



STATISTICS

Quarterly general insurance performance statistics - highlights

March 2021 (released 27 May 2021)

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Highlights for the year ended 31 March 2021

- In the year ended 31 March 2021, the industry reported a net profit after tax of \$1.1 billion which was a fall of \$0.4 billion in comparison to the prior year. This result was primarily driven by natural catastrophe claims costs, lower investment income as well as impacts from the COVID-19 operating environment, such as the provisioning undertaken for Business Interruption (BI) claims.
- In the year ended 31 March 2021, insurers reported increases in gross earned premium in Householders, Domestic motor, Fire & ISR and Professional Indemnity classes of business. The increase in premiums was in response to rising claims costs in these classes.
- The industry reported large gross incurred claims costs from natural catastrophe events during the year, including the Halloween hail storm and NSW and south east Queensland flood events. Gross incurred claims also increased as a result of the significant provisioning undertaken for BI claims in the December quarter. These increases were partially offset by falls in domestic and commercial motor gross claims costs which were driven by lower levels of vehicle usage due to Government imposed movement restrictions. However, March quarter data suggests that motor gross claims costs are returning to pre-COVID levels in all States.
- Investment income was relatively stable during the first three quarters of the year. However, a large increase in bond yields during the March quarter generated losses on interest bearing investments and had an adverse effect on investment income.
- The industry PCA coverage ratio increased in the year ended 31 March 2021 to 1.71x, primarily as a result of capital raisings undertaken throughout the year.

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

| | Year ended 31 March 2020 | Year ended 31 March 2021 | Yearly change |
|-----------------------|--------------------------|--------------------------|---------------|
| Number of insurers | 96 | 93 | -3 |
| Net profit after tax | \$1.5bn | \$1.1bn | -28.3% |
| Return on net assets | 5.6% | 3.9% | -1.7pp |
| Underwriting result | \$1.5bn | \$1.6bn | +6.0% |
| Investment income | \$2.0bn | \$1.6bn | -20.8% |
| Gross earned premium | \$51.0bn | \$53.1bn | +4.1% |
| Net earned premium | \$36.8bn | \$37.5bn | +1.8% |
| Gross incurred claims | \$42.4bn | \$41.5bn | -1.9% |
| Gross loss ratio | 78% | 73% | -5pp |
| Net loss ratio | 71% | 71% | Unchanged |

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

| | Year ended 31 March 2020 | Year ended 31 March 2021 | Yearly change |
|------------------------|--------------------------|--------------------------|---------------|
| short-tail property | 70% | 73% | +3pp |
| long-tail classes | 78% | 77% | -1pp |
| Underwriting exp ratio | 25% | 25% | Unchanged |
| PCA coverage ratio | 1.66x | 1.71x | +0.05x |

Highlights for the quarter ended 31 March 2021

- The industry reported a low net profit after tax of \$19 million in the March quarter, albeit this was a significant improvement from the December quarter. Underwriting results increased in the quarter as the provisioning undertaken for BI claims in December quarter was not repeated in the March quarter. However, the industry reported an investment loss during the quarter due to the impacts from the large increase in bond yields.
- The industry PCA coverage ratio slightly increased during the March quarter to 1.71x, up from the December ratio of 1.70x.

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

| | December Quarter 2020 | March Quarter 2021 | Quarterly change |
|------------------------|-----------------------|--------------------|------------------|
| Number of insurers | 93 | 93 | Unchanged |
| Net profit after tax | -\$622m | \$19m | |
| Return on net assets | -8.6% | 0.3% | +8.9pp |
| Underwriting result | -\$1.1bn | \$657m | |
| Investment income | \$504m | -\$246m | |
| Gross earned premium | \$13.6bn | \$13.6bn | Unchanged |
| Net earned premium | \$9.6bn | \$9.5bn | -0.6% |
| Gross incurred claims | \$14.7bn | \$9.4bn | -36.0% |
| Gross loss ratio | 101% | 64% | -37pp |
| Net loss ratio | 87% | 70% | -17pp |
| Underwriting exp ratio | 25% | 23% | -2pp |
| PCA coverage ratio | 1.70x | 1.71x | +0.01x |

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

Historical performance trends

Chart 1: Profitability

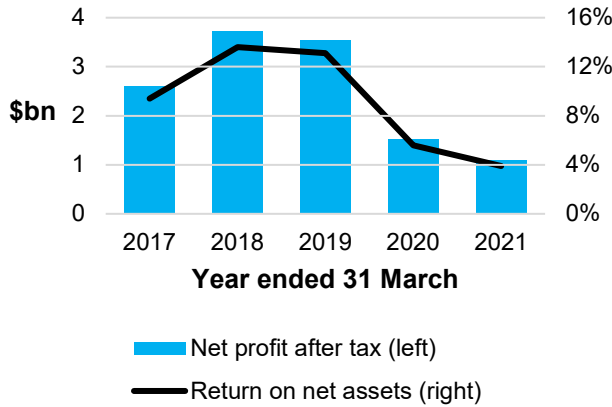


Chart 2: Major Profit Components

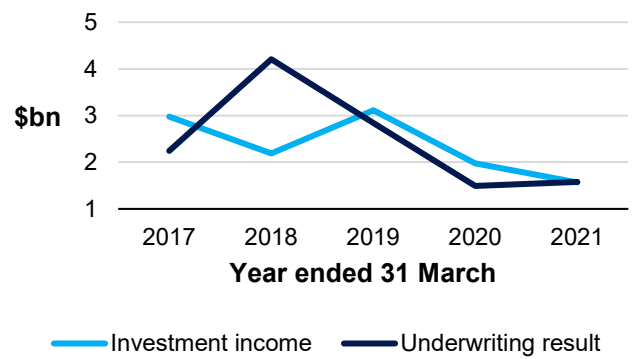


Chart 3: Premiums and Reinsurance

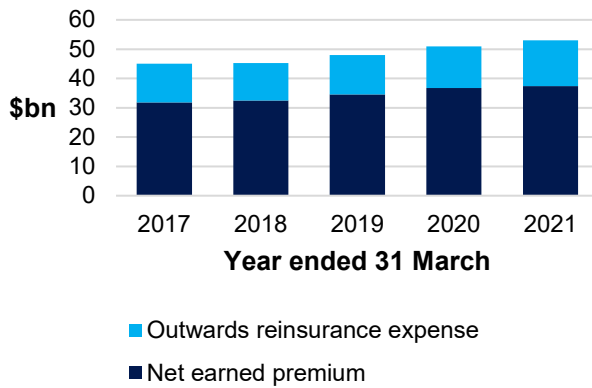


Chart 4: Gross Incurred Claims

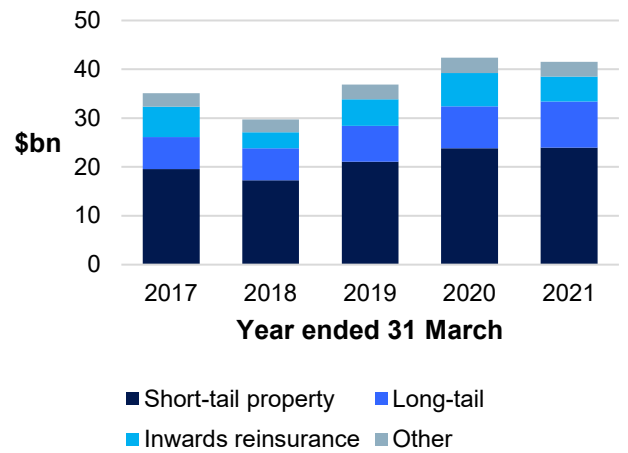


Chart 5: Net Loss Ratios

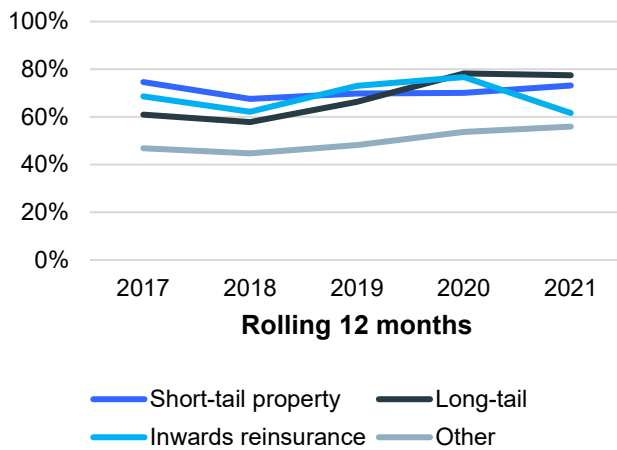
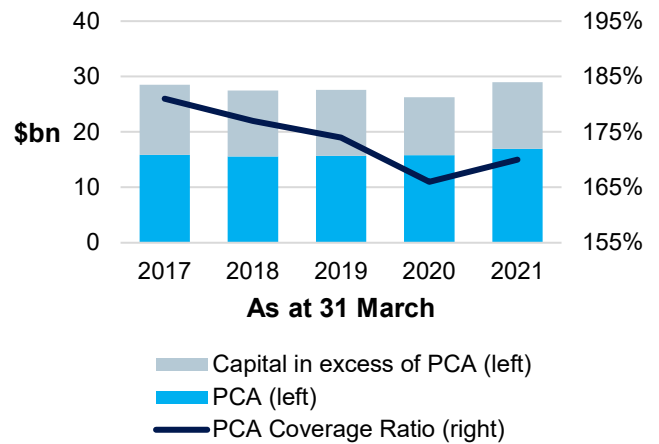


Chart 6: Capital Coverage





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