



STATISTICS

Quarterly life insurance performance Highlights

March 2020 (released 28 May 2020)

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Highlights for the year ended 31 March 2020

- Quarterly performance:** The current COVID-19 global pandemic has had a substantial impact on quarterly performance, particularly on investment revenue. Total entity net loss after tax was \$980.3 million for the Mar-20 quarter, which continues the poor result from the previous quarter, with a loss of \$1.05 billion. Of the \$980.3 million loss for the March quarter, \$191.3 million is contributed by risk products, with the remaining loss generated by a number of other product groups.
- Risk business:** Three of the four main risk products reported a loss for the Mar-20 quarter, primarily driven by the adverse claims experience in Individual DII.
- Results by product:** Individual Lump Sum (LS) recorded a \$39.7 million profit; Group LS a \$69.7 million loss; Group DII a \$19.9 million loss; and Individual DII a \$141.4 million loss. Individual DII improved substantially since the previous quarter, however continues to persistently record large losses. For the 12 months to Mar-20, risk products reported an after-tax loss of \$1.7 billion, a significant reduction from the \$761 million profit reported in the previous 12 months.
- Investment revenue:** There was a reduction in investment revenue during the Mar-20 quarter as a result of COVID-19 related volatility in investment markets. This has had a particular impact on a number of other non-risk products, which recorded substantial losses for the quarter. The performance of these products has contributed significantly to the overall weak quarterly results for the sector.
- Annual performance:** The industry reported a net loss after tax of \$1.8 billion for the 12 months to Mar-20, compared to a profit of \$759 million in the 12 months to Mar-19. This significant deterioration was caused by poor results in both the December and March quarters driven by the poor investment results owing to COVID-19. This was somewhat offset by the release of reserves, which have fallen by 78.1% in the 12 months to Mar-20. For the 12 months to Mar-20, return on net assets was -7.3 per cent, down from 3 per cent for the previous 12 months.
- Capital adequacy:** The industry PCA coverage ratio increased from 1.66 to 1.76 during the Mar-20 quarter, mainly owing to capital injections and the fall in the asset risk charge as a result of de-risking of investment portfolios. The year-on-year movement was a slight decrease, from 1.79x to 1.76x.

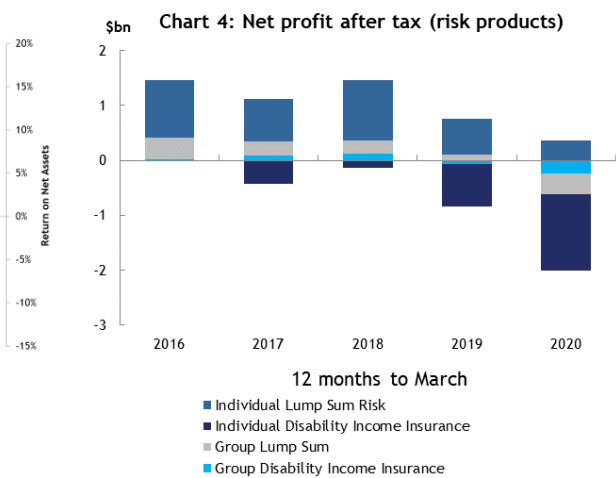
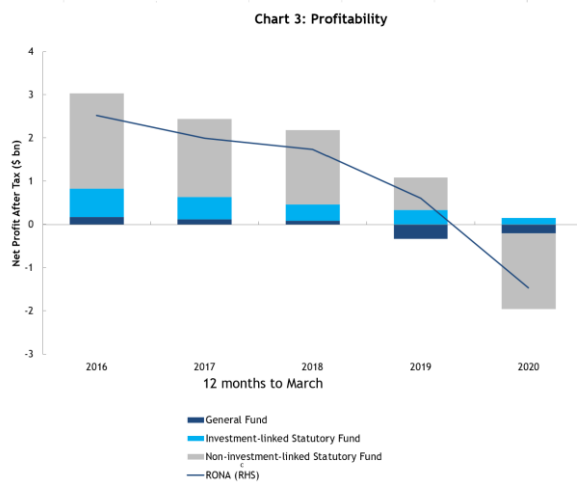
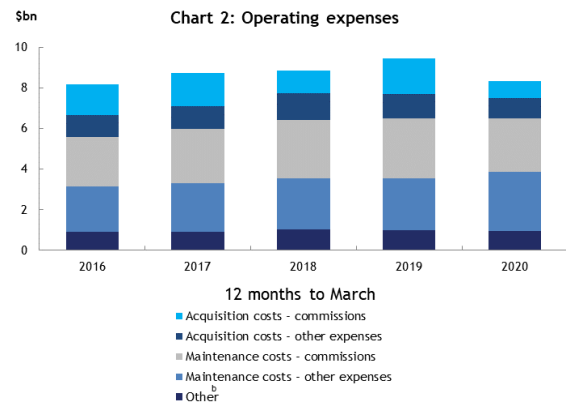
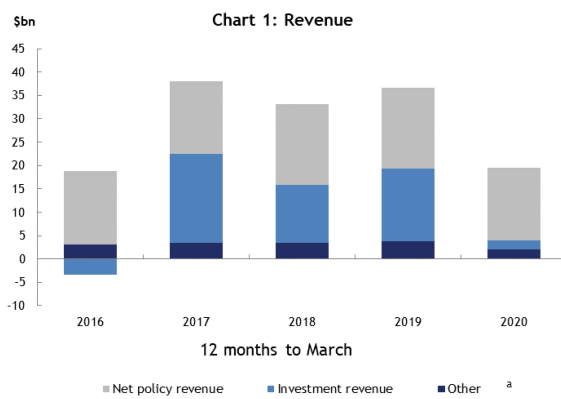
Key performance data/metrics for the year at a glance (in \$ billion, unless noted otherwise)

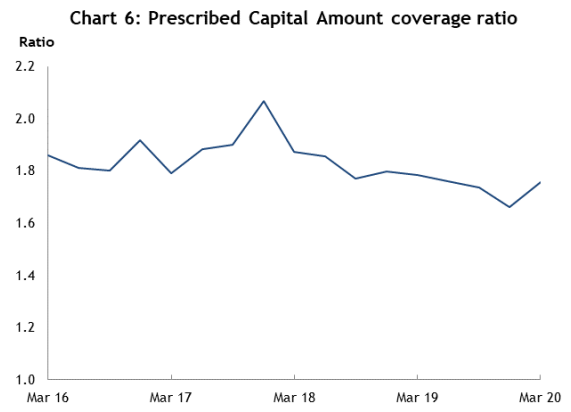
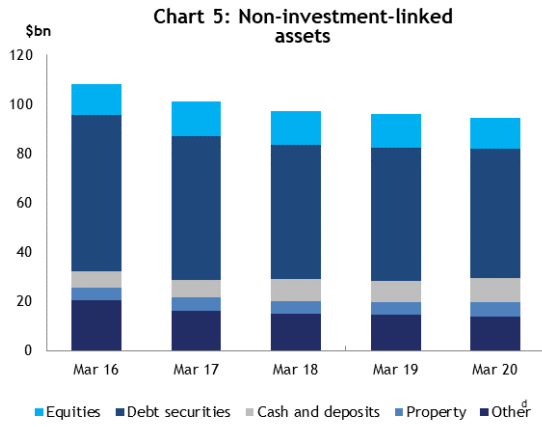
	Year to 31 March 2019	Year to 31 March 2020	Change
<i>Net policy revenue</i>	17.4	15.6	-10.4%
<i>Investment revenue</i>	15.4	1.8	-88.4%
Total revenue	36.7	19.5	-46.9%
<i>Net policy expenses</i>	10.2	10.6	4.3%
<i>Operating expenses</i>	9.5	8.3	-12.0%
<i>Effective movement in net policy liabilities</i>	14.6	3.2	-78.1%
Total expenses	34.8	22.5	-35.5%
Net profit after tax	0.8	-1.8	-339.4%
Total assets	231.9	185.3	-20.1%
Return on net assets	3.0%	-7.3%	-10.3%
PCA coverage ratio	1.79x	1.76x	-0.03x

Key performance data/metrics for the quarter at a glance (in \$ billion, unless noted otherwise)

	December 2019 Quarter	March 2020 Quarter	Change
Net policy revenue	3.8	3.6	-3.8%
Investment revenue	1.5	-10.4	-798.7%
Total revenue	5.7	-6.3	-209.9%
Net policy expenses	2.6	2.5	-3.6%
Operating expenses	1.9	2.0	7.8%
Effective movement in net policy liabilities	2.5	-8.5	-438.9%
Total expenses	7.1	-3.8	-154.0%
Net profit after tax	-1.1	-1.0	-6.7%
Total assets	203.3	185.3	-8.9%
Return on net assets	-16.7%	-15.5%	1.2%
PCA coverage ratio	1.66x	1.76x	0.1x

Historical performance trends for the five years to March 2020





^a Other comprises management service fees and other revenue

^b Other comprises investment management, net movement in deferred acquisition costs and other operating expenses.

^c See Return on net assets in the glossary.

^d Other comprises other investments, other assets and reinsurance policy liabilities.



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