



STATISTICS

Quarterly general insurance performance Highlights

March 2020 (released 28 May 2020)

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Highlights for the year ended 31 March 2020

- The industry net profit after tax of \$1.5 billion and return on net assets of 5.7 per cent were significantly lower during the year. This was due to lower underwriting results from the catastrophic bushfire and storm events in late December/early 2020, and large falls in investment income mainly from the impacts of COVID-19 in the March quarter.
- Within the underwriting results, insurers reported increases in gross earned premium in most classes of business during the year, particularly in fire and ISR and professional indemnity.
- Gross incurred claims costs were significantly higher due to a large strengthening of long tail claims reserves. This was mainly due to falls in bond yields which were particularly pronounced in the March quarter with the impact of COVID-19 on investment markets.
- Investment income fell during the year due to lower returns in equities, fixed interest investments and indirect investments particularly in the March quarter.
- The industry PCA coverage ratio fell from 1.76x to 1.67x over the year.

Key performance data/metrics for the year at a glance¹

	Year to 31 March 2019	Year to 31 March 2020	Yearly Change
Number of insurers	96	96	unchanged
Net profit after tax	\$3.5bn	\$1.5bn	-56.7%
Return on net assets	13.1%	5.7%	-7.4pp
Underwriting result	\$2.8bn	\$1.5bn	-47.0%
Investment income	\$3.1bn	\$2.0bn	-36.5%
Gross earned premium	\$48.0bn	\$51.0bn	+6.1%
Net earned premium	\$34.5bn	\$36.8bn	+6.5%
Gross incurred claims	\$36.9bn	\$42.3bn	+14.8%
Gross loss ratio	71%	78%	+7pp
Net loss ratio	67%	71%	+4pp
<i>short-tail property</i>	70%	70%	unchanged
<i>long-tail classes</i>	66%	78%	+12pp
Underwriting exp ratio	25%	25%	unchanged
PCA coverage ratio	1.76x	1.67x	-0.09x

¹ Data on industry segments and classes of business is available in the publication

- The aforementioned impacts of COVID-19 on the industry performance are illustrated in the following table with a quarterly loss of \$997 million. Despite these negative impacts the industry maintained its capital position, with the PCA coverage ratio at 1.67x being largely unchanged from the December quarter.

Key performance data/metrics for the quarter at a glance²

	December Quarter 2019	March Quarter 2020	Change
Number of insurers	96	96	unchanged
Net profit after tax	\$220m	-\$997m	-533%
Return on net assets	3.1%	-14.6%	-17.7pp
Underwriting result	\$587m	-\$991m	-269%
Investment income	\$1m	-\$81m	n/a
Gross earned premium	\$12.8bn	\$13.1bn	+2.2%
Net earned premium	\$9.3bn	\$9.3bn	unchanged
Gross incurred claims	\$10.5bn	\$15.3bn	+46.1%
Gross loss ratio	77%	110%	+33pp
Net loss ratio	69%	85%	+16pp
<i>short-tail property</i>	80%	78%	-2pp
<i>long-tail classes</i>	55%	100%	+45pp
Underwriting exp ratio	25%	25%	unchanged
PCA coverage ratio	1.68x	1.67x	-0.01x

² Data on industry segments and classes of business is available in the publication

Historical performance trends 2016 – 2020

Chart 1: Profitability

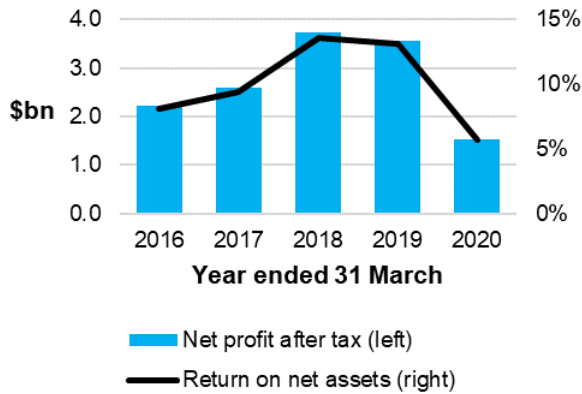


Chart 2: Major Profit Components

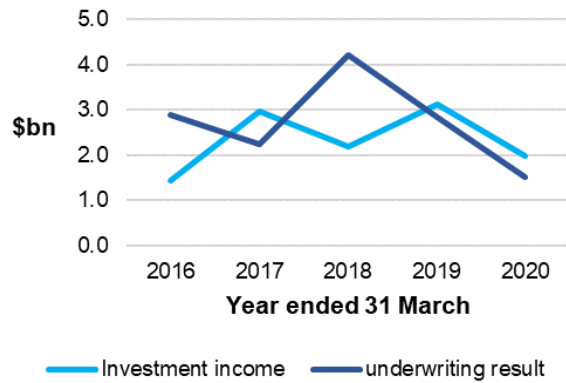


Chart 3: Premiums and Reinsurance

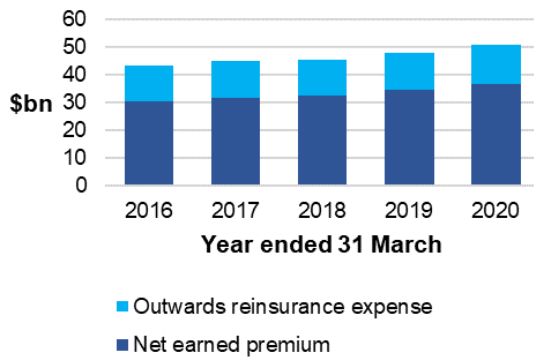


Chart 4: Gross Incurred Claims

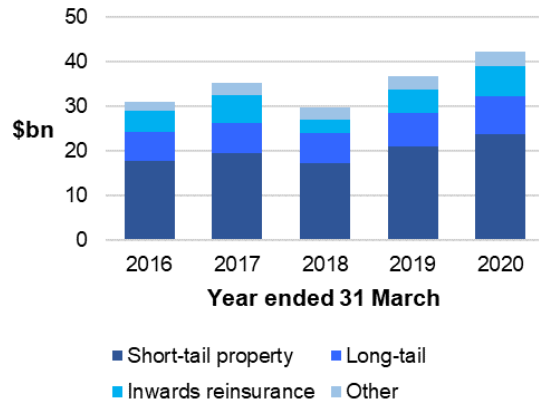


Chart 5: Net Loss Ratios

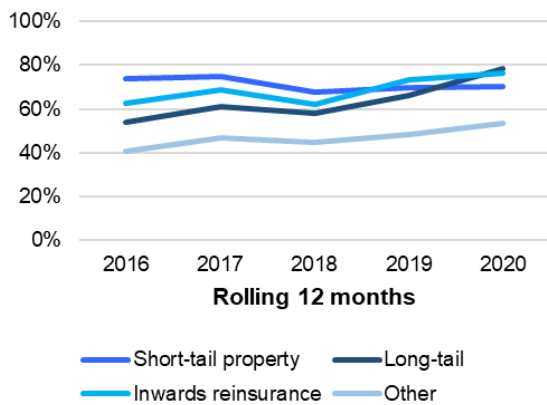
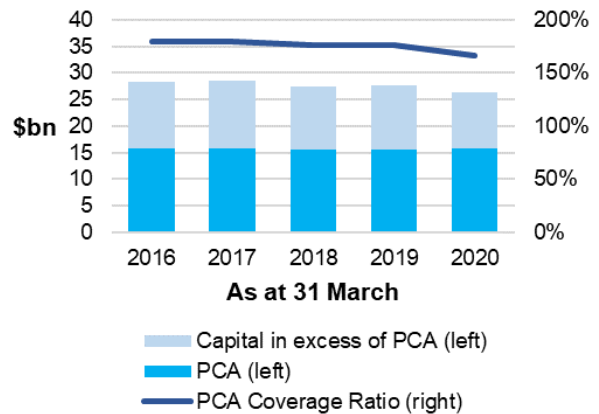


Chart 6: Capital Coverage





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