



Helping our members live healthy lives

Annual Report 2025–26

We honour the Whadjuk people of the Nyungar Nation, the Traditional Custodians of this boodja, where we stand today and their continued connection to culture and community, now and as it has been over many thousands of years. We pay respect to Elders past and present and to all Aboriginal and Torres Strait Islander peoples and recognise that sovereignty was never ceded.

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Our purpose:

to help members
live healthy lives

Our vision:

to renew community
confidence

Our values:



Community



Value and
Affordability



Integrity



Member
for Life



Accountability

Our strategy:

The strategy shown below reflects HIF's strategic framework during FY2025-26. HIF has since implemented its FY2027-2029 Strategic Plan, which will be discussed in next year's Annual Report.



RENEWING COMMUNITY CONFIDENCE

Please Note: Throughout this report, 'member' is used in its ordinary sense to describe people who hold HIF cover. In the Directors' Report and Financial Report, 'Member' has the specific meaning given in HIF's Constitution.





What if... we told you about HIF?

For more than 70 years, HIF has been helping members live healthy lives. While our purpose remains unchanged, how we deliver on that promise continues to evolve.

Founded as the Western Australian Government Railways Employees Hospital and Medical Benefits Fund, we have evolved over the decades, becoming HIF: the Health Insurance Fund of Australia, in 2010.

As a not-for-profit health fund, our members are at the heart of every decision we make.

While there are ever-evolving opportunities and challenges for Australia's health system, we continue to work hard to deliver value for our members and invest in the things that matter most to them and their health.

That means advocating for:

1. Policies that improve access to affordable healthcare.
2. Supporting initiatives that promote better health outcomes.
3. Ensuring members have the information and support they need to make informed decisions about their health.

It also means continuing to improve the experience we deliver. From enhancing digital services and simplifying interactions to strengthening our products and benefits, we're committed to making it easier for members to access the cover and support they need.

The HIF team remain central to delivering on that commitment. We continue to foster an inclusive and flexible workplace that attracts, develops and retains talented individuals who share our passion for putting members first.

As a not-for-profit health fund, our focus is not on delivering returns to shareholders. We reinvest in initiatives that deliver greater value to members through improved services, benefits and experiences.

Our commitment remains simple: to remain a trusted partner in our members' health journeys and to continue building a stronger, healthier future for all Australians.

As a not-for-profit health fund, our members are at the heart of every decision we make.



A word from our Chair

This is my first report to you as Chair of HIF, and it is with great pride that I can share that this was a year in which HIF reached a significant milestone. We grew to over 50,000 policies, welcoming many policyholders to the Fund. A fund that is growing and well regarded by its own members indicates we are a fund with a strong future.

This success reflects several years of disciplined investment and strategic focus by the Fund. After serving on the Board since 2019, I took up the role as Chair in October 2025 from Richard Homsany, who gave fifteen years of service to the HIF Board, with ten as its Chair. It is timely to pay tribute to Richard for his service to the Fund and his dedicated approach, which ensured a smooth and seamless transition of governance responsibilities.

In January this year, the Board appointed Greg Morris as Chief Executive Officer. With a career spanning the health and life insurance sectors and deep experience in both, Greg brings a customer-centric approach to leadership, which is critical for us as a not-for-profit private health insurer. Greg has a strong track record in driving operational efficiency, accountability and sustainable growth. His focus on improving processes, fostering a proactive organisational culture and enhancing the member experience aligns closely with HIF's strategic priorities. Greg has quickly demonstrated a clear understanding of the opportunities and challenges facing the Fund, giving the Board confidence in HIF's future direction.

While not in the financial year this report covers, it is important to acknowledge that much of Greg's first six months was spent constructing the now Board-endorsed FY27-29 Strategic Plan. It is a deliberate investment plan that

commits the Fund to building capability in service of our members and people. Central to the strategy is strengthening HIF's position in Western Australia, where our heritage, brand and member relationships provide a strong foundation for future success. By deepening our presence and performance in our home market, we believe HIF will be well positioned to deliver a compelling value proposition to members across Australia. We are confident in making this investment because our capital position remains strong, with capital adequacy in the target range and above the industry average.

Over the past year, a measured approach has been implemented to uplift risk reporting to the Board, ensuring that, where risks sit outside appetite, they are named, owned and scheduled for remediation. We have certified our compliance with the private health insurance Code of Conduct and have begun a more frequent and proactive engagement with our prudential regulator.

**HIF enters 2026-27
growing, well capitalised,
well governed and with a
clear plan that the Board
believes in.**



Australia's healthcare system is among the best in the world, and we are proud of the role that private health insurance plays in this ecosystem. This year we have seen the Federal Government undertake reform consultation, which is asking necessary questions about regulation, about care delivered outside hospitals, and about the structure of tiered cover. HIF has and will continue to contribute to that debate constructively. We will always argue that fairness, cooperation and collaboration are critical in creating workable solutions that serve policyholders, rather than cost-shifting. Demonstrating value must remain a central theme in these debates.

To our members, as a not-for-profit we are driven by our purpose, which is to help our members live healthy lives. Our surpluses are reinvested into lower premiums, better benefits, improved system capabilities, a better user experience and new services. This year we confirmed another low average increase

at 2.60%, considerably lower than the 4.41% average increase of Australian private health funds and below inflation¹. At a time when household budgets have been under real pressure, this was a deliberate choice, underscoring who our Fund is for – our policyholders.

HIF enters 2026-27 growing, well capitalised, well governed and with a clear plan that the Board believes in. Thank you for your support of HIF.

Paul Hersey
Chair

¹Consumer Price Index 3.8% December 2025, Australian Bureau of Statistics. Average annual price changes in private health insurance at [health.gov.au](https://www.health.gov.au). Premium increase is in effect from 1 April 2026. Exact premium increase dependent on policy type, level of cover and state



A word from our CEO

I joined HIF in January 2026, which means this report covers a year I saw only half of, but I am immensely proud of the work done to date and the path we've set forward.

FY26 was the year HIF returned to member growth, complemented by a strengthened financial position and strong balance sheet. What was particularly significant about this milestone was that our member satisfaction score held at 95% in every single month of the year.

Our teams continue to deliver tangible benefits for our members. We processed over 500,000 claims and paid over \$155 million in benefits. The introduction of our Choice Dental Network launched in January, with over 900 practices signed up across our home state and returned \$1.5 million in benefits in just six months. Alongside this, we launched new Silver Plus Family products, designed to support policyholders through pregnancy, birth and family life, providing value at every stage and encouraging them to stay with HIF for life. Over the past year, our partnership with St John Urgent Care WA has continued to grow, with many members accessing timely, convenient and fully covered urgent care consults. Our SkinVision partnership identified four clinically validated skin cancers, including a melanoma. That last figure is small, but it is the one I think about most because of its lifesaving potential.

After all, that's why we're here: to help our members live healthy lives.

It is examples like this that underscore the importance of private health insurance. Particularly as a not-for-profit fund, we continue to do our part to instil confidence in our industry by putting our policyholders first and ensuring our products are affordable and fit for their needs. This year, the Federal Government began a series of conversations about how to keep it that way. HIF supports reform that strengthens the system and preserves affordability for policyholders. I remain concerned by Government actions that may increase the cost of private health insurance for older Australians. Whatever the outcome, I will continue to advocate for affordable private health insurance for older Australians and for policy settings that do not disproportionately shift costs to older members.

Positively, we are seeing more Australians taking up private health cover. This is good news and worth acknowledging but, importantly, it is not simply self-sustaining. Participation follows value, and that is why we continue to invest in new products, increased benefits on our most claimed services, and driving value via health partnerships.

After all, that's why we're here: to help our members live healthy lives.



The increasing digitisation of information and the evolution of artificial intelligence represent both threats and opportunities for our sector. By embracing technology responsibly and cautiously, we can break down barriers to access, improve health outcomes, and ease pressure on our health system. The important point here is to ensure the human touch is never lost, and community trust is safeguarded. Our continued uplifts to security and technology delivered a new identity and access platform, implemented the first phase of our data warehouse, and maintained no high or critical security incidents across the year.

In July, our Board endorsed HIF's FY27-29 Strategic Plan. FY26 was about restoring momentum. FY27 is about building the capability, systems and capacity to continue a sustainable growth trajectory. Investment in our experience, data and technology, service capacity, preventive health, and our people will be the areas of focus. Our people are at the heart of everything we do for our policyholders. One of our team members reached forty years with HIF this year, a truly remarkable tenure and demonstration of loyalty to the Fund. I'd also like to acknowledge Glenn Oellermann, who retires this year after more than two decades with HIF, including a period as Acting Chief Executive before I started. Few people have given this Fund more, and I know the Board and HIF team are sincerely grateful.

We look to the future with optimism and ambition. The pace of innovation in healthcare and technology presents exciting opportunities to improve outcomes for our members and the broader community.

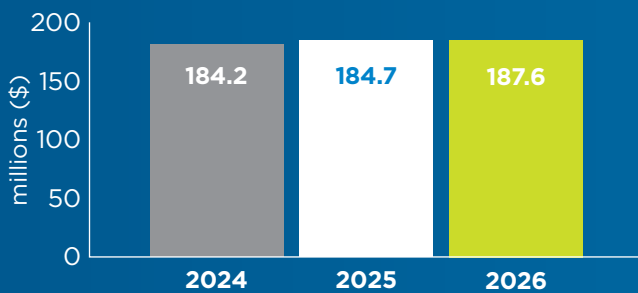
As a proud not-for-profit health fund, we will continue to reinvest, support the health of future generations, and help shape a stronger, more trusted health sector. I'd like to thank our members, employees and Board for their ongoing commitment and trust in HIF.



Greg Morris
Chief Executive Officer

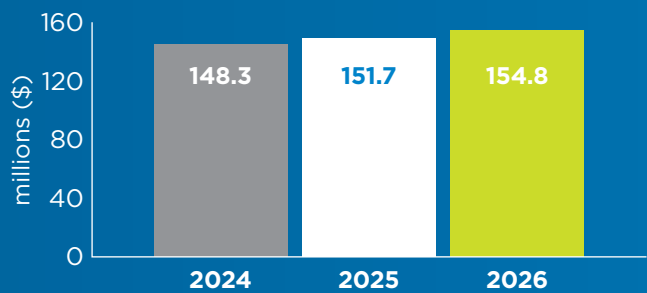
Financial summary

Revenue



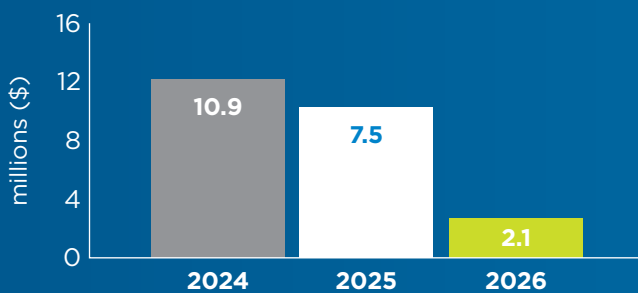
Premium revenue for the year was **\$187.6 million** against a budgeted **\$190.2 million**.

Net claims



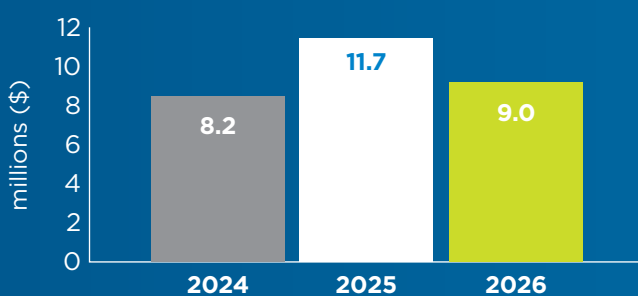
Net claims incurred in 2026 were **\$154.8 million** against a budgeted **\$160.2 million**.

Insurance service result



Insurance service result in 2026 was **\$2.1 million** against a budgeted **\$1.6 million**.

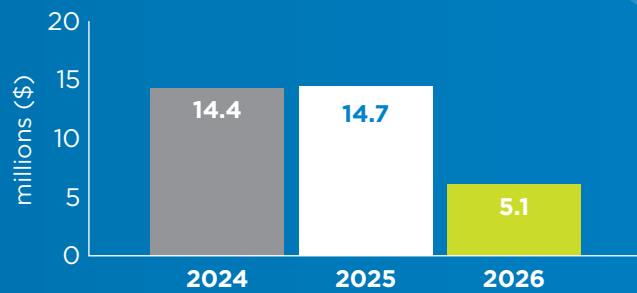
Investment results



Investment income and fair value gains in 2026 was **\$9.0 million** compared to a budgeted **\$6.6 million**.



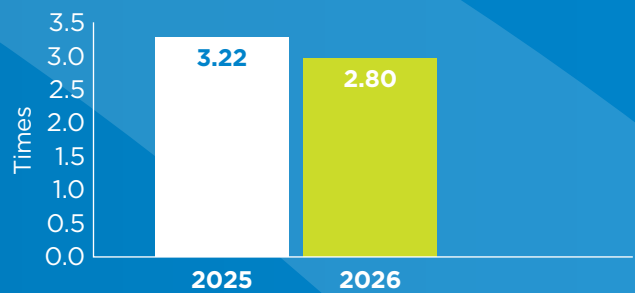
Consolidated surplus¹



Consolidated budget surplus in 2026 was **\$5.1 million** against a budgeted **\$3.8 million**.

¹ 2023 restated due to the adoption of AASB 17 retrospectively.

Capital adequacy²



Capital is **2.80 times** APRA's prescribed capital requirement of **\$45.0 million**.

² APRA's current capital requirements came into effect for the 2024 year.

The year in review



98,828

Adults and their dependants covered by HIF

97,633

Domestic

1,195

Overseas



50,080

Policies covered by HIF

49,342

Domestic

738

Overseas



\$70,957,574

Paid on overnight hospital stays assisted by HIF

\$66,111,215

Private

\$4,846,359

Public



95%

Member Satisfaction



\$2,048,370

Paid out in Ambulance cover



4,193

St John Urgent Care visits

502,431 Claims processed



27,562

Hospital



82,082

Medical



392,787

Extras



\$39,683,453

In Extras benefits paid across

Dental: \$27,354,645

Optical: \$7,519,713

Physio: \$2,922,200

Chiropractic: \$1,886,896



\$155,089,317

In benefits paid to
HIF members



\$9,675

Paid out in Skin Cancer
Screening assessments



Here for our members

68,420

calls received from our members, around 6% more than last year

50,672

emails received from our members

86,591

hospital eligibility checks completed for members going into hospital

71

Net Promoter Score

95%

member satisfaction, averaged across every month of the year

5,097

members took the time to tell us about their experience



What our members say

“Very helpful and everything is sorted in one phone call. Thanks HIF. Best health insurance I think.”

Kadia

“The claims advisor was really patient considering I had a lot of changes and questions. She definitely knows her stuff!”

Emma

“Very thorough on checking issue. Very professional and sorted my problem quickly.”

Janine

“The lady I spoke with was brilliant and really helpful.”

Kevin



Our Member Experience team is where our members reach us: the people who answer the phone, reply to the email, and confirm a member is covered before they go into hospital. This year, we found that more members needed us, more often, than in any recent year, and being there for them during the moments that matter is why we exist.

A call to HIF is often a member wanting to find out whether they are covered for the procedure their specialist has recommended. Or it's a family who have just joined us from another fund trying to understand what a waiting period means for them. Or a member whose circumstances have changed who wants to keep their cover in place rather than give it up.

Our team took 68,420 calls in 2025-26, around 6% more than the year before. Resolving a member's question in a single contact is what we work towards. When we can't do that, our aim is that the member finished the conversation knowing what happens next and who is doing it.

When it matters most

When a member is going into hospital, we confirm with the hospital and the specialist that they are covered for the planned procedure. We completed 86,591 hospital eligibility checks in 2025-26. Each one establishes the member's level of cover, whether the relevant waiting periods have been served, whether any exclusion or restriction applies, and what the member can expect to pay.

A member about to have surgery has enough on their mind. They should not also be wondering what it will cost them, or whether the cover they hold will be there when they need it. Getting this right before an admission is what prevents a member opening an unexpected account afterwards, at the point they are least equipped to deal with it. Our team treats it as the most important thing we do.

In our inbox

Not every member wants to call us. We received 50,672 emails from members over the year, covering much of the same ground as our phone conversations along with the requests that need a document attached. Whichever way a member reaches us, the standard is the same: a clear answer from someone who knows what they are talking about.

More members needed us, more often

Member enquiries increased during 2025-26, reinforcing the importance of accessible and reliable support. Growth brought more people to the Fund and more questions with them, the annual premium change prompted members to check their cover, and the introduction of our new identity and access platform meant many members needed a hand re-establishing how they reach our digital services.



Member demand was higher than anticipated, placing some pressure on service levels and wait times. Enhancing the member experience, including improving responsiveness and reducing wait times, will be a key focus in the year ahead.

What our members told us

What members said about the service they received once they reached us was the most encouraging result of our year. Among members we surveyed after they contacted us, satisfaction averaged 95%. Our Net Promoter Score averaged 71. Members who reached our team were consistently glad they had, and that is a direct credit to the people who answered.

Building for what our members expect

We know what our members expect of us, because they tell us. They expect to reach a person who knows the answer, without waiting, during the moments that matter. Meeting that expectation consistently is our priority.

New frontline service people will join our team in the first half of 2026-27, adding the capacity that 2025-26 showed we need.

A new app and Online Member Centre will let members do more for themselves, taking routine work out of our phone queue so our people are free for the conversations that need them.

Whichever way a member reaches us, the standard is the same: a clear answer from someone who knows what they are talking about.



Creating value for members

Reviewing our premiums

As a not-for-profit health fund, HIF is committed to balancing affordability with the long-term sustainability of the benefits and services our members rely on. Following the annual industry review process, HIF's premium increase was set at an average of 2.60%, below both the industry average and inflation, continuing our focus on delivering value while helping meet the rising cost of healthcare.¹

At the same time, we continue to invest in initiatives that support better health outcomes and reduce out-of-pocket costs for members helping to provide access to more affordable and preventative care. Together with our ongoing investment in health programs, partnerships and educational resources, these initiatives reflect HIF's commitment to helping members live healthy lives and get more value from their health cover.

Extending our range of cover options

During the year we expanded our range of cover options and introduced services designed to make it easier and more affordable for members to look after their health.

Ambulance Only cover

In May 2026, we launched Ambulance Only Cover, an affordable standalone product that gives members peace of mind and protection from the often unexpected and significant cost of ambulance services. The product covers both emergency and non-emergency ambulance services and can be taken without Hospital or Extras cover, providing a simple and accessible option for members who want targeted protection at an affordable price. It expands our range of affordable cover options and gives members greater choice and flexibility, while protecting them against a potentially significant out-of-pocket expense.

Private room cover for closed products

We introduced private room cover to our closed Gold and Silver Plus Saver products, delivering greater value and improved benefits for our long-standing members. Members on these products now have private room cover and their premiums remain competitive.

Choice Dental Network

On 1 January 2026 we launched the Choice Dental Network, giving members greater access to participating dental providers and a more connected experience when using their dental benefits. Making benefits easier to find and understand reinforces the role of Extras cover in delivering everyday value to members.

Investing in Members' Health and Wellbeing

HIF continues to strengthen its health and wellbeing program through targeted investments in preventative health, chronic disease management, digital therapeutics and specialist support services. These partnerships provide eligible members with access to a range of evidence-based programs designed to improve health outcomes, increase accessibility to care and support members throughout different stages of their health journey. Throughout the year, HIF introduced new initiatives and enhanced several existing programs, reflecting its ongoing commitment to delivering value beyond traditional health insurance benefits.

¹Consumer Price Index 3.8% December 2025, Australian Bureau of Statistics. Average annual price changes in private health insurance at [health.gov.au](https://www.health.gov.au). Premium increase is in effect from 1 April 2026. Exact premium increase dependent on policy type, level of cover and state.



HIF members have access to a range of health programs, subject to the level of cover held. Eligibility may vary depending on policy type and benefits. For further information on partnership eligibility criteria, please visit the [HIF Health and Wellbeing page](#) on our website.

SkinVision

During FY 2025-26, HIF expanded its commitment to preventative health and early intervention through its partnership with SkinVision, providing eligible members with complimentary 12 month access to the digital skin monitoring tool. SkinVision enables members to photograph and track skin spots and moles over time, with images reviewed by a panel of dermatologists who provide guidance on whether further medical assessment may be warranted. By removing financial barriers to access and offering a convenient, at-home solution for ongoing skin monitoring, the program supports members to take a more proactive approach. The partnership supports early awareness of potential skin concerns, encourages engagement with healthcare professionals when required, and reinforces HIF's focus on utilising digital health technologies to improve preventative care and health outcomes for members.

SkinVision Highlights

155 Member registrations

354 Skin checks

23 members advised to visit their specialist

4 clinically validated Basal Cell Carcinoma/ Melanoma's identified

City Fertility

To support members facing fertility challenges, we continued our partnership with City Fertility this year. Aligned strongly with HIF's health cover for families, City Fertility are one of Australia's leading providers of IVF and fertility services. Since 2003, City Fertility has supported thousands of families facing fertility difficulties. We've extended cover beyond traditional Hospital and Extras services, with our members receiving a 10% discount on a range of services to help make fertility treatment more affordable.

St John Urgent Care WA

Eligible members continued to benefit from our sponsorship with St John Urgent Care WA, accessing timely and convenient Urgent Care consultations at no cost while avoiding lengthy emergency department wait times and easing pressure on WA's hospital system.

Member use of the service continued to grow during the year, with more than 4,000 members accessing Urgent Care consultations. This strong uptake demonstrates the value members place on convenient access to care when they need it most. During 2025-26, St John Urgent Care expanded its footprint with the opening of a new clinic in Kelmscott. St John Dental also joined HIF's Choice Network, providing members with access to selected no-gap dental services.



SleepSpace

Quality sleep is fundamental to good health. SleepSpace is an innovative sleep improvement app that uses patented technology to help users monitor and enhance their sleep through sound, light and vibration. By offering eligible members a subscription, HIF is helping them build healthier sleep habits, reduce stress and support their physical and mental wellbeing.



Nourish Baby - Sleep Eazzzy Baby Program

Sleep Eazzzy Baby is delivered in collaboration with Nourish Baby, an accredited online provider of antenatal and early parenting education. Nourish Baby expanded their program to offer feeding and lactation support for HIF members. The program continues to deliver evidence-based learning for expecting parents and personalised telehealth coaching sessions on sleep and settling from qualified clinicians for eligible members.

The program aims to ease the transition into parenthood, build confidence and establish healthier routines for both baby and parents in those crucial early years.

Mental Health Navigator

Accessing mental health support can often be complex and overwhelming. HIF's Mental Health Navigator, delivered by Teladoc Health, helps remove barriers to care by connecting eligible members with a mental health nurse, psychologist or psychiatrist through telehealth. Available at no additional cost to members aged 18 and over with active Hospital or Extras cover, the service provides expert assessment, guidance and tailored treatment pathways within days.

Members continued to benefit from our sponsorship with St John Urgent Care WA, accessing timely and convenient Urgent Care consultations at no cost.

Second Opinion

When faced with a significant health diagnosis, having access to additional expert advice through a second opinion can provide valuable reassurance. Through Second Opinion, delivered by Teladoc Health, members can have their diagnosis, treatment plan or proposed surgery independently reviewed by an international panel of specialists, helping them make informed decisions about their care across a wide range of conditions, including cancer, joint and back pain, digestive issues, and other health concerns.

Mindset Health

Mindset Health continues to deliver evidence-based digital hypnotherapy programs to our members. These clinically validated app-based interventions have been highly utilised, addressing chronic conditions such as irritable bowel syndrome through Nerva, back pain through Relio, mental health through Claria, menopausal hot flushes through Evia and smoking cessation through Finito. These programs are innovative, embracing HIF's transition into digital therapeutics to empower members with self-management health tools.





Kieser

Kieser operates a network of physiotherapy, rehabilitation and strength training clinics across Victoria, New South Wales, Queensland, Tasmania, South Australia, and the ACT. Its structured 15-week treatment programs are designed to help people manage pain, build strength and improve function, potentially reducing the need for invasive surgical intervention.

Through this partnership, HIF is helping members access evidence-based care that supports long-term health, mobility and independence.

Healthy Weight for Life

Healthy Weight for Life, delivered by Prima Health Solutions, supports members living with weight-related health conditions through evidence-based programs focused on heart health, osteoarthritis and type 2 diabetes. Delivered over 18 weeks and completed from home, the programs combine personalised nutrition and exercise plans, self-monitoring tools, strengthening activities and educational resources to help members improve their health, enhance quality of life and reduce the risk of future complications.

Valion Cancer Support

Valion Health's Cancer Support Complete program provides personalised support for HIF members living with a cancer diagnosis. Delivered over 12 weeks, the program offers a tailored care plan that may include access to a cancer nurse, dietitian, exercise physiologist, psychologist and yoga therapist. Available at no additional cost to eligible members, the program helps individuals navigate treatment and recovery with confidence, supported by a multidisciplinary team focused on their physical and emotional wellbeing.

HIF is helping members access evidence-based care that supports long term health, mobility and independence.





Investing in capability, security and growth

Technology continues to play an important role in how HIF protects our members, supports our people and improves the experience of interacting with us.

Over the past year, we have strengthened our technology foundations across four areas: information security, digital growth and engagement, data and modernising platforms. Together, these investments are helping HIF become more secure, more connected and better equipped to respond to changing member expectations.

Strengthening security and resilience

Protecting member information remains one of our highest priorities.

During the year, HIF implemented a new identity and access management capability, providing stronger controls over system access and supporting enhanced authentication across our digital services. We also continued to mature our cyber security capability, including progress against the Australian Cyber Security Centre's Essential Eight maturity model, stronger third-party risk management and improved incident response readiness.

This work builds on the significant security investment made in recent years and reflects our commitment to continually strengthening HIF's resilience as threats, technology and regulatory expectations evolve. It also helps ensure security remains embedded in how we design, operate and improve our services.

Improving how we engage with members

A major milestone this year has been the implementation of HIF's new marketing and customer engagement platform.

The platform is now operational, with business-to-business CRM capability and social media monitoring live, and our first member communications preparing to launch.

Over time, these capabilities will allow HIF to better understand member needs and engage in a more personalised and connected way. Importantly, technology will complement rather than replace the friendly, human service that remains central to the HIF experience.

Building stronger data foundations

Our new data warehouse brings together information from key systems and provides a more scalable base for reporting, analytics and future digital capabilities. It will progressively reduce manual reporting, improve access to trusted information and help our teams make better and faster decisions.

This capability also supports HIF's future governance and responsible use of emerging technologies, including AI.



During the year, HIF invested in strengthening its data foundations through the implementation of a new enterprise data warehouse. Bringing together information from key systems, this capability provides a more scalable and reliable platform for reporting, analytics and business insight.

Over time, the new platform will reduce manual reporting processes, improve access to trusted information and support faster, more informed decision-making across the organisation. It also establishes the foundations required to support future digital capabilities while maintaining strong governance, privacy and security standards.

HIF also developed an AI strategy to guide the responsible adoption of emerging technologies. The strategy emphasises appropriate governance, human oversight, privacy and security, ensuring any future use of AI supports our people, enhances member experiences and delivers genuine organisational value.

As HIF continues to mature its data capabilities, we expect improved access to insights to help identify opportunities, enhance services and support better outcomes for members.

Modernising our technology environment

We continued to modernise core platforms, workflow and communications capabilities, while progressing our broader technology roadmap. These improvements are creating a more reliable and scalable technology environment and reducing reliance on older systems and processes.

We have also commenced work on the next evolution of HIF's Mobile App and Online Member Centre. As member expectations of digital services continue to grow, our focus will be on making it simpler for members to access information, manage their cover and complete more transactions through convenient self-service channels.

Over the coming year, we will continue to strengthen cyber resilience, expand our data and analytics capability, responsibly introduce AI, increase personalised member engagement and progress our digital self-service experience.

Technology is ultimately an enabler. Its value comes from helping HIF protect the trust our members place in us, simplify their experience and give our people better tools to deliver great service.



Empowering our people to support our members

At HIF, our people are central to everything we do. The experience we provide to members is shaped every day by the dedication, expertise and care of our employees. That is why we continue to invest in creating a workplace where people feel valued, supported, included and empowered to do their best work.

During the year, we strengthened our focus on employee engagement, leadership development, wellbeing, diversity and inclusion, and career growth. These investments are helping to build a high-performing culture where our people can thrive, while ensuring HIF remains an employer of choice and is well positioned to continue delivering exceptional service and support to members. This commitment was recognised through HIF receiving its first Employer of Choice Award in 2025.

Employee Engagement

HIF's Annual Engagement Survey recorded an overall score of 80%, up from 73% in 2024, highlighting a supportive culture, approachable leadership, strong team collaboration and effective recognition programs.

Diversity and Inclusion

HIF renewed its status as a Diversity Council Australia certified Inclusive Employer for 2025-2026, reflecting continued alignment with the Council's benchmarks for inclusive workplace practice.

Simultaneously, HIF's average gender pay gap reduced from 18.4% to 15.4% over the past year, outperforming the 17.7% median result for comparable health funds. This continued improvement reflects HIF's commitment to fostering an equitable and inclusive workplace and positions the organisation ahead of its peer group on pay equity measures.

HIF's Innovate Reconciliation Action Plan (RAP) was endorsed this year, an important milestone shaped by the work of the RAP Working Group. Throughout the year, employees took part in activities to build cultural awareness, celebrate diversity and strengthen inclusion. The D&I Working Group and RAP Working Group continued to lead these efforts, creating further opportunities for employees to learn, contribute and connect.



Leadership, Talent Development and Wellbeing

HIF launched our first formal Leadership Development Program this year, with an initial cohort of 20 participants. The program gave emerging and existing leaders the opportunity to build their capability and prepare for future roles. This was followed by HIF's first Mentoring Program, pairing 10 mentors with 10 mentees, which created development opportunities while strengthening connections across teams and generations of employees. Together, these programs provide a stronger foundation for succession planning and internal career development.

HIF ran a wide range of initiatives to support employee wellbeing and connection this year, including flu vaccination clinics, skin check programs and the step challenge. Regular lunch and learn sessions, Community Halls, monthly newsletters, treat cart, PAW day and working group activities gave employees further opportunities to learn, connect and contribute to HIF's culture.

HIF employees took part in fundraising, volunteering and community initiatives with a range of organisations, including the ongoing partnership with the Waalitj Foundation. These activities strengthened HIF's ties with the Western Australian community and gave employees a stronger sense of purpose beyond their day-to-day roles.

 **Inclusive Employer**
Diversity Council Australia
2025 – 2026



Key People Metrics

937



employee recognition
messages were shared
across the organisation

33



moved into a
secondment or
promotion

44



new employees
welcomed

Vale Andrew Fraser-Gillard

During the year, HIF lost a valued colleague and friend, Andrew Fraser-Gillard, following his courageous battle with cancer.

Since joining HIF in 2021, Andrew made a significant contribution to the organisation, bringing extensive financial leadership experience, sound judgement and a calm, considered approach to his work.

He was highly respected across the business for his integrity, optimism and genuine care for others, and his willingness to support both colleagues and the broader organisation.

Andrew's contribution, including his leadership during a period of organisational transition, leaves a lasting legacy at HIF.





Supporting healthier communities

As a not-for-profit health fund, we advocate for better health outcomes and support community wellbeing initiatives that ensure Australians can access affordable, high-quality healthcare when they need it most.

Throughout 2025-26, HIF continued to use its voice to champion the important role of private health in the community.

Advocating for fairness in healthcare

HIF played an active role in discussions regarding the Federal Government's proposed changes to the Private Health Insurance Rebate for Australians aged over 65.

The proposed reforms have the potential to increase health insurance costs for more than three million older Australians and place additional pressure on an already stretched public health system.

HIF's CEO advocated against the proposed reforms, highlighting their potential impact on older Australians, particularly in Western Australia. He emphasised the broader consequences for both individuals and the sustainability of the health system, reinforcing the important role private health insurance plays in easing pressure on public hospitals and supporting better health outcomes for all Australians.

Supporting members through times of need

Supporting our members during difficult times is a key part of our commitment to community wellbeing and reflects our belief that health funds should stand beside their members when they need support most. We offer this support when cohorts of our membership are experiencing significant impacts. In 2026, Western Australia experienced the significant

impact of Cyclone Narelle on the local community. Recognising the challenges faced by many members, HIF offered premium relief to eligible members living in affected areas to help ease financial pressures during the recovery period.

Promoting preventative health

Preventative health is a key pillar of HIF's community contribution.

During the year, HIF released new research through the Voice of WA Health and Wellbeing Report, providing insights into the health behaviours, challenges and aspirations of Western Australians. The research highlighted increasing levels of stress and the barriers many people face when trying to prioritise their health, while also demonstrating strong community interest in preventative health measures.

HIF continued to use these insights to educate members and the broader community about practical ways to improve health and wellbeing, encouraging Australians to take positive steps towards healthier lives via new and existing health partnerships, such as SkinVision.

HIF continues to champion health education through community resources including HealthHub, SleepHub, our SmartHealth member e-newsletter and social media channels, covering topics ranging from innovations in healthcare, such as FluMist, to health basics like fertility and family planning.



Supporting healthier lifestyles through community partnerships

HIF's community partnerships continue to be guided by shared values centred on health, wellbeing and inclusion.

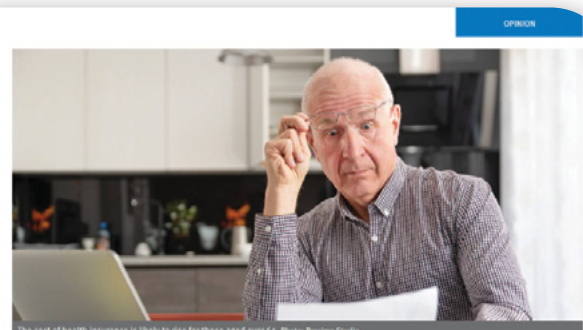
Our longstanding partnership with the Perth Wildcats entered its 15th year, making it one of the longest recognised partnerships in Australian professional sport. Beyond supporting elite competition, the partnership provides opportunities to promote inclusion, diversity and community engagement, including HIF's ongoing support of the NBL Pride Round.

HIF also continued its partnership with West Perth Football Club and sponsorship of HIF Health Insurance Oval, which supports grassroots sport and community participation through initiatives that encourage healthy lifestyles and community connection.

Recognition for member value

While community impact remains central to our purpose, HIF's commitment to members is reflected in the products and services we provide.

This year, HIF was recognised nationally with the WeMoney Health Insurance Award for Best Specialist Cover 2026. The award acknowledged HIF's strong performance in delivering value across specialist consultations, Extras benefits, gap arrangements and reducing out-of-pocket costs for members.



The cost of health insurance is likely to rise for those aged over 65. Photo: Proxima Studio

Health changes forget fairness

Australians aged over 65 have got a raw deal from budget changes to the private health insurance rebate.



Greg Morris
editor@businessinsider.com.au

MUCH of the post-budget conversation is focused on the fallout and implications of changes to negative gearing and capital gains tax. However, it's imperative the federal government's proposed changes to the private health insurance rebate for over 65s be seen as off the menu.

over will have to pay hundreds of dollars more a year for their health insurance. Government modelling suggests up to 24,000 people could be forced to drop their health insurance because of the change. The government has framed this issue almost exclusively through the lens of generational equity. That framing is misleading because it excludes discussions about repaying a generational debt that is owed to those older Australians, and what is morally right.

There is also a troubling equity issue in the way the reforms treat people who did everything they were encouraged to do. They worked hard, paid taxes, saved through superannuation and remained largely self-sufficient. These Australians now find themselves pushed into higher income thresholds in retirement, not because they are wealthy, but because they planned carefully. Now they're being penalised.

"It is perverse that those who ... placed less strain on the system are treated less favourably"

on the very lowest incomes, that this policy makes unfairness well beyond that group. People who did everything right are also being hit with costs they could never reasonably have anticipated. It is perverse that those who saved more and planned less strain on the system are treated less favourably. Beyond the immediate financial pressure, the policy will also restrict choice by limiting access to preferred healthcare providers, treatment facilities, and timely care. The consequences of this reform extend well beyond individual households. If older Australians are priced out of private health cover, the pressure on our already stretched public health systems will increase. It undermines the ability of private health insurers to play their critical role in easing demand on public hospitals.



Material business risks

As an organisation, we remain committed to upholding the highest standards of corporate governance and compliance. Over the past year we have continued to meet our regulatory obligations, with a strong focus on transparency, ethical behaviour, and responsible decision-making.

Prudential Standard CPS 230 Operational Risk Management came into effect on 1 July 2025, the first day of the reporting year. CPS 230 introduces enhanced requirements for operational risk management, business continuity, and third-party service provider arrangements. During the year we confirmed our critical operations through a review of our business impact assessment, and validated our register of material service providers, which was submitted to APRA in October 2025. This work has further strengthened our operational resilience.

In addition, we continued to strengthen our risk management practices and risk culture in line with APRA's expectations under Prudential Standard CPS 220 Risk Management. During the year we improved how controls are documented and managed, introduced periodic testing of key controls by the business areas that own them and commenced independent assurance from our Risk and Compliance function. Together these changes give the Board and management clearer, better-evidenced visibility of how well our controls are working in practice.

The Board has established a three-year rolling strategic plan that articulates our approach to achieving HIF's objectives. These objectives are structured around four strategic pillars: Value for Members, Progressive, One Team and Trusted. Risk management is fully integrated within HIF's strategic planning cycle, enabling an annual review of objectives and a reassessment of how emerging risks may impact our risk profile.

During the year we also completed a review of our material risks. Our former Technology Risk

and Cyber and Information Security Risk have been consolidated into a single Technology and Information Security Risk, reflecting the close interdependence of system resilience and information security. Also, another former risk (Conduct Risk) was renamed to include culture (Culture and Conduct Risk) to reflect our view that culture is a fundamental driver of conduct outcomes. The revised definition broadens the focus from managing instances of misconduct and non-compliance to proactively identifying and addressing the behaviours, attitudes, decision-making practices and cultural factors that influence how business activities are conducted, while continuing to address risks arising from control failures and inadequate processes. We have also recognised Strategic Execution Risk as a material risk, reflecting the importance of disciplined delivery against our strategic plan.

In pursuing our strategic goals and our vision of renewing community confidence, the Board recognises that a degree of risk is inherent. However, only those material business risks that have been carefully evaluated, and for which HIF is adequately prepared, are accepted. This involves implementing effective controls to prevent undesirable risks, reducing their likelihood, and minimising their potential impact.

Our Risk Management Framework (RMF) defines the systems, structures, policies, and processes we use to identify, assess, monitor, report and mitigate the material risks that could affect our ability to meet our obligations to members. The RMF is reviewed annually and is aligned to CPS 220 and CPS 230.

The following table outlines HIF's material risks under each strategic pillar:

Strategic Pillar	Risk	Risk Description
Value for Members	Insurance Risk	The risk of an unexpected increase in claims, changes in member and product mix, and product competitiveness negatively impacting affordability, growth, financial viability and sustainability.
	Brand and Reputational Risk	The risk of potential losses in financial capital, community confidence and/or market share resulting from incidents due to quality of communication and service, technology failures, claims denials, pricing and affordability, privacy and data, or public perception.
Progressive	Strategic Execution Risk	The risk that ineffective execution of the strategic plan results in missed objectives, financial and operational underperformance, or reputational damage. Contributing factors may include inadequate change management, poor resource allocation, misalignment of priorities, ineffective leadership, and/or failure to adapt to market or regulatory changes.
One Team	Conduct and Culture Risk	The risk that behaviours, attitudes and decision-making may not align with HIF's values and ethical standards. Additionally, the risk that HIF's business activities may not be conducted ethically, safely, or with integrity due to inadequate internal processes, control failures, or non-compliance with regulatory and legislative requirements, potentially harming both member and employee outcomes.
Trusted	Technology and Information Security Risk	The risk of financial loss, operational disruption or reputational damage arising from information security incidents or system failures, impacting the confidentiality, integrity and availability of sensitive member information and critical systems.
	Data Governance Risk	The risk of ineffective or inadequate management of data governance resulting in operational inefficiencies, data quality issues and non-compliances which could impact HIF's ability to service members in line with regulatory and member expectations.
	Financial Risk	The risk that HIF cannot meet its financial commitments as and when they fall due, or fails to comply with regulatory capital requirements, due to but not limited to insufficient income, unexpected increases in expenses, a loss in capital value, and/or investment market factors such as equity prices, interest rates, currency and credit risks.
	Compliance Risk	The risk of legal or regulatory penalties, financial loss, or reputational damage due to non-compliance with laws, regulations, industry standards, or internal policies..

HIF Financial Report

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Corporate information

Directors

P. L. Hersey (Chair)
R. Homsany (Chair)
(Retired 25 October 2025)
K. B. Laufmann (Deputy Chair)
S. V. Blake
K. L. J. Garvey
J. S. Manolikos (Appointed 2 February 2026)
T. W. Shackleton

Company secretary

K. L. J. Garvey

Registered office and principal place of business

100 Stirling Street, Perth
Western Australia

Solicitor

Lavan

Level 20, 1 William Street, Perth
Western Australia

Banker

National Australia Bank

Level 29, 395 Bourke Street, Melbourne
Victoria

External auditor

Deloitte Touche Tohmatsu

Quay Quarter Tower
Level 46, 50 Bridge Street, Sydney
New South Wales

Internal auditor

PricewaterhouseCoopers

Brookfield Place,
Level 15, 125 St Georges Terrace, Perth
Western Australia

Appointed actuary

J. Reid – Finity Consulting

Level 10, 68 Harrington Street, Sydney
New South Wales





Directors' report

30 June 2026

The board of directors (**Board**) of Health Insurance Fund of Australia Limited (**the Company**) submit herewith the Directors' report for the year ended 30 June 2026 in accordance with the Corporations Act 2001 (Cth).

Information about the Directors

The directors of the Company (**Directors**) during or since the end of the year ended 30 June 2026 are:

Mr P. L. Hersey

BSc, MBA, MAICD

Chair

Mr Hersey was appointed to the Board in June 2019 and appointed Chair in October 2025. Mr Hersey has extensive experience in the health, insurance, government, not for profit and financial services sectors as a senior executive and external consultant. Mr Hersey's early career involved working as a management consultant in London, primarily within the health and finance sector. Mr Hersey also has held senior roles in a number of markets including Project Director with Quality Healthcare Asia, Program Manager with Capio Healthcare (now Ramsay Healthcare UK) and Health Partnerships Manager at HBF. Mr Hersey has also completed numerous engagements as a member of PwC's Consulting Practice in Australia and has worked for clients in both federal and state Health, aged care, community and treasury, not-for-profit entities, private hospital groups and health insurers. Mr Hersey was Chief Executive Officer of 360 Health and Community, a not-for-profit primary healthcare organisation until 2017 and now serves as an Executive Director across a number of companies held through his Family Office including Compassionate Care WA, Yellow Door Therapy, Southern Care Behaviour Support Services, Mavuno Advisory and the Mavuno Technology Institute. Mr Hersey has held board positions within both the not for profit and private sectors, including at Pat Thomas House, Moorditj Koort Aboriginal Health and Wellness Centre and Thorion Energy.

Mr Hersey is a member of the Audit Committee, Risk Committee and the Investment Committee; and Chair of the Nomination and Remuneration Committee.

Mr R. Homsany	<p>Mr Homsany was appointed to the Board in June 2010. Mr Homsany is Executive Vice President, Australia of Mega Uranium Ltd, a TSX listed company and is an experienced corporate lawyer having been admitted as a solicitor for over 20 years. Mr Homsany is also the principal of Cardinals Lawyers and Consultants. Previously he was Partner, Corporate and Commercial, of DLA Phillips Fox (now DLA Piper) and prior to that was a partner of Gadens Lawyers. Mr Homsany has also worked for an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate. Mr Homsany is a Certified Practising Accountant (CPA) with CPA Australia, a fellow of the Financial Services Institute of Australasia (FINSIA) and a member of the Australian Institute of Company Directors. Mr Homsany has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in Finance and Investment from FINSIA. Mr Homsany has significant board experience with public listed companies including as Chair of ASX listed companies Galan Lithium Limited, Toro Energy Limited and Redstone Resources Ltd, and of TSX-V listed Central Iron Ore Limited, and as a Non-Executive Director of ASX Listed Brookside Energy Limited.</p>
<i>LLB (Hons), BCom, Grad Dip App Fin & Inv</i>	
Chair	
Retired: 25 October 2025	
	<p>Mr Homsany was a member of the Audit Committee, Risk Committee and the Investment Committee; and Chair of the Nomination and Remuneration Committee.</p>
Mr K. B. Laufmann	<p>Mr Laufmann was appointed to the Board in April 2020. Mr Laufmann is a Senior Investment Advisor at Shaw and Partners. Preceding his current role, Mr Laufmann was the Western Australian State Manager, Equity Partner and National Compliance Committee member of EL&C Baillieu Ltd. Mr Laufmann has worked in financial markets for the past 25 years, holding positions with Salomon Smith Barney Inc., Citigroup Inc. and HSBC, focusing on capital raising, portfolio management and corporate advice. Throughout his career, Mr Laufmann has advised and funded several ASX resource companies from early-stage venture capital, through to IPO, and development. Previously Mr Laufmann was a non-executive director at Canadian listed company NxGold Ltd, which held assets in WA and North America and was a member of its Audit Committee.</p>
<i>BEcon, Dip Fin Plan, GAICD</i>	
Deputy Chair	
	<p>Mr Laufmann is Chair of the Investment Committee, a member of the Risk Committee and a member of the Nomination and Remuneration Committee.</p>
Ms S. V. Blake	<p>Ms Blake was appointed to the Board in September 2016. Ms Blake has significant experience as a consultant in building marketing strategies for clients, including in financial and professional services, utility, government, retail, hospitality, non-government and member-based organisations. Ms Blake has held senior marketing leadership positions in several organisations, involving national promotions and communications strategy and product development, and lectured in marketing and professional practice at Curtin University, and she is a former partner at strategy consulting firm Black House. Ms Blake is the former founding director of Glue Marketing Consulting, a firm specialising in marketing, brand and digital communication and channel strategy development. She was the Chief Marketing Officer for a global technology company, Tape Ark. Currently Ms Blake is a Director at IBM Consulting in Experience Strategy and Design for AI. Ms Blake is also a former Councillor of Scotch College and former Chair of the College's Risk Committee.</p>
<i>MMkt, Grad Dip Comm, BComm Mkt & PR, GAICD</i>	
Non-executive Director	
	<p>Ms Blake is a member of the Investment Committee; and Chair of the Audit Committee.</p>

Ms K. L. J. Garvey <i>LLB, BA, MAICD</i> Non-executive Director	<p>Ms Garvey was appointed to the Board on 1 July 2025. Ms Garvey is a corporate and commercial lawyer with significant experience advising public and private companies. Ms Garvey's expertise spans capital raisings, mergers and acquisitions, corporate governance, regulatory compliance, and drafting and negotiating commercial agreements, including joint ventures, farm-ins, and share sale agreements. Ms Garvey has held senior legal and governance roles across multiple organisations and is currently General Counsel, Australia for TSX and NYSE listed IsoEnergy Ltd, Australian Legal Counsel for TSX-listed Mega Uranium Ltd, and a Director of Cardinals Lawyers and Consultants. Ms Garvey also serves as Company Secretary for several listed entities including Brookside Energy Limited, Galan Lithium Limited and Central Iron Ore Limited.</p> <p>Ms Garvey is a member of the Risk Committee and the Nomination and Remuneration Committee. Ms Garvey is also the Company Secretary.</p>
Mr J. S. Manolikos <i>BComm, FCA, SMSFS</i> Non-executive Director	<p>Mr Manolikos was appointed to the Board in February 2026. He is a Director at Hall Chadwick WA in the Business Advisory and Taxation division. He is a Fellow of the Institute of Chartered Accountants Australia and New Zealand (CAANZ). With over 30 years of experience providing business advisory and taxation services, Mr Manolikos has a particular focus on the medical industry, supporting owner-operators, family-owned medical suites, physiotherapy, and chiropractic clinics. His broader expertise spans property development, engineering, agribusiness, and financial services. Drawing on his sports management experience, Mr Manolikos helps talented athletes achieve their potential and secure financial futures beyond their sporting careers. He currently serves on the Boards of WA Charity Direct, Danny Green's Coward Punch Campaign and was an inaugural Board Member of the Jackman Furness Foundation. Mr Manolikos is also a CA SMSF Specialist and a Fellow of the Governance Institute of Australia.</p> <p>Mr Manolikos is a member of the Audit Committee.</p>
Mr T. W. Shackleton <i>BSc, Grad Dip HSM, GAICD</i> Non-executive Director	<p>Mr Shackleton was appointed to the Board in June 2020. He has extensive experience as an executive and non-executive director in the public, private and non-government health sectors in WA. Prior to February 2025, Mr Shackleton was Chief Executive Officer (CEO) of Rural Health West, which is a non-government organisation dedicated to improving access to health care for people in rural and remote regions of WA. His other experience includes CEO of the Royal Flying Doctor Service WA, Regional Director for Health in the Pilbara, Gascoyne and Wheatbelt Regions, General Manager of the Murchison Health Service and Executive Director of the Asthma Foundation of WA. In 2011, Mr Shackleton also established health consultancy firm Virtual Health, which he operated successfully until joining Rural Health West in 2016. In addition to his executive experience, Mr Shackleton has a strong background in board directorship. Previous appointments include Chair of the Western Australian Regional Development Council, Chair of the Wheatbelt Development Commission and Chair of WA General Practice Education and Training Pty Ltd and Non-Executive Director of the Royal Flying Doctor Service WA. In addition to his position on the Board of HIF, Mr Shackleton is currently Chair of the Western Australian Pastoral Lands Board, a position he has held since 2017. Mr Shackleton has a bachelor's degree in Human Movement and a Post Graduate Diploma in Health Service Administration.</p> <p>Mr Shackleton is a member of the Audit Committee and the Nomination and Remuneration Committee; and is Chairman of the Risk Committee.</p>

The Directors, except for Mr Homsany (retired 25 October 2025) and Mr Manolikos (appointed 2 February 2026) held office during the whole of the year ended 30 June 2026.



Company Secretary

Ms K. L. J. Garvey held the position of Company Secretary of the Company at 30 June 2026, following her initial appointment on 24 August 2016. Ms Garvey was appointed to the Board as a Non-Executive Director, effective 1 July 2025, and will continue to serve as Company Secretary. Further details of Ms Garvey's qualifications and experience are provided in the "Information about the Directors" section of this Report.

Principal Activities

The principal activity of the Company is the provision, as an underwriter, of private health insurance in Australia by operating as a registered private health insurer in accordance with the Private Health Insurance Act 2007 (Cth) (Act). Private health insurance provided by the Company includes coverage for Australian citizens and permanent residents who are entitled to Medicare benefits under Complying Health Insurance Products (CHIP) for:

- Hospital treatment – inpatient, day patient and in-the-home services.
- General treatment (**extras**) – ancillary health services (including dental, optical, physiotherapy and chiropractic).

Collectively, these categories of health insurance are health insurance business as this term is defined in the Act or in the rules referred to in the Act.

The Company provides, as an underwriter, non-CHIP private health insurance, including hospital treatment and/or general treatment, to overseas visitors who temporarily reside in Australia, including Temporary Skill Shortage visa holders (health related business). The Company also provides travel insurance under an agency agreement with a third-party underwriter.

The Company's principal activities include providing present and future contributors (as that term is defined in the Company's constitution) to the fund operated by the Company and their dependents (Members) access to a wide range of competitively priced healthcare treatments and services that are intended to be used to support healthy lives and lifestyles.

Objectives

The Company's purpose is to help present and future Members lead healthy lives by:

- Providing them choice and access to relevant and high-quality healthcare facilities, providers, treatments and services.
- Informing them about their health cover and relevant healthcare issues. Providing them attractive benefits and rebates.
- Keeping their premiums affordable and valuable. Providing them the highest standards of service.

The Company's objectives involve:

- Acquiring financial and non-financial benefits to increase value for Members.
- Gaining greater prominence, relevance and reputation amongst Members, consumers, government, regulators and other stakeholders in the community.
- Building confidence with Members to increase their loyalty.
- Growing long term relationships with key healthcare providers and other stakeholders.

The Company leverages its membership of stakeholder groups, including the Australian Health Services Alliance Ltd for purchasing medical services and access to 255 private hospitals, 251 private day surgeries and a limited number of general treatment benefits, and HAMB Systems Ltd for core insurance application services and related electronic and digital information, technology and communications solutions.

The Company's vision is to create lasting relationships with Members through confidence, by consistently putting them first, delivering genuine value and helping them live healthier lives.

To support its purpose and vision, the Company believes in its core values of Community, Value and Affordability, Integrity, Loyalty and Accountability.



Performance Measures

The Company measures its performance in many ways, including by measuring, monitoring and analysing:

- Size, distribution and composition of its Member base. Member loyalty, experience and satisfaction.
- How motivated Members are to recommend the Company and its products and services. Member acquisition and retention and the related costs.
- Cost and effort to serve Members.
- Premium revenue, claim benefit outlays and out-of-pockets. Capital adequacy and solvency strength.
- Efficiency and effectiveness of financial and non-financial resources. Staff engagement, culture and risk culture.
- Income from investments and other activities.

Risk management

The Company also measures its performance by monitoring its governance and risk management frameworks and its ability, using capital and the gearing of its operational resources, to support the Company's strategy and key objectives for performance and development whilst building financial resilience and sustainability.

Financial Results

Profit

The consolidated profit for the year ended 30 June 2026 was \$5.9 million compared to \$14.7 million in 2025. Insurance revenue for the year was \$187.6 million compared to \$184.7 million in 2025, an increase of 1.5%.

The decrease in profit for the year reflects a reduction in the insurance service result and a decrease in investment income.

Comprehensive income

Total comprehensive income for the year was \$5.1 million compared to \$14.7 million in 2025. This year, the Directors of the Company adopted an independent licensed valuer's estimate of fair value at 30 June 2026 of the carrying values of its commercial properties, resulting in a decrease in the revaluation reserve of \$0.8 million.

Claims incurred and underwriting

Net claims incurred was \$154.8 million compared to \$151.7 million in 2025, an increase of 2.1%. Underlying this year's net claims incurred, of which 69.7% is hospital treatment policies related, was a 1.8% increase in the number of hospital claims assessed, and a 1.7% increase in the number of medical claims assessed. The increase in hospital and medical claims assessed was due to an increase in the average number of hospital treatment policies in force over the year of 0.8% and higher utilisation rates. Extras claims assessed in 2026 increased slightly by 0.3% compared to the prior year.

The Company spent 82.5% of this year's premium revenue on net claims incurred compared to 82.1% in 2025.



Investment income and fair value gains / (losses)

Investment income for the year in 2026 amounted to \$5.7 million compared to \$5.1 million in 2025, an increase of 11.4%. This increase is attributed to investment fund distributions totalling \$2.4 million and interest income of \$3.3 million. Interest income declined in 2026, underpinned by an average cash rate of 3.8%, 0.4% lower than 4.2% in 2025.

The fair value (unrealised) gains on financial assets (i.e. the investment portfolio) at fair value was \$3.8 million compared to a (unrealised) gain of \$6.5 million in 2025. The Company realised a loss of \$0.5 million on disposal of its investment in an Australian Small Companies Fund. Investment markets have performed reasonably well, particularly equities, with the Australian All Ordinaries Index increasing 2.4% during the year with very strong returns in global equity markets (Global MSCI Index +21.0%).

Overheads

Total overheads for the year were \$36.5 million (19.4% of premium revenue) compared to \$30.5 million (16.5% of premium revenue) in 2025. The increase in overhead costs during the year was mainly attributable to a \$5.1 million increase in insurance service attributable expenses and a \$0.8 million increase in other operating expenses.

Insurance service attributable expenses increased from 13.8% of premium revenue in 2025 to 16.3% in 2026 mainly due to the allocation of increased information technology, employee benefits and marketing and policy acquisition costs.

Other operating expenses for the year were \$5.8 million compared to \$5.0 million in 2025. The increase includes a \$0.3 million increase in information technology and a \$0.5m increase in employee benefits expense.

Capital management

The Company's capital management framework includes a capital management policy, an internal capital adequacy assessment process (**ICAAP**) summary statement and a pricing philosophy. Together they guide management's practices to ensure that the Company has enough capital to support the risks it undertakes and to meet its liabilities, including in the event of adverse circumstances.

The purpose of the ICAAP is to outline the processes the Company has in place to assess and manage its financial capital needs on an ongoing basis and to ensure an adequate level of capital is maintained to meet Member obligations, business needs and other requirements.

The pricing philosophy establishes target gross and net margins that must be considered when making decisions affecting the prices of policies. Consideration of the target net margins in pricing decisions helps the Company's management and Board fulfil the obligation to hold adequate economic capital.

The Company's investment policy contains investment rules and guidelines to ensure the appropriate investment of the Company's financial and non-financial assets and that investments align with the Board's risk appetite.

The Company's prudential capital is 2.8 times the Australian Prudential Regulation Authority's (**APRA**) minimum requirement.

Risk management

The Company's risk management capability is supported by the operation of a risk management framework that among other uses, allows the Board to monitor on an ongoing basis the Company's exposure to the key risks identified by the Board and the effectiveness of risk management processes and practices of management.



Review of Operations

Member growth

The Member base covered by CHIP's increased by 4.3% compared to a decrease of 1.4% in 2025 and 2.1% net growth in the industry for 2026. Overseas visitor Members declined by 3.1% in 2026 compared to a decrease of 16.9% in 2025 reflecting the competitiveness of the overseas visitor market. The proportion of the total Member base from non-traditional markets (states/territories other than Western Australia) increased by 1% over the year to 41% at 30 June 2026.

The Board expects net industry growth to be subdued in 2027, driven by ongoing affordability pressures for lower and middle income earners amid other cost of living pressures and the proposed cuts to the Private Health Insurance Rebate for Australians aged over 65.

Despite the headwinds facing the industry, the Board considers the Company's growth prospects in the short to medium term will be positive, reflecting its strategy to improve Member value and resulting retention and its resonance with consumers looking for choice and access with an ethical insurer.

Affordability

The Minister for Health and Aged Care approved, for deployment on 1 April 2026, a weighted average 2.60% increase to Members' premiums. This represents the fourth lowest increase across all Australian private health insurers for the year. By comparison, the industry-wide average premium increase was 4.41%, marking the highest level since 2018. The Company's small increase reflects its ongoing commitment to delivering value to Members and maintaining affordability, while ensuring long-term financial sustainability.

The Board considers part of the solution to addressing affordability is for the government to address Prescribed List reforms and low value care, public hospitals charging patients with private health insurance and to restore the 30% rebate for low and middle income earners. Without a positive change in government policy towards funding arrangements for private health insurance, the rebate which is now below 25%, will continue to be eroded.

Choice and convenience

The Company's strong stance on choice aligns with the understood consumer preference for them to remain in control when it comes to choosing their health cover and their service provider. This means that Members retain the freedom to choose any level of hospital and/or extras cover from the Company's generous range of covers and go to their family health provider without being financially disadvantaged.

In January 2026 the Company launched the HIF Choice Network for dental providers which offers members 100% back (no-gap) on up to two visits each year including check-ups, cleans and other preventative services.

Personalised service and convenience

The Company's priority is to develop its culture, people and processes to ensure Members get access to service-delivery from friendly, qualified, skilled and experienced staff when and in the form they want it. The Company remains focussed on building a Member experience model that provides access to relevant and smart digital transaction processing and communication solutions, including self-service options. The Company believes that its Members will benefit from cost savings resulting in a higher allocation of available reserves for increased benefits and more affordable premiums.



Investments

Investments continued to perform well throughout the year. Returns from fixed interest funds and term deposits increased, with three 25 basis point increases to the official cash rate by the Reserve Bank in February, March and May 2026, ending the year at 4.35%. Income from investments of \$5.7 million in 2026 increased by \$0.6 million from 2025, which included \$2.4 million in distributions from managed funds. The Company recorded a \$3.8 million fair value (unrealised) gain on financial assets at fair value in 2026, compared to an (unrealised) gain on financial assets at fair value of \$6.5 million in 2025.

The investment portfolio (excluding cash and cash equivalents) increased from \$152.5 million at 30 June 2025 to \$165.0 million at 30 June 2026, an increase of 8.2% for the year which included an increase in bank term deposits of \$6.5 million. The term deposit increase was funded mostly by a draw down on Cash and cash equivalents which decreased by \$5.1 million over the year.

Property

The Company leases out one and a half floors of the Company's six floor head office premises at 100 Stirling Street under a commercial tenancy. All other floors are occupied by the Company. This property is classified as Land and Buildings and included in Property and Equipment in the Consolidated Statement of Financial Position.

The Company owns an investment property at 60 - 62 Stirling Street, Perth to earn commercial property rent. This property was fully tenanted for the year ended 30 June 2026. This property is classified as an Investment Property in the Consolidated Statement of Financial Position.

Other Developments

Digital and Technology

The Company has embarked on a Digital Strategy which includes enhancements to its foundational core infrastructure. The enhancements, including the appropriate use of artificial intelligence, will aid in the delivery of member experiences that are intelligent, intuitive and value adding, and accelerate our data strategy. This has been done in line with ethical aspirations and in the spirit of simplicity and providing choice and access.

Products

Significant progress has been made in improving the product suite available to Members, including the launch of new products during the year to better meet member needs. Member benefits have also been enhanced on some products, including access to a private hospital room at no extra cost, and the launch of the HIF Choice Dental network. These enhancements support simplification as well as increasing choice and access.

Code of conduct

The Company subscribes to the Australian private health insurance industry's peak representative body, Private Healthcare Australia (**PHA**). The Company subscribes to and complies with the PHA's Code of Conduct (**Code**) which is audited regularly. The Company remains compliant with the Code.



Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2026.

Significant Matters or Circumstances after 30 June 2026

No other matters or circumstances have arisen since 30 June 2026 which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

Environmental Regulations

The Company's operations are not subject to any environmental regulation under a law of the Commonwealth or of a State or Territory.

The Company is certified NoCO₂ by the Carbon Reduction Institute Pty Ltd. Certification confirms the Company's financial contribution, by purchasing carbon offsets, towards reducing carbon emissions.

Indemnification of Officers and Auditors

During the year ended 30 June 2026, the Company paid a premium in respect of a contract insuring the Directors, Secretary and all Executive Officers of the Company and of any related body corporate of the Company against a liability incurred as such by a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its Auditor, Deloitte Touche Tohmatsu (**Deloitte**), as part of the terms of its audit engagement agreement (**Engagement**) against certain claims by third parties arising from the audit work as that term is defined in the Engagement (for an unspecified amount). No payment has been made to indemnify Deloitte during or since the financial year ended 30 June 2026.



Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees established by the Directors) held during the year ended 30 June 2026 and the number of meetings attended by each Director (including committee meetings attended by them as committee members). During the year ended 30 June 2026, nine Board meetings, two Audit Committee meetings, four Risk Committee meetings, four Nomination and Remuneration Committee meetings and four Investment Committee meetings were held.

Directors	Board of Directors		Audit Committee		Risk Committee		Nomination and Remuneration Committee		Investment Committee	
	Ent. Att.	Att.	Ent. Att.	Att.	Ent. Att.	Att.	Ent. Att.	Att.	Ent. Att.	Att.
Ms S. V. Blake	9	8	2	2	1	1	-	-	3	3
Mr P. L. Hersey	9	8	2	2	4	4	4	3	4	4
Ms K. L. J. Garvey	9	8	-	-	3	3	3	3	-	-
Mr R. Homsany	4	4	1	1	1	1	1	1	1	1
Mr J. S. Manolikos	4	4	1	-	-	-	-	-	-	-
Mr K. B. Laufmann	9	9	-	-	4	4	4	4	4	4
Mr T. W. Shackleton	9	8	2	2	3	3	3	3	1	1

Ent. Att. – Entitled to attend.

Att. – Attended

Auditor's Independence Declaration to the Directors of Health Insurance Fund of Australia Limited

The Company has obtained an independence declaration from the Auditor, Deloitte, which is set out on the following page and forms part of this Directors' report for the year ended 30 June 2026.

Signed in accordance with a resolution of the Directors.

P. L. Hersey

Chair

Perth, 24 September 2026



24 September 2026

The Board of Directors
Health Insurance Fund of Australia Limited
Level 1/100 Stirling St
PERTH WA 6000

Dear Board Members

Auditor's Independence Declaration to Health Insurance Fund of Australia Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Health Insurance Fund of Australia Limited.

As lead audit partner for the audit of the financial report of Health Insurance Fund of Australia Limited for the financial year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Imogen Connors
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

		2026	2025
	Note	\$	\$
Insurance revenue	5	187,598,243	184,738,707
Insurance service expenses	9	(185,481,836)	(177,213,788)
Insurance service result		2,116,407	7,524,919
Investment income:	6	5,698,728	5,117,405
Net gain on assets at FVTPL - financial instruments	7	3,819,277	6,543,097
Net loss on assets at FVTPL - investment property	7	(499,152)	-
Net investment income		9,018,853	11,660,502
Net insurance and investment result		11,135,260	19,185,421
Other income	8	555,936	554,885
Other operating expenses	10	(5,817,048)	(5,008,446)
Profit before income tax		5,874,148	14,731,860
Income tax expense	11	-	-
PROFIT AFTER INCOME TAX		5,874,148	14,731,860
Other comprehensive income		(806,001)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,068,147	14,731,860

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of financial position

As at 30 June 2026

	Note	2026	2025
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	12	14,644,060	19,700,730
Trade and other receivables	13	2,653,055	2,240,354
Other financial assets	14	72,350,387	65,810,105
		89,647,502	87,751,189
Non-current assets			
Other financial assets	14	92,667,880	86,695,641
Property, plant and equipment	15	11,847,539	12,894,546
Investment property	16	4,200,000	4,715,170
		108,715,419	104,305,357
Total assets		198,362,921	192,056,546
LIABILITIES			
Current liabilities			
Trade and other payables	17	3,030,677	2,366,427
Insurance contract liabilities	18	46,000,655	45,582,795
Employee benefits	19	2,079,188	1,938,262
		51,110,520	49,887,484
Non-current liabilities			
Employee benefits	19	281,586	266,394
		281,586	266,394
Total liabilities		51,392,106	50,153,878
Net assets		146,970,815	141,902,668
EQUITY			
Revaluation reserve	20	578,968	1,384,969
Retained earnings		146,391,847	140,517,699
Total equity		146,970,815	141,902,668

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of changes in equity

For the year ended 30 June 2026

	Revaluation reserve	Retained earnings	Total
	\$	\$	\$
At 1 July 2024	1,384,969	125,785,839	127,170,808
Profit for the year	-	14,731,860	14,731,860
Total comprehensive income for the year	-	14,731,860	14,731,860
At 30 June 2025	1,384,969	140,517,699	141,902,668
Other comprehensive income	(806,001)	-	(806,001)
Profit for the year	-	5,874,148	5,874,148
Total comprehensive income for the year	(806,001)	5,874,148	5,068,147
At 30 June 2026	578,968	146,391,847	146,970,815

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated statement of cash flows

For the year ended 30 June 2026

	Note	2026	2025
		\$	\$
Cash flows from operating activities			
Premiums received		187,867,485	184,823,403
Interest and unit distributions received		5,455,986	4,985,285
Other income received		1,746,948	1,328,273
Rent received		548,619	523,519
Claims and other insurance service expenses paid		(186,566,731)	(177,080,745)
Interest and other finance payments		(424,999)	(404,582)
Other operating payments		(4,674,540)	(3,752,779)
<i>Net cash from operating activities</i>	21	3,952,768	10,422,374
Cash flows from investing activities			
Payments to acquire financial assets		(21,022,867)	(20,341,034)
Proceeds on sale of financial assets		12,329,624	11,200,000
Purchases of property, plant and equipment		(366,195)	(439,180)
Proceeds from disposal of property, plant and equipment		50,000	108,182
<i>Net cash used in investing activities</i>		(9,009,438)	(9,472,032)
<i>Net cash flows from financing activities</i>		-	-
Net increase in cash and cash equivalents		(5,056,670)	950,342
Cash and cash equivalents at beginning of year		19,700,730	18,750,388
Cash and cash equivalents at end of year	12	14,644,060	19,700,730

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies

a) General information

Health Insurance Fund of Australia Limited ('the Company') is a company limited by guarantee incorporated in Australia. The address of its registered office and principal place of business is disclosed in the corporate information on page 1. The principal activities of the Company and its subsidiary ('the Group') are described in the Directors' Report on page 36.

b) Application of new and revised Australian Accounting Standards

b.1) New and amended Accounting Standards that are effective for the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and are effective for the current financial reporting period beginning 1 July 2025.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

- AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements

The impact of the adoption of these Standards and Interpretations did not have a significant impact on the Group's financial statements.

b.2) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ending 30 June 2026. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the Group:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	1 January 2026	30 June 2027
• AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11	1 January 2026	30 June 2027
• AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	30 June 2028



Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)

b) Application of new and revised Australian Accounting Standards (continued)

b.2) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (continued)

AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18 Presentation and Disclosure in Financial Statements, which will replace AASB 101 Presentation of Financial Statements. AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted.

AASB 18 focuses on improving the presentation of financial performance, particularly in the income statement, and introduces new disclosure requirements, including management-defined performance measures. It does not change the recognition or measurement of financial elements.

The Group has not early adopted AASB 18 and is assessing its impact. While the new standard is expected to change how financial performance is presented, it is not anticipated to materially affect the Group's net results or financial position. The Group will apply AASB 18 from its reporting period beginning 1 July 2027 (financial year ending 30 June 2028) and will ensure compliance with all presentation and disclosure requirements.

c) Statement of compliance

These consolidated financial statements are general purpose consolidated financial statements which have been prepared in accordance with the Corporations Act 2001 (Cth), Accounting Standards and Interpretations, and comply with other requirements of the law.

The consolidated financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a not-for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorised for issue by the directors on 24 September 2026.

d) Basis of preparation

The consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and requirements of the Australian Prudential Regulation Authority (APRA).

These consolidated financial statements have been prepared on a historical cost basis, except for land and buildings, investment property and financial assets at fair value through profit and loss, which have been measured at fair value, as explained in the accounting policies below.

All amounts are presented in Australian dollars, which is the Group's functional currency, and are rounded to the nearest dollar, unless otherwise noted.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)**e) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the consolidated financial statements of a subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

f) Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Group has applied the going concern basis of accounting in preparing the consolidated financial statements.

g) Insurance contracts***Insurance revenue***

Insurance revenue is measured under the premium allocation approach (PAA). The PAA is applied because the coverage period of the contracts is one year or less.

(i) Recognition

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- the date when a group of contracts becomes onerous.

On initial recognition, the Group measures the liability for remaining coverage (LRC) at the amount of premiums received in cash. Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)**g) Insurance contracts (continued)**

For groups of contracts accounted for under the PAA and that have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. The Group has applied this option.

(ii) Discount rates

The Group has determined that there is no significant financing component in the insurance contracts and therefore does not discount the LRC to reflect the time value of money and financial risk for such insurance contracts.

(iii) Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. However, the Group has reviewed all contracts and determined that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together. Each portfolio is sub-divided into groups of contracts being the level of aggregation to which the recognition and measurement requirements of AASB 17 are applied. At initial recognition, the Group segregates contracts based on when they were issued. A group contains all contracts that were issued within a 12-month period. Each group is then further disaggregated into three groups of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

(iv) Contract boundaries

The Group includes in the measurement of a group of insurance contracts all the future cash flows expected to arise within the boundary of each of the contracts in the group.

The Group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of a particular policyholder and as a result change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or
- the boundary assessment is performed at a portfolio rather than individual contract level, in which case there are two criteria that both need to be satisfied. The Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders and the Group's pricing must not take into account any risks beyond the next reassessment date.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)**g) Insurance contracts (continued)*****Insurance revenue (continued)******(v) Onerous contracts***

If a group of contracts is onerous, the Group recognises a loss on initial recognition, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

Subsequently, if facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Insurance service expense

Insurance service expense arising from insurance contracts issued comprises:

- changes in the liability for incurred claims (LIC) related to claims and expenses incurred in the period excluding repayment of investment components;
- changes in the LIC related to claims and expenses incurred in prior periods; and
- other directly attributable expenses incurred in the period.

Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses.

h) Risk Equalisation Special Account levies / recoveries

Under the provisions of the Private Health Insurance Act 2007 (Cth), all health insurers must participate in the Risk Equalisation Special Account (RESA). The RESA shares a proportion of the hospital claims of all persons aged 55 years and over and those persons with claims in excess of \$50,000 in the current and preceding three quarters, amongst all health insurers based upon the number of policy holders. Individual health insurers are required to pay in to the RESA or receive a payment from the RESA for the difference between their proportional share and their actual claims paid.

The amounts payable to and receivable from the RESA are determined by APRA after the end of each quarter. Estimated provisions for amounts payable and income receivable are recognised on an accrual basis and included in the statement of financial position as part of insurance contract liabilities.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)**i) Other income*****Interest***

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset..

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Commission income

Commission income from referrals to third party pet and travel insurers is recognised when received.

j) Financial assets at fair value through profit or loss***(i) Financial assets backing health insurance liabilities***

Assets backing health insurance liabilities are segregated from other assets.

Financial assets are held to back health insurance liabilities on the basis that these assets are valued at fair value in the consolidated statement of financial position, and consist of liquid and high quality investments such as cash and fixed income securities.

The management of financial assets and health insurance liabilities are closely monitored to ensure that investments are appropriate, given the expected pattern of future cash flows arising from health insurance liabilities.

Financial assets backing health insurance liabilities are designated at fair value through profit or loss. Initial recognition is at cost and subsequent measurement is at fair value in the consolidated statement of financial position with any resultant unrealised profits and losses recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) Determination of fair value

Fair value for the various types of financial assets is determined as follows:

- (a) Cash and term deposits - at face value of the amounts deposited;
- (b) Unlisted securities - based on redemption value per unit as reported by the fund managers using valuation techniques.

Such valuation techniques include the use of recent arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)

j) Financial assets at fair value through profit or loss (continued)

(iii) Recognition and de-recognition

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention are recognised at trade date, being the date on which the Group commits to buy or sell the asset. In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date.

Financial assets are de-recognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the Group has transferred substantially all risks and rewards of ownership.

k) Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

l) Property, plant and equipment

Property and equipment, excluding land, are depreciated over their estimated useful lives using the reducing balance and straight line methods. Buildings are depreciated on a straight line basis to write off the net cost or revalued amount over their expected useful lives. Depreciation rates are as follows:

Buildings	2.5%
Office furniture and equipment	5.0% - 33.3%
Motor vehicles	20.0%

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Land and buildings are valued using the revaluation model whereby measurement subsequent to initial recognition is at fair value at the date of the latest revaluation less any subsequent accumulated depreciation and accumulated impairment losses.

Every third year the valuations are based on external property valuation reports. In the intervening years, valuations are based on management estimates. All properties are valued simultaneously.

When a revaluation increases the carrying value of a property, the increase is credited directly to equity under the heading of revaluation reserve. However, an increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss and other comprehensive income.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)**i) Property, plant and equipment (continued)**

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income. However, any decrease is debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Any remaining balance on the revaluation reserve is credited to retained earnings when the corresponding property is de-recognised.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

m) Cash and cash equivalents

Cash and short term deposits comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

n) Receivables

Trade receivables, which generally have 15-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts or expected credit losses is made when there is objective evidence that the entity will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of doubtful debts. Bad debts are written off when identified.

o) Taxation**(i) Income tax**

In accordance with Section 50 - 30 of the Income Tax Assessment Act 1997 (Cth), the income of the Company is exempt from income tax. The profit of the controlled entity, which is included in the consolidated statements of the Group, has been determined after providing for taxation expense at 30% of the controlled entity's pre-tax operating profit, adjusted for exempt income and non-deductible expenses..

(ii) Deferred tax

Deferred tax is provided in full, using the statement of financial position approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes attributable to amounts recognised directly in equity are recognised in equity.



Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)

o) Taxation (continued)

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables and payables.

Cash flows are included in the statement of cash flows on a gross basis.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

p) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Any resultant write-down is recognised as an expense in the reporting period in which it occurs, unless the asset had previously been revalued, in which case the previous revaluation is written back with any excess being expensed.

The recoverable amount is the higher of an asset's fair value, less direct selling costs, and its value in use. In assessing the value-in-use of assets, the relevant cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or company of assets.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable operational cash flows (cash generating units).

q) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Payables generally have 15 - 30 day terms.

r) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave and they are measured at their nominal value, except the liability for long service leave which is measured as the present value of the expected payments to be made in respect of services provided by employees up to the reporting date.

Liabilities arising in respect of wages and salaries, annual leave, personal leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the consolidated financial statements

For the year ended 30 June 2026

1 Background information and material accounting policies (continued)

s) Leasing

(i) *The Group as lessee*

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group has determined that it does not have any contracts where the Group is a lessee.

(ii) *The Group as lessor*

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

t) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Level of aggregation

The Group applies judgment when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.

Notes to the consolidated financial statements

For the year ended 30 June 2026

2 Critical accounting judgements and key sources of estimation uncertainty (continued)**a) Critical judgements in applying the Group's accounting policies (continued)*****Assessment of directly attributable cash flows***

The Group applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates to the fulfilment cash flows, fixed and variable overheads directly attributable to the fulfilment of insurance contracts.

Discount rates

The Group has adopted the PAA method where the contract boundary and related cashflows are expected to be one year or less. The Group's claims profile is short-tailed with claim payments in excess of 12 months being immaterial. Therefore, the Group has elected not to apply discounting.

b) Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Risk Adjustment for non-financial risk

The risk adjustment for the non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Group-specific price for bearing that risk and reflects the degree of the Group's risk aversion. The Group determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts. In estimating the risk adjustment, the Group has set the risk adjustment equal to the bottom of the net margin target range set out in the Group's pricing philosophy of 1% (2025:1%).

Liability for incurred claims

Actuarial estimates are obtained after analysis of past claims experience. From these analyses, models of the claim payment process can be established and used to project future payments on claims outstanding at the balance date.

The estimates of outstanding claims obtained in this manner are estimates in the sense that there is a degree of uncertainty as to the difference which will ultimately arise between the estimates and the final result of the experience. This uncertainty arises from four sources:

- (i) the nature of the claims process is not fully understood, it might be that none of the valuation models used is an entirely accurate representation of reality;
- (ii) there are components of randomness in the claims process, it is not possible to estimate the parameters of that process with complete precision even if complete confidence were felt in the nature of the model;
- (iii) any erroneous data will similarly have introduced uncertainties into the estimates of those parameters;
- (iv) even if the parameters could be estimated with precision, it would not be possible to predict outstanding claims with the same precision because of the random component in future experience.

Notes to the consolidated financial statements

For the year ended 30 June 2026

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

b) Key sources of estimation uncertainty (continued)

Liability for incurred claims (continued)

Errors associated with (ii) and (iv) can be quantified in a formal way (estimation and statistical errors). However a large part of the uncertainty is associated with (i) (model specification error), and it is not possible to quantify this component.

The investigation and application of different models to the data is intended to reduce the model specification error, although the extent to which this is achieved is unknown.

The initial estimates obtained from the calculations are central estimates in the sense that they incorporate no deliberate bias towards over or under estimation. By definition, the estimates are intended to have about an even chance of ultimately turning out to be sufficient.

The nature of health insurance claims is such that the actual value of the liabilities is unknown because claims experience is subject to random fluctuations. The amount of the claim liability cannot be estimated with certainty. Also it is very difficult to determine the central estimate with a reasonable degree of precision. For this reason the inherent uncertainty in the central estimate must also be considered.

c) Fair value of land and buildings

The fair value of the Group's land and buildings involves estimation uncertainty arising from the selection of valuation techniques and the assessment of relevant market and property-specific inputs. In estimating fair value, the Group uses market-observable inputs to the extent available. Where observable inputs are not available, the Group engages qualified independent valuers and works closely with them to determine the appropriate valuation techniques and inputs.

At 30 June 2026, the Group's properties were independently valued by CIVAS (WA) Pty Limited. Changes in the significant inputs below may result in a materially different fair value. Further details are disclosed in Notes 15 and 16.

Assets	Fair value at 30 June 2026	Fair value at 30 June 2025	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of inputs to fair value
Property, and equipment: land and building: 100 Stirling Street	\$11,000,000	12,068,915	Level 2	Capitalisation approach, discounted cash flow and Comparable Sales Method	N/A	N/A
Investment property: 60-62 Stirling Street	\$4,200,000	4,715,170	Level 3	Comparable Sales Method	Adopted site rate of \$3,460 per sqm	A higher adopted rate would increase fair value, while a lower adopted rate would decrease fair value.

**Notes to the consolidated financial statements**

For the year ended 30 June 2026

3 Underwriting risk**a) Actuarial methods and assumptions**

Claims estimates for the health insurance classes are derived from an analysis of two different actuarial models. Ultimate number of claims incurred are projected based on changes in claimant behaviour over time and past reporting patterns. Payments experience is analysed based on trends in ultimate incurred by month and paid chain ladder. The resulting projected payments from these models are used to determine the final estimate of outstanding claims. The analysis and projection work is done for three valuation categories i.e. hospital, medical and general and consolidated into two health insurance classes, i.e. hospital including medical and general. The exposure period is month of service.

(i) Assumptions

	2026	2025
Weighted average expected term to settlement	Months	Months
Gross central estimate	1.80	1.57
Risk equalisation recoveries	1.76	1.51
Net central estimate	1.80	1.57
	Percent	Percent
Claims handling expense rate	2.00%	2.00%
Risk adjustment LIC	4.00%	4.00%



Notes to the consolidated financial statements

For the year ended 30 June 2026

3 Underwriting risk (continued)

(ii) Processes used to determine assumptions

Average weighted term to settlement

The average term to settlement is calculated separately by class of business based on historic payment patterns.

Future claim reports (IBNR)

Future claim reports are analysed using the ratio of late reported claims to reported claims over future development periods.

Expense rate

Claims handling expenses were calculated by analysis of the Group's actual expenses from profit or loss statements over the last 12 months.

Risk adjustment LIC

The risk adjustment recognised in relation to the LIC corresponds to a confidence level of 75% (2025: 75%).

Onerous Contracts

The risk adjustment for onerous contracts is equal to the bottom of the net margin target range set out in the Group's pricing philosophy which corresponds to a confidence level of at least 60%.

b) Contract boundary

A contract boundary of 90 days has been chosen which represents the expected response time the Group would require to make an operational change and provide notice to policyholders of the detrimental change.

c) Onerous contracts

Onerous contracts testing is done at the product level which is consistent with other reporting for management purposes.

d) Concentration risk

The Group underwrites one class of business being health insurance. Geographical concentrations are detailed in note 5.

e) Sensitivity analysis - insurance contracts

The Group conducts sensitivity analyses to quantify the exposure risk of changes in the key underlying variables and assumptions, as described above. The movement in any key variable will impact the performance and equity of the Group.

The following table details the impact of changes in key assumptions on the Group's profit and loss and equity both gross and net of risk equalisation. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

Notes to the consolidated financial statements

For the year ended 30 June 2026

3 Underwriting risk (continued)

e) Sensitivity analysis - insurance contracts (continued)

Variable	Impact of movement in variable
Average weighted term to settlement	Does not directly affect the insurance liabilities.
Adopted reporting rates	Used to determine the level of claims IBNR. An increase or decrease in lodgements has a corresponding impact on claims expense.
Incurred cost in latest two service months	A change in the ultimate claims cost incurred for the most recent two service months will have a disproportionate impact on the outstanding claims amount due to the claim payments made to date.
Sufficiency margin	An increase or decrease in the coefficient of variation has a corresponding impact on the risk adjustment LIC and hence on the actuarial provision.
Claims handling expenses	An increase or decrease in the expense rate assumption has a corresponding impact on claims expense.

Impact of changes in key variables

		Increase / (decrease) in profit and equity (\$)			
		2026		2025	
Variable	Movement in variable	Gross of risk equalisation	Net of risk equalisation	Gross of risk equalisation	Net of risk equalisation
Adopted reporting rates	1% decrease	78,056	78,526	83,589	88,158
	1% increase	(77,973)	(78,443)	(83,443)	(88,003)
Incurred cost in latest two service months	1% decrease	295,539	296,907	269,025	280,148
	1% increase	(295,539)	(296,907)	(269,025)	(280,148)
Sufficiency margin	1% decrease	158,412	159,367	159,180	167,844
	1% increase	(158,412)	(159,367)	(159,180)	(167,844)
Claims handling expenses	1% decrease	161,518	161,518	162,301	162,301
	1% increase	(161,518)	(161,518)	(162,301)	(162,301)

Notes to the consolidated financial statements

For the year ended 30 June 2026

4 Risk management

The Group's financial condition and operating activities are affected by several key financial and non-financial risks. Financial risks include credit, market, capital and liquidity risk, investment risk and insurance risk. Non-financial risks include strategic and operational risks. The Group's approach to managing these financial and non-financial risks are set out in this note.

a) Corporate governance framework

The Board of the Company is responsible for corporate governance. The Board determines the Group's overall risk appetite and approves the management strategies, policies and practices to ensure that material business risks, including compliance risks, are identified and managed within the context of this appetite.

Audit Committee

The Audit Committee is a sub-committee of the Board. The Audit Committee assists the Board in fulfilling its accounting, auditing and financial reporting responsibilities by providing an objective non-executive review of the effectiveness of the Group's internal control, financial reporting and risk management framework (RMF) and compliance with APRA's Prudential Standard HPS 310 Audit and Related Matters. The Audit Committee's responsibilities include: overseeing and reviewing the integrity of the Group's external financial reporting, professional accounting and financial statements and the overall policy direction of the audit function; overseeing the external audit, internal audit and appointed actuary functions including providing prior endorsement of and recommendations to the Board on the appointment and removal of the external auditor, Head of Internal Audit and Appointed Actuary; overseeing and reviewing systems to ensure effective management of financial and non-financial risks; and ensuring the Group maintains policies and procedures for employees to submit confidentially, information about accounting, internal controls, compliance and audit, and other matters employees are concerned about including ensuring that employees are aware of these policies and dealing with the matters raised by employees under these policies.

Risk Committee

The Risk Committee is a sub-committee of the Board. The Risk Committee assists the Board in fulfilling its responsibilities by providing an objective non-executive oversight of the implementation and operation of the Group's RMF, compliance with APRA's Prudential Standard CPS 220 Risk Management (CPS 220) and Prudential Standard CPS 230 Operational Risk Management (CPS230) to ensure that financial and non-financial risks are clearly identified and well managed.

The Risk Committee is responsible for:

- (i) the overall policy direction of the Group's Risk and Compliance functions and the extent to which the risk culture supports the Group's ability to operate consistently within its risk appetite;
- (ii) overseeing the implementation and operation of the RMF and internal compliance and control systems to ensure effective management of financial and non-financial risks;
- (iii) advising the Board on the Group's overall current and future risk appetite and overseeing the Group's current and future risk position relative to its risk appetite and capital strength;
- (iv) advising the Board on the Group's overall current and future risk management strategy (RMS) and overseeing Executive Management's implementation of this strategy, including monitoring and managing the Group's risks, consistent with strategic objectives, risk appetite statement (RAS) and key policies;

Notes to the consolidated financial statements

For the year ended 30 June 2026

4 Risk management (continued)

a) Corporate governance framework (continued)

Risk Committee (continued)

- (v) evaluating the Group's exposure to fraud and reviewing reports on any major frauds;
- (vi) monitoring the appropriateness of the internal control framework and ensuring that where any major deficiencies or breakdown in controls or procedures are identified, appropriate and prompt action is taken by Executive Management; and
- (vii) monitoring the compliance framework including systems, policies and strategies, to ensure consistency with legal requirements and Group policies.
- (viii) overseeing operational risk management, including reviewing operational resilience, business continuity management effectiveness and overseeing risks associated with material service providers.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a sub-committee of the Board. The Nomination and Remuneration Committee assists the Board in fulfilling its corporate governance responsibilities by overseeing Board renewal, director nomination, independence, performance assessment and remuneration processes. The Nomination and Remuneration Committee is responsible for providing advice and making recommendations to the Board on the Board's corporate governance responsibilities and obligations in relation to and overseeing and administering the processes for director nomination, independence, performance, remuneration and benefits; the adequacy and collective capabilities of the Board, the CEO and the key executives to effectively and prudently govern, lead, manage and operate the Group's business; and the Committee's and each non-executive director's ability to properly fulfil their responsibilities and duties to the Board and the Group.

Investment Committee

The Investment Committee is a sub-committee of the Board. The Investment Committee's role is to assist and advise the Board in relation to the Group's capital and investment related matters including overseeing the implementation and monitoring of the effectiveness of the Group's Investment Policy and Investment Strategy; monitoring and reviewing on the Board's behalf the effectiveness of the investment policies and processes of the Group in achieving an optimum return relative to the Board's risk appetite; authorising investment decisions where those powers have been delegated by the Board; and monitoring legislative compliance and informing the Board in relation to the solvency and capital adequacy implications of investment decisions.

Board

The Board is responsible for the corporate governance of the Group and is responsible for overseeing the sound and prudent management of the Group, including the Group's strategy overseeing financial performance and ensuring business sustainability. The Board is ultimately responsible for the Group's RMF in accordance with CPS 220 and oversees the operation by management of the RMF. The Board sets the Group's risk appetite and approves the Group's RAS and RMS. In fulfilling its role, the Board seeks to, amongst other things:

- (i) approve the Group's business plan and strategic plan, and oversee management's execution and delivery of those plans;

Notes to the consolidated financial statements

For the year ended 30 June 2026

4 Risk management (continued)

a) Corporate governance framework (continued)

Board (continued)

- (ii) promote and sustain a culture that is aware of, and manages, risk effectively and consistently within its risk appetite; and
- (iii) set and uphold high ethical standards and values that align with the Group's Code of Conduct..

b) Financial risks

Financial risk

Capital comprises the total equity as reflected in the statement of financial position. The Group operates within the regulatory environment established by the Private Health Insurance Act 2007 (Cth) (the "Act"). The regulatory body for the private health insurance industry is APRA. The Group is subject to the capital adequacy standards applied by the Act and regulated by APRA. The Group is required to submit quarterly returns to APRA as well as an annual audited return that is used to establish whether the Group complies with the standards. The Group has exceeded the required capital adequacy reserves throughout the year.

The Group makes use of the financial condition report (FCR) prepared by its Appointed Actuary to inform the Board about decisions on capital management issues. The FCR is a medium term projection of the overall financial position of the business under a variety of economic and operating scenarios, allowing for new business. The FCR considers a number of key performance indicators in addition to solvency and capital requirements. The FCR enables the Group to assess a range of risks to which the business is exposed, their evolution over time, and the impact of the mitigating actions that might be taken.

Other tools the Group utilises to manage its capital requirements are the annual premium submission to the Department of Health, Disability and Ageing, forecasts, the annual budget and monthly management accounts. The annual premium submission considers the financial impact of the Group's plans over the next two years and the impact on capital adequacy and solvency. The annual premium submission, which is reviewed by the Group's Appointed Actuary, is approved by the Minister for Health and Ageing.

With regards to liquidity risk management and investment risk management, including market risk and interest rate risk, refer to note 25.

Insurance risk

The Group's insurance activities primarily involve the underwriting of risks and claim management. The Group employs a disciplined approach to underwriting and risk management that emphasises maximising member benefits rather than a premium, volume or market share oriented approach.

Notes to the consolidated financial statements

For the year ended 30 June 2026

4 Risk management (continued)

b) Financial risks (continued)

Insurance risk (continued)

(i) Risk management objectives and policies for mitigating insurance risk

Risk management activities include prudent underwriting, pricing, claims management, reserving and investment management. The objective of these disciplines is to enhance the financial performance of the Group's overall health insurance operations.

The key policies in place to mitigate risks arising from writing health insurance contracts include the following:

- (a) the maintenance and use of management information systems that provide up-to-date, reliable data on the risks to which the business is exposed at any point in time;
- (b) the use of actuarial models based on historical data to calculate premiums and monitor claims patterns;
- (c) the mix of assets invested in is matched to the term of the insurance liabilities to maximise investment performance; and
- (d) the diversification of business over two classes of insurance and a large number of uncorrelated individual risks seeks to reduce variability in loss experience.

(ii) Terms and conditions of health insurance business

The terms and conditions attached to health insurance contracts affect the level of insurance risk accepted by the Group. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

(iii) Concentration of insurance risk

The Group's exposure is concentrated in Western Australia where 59% of its policyholders reside.

(iv) Claims management and claims provisioning risks

The Group's approach to determining the liability for incurred claims is set out in note 3. The Group's Appointed Actuary determines the Group's insurance contract liabilities, that are reported at balance date, using an approved actuarial methodology.

Investment risk

With regards to investment risk management, including market risk and interest rate risk, refer to note 25.

c) Non-financial risks

The Group's material non-financial risks comprise of both strategic and operational risks. Strategic risks include brand and reputational risk; conduct and culture risk and compliance risk. Operational risks include technology and information security risk and data governance risk.

The Board accepts a certain amount of risk in pursuit of the Group's strategic objectives and in achieving its vision. The Board will however only accept material business risks that have been carefully assessed and for which it has geared itself to accept, including through operating effective controls to avoid unwelcome risk, mitigating the likelihood of this risk occurring, and reducing the resulting impact of this risk.

Notes to the consolidated financial statements

For the year ended 30 June 2026

5 Insurance revenue

	Hospital tables	General tables	Total
	\$	\$	\$
Insurance revenue has been determined after including:			
2026 Insurance revenue			
Premiums received including Federal Government rebates under the premium allocation approach	128,775,553	58,956,474	187,732,027
+/- premiums in arrears	(3,607)	4,192	585
+/- unearned premium liability	(233,105)	(222,156)	(455,261)
+/- amount receivable from the Federal Government Rebate Incentives Scheme	221,017	99,875	320,892
Total insurance revenue	128,759,858	58,838,385	187,598,243

2025 Insurance revenue

Premiums received including Federal Government rebates under the premium allocation approach	127,561,618	57,117,280	184,678,898
+/- premiums in arrears	30,138	13,801	43,939
+/- unearned premium liability	86,288	(21,001)	65,287
+/- amount receivable from the Federal Government Rebate Incentives Scheme	(34,170)	(15,247)	(49,417)
Total insurance revenue	127,643,874	57,094,833	184,738,707

The Group assessed the disaggregation of the revenue by geographical region and type of policies. This is information regularly reviewed by the Board to evaluate the financial performance of the Group. The Group's revenue from external customers by geographical location and type of policy are detailed below.

	2026	2025
Geographical region	\$	\$
Australian Capital Territory	1,253,324	1,294,941
New South Wales	18,294,730	17,632,405
Northern Territory	229,904	247,963
Queensland	16,630,855	16,203,415
South Australia	4,825,868	4,575,583
Tasmania	1,018,095	966,287
Victoria	27,179,230	27,185,903
Western Australia	118,166,237	116,632,210
	187,598,243	184,738,707

Notes to the consolidated financial statements

For the year ended 30 June 2026

5 Insurance revenue (continued)

	2026	2025
	\$	\$
Type of policy		
Complying health insurance products	186,236,459	183,266,515
Overseas visitor cover	1,361,784	1,472,192
	187,598,243	184,738,707

6 Investment income

	2026	2025
	\$	\$
Interest income	3,288,165	3,691,813
Distribution income from unit trust investments	2,410,563	1,425,592
	5,698,728	5,117,405

7 Net gain / (loss) on assets at FVTPL

	2026	2025
	\$	\$
Financial instruments		
Unrealised fair value gain	4,338,399	6,543,097
Loss on sale of investments	(519,122)	-
Net gain on assets at FVTPL - financial instruments	3,819,277	6,543,097

Fair value gains represent movements on equity and fixed interest unit trust investments.

	2026	2025
	\$	\$
Investment property		
Net loss on assets at FVTPL - investment property	(499,152)	-

8 Other income

	2026	2025
	\$	\$
Gain from sale of property and equipment	8,468	37,618
Rental revenue	498,746	475,926
Other revenue	48,722	41,341
	555,936	554,885

Health Insurance Fund of Australia Ltd and its controlled entity

Notes to the consolidated financial statements

For the year ended 30 June 2026

9 Insurance service expenses

	Current year	Prior years	Total
	\$	\$	\$
2026			
Gross claims incurred	162,093,607	(7,885,912)	154,207,695
Ambulance levies	505,858	-	505,858
Onerous contract expense	(433,873)	-	(433,873)
Risk equalisation expense	1,346,761	(780,969)	565,792
Net claims incurred	163,512,353	(8,666,881)	154,845,472
Attributable expenses	30,636,364	-	30,636,364
Insurance service expenses	194,148,717	(8,666,881)	185,481,836
2025			
Gross claims incurred	154,930,870	(8,274,417)	146,656,453
Ambulance levies	507,349	-	507,349
Onerous contract expense	359,003	-	359,003
Risk equalisation expense	2,621,565	1,584,475	4,206,040
Net claims incurred	158,418,787	(6,689,942)	151,728,845
Attributable expenses	25,484,943	-	25,484,943
Insurance service expenses	183,903,730	(6,689,942)	177,213,788

10 Other operating expenses

	2026	2025
	\$	\$
Information technology	945,586	637,790
Depreciation	242,285	242,594
Post-employment benefits	296,138	248,053
Employment benefits	3,011,482	2,561,431
Legal fees	22,221	64,425
Postage and telephone	9,710	10,960
Printing and stationery	5,346	5,196
Rental and property expenses	226,922	181,179
Advertising	4,433	-
Financial charges and taxes	212,483	202,291
Other expenses	840,442	854,527
	5,817,048	5,008,446

Health Insurance Fund of Australia Ltd and its controlled entity

Notes to the consolidated financial statements

For the year ended 30 June 2026

11 Income tax expense

	2026	2025
	\$	\$
Total tax expense charged to profit or loss	-	-
Reconciliation between net profit before tax and tax expense		
Profit before income tax expense	5,874,148	14,731,860
Tax at the Australian tax rate of 30% (2025: 30%)	1,762,244	4,419,558
Exempt income of parent entity	(1,762,244)	(4,419,558)
Tax expense for the year	-	-

12 Cash and cash equivalents

	2026	2025
	\$	\$
Cash on hand	447	477
Cash at bank and equivalents	14,643,613	19,700,253
	14,644,060	19,700,730

13 Trade and other receivables

	2026	2025
	\$	\$
Investment income receivable	1,080,179	837,437
Other amounts receivable	1,572,876	1,402,917
	2,653,055	2,240,354

14 Other financial assets

	2026	2025
	\$	\$
Current		
Term deposits	72,350,387	65,810,105
Non-current		
Investments in unit trusts	92,667,880	86,695,641

The Group holds investments in unit trusts carried at fair value through profit or loss (FVTPL).

Notes to the consolidated financial statements

For the year ended 30 June 2026

15 Property, plant and equipment

	2026	2025
	\$	\$
Land at fair value	2,660,000	3,300,000
Buildings at fair value	9,705,663	9,871,664
Less: accumulated depreciation	(1,365,663)	(1,102,749)
	11,000,000	12,068,915
Office furniture and equipment - at cost	5,194,754	5,015,540
Less: accumulated depreciation	(4,449,823)	(4,295,545)
	744,931	719,995
Motor vehicles - at cost	141,490	143,841
Less: accumulated depreciation	(38,882)	(38,205)
	102,608	105,636
Total property and equipment	11,847,539	12,894,546

The basis of valuation for land and buildings is the fair value based on existing use. The Company's Board is of the opinion that this basis provides a reasonable estimate of the recoverable amount. There was a revaluation of the Company's freehold land and buildings in June 2026. The valuation was based on the fair market value of the property at that date by reference to several methodologies including capitalisation method and discounted cash flow approach and was conducted in accordance with independent valuation standards. The valuation was performed by Dean Johnston of Colliers CIVAS (WA) Pty Ltd who is a Certified Practising Valuer (Licensed Valuer # 44546). The next independent valuation will be conducted in June 2029. The historic cost of the revalued land and buildings was \$2,068,152.

	Land & buildings	Office furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Reconciliation of property, plant and equipment 2026				
Carrying amount at 1 July 2025	12,068,915	719,995	105,636	12,894,546
Revaluation	(806,001)	-	-	(806,001)
Additions	-	304,739	61,456	366,195
Disposals	-	-	(38,150)	(38,150)
Assets written off during the year	-	(3,384)	-	(3,384)
Depreciation expense	(262,914)	(276,419)	(26,334)	(565,667)
Carrying amount at 30 June 2025	11,000,000	744,931	102,608	11,847,539
Reconciliation of property, plant and equipment 2025				
Carrying amount at 1 July 2024	12,334,457	621,118	146,924	13,102,499
Revaluation	-	-	-	-
Additions	-	371,246	67,934	439,180
Disposals	-	-	(73,338)	(73,338)
Assets written off during the year	-	(7,355)	-	(7,355)
Depreciation expense	(265,542)	(265,014)	(35,884)	(566,440)
Carrying amount at 30 June 2025	12,068,915	719,995	105,636	12,894,546

Notes to the consolidated financial statements

For the year ended 30 June 2026

16 Investment property

	2026	2025
	\$	\$
<i>Fair value</i>		
Investment property	4,200,000	4,715,170
Balance at beginning of year	4,715,170	4,731,188
Revaluation	(499,152)	-
Less: depreciation expense	(16,018)	(16,018)
Balance at end of year	4,200,000	4,715,170

The fair value of the Group's investment property at 30 June 2026 was determined based on an independent valuation undertaken in June 2026 by Dean Johnston of Colliers CIVAS (WA) Pty Ltd, an independent valuer. The valuation was undertaken in accordance with applicable independent valuation standards. Fair value was determined using the comparable sales approach, with reference to recent transactions for comparable development sites and an adopted site rate of \$3,460 per square metre.

In estimating fair value, redevelopment was assessed as the property's highest and best use because the existing improvements were not considered to add value to the site. Accordingly, the valuation reflects the property's development potential, having regard to its location, zoning, site area and comparable market transactions. The fair value of the investment property at 30 June 2026 was \$4,200,000 and was classified as Level 3 within the fair value hierarchy. The next independent valuation will be conducted in June 2029.

Depreciation during the year relates to improvements to the investment property undertaken since the last valuation in 2023. These improvements were depreciated from the date they were brought into use and have been incorporated into the investment property's fair value as part of the recent independent valuation. Accordingly, the carrying amount of the improvements at year end is reflected within the overall fair value of the investment property.

17 Trade and other payables

	2026	2025
	\$	\$
Trade payables	1,291,929	1,178,184
Other creditors	1,738,748	1,188,243
	3,030,677	2,366,427

The average credit period on purchases is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice.

Health Insurance Fund of Australia Ltd and its controlled entity

Notes to the consolidated financial statements

For the year ended 30 June 2026

18 Insurance contract liabilities

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
2026					
Insurance contract liabilities at 1 July	23,550,758	1,579,216	19,781,444	671,377	45,582,795
<i>Insurance revenue (a)</i>	(187,598,243)	-	-	-	(187,598,243)
Incurred claims and other attributable expenses	-	-	186,235,028	(33,908)	186,201,120
Losses and reversals of losses on onerous contracts that relate to future service	-	(433,873)	-	-	(433,873)
Changes that relate to past service – prior underwriting years	-	-	(285,411)	-	(285,411)
<i>Insurance service expenses (b)</i>	-	(433,873)	185,949,617	(33,908)	185,481,836
Insurance service result (a)+(b)	(187,598,243)	(433,873)	185,949,617	(33,908)	(2,116,407)
Statement of comprehensive income	(187,598,243)	(433,873)	185,949,617	(33,908)	(2,116,407)
<i>Cash flows</i>					
Premium received	187,867,485	-	-	-	187,867,485
Claims and other insurance service expense paid	-	-	(185,333,218)		(185,333,218)
Total cash flows	187,867,485	-	(185,333,218)	-	2,534,267
Other movements	-	-	-	-	-
Insurance contract liabilities at 30 June	23,820,000	1,145,343	20,397,843	637,469	46,000,655

Health Insurance Fund of Australia Ltd and its controlled entity

Notes to the consolidated financial statements

For the year ended 30 June 2026

18 Insurance contract liabilities (continued)

	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
2025					
Insurance contract liabilities at 1 July	23,466,062	1,220,213	19,234,836	570,136	44,491,247
<i>Insurance revenue (a)</i>	(184,738,707)	-	-	-	(184,738,707)
Incurred claims and other attributable expenses	-	-	177,308,422	101,241	177,409,663
Losses and reversals of losses on onerous contracts that relate to future service	-	359,003	-	-	359,003
Changes that relate to past service – prior underwriting years	-	-	(554,878)	-	(554,878)
<i>Insurance service expenses (b)</i>	-	359,003	176,753,544	101,241	177,213,788
Insurance service result (a)+(b)	(184,738,707)	359,003	176,753,544	101,241	(7,524,919)
Statement of comprehensive income	(184,738,707)	359,003	176,753,544	101,241	(7,524,919)
<i>Cash flows</i>					
Premium received	184,823,403	-	-	-	184,823,403
Claims and other insurance service expense paid	-	-	(176,206,936)		(176,206,936)
Total cash flows	184,823,403	-	(176,206,936)	-	8,616,467
Other movements	-	-	-	-	-
Insurance contract liabilities at 30 June	23,550,758	1,579,216	19,781,444	671,377	45,582,795

Notes to the consolidated financial statements

For the year ended 30 June 2026

19 Employee benefits

	2026	2025
	\$	\$
Current		
Annual leave	1,023,865	940,982
Long service leave	1,055,323	997,280
	2,079,188	1,938,262
Non-current		
Long service leave	281,586	266,394

20 Revaluation reserve

	2026	2025
	\$	\$
Reserve comprises revaluation of:		
Land and buildings	578,968	1,384,969

The land and buildings revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties' revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings. The land and building at 100 Stirling Street was revalued at 30 June 2026 resulting in a decrease in value of \$806,001 against the asset revaluation reserve.

21 Reconciliation of profit for the year to net cash flows from operating activities

	2026	2025
	\$	\$
Net profit from ordinary activities after tax	5,874,148	14,731,860
Adjustments for:		
Depreciation of property and equipment	581,685	582,458
Net proceeds on sale of property and equipment	(8,468)	(34,844)
Net loss on write-down of property and equipment	-	7,355
Net gain on assets at FVTPL - financial instruments	(3,819,277)	
Net loss on assets at FVTPL - investment property	499,152	(6,543,097)
Operating cash flows before movements in working capital	3,127,240	8,743,732
Increase in insurance contract liabilities	417,860	1,091,548
Increase in employee entitlements	156,118	51,367
Decrease/(Increase) in other assets	(169,959)	243,915
Increase in creditors	664,251	423,932
Increase in interest receivable	(242,742)	(132,120)
Net cash generated by operating activities	3,952,768	10,422,374

As the Group does not have any debt, there is no changes in the Group's liabilities arising from financing activities.

Notes to the consolidated financial statements

For the year ended 30 June 2026

22 Related party disclosures

The names of each person holding the position of director of the Company during the financial year are:

S. V. Blake, K. L. J. Garvey, P. L. Hersey, R. Homsany, K.B. Laufmann, J. S. Manolikos, and T.W. Shackleton.

Directors of the Company are entitled to receive Company health benefits at subsidised rates applicable to all employees.

Transactions with related entities

Ms Garvey is a director of the Company and is also a Director of Cardinals Lawyers and Consultants, which provides company secretarial services to the Group. During the year ended 30 June 2026, the Group incurred expenses of \$110,405 (2025: \$Nil) for services provided by Cardinals Lawyers and Consultants. The transaction was conducted on arm's length commercial terms and in accordance with the Group's conflict of interest management framework.

Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

	2026	2025
	\$	\$
Short-term employee benefits	3,309,436	3,189,915
Post-employment benefits	332,000	304,325
	3,641,436	3,494,240

23 Subsidiary entity information

Entity name	Entity type	Place formed	% of share capital held	Tax residency
Health Insurance Australia Pty Ltd	Propriety Limited	Australia	100	Australian

Health Insurance Fund of Australia Ltd has a 100% owned subsidiary, Health Insurance Australia Pty Ltd (HIA). HIA has no ongoing trading activities. HIA's assets consist of an intercompany loan to the parent entity of \$30,758 (2025: \$30,758).

24 Remuneration of auditors

	2026	2025
	\$	\$
Deloitte and related network firms		
- Audit or review of financial reports for Group and subsidiaries	217,572	211,549
- Other Services	51,500	-
PricewaterhouseCoopers and their related network firms		
- Internal audit services	222,434	162,000
- Other Services	45,900	
Grant Thornton and related network firms		
- Other Services	-	33,600
	537,406	407,149

**Notes to the consolidated financial statements**

For the year ended 30 June 2026

25 Financial instruments**a) Financial risk**

The Group is exposed to a number of forms of financial risk, the most significant being market risk. This section provides an explanation of the other aspects in which the Group is affected by financial risks.

(i) Market risk

The Group takes on exposure to market risks including fair value risk, interest risk and price risk. Market risks arise from open positions in interest rates and equity products, all of which are exposed to general and specific market movements. The market risks that the Group primarily faces are equity risk and interest rate risk, due to the nature of its investments and liabilities.

Investment activity for the Group is undertaken in accordance with an investment policy established by the Board. The policy stipulates cash flow requirements, liquidity management, authorised investments and maximums, composition of portfolio, performance benchmarks and credit structure.

At 30 June, the Group had the following mix of financial assets exposed to equities price risk:

	2026	2025
	\$	\$
Financial assets		
Investment in unit trusts	92,667,880	86,695,641

The unit trusts invest in companies listed on Australian and international stock exchanges.

At 30 June, if the S&P/ASX 300 Index had moved, as illustrated in the table below, with all other variables held constant, post tax profit/equity would have been affected as follows:

	Post tax profit / equity higher / (lower)	
	2026	2025
	\$	\$
+ 10% S&P/ASX 300 Index	3,935,846	3,935,830
- 10% S&P/ASX 300 Index	(3,935,846)	(3,935,830)

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments

a) Financial risk (continued)

(ii) Interest rate risk

The Group manages its exposure to interest rate risk through a diversified portfolio of investments including property and equity investments in addition to interest bearing assets. The interest bearing assets are further diversified in type and duration.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2026	2025
	\$	\$
Financial assets		
Cash and cash equivalents	14,644,060	19,700,730
Term deposits	72,350,387	65,810,105
	86,994,447	85,510,835

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and hence equity would have been affected as follows:

	Post tax profit / equity higher / (lower)	
	2026	2025
	\$	\$
+ 1.0% (100 basis points)	1,403,039	1,328,482
- 1.0% (100 basis points)	(1,403,039)	(1,328,482)

The movements in profit / equity are due to higher / lower interest income from variable rate cash and term deposit balances.

(iii) Liquidity risk

The Group is exposed to daily calls on its available cash resources from policy claims. Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. The Company's Board sets limits on the minimum proportion of maturing funds available to meet such calls and to cover claims at unexpected levels of demand.

The following table reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and insurance contract liabilities at 30 June 2026. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and insurance contract liabilities without fixed amount or timing are based on the conditions existing at 30 June 2026.

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

a) Financial risk (continued)

Maturity analysis of financial assets and liabilities

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Payables and liability for incurred claims mainly originate from the ongoing operations of the Group such as overhead expenses and investments in working capital. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its various business units that reflects expectations of management of expected settlement of financial assets and liabilities. The financial assets at fair value through profit and loss categorised as maturing in less than or equal to 3 months have been categorised as such because there is no maturity date, however, they are disclosed as non current assets on the consolidation statement of financial position as it is the intention to hold these investments for greater than 12 months.

	≤ 3 months	>3-6 months	>6-12 months	>1-5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2026						
Financial assets						
Cash and cash equivalents	14,644,060	-	-	-	-	14,644,060
Term deposits	23,181,971	7,204,316	43,044,279	-	-	73,430,566
Receivables	1,572,876	-	-	-	-	1,572,876
Financial assets at fair value through profit or loss	92,667,880	-	-	-	-	92,667,880
	132,066,787	7,204,316	43,044,279	-	-	182,315,382
Financial liabilities						
Payables	(3,030,677)	-	-	-	-	(3,030,677)
Liability for incurred claims	(20,319,489)	(556,267)	(159,555)	-	-	(21,035,311)
	(23,350,166)	(556,267)	(159,555)	-	-	(24,065,988)
Net maturity	108,716,621	6,648,049	42,884,724	-	-	158,249,394

Health Insurance Fund of Australia Ltd and its controlled entity

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

a) Financial risk (continued)

Maturity analysis of financial assets and liabilities (continued)

	≤ 3 months	>3-6 months	>6-12 months	>1-5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2025						
Financial assets						
Cash and cash equivalents	19,700,730	-	-	-	-	19,700,730
Term deposits	26,923,542	24,743,898	14,980,102	-	-	66,647,542
Receivables	1,402,917	-	-	-	-	1,402,917
Financial assets at fair value through profit or loss	86,695,641	-	-	-	-	86,695,641
	134,722,830	24,743,898	14,980,102	-	-	174,446,830
Financial liabilities						
Payables	(2,366,427)	-	-	-	-	(2,366,427)
Liability for incurred claims	(19,731,107)	(598,394)	(123,320)	-	-	(20,452,821)
	(22,097,534)	(598,394)	(123,320)	-	-	(22,819,248)
Net maturity	112,625,296	24,145,504	14,856,782	-	-	151,627,582



Health Insurance Fund of Australia Ltd and its controlled entity

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

a) Financial risk (continued)

Liquidity and interest risk tables

	Note	Floating interest rate	Fixed interest maturing in:		Non interest bearing	Total
			1 year or less	1 to 5 years		
		\$	\$	\$	\$	\$
Year ended 30 June 2026						
Financial assets						
Cash and cash equivalents	12	14,643,613	-	-	447	14,644,060
Term deposits	14	-	72,350,387	-	-	72,350,387
Other receivables	13	-	-	-	1,572,876	1,572,876
Investment income receivable	13	-	-	-	1,080,179	1,080,179
Financial assets at fair value through profit and loss	14	-	-	-	92,667,880	92,667,880
		14,643,613	72,350,387	-	95,321,382	182,315,382
Weighted average interest rate		3.79%	4.63%			
Financial liabilities						
Payables	17	-	-	-	(3,030,677)	(3,030,677)
Net financial assets		14,643,613	72,350,387	-	92,290,705	179,284,705

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

a) Financial risk (continued)

Liquidity and interest risk tables (continued)

	Note	Floating interest rate	Fixed interest maturing in:		Non interest bearing	Total
			1 year or less	1 to 5 years		
		\$	\$	\$	\$	\$
Year ended 30 June 2025						
Financial assets						
Cash and cash equivalents	12	19,700,253	-	-	477	19,700,730
Term deposits	14	-	65,810,105	-	-	65,810,105
Other receivables	13	-	-	-	1,402,917	1,402,917
Investment income receivable	13	-	-	-	837,437	837,437
Financial assets at fair value through profit and loss	14	-	-	-	86,695,641	86,695,641
		19,700,253	65,810,105	-	88,936,472	174,446,830
Weighted average interest rate		4.14%	4.99%			
Financial liabilities						
Payables	17	-	-	-	(2,366,427)	(2,366,427)
Net financial assets		19,700,253	65,810,105	-	86,570,045	172,080,403

b) Credit risk

The credit risk on financial assets of the Group is generally the carrying amount, net of any provisions for doubtful debts. Credit risk is mitigated by close management review of outstanding amounts which are regularly followed up and collected.

The table below provides information regarding the credit risk exposure of the Group at 30 June 2026 by classifying assets according to the Standard and Poor's credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

The Group manages credit risk by setting investment limits based on counterparty credit ratings and the duration of investments. The compliance with these limits is reported to the Group's Board on a monthly basis.

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

b) Credit risk (continued)

	AAA	AA	A	BBB	Not rated	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2026						
Financial assets						
Cash and cash equivalents	-	14,643,613	-	-	447	14,644,060
Term deposits	-	72,350,387	-	-	-	72,350,387
Trade and other receivables	-	1,080,179	-	-	1,572,876	2,653,055
Financial assets at fair value through profit or loss	-	-	-	-	92,667,880	92,667,880
Total	-	88,074,179	-	-	94,241,203	182,315,382

	AAA	AA	A	BBB	Not rated	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2025						
Financial assets						
Cash and cash equivalents	-	19,700,253	-	-	477	19,700,730
Term deposits	-	65,810,105	-	-	-	65,810,105
Trade and other receivables	-	837,437	-	-	1,402,917	2,240,354
Financial assets at fair value through profit or loss	-	-	-	-	86,695,641	86,695,641
Total	-	86,347,795	-	-	88,099,035	174,446,830

The Group's policy does not permit investment in any security rated below Standard and Poor's long-term A rating.

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

Reconciliation of net financial assets to net assets

	Note	2026	2025
		\$	\$
Net financial assets	25a)	179,284,705	172,080,403
Property, plant and equipment	15	11,847,539	12,894,546
Investment property	16	4,200,000	4,715,170
Current liabilities	18,19	(48,079,843)	(47,521,057)
Non-current liabilities	19	(281,586)	(266,394)
Net assets per the consolidated statement of financial position		146,970,815	141,902,668

Net fair value of financial assets and liabilities per the consolidated statement of financial position

The net fair value of financial assets and liabilities approximate their carrying value.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Year ended 30 June 2026				
Financial assets at fair value through profit or loss	-	92,667,880	-	92,667,880

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Year ended 30 June 2025				
Financial assets at fair value through profit or loss	-	86,695,641	-	86,695,641

Notes to the consolidated financial statements

For the year ended 30 June 2026

25 Financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2026	30 June 2025				
	\$	\$				
Other financial assets - unit trusts	92,667,880	86,695,641	Level 2	Stated at the redemption price quoted by the trust managers as at the reporting date.	N/A	N/A

There were no transfers between Levels 1, 2 and 3 during the period.

26 Lease arrangements

The Group owns two properties located at 60-62 Stirling Street and at 100 Stirling Street, Perth. Lease receivables relates to both properties owned by the Group.

60-62 Stirling Street, Perth, has two tenancies. One tenant with a lease term of 2 years, which ends on 31 March 2028 and another tenant with a lease term of five years which ends on 30 April 2028. The tenants do not have an option to purchase the property at the expiry of the lease period.

The tenancy on level one and part of level 2 of 100 Stirling Street, Perth, has a lease term of 5 years, with an end date of 31 January 2031. The tenant has an option to renew for a further 5 years to 2036. The remainder of the property is occupied by the Group.

The property rental income earned by the Group from its properties, which are leased out under operating leases, amounted to \$498,745 (2025:\$475,926). Direct operating expenses arising on the investment properties in the period amounted to \$263,467 (2025:\$301,356).

	2026	2025
	\$	\$
Not later than 1 year	623,075	420,881
Later than 1 year and not longer than 5 years	1,025,427	532,928
	1,648,502	953,809

Notes to the consolidated financial statements

For the year ended 30 June 2026

27 Capital

The Board is responsible for ensuring the Group has sufficient capital resources to meet APRA's minimum prudential requirements. Health Insurance Fund of Australia Limited's capital adequacy position is as follows.

	2026	2025
	\$	\$
Common equity tier 1 capital	146,940,056	141,871,909
Regulatory adjustments applied to common equity tier 1 capital	2,896,442	3,026,076
Additional tier 1 capital	-	-
Regulatory adjustments applied in the calculation of additional tier 1 capital	-	-
Tier 2 capital	-	-
Regulatory adjustments applied in the calculation of tier 2 capital	-	-
Total capital base	149,836,498	144,897,985
Insurance risk charge	40,026,200	31,339,767
Asset risk charge	22,710,191	21,431,939
Asset concentration risk charge	-	-
Operational risk charge	3,751,965	3,694,774
Aggregation benefit	(12,922,231)	(11,417,410)
Tax benefits	-	-
Prescribed capital amount	53,566,125	45,049,070
Capital adequacy multiple	2.80	3.22

28 Subsequent events

There has not arisen in the interval between 30 June 2026 and the date of this report, any other item, transaction or event, of a material and unusual nature likely, in the opinion of the Board of Directors of the Company, to effect significantly the operations of the Group, the results of its operation, or the state of affairs of the Group in future years, other than the matters disclosed in this report.



Health Insurance Fund of Australia Ltd and its controlled entity

Consolidated entity disclosure statement

For the year ended 30 June 2026

Entity name	Entity type	Place formed	% of share capital held	Tax residency
Health Insurance Australia Pty Ltd	Propriety Limited	Australia	100	Australian

There are no trusts, partnerships or joint ventures within the consolidated entity. Accordingly the above entity was not a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Basis for Preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Health Insurance Fund of Australia Ltd and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

The percentage of share capital disclosed in the statement represents the economic interest controlled by Health Insurance Fund of Australia Ltd directly.



HEALTH INSURANCE FUND OF AUSTRALIA LIMITED DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the group;
- (c) the consolidated entity disclosure statement is true and correct;
- (d) the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 (c).

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



P. L. Hersey
Director

24 September 2026



Independent Auditor's Report to the Members of Health Insurance Fund of Australia Limited

Opinion

We have audited the financial report of Health Insurance Fund of Australia Limited (the "Company") and its controlled entity (the "Group") which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the Consolidated Entity Disclosure Statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU



Imogen Connors

Partner

Chartered Accountants

Sydney, 24 September 2026





2026

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