



STATISTICS

Quarterly life insurance performance statistics - highlights

December 2022 (released 2 March 2023)

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Industry highlights for the year ended 31 December 2022

- For the year ended 31 December 2022, the industry reported a net profit after tax of \$0.5 billion and a return on net assets of 1.8 per cent, a decrease in comparison to the results from the prior year (refer Chart 3). The driver behind the decrease in performance was an investment loss of \$6.6 billion due to realised and unrealised losses on interest bearing investments (refer Chart 1).
- Total revenue fell to \$9.6 billion (a 50.7% decrease from the prior year), reflecting the impact of rising bond yields throughout the year resulting in realised and unrealised losses on interest bearing investments. Total expenses also fell to \$9.6 billion (a 45.6% decrease from the prior year), driven by a decrease in operating expenses (refer Chart 2) and negative movements in net policy liabilities as insurers released reserves as bond yields increased.
- Risk products returned a net profit after tax of \$1.1 billion, an increase compared to a \$745.6 million profit recorded in the prior year (refer Chart 4, Table 2). The result was predominantly driven by the \$1.1 billion profit recorded by Individual Disability Income Insurance (Individual DII) business. The increase in Individual DII performance can be attributed to movements in bond yields, repricing activities and releases of COVID-19 reserves throughout the year. Individual lump sum business reported a loss of \$329.2 million and was the only risk product to report a loss, which can largely be attributed to an increase in net policy expenses.
- Group Lump Sum and Group Disability Income Insurance (Group DII) business reported profits of \$33.7 million and \$352.0 million respectively for the year ended 31 December 2022. For both products, this is an improvement in performance in comparison to the prior year and was driven primarily by lower net policy expenses for Group Lump Sum business and reserve releases for Group DII business.
- The industry prescribed capital coverage ratio increased from 1.99x to 2.04x over the year ended 31 December 2022 (refer Chart 6).

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

(in \$ billion, unless noted otherwise)

	Year ended 31 Dec 2021	Year ended 31 Dec 2022	Yearly Change
Net policy revenue	14.8	15.2	2.6%
Investment revenue	3.8	-6.6	-
Total revenue	19.5	9.6	-50.7%
Net policy expenses	9.2	9.4	2.5%
Operating expenses	7.2	6.6	-8.5%
Effective movement in net policy liabilities	1.0	-6.4	-
Total expenses	17.7	9.6	-45.6%
Net profit after tax	1.2	0.5	-59.3%
Total assets	132.0	123.3	-6.6%
Return on net assets	4.4%	1.8%	-2.6pp
PCA coverage ratio	1.99x	2.04x	0.05x

Table 2: Risk products net profit after tax (NPAT) for the year ended 31 December
(in \$ million, unless noted otherwise)

	Year ended 31 Dec 2021	Year ended 31 Dec 2022	December Quarter 2022
Individual lump sum	363.8	-329.2	-183.2
Individual disability income insurance	541.0	1,079.2	444.4
Group lump sum	-165.9	33.7	-58.8
Group disability income insurance	6.6	352.0	155.0
Total	745.6	1,135.7	357.4

Industry highlights for the quarter ended 31 December 2022

- The industry reported a net profit after tax of \$517.1 million and a return on net assets of 8.1% in the December quarter, an improvement on the September quarter result. The improvement in net profit was driven by an increase in total revenue. Total revenue increased to \$6.1 billion, driven by investment revenue of \$1.7 billion, reflecting improved performance in equities markets over the December quarter.

Table 3: Key performance indicators for the quarter
(in \$ billion, unless noted otherwise)

	Sep 2022 Quarter	Dec 2022 Quarter	Quarterly Change
Net policy revenue	3.9	4.1	5.0%
Investment revenue	-0.5	1.7	-
Total revenue	3.7	6.1	65.5%
Net policy expenses	2.3	2.6	10.4%
Operating expenses	1.7	2.0	15.6%
Effective movement in net policy liabilities	-0.3	0.7	-
Total expenses	3.8	5.3	37.9%
Net profit after tax	50.3m	517.1m	-
Total assets	122.4	123.3	0.8%
Return on net assets	0.8%	8.1%	7.3pp
PCA coverage ratio	2.06x	2.04x	-0.02x

Historical performance trends

Chart 1: Revenue, for year ended December 2018 to December 2022

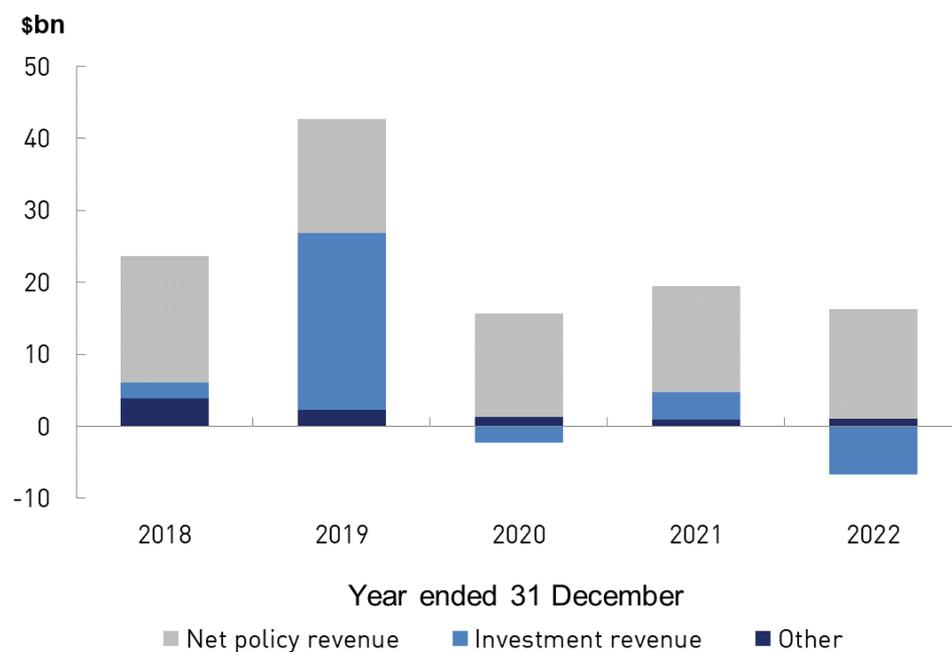


Chart 2: Operating expenses, for year ended December 2018 to December 2022

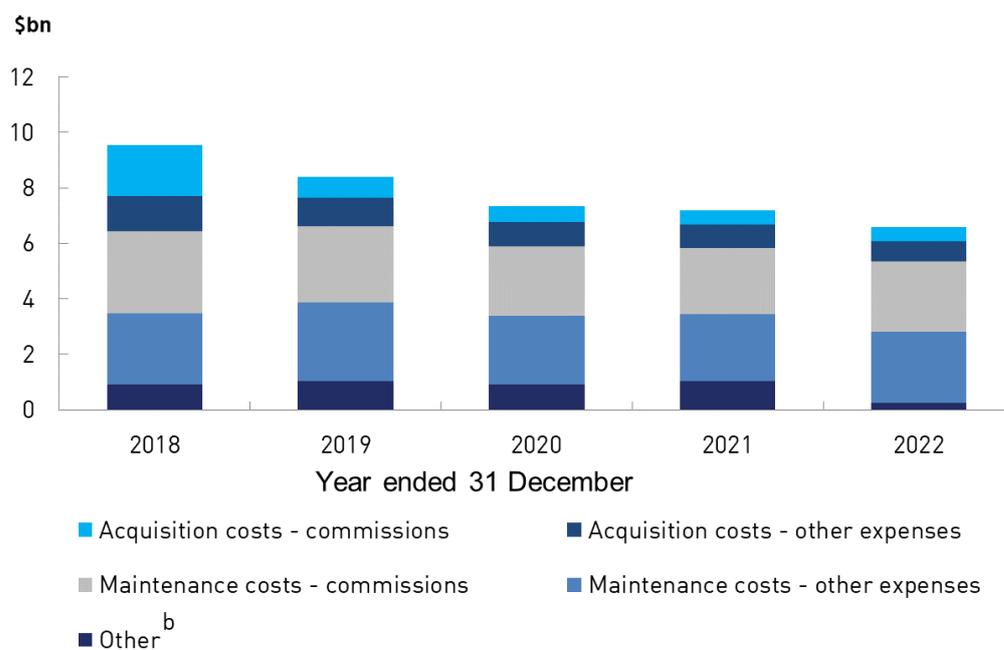


Chart 3: Profitability, for year ended December 2018 to December 2022

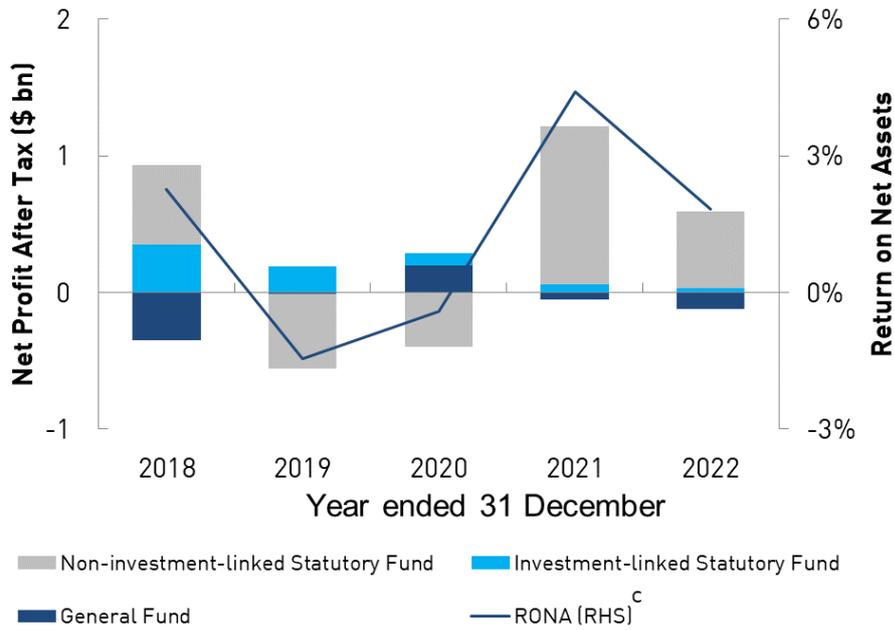


Chart 4: Net profit after tax for risk products, for year ended December 2018 to December 2022

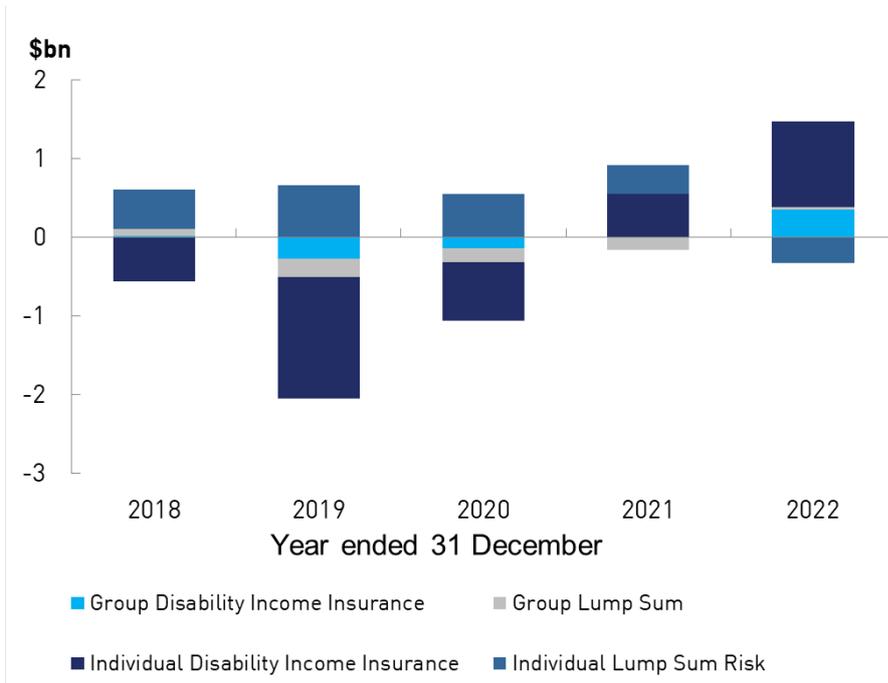


Chart 5: Non-investment linked assets, for year ended December 2018 to December 2022

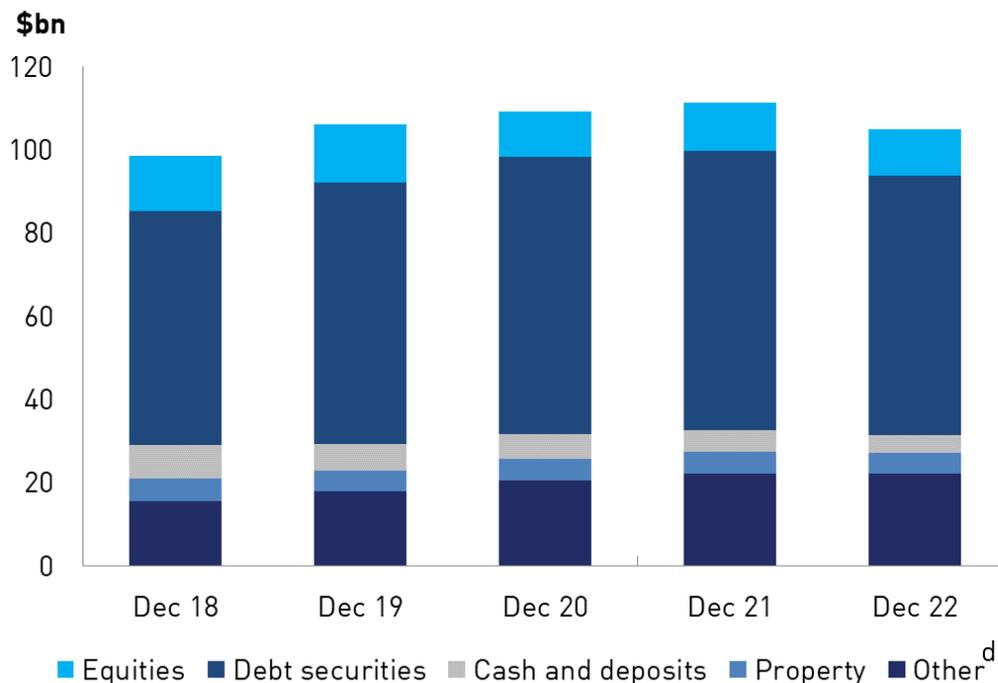


Chart 6: Prescribed capital amount coverage ratio, for year ended December 2018 to December 2022



^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.



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