



MEDIA RELEASE
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COVID WINDFALL CONTINUES FOR CORPORATE INSURERS

Corporate insurers collected a staggering \$1.8 billion in profits over the past year by collecting more in premiums from members while paying out less in claims, according to the Medical Technology Association of Australia (MTAA). MTAA has called for these profits to be immediately returned to members through premium reductions to increase the affordability of private health care.

MTAA is the national association representing companies in the medical technology industry.

“Today’s data is further evidence that the COVID-19 pandemic has delivered a financial windfall for big corporate insurers, in contrast to the hardship experienced by many of their members,” Ian Burgess, MTAA CEO, said today.

The [quarterly report](#) from the Australian Prudential Regulation Authority (APRA) shows that private health insurer profits soared in the year to September 2021.

Between September 2020 and September 2021 health funds’ net investment income rose a staggering 332.9% (\$131.9m to \$571.0m) and net profits are up 212.4% (\$587.4m to \$1.8bn).

According to APRA, these gains are likely due to a number of factors, including growth in premiums and lower than anticipated claims.

On the plus side, MTAA was pleased to see that Australians benefited from nearly 3.4m devices implanted in the last year by their clinicians.

Average benefits for prostheses are now on average nearly 16% lower than they were 5 years ago delivering increased savings to insurers of over \$1.4b since 2017.

“This \$1.8 billion profit belongs to policy holders and not the shareholders of corporate insurance companies, many of whom live overseas and have no interest in improving healthcare in Australia,” Mr Burgess commented.

“They should be forced to return these substantial profits to their members who continued to pay for their premiums during the pandemic, despite the restrictions on their access to care. MTAA does not believe that people with private health insurance should pay more for their insurance while shareholders pocket increased dividends.

“We know that insurers are unlikely to pass on these savings unless forced to do so. MTAA has been calling on insurers to pass on the estimated \$900m in savings delivered by the medical technology sector as part of our 2017 agreement with the government. Unfortunately there is no evidence that this has occurred.

“Given the clear statement from APRA that insurers should not gain financially from COVID-19, we call on the government to explore all legislative and regulatory options to ensure the insurers’ COVID bonus is returned to members and not used to increase management bonuses and shareholder profits,” Mr Burgess said.

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