



STATISTICS

General Insurance Claims Development Statistics - Highlights

December 2018 (released 27 June 2019)

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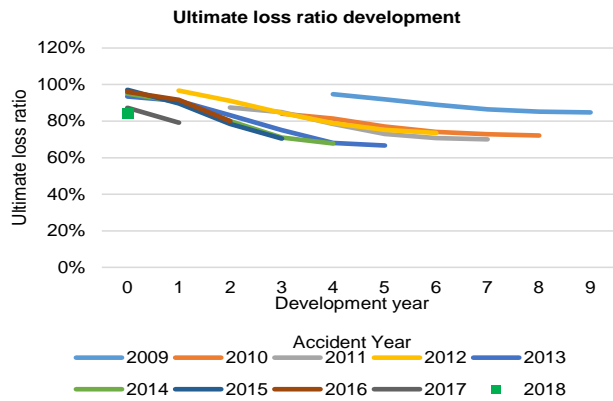
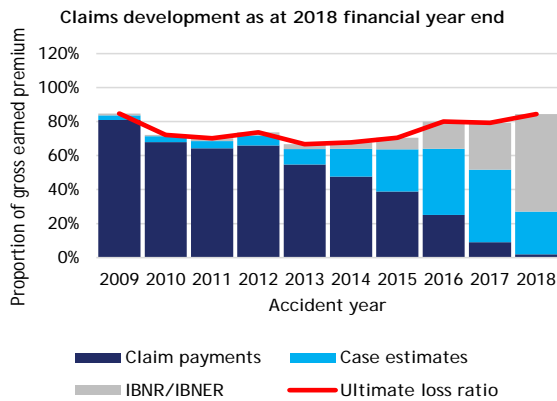
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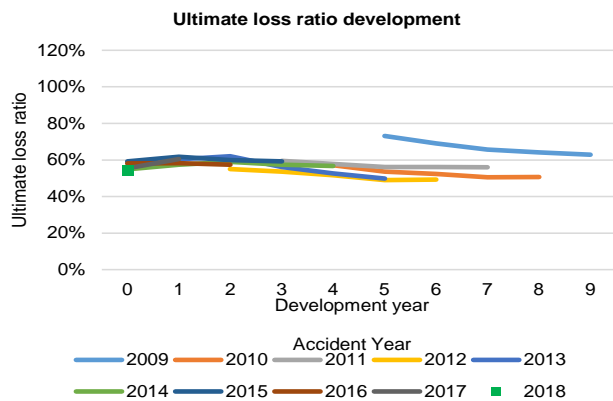
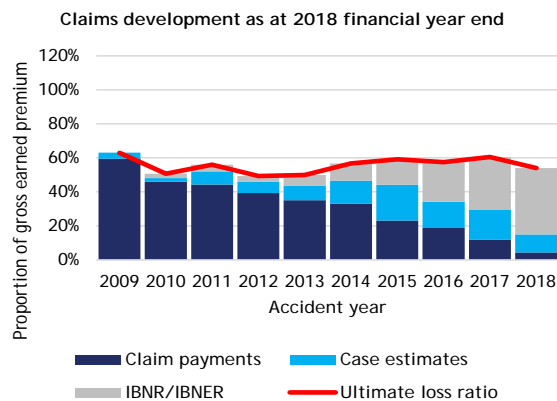
Highlights

	Accident year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	CTP motor vehicle									
Gross earned premium (\$m)	2,287	2,597	2,792	2,931	3,210	3,468	3,554	3,768	4,134	3,768
Latest estimated gross ultimate cost of claims (\$m)	1,937	1,874	1,957	2,157	2,139	2,349	2,505	3,013	3,275	3,180
Latest estimated ultimate loss ratio (%)	84.7%	72.2%	70.1%	73.6%	66.6%	67.7%	70.5%	80.0%	79.2%	84.4%



- In the 2018 financial year significant reserve releases occurred consistently across all prior accident years. These were mainly concentrated within the accident years up to 4 years prior. The estimated ultimate loss ratio for the 2018 accident year (84.4 per cent) is lower than recent accident years at the same stage of development due to decreased claims costs more than offsetting the decrease in earned premium which has resulted from NSW CTP scheme reforms.

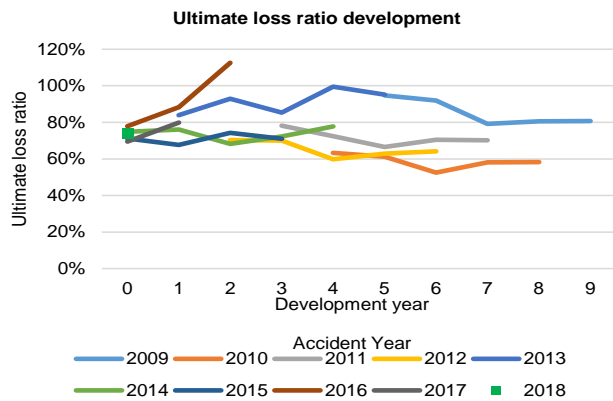
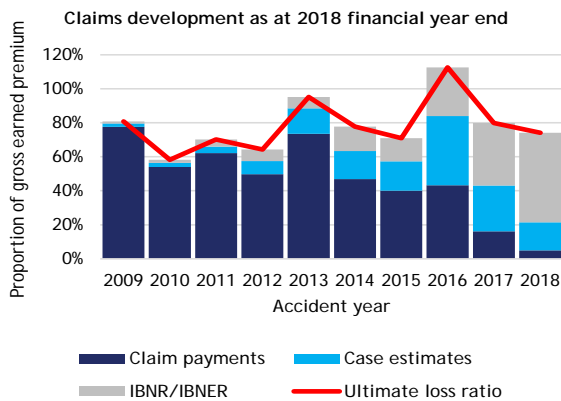
	Public and product liability									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross earned premium (\$m)	2,049	1,895	2,027	2,062	2,080	2,167	2,187	2,199	2,240	2,332
Latest estimated gross ultimate cost of claims (\$m)	1,288	960	1,135	1,016	1,038	1,228	1,294	1,264	1,356	1,260
Latest estimated ultimate loss ratio (%)	62.8%	50.7%	56.0%	49.3%	49.9%	56.7%	59.2%	57.5%	60.5%	54.0%



- In the 2018 financial year there was little movement in reserves and this is in contrast to the reserve releases across the 2016 and 2017 financial years. The estimated ultimate loss ratio for the 2018 accident year (54.0 per cent) is slightly lower than recent accident years at the same stage of development due to an increase in premium.

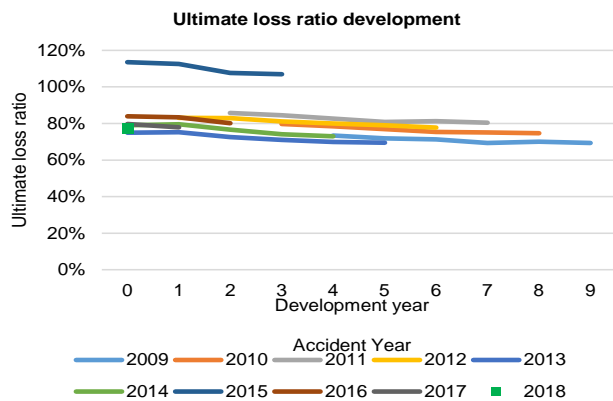
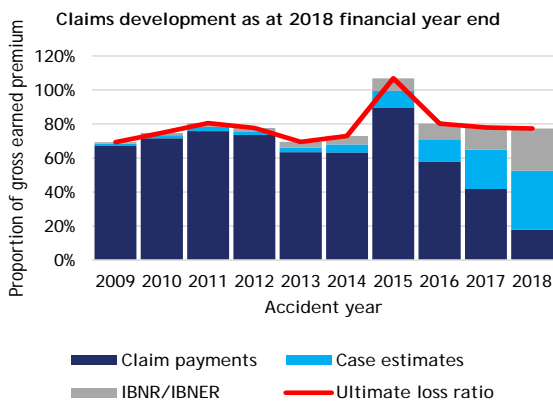
Highlights (continued)

	Accident year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Professional indemnity									
Gross earned premium (\$m)	1,227	1,329	1,285	1,274	1,327	1,370	1,419	1,454	1,622	1,782
Latest estimated gross ultimate cost of claims (\$m)	989	774	902	817	1,263	1,065	1,006	1,636	1,294	1,319
Latest estimated ultimate loss ratio (%)	80.6%	58.3%	70.2%	64.2%	95.2%	77.7%	70.9%	112.5%	79.8%	74.0%



- In the 2018 financial year significant reserve strengthening occurred across all recent accident years, and this was consistent with the experience in 2017. This trend aligns with an increase in class action activity. These reserve strengthenings were mainly concentrated within the accident years up to 4 years prior. The estimated ultimate loss ratio for the 2018 accident year (74.0 per cent) is in line with recent accident years at the same stage of development, with premium increases offsetting increased claims costs.

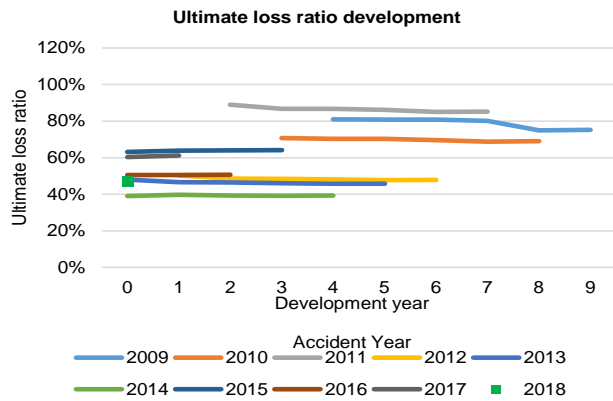
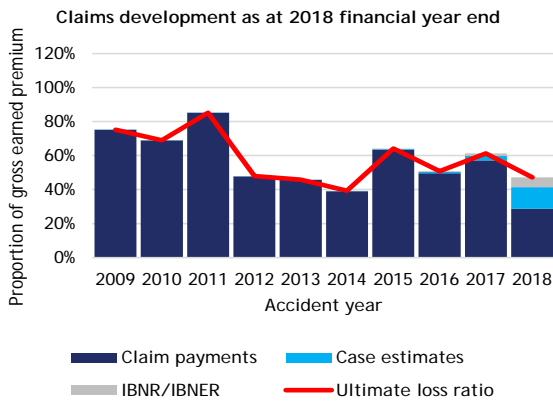
	Employers' liability									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross earned premium (\$m)	1,186	1,191	1,244	1,407	1,629	1,612	1,640	1,568	1,555	1,633
Latest estimated gross ultimate cost of claims (\$m)	823	891	1,001	1,094	1,130	1,175	1,752	1,257	1,211	1,264
Latest estimated ultimate loss ratio (%)	69.3%	74.8%	80.5%	77.8%	69.4%	72.9%	106.8%	80.2%	77.9%	77.4%



- In the 2018 financial year reserve releases occurred across all recent accident years. The estimated ultimate loss ratio for the 2018 accident year (77.4 per cent) is slightly lower than recent accident years at the same stage of development driven by premium increases. There is a significant transactional impact on the 2015 accident year data, excluding the impact of this transaction the ultimate loss ratio for the 2015 accident year would be approximately 75 per cent.

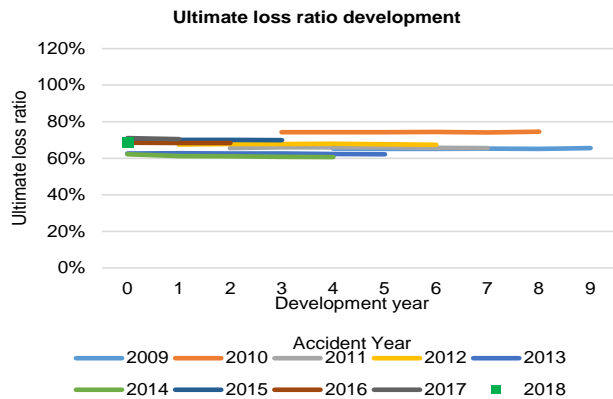
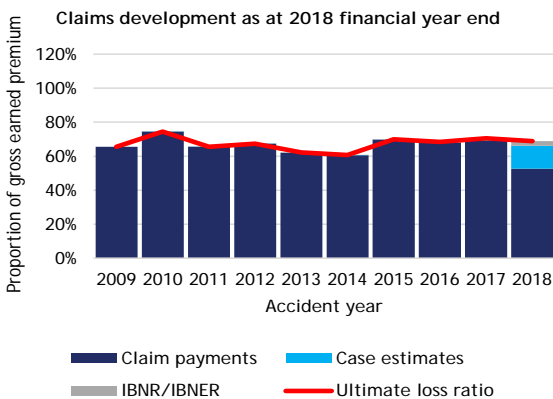
Highlights (continued)

	Accident year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Houseowners/householders									
Gross earned premium (\$m)	3,978	4,722	5,404	6,217	7,016	7,605	7,838	8,034	8,328	8,661
Latest estimated gross ultimate cost of claims (\$m)	2,991	3,260	4,602	2,974	3,214	2,985	5,027	4,074	5,094	4,079
Latest estimated ultimate loss ratio (%)	75.2%	69.0%	85.2%	47.8%	45.8%	39.3%	64.1%	50.7%	61.2%	47.1%



- 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 2018 accident year (47.1 per cent) is significantly lower than the 10 year average of 58.5 per cent due to both a fall in claims costs as well as increased premiums. The impact of the Sydney hailstorms which took place in December 2018 is only included in the data reported by insurers with 31 December balance dates as the claims development data is submitted to APRA annually.

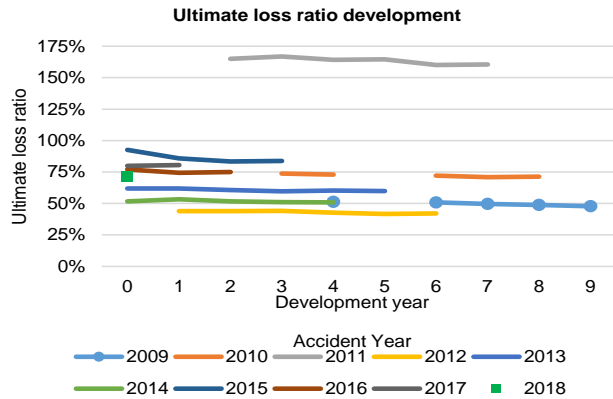
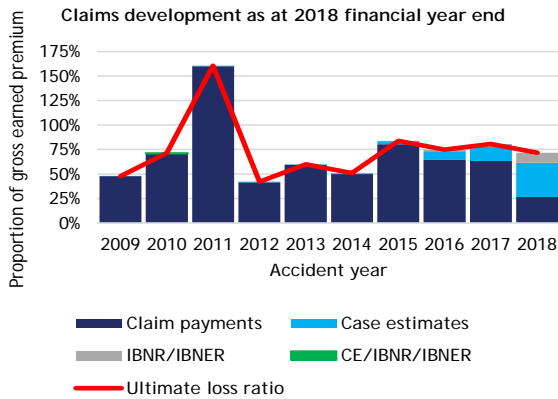
	Domestic motor vehicle									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross earned premium (\$m)	5,778	6,196	6,610	6,937	7,378	7,872	7,987	8,286	8,720	9,342
Latest estimated gross ultimate cost of claims (\$m)	3,787	4,615	4,333	4,677	4,585	4,778	5,582	5,662	6,149	6,441
Latest estimated ultimate loss ratio (%)	65.6%	74.5%	65.5%	67.4%	62.1%	60.7%	69.9%	68.3%	70.5%	68.9%



- 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 2018 accident year (68.9 per cent) aligns with the 10 year average of 67.3 per cent with an increased cost of claims offset by premium increases. The impact of the Sydney hailstorms which took place in December 2018 is only included in the data reported by insurers with 31 December balance dates as the claims development data is submitted to APRA annually.

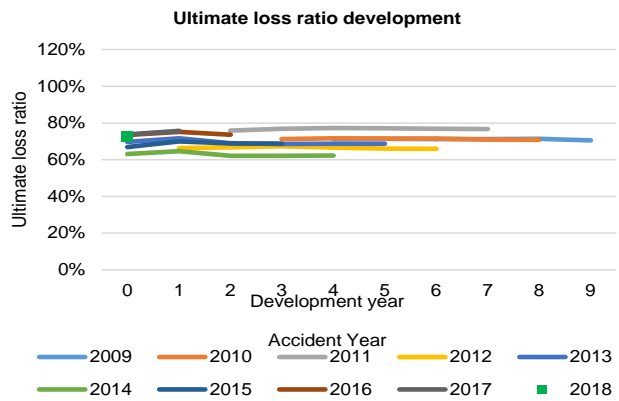
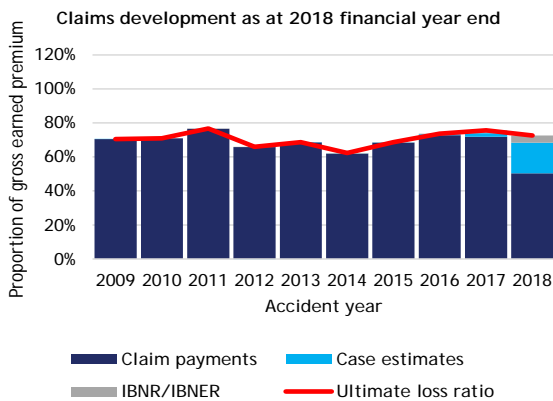
Highlights (continued)

	Accident year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Fire and ISR									
Gross earned premium (\$m)	2,957	3,189	3,416	3,893	4,066	3,959	3,859	4,005	4,152	4,373
Latest estimated gross ultimate cost of claims (\$m)	1,413	2,277	5,483	1,639	2,433	2,017	3,236	3,001	3,343	3,140
Latest estimated ultimate loss ratio (%)	47.8%	71.4%	160.5%	42.1%	59.8%	51.0%	83.9%	74.9%	80.5%	71.8%



- 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 2018 accident year (71.8 per cent) is below the 10 year average of 74.4 per cent due to both a fall in claims costs as well as increased premiums. The impact of the Sydney hailstorms which took place in December 2018 is only included in the data reported by insurers with 31 December balance dates as the claims development data is submitted to APRA annually.

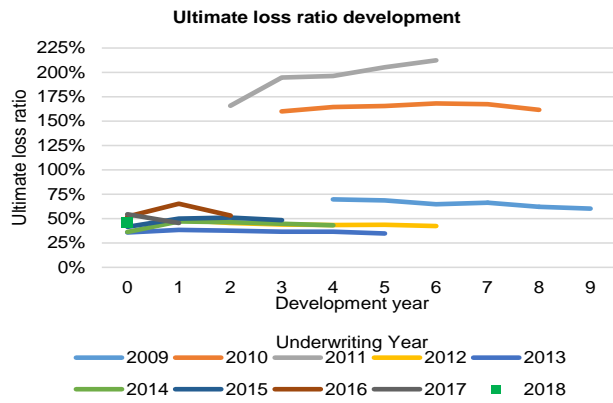
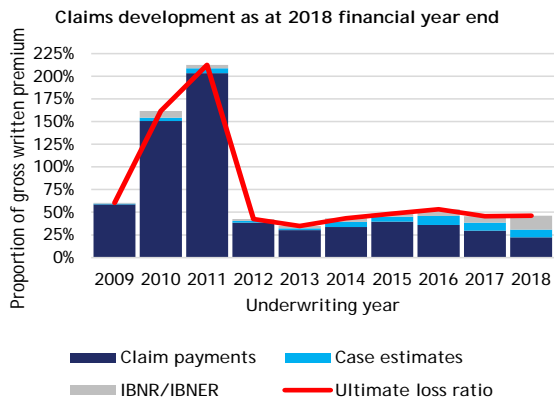
	Commercial motor vehicle									
	Gross earned premium (\$m)	1,568	1,710	1,832	1,933	2,063	2,103	2,193	2,102	2,241
Latest estimated gross ultimate cost of claims (\$m)	1,105	1,212	1,404	1,274	1,417	1,309	1,507	1,547	1,695	1,783
Latest estimated ultimate loss ratio (%)	70.5%	70.9%	76.7%	65.9%	68.7%	62.3%	68.7%	73.6%	75.6%	72.6%



- 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 2018 accident year (72.6 per cent) is slightly higher than the 10 year average of 70.6 per cent, albeit is lower than the previous two years at the same stage of development due to premium growth. The impact of the Sydney hailstorms which took place in December 2018 is only included in the data reported by insurers with 31 December balance dates as the claims development data is submitted to APRA annually.

Highlights (continued)

	Underwriting year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Reinsurance									
Gross written premium (\$m)	4,128	4,233	4,644	5,175	5,467	6,127	6,615	7,412	6,486	6,801
Latest estimated gross ultimate cost of claims (\$m)	2,490	6,841	9858 ^a	2,193	1,905	2,653	3,208	3,947	2,951	3,136
Latest estimated ultimate loss ratio (%)	60.3%	161.6%	212.3% ^a	42.4%	34.9%	43.3%	48.5%	53.3%	45.5%	46.1%



- In the 2017 financial year reserve movements were impacted by one insurer consolidating its APRA licences and should be used with caution. The estimated ultimate loss ratio for the 2018 underwriting year (46.1 per cent) is slightly lower than recent underwriting years at the same stage of development. The impact of the Sydney hailstorms which took place in December 2018 is only included in the data reported by insurers with 31 December balance dates as the claims development data is submitted to APRA annually.

^aFor the 2011 underwriting year, claims data as at the 2017 financial year end has been used given confidentiality constraints on publishing the 2018 data.



 **APRA**