



# STATISTICS

## Quarterly life insurance performance statistics - highlights

June 2020 (released 27 August 2020)

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## Industry highlights for the year ended 30 June 2020

- For the year to June 2020, the industry has reported a significant net loss after tax of \$1.6 billion (\$0.4 billion profit June 2019) and a return on net assets of -6.4 per cent (1.8 per cent June 2019), as shown in Chart 3. The deterioration was caused by the persistent poor performance of risk business (\$1.4 billion loss during the year, see Chart 4), and large falls in investment revenue mainly from the market volatility impacts of COVID-19 in the March 2020 quarter.
- Within risk products, Individual Lump Sum (LS) is the only category reporting a profit in the 12 months to June 2020. Individual Disability Income Insurance (DII) has made a substantial loss of \$1.2 billion during the year, primarily driven by reserve strengthening as adverse claims experience persists. Group LS and DII have also deteriorated this year reporting a \$353 million and \$249 million loss respectively.
- Total assets fell by 35 per cent during the year due to AMP Life transferring a substantial amount of investment-linked business from its life company to other managed investment schemes. This transfer occurred in preparation for the sale of AMP Life, which took place on 30 June 2020.
- The industry PCA coverage ratio increased from 1.76x to 1.78x (see Chart 6) over the year, mainly due to capital injections and the fall in the asset risk charge as a result of de-risking of investment portfolios.

**Table 1: Key performance metrics for the year ended 30 June**

(in \$ billion, unless noted otherwise)

	Year to 30 June 2019	Year to 30 June 2020	Yearly change
Net policy revenue	16.4	14.9	-9.2%
Investment revenue	15.4	-0.9	
Total revenue	35.6	15.9	-55.3%
Net policy expenses	10.5	10.2	-2.3%
Operating expenses	9.5	8.0	-15.2%
Effective movement in net policy liabilities	13.7	0.5	-96.4%
Total expenses	34.3	18.9	-44.8%
Net profit after tax	0.4	-1.6	
Total assets	200.5	129.8	-35.3%
Return on net assets	1.8%	-6.4%	-8.2pp
PCA coverage ratio	1.76x	1.78x	+0.02x

## Industry highlights for the quarter ended 30 June 2020

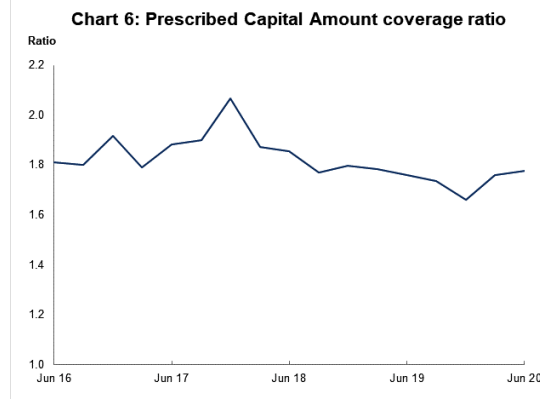
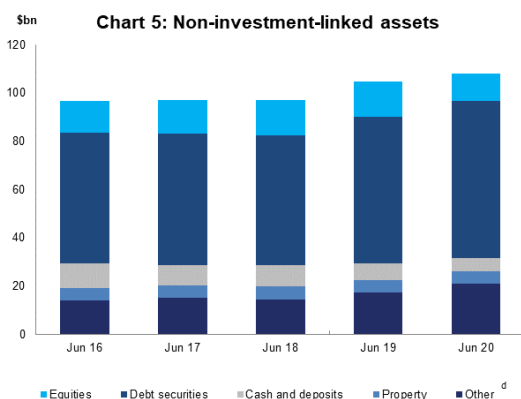
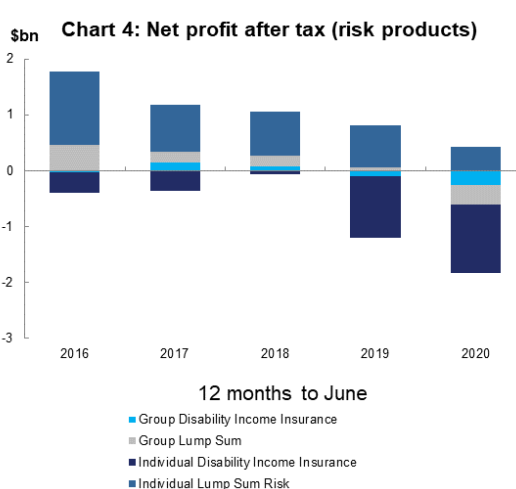
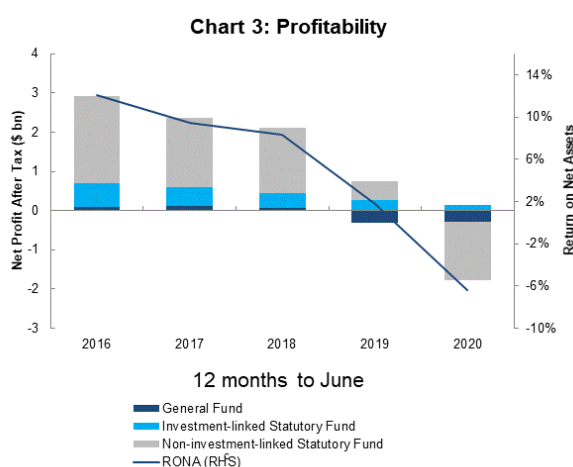
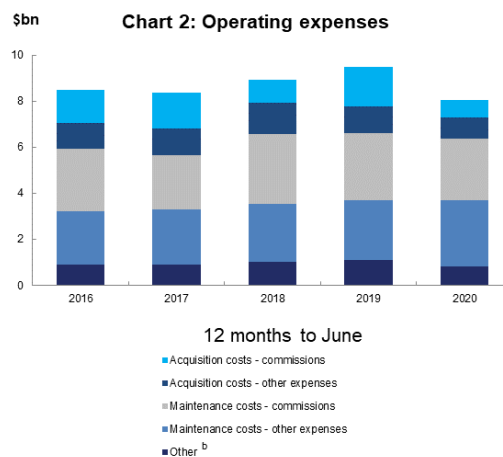
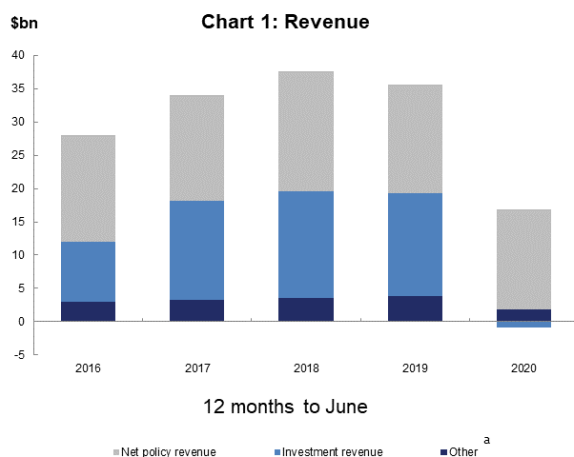
- In the June quarter, the industry has reported a profit of \$423 million, a significant improvement from the two previous periods. This was primarily driven by the pick-up of investment revenue as investment market volatility lessened, as well as the favourable performance of Individual LS risk business.

**Table 2: Key performance metrics for the quarter**

(in \$ billion, unless noted otherwise)

	March 2020 Quarter	June 2020 Quarter	Quarterly change
Net policy revenue	3.6	3.4	-6.2%
Investment revenue	-10.4	4.0	
Total revenue	-6.3	7.8	
Net policy expenses	2.5	2.4	-5.5%
Operating expenses	2.0	1.8	-8.8%
Effective movement in net policy liabilities	-8.5	2.9	
Total expenses	-3.8	7.0	
Net profit after tax	-1.0	0.4	
Total assets	185.3	129.8	-29.9%
Return on net assets	-15.3%	6.6%	+21.9pp
PCA coverage ratio	1.76x	1.78x	+0.02x

# Historical performance trends for the five years to June 2020



<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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