



Australian Prudential Regulation Authority

Half Yearly Life Insurance Financial Bulletin

Year Ending December 1999

The Australian Prudential Regulation Authority (APRA) collects these statistics from the financial services industry and publishes them to provide general information on industry trends. APRA uses its best endeavours to present the information that it receives accurately.

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Introduction

The *Half Yearly Life Insurance Financial Bulletin* for December 1999 contains selected financial and market statistics of the life insurance companies, presented primarily at aggregate level for all companies balancing between 1 January 1999 to 31 December 1999. The *Bulletin* also includes company level abstracts on profit and loss, balance sheet, solvency, sources of profit and assets.

Data in this *Half Yearly Life Insurance Financial Bulletin* is mainly sourced from the diskette version of the Financial Statements submitted by the life insurance companies in accordance with *Prudential Rules 21 (Financial Statements)* for companies balancing prior to 31 December 1999. For companies balancing on this date, the data is mainly sourced from the diskette version of the Financial Statements submitted by the life insurance companies in accordance with *Prudential Rules 35 (Financial Statements)*. While there are some differences in the treatment of various data items between the two Prudential Rules, for example with the treatment of policy owner retained profits, for the purposes of continuity with previous versions of the Half Yearly Life Insurance Financial Bulletin every effort has been made to maintain as similar table structures as possible.

Information on assets, on the other hand, is sourced from the quarterly diskette returns submitted by the life companies under *Prudential Rules 26 (Collection of Statistics)*, while information on premium income is sourced from the half yearly market statistical returns, *Prudential Rules 32*.

An electronic version of the annual financial returns submitted on diskette by each of the life insurance companies under *Prudential Rules 21* or *Prudential Rules 35* is available for those parties interested in the unit-level data that produced the *Half Yearly Life Insurance Financial Bulletin*.

In addition, half yearly market statistics returns collected under *Prudential Rules 32 (Variation of Prudential Rules 26)* and selected quarterly asset information collected under *Prudential Rules 26* are also available on diskette. The information collected under *Prudential Rules 32* replaces the information from which the previous *Quarterly Statistical Bulletin* was based.

Both the Financial diskette and the Market Statistics and Assets diskette can be obtained from the Australian Prudential Regulation Authority.

Life Insurance Highlights

For companies balancing between 1 January 1999 and 31 December 1999

Note: Data in the highlights (and the subsequent tables) are primarily sourced from the diskette version of the Financial Statements submitted by life insurance companies, in accordance with Prudential Rules 21 for companies balancing prior to 31 December 1999 and in accordance with Prudential Rules 35 for companies balancing on this date. No adjustment whatsoever has been made to address reporting differences and inconsistencies in the companies' diskette returns. Also, where figures have been rounded, discrepancies may occur between sums of the component items and totals.

Main Features

Figures (in brackets) under the Main Features heading represent the equivalent values from the December 1998 Bulletin.

- Total life insurance statutory fund assets for companies balancing during the year ending 31 December 1999 were \$179.9 billion (\$163.9 billion). These assets were backing \$169.1 billion of Australian and overseas policy liabilities, bonuses and policy owner retained profits (\$151.8 billion of Australian and overseas policy liabilities and bonuses).
- The industry aggregate solvency reserve percentage was 6.0% (6.2%). The corresponding solvency coverage ratio for companies balancing during the year ending 31 December 1999 was 1.77 (1.78).
- Life insurance premiums totalled \$40.2 billion (\$35.2 billion) for companies balancing during the year ending 31 December 1999. Investment linked business accounted for \$26.6 billion (\$23.3 billion), the remaining \$13.6 (\$12.5 billion) was non-investment linked business.
- Total life insurance policy payments were \$31.7 billion (\$29.8 billion) for companies balancing during the year ending 31 December 1999. Surrenders and terminations accounted for \$20.6 billion (\$17.8 billion) of all policy payments.
- Aggregate industry profits were \$3.6 billion (\$3.0 billion), of which \$1.7 billion (\$1.4 billion) was allocated to policy owners and \$1.9 billion (\$1.6 billion) to shareholders.

- Equities amounted to the major component of investment assets, at 31%, closely followed by unit trusts, at 29%, and interest bearing securities at 28%.

Solvency

There are two main measures referred to when examining the solvency position of a life insurance company. These measures are the *solvency reserve percentage* and the *solvency coverage ratio*.

The *solvency reserve percentage* measures the reserve required by the company to enable it to meet its obligations, under a prescribed set of adverse conditions, as a percentage of the company's base liabilities. This percentage will vary from company to company depending on the types of business the company writes and the types of assets it holds to back these liabilities.

The industry aggregate solvency reserve percentage for the period was 6.0%.

For investment linked business, where the liabilities are linked to the value of the assets supporting them, the percentage was 1.2%. For non-investment linked business the solvency reserve percentage was 14.2%.

The *solvency coverage ratio* measures the number of times the company's excess assets are able to cover the required solvency reserve.

The industry aggregate solvency coverage ratio was 1.77. For investment linked business, the ratio was 1.87, while for non-investment linked business the solvency coverage ratio was 1.76.

Three quarters of all life companies had a solvency coverage ratio greater than 1.5.

Industry Structure

Australian business accounted for almost 97% (\$152.5 billion) of the total policy liabilities, bonuses and policy owner retained profits in the life insurance industry. The remaining 3% (\$4.7 billion) of liabilities, bonuses and policy owner retained profits related to overseas business.

Superannuation business represented about 84% (\$126.8 billion) of Australian policy liabilities and bonuses. Superannuation participating policies represented 18% (\$22.8 billion) and non-participating policies 82% (\$104.1 billion) of the Superannuation total.

Ordinary business represented the remaining 16% (\$24.8 billion) of Australian policy liabilities and bonuses. About 52% (\$13.0 billion) of the ordinary total represented participating policies and 48% (\$11.8 billion) non-participating policies.

The proportion of superannuation business has increased by 7% (from 77%) since September 1996. This is consistent with the continuing trend within the life insurance industry towards superannuation products.

Profitability

Total profit from the statutory funds, after tax and extraordinary items, was \$3.6 billion. Non-investment linked business accounted for around \$3.1 billion of this, while the profit relating to investment linked business was around \$0.5 billion.

The profit allocated to policy owners accounted for 48% (\$1.7 billion) of the total profit. The remaining 52% (\$1.9 billion) was allocated to shareholders.

Total industry profit can be divided into its different sources. Planned profits contributed 73% (\$2.6 billion) of total profits, while there was a 0.2% (-\$8 million) experience loss. An experience profit/loss results from actual experience and assumed experience differing for the year.

Investment earnings on retained profits and capital contributed 28% (\$1.0 billion)

of the total profit figure. This proportion can be expected to vary from year to year with changes in performance of investment markets.

Despite the current dominance of investment linked business over non-investment linked business (see Premiums below), almost all of the profits from the life insurance industry arose from non-investment linked business. This is the result of the different nature of the two types of business.

Investment management charges are the only potential source of profits from investment linked business. Non-investment linked business provides the opportunity for life insurance companies to make profits through the pooling and management of risks.

Premiums

Total life insurance premiums received for companies balancing during the year ending 31 December 1999 were \$40.2 billion.

Investment linked business accounted for 66% (\$26.6 billion) of these premiums, with the remaining 34% (\$13.6 billion) relating to non-investment linked business.

Over the period 1 July 1999 to 31 December 1999, \$15.7 billion (\$21.0 billion) in new single premium business was written. Superannuation accounted for \$14.6 billion, or 93% of these new single premiums, with ordinary business accounting for \$1.1 billion. During the same period \$842 million (\$1 107 million) in new contractual regular premium business was written. Superannuation accounted for \$599 million, or 71% of this total. In part due to this result, there was a rise of around 2%, from \$6.6 billion to \$6.8 billion, in contractual regular premium business in force at the end of December 1999 compared to the beginning of July 1999. Voluntary discontinuances accounted for \$508 million of the reduced premiums in force, while Other movements accounted for a further reduction of \$48 million.

Policy Payments

Total industry policy payments for companies balancing during the year ending 31 December 1999 were \$31.7 billion.

Payments for surrenders and terminations accounted for 65% (\$20.6 billion) of the total policy payments. Policy maturities represented a further 12% (\$3.7 billion).

Annuity payments and death and disability claims accounted for 11% (\$1.7 billion and \$1.8 billion respectively) of policy payments. A further 6% (\$1.8 billion) resulted from policy conversions.

Total premiums received during the period exceeded total policy payments by \$8.5 billion.

Asset Allocation

The proportion of life insurance investment assets held in growth assets (ie equities, unit trusts and property) was 63% of total investment assets, compared to 58% for the previous year. In comparison, investments in more defensive assets (ie interest bearing securities, loans and convertible notes) accounted for 35% of total investment assets, compared to 40% for the previous year.

Key Statistics

(\$ billion)

1 January 1999 to 31 December 1999

	Year Ending		Change	
	31 December 1999	31 December 1998	Amount	%
Assets				
Total statutory fund	179.9	163.9	16.0	9.8%
Backing Australian liabilities	174.3	157.9	16.4	10.4%
Liabilities				
Total statutory fund	169.1	151.8	17.3	11.4%
Australian liabilities	164.1	146.6	17.5	11.9%
Premiums				
Total statutory fund	40.2	35.2	5.0	14.2%
Policy payments				
Total statutory fund	31.7	29.8	1.9	6.4%
Operating expenses				
Total statutory fund	3.7	3.6	0.1	2.8%
Operating profit after income tax				
Total statutory fund	3.6	3.0	0.6	20.0%
Solvency reserve %	5.98	6.18	-0.2	-3.2%
Solvency coverage ratio	1.77	1.78	-0.01	-0.6%

Table 1. Profit and loss statement
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds						Shareholders' fund
	Australian				Overseas	Total ^a	
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
Total Industry							
Net insurance premiums	488	4,784	3,900	29,373	565	38,728	4
Investment revenue	1,290	1,125	1,760	8,591	616	13,383	273
Other revenues	6	118	4	36	2	164	29
Net income	1,784	6,028	5,664	38,000	1,183	52,276	306
Net claims	1,301	3,523	4,193	22,952	757	32,344	2
Operating expenses	206	1,139	393	1,934	229	3,900	149
Increase / (decrease) in policy liabilities	-350	746	369	11,413	-51	12,128	0
Net expenses	1,188	5,422	5,089	36,303	968	48,588	151
Operating profit before income tax ^b	596	606	575	1,696	214	3,687	158
Income tax	259	150	59	671	108	1,247	14
Operating profit and extraordinary items after income tax	321	456	490	1,024	107	2,398	-1,060
Direct Insurers							
Net insurance premiums	488	4,153	3,900	29,246	529	37,933	4
Investment revenue	1,290	1,056	1,760	8,566	610	13,283	272
Other revenues	6	106	4	34	2	151	29
Net income	1,784	5,315	5,664	37,846	1,141	51,367	305
Net claims	1,301	3,348	4,193	22,872	728	32,059	2
Operating expenses	206	1,010	393	1,892	210	3,710	148
Increase / (decrease) in policy liabilities	-350	368	369	11,409	-51	11,745	0
Net expenses	1,188	4,739	5,089	36,177	920	47,731	149
Operating profit before income tax ^b	596	576	575	1,669	220	3,636	157
Income tax	259	162	59	672	110	1,261	15
Operating profit and extraordinary items after income tax	321	414	490	996	111	2,332	-1,060

^aDifferences may occur between Statutory fund total and sum of the details due to the elimination of interfund transactions.

^bExcludes abnormal items for companies reporting under Prudential Rules 35.

Table 1. Profit and Loss Statement....cont.
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds						Shareholders' fund
	Australian				Overseas	Total ^a	
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	Reinsurers						
Net insurance premiums	0	632	0	127	37	796	0
Investment revenue	0	69	0	25	5	100	2
Other revenues	0	11	0	2	0	13	0
Net income	0	712	0	154	42	908	1
Net claims	0	176	0	80	29	285	0
Operating expenses	0	129	0	42	19	190	1
Increase / (decrease) in policy liabilities	0	379	0	4	0	382	0
Net expenses	0	683	0	127	48	857	1
Operating profit before income tax ^b	0	30	0	28	-6	51	0
Income tax	0	-13	0	0	-2	-15	0
Operating profit and extraordinary items after income tax	0	42	0	28	-4	66	1

^aDifferences may occur between Statutory fund total and sum of the details due to the elimination of interfund transactions.

^bExcludes abnormal items for companies reporting under Prudential Rules 35.

Table 2. Balance Sheet
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds						Shareholders' fund
	Australian				Overseas	Total ^a	
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	Total Industry						
Investment assets	14,992	15,027	23,973	110,588	4,892	169,472	6,484
Other assets					682	10,382	2,093
Total assets					5,575	179,854	8,577
Net policy liabilities ^b	12,373	11,836	22,093	104,045	4,297	154,643	1
Bonuses / Policy owner retained profits ^c	596	0	671	33	353	2,537	0
Other liabilities					367	11,885	1,036
Total liabilities					5,017	169,086	4,579
Net assets					558	10,769	3,999
comprised of							
Shareholders retained profits						6,605	644
Shareholders capital						4,164	3,355
	Direct Insurers						
Investment assets	14,992	13,771	23,973	110,428	4,753	167,917	4,501
Other assets					664	10,147	1,893
Total assets					5,416	178,064	8,324
Net policy liabilities ^b	12,373	11,070	22,093	103,921	4,217	153,674	1
Bonuses / Policy owner retained profits ^c	596	0	671	33	353	2,537	0
Other liabilities					340	11,516	1,000
Total liabilities					4,910	167,748	4,542
Net assets					507	10,316	3,781
comprised of							
Shareholders retained profits						6,181	627
Shareholders capital						4,136	3,154
	Reinsurers						
Investment assets	0	1,255	0	160	140	1,555	54
Other assets					19	235	200
Total assets					158	1,791	254
Net policy liabilities ^b	0	765	0	124	80	969	0
Bonuses / Policy owner retained profits ^c	0	0	0	0	0	0	0
Other liabilities					27	369	36
Total liabilities					107	1,338	36
Net assets					52	453	218
comprised of							
Shareholders retained profits						425	17
Shareholders capital						28	200

^aDifferences may occur between Statutory fund total and sum of the details due to the elimination of interfund transactions.

^bCeded policy liabilities are deducted from gross policy liabilities in determining net policy liabilities.

^cUnder PR35 Policy owner retained profits are considered to be liabilities. The table reflects this new approach.

Table 3. Solvency
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Fund		Total ^b
	Investment Linked	Non-Investment Linked	
	Total Industry		
Base liabilities	102,468	60,415	162,755
Solvency reserve	1,189	8,548	9,736
Solvency requirement	103,657	68,962	172,491
Total assets ^a	104,520	75,467	179,859
Assets available for solvency reserve	2,217	15,037	17,254
Solvency reserve %	1.16	14.15	5.98
Solvency coverage	1.87	1.76	1.77
	Direct Insurers		
Base liabilities	102,468	58,986	161,326
Solvency reserve	1,189	8,381	9,570
Solvency requirement	103,657	67,367	170,896
Total assets ^a	104,520	73,676	178,068
Assets available for solvency reserve	2,217	14,675	16,892
Solvency reserve %	1.16	14.21	5.93
Solvency coverage	1.87	1.75	1.77
	Reinsurers		
Base liabilities	0	1,429	1,429
Solvency reserve	0	166	166
Solvency requirement	0	1,596	1,596
Total assets ^a	0	1,791	1,791
Assets available for solvency reserve	0	362	362
Solvency reserve %	-	11.64	11.64
Solvency coverage	-	2.18	2.18

^aTotal assets net of policy liabilities ceded.

^bDifferences may occur between total and sum of the details due to the elimination of interfund transactions.

Table 4. Sources of Profit
(\$ million)

1 January 1999 to 31 December 1999

		Statutory Fund			Shareholders' Fund
		Investment Linked	Non-Investment Linked	Total	
Total Industry					
Investment earnings on retained profits & capital		186	810	996	
Emergence of planned profits					
- Policy owner		0	1,531	1,531	
- Shareholder		418	692	1,111	
Experience profit		-72	64	-8	
Operating profit from other sources		-2	-31	-33	
Operating profit after income tax		530	3,067	3,597	-1,060
allocated to					
- Policy owner		0	1,736	1,736	0
- Shareholder		530	1,331	1,861	-1,060
Return on capital (%) ^a		5%			

Direct Insurers					
Investment earnings on retained profits & capital		186	758	944	
Emergence of planned profits					
- Policy owner		0	1,531	1,531	
- Shareholder		418	661	1,079	
Experience profit		-72	75	3	
Operating profit from other sources		-2	-24	-26	
Operating profit after income tax		530	3,001	3,531	-1,060
allocated to					
- Policy owner		0	1,736	1,736	0
- Shareholder		530	1,265	1,795	-1,060
Return on capital (%) ^a		5%			

Reinsurers					
Investment earnings on retained profits & capital		0	52	52	
Emergence of planned profits					
Policy owner		0	0	0	
- Shareholder		0	32	32	
Experience profit		0	-11	-11	
Operating profit from other sources		0	-7	-7	
Operating profit after income tax		0	66	66	1
allocated to					
- Policy owner		0	0	0	0
- Shareholder		0	66	66	1
Return on capital (%) ^a		10%			

^aOperating profit after income tax (allocated to shareholders) / shareholders' capital and retained profits.

Table 5. Premium Revenue
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Fund			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	Total Industry			
Direct insurance premiums	22,230	8,377	30,607	0
Direct consideration for deferred annuities	982	193	1,175	0
Direct consideration for immediate annuities	1,650	3,104	4,754	0
Policy conversions	1,497	809	2,305	0
Total direct insurance premiums	26,357	12,483	38,841	0
Inwards reinsurance premiums	0	1,102	1,102	0
Premium recognised as a change in policy liability ^a	261	0	261	0
Total non-life insurance premiums	0	0	0	5
Insurance premiums	26,618	13,585	40,203	5
Direct Insurers				
Direct insurance premiums	22,230	8,377	30,607	0
Direct consideration for deferred annuities	982	193	1,175	0
Direct consideration for immediate annuities	1,650	3,104	4,754	0
Policy conversions	1,497	809	2,305	0
Total direct insurance premiums	26,357	12,483	38,841	0
Inwards reinsurance premiums	0	78	78	0
Premium recognised as a change in policy liability ^a	261	0	261	0
Total non-life insurance premiums	0	0	0	5
Insurance premiums	26,618	12,562	39,180	5
Reinsurers				
Direct insurance premiums	0	0	0	0
Direct consideration for deferred annuities	0	0	0	0
Direct consideration for immediate annuities	0	0	0	0
Policy conversions	0	0	0	0
Direct insurance premiums	0	0	0	0
Inwards reinsurance premiums	0	1,024	1,024	0
Premium recognised as a change in policy liability ^a	0	0	0	0
Total non-life insurance premiums	0	0	0	0
Insurance premiums	0	1,024	1,024	0

^aApplicable to companies reporting under Prudential Rules 35 only.

Table 6. Investment Revenue
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds			Shareholders' fund
	Investment Linked	Non-Investment Linked	Total	
Total Industry				
Debt securities	1,924	2,243	4,167	49
Equity securities	2,362	909	3,272	161
Property	125	269	394	6
Other investment income	207	445	652	3
Net realised and unrealised gain/loss	4,067	959	5,026	-1,183
Total investment income	8,686	4,825	13,511	-964
Direct Insurers				
Debt securities	1,924	2,196	4,120	46
Equity securities	2,362	895	3,258	161
Property	125	265	390	6
Other investment income	207	408	615	3
Net realised and unrealised gain/loss	4,067	961	5,029	-1,181
Total investment income	8,686	4,725	13,411	-966
Reinsurers				
Debt securities	0	47	47	4
Equity securities	0	14	14	0
Property	0	4	4	0
Other investment income	0	37	37	0
Net realised and unrealised gain/loss	0	-3	-3	-3
Total investment income	0	100	100	1
Investment Return (%) ^a				
Debt securities, loans, convertible notes ^b	7.29	7.22	7.25	2.49
Equities ^b	7.23	5.17	6.51	3.92
Property ^b	6.37	7.45	7.07	7.54
Other investment assets ^b	0.57	2.83	1.25	1.79
Total investment assets	9.12	7.15	8.30	-13.92

^aCalculated as investment revenue / [investment asset - (investment revenue / 2)].

^bReturns for these investment classes do not include returns due to realised and unrealised gains/losses.

Table 7. Policy Payments
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	Total Industry			
Death and disability claims	206	1,595	1,802	3
Maturities	695	3,012	3,707	0
Annuities	673	1,008	1,681	0
Surrenders and terminations	15,153	5,404	20,556	0
Policy conversions	818	992	1,809	0
Other	1,177	368	1,546	0
Direct claims	18,722	12,378	31,101	3
Inwards reinsurance claims	0	473	473	0
Bonuses paid (from current year profit) ^a	0	-101	-101	0
Payments as a change in policy liability ^b	198	0	198	0
Policy payments	18,920	12,751	31,671	3
Bonuses paid included in Policy payments ^c	0	92	92	0
	Direct Insurers			
Death and disability claims	206	1,576	1,782	3
Maturities	695	3,012	3,707	0
Annuities	673	1,008	1,681	0
Surrenders and terminations	15,153	5,404	20,556	0
Policy conversions	818	992	1,809	0
Other	1,177	368	1,546	0
Direct claims	18,722	12,358	31,081	3
Inwards reinsurance claims	0	77	77	0
Bonuses paid (from current year profit) ^a	0	-101	-101	0
Payments as a change in policy liability ^b	198	0	198	0
Policy payments	18,920	12,335	31,255	3
Bonuses paid included in Policy payments ^c	0	92	92	0

^aApplicable only to those companies reporting under Prudential Rules 21.

^bApplicable only to those companies reporting under Prudential Rules 35.

^cReflects companies reporting under both Prudential Rules 21 and Prudential Rules 35.

Table 7. Policy Payments....cont.
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	Reinsurers			
Death and disability claims	0	20	20	0
Maturities	0	0	0	0
Annuities	0	0	0	0
Surrenders and terminations	0	0	0	0
Policy conversions	0	0	0	0
Other	0	0	0	0
Direct claims	0	20	20	0
Inwards reinsurance claims	0	397	397	0
Bonuses paid (from current year profit) ^a	0	0	0	0
Payments as a change in policy liability ^b	0	0	0	0
Policy payments	0	416	416	0
Bonuses paid included in Policy payments ^c	0	0	0	0

^aApplicable only to those companies reporting under Prudential Rules 21.

^bApplicable only to those companies reporting under Prudential Rules 35.

^cReflects companies reporting under both Prudential Rules 21 and Prudential Rules 35.

Table 8. Operating Expenses
(\$ million)

1 January 1999 to 31 December 1999

January 1999 to 31 December 1999				
	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
Total Industry				
General administration expenses				
- Policy acquisition				
* Commission	252	401	653	3
* Other	382	458	841	4
- Policy maintenance				
* Commission	148	322	470	0
* Other	531	792	1,323	25
- Investment management	150	156	306	7
- Other	0	0	0	8
Interest				
- Subordinated debt	8	32	40	0
- Other borrowings	10	34	44	28
Total non-life operating expenses				63
Total operating expenses	1,481	2,197	3,678	139
Direct Insurers				
General administration expenses				
- Policy acquisition				
* Commission	252	348	600	3
* Other	382	447	829	3
- Policy maintenance				
* Commission	148	227	376	0
* Other	531	764	1,294	25
- Investment management	150	155	305	7
- Other	0	0	0	8
Interest				
- Subordinated debt	8	32	40	0
- Other borrowings	10	34	44	28
Total non-life operating expenses				63
Total operating expenses	1,481	2,007	3,488	138
Reinsurers				
General administration expenses				
- Policy acquisition				
* Commission	0	53	53	0
* Other	0	12	12	0
- Policy maintenance				
* Commission	0	95	95	0
* Other	0	28	28	1
- Investment management	0	1	1	0
- Other	0	0	0	0
Interest				
- Subordinated debt	0	1	1	0
- Other borrowings	0	0	0	0
Total non-life operating expenses				0
Total operating expenses	0	190	190	1

Table 8. Operating Expenses....cont.
(%)

1 January 1999 to 31 December 1999

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	Net margins^a			
Direct insurers	5.68	16.42	9.20	3296.69
Reinsurers	-	23.91	23.91	-
Industry total	5.68	16.88	9.50	3329.01
	Gross margins^b			
Direct Insurers	5.66	15.74	9.05	2746.06
Reinsurers	-	18.58	18.58	-
Industry Total	5.66	15.95	9.30	2772.98

^aCalculated as operating expenses / net premiums

^bCalculated as operating expenses / gross premiums

Table 9. Investment Assets
(\$ million)

1 January 1999 to 31 December 1999

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	Total Industry			
Property	2,023	3,751	5,773	83
Equities	33,863	18,030	51,893	4,180
National government interest bearing securities	6,921	6,164	13,086	69
Other public sector interest bearing securities	4,949	7,246	12,195	38
Private sector interest bearing securities	12,286	10,087	22,373	163
Loans	3,098	8,484	11,582	1,738
Convertible notes	96	220	317	0
Other direct investments	870	1,710	2,580	19
Unit trusts	35,219	13,972	49,191	154
Partnerships and joint ventures	60	230	290	0
Other indirect investments	193	1	194	1
Total investment assets	99,578	69,895	169,473	6,444
Direct Insurers				
Property	2,023	3,713	5,736	79
Equities	33,863	17,740	51,604	4,173
National government interest bearing securities	6,921	5,887	12,809	55
Other public sector interest bearing securities	4,949	7,050	11,999	26
Private sector interest bearing securities	12,286	9,378	21,664	147
Loans	3,098	8,469	11,566	1,738
Convertible notes	96	220	317	0
Other direct investments	870	1,708	2,578	18
Unit trusts	35,219	13,943	49,162	154
Partnerships and joint ventures	60	230	290	0
Other indirect investments	193	1	194	1
Total investment assets	99,578	68,340	167,918	6,390
Reinsurers				
Property	0	38	38	4
Equities	0	289	289	7
National government interest bearing securities	0	277	277	14
Other public sector interest bearing securities	0	196	196	12
Private sector interest bearing securities	0	709	709	15
Loans	0	15	15	1
Convertible notes	0	0	0	0
Other direct investments	0	2	2	1
Unit trusts	0	29	29	0
Partnerships and joint ventures	0	0	0	0
Other indirect investments	0	0	0	0
Total investment assets	0	1,555	1,555	54

Table 10. Premium Income
(\$ thousands)

1 July 1999 to 31 December 1999

Product Type	Contractual Regular Premium Business							Other Business	
	In force at beginning of period	Increases in the period	Decreases in the Period				Other movements	In force at end of period	New single premium
			Claim	Maturity	Voluntary	Other			
					Discontinuance				
Total Industry									
Individual business									
Conventional	670,655	13,173	1,363	7,146	27,309	949	330	647,392	925
Investment account	680,799	30,839	788	4,523	52,407	39,539	288	614,669	1,333,108
Investment linked	1,743,309	149,412	1,400	7,488	118,985	40,300	5,067	1,729,617	5,765,843
Allocated annuity - Non-Inv linked	0	0	0	0	0	0	0	0	187,411
Allocated annuity - Inv linked	0	0	0	0	0	0	0	0	1,771,084
Other annuity - Lifetime	0	0	0	0	0	0	0	0	121,230
Other annuity - Term	0	0	0	0	0	0	0	0	1,268,316
Risk - Lump sum	1,180,260	146,740	1,773	362	86,330	-2,597	9,963	1,251,095	16,536
Risk - Income	599,386	70,886	155	22	50,727	-3,938	5,919	629,226	385
Group business									
Investment account	314,358	56,499	249	1,188	41,125	10,442	-15,235	302,618	952,428
Investment linked	851,865	275,775	149	767	77,626	-43,357	-80,047	1,012,406	4,137,260
Allocated annuity - Non-Inv linked	0	0	0	0	0	0	0	0	29,448
Allocated annuity - Inv linked	0	0	0	0	0	0	0	0	13,363
Other annuity	0	0	0	0	0	0	0	0	1,461
Risk	554,021	98,295	6,550	80	53,245	47,089	25,878	571,230	76,341
Total for class	6,594,654	841,618	12,426	21,574	507,754	88,426	-47,837	6,758,254	15,675,139

Table 10. Premium Income....cont.

(\$ thousands)

1 July 1999 to 31 December 1999

Product Type	Contractual Regular Premium Business							Other Business	
	In force at beginning of period	Increases in the period	Decreases in the Period				Other movements	In force at end of period	New single premium
			Claim	Maturity	Voluntary Discontinuance	Other			
Ordinary									
Individual business									
Conventional	461,946	11,590	1,172	5,027	18,119	520	-2,145	446,553	952
Investment account	77,981	1,357	98	690	8,115	125	-187	70,122	94,197
Investment linked	300,085	9,809	295	2,077	24,752	22,336	882	261,317	203,317
Allocated annuity - Non-Inv linked	0	0	0	0	0	0	0	0	0
Allocated annuity - Inv linked	0	0	0	0	0	0	0	0	0
Other annuity - Lifetime	0	0	0	0	0	0	0	0	4,232
Other annuity - Term	0	0	0	0	0	0	0	0	752,139
Risk - Lump sum	890,573	113,082	1,324	242	70,645	-2,384	8,405	942,235	16,536
Risk - Income	595,041	70,788	152	12	50,527	-3,972	5,906	625,016	385
Group business									0
Investment account	152	0	0	0	0	0	308	459	-31
Investment linked	91	0	0	0	0	0	0	91	-1
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	0
Allocated annuity - Inv linked	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	125,550	35,940	3,444	0	12,197	43,317	47,183	149,715	14,834
Total for class	2,451,419	242,566	6,485	8,048	184,354	59,942	60,352	2,495,508	1,086,561

Table 10. Premium Income....cont.

(\$ thousands)

1 July 1999 to 31 December 1999

Product Type	Contractual Regular Premium Business							Other Business	
	In force at beginning of period	Increases in the period	Decreases in the Period				Other movements	In force at end of period	New single premium
			Claim	Maturity	Voluntary Discontinuance	Other			
			Superannuation						
Individual business									
Conventional	208,709	1,583	190	2,119	9,190	429	2,475	200,839	-28
Investment account	602,818	29,482	690	3,833	44,292	39,414	475	544,547	1,238,912
Investment linked	1,443,224	139,604	1,105	5,411	94,233	17,963	4,185	1,468,301	5,562,526
Allocated annuity - Non-Inv linked	0	0	0	0	0	0	0	0	187,411
Allocated annuity - Inv linked	0	0	0	0	0	0	0	0	1,771,084
Other annuity - Lifetime	0	0	0	0	0	0	0	0	116,997
Other annuity - Term	0	0	0	0	0	0	0	0	516,177
Risk - Lump sum	289,687	33,657	449	120	15,686	-213	1,558	308,861	1
Risk - Income	4,345	98	3	10	200	34	14	4,209	0
Group business									
Investment account	314,206	56,499	249	1,188	41,125	10,442	-15,543	302,159	952,459
Investment linked	851,774	275,775	149	767	77,626	-43,357	-80,047	1,012,315	4,137,261
Allocated annuity - Non-Inv linked	0	0	0	0	0	0	0	0	29,448
Allocated annuity - Inv linked	0	0	0	0	0	0	0	0	13,363
Other annuity	0	0	0	0	0	0	0	0	1,461
Risk	428,471	62,354	3,106	80	41,048	3,772	-21,305	421,515	61,507
Total for class	4,143,235	599,052	5,941	13,526	323,399	28,485	-108,189	4,262,746	14,588,578

Table 11. Profit and Loss Statement
(\$ millions)

1 January 1999 to 31 December 1999

Company	Net Insurance Premiums	Investment Revenue	Other Revenues	Net Claims	Operating Expenses	Increase / Decrease in Liabilities	Operating Profit Before Income Tax ^a	Income Tax	Operating Profit After Income Tax ^b
Combined statutory funds and shareholders' funds									
NMLA	2,193.0	1,258.0	20.0	2,334.0	484.0	154.0	499.0	110.0	389.0
MLCL	99.4	311.9	122.9	427.1	36.9	-191.1	261.3	42.6	218.7
CML	1,076.0	723.0	8.5	1,152.3	127.2	202.7	282.2	76.9	205.2
MML	4,159.4	912.7	0.5	1,619.3	283.9	2,916.4	253.0	117.4	135.6
MLC	2,839.4	1,605.8	0.6	3,454.3	314.1	448.1	229.3	110.6	118.7
WEST	2,704.4	529.7	4.4	1,778.0	118.2	1,198.7	143.6	35.6	108.0
CLL	2,537.0	570.7	0.0	1,777.9	91.9	1,064.0	173.9	71.7	102.2
GQLD	559.8	209.1	17.9	587.1	67.3	-1.1	133.5	34.2	99.3
NULA	871.1	282.8	19.4	856.8	125.5	109.1	82.1	19.3	62.8
ANZ	1,391.0	220.0	0.0	1,030.0	61.6	416.4	103.0	40.6	62.4
CPSL	787.9	253.0	5.4	1,288.9	109.7	-494.3	101.8	47.6	54.2
ZURI	1,100.6	431.1	0.0	909.0	102.1	438.2	87.6	35.7	51.9
NAFM	1,730.3	345.5	2.5	891.5	101.1	974.7	110.9	60.2	50.7
SRLH	180.6	55.6	0.1	122.6	72.8	10.1	30.8	-17.0	47.7
CORP	769.1	135.8	0.0	1,023.5	51.6	-226.2	55.9	8.6	47.3
TOW	455.4	136.4	0.4	269.8	96.6	159.6	62.2	15.0	47.3
TLI	110.5	99.7	10.5	63.2	81.9	23.3	53.8	9.9	43.9
CFCL	841.2	274.2	0.5	829.6	147.0	44.9	92.9	50.6	42.3
CHLL	100.0	59.4	1.9	54.4	7.0	55.9	44.1	6.9	37.3
GIO	252.0	245.4	0.0	270.4	41.1	126.6	59.6	33.2	26.3
FAI	248.1	81.9	0.6	103.9	79.5	106.4	40.9	16.5	24.3
MLL	2,109.5	176.1	0.0	2,216.8	26.7	10.9	31.1	9.2	22.0
BTLL	616.7	290.0	0.9	531.9	30.0	291.1	54.7	37.8	16.9
NRMA	210.5	80.8	0.1	158.6	30.6	81.1	21.0	8.2	12.9
HALL	26.2	6.7	0.0	12.6	3.7	4.4	12.2	0.3	11.9
HLRA	533.7	35.2	-0.3	102.5	69.1	385.7	11.3	0.0	11.3
AC&L	155.1	26.4	0.7	100.0	59.7	14.7	5.3	0.1	5.2
LLL	26.1	6.7	0.0	17.2	23.4	-12.0	4.3	-0.8	5.1
AML	633.2	186.0	0.7	172.4	6.4	625.7	15.5	10.6	4.9
DLL	155.6	7.3	0.1	72.5	2.8	84.4	3.3	0.0	3.3
MNRE	28.2	7.2	0.1	21.6	13.1	-3.3	4.0	0.9	3.2
FORT	5.0	0.9	0.5	-0.4	1.9	1.7	3.3	0.3	3.0
RGA	28.8	0.6	13.3	13.1	24.7	2.6	2.3	0.0	2.3
SGL	10.0	1.6	0.0	0.4	1.0	7.6	2.6	0.4	2.2
CLRE	16.7	2.2	0.1	16.0	3.1	-3.8	3.7	2.1	1.6
RACV	82.4	11.4	0.0	38.0	7.7	46.3	1.8	0.2	1.6
HCFL	22.0	5.8	0.0	24.6	3.1	-3.2	3.3	2.0	1.3
COMB	1.4	1.9	0.0	1.5	0.5	0.3	1.2	0.5	0.7
CUNA	11.1	0.5	0.0	5.7	3.1	2.1	0.5	0.0	0.5
GERL	7.6	0.3	0.0	9.1	8.7	-9.1	0.5	0.0	0.5
AIAA	40.1	2.1	0.0	11.5	24.6	6.3	-2.7	0.1	-2.8
SUN	87.1	38.8	1.3	36.7	67.7	41.3	-18.5	-7.3	-11.2
AMP	8,916.0	2,701.0	1.0	7,941.0	1,007.0	3,018.0	-753.0	0.0	-753.0
Total	38,729.3	12,331.1	234.4	32,347.0	4,019.7	12,129.0	2,308.9	990.8	1,318.1

^aIncludes abnormal items.

^bBefore extraordinary.

Table 12. Balance Sheet
(\$ million)

1 January 1999 to 31 December 1999

Company	Investment Assets	Other Assets	Total Assets	Net Policy Liabilities	Other Liabilities	Total Liabilities ^a	Net Assets	
							Shareholders' Profits	Shareholders' Capital
Combined statutory funds and shareholders' fund								
AMP	49,852.0	2,090.0	51,942.0	41,934.0	6,418.0	48,352.0	2,663.0	2,686.0
MLC	18,577.4	1,100.5	19,677.9	17,275.0	1,971.2	19,246.1	289.6	289.6
NMLA	15,554.0	1,167.0	16,721.0	13,281.0	2,668.0	15,949.0	572.0	572.0
CML	12,952.3	946.2	13,898.5	9,356.2	1,883.9	11,240.2	508.3	512.5
MML	13,153.6	318.0	13,471.6	12,164.1	569.5	12,733.7	266.2	266.2
CLL	8,715.8	1,114.3	9,830.1	8,643.3	918.4	9,561.7	233.5	233.5
WEST	7,319.7	361.4	7,681.2	7,128.4	98.4	7,226.8	282.9	282.9
ZURI	4,306.1	932.8	5,238.9	4,576.5	163.0	4,739.4	489.5	489.5
NAFM	4,431.0	279.5	4,710.5	4,241.8	152.3	4,394.1	299.4	299.4
GIO	4,074.9	460.8	4,535.7	3,939.1	330.6	4,269.7	256.0	0.0
MLCL	3,996.7	398.3	4,395.0	3,357.4	993.7	4,351.0	34.0	34.0
ANZ	3,690.1	509.0	4,199.1	3,744.2	186.5	3,930.7	258.5	258.5
NULA	3,909.6	179.4	4,089.0	3,382.8	269.8	3,652.6	352.9	258.8
CFCL	3,663.8	361.1	4,024.9	2,947.7	673.6	3,621.3	274.6	274.6
MLL	2,927.9	155.9	3,083.8	2,994.2	59.0	3,053.3	9.4	9.4
BTLL	2,191.0	430.3	2,621.4	2,532.1	44.0	2,576.1	35.3	35.3
AML	2,580.0	16.8	2,596.8	2,550.3	27.1	2,577.4	9.4	8.3
GQLD	2,497.9	93.8	2,591.6	2,066.4	413.6	2,480.0	72.7	72.7
TOW	1,949.8	189.6	2,139.4	1,774.7	190.4	1,965.2	130.2	130.2
CORP	1,878.3	178.7	2,057.0	1,665.9	13.5	1,679.4	376.4	376.3
SUN	1,485.2	140.8	1,626.0	679.5	224.6	904.1	53.2	53.2
NRMA	1,286.4	37.8	1,324.2	713.2	499.4	1,212.6	48.1	48.1
TLI	1,012.5	216.6	1,229.1	964.4	83.1	1,047.5	103.0	103.0
SRLH	678.1	237.4	915.4	338.5	184.3	522.9	237.6	237.6
FAI	712.9	181.2	894.1	679.1	50.7	729.8	65.6	65.6
HLRA	612.2	110.9	723.0	527.0	55.7	582.7	130.3	130.3
CPSL	95.5	437.4	532.9	0.0	277.5	277.5	150.8	150.8
AC&L	322.8	156.3	479.0	137.8	170.3	308.2	111.8	111.8
CHLL	271.0	71.6	342.6	185.8	9.8	195.6	47.1	47.1
DLL	273.1	27.0	300.0	264.4	6.9	271.3	3.7	3.7
MNRE	182.3	87.8	270.1	137.2	88.4	225.6	44.5	44.5
RACV	131.7	73.0	204.7	157.8	15.1	172.9	1.8	1.8
LLL	119.2	42.2	161.4	114.8	10.7	125.5	15.8	15.8
CLRE	59.7	60.5	120.2	56.3	29.1	85.4	17.8	17.8
GERL	51.3	61.9	113.2	57.3	28.3	85.6	4.6	4.6
HCFL	90.6	15.7	106.3	80.3	5.6	85.9	10.4	10.4
HALL	79.2	17.5	96.7	26.1	10.9	37.0	49.6	49.6
AIAA	72.8	23.3	96.2	37.6	22.4	60.1	8.5	8.5
RGA	25.9	28.9	54.8	5.3	19.0	24.2	7.3	7.3
SGL	44.0	7.9	51.9	12.6	21.2	33.8	3.1	3.1
COMB	44.1	1.9	46.0	24.1	6.7	30.7	-2.7	-2.7
CUNA	30.7	2.3	33.0	10.5	5.9	16.4	16.4	16.4
FORT	12.7	16.5	29.2	7.4	6.8	14.2	5.0	5.0
Total	175,915.4	13,339.9	189,255.3	154,772.1	19,877.0	174,649.2	8,546.9	8,222.8

^aIncludes bonuses and policy owner retained profits.

Table 13. Solvency by Solvency Coverage

1 January 1999 to 31 December 1999

Company	(\$ millions)				(%)		
	Base Liabilities	Solvency Reserve	Solvency Requirement	Total Assets ^a	Assets Available for Solvency	Solvency Reserve	Solvency Coverage
Statutory funds							
SGL	8.3	0.4	8.8	15.1	6.8	5.31	15.35
CUNA	14.3	0.4	14.7	19.5	5.2	2.59	14.04
RACV	178.2	0.6	178.8	186.1	7.9	0.35	12.71
HALL	33.6	1.7	35.3	51.4	17.8	5.09	10.40
WEST	7,331.8	35.1	7,366.9	7,663.3	331.4	0.48	9.44
HCFL	89.1	0.7	89.8	95.8	6.6	0.83	8.99
CLRE	101.7	1.1	102.8	106.9	5.3	1.08	4.78
FAI	773.6	24.5	798.1	885.1	111.5	3.17	4.55
NRMA	795.5	7.2	802.6	826.2	30.7	0.90	4.28
CORP	1,661.3	93.5	1,754.8	2,028.3	367.0	5.63	3.93
NAFM	4,358.0	32.4	4,390.5	4,476.9	118.9	0.74	3.67
BTLL	2,573.3	10.6	2,583.9	2,610.2	36.9	0.41	3.47
ZURI	4,675.7	125.6	4,801.3	5,100.6	424.9	2.69	3.38
HLRA	566.4	21.8	588.3	637.0	70.6	3.86	3.23
NULA	3,749.2	110.7	3,859.9	4,057.2	308.0	2.95	2.78
NMLA	14,263.0	695.0	14,958.0	16,119.0	1,856.0	4.87	2.67
LLL	113.7	3.4	117.2	122.9	9.2	3.03	2.66
COMB	21.1	4.4	25.4	31.3	10.2	20.68	2.35
SRLH	516.1	90.0	606.0	720.7	204.6	17.43	2.27
CLL	9,696.0	53.8	9,749.8	9,815.5	119.5	0.55	2.22
GERL	52.8	8.1	60.9	70.0	17.2	15.34	2.12
RGA	35.5	2.8	38.3	41.4	5.9	7.83	2.11
ANZ	3,949.6	117.0	4,066.6	4,183.8	234.2	2.96	2.00
CFCL	3,587.9	117.8	3,705.7	3,807.2	219.3	3.28	1.86
GIO	4,292.4	70.8	4,363.2	4,420.1	127.7	1.65	1.80
GQLD	1,831.0	401.6	2,232.7	2,541.1	710.0	21.93	1.77
MLC	19,162.3	130.0	19,292.3	19,389.7	227.3	0.68	1.75
MML	12,421.7	572.6	12,994.3	13,404.7	982.9	4.61	1.72
MLL	3,057.3	9.0	3,066.3	3,072.5	15.2	0.29	1.69
TOW	1,789.5	146.1	1,935.6	2,029.2	239.7	8.16	1.64
CML	9,993.6	621.0	10,614.7	10,976.5	987.9	6.21	1.59
AMP	42,108.0	4,690.0	46,798.0	49,569.0	7,444.0	11.14	1.59
AML	2,575.0	5.7	2,580.7	2,583.5	8.4	0.22	1.49
AC&L	351.4	30.4	381.8	395.8	44.4	8.66	1.46
MNRE	156.6	42.6	199.2	214.5	58.6	27.20	1.38
AIAA	44.6	26.2	70.8	80.2	35.6	58.81	1.36
SUN	938.9	590.0	1,528.9	1,548.8	775.9	62.83	1.32
DLL	261.9	17.1	279.0	287.8	22.3	6.52	1.31
FORT	11.4	0.4	11.7	12.9	0.5	3.12	1.29
MLCL	3,419.0	718.5	4,137.5	4,336.3	917.3	21.01	1.28
TLI	1,014.1	67.5	1,081.6	1,098.6	84.5	6.66	1.25
CHLL	180.3	38.2	218.5	226.6	46.2	21.17	1.21
CPSL	0.0	0.0	0.0	0.0	0.0	0.00	0.00
Total	162,754.8	9,736.3	172,491.1	179,858.7	17,253.9	5.98	1.77

^aTotal assets net of policy liabilities ceded under reinsurance.

Table 14. Solvency by Reserve %

1 January 1999 to 31 December 1999

Company	(\$ million)				(%)		
	Base Liabilities	Solvency Reserve	Solvency Requirement	Total Assets ^a	Assets Available for Solvency	Solvency Reserve	Solvency Coverage
Statutory funds							
SUN	938.9	590.0	1,528.9	1,548.8	775.9	62.83	1.32
AIAA	44.6	26.2	70.8	80.2	35.6	58.81	1.36
MNRE	156.6	42.6	199.2	214.5	58.6	27.20	1.38
GQLD	1,831.0	401.6	2,232.7	2,541.1	710.0	21.93	1.77
CHLL	180.3	38.2	218.5	226.6	46.2	21.17	1.21
MLCL	3,419.0	718.5	4,137.5	4,336.3	917.3	21.01	1.28
COMB	21.1	4.4	25.4	31.3	10.2	20.68	2.35
SRLH	516.1	90.0	606.0	720.7	204.6	17.43	2.27
GERL	52.8	8.1	60.9	70.0	17.2	15.34	2.12
AMP	42,108.0	4,690.0	46,798.0	49,569.0	7,444.0	11.14	1.59
AC&L	351.4	30.4	381.8	395.8	44.4	8.66	1.46
TOW	1,789.5	146.1	1,935.6	2,029.2	239.7	8.16	1.64
RGA	35.5	2.8	38.3	41.4	5.9	7.83	2.11
TLI	1,014.1	67.5	1,081.6	1,098.6	84.5	6.66	1.25
DLL	261.9	17.1	279.0	287.8	22.3	6.52	1.31
CML	9,993.6	621.0	10,614.7	10,976.5	987.9	6.21	1.59
CORP	1,661.3	93.5	1,754.8	2,028.3	367.0	5.63	3.93
SGL	8.3	0.4	8.8	15.1	6.8	5.31	15.35
HALL	33.6	1.7	35.3	51.4	17.8	5.09	10.40
NMLA	14,263.0	695.0	14,958.0	16,119.0	1,856.0	4.87	2.67
MML	12,421.7	572.6	12,994.3	13,404.7	982.9	4.61	1.72
HLRA	566.4	21.8	588.3	637.0	70.6	3.86	3.23
CFCL	3,587.9	117.8	3,705.7	3,807.2	219.3	3.28	1.86
FAI	773.6	24.5	798.1	885.1	111.5	3.17	4.55
FORT	11.4	0.4	11.7	12.9	0.5	3.12	1.29
LLL	113.7	3.4	117.2	122.9	9.2	3.03	2.66
ANZ	3,949.6	117.0	4,066.6	4,183.8	234.2	2.96	2.00
NULA	3,749.2	110.7	3,859.9	4,057.2	308.0	2.95	2.78
ZURI	4,675.7	125.6	4,801.3	5,100.6	424.9	2.69	3.38
CUNA	14.3	0.4	14.7	19.5	5.2	2.59	14.04
GIO	4,292.4	70.8	4,363.2	4,420.1	127.7	1.65	1.80
CLRE	101.7	1.1	102.8	106.9	5.3	1.08	4.78
NRMA	795.5	7.2	802.6	826.2	30.7	0.90	4.28
HCFL	89.1	0.7	89.8	95.8	6.6	0.83	8.99
NAFM	4,358.0	32.4	4,390.5	4,476.9	118.9	0.74	3.67
MLC	19,162.3	130.0	19,292.3	19,389.7	227.3	0.68	1.75
CLL	9,696.0	53.8	9,749.8	9,815.5	119.5	0.55	2.22
WEST	7,331.8	35.1	7,366.9	7,663.3	331.4	0.48	9.44
BTLL	2,573.3	10.6	2,583.9	2,610.2	36.9	0.41	3.47
RACV	178.2	0.6	178.8	186.1	7.9	0.35	12.71
MLL	3,057.3	9.0	3,066.3	3,072.5	15.2	0.29	1.69
AML	2,575.0	5.7	2,580.7	2,583.5	8.4	0.22	1.49
CPSL	0.0	0.0	0.0	0.0	0.0	0.00	0.00
Total	162,754.8	9,736.3	172,491.1	179,858.7	17,253.9	5.98	1.77

^aTotal assets net of policy liabilities ceded under reinsurance.

Table 15. Sources of Profit
(\$ million)

1 January 1999 to 31 December 1999

Company	Investment Earnings on Retained Profits and Capital	Emergence of Planned Profits		Experience Profit	Operating Profit after Income Tax ^a
		Policy Owner	Shareholder		
		Statutory funds			
AMP	377.0	964.0	269.0	16.0	1,612.0
NMLA	141.0	206.0	62.0	-45.0	364.0
MLCL	14.0	153.2	49.4	3.9	220.6
CML	89.7	44.0	18.4	-11.0	166.0
MML	30.6	13.0	75.2	15.8	134.7
CPSL	15.7	44.5	16.6	41.9	118.7
WEST	19.6	0.0	79.4	6.6	105.6
MLC	18.8	0.0	104.2	-18.0	104.9
GQLD	23.1	71.2	20.3	-14.8	99.8
CLL	6.9	0.0	82.5	10.0	99.4
ANZ	16.8	0.9	39.9	4.4	62.0
NULA	22.7	0.1	13.8	33.3	55.3
NAFM	12.6	0.0	41.0	-0.8	52.9
SRLH	44.1	0.0	16.7	-11.0	47.8
TOW	10.1	17.6	17.8	2.2	47.6
ZURI	24.1	3.4	14.6	6.7	47.0
CORP	25.7	0.0	21.3	-0.1	46.9
CFCL	23.2	3.1	26.1	-20.7	31.7
FAI	11.8	0.3	8.7	4.7	25.5
GIO	5.7	0.6	13.7	5.2	25.3
CHLL	22.5	0.0	1.0	1.0	24.4
MLL	3.8	0.0	17.8	0.0	21.6
BTLL	2.6	0.0	22.5	-8.4	16.6
NRMA	5.5	0.0	3.1	7.0	15.6
HLRA	4.6	0.0	7.3	-0.3	11.5
TLI	5.9	3.4	21.1	-19.2	10.6
HALL	0.5	0.0	6.8	0.0	7.3
FORT	0.0	2.1	2.1	0.6	4.9
LLL	1.1	1.0	1.8	0.7	4.7
MNRE	1.4	0.0	2.7	3.7	3.2
DLL	0.8	0.0	0.8	1.4	2.9
AML	0.5	0.0	2.5	-0.2	2.9
AIAA	0.4	1.0	0.7	0.5	2.5
RGA	0.4	0.0	1.5	0.2	2.0
AC&L	7.9	0.0	12.7	-14.9	1.9
SGL	0.2	0.0	1.1	0.6	1.9
CLRE	1.6	0.0	1.1	-1.3	1.4
RACV	1.3	0.0	0.4	-0.4	1.3
CUNA	0.1	0.8	0.5	-0.1	1.3
HCFL	0.3	0.0	1.2	-0.6	0.9
COMB	0.2	0.6	0.2	-0.2	0.7
GERL	0.1	0.0	2.5	-2.5	0.1
SUN	1.1	0.4	8.8	-5.0	-11.1
Total	996.1	1,531.3	1,110.8	-8.3	3,596.9

^aIncludes extraordinary.

Table 16. Australian Business: All assets
(\$ million)

As at 31 December 1999

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
Statutory funds							
AMP	7,533.5	21,598.1	12,560.0	3,794.6	664.0	593.6	46,743.8
MLC	1,275.7	11,408.0	6,013.8	308.6	472.2	177.2	19,655.4
NMLA	1,292.0	5,195.0	5,655.0	1,837.0	431.0	376.0	14,786.0
MML	784.4	4,863.7	7,434.1	223.2	267.4	309.4	13,882.3
CML	1,122.7	4,717.3	3,770.8	109.4	301.8	548.1	10,570.3
CLL	421.2	3,333.1	5,692.6	5.0	292.2	35.0	9,779.0
WEST	437.1	2,689.1	3,364.8	1,167.4	389.5	60.3	8,108.2
ZURI	211.9	2,717.8	1,414.5	45.6	640.8	119.3	5,150.0
NAFM	478.5	2,043.4	1,225.5	0.0	1,052.7	108.8	4,908.9
GIO	582.0	1,861.6	1,488.4	95.7	349.4	43.0	4,420.0
MLCL	341.2	1,538.3	1,920.7	44.9	186.0	185.1	4,216.2
ANZ	147.9	909.5	2,372.1	100.9	370.7	253.5	4,154.6
NULA	348.9	1,528.0	1,805.5	203.2	68.5	106.1	4,060.2
CFCL	273.4	1,379.1	1,845.3	7.4	188.7	113.3	3,807.2
MLL	135.3	761.7	1,870.3	0.0	191.6	26.1	2,985.0
AML	31.0	1,101.5	921.8	0.0	195.2	509.3	2,758.7
GQLD	568.7	860.6	1,008.2	10.7	119.8	43.7	2,611.8
BTLL	201.8	1,309.4	986.4	0.0	104.5	5.4	2,607.5
TOW	110.8	919.8	961.0	4.7	95.5	116.0	2,207.8
CORP	0.0	0.0	0.0	1,871.6	124.8	31.0	2,027.5
SUN	55.4	1,020.1	377.4	0.8	49.0	47.3	1,549.9
TLI	9.2	653.6	308.0	1.2	67.3	59.4	1,098.6
NRMA	35.4	405.9	414.2	0.0	18.5	5.8	879.8
FAI	59.8	437.6	336.0	0.2	24.5	15.7	873.8
HLRA	0.0	0.0	577.6	0.0	6.0	91.4	675.1
SRLH	39.6	229.3	295.8	2.9	2.2	43.2	613.0
AC&L	61.0	107.7	126.5	0.0	37.5	113.6	446.3
CHLL	113.4	29.1	117.7	6.0	26.7	3.3	296.2
DLL	0.0	0.0	137.2	132.7	10.2	4.1	284.2
MNRE	0.0	42.3	129.1	0.8	0.1	72.4	244.6
RACV	9.4	70.0	121.6	0.0	21.1	0.2	222.2
LLL	0.1	12.3	86.4	2.1	11.0	32.0	143.8
CLRE	0.0	0.0	48.9	0.0	2.8	55.2	106.9
HCFL	0.0	14.7	64.0	0.0	12.8	1.4	93.0
GERL	0.0	0.0	41.8	0.0	9.5	30.5	81.8
AIAA	0.0	8.8	47.8	0.2	7.2	16.2	80.2
HALL	0.3	0.0	36.3	0.0	5.1	2.7	44.4
RGA	0.0	0.0	14.6	0.0	5.7	22.6	42.9
COMB	0.0	0.0	23.4	1.4	5.9	0.5	31.2
SGL	0.0	0.0	0.0	0.0	17.6	6.1	23.7
CUNA	0.0	1.7	13.5	2.0	1.1	1.2	19.5
FORT	0.0	0.0	4.0	0.0	5.4	4.0	13.4
CIHL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CPSL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	16,681.5	73,768.1	65,632.6	9,980.2	6,853.4	4,388.9	177,304.7

Table 17. Australian Business: Investment Linked Assets
(\$ million)

As at 31 December 1999

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
Statutory funds							
AMP	2,669.2	9,989.5	4,630.7	1,276.0	303.7	69.9	18,939.0
MLC	1,275.7	11,407.3	5,607.8	0.0	456.3	175.1	18,922.2
MML	528.9	3,899.6	4,788.7	22.0	195.1	109.5	9,543.7
WEST	437.1	2,683.9	2,710.8	0.0	114.2	38.8	5,984.7
NMLA	513.0	2,653.0	2,187.0	239.0	269.0	49.0	5,910.0
NAFM	473.9	2,043.4	1,036.6	0.0	959.6	80.5	4,594.0
CHLL	1.9	18.3	8.1	0.0	1.9	0.5	30.7
CORP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CPSL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CUNA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FAI	58.7	420.9	306.3	0.0	20.1	7.7	813.7
FORT	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GERL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GIO	582.0	1,861.6	1,347.7	94.4	304.6	28.6	4,218.8
ZURI	163.3	2,494.8	753.7	0.0	670.7	30.8	4,113.3
HALL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MLL	135.3	761.7	1,870.3	0.0	190.3	26.1	2,983.7
HLRA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AML	31.0	1,101.5	921.5	0.0	194.9	507.3	2,756.1
BTLL	201.8	1,309.4	986.4	0.0	104.5	5.4	2,607.5
NULA	127.4	1,178.2	862.3	0.0	38.8	64.5	2,271.2
MLCL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFCL	198.4	947.2	994.4	0.0	69.5	3.7	2,213.1
MNRE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ANZ	144.5	883.0	824.7	0.0	54.8	218.3	2,125.3
Total	7,542.0	43,653.2	29,836.9	1,631.4	3,947.9	1,415.7	88,027.2

Table 18. Australian Business: Non-Investment linked Assets
(\$ million)

As at 31 December 1999

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
Statutory funds							
AMP	4,864.3	11,608.6	7,929.3	2,518.5	360.3	523.7	27,804.7
NMLA	779.0	2,542.0	3,468.0	1,598.0	162.0	327.0	8,876.0
CML	476.8	1,701.6	2,147.1	108.7	115.4	281.4	4,831.0
MML	255.6	964.1	2,645.5	201.1	72.3	199.9	4,338.5
MLCL	341.2	1,538.3	1,920.7	44.9	186.0	185.1	4,216.2
BTLL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFCL	75.0	431.9	850.9	7.4	119.2	109.6	1,594.1
WEST	0.0	5.2	654.0	1,167.4	275.3	21.6	2,123.5
ANZ	3.4	26.5	1,547.3	100.9	315.9	35.2	2,029.2
CORP	0.0	0.0	0.0	1,871.6	124.8	31.0	2,027.5
GQLD	468.8	586.8	813.4	10.7	79.9	50.1	2,009.9
NULA	221.5	349.9	943.2	203.2	29.7	41.6	1,789.0
ZURI	48.6	223.0	660.8	45.6	-30.0	88.6	1,036.7
TOW	58.8	227.1	530.8	4.7	77.1	110.7	1,009.1
MLC	0.0	0.7	406.0	308.6	15.9	2.0	733.2
HLRA	0.0	0.0	577.6	0.0	6.0	91.4	675.1
CUNA	0.0	1.7	13.5	2.0	1.1	1.2	19.5
SRLH	39.6	229.3	295.8	2.9	2.2	43.2	613.0
AC&L	61.0	107.7	126.5	0.0	37.5	113.6	446.3
TLI	9.2	128.8	172.3	1.2	31.2	38.6	381.3
CLL	0.0	0.0	369.7	5.0	0.9	0.8	376.4
NAFM	4.5	0.0	189.0	0.0	93.1	28.3	315.0
DLL	0.0	0.0	137.2	132.7	10.2	4.1	284.2
CHLL	111.5	10.8	109.7	6.0	24.8	2.7	265.5
SUN	0.1	76.2	158.2	0.8	11.3	7.6	254.2
MNRE	0.0	42.3	129.1	0.8	0.1	72.4	244.6
GIO	0.0	0.0	140.7	1.3	44.7	14.4	201.2
NRMA	0.0	4.4	116.6	0.0	3.2	2.2	126.3
LLL	0.1	3.6	60.2	2.1	9.9	31.9	107.8
CLRE	0.0	0.0	48.9	0.0	2.8	55.2	106.9
GERL	0.0	0.0	41.8	0.0	9.5	30.5	81.8
AIAA	0.0	5.9	36.0	0.2	4.7	19.4	66.3
HCFL	0.0	1.8	49.9	0.0	7.4	1.2	60.3
FAI	1.1	16.7	29.6	0.2	4.4	8.0	60.1
HALL	0.3	0.0	36.3	0.0	5.1	2.7	44.4
RGA	0.0	0.0	14.6	0.0	5.7	22.6	42.9
COMB	0.0	0.0	23.4	1.4	5.9	0.5	31.2
SGL	0.0	0.0	0.0	0.0	17.6	6.1	23.7
FORT	0.0	0.0	4.0	0.0	5.4	4.0	13.4
RACV	0.0	0.0	3.2	0.0	0.1	0.2	3.4
AML	0.0	0.0	0.3	0.0	0.3	2.1	2.6
Total	7,820.5	20,835.3	27,401.0	8,347.9	2,249.0	2,612.3	69,266.0

List of Companies included in the Bulletin

Full Name	Short Name	Balance Date
Australian Casualty and Life Limited	AC&L	30 September
American International Assurance Company (Australia) Limited	AIAA	30 November
AM Life Limited	AML	30 June
AMP Life Limited	AMP	31 December
ANZ Life Assurance Company Limited	ANZ	30 September
Bankers Trust Life Limited	BTLL	31 December
Colonial Financial Corporation Limited	CFCL	31 December
Challenger Life Limited	CHLL	30 June
Commonwealth Life Limited	CLL	30 June
Cologne Life Reinsurance Company of Australia Limited	CLRE	31 December
The Colonial Mutual Life Assurance Society Limited	CML	31 December
Combined Life Insurance Company of Australia Limited	COMB	31 December
Citicorp Life Insurance Limited	CORP	31 December
Colonial Portfolio Services Limited ¹	CPSL	31 December
Cuna Mutual Insurance Society	CUNA	31 December
Deutsche Life Limited	DLL	31 December
FAI Life Insurance Society Limited	FAI	30 June
Fortis Life Assurance Company Limited	FORT	31 December
Gerling Global Life Reinsurance Company of Australia Pty Limited	GERL	31 December
GIO Personal Investment Services Limited	GIO	31 December
Suncorp Life & Superannuation Limited	GQLD	30 June
Hallmark Life Insurance Company Limited	HALL	31 December
HCF Life Insurance Company Pty Limited	HCFL	30 June
Hannover Life Re of Australasia Limited	HLRA	31 December
Lumley Life Limited	LLL	30 June
MLC Limited	MLC	30 June
MLC Lifetime Company Limited	MLCL	30 June
Macquarie Life Limited	MLL	31 March
Mercantile Mutual Life Insurance Company Limited	MML	30 September
Munich Reinsurance Company of Australasia Limited	MNRE	31 December
National Australia Financial Management Limited	NAFM	30 September
The National Mutual Life Association of Australasia Limited	NMLA	30 September
NRMA Life Limited	NRMA	30 June
Norwich Union Life Australia Limited	NULA	31 December
RACV Financial Services Limited	RACV	28 February
RGA Reinsurance Company of Australia Limited	RGA	31 December
St George Life Limited	SGL	30 September
Swiss Re Life & Health Australia Limited	SRLH	31 December
Royal & Sun Alliance Life Assurance Australia Limited	SUN	31 December
Tyndall Life Insurance Company Limited	TLI	31 December
Tower Life Australia Limited	TOW	30 September
Westpac Life Insurance Services Limited	WEST	30 September
Zurich Australia Limited	ZURI	31 December
Total	43 insurers	

Notes: ¹ Colonial Portfolio Services Limited transferred its business to the Colonial Mutual Life Assurance Society Limited on 31 October 1999.

Glossary of Terms

The following definitions and explanations are prepared for the information of those who are not familiar with certain terms and expressions used in life insurance.

Actuarial Standards: Legislative requirements made under the *Life Insurance Act 1995* which prescribe the actuarial principles and methodologies for particular actuarial calculations required to be made by the legislation.

Allocated Annuity: An annuity which operates similarly to an allocated pension except that it is not paid from superannuation monies.

Allocated Pension: A pension where a member has his or her own account against which variable pension payments are debited and to which any investment earnings are credited. The pension continues until the death of the pensioner or until the account is exhausted. Upon death, any balance remaining in the account will be paid to a designated beneficiary as a lump sum or further pension payments.

Annual Premium: The amount of premium which must be paid annually to meet the contractual requirements of a policy and keep it fully in force.

Annuity: A contract that provides for an income for a term dependent upon human life.

Assets Available for Solvency: Assets available to meet the Solvency Reserve. This equals Total Assets less Gross Policy Liabilities Ceded under Reinsurance less Base Liabilities.

Base Liabilities: Liabilities figure used for calculating the Solvency Reserve Percentage and Solvency Coverage Ratio. This equals Minimum Termination Value plus Other Liabilities excluding Subordinated Debt.

Bonus: Registered life insurance companies in Australia issue policies which are either participating or non-participating. The form of participation usually adopted is the grant of a reversionary bonus, ie a guaranteed addition to the sum insured which is payable when the sum insured is payable.

Claim: Notification to an insurance company that payment of an amount is due under the terms of the policy.

Classes of Life Insurance Business: The *Life Insurance Act 1995* provides for the following classes of life insurance business:

- *Superannuation Business* - life insurance business that consists of:
 - (a) the issuing of superannuation policies or the undertaking of liability under superannuation policies; or
 - (b) any business that relates to business referred to in paragraph (a);
- *Ordinary Business* - life insurance business other than superannuation business.

Prudential Rules: Section 252 of the *Life Insurance Act 1995* provides that APRA (previously, the Insurance and Superannuation Commissioner) may make rules (previously called Commissioner's rules) for the prudent management of life companies and for their supervision by APRA (previously the Insurance and Superannuation Commissioner)

- *Prudential Rules 21* - incorporate the broad principles, concepts and structure for financial reporting for life insurance companies – replaced from 31 December 1999 by *Prudential Rules 35*;
- *Prudential Rules 26* - relate to the collection of quarterly, half yearly and annual statistics and prescribe the forms and schedules required;
- *Prudential Rules 32* - variation of *Prudential Rules 26*, specifically relating to the collection of half yearly market statistics;
- *Prudential Rules 35* - incorporate the broad principles, concepts and structure for financial reporting for life insurance companies – replaced *Prudential Rules 21* from 31 December 1999.

Conversion: Change from one type of policy to another.

Deferred Annuity: An annuity under which periodic payments do not commence until a future date or event (eg retirement age).

Endowment Insurance: A contract made by a life insurance company to pay the insured a sum of money at the end of a fixed period or death, whichever is earlier.

Experience Profit: The profit arising from the difference between actual experience and expected experience.

Forfeiture: The termination of a policy due to non-payment of premiums before the policy has acquired a surrender value.

Group Life: Insurance which provides death and disability cover for a group of persons.

Investment Account: A contract providing a death benefit plus some type of identifiable savings account or investment account, the balance of which usually becomes the benefit payable in certain circumstances, most commonly after a number of years when a balance has accumulated in the account.

Investment Linked: A contract providing a death benefit and an investment account the value of which is directly linked to the performance of a specific investment portfolio. The value of the policyholder's interest will rise and fall with the movements in the value of the portfolio.

Investment Management Administration Expenses: The fixed and variable costs of managing the investment portfolio.

Life Insurance Actuarial Standards Board: The Board responsible for developing actuarial standards required for the *Life Insurance Act 1995*.

Loan on Policy: A loan made by an insurance company to a policyholder on the security of the surrender value of the policy.

Minimum Termination Value: The base figure upon which reserves against liability and asset risks are layered in determining the solvency requirement. This value is determined in accordance with the Solvency Standard.

Non-participating Benefit: Benefit that does not include any entitlement to share in any distribution by the life company of profits and surplus and the amount of which is specified in the policy document or is calculated according to a formula that is set in the policy document and does not include any element that is in any way dependent on, or to be ascertained according to, a decision of the life company concerned.

Ordinary Policy: A policy other than a superannuation policy.

Paid-up Policy: A life insurance policy on which no further premiums are due. The term is frequently used when the sum insured under a policy has been reduced so that future premiums can be waived, but also includes a policy issued on payment of a single premium.

Participating Benefit: Any benefit other than a non-participating benefit.

Policy: A contractual document issued by an insurance company stating the terms and conditions of its contract with the policyholder.

Policy Acquisition Administration Expenses: The fixed and variable costs of acquiring new business.

Policy Liabilities: Amounts required to be held now which, together with future premiums and interest earnings, will enable the company to pay all future claims.

Policy Maintenance Administration Expenses: The fixed and variable costs of administering policies subsequent to their sale and administering the general operations of the life company. These include all normal operating costs and expenses other than acquisition and investment management expenses.

Premium: The amount paid by a policyholder for an insurance policy either as a single payment or a stream of regular payments.

Regular Premium: The premium is paid on a regular basis such as monthly, quarterly or annually, until the policy is paid out or matures.

Reinsurance: An agreement made by one insurance company (the ceding company) with another company (the reinsurance company) under which the reinsurance company will accept part of the liability to pay benefits under certain policies issued by the ceding company. The type of reinsurance may be:

- (a) coinsurance or proportional reinsurance, in which case the reinsurance company and the ceding company share premium and benefit payments on a fixed proportion; or
- (b) risk premium or non-proportional reinsurance, in which the ceding company pays a premium to the reinsurance company to cover a specified part of the amount payable only on death or disability under the policy.

Reinsurer: Any company providing reinsurance cover, whether a parent life company, direct writing company or reinsurance company.

Risk Business: Life business which does not include any investment component.

Single Premium: The first and only premium required to provide the insurance benefits in a policy.

Solvency: The ability of the life company to meet its liabilities as they fall due. Life companies must meet minimum solvency standards set out in prudential legislation which aim to ensure that policy liabilities will be met.

Solvency Coverage Ratio: Measures the number of times the life company's excess assets are able to cover the required solvency reserve. Calculated as Assets available for Solvency Reserve divided by Solvency Reserve.

Solvency Requirement: The capital requirement calculated in accordance with the Solvency Standard, as prescribed by the Life Insurance Actuarial Standards Board.

Solvency Reserve: Calculated as Solvency Requirement less the sum of Minimum Termination Value and Other Liabilities excluding Approved Subordinated Debt.

Solvency Reserve Percentage: Measures the reserve required by the life company to enable it to meet its obligations, under a prescribed set of adverse conditions, as a percentage of the company's base liabilities.

Solvency Standard: An actuarial standard for the solvency of a statutory fund as prescribed by the Life Insurance Actuarial Standards Board.

Statutory Fund: A fund that is established in the records of a life company and relates solely to the life insurance business of the company or a particular part of that business.

Under the *Life Insurance Act 1995*, the principal requirements in relation to statutory funds are as follows:

- (a) all amounts received by a life company in respect of the business of a fund must be credited to the fund;
- (b) all assets and investments related to the business of a fund must be included in the fund;
- (c) all liabilities (including policy liabilities) of the company arising out of the conduct of the business of a fund must be treated as liabilities of the fund;
- (d) the assets of a fund are only available for expenditure related to the conduct of the business of the fund.

Subordinated Debt: Unsecured bonds which are long term in nature that rank behind other debt, but ahead of shareholders, in the event of liquidation. In life insurance context, this basically means that policy owner interests would need to be satisfied before the subordinated debt could be repaid to the lender.

Sum Insured: The total amount payable on death or disablement.

Superannuation Policy: A life policy that is maintained for the purposes of a superannuation or retirement scheme and is owned by the trustee under the scheme; or a life policy included in a class of policies declared by the regulations to be superannuation policies.

Surrender: Returning a life insurance policy to the issuing life office for cancellation prior to its maturity date or the death of the life insured in return for the payment of its surrender value.

Surrender Value: The amount of cash which may be realised by an insured or annuitant, holding a life insurance policy or annuity contract with a life insurance company if it is voluntarily surrendered prior to its maturity or the death of the insured.

Term Insurance: Insurance payable on death within a specified period.

Unit Trust: A form of collective investment that is usually a trust fund divided into a large number of equal parts called “units”. The price of these units is dependent on the total assets of the trust fund.

Whole of Life Insurance: Insurance payable on death whenever this may occur.