



STATISTICS

Quarterly general insurance performance statistics - highlights

December 2021 (released 3 March 2022)

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Highlights for the year ended 31 December 2021

- For the year ended 31 December 2021, the industry net profit after tax of \$1.7 billion and return on net assets of 5.6 per cent were a significant improvement on the prior year results (Chart 1). This improvement was driven by strong underwriting results (caused by higher premiums and lower claims) but investment income continues to be subdued (Chart 2).
- Insurers reported higher gross earned premium in most classes of business, including Householders, Domestic Motor, Fire and Industrial Special Risks (ISR) and Professional Indemnity. This reflects the increase in premium rates across these classes.
- Gross incurred claims costs decreased 18 per cent during the year (Chart 4). Lower gross claims costs were reported in the Householders class of business due to a lower incidence of natural catastrophe events, and in the Reinsurance class of business. For the Fire and Industrial Special Risks (ISR) class, gross claims costs were comparatively lower due to the prior year one-off impact of large claims provisions raised by insurers for Business Interruption insurance claims. Domestic Motor claims costs also increased in the year reflecting higher levels of motor vehicle usage when compared to the prior year.
- The industry reported a significant fall in investment income during the year. This was mainly due to unrealised losses on interest bearing investments, which resulted from increases in bond yields.
- The industry PCA coverage ratio was marginally higher at 1.72x compared to the same period a year ago.

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

	Year ended 31 December 2020	Year ended 31 December 2021	Yearly change
Number of insurers	93	93	unchanged
Net profit after tax	\$0.06bn	\$1.7bn	significant
Return on net assets	0.2%	5.6%	5.4pp
Underwriting result	\$-0.08bn	\$4.0bn	significant
Investment income	\$1.7bn	\$0.4bn	-76.3%
Gross earned premium	\$52.6bn	\$57.5bn	9.4%
Net earned premium	\$37.3bn	\$40.3bn	8.2%
Gross incurred claims	\$47.4bn	\$38.9bn	-18.0%
Gross loss ratio	85%	62%	-23pp
Net loss ratio	75%	66%	-9pp

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

	Year ended 31 December 2020	Year ended 31 December 2021	Yearly change
short-tail property	75%	70%	-5pp
long-tail classes	85%	70%	-15pp
Underwriting exp ratio	25%	24%	-1pp
PCA coverage ratio	1.70x	1.72x	+0.02x

Highlights for the quarter ended 31 December 2021

- The industry reported a lower net profit after tax of \$108 million during the December quarter driven by claims costs from catastrophe events and poor investment results. Hail and storm damage in South Australia, and parts of Victoria and Tasmania resulted in underwriting losses for Householders and Domestic motor classes. Sharp increases in bond yields over the quarter resulted in unrealised losses on interest bearing investments.
- The industry PCA coverage ratio remained unchanged during the December quarter to 1.72x.

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

	September Quarter 2021	December Quarter 2021	Quarterly change
Number of insurers	93	93	unchanged
Net profit after tax	\$0.9bn	\$0.1bn	-87.5%
Return on net assets	11.3%	1.4%	-9.9pp
Underwriting result	\$1.5bn	\$1.0bn	-37.5%
Investment income	\$0.3bn	\$-0.3bn	-205%
Gross earned premium	\$14.5bn	\$15.6bn	7.3%
Net earned premium	\$10.3bn	\$10.6bn	3.1%
Gross incurred claims	\$9.4bn	\$10.8bn	14.3%
Gross loss ratio	60%	64%	4pp
Net loss ratio	61%	67%	6pp
Underwriting exp ratio	24%	23%	-1pp
PCA coverage ratio	1.72x	1.72x	unchanged

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

Historical performance trends

Chart 1: Profitability

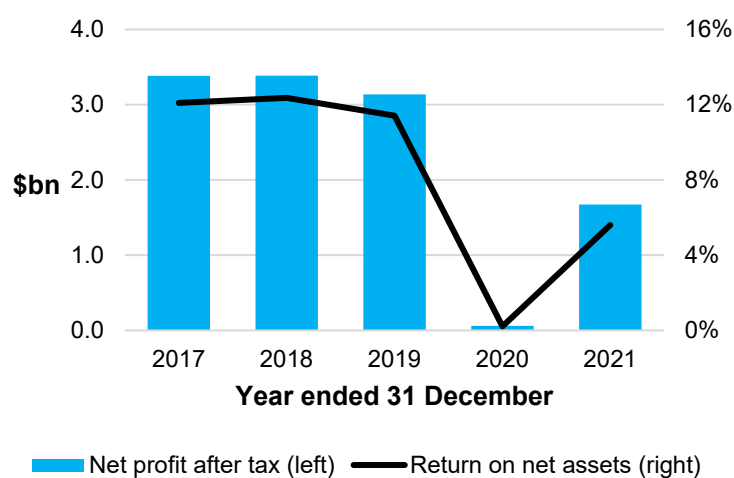


Chart 2: Major Profit Components

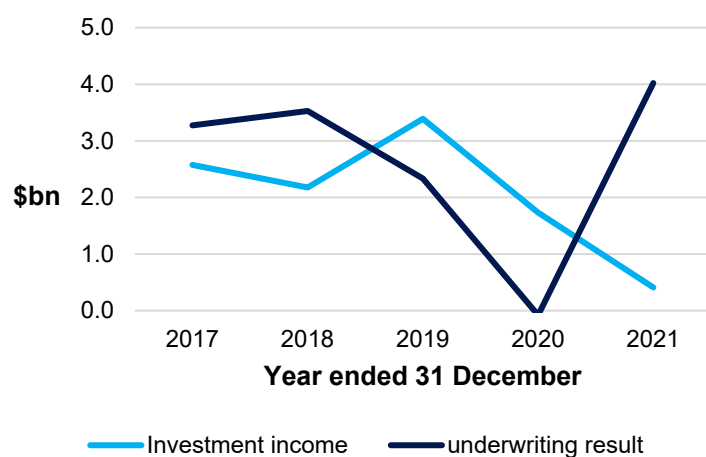


Chart 3: Premiums and Reinsurance

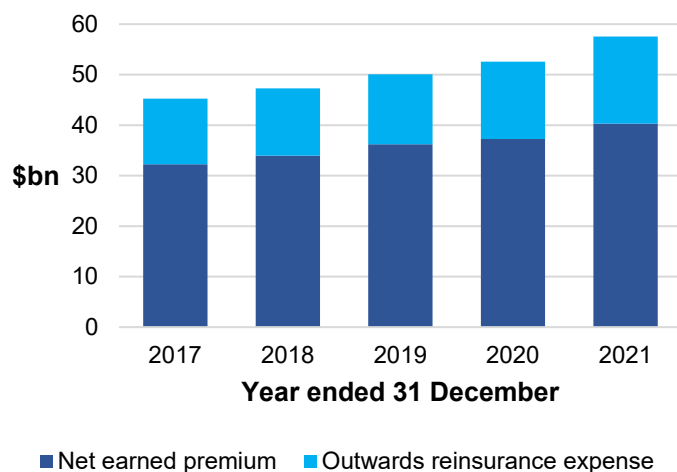


Chart 4: Gross Incurred Claims

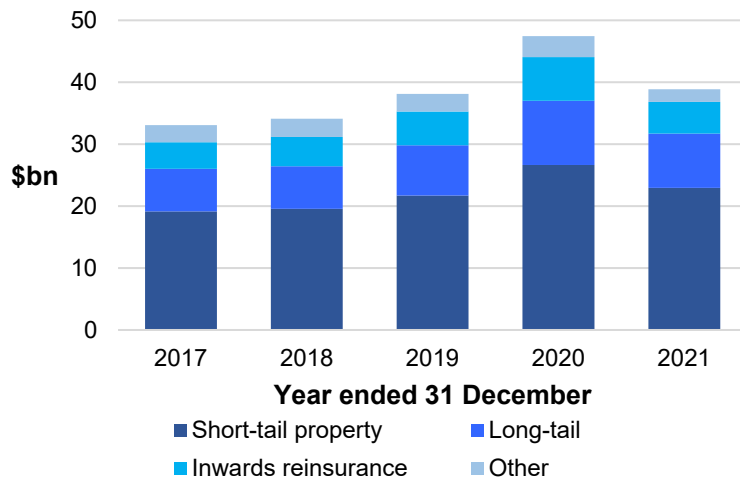


Chart 5: Net Loss Ratios

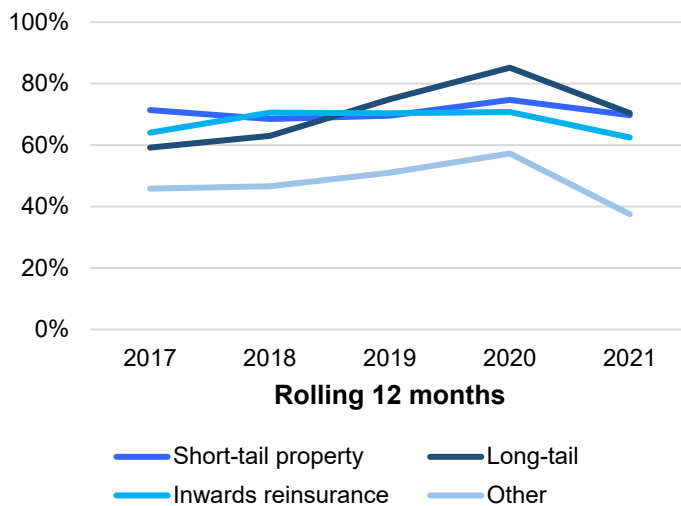
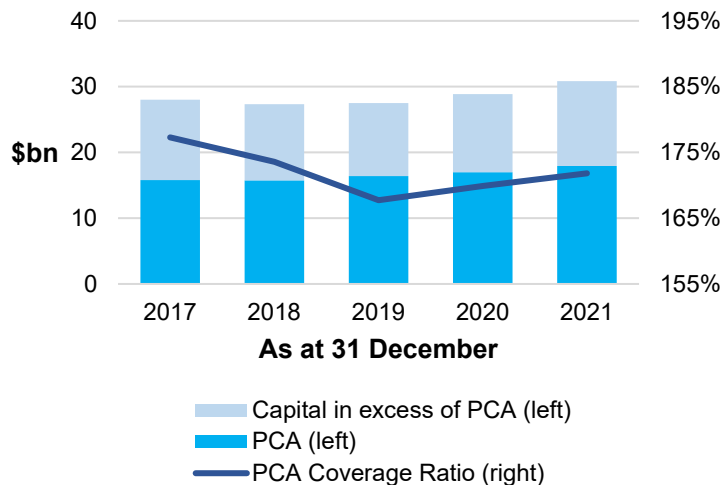


Chart 6: Capital Coverage





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