



STATISTICS

Quarterly general insurance performance statistics - highlights

December 2020 (released 4 March 2021)

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Highlights for the year ended 31 December 2020

- The industry reported a net profit after tax of \$35 million and return on net assets of 0.1 per cent during the year ended 31 December 2020. The result was driven by natural catastrophe claims costs, provisions for business interruption (BI) claims, and falls in investment income.
- 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 insurers increased premiums in response to rising claims costs.
- Gross incurred claims costs were significantly higher during the year with the recognition of COVID-19 related BI provisions. Claims costs from catastrophic bushfires and storm events, and a large strengthening of long tail claims reserves, were also major drivers. In contrast, gross incurred claims costs for the domestic motor vehicle class of business fell during the year in line with decreased vehicle usage as a result of the social restrictions introduced in response to COVID-19.
- 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 slightly higher compared to the same time last year at 1.70x.

Table 1: Key performance indicators for the year at a glance¹

	Year to 31 Dec 2019	Year to 31 Dec 2020	Yearly change
Number of insurers	96	93	-3
Net profit after tax	\$3.1bn	\$35m	-98.9%
Return on net assets	11.4%	0.1%	-11.3pp
Underwriting result	\$2.3bn	-\$78m	
Investment income	\$3.4bn	\$1.7bn	-48.8%
Gross earned premium	\$50.1bn	\$52.6bn	+5.0%
Net earned premium	\$36.2bn	\$37.2bn	+2.8%
Gross incurred claims	\$38.1bn	\$47.2bn	+23.7%
Gross loss ratio	71%	84%	+13pp
Net loss ratio	69%	75%	+6pp
short-tail property	70%	75%	+5pp
long-tail classes	75%	85%	+10pp
Underwriting exp ratio	25%	25%	Unchanged
PCA coverage ratio	1.68x	1.70x	+0.02x

¹ Data on industry segments and classes of business is available in the publication

Highlights for the quarter ended 31 December 2020

- The industry net loss after tax of \$649 million in the December quarter was predominantly due to increased provisions for COVID related BI claims. Other significant contributing factors in the quarter were increased short-tail property claims costs from a south-east Queensland hailstorm event, and claims reserve strengthening across several classes of business including Mortgage and Public and products liability classes of business. Domestic motor claims costs returned to pre-COVID-19 levels in most states and territories during the December quarter due to increased vehicle usage as social restrictions eased.
- The industry PCA coverage ratio decreased during the December quarter to 1.70x predominantly due to falls in capital levels from the increased BI provisions. These falls were partly offset by capital raisings/injections by the insurers impacted by BI provisions.

Table 2: Key performance indicators for the quarter at a glance²

	September Quarter 2020	December Quarter 2020	Quarterly change
Number of insurers	94	93	-1
Net profit after tax	\$836m	-\$649m	
Return on net assets	11.9%	-9.0%	-20.9pp
Underwriting result	\$1.1bn	-\$1.1bn	
Investment income	\$626m	\$507m	-19.0%
Gross earned premium	\$13.2bn	\$13.6bn	+3.3%
Net earned premium	\$9.4bn	\$9.6bn	+1.8%
Gross incurred claims	\$9.0bn	\$14.4bn	+59.7%
Gross loss ratio	63%	99%	+36pp
Net loss ratio	63%	87%	+24pp
Underwriting exp ratio	26%	24%	-2pp
PCA coverage ratio	1.74x	1.70x	-0.04x

² Data on industry segments and classes of business is available in the publication

Historical performance trends

Chart 1: Profitability

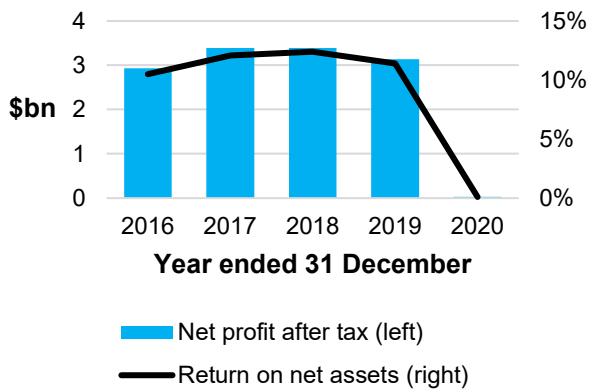


Chart 2: Major Profit Components

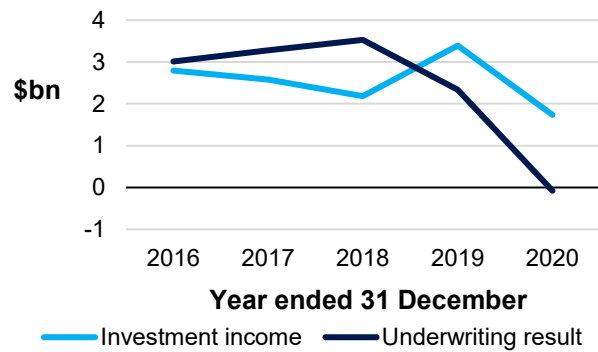


Chart 3: Premiums and Reinsurance

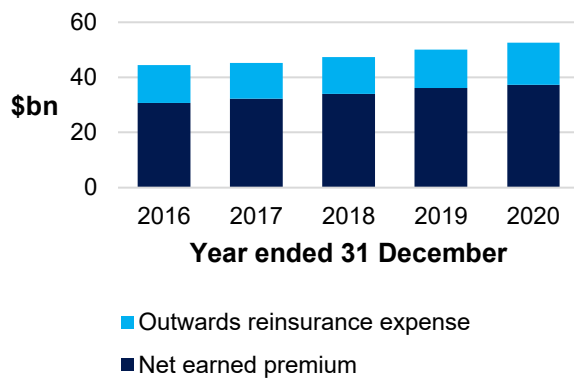


Chart 4: Gross Incurred Claims

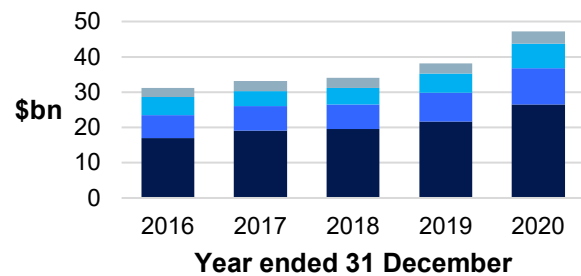


Chart 5: Net Loss Ratios

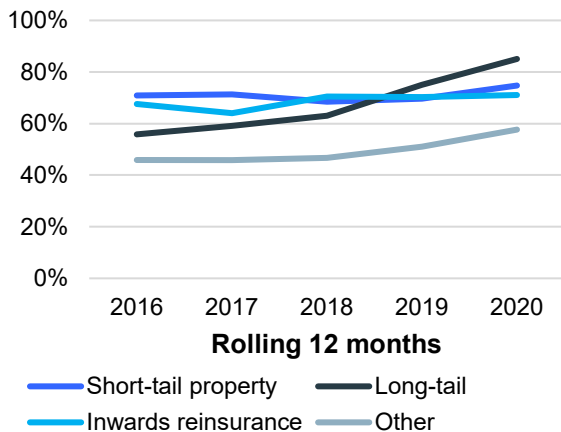
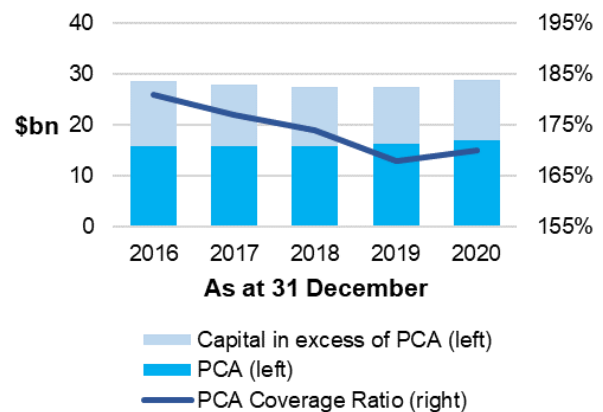


Chart 6: Capital Coverage





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