



Statistics

Life Office Market Report

December 2007 (issued 15 April 2008)



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Source

APRA Life Insurance Market Statistics and Assets Diskette and *Life Insurance Trends, December 2007*.

Notes

Life Office Market Report is prepared half yearly by the APRA Statistics Unit (Insurance Collections).

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Life insurance market statistics highlights - December 2007

As at 31 December 2007 there were 32 life insurance companies operating in Australia. They managed \$254.9 billion in assets (backing both Australian and overseas policyholders) and received \$51.6 billion in premium income (that is, regular in force premiums at the end of the year plus new single premium business) for the year ended 31 December 2007.

Superannuation business made up 90^a per cent of life insurance office assets (backing Australian policyholder liabilities) and also accounted for 90 per cent of the premiums. Ordinary business of life insurance companies accounted for the remainder of premiums. Around 19^a per cent of all superannuation assets are held in life insurance policies.

Of the two broad types of life insurance products, regular (or annual) premium and single premium, single premium business now accounts for 85 per cent of life insurance premiums, of which 98 per cent relates to superannuation business.

The top three life insurance groups accounted for 66 per cent of total industry assets backing Australian policyholder liabilities. They also accounted for 78 per cent of new business premiums and 72 per cent of total premiums received. In the same context, the top ten life insurance groups represented 95 per cent of total assets backing Australian policyholders, 97 per cent of new premiums and 95 per cent of total premiums.

Foreign owned life insurance companies accounted for 26 per cent of total life office assets backing Australian policyholder liabilities. The foreign owned companies also accounted for 24 per cent of new business premiums relating to Australian policyholders and 27 per cent of total Australian business premiums. Bank owned life insurance companies accounted for 37 per cent of total assets backing Australian policyholders, 41 per cent of new business premiums and 39 per cent of total Australian business premiums.

Changes to the life insurance data collection effective 1 January 2008 means that this issue of the *Life Office Market Report* is the last of the series. There will be no formal replacement for the *Market Report*. However, similar information on the life insurance industry will be included in future half yearly life insurance publications of APRA.

^a Sourced from the Life Insurance Trends December 2007.

Life insurance industry at a glance - year ended 31 December 2007

Premium movements - Australian business (\$ million) [#]

Business 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 premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Ordinary	3,861	834	15	19	499	2	-17	4,143	1,075
Super	3,642	813	4	16	658	39	-8	3,730	42,627
Total	7,503	1,647	19	35	1,157	41	-25	7,872	43,702

Industry structure [#]

Group	Statutory fund assets [*]					Total premiums - Australian business [^]		
	Backing Australian liabilities			Backing total liabilities		(\$ million)	Industry share	
	(\$ billion)	Annual change	Industry share	(\$ billion)	Industry share			
1 AMP	75.3	7%	30%	77.5	30%	14,548	28%	
2 National Aust / MLC	56.5	9%	23%	56.5	22%	13,416	26%	
3 ING / ANZ	32.4	12%	13%	32.4	13%	9,008	17%	
4 Colonial / CBA	20.0	-10%	8%	20.3	8%	2,926	6%	
5 National Mutual / AXA	16.4	-5%	7%	18.5	7%	2,288	4%	
6 Westpac	13.9	-1%	6%	13.9	5%	1,791	3%	
7 Suncorp Life and Super	8.6	75%	3%	8.6	3%	1,696	3%	
8 Challenger Life	5.7	90%	2%	5.7	2%	1,450	3%	
9 Aviva	5.3	-1%	2%	5.3	2%	877	2%	
10 Zurich Life	3.8	-21%	2%	3.8	2%	826	2%	
Top three groups	164.2	9%	66%	166.4	65%	36,971	72%	
Top ten groups	237.8	7%	95%	242.4	95%	48,826	95%	
Foreign owned groups	65.8	0%	26%	68.3	27%	13,797	27%	
Bank owned groups	92.8	3%	37%	93.1	37%	20,198	39%	
Total industry	249.9	4%		254.9		51,575		
of which: overseas assets	32.7	2%	13%	37.5	15%			

Notes:

[#] Details on table may not add up to totals due to rounding of figures.

^{*} Statutory fund assets are reported at Fair Value.

[^] Summation of regular in force premiums at end of period and new single premiums.

Life insurance industry at a glance - year ended 31 December 2007 (cont.)

Product type - Australian business (\$ million) # *

	Assets under management			Premium income		Policy payments	
	Superannuation	Ordinary	Total	Superannuation	Ordinary	Superannuation	Ordinary
Individual business							
Investment account	6,548	1,364	7,912	422	34	1,354	187
Investment linked	82,880	4,395	87,275	18,294	315	19,069	632
Allocated annuity - Non-inv. linked	1,133	0	1,133	298	0	197	0
Allocated annuity - Inv. linked	29,001	0	29,001	9,426	0	5,343	0
Market-linked annuity	280	0	280	193	0	39	0
Other annuity - lifetime	3,433	505	3,938	29	7	283	42
Other annuity - term	6,216	1,319	7,535	1,168	441	1,493	644
Group Business							
Investment account	9,752	5	9,756	1,668	0	1,769	0
Investment linked	60,169	224	60,393	12,094	151	12,218	53
Allocated annuity - Non-inv. linked	22	0	22	27	0	118	0
Allocated annuity - Inv. linked	2,461	0	2,461	546	0	1,167	0
Market-linked annuity	0	0	0	0	0	2	0
Other annuity	100	0	100	0	0	7	0

New business premium - Australian business

Group	Ordinary				Group	Superannuation			
	Single	Regular (\$ million)	Total	Industry share		Single	Regular (\$ million)	Total	Industry share
1 Colonial / CBA	320	113	433	23%	1 AMP	13,664	62	13,725	32%
2 Westpac	309	45	354	19%	2 National Aust / MLC	12,571	56	12,627	29%
3 ING / ANZ	213	119	332	17%	3 ING / ANZ	8,009	66	8,075	19%
4 Tower Life	0	137	137	7%	4 Westpac	2,300	12	2,312	5%
5 National Aust / MLC	1	118	119	6%	5 Macquarie Life	1,441	3	1,444	3%
6 National Mutual / AXA	28	67	95	5%	6 Suncorp Life and Super	1,000	78	1,078	2%
7 AMP	24	39	63	3%	7 Colonial / CBA	851	137	988	2%
8 Suncorp Life and Super	17	41	58	3%	8 MBF Life	764	0	764	2%
9 St Andrew's Life	51	4	56	3%	9 National Mutual / AXA	592	74	666	2%
10 Aviva	2	49	50	3%	10 Challenger Life	602	0	602	1%
Top three groups (by total)	842	278	1,120	59%	Top three groups (by total)	34,244	184	34,428	79%
Top ten groups (by total)	965	733	1,698	89%	Top ten groups (by total)	41,794	488	42,282	97%
Foreign owned groups	392	453	845	44%	Foreign owned groups	9,434	465	9,899	23%
Bank owned groups	691	301	991	52%	Bank owned groups	17,188	219	17,407	40%
Total industry	1,075	834	1,909		Total industry	42,627	813	43,440	

Notes: # Details on table may not add up to totals due to rounding of figures.

* Conventional, risk business, statutory fund reserves, unallocated profits etc. are not included in this table.

Table 1. Premium income - total business

(\$ thousand)

Year ended 31 December 2007

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 premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Individual business									
Conventional	380,237	7,866	2,040	9,874	20,427	3,930	1,805	353,637	0
Investment account	164,852	4,971	178	1,945	18,108	4,109	1,174	146,657	1,439,385
Investment linked	569,557	45,698	549	5,085	78,081	5,843	18,926	544,622	14,237,602
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	231,617
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	9,287,117
Market-linked annuity	0	0	0	0	0	0	0	0	193,053
Other annuity - lifetime	0	0	0	0	0	0	0	0	37,102
Other annuity - term	0	0	0	0	0	0	0	0	1,608,197
Risk - lump sum	2,709,944	681,588	12,639	11,294	355,551	-6,849	19,441	3,038,338	110,137
Risk - income	1,155,313	245,413	2,493	1,269	142,250	2,502	-32,724	1,219,488	52,857
Group business									
Investment account	281,136	31,375	31	1,186	59,822	0	-1,524	249,948	1,440,504
Investment linked	703,838	159,608	576	4,816	315,762	1,000	-31,552	509,740	14,708,646
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	31,055
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	141,814
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	1,537,986	470,027	266	0	166,877	30,489	-452	1,809,930	183,374
Total	7,502,863	1,646,545	18,771	35,470	1,156,878	41,024	-24,906	7,872,361	43,702,461

Note: Details on table may not add up to totals due to rounding of figures.

Table 2. Premium income - ordinary business

(\$ thousand)

Year ended 31 December 2007

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 premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Individual business									
Conventional	295,747	7,735	1,780	6,475	15,795	3,783	2,309	277,959	0
Investment account	24,052	208	10	196	2,488	1,929	1,670	21,307	5,353
Investment linked	91,100	4,223	74	1,178	8,754	457	-20	84,841	243,100
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	75
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity - lifetime	0	0	0	0	0	0	0	0	7,418
Other annuity - term	0	0	0	0	0	0	0	0	439,227
Risk - lump sum	2,022,282	523,174	10,810	9,932	280,254	-8,976	8,488	2,261,924	110,075
Risk - income	1,149,181	235,371	2,475	1,269	139,790	1,502	-32,849	1,206,668	52,857
Group business									
Investment account	18	0	0	0	0	0	0	18	79
Investment linked	0	0	0	0	0	0	0	0	150,500
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
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	278,560	63,156	26	0	52,031	3,610	3,836	289,886	66,785
Total	3,860,940	833,867	15,174	19,050	499,112	2,304	-16,565	4,142,602	1,075,468

Note: Details on table may not add up to totals due to rounding of figures.

Table 3. Premium income - superannuation business

(\$ thousand)

Year ended 31 December 2007

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 premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Individual business									
Conventional	84,490	131	261	3,400	4,632	147	-504	75,678	0
Investment account	140,800	4,763	168	1,749	15,620	2,180	-496	125,350	1,434,032
Investment linked	478,457	41,475	475	3,908	69,327	5,386	18,946	459,781	13,994,503
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	231,617
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	9,287,042
Market-linked annuity	0	0	0	0	0	0	0	0	193,053
Other annuity - lifetime	0	0	0	0	0	0	0	0	29,684
Other annuity - term	0	0	0	0	0	0	0	0	1,168,970
Risk - lump sum	687,662	158,414	1,829	1,362	75,297	2,127	10,952	776,414	62
Risk - income	6,133	10,041	18	0	2,460	1,000	124	12,820	0
Group business									
Investment account	281,118	31,375	31	1,186	59,822	0	-1,524	249,930	1,440,425
Investment linked	703,838	159,608	576	4,816	315,762	1,000	-31,552	509,740	14,558,146
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	31,055
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	141,814
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	1,259,426	406,871	240	0	114,846	26,879	-4,288	1,520,044	116,589
Total	3,641,923	812,678	3,597	16,420	657,766	38,719	-8,341	3,729,759	42,626,992

Note: Details on table may not add up to totals due to rounding of figures.

Glossary

Definitions

INDIVIDUAL BUSINESS - Generally refers to retail policies sold to individuals. In some cases, there may be supplementary insurance on lives other than the nominated life insured. This cover is usually for partners and family members. In such cases the policy is still considered to be individual business.

Conventional business - Includes all Whole of Life, Endowment Assurance and Pure Endowment policies. It corresponds to Traditional business as set out in the 'old Act' Form 3 returns.

Investment account and investment linked business - Are defined in section 14 of the Life Insurance Act 1995. Subsections 14(2) to 14(4) state:

- (2) An investment account contract is a contract that:
 - (a) provides for benefits to be paid on death; or on a specified date or specified dates or on death before the specified date, or the last of the specified dates, as the case may be; and
 - (b) provides for the benefits to be calculated by reference to a running account under the contract; or units the value of which are guaranteed by the contract not to be reduced; and
 - (c) provides for the account to be increased (for example, by the amounts of premiums paid or interest payable).
- (3) In spite of subsection (2), a contract is not an investment account contract if it provides for the account to be reduced otherwise than by the amounts of withdrawals by the person responsible for the payment of premiums or by the amounts of charges payable under the contract.
- (4) An investment linked contract is a contract:
 - (a) the principal object of which is the provision of benefits calculated by reference to units the value of which is related to the market value of a specified class or group of assets of the party by whom the benefits are to be provided; and
 - (b) that provides for benefits to be paid on death; or on a specified date or specified dates or on death before the specified date, or the last of the specified dates, as the case may be.

Allocated Annuities - Are policies which make payments to the policy owner at least annually but where the policy owner has some discretion as to the amount of such payments.

Market-Linked Annuity - Are policies which make payments based on fixed percent of the start of year account balance and are complying annuities for tax concession and social security purposes. Also refer to ATO: "Market linked income streams".

Other annuity - lifetime - Refers to any annuity policy where the calculation of the benefit payments depends on a life contingency.

Other annuity - term - Refers to any annuity policy where the total payments made in each year are fixed for the term of the policy and the calculation does not depend on a life contingency.

Risk - lump sum - Refers to all Term Life, TPD and Trauma policies which pay lump sum benefit on claim. Riders to investment account/linked business are to be included here.

Risk - income - Refers to all Disability Income Insurance and Businesses Overhead policies which pay a regular monthly (or other frequency) benefit on claim. Riders to investment account/linked business are included here.

Glossary (cont.)

GROUP BUSINESS - Refers to wholesale insurance and investment schemes.

Investment Account and Investment linked - Refers to group savings schemes including business under employer sponsored Master Trusts and corporate superannuation arrangements.

Allocated Annuities - Includes the tax-free component of any investment policy issued to a group master trust selling allocated annuities.

Market-Linked Annuity - Are policies which make payments based on fixed percent of the start of year account balance and are complying annuities for tax concession and social security purposes. Also refer to ATO: "Market linked income streams".

Other annuity - Includes any other group pension/annuity business.

Risk - Includes all Group Life, Salary Continuance and Group Trauma policies. Where a superannuation fund has a number of services under a single policy (eg a managed fund or a master trust), the insurance component should be separated and placed under this category.



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