



# STATISTICS

## Quarterly general insurance performance statistics - highlights

September 2020 (released 26 November 2020)

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## Highlights for the year ended 30 September 2020

- The industry net profit after tax of \$903 million and return on net assets of 3.2 per cent were significantly lower during the year ended 30 September 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. This was particularly evident in the Householders, Fire and ISR, and Professional Indemnity classes as premiums increased in response to rising claims costs.
- Overall, gross incurred claims costs were significantly higher due to natural catastrophe claims costs, as well as a large strengthening of long tail claims reserves. In contrast, gross incurred claims costs for the domestic motor vehicle class of business fell by \$1.1 billion (11.4 per cent) during the year, reflecting reduced motor vehicle use in recent quarters.
- 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 was stable at 1.74x compared to the same period a year ago.

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

|                        | Year to 30 Sep 2019 | Year to 30 Sep 2020 | Yearly change |
|------------------------|---------------------|---------------------|---------------|
| Number of insurers     | 97                  | 94                  | -3            |
| Net profit after tax   | \$3.4bn             | \$0.9bn             | -73.3%        |
| Return on net assets   | 12.1%               | 3.2%                | -8.9pp        |
| Underwriting result    | \$1.9bn             | \$1.6bn             | -16.4%        |
| Investment income      | \$3.9bn             | \$1.2bn             | -68.2%        |
| Gross earned premium   | \$49.4bn            | \$51.7bn            | +4.7%         |
| Net earned premium     | \$35.7bn            | \$37.0bn            | +3.6%         |
| Gross incurred claims  | \$38.8bn            | \$43.2bn            | +11.4%        |
| Gross loss ratio       | 73%                 | 78%                 | +5pp          |
| Net loss ratio         | 70%                 | 70%                 | Unchanged     |
| short-tail property    | 70%                 | 69%                 | -1pp          |
| long-tail classes      | 77%                 | 78%                 | +1pp          |
| Underwriting exp ratio | 25%                 | 25%                 | Unchanged     |
| PCA coverage ratio     | 1.74x               | 1.74x               | Unchanged     |

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

## Highlights for the quarter ended 30 September 2020

- Industry net profit after tax was \$836 million in the September quarter, supported in large part by domestic motor underwriting profits of \$514 million, and investment income of \$626 million. Gross incurred claims costs for the domestic motor class continued to decrease in Victoria, but are increasing in other states and territories as social restrictions in response to COVID-19 ease.
- The industry PCA coverage ratio increased during the September quarter to 1.74x.

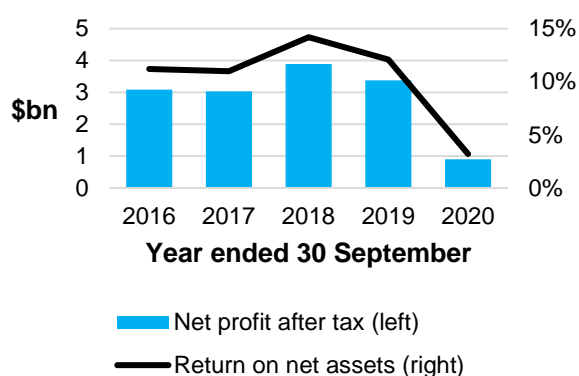
**Table 2: Key performance indicators for the quarter at a glance<sup>2</sup>**

|                        | June Quarter 2020 | September Quarter 2020 | Quarterly change |
|------------------------|-------------------|------------------------|------------------|
| Number of insurers     | 95                | 94                     | -1               |
| Net profit after tax   | \$860m            | \$836m                 | -2.8%            |
| Return on net assets   | 12.7%             | 11.9%                  | -0.8pp           |
| Underwriting result    | \$1.0bn           | \$1.1bn                | 9.0%             |
| Investment income      | \$683m            | \$626m                 | -8.3%            |
| Gross earned premium   | \$12.7bn          | \$13.2bn               | 4.3%             |
| Net earned premium     | \$8.9bn           | \$9.4bn                | 6.1%             |
| Gross incurred claims  | \$8.4bn           | \$9.0bn                | 7.7%             |
| Gross loss ratio       | 63%               | 63%                    | -1pp             |
| Net loss ratio         | 63%               | 63%                    | Unchanged        |
| Underwriting exp ratio | 26%               | 26%                    | Unchanged        |
| PCA coverage ratio     | 1.68x             | 1.74x                  | +0.06x           |

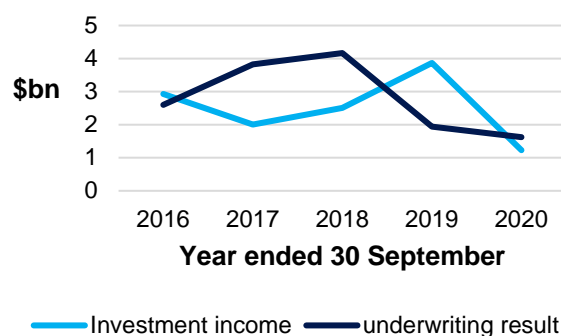
<sup>2</sup> Data on industry segments and classes of business is available in the publication

## Historical performance trends

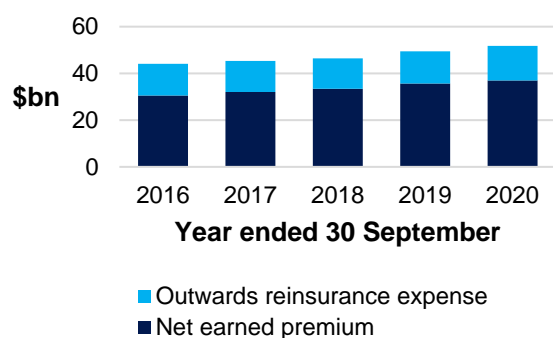
**Chart 1: Profitability**



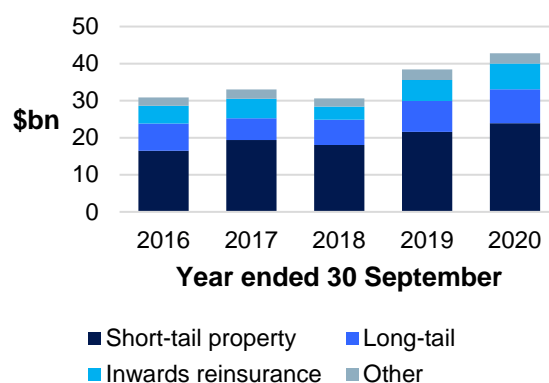
**Chart 2: Major Profit Components**



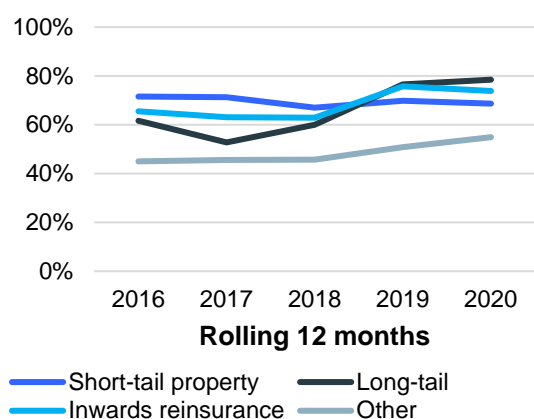
**Chart 3: Premiums and Reinsurance**



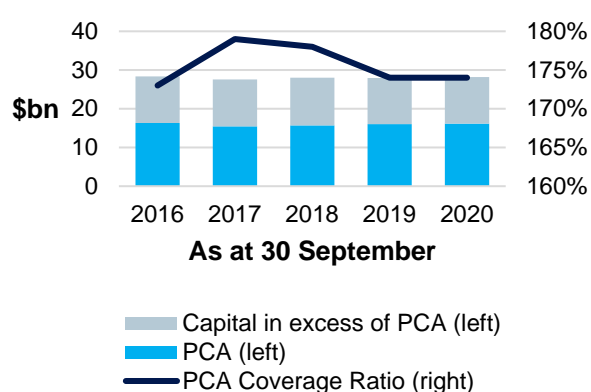
**Chart 4: Gross Incurred Claims**



**Chart 5: Net Loss Ratios**



**Chart 6: Capital Coverage**





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