



**MEDIA RELEASE**  
**2 September 2021**

## **CORPORATE INSURERS' DOUBLE PROFITS ON THE BACK OF COVID MISERY**

Cashed up health insurers should immediately pay back to their members hundreds of millions of dollars in windfall gains from the COVID-19 pandemic, after doubling their profits in 2020-21, according to the Medical Technology Association of Australia (MTAA).

Figures compiled by the industry regulator, the Australian Prudential Regulation Authority (APRA), show insurers bagged a net profit of \$1.5 billion last financial year<sup>1</sup> – almost double their 2019-20 result – underpinned by soaring premium revenues and virtually flat claims.

MTAA CEO, Ian Burgess, said the unique circumstances of the global pandemic had delivered insurers a massive windfall at the expense of households already under pressure from rising living costs and stagnant wages.

“Insurers have said that they will not seek to profit from the COVID crisis. Now it’s time for them to deliver on that promise,” Mr Burgess said.

“They should immediately reimburse members who have paid high premiums for services that, because of the pandemic, they have not been able to use.”

Big corporate insurers have revealed huge spikes in profit in their end of financial year reports to the market. Medibank Private reported its operating profit soared 14.4 per cent in 2020-21 to \$538.6 million, underpinned by a 4.6 per cent jump in membership while claims grew just 1.4 per cent<sup>2</sup>. Fellow insurer NIB’s net profit leapt 84 per cent to \$160.5 million as its biggest-ever influx of members pushed net premium revenue up by 4.1 per cent<sup>3</sup>.

Insurers are estimated to have amassed an extra \$1.4 billion because of deferred claims.

Mr Burgess said it was understandable that during the pandemic people had sought the extra security provided by private health insurance.

But measures such as the repeated deferral of elective surgery and restrictions on allied care like physiotherapy and chiropractic meant health fund members were not able to access the services they had paid for, he said.

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<sup>1</sup> <https://www.apra.gov.au/news-and-publications/apra-releases-quarterly-private-health-insurance-statistics-for-june-2021>

<sup>2</sup> [https://www.medibank.com.au/content/dam/retail/about-assets/pdfs/investor-centre/results/FY21\\_Results\\_Media\\_Release.pdf](https://www.medibank.com.au/content/dam/retail/about-assets/pdfs/investor-centre/results/FY21_Results_Media_Release.pdf)

<sup>3</sup> <https://www.nib.com.au/docs/2021-full-year-results-investor-presentation>

“While most of Australia has been doing it incredibly tough, the insurers have been cleaning up. These are some of the best trading conditions they have ever had,” Mr Burgess said.

“People take out insurance so that the support is there when they need it the most.

“Insurers should not take advantage of the pandemic to generate bumper profits and pay executives big bonuses.”

Some insurers deferred premium increases last year, but Mr Burgess said this was not enough.

“Deferring premium increases won’t cut it. The many millions that health insurers have hoarded in the last 12 months is not theirs. It belongs in the pockets of members,” he said.

Mr Burgess said that unless the funds act immediately to restore the money to their members the Federal Government should explore all legislative and regulatory options to ensure it is returned.

#### **MEDIA:**

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#### **Did you know?**

1. During COVID-19 the Medical technology industry provided 7,500 ventilators, tens of millions of COVID-19 testing kits, and countless items of PPE including masks and gowns.
2. The medical technology industry currently employs more than 19,000 people.
3. The industry is highly skilled with over 52% of employees having a tertiary qualification, and 25% having a postgraduate qualification.
4. More than half of Australian medical device companies have grown from start-ups. 40% of all medical device businesses have been established since 2000.
5. In 2013-14, Australia exported medical devices to 167 different countries around the world for a total value of \$2.1 billion.
6. Medical technology (7.76%) is second only to Civil Engineering (8.5%) and pharmaceuticals in third (6.3%) when it comes to filing patents for innovative technology.

#### **About MTAA**

The Medical Technology Association of Australia (MTAA) is the national association representing companies in the medical technology industry. MTAA aims to ensure the benefits of modern, innovative and reliable medical technology are delivered effectively to provide better health outcomes to the Australian community.

MTAA represents manufacturers and suppliers of medical technology used in the diagnosis, prevention, treatment and management of disease and disability. The range of medical technology is diverse with products ranging from familiar items such as syringes and wound dressings, through to high-technology implanted devices such as pacemakers, defibrillators, hip and other orthopaedic implants. Products also include hospital and diagnostic imaging equipment such as ultrasounds and magnetic resonance imaging machines.

MTAA members distribute the majority of the non-pharmaceutical products used in the diagnosis and treatment of disease and disability in Australia. Our member companies also play a vital role in providing healthcare professionals with essential education and training to ensure safe and effective use of medical technology.