



# STATISTICS

## Quarterly Life Insurance Performance Highlights

December 2019 (released 27 February 2020)

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## Industry performance highlights

Quarterly performance: Total entity net loss after tax was \$999 million for the Dec-19 quarter, a significant deterioration from the \$29 million loss for the previous quarter. Of the \$999 million loss, \$1.2 billion is contributed by risk products, mainly driven by an increase in the effective movement in net policy liabilities and a reduction in the net policy revenue.

Annual performance: Net loss after tax for the 12 months to Dec-19 was \$249 million, compared to \$583 million profit reported in the 12 months to Dec 2018. The deterioration was primarily caused by poor performance of risk business (see below), partially offset by the increase in investment revenue to 24.6 billion due to the favourable market movements in 2019. For the 12 months to Dec-19, return on net assets was -1.0 per cent, down from 2.3 per cent for the previous 12 months.

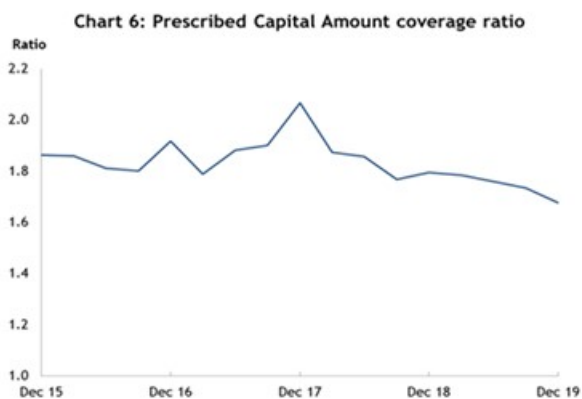
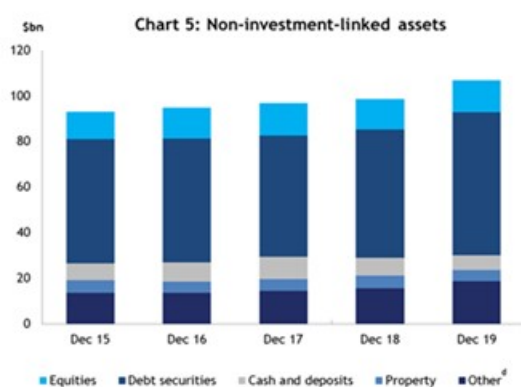
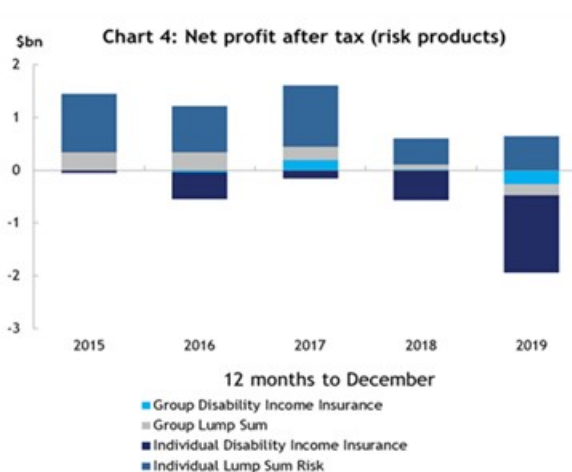
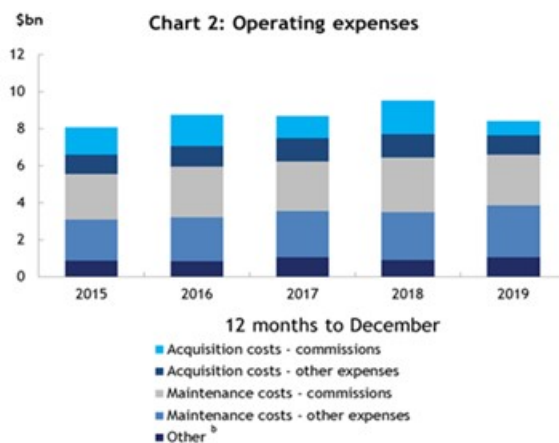
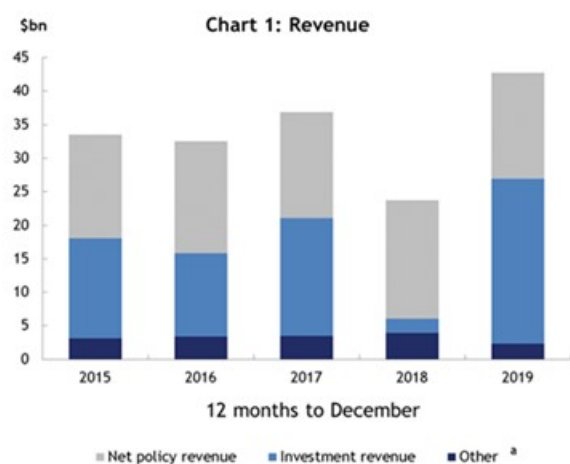
Risk business: All four risk products reported losses for the Dec-19 quarter. Results by product: Individual Lump Sum (LS) recorded a \$121 million loss; Group LS a \$203 million loss; Group Disability Income Insurance (DII) a \$125 million loss; and Individual DII a \$701 million loss. Individual DII continued to deteriorate, driven by further reserve strengthening caused by persistent adverse claims experience. For the 12 months to Dec-19, risk products reported an after-tax loss of \$1.3 billion, a significant reduction from the \$34.1 million profit reported in the previous 12 months.

Capital adequacy: The industry PCA coverage ratio decreased from 1.80x to 1.68x over the 12-month period, as the overall risk the industry faced grew faster than the increase in the capital base.

Key annual performance metrics at a glance (\$ billion, unless noted otherwise)

	Year to 30 December 2018	Year to 30 December 2019	Change
<i>Net policy revenue</i>	17.7	15.8	-10.5%
<i>Investment revenue</i>	2.1	24.6	1049.7%
Total revenue	23.7	42.7	80.2%
<i>Net policy expenses</i>	10.1	10.7	5.2%
<i>Operating expenses</i>	9.5	8.4	-11.9%
<i>Effective movement in net policy liabilities</i>	3.1	22.1	608.5%
Total expenses	23.3	41.4	77.6%
Net profit after tax	0.6	-0.2	-142.8%
Total assets	222.4	203.3	-8.5%
Return on net assets	2.3%	-1.0%	-3.3%
PCA coverage ratio	1.80x	1.68x	-0.12x

## Historical performance trends for the five years to December 2019



<sup>a</sup> Other comprises management service fees and other revenue

<sup>b</sup> Other comprises investment management, net movement in deferred acquisition costs and other operating expenses.

<sup>c</sup> See Return on net assets in the glossary.

<sup>d</sup> Other comprises other investments, other assets and reinsurance policy liabilities.



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