



# STATISTICS

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## Quarterly general insurance performance statistics - highlights

June 2021 (released 26 August 2021)

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## Highlights for the year ended 30 June 2021

- The industry reported a net profit after tax of \$1.0 billion for the year, a rise of \$0.05 billion in comparison to the prior year (Chart 1). Stronger underwriting results were constrained by provisioning for COVID-19 related Business Interruption (BI) claims, and large natural catastrophe claims costs. Investment market volatility resulted in investment income, although increasing, continuing to be lower than pre-COVID-19 levels (Chart 2).
- Insurers reported higher gross earned premium in Householders, Domestic Motor, Fire & ISR and Professional Indemnity classes of business. This reflects the increase in premiums across these classes.
- Large gross incurred claims costs, similar to the prior year, were reported in the year ended 30 June 2021 (Chart 4). The significant provisioning undertaken for BI claims and catastrophe events (Halloween hail storm and NSW and south east Queensland flood events) were the main drivers of high gross incurred claims in the year. This was partially offset by a reduction in domestic and commercial motor gross claims costs, which resulted from lower levels of vehicle usage due to COVID-19 lockdowns.
- Investment income during the year was negatively impacted by large increases in longer-term bond yields which generated unrealised losses on interest bearing investments.
- The industry PCA coverage ratio increased slightly in the year ended 30 June 2021 to 1.71x, with the increase mainly due to capital raisings by insurers.

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

	Year ended 30 June 2020	Year ended 30 June 2021	Yearly change
Number of insurers	95	93	-2
Net profit after tax	\$0.9bn	\$1.0bn	5.4%
Return on net assets	3.3%	3.4%	+0.1pp
Underwriting result	\$1.3bn	\$1.5bn	17.6%
Investment income	\$1.4bn	\$1.6bn	8.9%
Gross earned premium	\$51.2bn	\$54.3bn	5.9%
Net earned premium	\$36.7bn	\$38.5bn	4.7%
Gross incurred claims	\$42.8bn	\$42.4bn	-1.0%
Gross loss ratio	78%	72%	-6pp
Net loss ratio	71%	71%	Unchanged
short-tail property	69%	75%	+6pp

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

	Year ended 30 June 2020	Year ended 30 June 2021	Yearly change
long-tail classes	80%	79%	-1pp
Underwriting exp ratio	25%	25%	Unchanged
PCA coverage ratio	1.68x	1.71x	+0.03x

## Highlights for the quarter ended 30 June 2021

- The industry reported net profit after tax of \$750 million in the June quarter driven by stronger underwriting results, and a recovery in investment income compared to a loss in the prior quarter. The investment loss in the March quarter was primarily due to the impacts from the large increase in bond yields. Stronger underwriting results were reported in the householders and other direct classes of business, and were partially offset by underwriting losses in the public and product liability class.
- The industry PCA coverage ratio slightly increased during the June quarter to 1.71x, up from the March ratio of 1.69x.

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

	March Quarter 2021	June Quarter 2021	Quarterly change
Number of insurers	93	93	Unchanged
Net profit after tax	\$12m	\$750m	
Return on net assets	0.2%	10.2%	+10pp
Underwriting result	\$645m	\$951m	47.4%
Investment income	-\$245m	\$669m	
Gross earned premium	\$13.5bn	\$13.9bn	2.4%
Net earned premium	\$9.5bn	\$9.9bn	3.9%
Gross incurred claims	\$9.4bn	\$9.3bn	-1.7%
Gross loss ratio	64%	60%	-4pp
Net loss ratio	70%	65%	-5pp
Underwriting exp ratio	23%	25%	+2pp
PCA coverage ratio	1.69x	1.71x	+0.02x

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

# Historical performance trends

Chart 1: Profitability

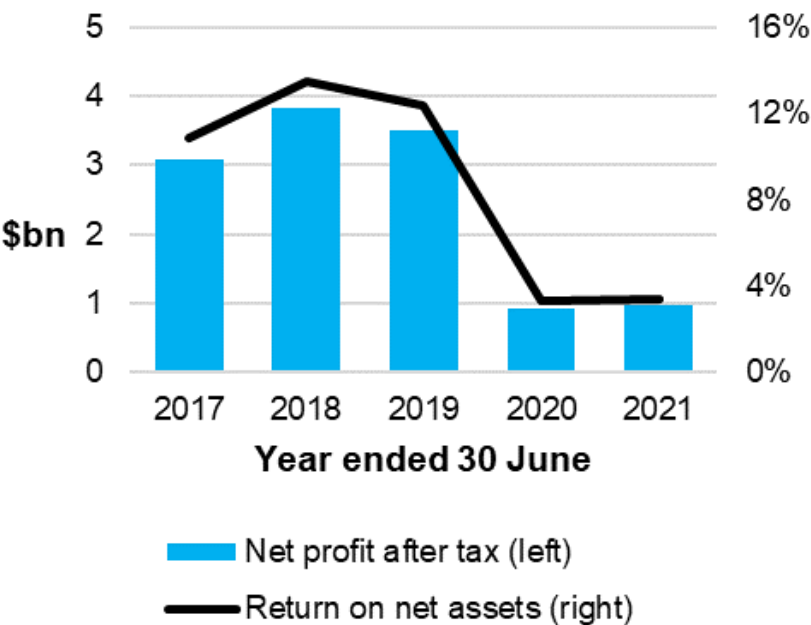


Chart 2: Major Profit Components

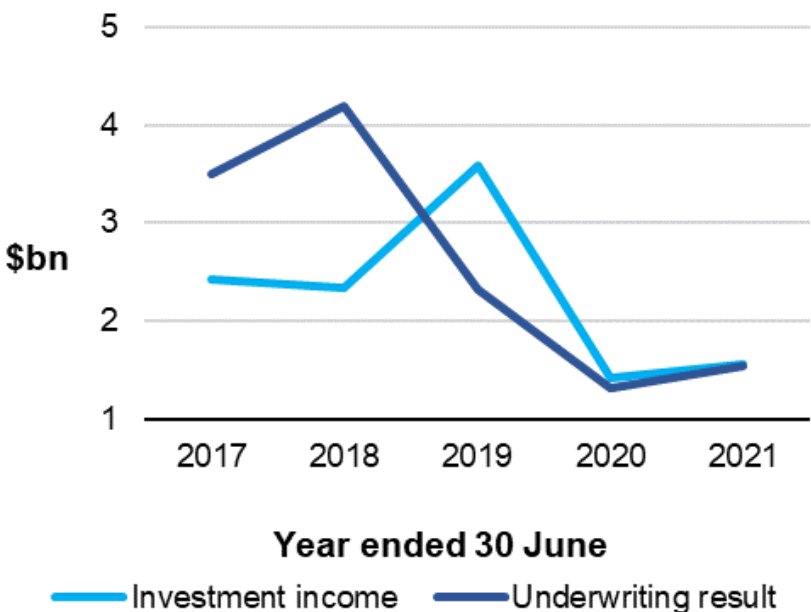


Chart 3: Premiums and Reinsurance

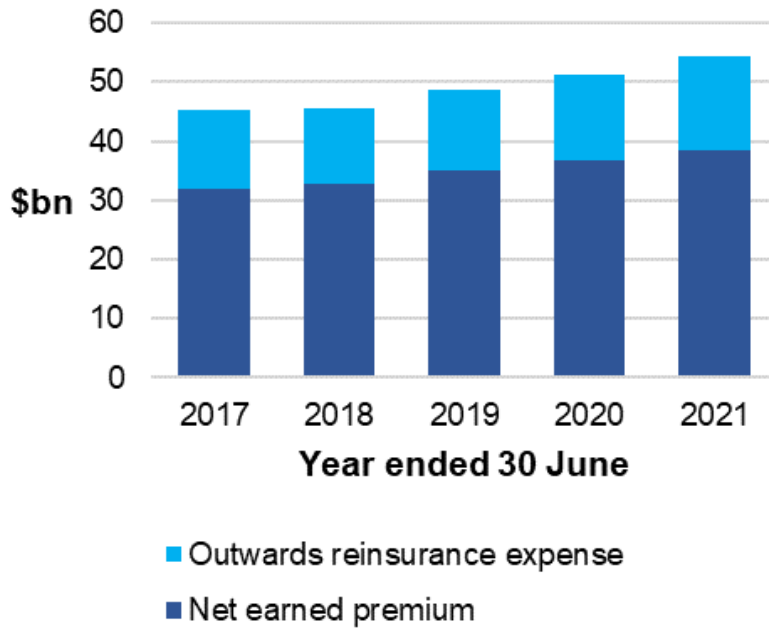


Chart 4: Gross Incurred Claims

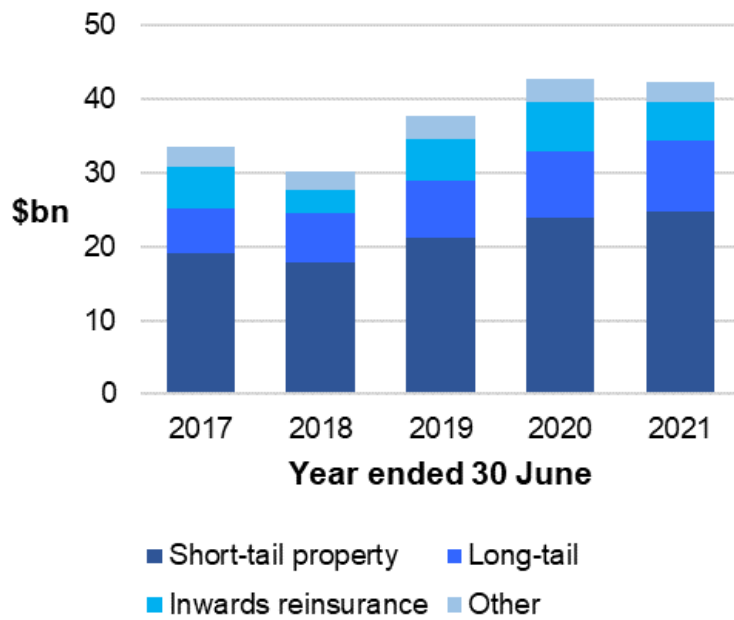


Chart 5: Net Loss Ratios

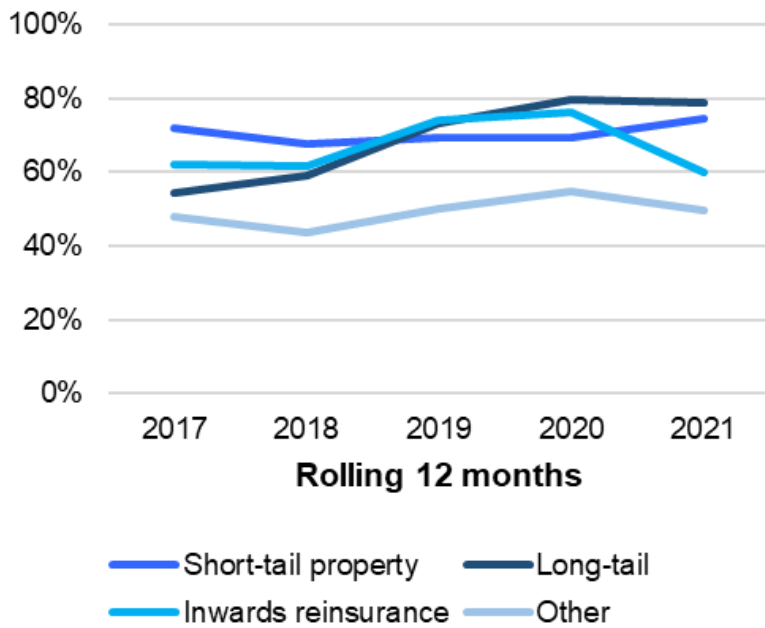
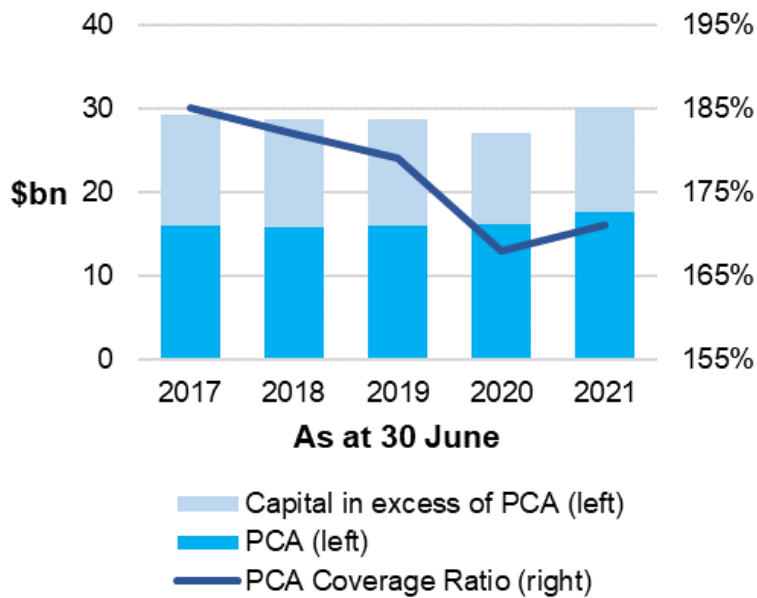


Chart 6: Capital Coverage





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