



# STATISTICS

## General insurance claims development statistics - highlights

December 2021 (released 22 July 2022)

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## CTP motor vehicle

In the 2021 financial year, prior year reserve levels remained largely unchanged, with the only significant reserve release occurring in the 2020 accident year. This could be explained by the NSW CTP scheme reforms that came into effect in 2017. The estimated ultimate loss ratio for the 2021 accident year (84.4 per cent) is in line with 2020, 2019 and 2018 accident years but lower than prior accident years at the same stage of development.

Chart 1: Claims development <sup>1</sup>

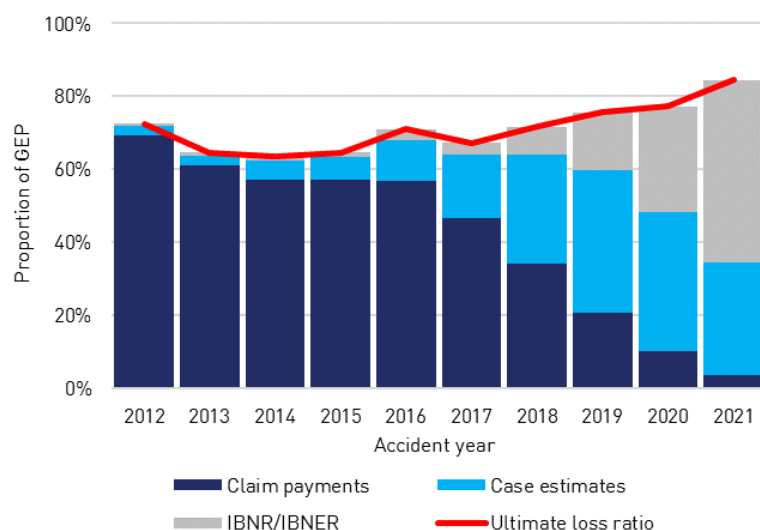
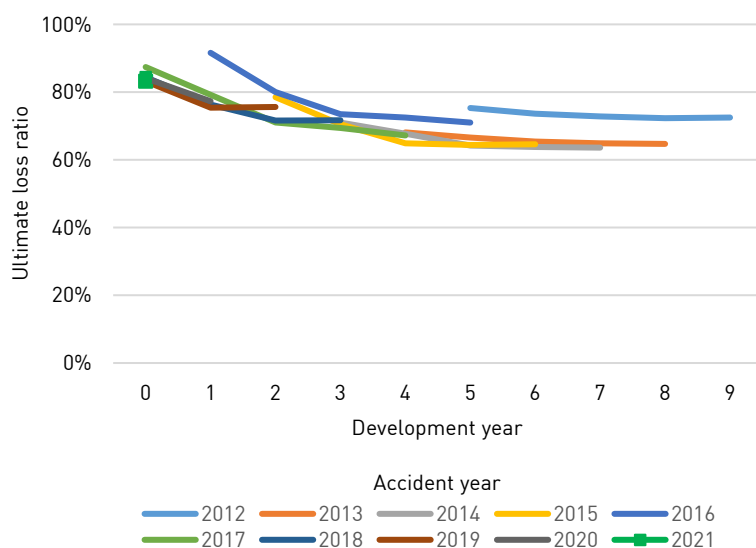


Chart 2: Ultimate loss ratio development



<sup>1</sup> IBNR/IBNER stands for incurred but not reported / incurred but not enough reported and GEP stands for gross earned premium. Refer to the [General Insurance Claims Development Statistics Glossary](#) for definitions related to data items referenced in the Highlights.

## Public and product liability

In the 2021 financial year, there was reserve strengthening across the 2016 to 2020 accident years. The estimated ultimate loss ratio for the 2021 accident year (51.9 per cent) is lower than recent accident years at the same stage of development. This is driven by recent increases in gross earned premium.

Chart 3: Claims development

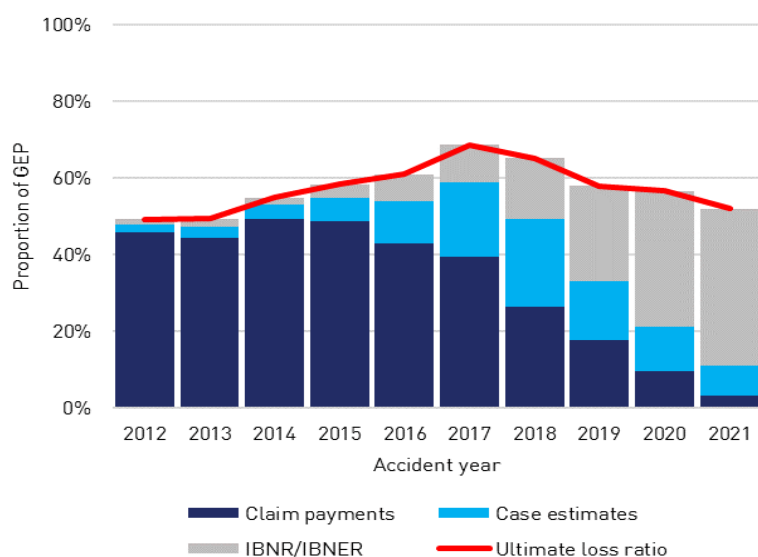
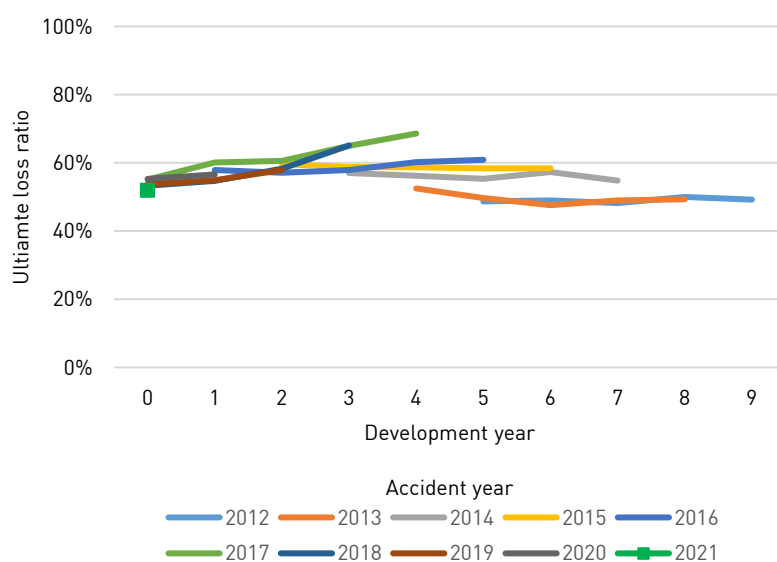


Chart 4: Ultimate loss ratio development



## Professional indemnity

In the 2021 financial year, there was reserve strengthening across the 2016 to 2020 accident years. The estimated ultimate loss ratio for the 2021 accident year (66.7 per cent) is slightly above the 2020 level at the same stage of development, with premium increases offset by increases in expected future claims.

Chart 5: Claims development

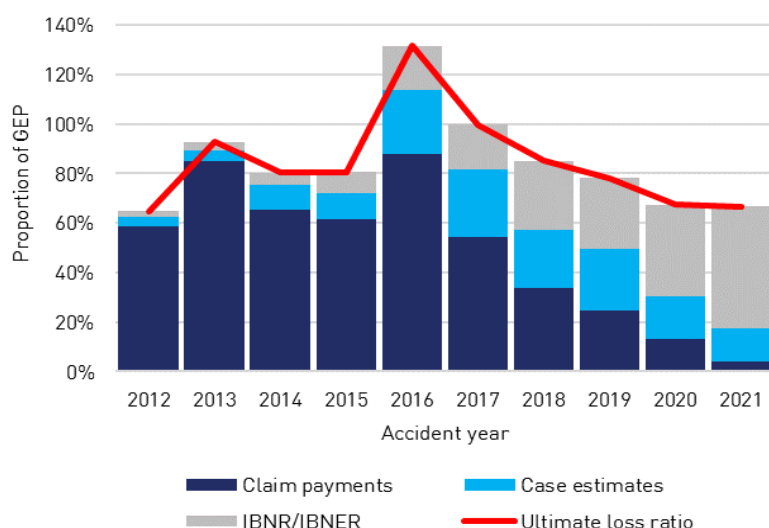
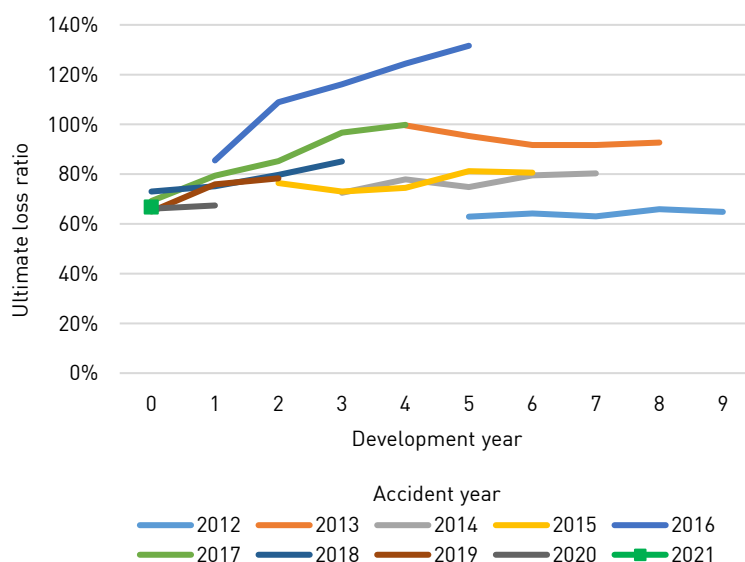


Chart 6: Ultimate loss ratio development



## Employers' liability

In the 2021 financial year, reserve strengthening occurred across the 2020 and 2019 accident years. Reserve levels remained largely unchanged for most other accident years. The estimated ultimate loss ratio for the 2021 accident year (71.6 per cent) is lower than recent accident years at the same stage of development and is driven by premium increases. The 2015 accident year is impacted by transactions in industry during that year - excluding this impact the ultimate loss ratio for the 2015 accident year would be approximately 75 per cent.

Chart 7: Claims development

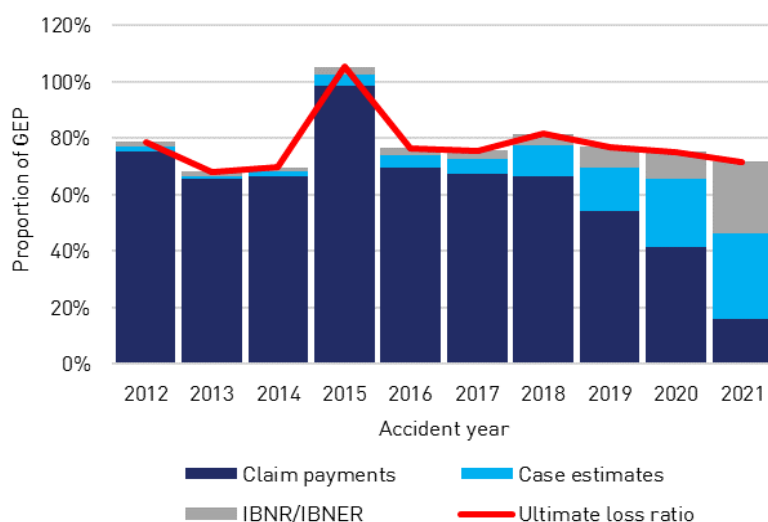
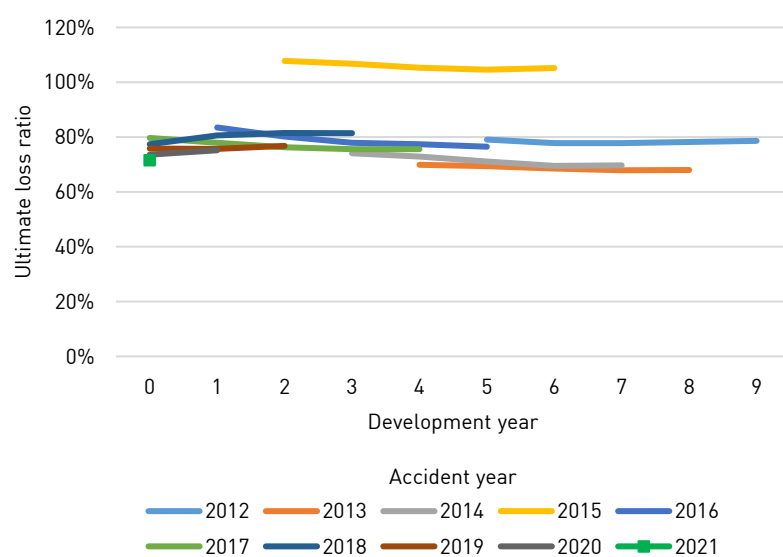


Chart 8: Ultimate loss ratio development



## Houseowners/householders

Given the short tail nature of claims in this class of business, the ultimate claims cost estimate for any particular accident year does not develop much over time. The estimated ultimate loss ratio for the 2021 accident year (62.1 per cent) is higher than the 10-year average of 56.7 per cent.

Chart 9: Claims development

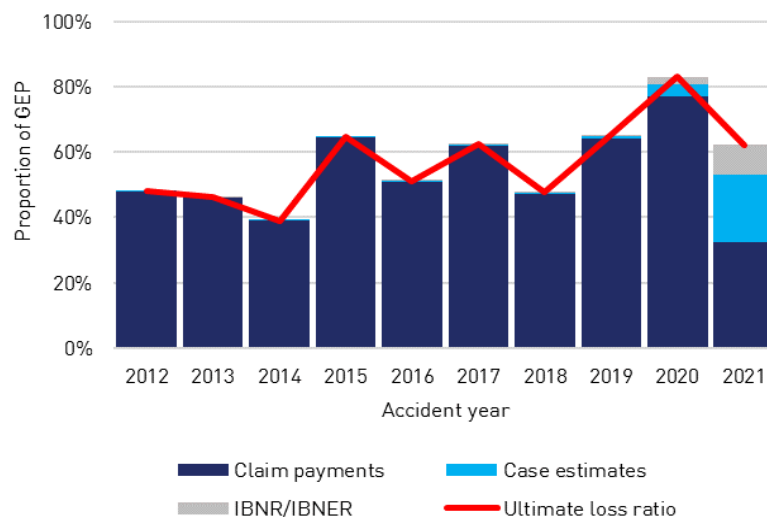
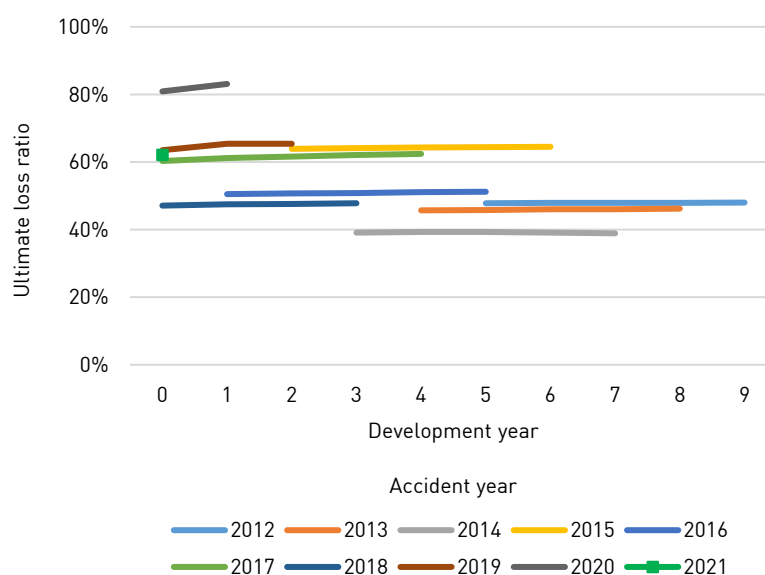


Chart 10: Ultimate loss ratio development





## Domestic motor vehicle

Similar to Houseowners/householders insurance, the ultimate claims cost estimate for Domestic motor vehicles for any particular accident year does not develop much over time. The estimated ultimate loss ratio for the 2021 accident year (60.7 per cent) is lower than the 10-year average of 66.9 per cent. The lower ultimate loss ratios for both the 2021 and 2020 accident years are driven by the reduction in claims frequency from the community lockdowns initiated by State Governments in response to the COVID-19 pandemic.

Chart 11: Claims development

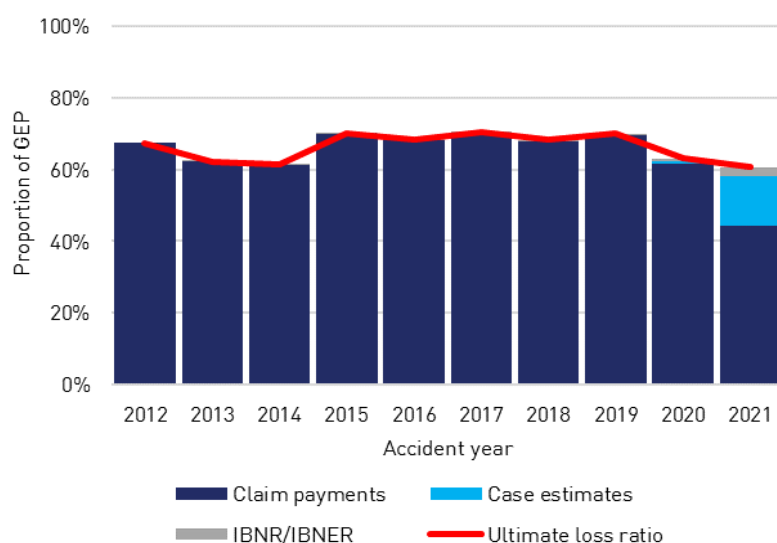
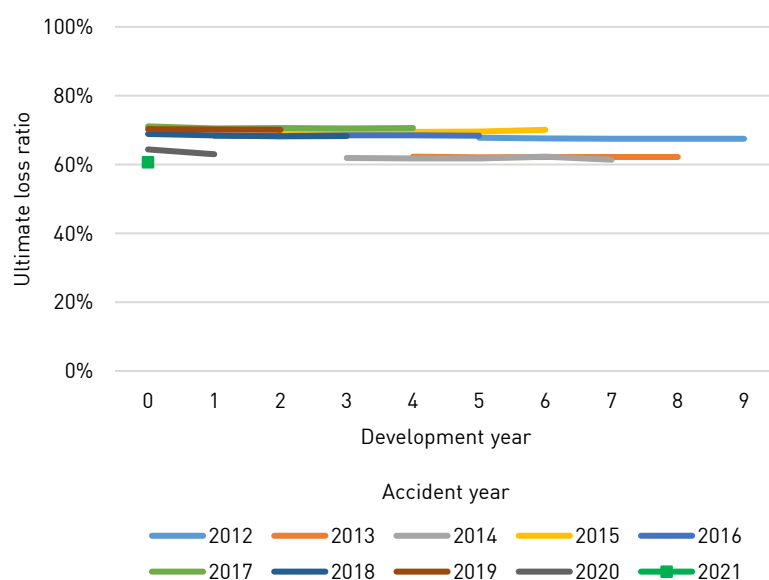


Chart 12: Ultimate loss ratio development



## Fire and ISR

Due to the short tail nature of Fire & ISR claims, the ultimate claims cost estimate for any particular accident year does not usually develop much over time. The estimated ultimate loss ratio for the 2021 accident year (59.3 per cent) is lower than the 10-year average of 69.6 per cent. The spike in the ultimate loss ratio for the 2020 accident year was driven by revised provisions for pandemic-related business interruption (BI) claims at the end of December 2020<sup>2</sup>.

Chart 13: Claims development

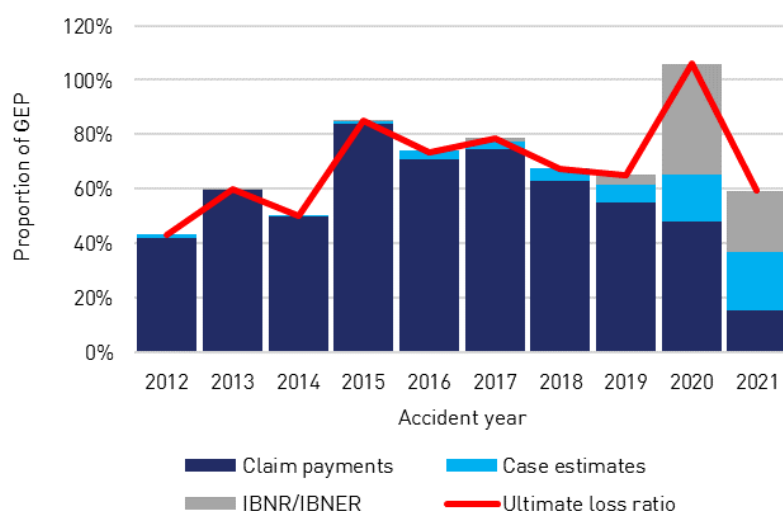
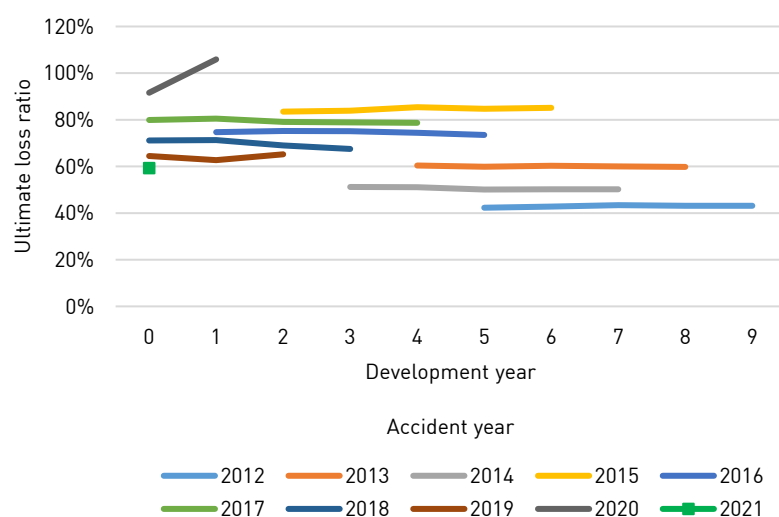


Chart 14: Ultimate loss ratio development



<sup>2</sup> These provisions were significantly increased in Q4 2020. As this data is submitted annually to APRA based on insurers own balance dates, this was not fully reflected in the previous edition of this publication (Chart 14 highlights the increase in the ultimate loss ratio for the 2020 accident year).

## Commercial motor vehicle

Similar to the other short tail classes of business, the ultimate claims cost estimate for any particular accident year does not develop much over time for this class. The estimated ultimate loss ratio for the 2021 accident year (58.6 per cent) is lower than the 10-year average of 66.8 per cent continuing a recent downward trend due to premium growth and the pandemic-related reduction in claim frequency in 2020 and 2021.

Chart 15: Claims development

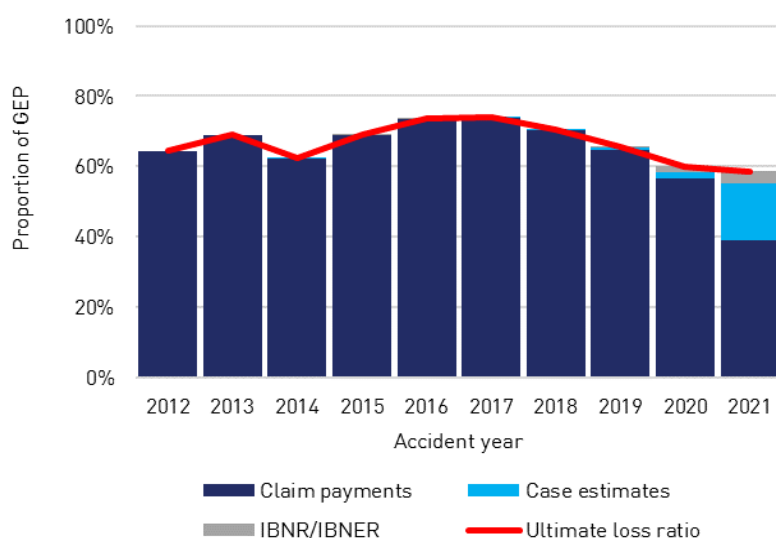
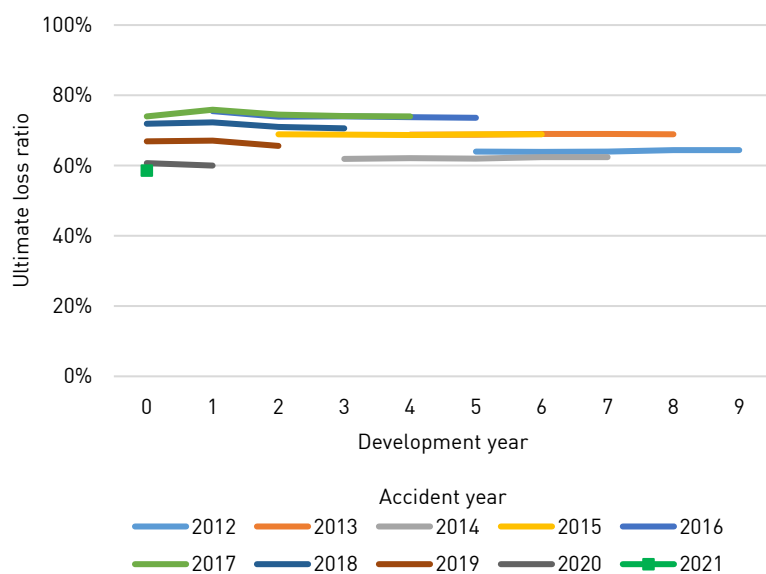


Chart 16: Ultimate loss ratio development



## Reinsurance

The estimated ultimate loss ratio for the 2021 underwriting year (52.9 per cent) is broadly in line with recent underwriting years at the same stage of development. In the 2017 financial year, reserve movements were impacted by one insurer consolidating its APRA licences and therefore this should be viewed with caution.

Chart 17: Claims development

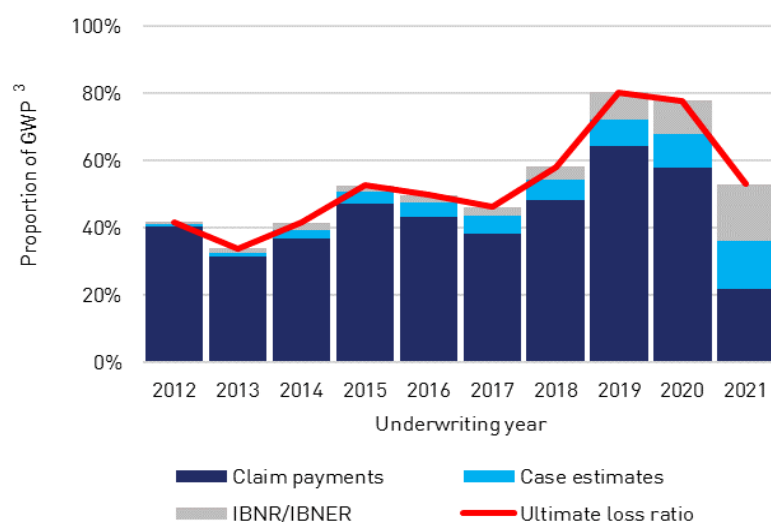
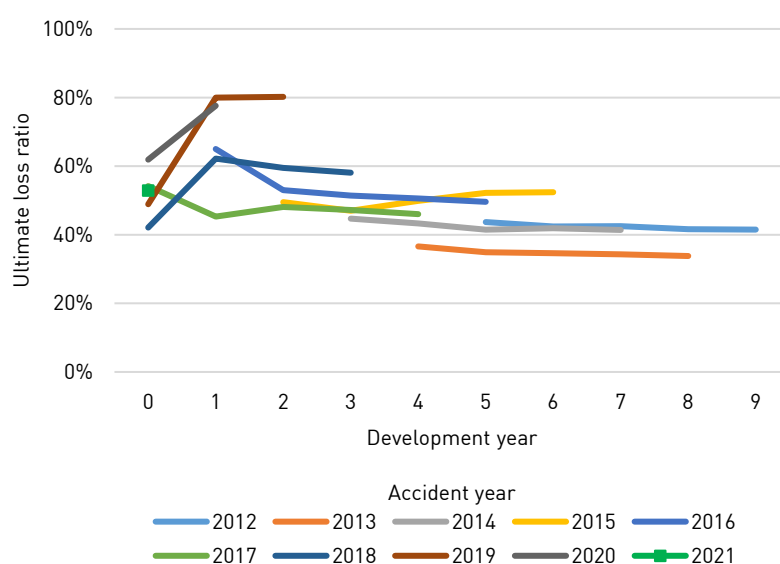


Chart 18: Ultimate loss ratio development



<sup>3</sup> GWP stands for gross written premium



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