

## **WHOPPING 40% OF BILLPAYERS UNAWARE OF THE RATE RISE AS AUSTRALIANS 'SET AND FORGET' THEIR HEALTH POLICIES**

*Bill shock update: health insurance rate rises, and soaring electricity bills set to dampen Australia's positive start to 2021*

**Australia, March 2021:** Australians feel more positive about their bills, with only 65 per cent experiencing “bill shock”, down from 85 per cent last quarter but it's likely to be short-lived.

The findings from Compare Club's latest Bill Shock Index, a quarterly analysis of 1,500 billpayers from one of Australia's largest and fastest-growing comparison and advice services, highlights the relationships, pain points and value Australians get from their services.

“After a tumultuous 12-months, consumers are starting to feel confident about Australia's economic recovery. Unemployment is decreasing, state borders are opening, and the arrival of the COVID-19 vaccine all contribute to Aussies feeling more financially secure,” said Andrew Davis, CEO of Compare Club.

While a reduction in bill shock this quarter indicates a positive shift in consumer sentiment, Aussies are apprehensive about what's around the corner. More than two in three expect bills will increase and be harder to afford over the coming three months.

One of the main reasons for this uncertainty is the upcoming Private Health Insurance rate rise on April 1st, although 40 per cent of billpayers didn't even realise it was occurring.

“The rise in private health insurance premiums will cost families on average an extra \$126 a year, but many funds will pass on even higher premium increases,” said Mr Davis.

“Premium increases were delayed in 2020 until October, which now means that Aussies will be hit with a combined increase of 5.66% in just six months - eight times the rate of inflation.”

Electricity prices are also causing financial fear, with over two in five people predicting an increase in their power bill as the country prepares for a chilly Autumn.

According to Compare Club, households who switch their energy provider could save an average of \$219\* a year. The potential savings rise to \$385\*\* for health insurance, more than offsetting the rate rise.

Whilst over 55s remain the least likely to cancel or switch services, almost one in five (19%) are considering switching in the next three months.

Melbourne retiree Robyn was horrified last year when she found out her premium would be skyrocketing to \$500 a month – an increase of over 140 per cent since she took out the cover.

And while Robyn tried to negotiate a better deal with her long-term provider, she found a more affordable plan with better extras via Compare Club.

“I wouldn’t have even questioned the premium increase if I weren’t in the process of downsizing my expenses in preparation for retirement. I’ve been on a comfortable income and never considered looking for a better deal – I trusted my health fund and felt like it was just something I thought I had to pay for,” said Robyn.

“I’m now paying \$205 a month. It’s less than I was paying before and almost \$300 cheaper than what my original provider offered me. Honestly, I’m mad at myself for not considering switching sooner. Complacency has cost me thousands of dollars that otherwise could have gone towards funding my retirement.”

Mr Davis said Robyn’s experience is not at all unusual for recent retirees across Australia

“People generally only review their service and insurance providers during big life events like having a baby, buying a home or retiring, but you can potentially save thousands of dollars by throwing out brand loyalty and regularly setting aside time to explore better offers for better cover. In addition some customers elect to pre-pay their cover allowing them to access the lower premium in place prior to the rate rise.” said Mr Davis.

“The April 1<sup>st</sup> rate rise is the perfect line in the sand to get yourself a better deal and set yourself up for a healthier 2021.”

- ENDS -

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**Methodology**

The March 2021 Bill Shock Index is based on a survey of 1,500 Australians aged 18-55+ conducted via Pollfish in February 2021.

*\*Source: ACCC, Enquiry into the National Electricity Market, September 2020*

*\*\*Source: 19,000 health insurance customers serviced in 2019*

**About the Bill Shock Index**

The Bill Shock Index is a quarterly analysis of Australians’ relationship with their bills, a barometer of how different demographics are feeling about their finances, the value they are getting from their services and insights into the triggers and motivations for re-evaluating their personal finance choices.

**About Compare Club**

Compare Club is one of Australia’s largest and fastest growing comparison and advice services that helps Australians save money by navigating complicated and important financial decisions, as well as offering brokering and marketing services to a broad range of industries. Compare Club’s panel of experts offer bespoke advice to over 1 Million customer enquiries per year on key financial decisions, including health insurance, electricity & gas bills and home loans, and Compare Club is locally owned and employs 200 passionate staff across Sydney, Melbourne, Brisbane and another 50 staff in Indonesia and the Philippines.