



The effect of private insurance on the GINI-coefficient

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Treatment of private health insurance premiums

OECD / Canberra / Eurostat:

Premiums: treated as consumption	=>	Private insured groups have both higher income and higher consumption compared to other groups
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Statistics Netherlands (Income Statistics):

Premiums: subtracted from income	=>	Income and consumption is comparable to groups with social insurance.
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Treatment of private (health) insurance: an illustration

	Social ins.		Private insurance
	NL/OECD	NL	OECD
<i>euro</i>			
GROSS INCOME	40.000	40.000	40.000
Income insurance premium	8.000	8.000	8.000
Health insurance premium	4.000	4.000	1.600
National insurance	1.600	1.600	1.600
Social insurance	2.400	.	.
Private insurance	.	2.400	1)
Tax on income and wealth	4.000	4.000	4.000
DISPOSABLE INCOME	24.000	24.000	26.400
CONSUMPTION (+ saving)	24.000	24.000	26.400
among which private ins. prem.	.	.	2.400

1) Treated as consumption



Composition of health insurance premiums, Netherlands, selected years Reform in 2006: social insurance for all

	2001	2005	2006	2011 ¹⁾
<i>mln euro</i>				
Health insurance premium	27.917	35.912	37.305	47.825
National insurance	11.547	15.073	13.903	16.009
Social insurance	10.658	13.343	23.402	31.816
Private insurance ²⁾	5.712	7.496	.	.
<i>% gross income</i>				
Health insurance premium	9,1	10,2	10,2	11,4
National insurance	3,7	4,3	3,8	3,8
Social insurance	3,5	3,8	6,4	7,6
Private insurance ²⁾	1,9	2,1	.	.

1) Provisional figures.

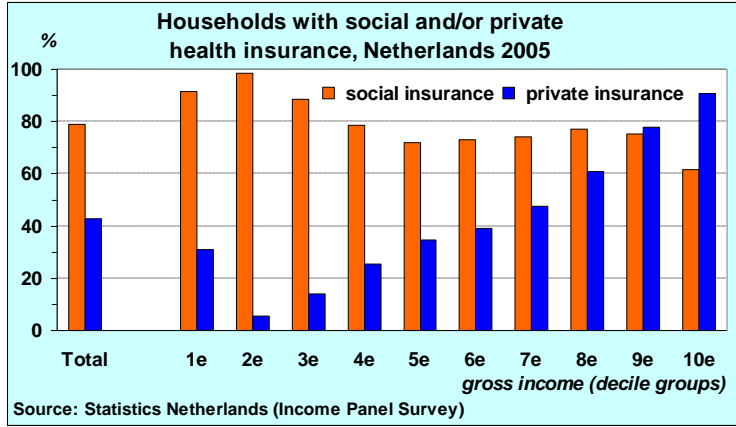
2) Imputed premium comparable to coverage social insurance.

Source: Statistics Netherlands (Income Panel Survey)

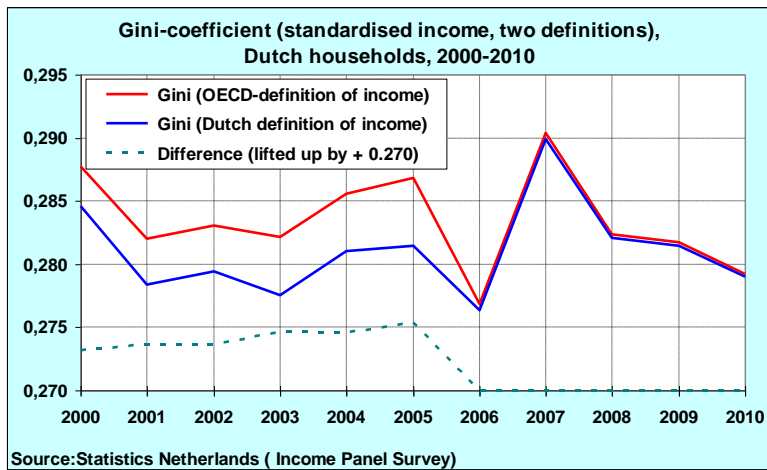




Higher income: more private insurance



Consequences for the GINI-coefficient





CONCLUSION

Treating private and social insurance in the same way has several important advantages:

- Better comparability (over time and between countries) of income and consumption of subgroups
 - Income and consumption level/pattern
 - Income inequality (and likewise poverty rate)
 - Income changes on an household level
 - Income changes on a macro level
- Insight into the financing of risks (national/social/private)
- No need to develop separate CPI's for subgroups
- No need to develop separate equivalence scale for subgroups



COMMENTS?

QUESTIONS?

