



# STATISTICS

## Quarterly Life Insurance Performance Statistics

September 2019 (released 28 November 2019)

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## Forthcoming issues

This publication will be released according to the timetable published on the APRA website.

## Revisions

This edition of the publication contains revisions to previously published statistics. Significant revisions, if any, are identified and quantified in the 'Important notice'.

This publication will include revisions to previously published statistics if better source data becomes available or if compilation errors are uncovered.

APRA regularly analyses past revisions to identify potential improvements to the source data and statistical compilation techniques, in order to minimise the frequency and scale of any future revisions.

## Notation

Amounts are expressed in Australian dollars.

The symbol ' \* ' indicates that the data have been masked to maintain confidentiality.

## Rounding

Details on tables may not add up to totals due to rounding of figures.

## Glossary and explanatory notes

A set of explanatory notes and glossary are provided on the APRA website to assist the reader in understanding the source and definitions of the data.

## Enquiries

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## Important notice

This publication is available in three versions: Adobe PDF for printing, Microsoft Excel (containing a complete time series since June 2008), and a database version (in a Microsoft Excel file) that contains additional statistics and can be used for further analysis.

The PDF version of the Quarterly Life Insurance Performance publication contains a streamlined PDF of the publication, which contains the following sections:

- Important notice;
- Highlights; and
- Key statistics.

## Revisions

This edition of the Quarterly Life Insurance Performance Statistics publication includes revisions to previously published data due to resubmissions from entities. Revisions to data items by more than 10 per cent and more than \$40 million are presented below:

Table	Item	Period(s) impacted	Cause of revision	Previous figure (\$ million)	Revised figure (\$ million)
3a	Investment revenue-Total statutory funds--Individual Disability Income Insurance	Jun-19	Resubmitted data	202	246
3b	Investment revenue-Total statutory funds-Ordinary Business-Individual Disability Income Insurance	Jun-19	Resubmitted data	177	218
3a	Total revenue-Total statutory funds--Other	Jun-19	Resubmitted data	753	674
3c	Total revenue-Total statutory funds-Superannuation Business-Other	Jun-19	Resubmitted data	225	177
3a	Net profit / loss after tax-Total statutory funds--Other	Jun-19	Resubmitted data	230	180
3a	Profit / loss before tax-Total statutory funds--Other	Jun-19	Resubmitted data	415	335
3b	Profit / loss before tax-Total statutory funds-Ordinary Business-Individual Disability Income Insurance	Jun-19	Resubmitted data	-397	-356
3c	Profit / loss before tax-Total statutory funds-Superannuation Business-Other	Jun-19	Resubmitted data	64	15

## Industry performance highlights

**Quarterly performance:** Total entity net loss after tax was \$60 million for the Sep-19 quarter, a significant deterioration from the \$275 million profit for the previous quarter. This is primarily driven by market performance and a resulting realised/unrealised capital loss.

**Annual performance:** Net profit after tax for the 12 months to Sep-19 was \$0.2 billion, compared to \$1.8 billion reported in the 12 months to Sep 2018. The deterioration was primarily caused by poor performance of risk business (see below) and a material discrete write-off of goodwill in the Dec-18 quarter. For the 12 months to Sep-19, return on net assets was 0.9 per cent, down from 7.1 per cent for the previous 12 months.

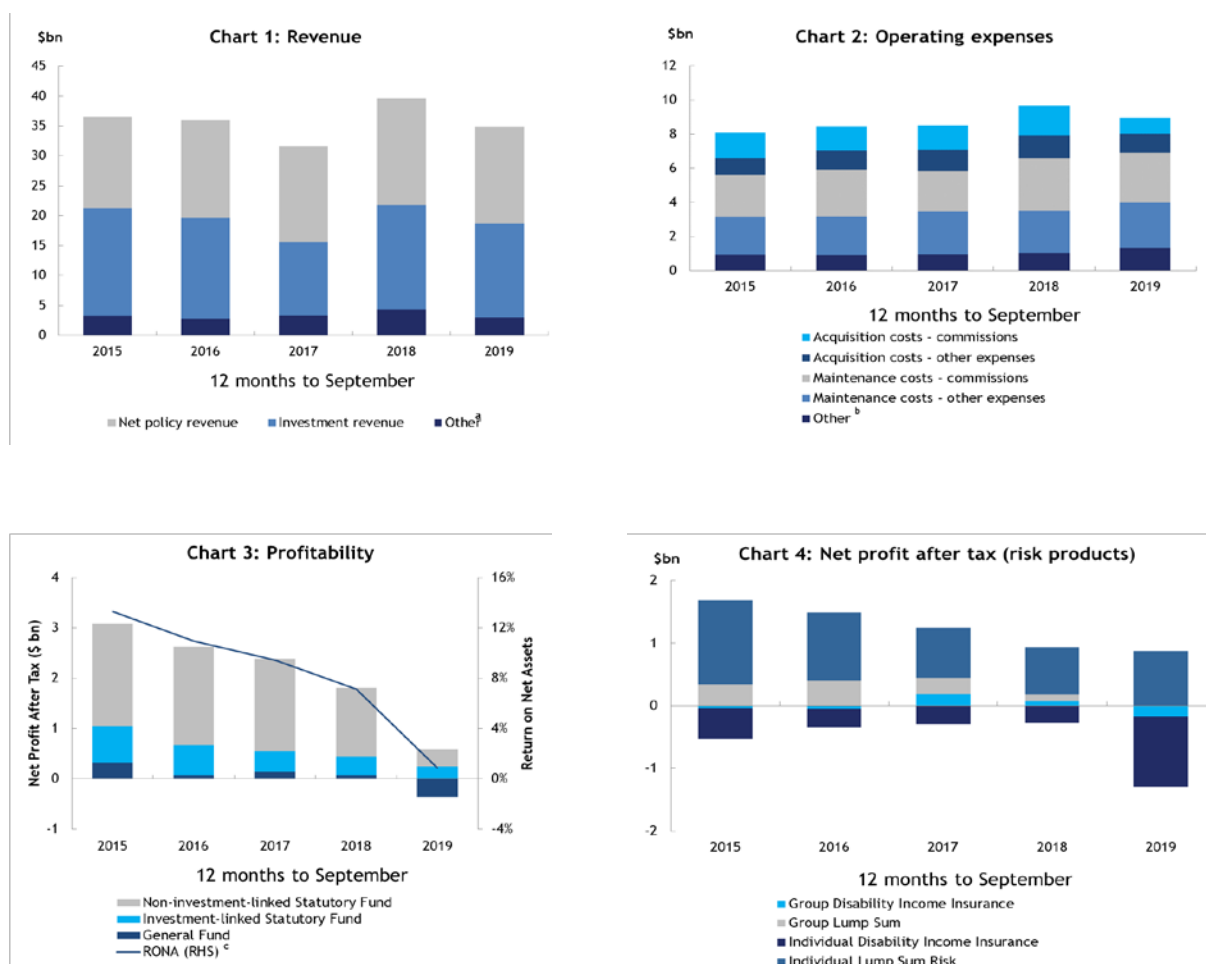
**Risk business:** Risk products recorded a combined loss of \$105 million for the Sep-19 quarter. Results by product: Individual Lump Sum \$238 million profit; Group Lump Sum \$45 million loss; Group Disability Income Insurance (DII) a \$67 million loss; and Individual DII \$231 million loss. Profits for Individual Lump Sum improved by \$39 million over the quarter, driven by tax concessions. However, Individual and Group DII continued to report losses, driven by a significant reduction in discount rates and a recognition of persistent adverse claims experience. For the 12 months to Sep-19, risk products reported an after-tax loss of \$417 million, a significant reduction from the \$654 million reported in the previous 12 months.

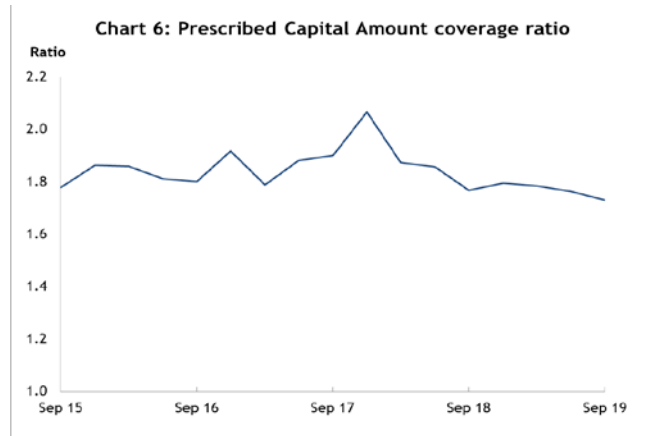
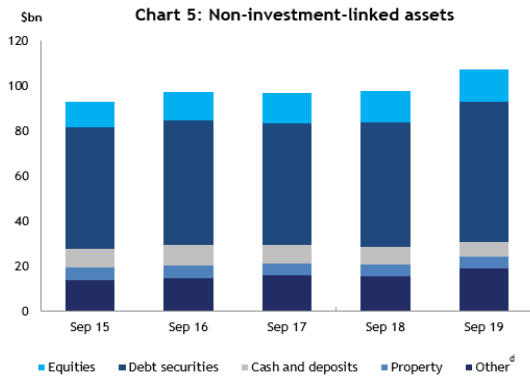
**Capital adequacy:** The industry PCA coverage ratio decreased from 1.77x to 1.73x over the 12-month period, due to a rise in the prescribed capital amount and a fall in the capital base. This is beginning to deviate from the five-year average coverage ratio of 1.80x.

Key annual performance metrics at a glance (\$ billion, unless noted otherwise)

	Year to 30 September 2018	Year to 30 September 2019	Change
Net policy revenue	17.9	16.1	-9.6%
Investment revenue	17.5	15.7	-10.0%
Total revenue	39.6	34.9	-12.1%
Net policy expenses	10.0	10.6	6.7%
Operating expenses	9.7	9.0	-7.4%
Effective movement in net policy liabilities	16.3	13.7	-16.1%
Total expenses	36.2	33.8	-6.6%
Net profit after tax	1.8	0.2	-87.8%
Total assets	232.7	202.9	-12.8%
Return on net assets	7.1%	0.9%	-6.2%
PCA coverage ratio	1.77x	1.73x	-0.04x

Historical performance trends for the five years to September 2019





**Product group performance**

<sup>a</sup> Other comprises management service fees and other revenue

<sup>b</sup> Other comprises investment management, net movement in deferred acquisition costs and other operating expenses.

<sup>c</sup> See Return on net assets in the glossary.

<sup>d</sup> Other comprises other investments, other assets and reinsurance policy liabilities.

## Key statistics

	Quarter end							Year End Jun 2018	Year End Jun 2019
	Sep 2010	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019		
<b>Total entity <sup>a</sup></b>									
Net premiums <sup>b</sup> (\$m)	9,128	11,990	9,918	9,328	8,022	7,699	7,466	41,166	32,516
Net policy payments <sup>c</sup> (\$m)	8,544	11,276	10,879	10,421	9,524	8,571	9,652	41,742	38,168
Total revenue (\$m)	3,946	12,374	9,500	-2,110	16,923	11,367	8,677	39,644	34,857
Total expenses (\$m)	3,724	11,045	9,125	-565	15,198	10,516	8,663	36,201	33,811
Net profit / loss after tax (\$m)	359	564	189	-529	535	275	-60	1,810	221
Total assets (\$m)	230,132	232,485	232,719	222,358	231,939	200,497	202,931	232,719	202,931
Net assets (\$m)	25,440	25,100	24,889	24,498	24,615	24,822	24,707	24,889	24,707
Return on net assets <sup>d</sup> (%)	5.5%	8.9%	3.0%	-8.6%	8.7%	4.5%	-1.0%	7.1%	0.9%
Prescribed capital amount coverage ratio	1.87	1.86	1.77	1.80	1.79	1.76	1.73	1.77	1.73
<b>Total statutory funds</b>									
Net premiums (\$m)	9,128	11,990	9,917	9,327	8,025	7,691	7,411	41,165	32,454
Net policy payments (\$m)	8,544	11,276	10,879	10,421	9,524	8,571	9,652	41,742	38,168
Total revenue (\$m)	3,902	12,287	9,406	-2,104	16,771	11,218	8,599	39,325	34,484
Total expenses (\$m)	3,692	10,997	9,062	-980	15,077	10,419	8,559	35,989	33,075
Net profit / loss after tax (\$m)	352	536	162	-119	512	233	-41	1,731	585
Total assets (\$m)	225,173	227,832	227,932	217,841	226,965	196,066	197,506	227,932	197,506
Net assets (\$m)	23,290	22,705	22,419	22,133	22,174	22,519	22,436	22,419	22,436
Return on net assets (%)	6.0%	9.3%	2.9%	-2.1%	9.2%	4.2%	-0.7%	7.6%	2.6%
Prescribed capital amount coverage ratio	1.85	1.87	1.76	1.75	1.73	1.71	1.68	1.76	1.68
<b>Investment linked <sup>e</sup></b>									
Net premiums (\$m)	4,101	5,779	4,159	4,055	3,309	2,608	2,323	18,695	12,295
Net policy payments (\$m)	5,002	7,246	6,667	6,268	5,750	4,465	4,803	25,775	21,286
Total revenue (\$m)	-933	5,632	3,282	-7,374	9,760	4,261	2,412	14,514	9,059
Total expenses (\$m)	-787	5,064	3,017	-6,606	8,944	3,916	2,329	13,245	8,583
Net profit / loss after tax (\$m)	97	87	87	85	72	34	60	361	250
Total assets (\$m)	128,074	130,679	130,141	119,435	125,806	91,390	90,394	130,141	90,394
Net assets (\$m)	702	672	624	615	625	529	522	624	522
Return on net assets (%)	57.5%	50.5%	53.6%	54.7%	46.5%	23.3%	45.3%	56.2%	43.6%
Prescribed capital amount coverage ratio	2.10	2.05	1.89	1.99	1.88	2.10	2.08	1.89	2.08
<b>Non investment linked <sup>e</sup></b>									
Net premiums (\$m)	5,032	6,218	5,761	5,270	4,720	5,089	5,107	22,534	20,186
Net policy payments (\$m)	3,547	4,037	4,216	4,151	3,777	4,113	4,868	16,032	16,909
Total revenue (\$m)	4,836	6,655	6,124	5,270	7,010	6,957	6,187	24,812	25,424
Total expenses (\$m)	4,478	5,934	6,046	5,626	6,133	6,503	6,230	22,744	24,492
Net profit / loss after tax (\$m)	255	450	75	-204	440	199	-100	1,370	335
Total assets (\$m)	97,194	97,201	97,881	98,594	101,247	104,741	107,203	97,881	107,203
Net assets (\$m)	22,588	22,033	21,795	21,518	21,549	21,990	21,914	21,795	21,914
Return on net assets (%)	4.5%	8.1%	1.4%	-3.8%	8.2%	3.7%	-1.8%	6.2%	1.5%
Prescribed capital amount coverage ratio	1.84	1.86	1.75	1.74	1.72	1.70	1.67	1.75	1.67

<sup>a</sup> Total entity comprises total statutory funds and general funds.

<sup>b</sup> Net premiums is the sum of net policy revenue, premium related fees and net policy revenue recognised as a deposit.

<sup>c</sup> Net policy payments is the sum of net policy expenses and net policy expenses recognised as a withdrawal.

<sup>d</sup> Quarterly figures expressed as annual percentage rates. See Return on net assets in the glossary.

<sup>e</sup> Investment linked and non investment linked figures may not add up to the total statutory funds figures due to eliminations between statutory funds.





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