



# STATISTICS

## Quarterly general insurance performance statistics - highlights

June 2020 (released 27 August 2020)

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## Highlights for the year ended 30 June 2020

- The industry net profit after tax of \$1.0 billion and return on net assets of 3.7 per cent were significantly lower during the year ended June 2020. 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 negative impact of the COVID-19 pandemic on investment markets 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 natural catastrophe claims costs, as well as a large strengthening of long tail claims reserves. This strengthening in reserves 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 COVID-19 impacted March quarter.
- The industry PCA coverage ratio fell from 1.79x to 1.69x over the year.

**Table 1: Key performance indicators for the year at a glance<sup>1</sup>**

	Year to 30 June 2019	Year to 30 June 2020	Yearly change
Number of insurers	96	95	-1
Net profit after tax	\$3.5bn	\$1.0bn	-70.5%
Return on net assets	12.4%	3.7%	-8.7pp
Underwriting result	\$2.3bn	\$1.4bn	-38.5%
Investment income	\$3.6bn	\$1.4bn	-60.3%
Gross earned premium	\$48.7bn	\$51.2bn	+5.2%
Net earned premium	\$35.1bn	\$36.7bn	+4.6%
Gross incurred claims	\$37.9bn	\$42.8bn	+13.0%
Gross loss ratio	72%	78%	+6pp
Net loss ratio	69%	71%	+2pp
short-tail property	70%	69%	-1pp
long-tail classes	73%	79%	+6pp
Underwriting exp ratio	25%	25%	Unchanged
PCA coverage ratio	1.79x	1.69x	-0.10x

<sup>1</sup> Data on industry segments and classes of business is available in the publication

## Highlights for the quarter ended 30 June 2020

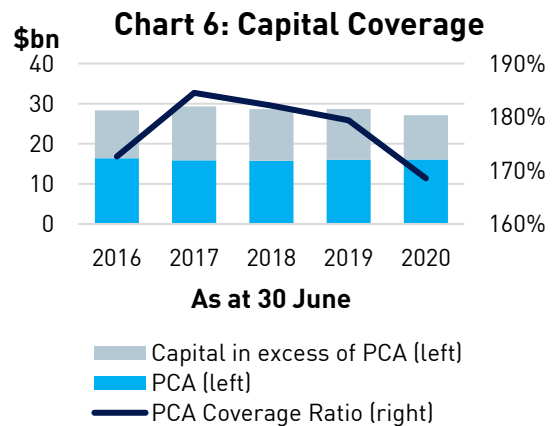
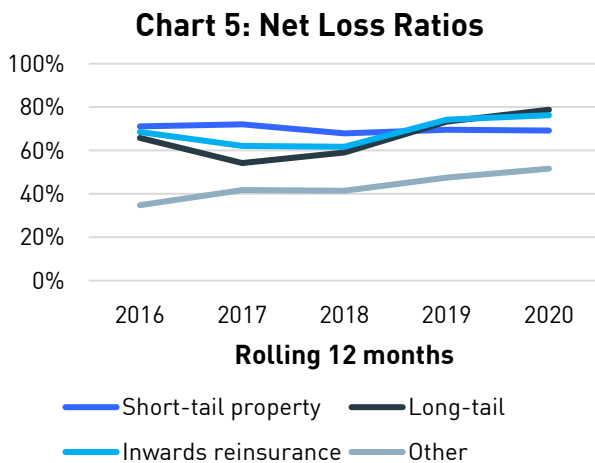
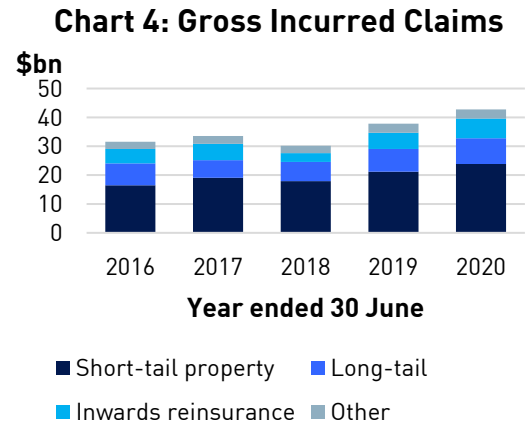
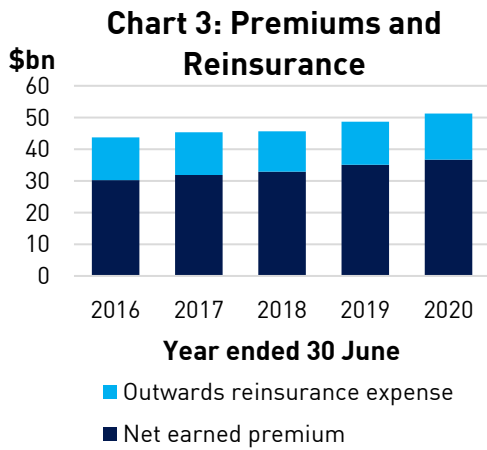
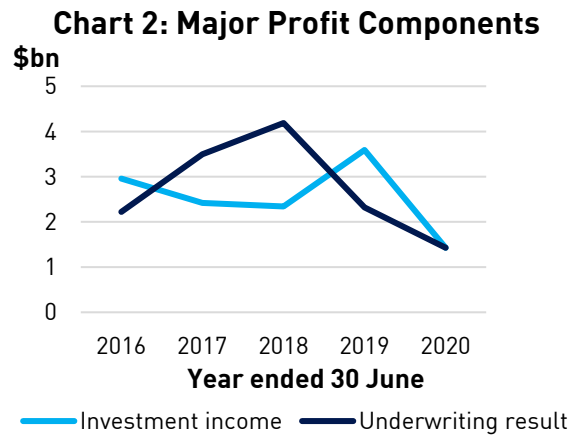
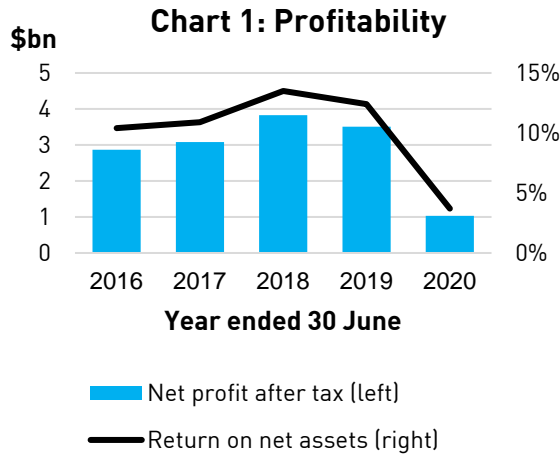
- Industry performance since the onset of COVID-19 is illustrated in table 2, with an industry profit of \$1.0 billion in the June quarter following a March quarter loss of \$1.0 billion. The June quarter profit was largely driven by domestic motor underwriting profits totalling \$0.7 billion, and a minor rebound in investment income following the large investment loss in the March quarter.
- The industry PCA coverage ratio increased slightly during the quarter to 1.69x.

**Table 2: Key performance indicators for the quarter at a glance<sup>2</sup>**

	March Quarter 2020	June Quarter 2020	Quarterly change
Number of insurers	96	95	-1
Net profit after tax	-\$1.0bn	\$1.0bn	
Return on net assets	-14.8%	14.2%	+29.0pp
Underwriting result	-\$1.0bn	\$1.1bn	
Investment income	-\$81m	\$683m	
Gross earned premium	\$13.1bn	\$12.7bn	-3.2%
Net earned premium	\$9.3bn	\$8.9bn	-4.8%
Gross incurred claims	\$15.3bn	\$8.3bn	-45.6%
Gross loss ratio	110%	62%	-48pp
Net loss ratio	85%	62%	-23pp
short-tail property	78%	59%	-19pp
long-tail classes	100%	70%	-30pp
Underwriting exp ratio	26%	26%	Unchanged
PCA coverage ratio	1.66x	1.69x	+0.03x

<sup>2</sup> Data on industry segments and classes of business is available in the publication

# Historical performance trends





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