

MEDIA RELEASE

Not-for-profit health funds merge to protect mutual industry

HCF and rt health announce merger, delivering strong member benefits

Sydney, September 16, 2021: Rail, transport and energy health fund, rt health, has today announced that subject to Australian Prudential Regulation Authority approval it will merge with Australia's leading not-for-profit mutual health fund, HCF, delivering significant member benefits and supporting the long-term sustainability of the mutual health fund industry.

rt health has been protecting the health of rail, transport and energy workers and their families for more than 130 years. Since its inception in 1889, it has been a proud, not-for-profit, member-owned health fund dedicated to delivering the best health outcome for its members.

Simone Tregeagle, CEO of rt health, said the merger with HCF enables the fund to grow and better support its members.

"The merger with HCF is an exciting step for us that presents significant opportunities and benefits for our members. Like us, HCF has an unflinching commitment to putting members at the heart of everything it does and respects and understands the significant value that not-for-profit mutuals provide for members.

"By choosing to merge, we protect our brand, heritage and ensure members continue to receive the same dedicated and personalised support, services and products they have come to know and love," Ms. Tregeagle said.

The merger will deliver several member benefits, including more competitive future pricing, greater clinical coverage and access to dental and optical networks, and preserving member value and voting rights.

Commenting on the merger, Sheena Jack, CEO of HCF, said HCF had a 90-year legacy as a leading not-for-profit health fund, and it was important for mutuals to work together to protect and future-proof the industry.

"We are proud to merge with rt health, who has built a reputation over more than 100 years for its exceptional service and health cover for the rail, transport and energy industries," Ms. Jack said.

"To be able to play a role in preserving rt health's venerable history, valuable member relationships and industry connections, while shoring up its continued role in its communities, is a demonstration of how we believe we can help smaller funds with future challenges.

"The not-for-profit health fund sector plays a critical role in continuing to ensure health cover options are available for all Australians, no matter your circumstances; it puts downward pressure on premiums and margins and supports the preservation of product value.

"We believe that as an industry, we need to work together to ensure the preservation of capital in mutual structures, for the benefit of all our members," Ms. Jack said.

“Without a strong and thriving not-for-profit sector, motivated by maximising value for members and policyholders – rather than shareholders – Australian consumers would be significantly disadvantaged. Diversity of structure is an important form of competition in every industry,” Ms. Jack finished.

The proposed changes will not impact current levels of cover, access to services or amount of premiums for existing HCF Members.

The completion of the merger is dependent on approval from APRA and the satisfaction of various other conditions.

Pier Capital acted as Financial Adviser and Jones Day as Legal Adviser to rt health and the merger.

KPMG acted as financial adviser and King & Wood Mallesons as legal advisers to HCF and the merger.

For more details on the merger, visit the rt health website: rthealthfund.com.au/our-future

Ends.

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About rt health

For more than 130 years, rt health has been providing health cover to rail, transport and energy workers and their families. Founded by a group of passionate rail workers coming together to create one of Australia’s first health funds, rt health was designed for the specific health needs of railway workers, and to this day its products, service and focus remains tailored to the needs of those in the industries it serves – rail, transport and energy.

rt health is a proudly not-for-profit, member-owned health fund that is committed to serving its members for generations to come. To find out more about rt health, its heritage and future visit the website here. <https://rthealthfund.com.au>.

About HCF

HCF, Australia’s largest not-for-profit health fund protecting Australians since 1932, covers over 1.7 million members with health and life insurance, and travel and pet insurance. On average over the last five years, HCF has paid out more cents in every dollar in premiums to members as benefits than the industry average. To learn more about HCF go to hcf.com.au/about-us.