21	61,078	134,765	**195,843**
Change from 19-20 to 20-21	16.2%	-2.3%	**2.8%**

Table 13. Proportion of Sales by Customer Status, 2017-18 to 2020-21

	New Entrant	Switchers
2017-18	28.0%	72.0%
2018-19	27.6%	72.4%
2019-20	27.6%	72.4%
2020-21	31.2%	68.8%

Table 14. Proportion of Sales by Customer Status and Age Cohort, 2020-21

	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85+	**Total**
New Entrant	1.2%	11.8%	22.0%	18.8%	11.6%	8.2%	7.0%	6.1%	4.7%	3.5%	2.2%	1.4%	0.8%	0.3%	0.1%	100.0%
Switcher	0.1%	1.8%	5.6%	8.4%	9.6%	8.6%	8.7%	9.5%	9.7%	11.1%	10.1%	8.3%	5.2%	2.4%	1.0%	100.0%

Table 15. Number of Sales by Hospital Tier, 2019-20 and 2020-21

	Basic	Bronze	Silver	Gold	Total *
2019-20	14,066	60,286	64,731	21,179	**160,262**
2020-21	19,503	67,908	76,121	13,869	**177,401**
Change from 19-20 to 20-21	38.7%	12.6%	17.6%	-34.5%	**10.7%**

Table 16. Proportion of Sales by Hospital Tier, 2019-20 and 2020-21

	Basic	Bronze	Silver	Gold	Total
2019-20	8.8%	37.6%	40.4%	13.2%	**100.0%**
2020-21	11.0%	38.3%	42.9%	7.8%	**100.0%**

Table 17. Number of Sales by Customer Status and Hospital Tier, 2020-21

	Basic	Bronze	Silver	Gold	Total *
New Entrant	9,006	20,131	9,864	6,381	**45,379**
Switcher	10,497	47,777	66,260	7,488	**132,022**
Total	19,503	67,908	76,121	13,869	**177,401**

Table 18. Proportion of Sales by Customer Status and Hospital Tier, 2020-21

	Basic	Bronze	Silver	Gold	Total
New Entrant	19.8%	44.4%	21.7%	14.1%	**100.0%**
Switcher	8.0%	36.2%	50.2%	5.7%	**100.0%**

Table 19. Proportion of Sales by Age Cohort and Hospital Tier, 2020-21

	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85+	**Total**
Basic	0.3%	5.8%	18.6%	25.2%	15.2%	10.5%	7.6%	5.3%	4.1%	3.3%	1.9%	1.1%	0.6%	0.3%	0.1%	100.0%
Bronze	0.5%	6.2%	13.0%	14.0%	14.4%	10.9%	9.5%	8.4%	7.7%	6.6%	4.0%	2.7%	1.5%	0.4%	0.2%	100.0%
Silver	0.2%	1.3%	3.0%	3.8%	3.9%	5.7%	7.4%	9.8%	10.8%	13.9%	14.4%	12.3%	7.9%	3.9%	1.7%	100.0%
Gold	0.9%	6.7%	17.3%	21.1%	15.3%	9.2%	7.4%	7.3%	4.8%	4.0%	2.6%	1.8%	1.0%	0.4%	0.1%	100.0%

* Totals do not always align across indicators due to different measuring and recording methods used within categories by some respondents.
These differences can result in the non-alignment of reported figures.

Table 20. Average Gross Annual Premium (GAP) Sales by Cover Type, 2017-18 to 2020-21

	Combined	Hospital	Extras
2017-18	$3,745	$2,741	$995
2018-19	$3,837	$2,839	$991
2019-20	$3,878	$2,807	$1,007
2020-21	$3,904	$2,883	$1,063
Change from 19-20 to 20-21	0.7%	2.7%	5.6%

Table 21. Change in GAP Sales by Cover Type, 2017-18 to 2020-21

	Combined	Hospital	Extras
Change from 17-18 to 18-19	2.4%	3.6%	-0.4%
Change from 18-19 to 19-20	1.1%	-1.1%	1.6%
Change from 19-20 to 20-21	0.7%	2.7%	5.6%

* Totals do not always align across indicators due to different measuring and recording methods used within categories by some respondents. These differences can result in the non-alignment of reported figures.

About

ABOUT PHIIA

The Private Health Insurance Intermediaries Association (PHIIA) is a professional body established in 2002 to establish, implement and monitor standards for independent intermediaries, agents and brokers selling private health insurance in Australia.

The PHIIA Code of Conduct was created to improve the standards of our members and ensure overall quality of service in the industry. The Code was reviewed and updated and Version 2 was launched on 1st July 2015

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PHIIA
Private Health Insurance Intermediaries Association Inc

ABOUT SURVEY MATTERS

Survey Matters is the only research agency exclusively servicing the association, membership and non-profit sector. We offer member engagement and satisfaction surveys, association benchmarks, industry statistics and public opinion research.

Survey Matters have helped a wide range of associations understand their value proposition. We also work with associations to generate and build industry data and knowledge to support advocacy, promotion, industry development and marketing activities. Our research provides the evidence to make better decisions, improve performance and increase value to members and stakeholders.

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