



STATISTICS

Quarterly life insurance performance statistics - highlights

December 2021 (released 3 March 2022)

Disclaimer and Copyright

While APRA endeavours to ensure the quality of this publication, it does not accept any responsibility for the accuracy, completeness or currency of the material included in this publication and will not be liable for any loss or damage arising out of any use of, or reliance on, this publication.

© Australian Prudential Regulation Authority (APRA)

This work is licensed under the Creative Commons Attribution 3.0 Australia Licence (CCBY 3.0). This licence allows you to copy, distribute and adapt this work, provided you attribute the work and do not suggest that APRA endorses you or your work. To view a full copy of the terms of this licence, visit <https://creativecommons.org/licenses/by/3.0/au/>

Industry highlights for the year ended 31 December 2021

- For the year ended December 2021, the industry reported a net profit of \$1.2 billion and a return on net assets of 4.4 per cent, a significant improvement from the prior year. This result was primarily driven by an increase in investment revenue and to a lesser extent, growth in premium revenue.
- Collectively, risk products returned an improved result in the year ended December 2021. This was predominantly driven by Individual Disability Income Insurance (Individual DII) which recorded a profit of \$546.4m, a substantial increase from the previous year. The improved result is primarily due to reserve releases throughout the year in light of improved claims assumptions. Individual Lump Sum returned a profit of \$375.3m (lower than the prior period due to an increase in reserving across the industry). Group products returned improved results in comparison to the prior year, however, they continued to report losses in Group Lump Sum (\$165.2m loss) and Group DII (\$3.6m loss). The improvement in Group DII can be attributed to reserve releases and a lower level of claims over the past 12 months.
- The industry prescribed capital coverage ratio increased from 1.79x to 2.00x over the year (refer Chart 6), mainly driven by capital injections in response to the IDII capital charges imposed by APRA. This measure, aimed at incentivising insurers to take strong action to improve the sustainability of IDII came into effect on 1 October 2020.

Table 1: Key performance metrics for the year ended 31 December

(in \$ billion, unless noted otherwise)

	Year ended 31 Dec 2020	Year ended 31 Dec 2021	Yearly Change
Net policy revenue	14.4	14.8	2.8%
Investment revenue	-2.3	3.8	Significant
Total revenue	13.3	19.5	46.4%
Net policy expenses	9.7	9.1	-5.9%
Operating expenses	7.4	7.1	-2.8%
Effective movement in net policy liabilities	-3.1	1.1	Significant
Total expenses	14.1	17.7	25.5%
Net profit after tax	-0.1	1.2	Significant
Total assets	130.2	132.0	1.3%
Return on net assets	-0.4%	4.4%	4.8pp
PCA coverage ratio	1.79x	2.00x	0.21x

Table 2: Risk products net profit after tax (NPAT) for the year ended 31 December

(in \$ million, unless noted otherwise)

	Year ended 31 Dec 2020	Year ended 31 Dec 2021	December Quarter 2021
Individual lump sum	548.3	375.3	22.2
Individual disability income insurance	-740.4	546.4	329.5
Group lump sum	-183.7	-165.2	-85.6
Group disability income insurance	-136.1	-3.6	-110.7
Total	-511.9	752.9	155.3

Industry highlights for the quarter ended 31 December 2021

- For the December quarter, the industry returned a profit of \$212.0 million, a decrease from the September quarter, largely attributed to a fall in premium revenue for the quarter. Investment revenue and total expenses remained broadly stable compared with the previous quarter.

Table 3: Key performance indicators for the quarter

(in \$ billion, unless noted otherwise)

	Sep 2021 Quarter	Dec 2021 Quarter	Quarterly Change
Net policy revenue	3.8	3.7	-4.5%
Investment revenue	0.7	0.8	13.3%
Total revenue	4.8	4.8	-1.0%
Net policy expenses	2.3	2.3	0.6%
Operating expenses	1.8	1.9	4.5%
Effective movement in net policy liabilities	0.2	-0.03	Significant
Total expenses	4.4	4.3	-1.1%
Net profit after tax	371.8m	212.0m	-43.0%
Total assets	134.2	132.0	-1.6%
Return on net assets	5.7%	3.2%	-2.5pp
PCA coverage ratio	1.95x	2.00x	0.05x

Historical performance trends

Chart 1: Revenue, for year ended December 2017 to December 2021

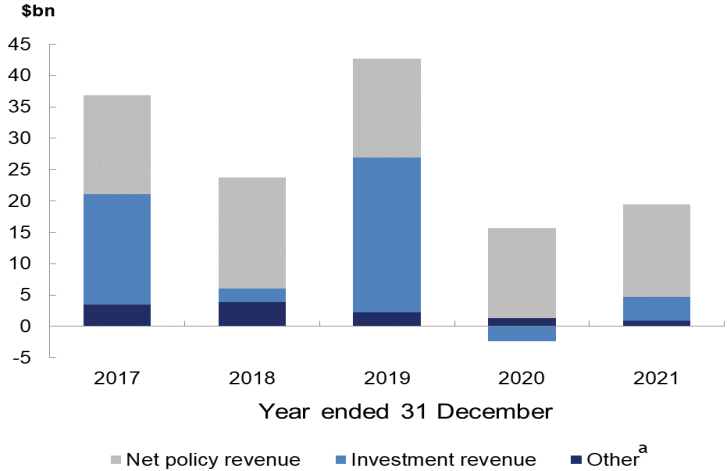


Chart 2: Operating expenses, for year ended December 2017 to December 2021

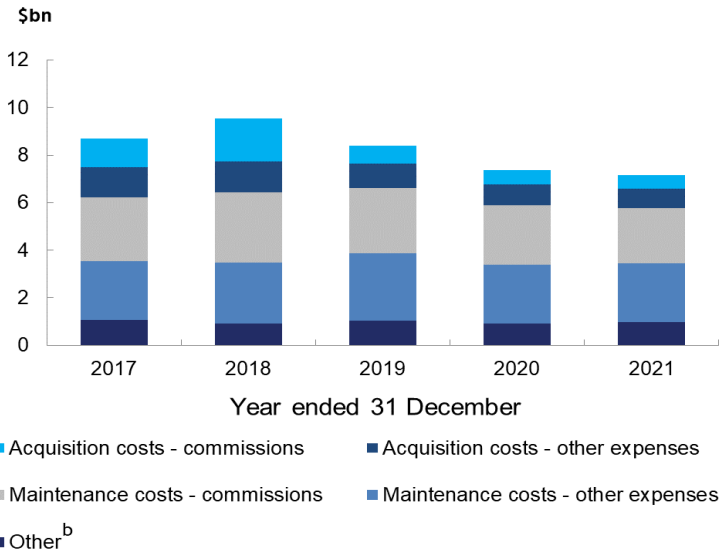


Chart 3: Profitability, for year ended December 2017 to December 2021

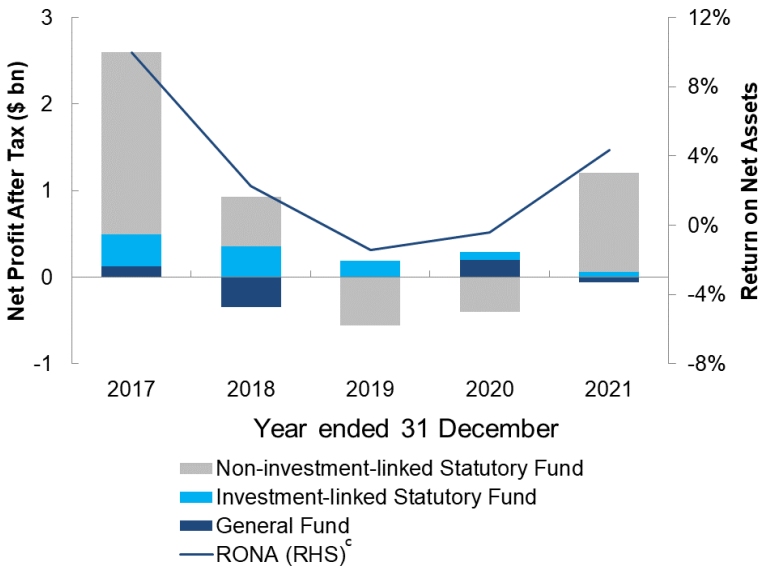


Chart 4: Net profit after tax for risk products, for year ended December 2017 to December 2021

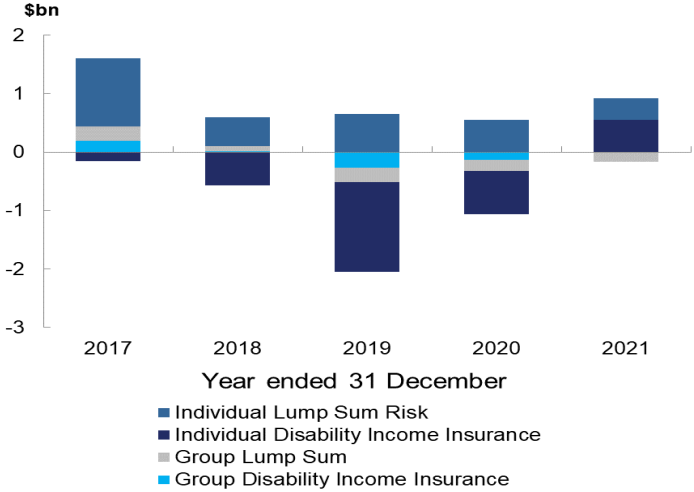


Chart 5: Non-investment linked assets, for year ended December 2017 to December 2021

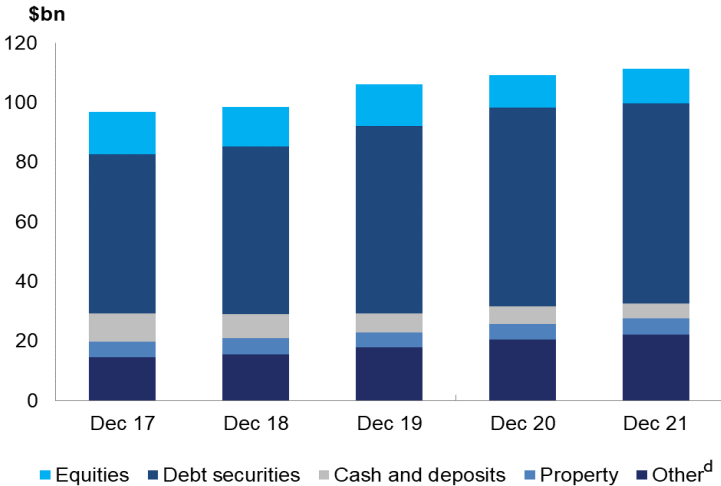
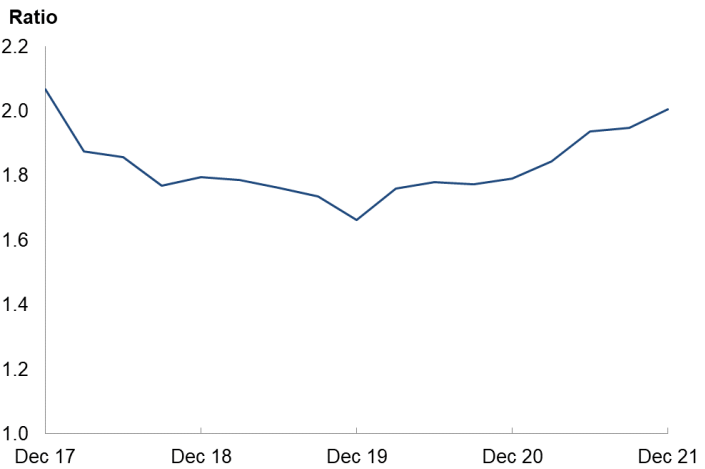


Chart 6: Prescribed capital amount coverage ratio, for year ended December 2017 to December 2021



^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.



APRA