



STATISTICS

Quarterly life insurance performance statistics - highlights

September 2020 (released 26 November 2020)

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Industry highlights for the year ended 30 September 2020

- For the year to September 2020, the industry has reported a significant net loss after tax of \$1.6 billion (\$0.2 billion profit for the year to September 2019) and a negative return on net assets of 6.2 per cent (0.9 per cent for the year to September 2019), as shown in Chart 3. The deterioration was caused by the persistent poor performance of risk business (\$1.5 billion loss during the year, refer Chart 4), and large falls in investment revenue, mainly from the market volatility impacts of COVID-19 in the March quarter.
- Within risk products, Individual Lump Sum (LS) is the only category reporting a profit in the 12 months to September 2020. Individual Disability Income Insurance (DII) recorded a substantial loss of \$1.3 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 \$403.2 million and \$147.9 million loss respectively.
- The industry PCA coverage ratio increased from 1.73x to 1.78x (see Chart 6) over the year, mainly owing 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 September

(in \$ billion, unless noted otherwise)

	Year to 30 Sep 2019	Year to 30 Sep 2020	Yearly Change
Net policy revenue	16.1	14.7	-9.2%
Investment revenue	15.7	-3.3	
Total revenue	34.9	12.9	-63.0%
Net policy expenses	10.6	9.9	-6.8%
Operating expenses	9.0	7.5	-16.2%
Effective movement in net policy liabilities	13.7	-1.7	-112.7%
Total expenses	33.8	15.9	-53.0%
Net profit after tax	0.2	-1.6	
Total assets	202.9	128.9	-36.5%
Return on net assets	0.9%	-6.2%	-7.1pp
PCA coverage ratio	1.73x	1.78x	0.04x

Table 2: Risk products net profit after tax for the year ended 30 September

(in \$ million, unless noted otherwise)

	Year to 30 Sep 2019	Year to 30 Sep 2020	Sep Quarter 2020
Individual lump sum	866.0	354.8	162.8
Individual disability income insurance	-1,119.0	-1,349.0	-318.8
Group lump sum	8.1	-403.2	-95.5
Group disability income insurance	-173.1	-147.9	35.5
Total	-418.0	-1545.3	-216.0

Industry highlights for the quarter ended 30 September 2020

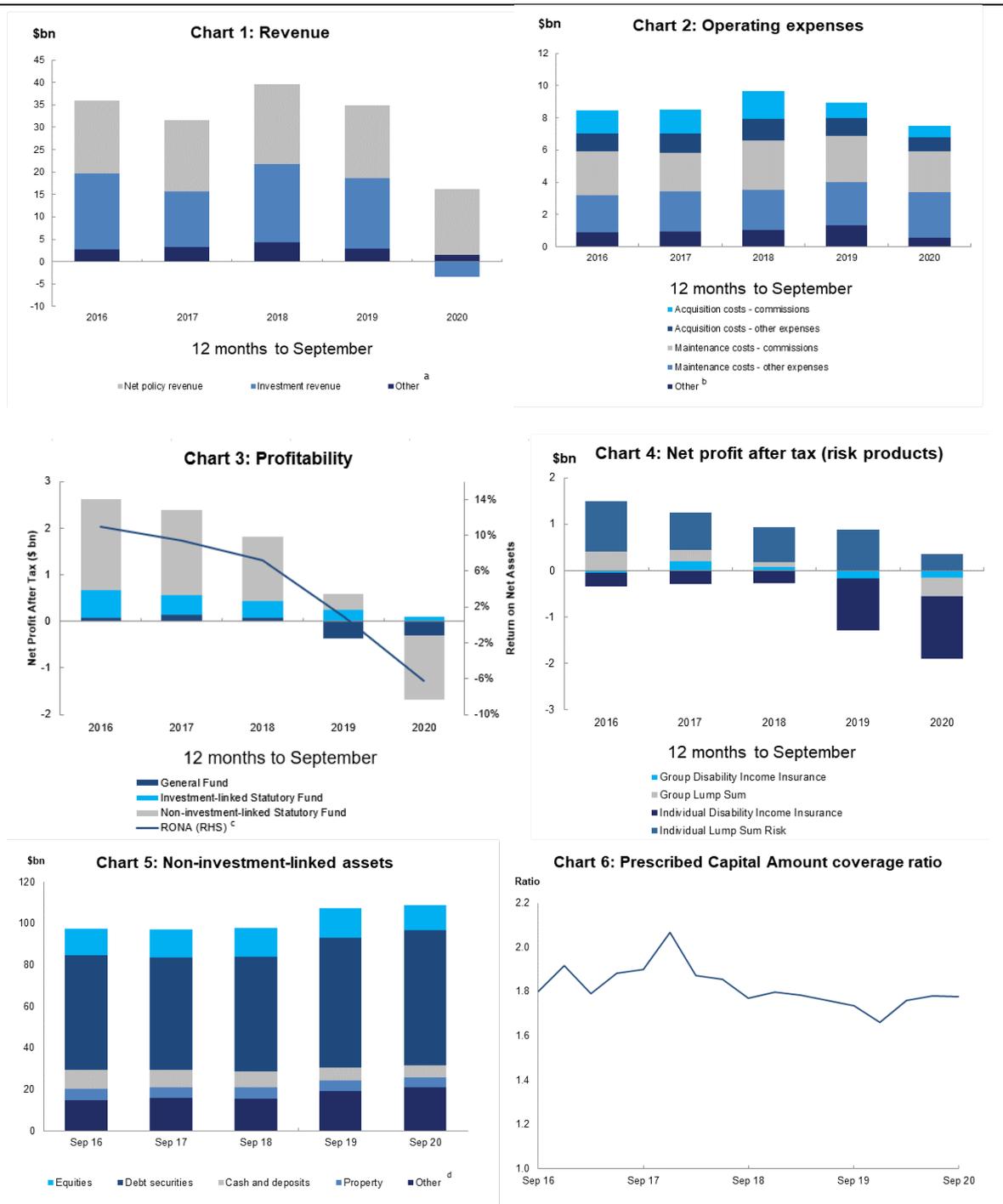
- In the September quarter, the industry has reported a profit of \$18.5 million, down by \$404.7 million from the previous quarter. This was primarily driven by lower investment revenue, as well as some further reserve strengthening within Individual DII and Group LS business.

Table 3: Key performance indicators for the quarter at a glance

(in \$ billion, unless noted otherwise)

	June Quarter 2020	September Quarter 2020	Quarterly Change
Net policy revenue	3.4	3.9	13.8%
Investment revenue	4.0	1.6	-58.8%
Total revenue	7.8	5.7	-27.4%
Net policy expenses	2.4	2.5	5.6%
Operating expenses	1.8	1.8	-3.7%
Effective movement in net policy liabilities	2.9	1.3	-55.6%
Total expenses	7.0	5.6	-19.9%
Net profit after tax	423.2m	18.5m	-95.6%
Total assets	129.1	128.9	-0.2%
Return on net assets	6.6%	0.3%	-6.3pp
PCA coverage ratio	1.78x	1.78x	Unchanged

Historical performance trends for the five years to September 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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