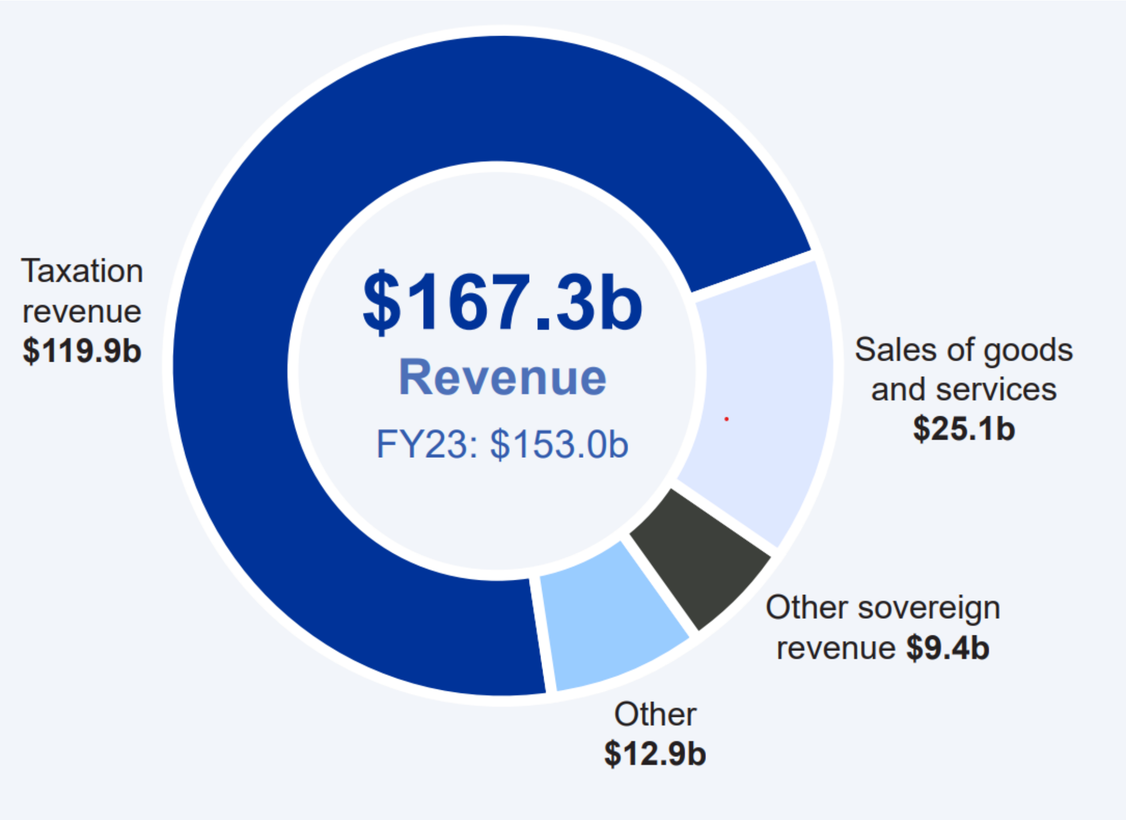
Futureproofing Funding

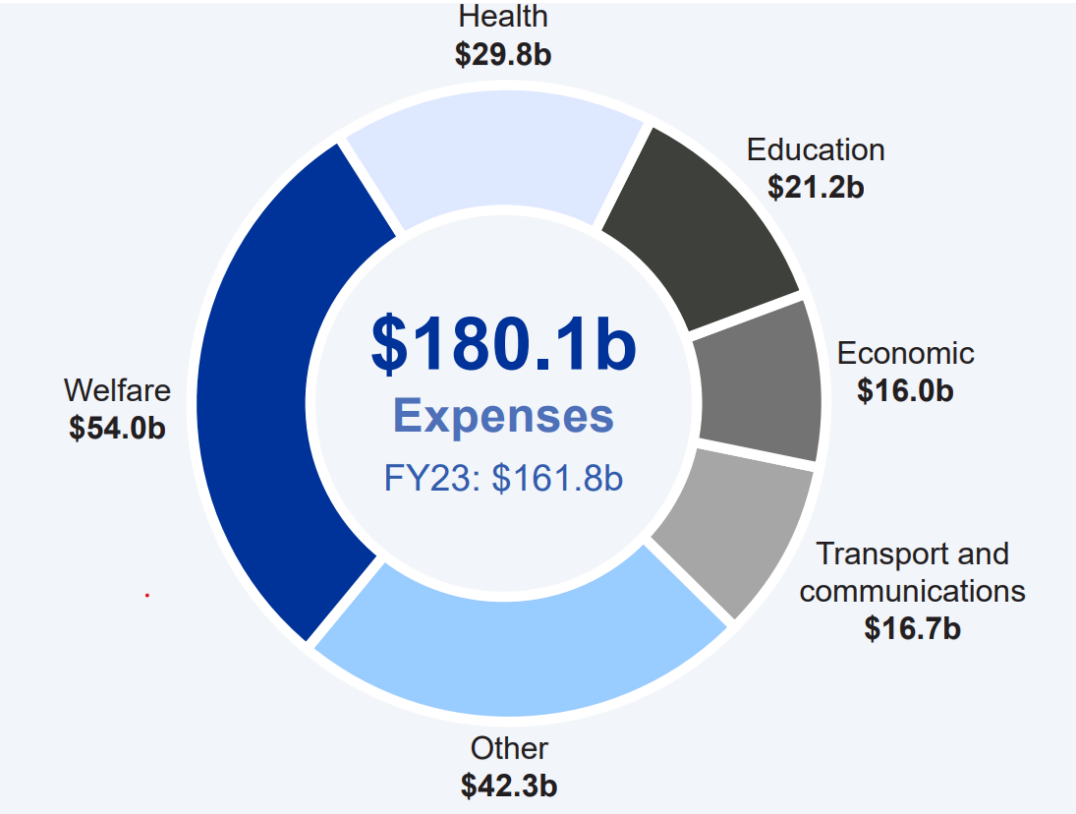
October 2025

Dr Stephen Child

ACH, SCHS, Medical Council

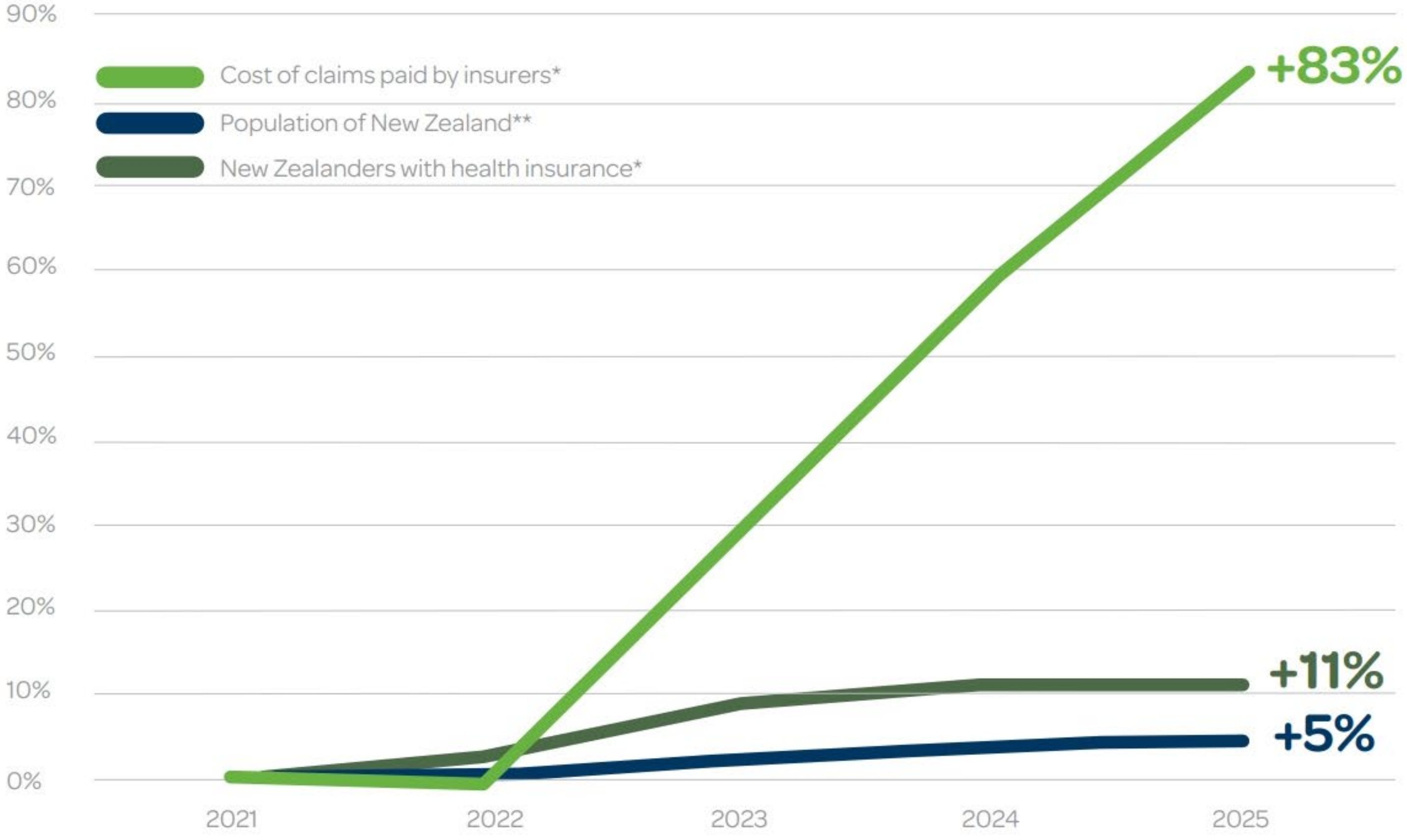
Government spending on health





Financial Statements of the Government of New Zealand for the year ended 30 June 2024

Sustainable



Over the last five years the gap between those insured and claims paid has continued to grow:

$2.81B

Claims paid by health insurers

June 2025

1.6M

New Zealanders with health insurance

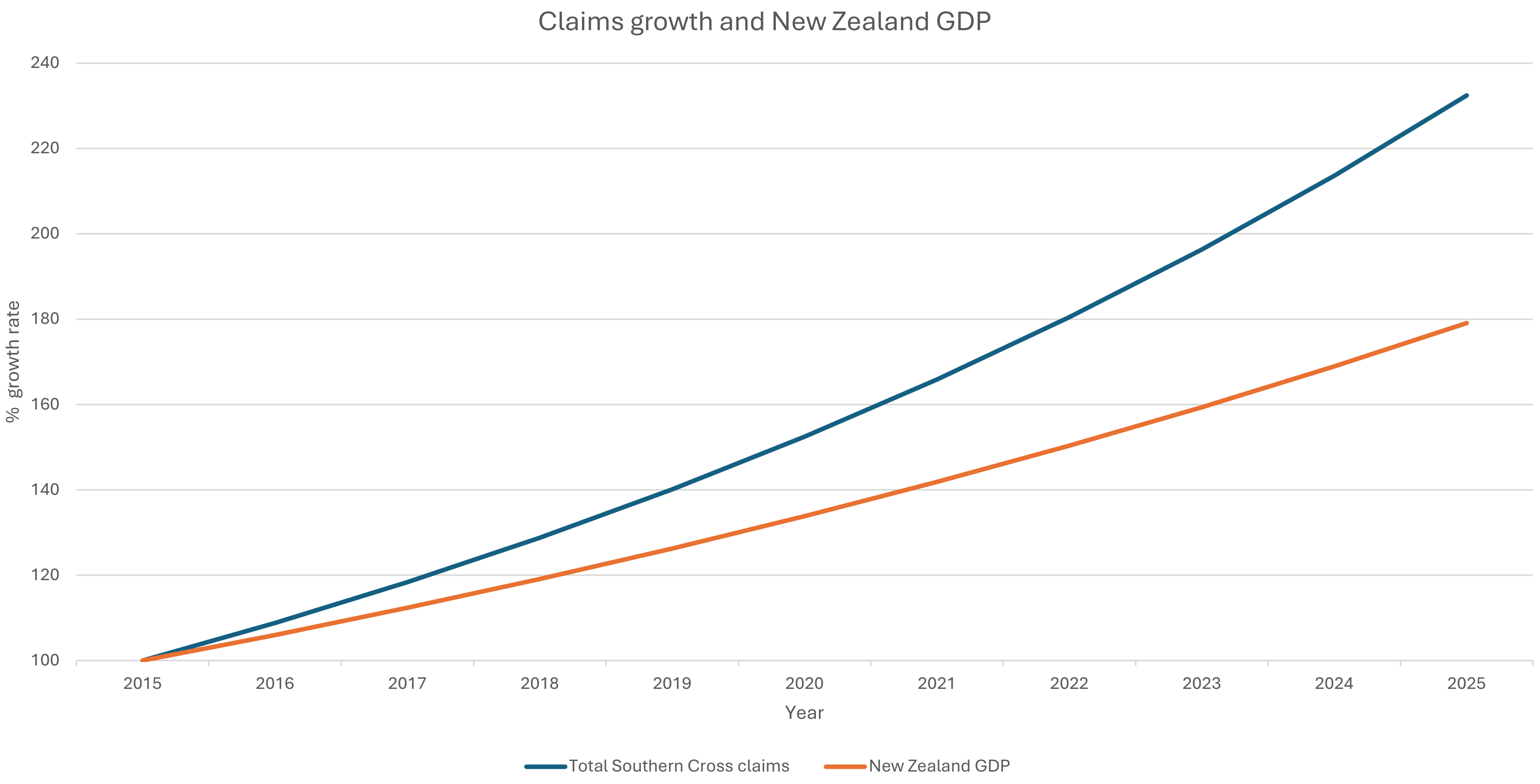
June 2025

Over the last five years, the number of Kiwis with health insurance has increased by only 11%, while the value of claims paid has increased by 83%. During this time, the population of New Zealand grew by 5%.

Our main aim is to ensure we are here in the future for our members, healthcare professionals and healthcare providers alike.

* Based on Financial Services Council of New Zealand data at 30 June 2025.

** Source: Stats New Zealand as at 30 June 2025



*Southern Cross claims data as at 20 September 2025

Gross Domestic Product (M5) - Reserve Bank of New Zealand - Te Pūtea Matua

- ## Southern Cross context

$56.9 million

Southern Cross Health Insurance reported a deficit of $56.9 million

951,808

members,
a decrease of 3,493 from FY24

3%

Health Insurance operating costs over the year reduced by 3%

94¢

Out of every $1 received in premium, 94 cents was returned to members by way of claims

$1.706 billion

claims paid vs

$1.811 billion

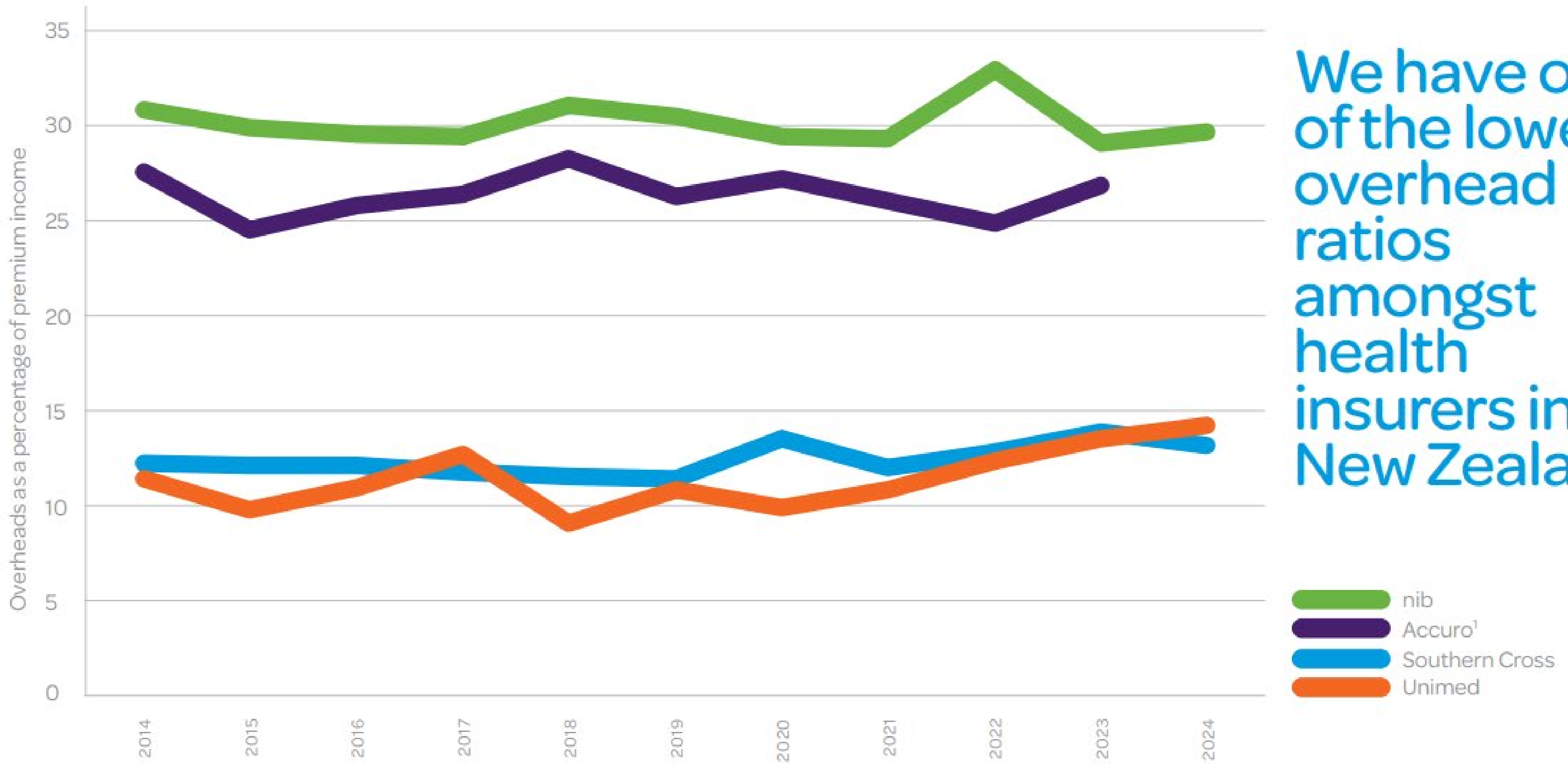
premium income

3.8 million

A record **3.8 million claim lines paid** – **16% increase** from the year before

*Southern Cross Medical Care Society Group 2025 Annual Report

Affordable



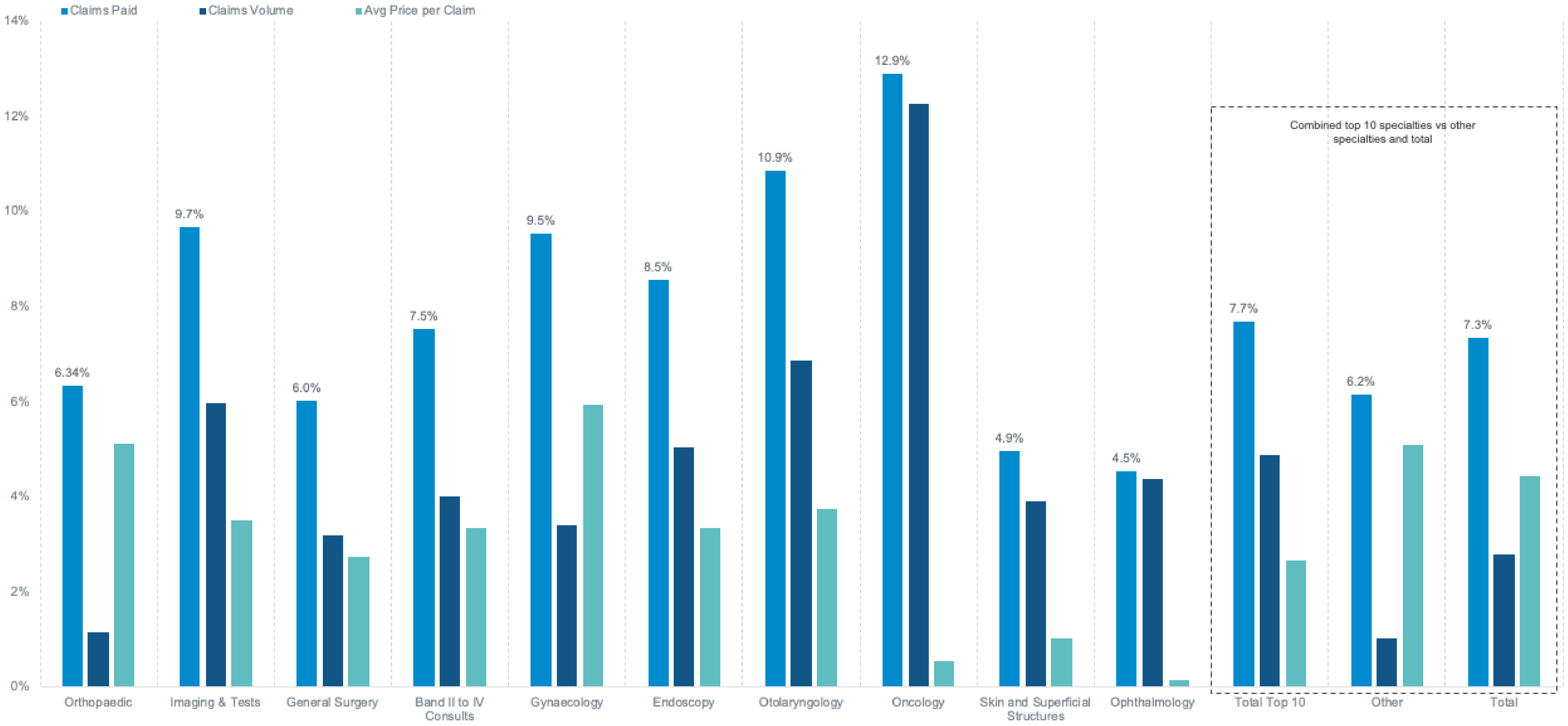
We have one of the lowest overhead ratios amongst health insurers in New Zealand*

*Overheads as a percentage of premium income.

[1] Accuro was acquired by Unimed in September 2023.

Source: Annual reports of nib and Unimed 2024.

Top 10 specialties have seen higher average claims growth between 2015 and 2024



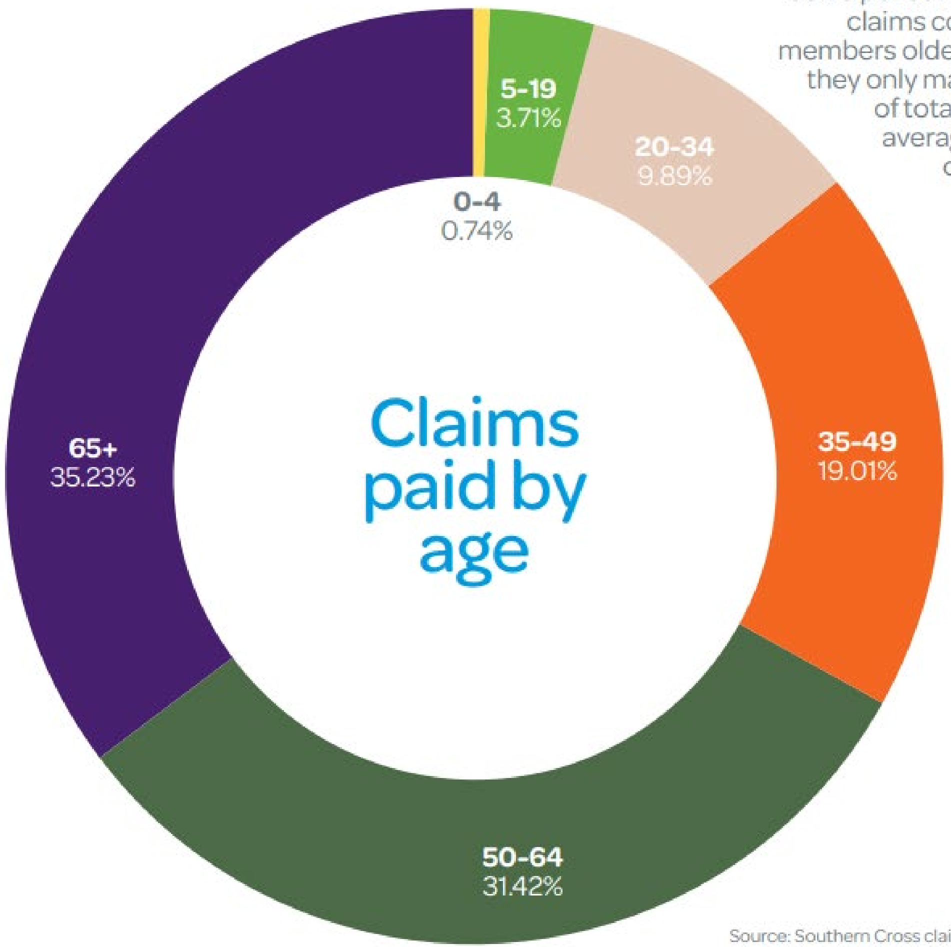
Information Classification: General/Internal

Southern Cross Health Society claims data

Accessible

We make the pathway to your services easier.
An ageing population is placing additional stresses on the private and public healthcare systems – as the population gets older their demand for healthcare services increases.

35.23 per cent of Southern Cross claims costs are incurred by members older than 65 (although they only make up 13.5 per cent of total members) with an average of $4,684 paid in claims per member.



Source: Southern Cross claims data at June 2024.

Supply vs demand

- Supply
  - People and infrastructure
- Demand
  - Population growth
  - Public to private shift
  - Lifespan – healthspan gap
  - Patient expectations