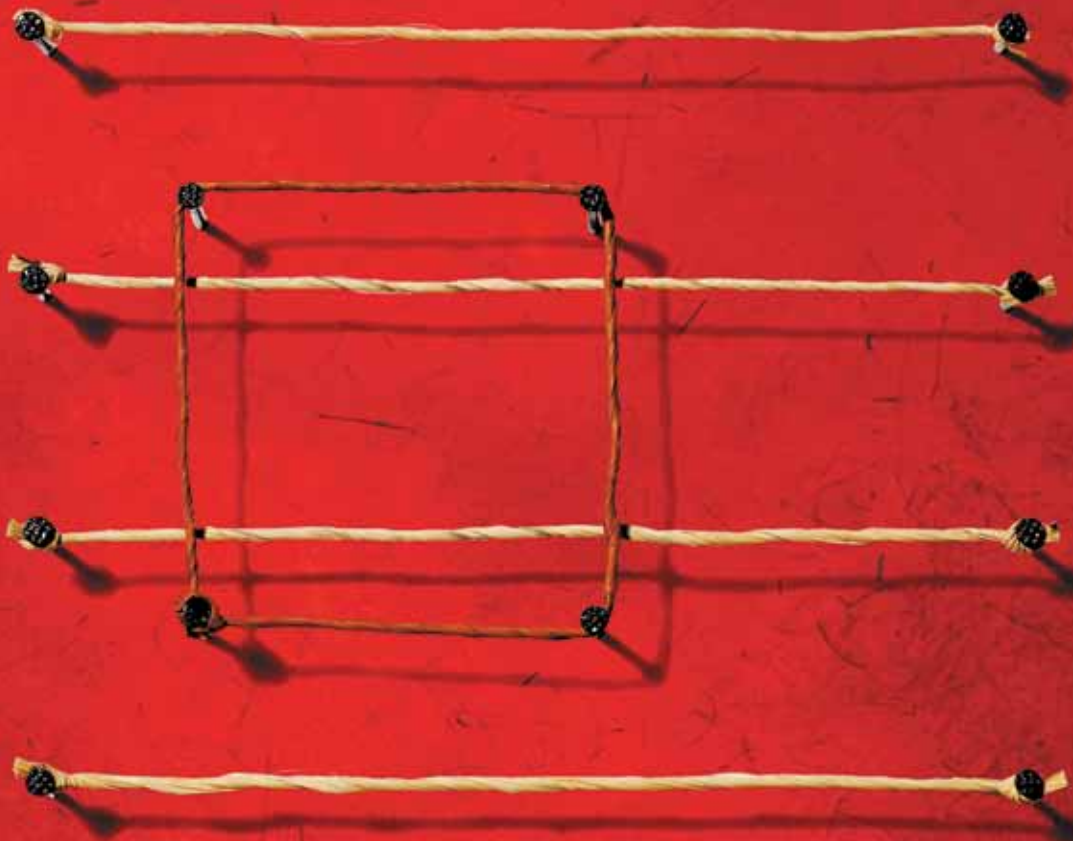




Statistics

Half Yearly General Insurance Bulletin

December 2007 (revised 25 May 2009)



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Forthcoming issues

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

Revisions

This publication has been revised to update the short name of entities to reflect the current company name in tables 12, 13 and 14.

Notation

Except where indicated, amounts are expressed in millions of Australian dollars.

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

Glossary and explanatory notes

A set of explanatory notes is provided at the end of the publication to assist the reader in understanding the source and definitions of the data. In particular, these notes help explain differences between the data presented and information publicly released by insurers in their financial statements. The notice following the contents page also provides details in relation to the change in the general insurance reporting framework that took effect on 1 July 2002.

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Introduction

APRA's statistics publications provide the most accurate and independent overview of Australia's general insurance industry.

This publication is compiled primarily from information provided to APRA as part of APRA-regulated general insurers' prudential reporting requirements. APRA-regulated general insurers are prudentially supervised under the Insurance Act 1973 (Insurance Act).

Prior to the significant reforms to the prudential regime for general insurers in 2002, APRA and its predecessor released a semi-annual publication entitled *Selected Statistics on the General Insurance Industry*. The significant reforms to the prudential regime for general insurers implemented in 2002 resulted in the availability of enhanced data.

In developing the content of this new publication, APRA has closely considered the detail contained in the previous publication and has consulted with both industry participants and other interested parties. The publication will show relevant information according to the following key principles and considerations:

- the importance of public release of company level information;
- adequate disclosure to assist in the protection of Australian general insurance policyholders;
- the importance of commercial considerations for individual companies;
- general insurance data which are already publicly available;
- the disclosure regime in existence prior to July 2002; and
- the recommendations of the HIH Royal Commission.

APRA is committed to working to provide equivalent data for the period between June 2002 and June 2005. APRA will also examine if there are additional data items that serve the considerations outlined above and that should be added in future issues and also whether some of the currently published data should be presented in a different fashion or discontinued.

We welcome your feedback and suggestions for improvement.

Important notice

Change in the reporting framework

The information contained in Key statistics through to Table 14 is not directly comparable to information reported for Lloyd's (Table 15 through to Table 18). Key statistics through to Table 14 are also not directly comparable to APRA's previous publication *Selected Statistics on the General Insurance Industry*. The differences are due to:

- the change in prudential reporting framework for insurers that took effect on 1 July 2002, described in the Explanatory notes; and
- changes in the definition of certain ratios to better align with industry standards. Details on ratios are included in the Glossary.

Lloyd's data are not affected by these changes.

Reconciliation with Quarterly General Insurance Performance Statistics

Figures in this publication will not reconcile with corresponding figures published in APRA's *Quarterly General Insurance Performance Statistics* (QGIPS) for the following reasons:

- **Different basis for calculation** - the QGIPS uses quarterly movements for flow data. The year-end figures for the quarterly publication are the aggregate movements for the previous four quarters. This bulletin uses full year data from each entity.
- **Different balance dates** - the QGIPS uses insurers year to date data as at the end of each quarter. The Half Yearly General Insurance Bulletin uses annual accounts that correspond to insurers own financial years. Since most insurers balance in June or December, the data in this publication will not align exactly with the period it relates to.
- **Changes in the population of insurers** - the QGIPS includes some insurers that have recently obtained a licence, but have yet to submit annual accounts to APRA. Data from these insurers are not included in this bulletin. The QGIPS includes some insurers that have submitted quarterly returns throughout the year, but have left the industry before the reference period of the bulletin.

Highlights

These highlights relate to data used in Key statistics through to Table 14 (i.e. excluding Lloyd's tables). These data are submitted by insurers for their respective financial years ended between 1 January 2007 and 31 December 2007 (the period). Specifically, highlights discussed in this section will not reconcile with corresponding figures published in the QGIPS. Please see the Important notice for further details.

- There were 128 insurers licensed to conduct general insurance business (i.e. insurance other than life and health insurance) at 31 December 2007. Of these there were 110 direct insurers and 18 reinsurers.
- In the period, insurers reported gross premium revenue of \$30.2 billion (up from \$28.9 billion in 2006). Direct insurers reported gross premium revenue of \$28.7 billion, making up 95.0 per cent of the total. Reinsurers accounted for the remaining 5.0 per cent of the total, or \$1.5 billion.
- In the period, insurers reported 97.5 per cent of gross premium revenue being accepted inside Australia. Insurers' total assets inside Australia for the same period were reported as \$83.6 billion, or 90.8 per cent of all total assets.
- Direct insurers in New South Wales and the Australian Capital Territory (NSW/ACT) account for 41.8 per cent of total gross premium revenue in Australia. This region accounts for the highest percentage in all classes other than employers' liability, for which Western Australia (WA) accounts for 61.1 per cent of the total in Australia.
- Gross incurred claims reported in the period were \$22.4 billion (up from \$18.4 billion in 2006), with \$21.6 billion (96.4 per cent) made up by claims on direct insurers. Gross incurred claims represent the demands made by the insured for payment of benefits as provided by a general insurance policy. They include claims paid during the period and movements in insurance provisions.
- Outstanding claims provision (OCP) and Premium liabilities (PL) represent the amounts set aside by insurers to provide payment for prior, current and future claims by insured parties (i.e. insurance provisions). Direct insurers reported \$33.6 billion in OCP and \$14.2 billion in PL in the period. Reinsurers reported \$4.3 billion in OCP and \$1.1 billion in PL in their financial years ending between January 2007 and December 2007.
- In the period, insurers reported underwriting results of \$3.3 billion, down 6.3 per cent on the previous twelve months, and up 12.3 per cent on the twelve months to 31 December 2005. Direct insurers reported an underwriting result of \$2.8 billion, making up 86.4 per cent of the total.
- In the period, insurers reported total assets of \$92.0 billion, an increase of \$8.4 billion (10.1 per cent) on the previous year. Of these assets \$83.1 billion (90.3 per cent) are held by direct insurers. The increase in assets is due mainly to higher reinsurance recoverables, up \$3.0 billion (31.9 per cent) and non-reinsurance recoverables, up \$2.0 billion (88.4 per cent). A part of the increase in both of these recoverables relate to the industry's storm losses and are explained in the glossary. The relocation of a large reinsurer during the period also introduced nearly \$1.8 billion of new assets that were not included in the Australian data at December 2006.
- Industry total liabilities were \$66.0 billion, an increase of 12.3 per cent (\$7.2 billion) on the previous year. Of these liabilities, \$59.8 billion (90.6 per cent) are held by direct insurers. The change in liabilities is due mainly to higher loss reserves (outstanding claims provision plus premium liabilities) which increased by \$4.5 billion (9.2 per cent) on the previous year. This was particularly evident in the domestic classes and is again attributable to the storm losses. Loss reserves for inwards reinsurance at the 75 per cent level of sufficiency also increased substantially, up \$2.2 billion (23.5 per cent); at least in part due to the full impact of the relocation of the large reinsurer mentioned above.

Highlights (continued)

- The overall capital position of the industry remains strong. In terms of risk-based capital measures, the industry's capital coverage is currently 2.04 times the minimum APRA capital requirement. This is a small decrease on the 2006 capital coverage of 2.08. The recent global financial turmoil has had little impact on the industry. This is due largely to the conservative approach that most insurers have in relation to investment in equities. In the period, insurers reported that only 7.8 per cent (\$4.7 billion) of total investments (\$59.6 billion) were held in this class. This is marginally down from December 2006 when 8.9 per cent of total investments (\$57.0 billion) was held in equities (\$5.1 billion).

Lloyd's Underwriters

Underwriting members of Lloyd's of London are allowed to write business in Australia under the Insurance Act. Lloyd's underwriting members, whether as individuals or companies, conduct their business in groups known as "syndicates". Syndicates issue authorities to certain underwriting agents (known as coverholders) and brokers in Australia to accept business within specified classes on their behalf.

Premium income for Lloyd's in Australia for the year ended 31 December 2007 was \$0.9 billion relating to the three open years of accounts covering 2005 to 2007. This remains steady when compared to the \$0.9 billion reported for the year ended 31 December 2006 relating to the three open years of accounts covering 2004 to 2006.

Reserve releases

Undiscounted net reserves

Due to the timing delay between the acceptance of premium and the payment of claims, insurers set aside reserves to cover the claims that are expected to arise on policies written. Long-tail classes of business are those where it may take a number of years before the insurer becomes aware of a claim, or where a claim may take a long time to be settled and paid. Reserves on these classes of business form the majority of insurance liabilities for the direct insurance industry.

Undiscounted net reserves (direct insurers)

Financial years ended in the 12 months to December 2007
(\$ million)

Class of business	Undiscounted net outstanding claims provision
CTP motor vehicle	8,653
Employers' liability	3,757
Professional indemnity	1,967
Public and product liability	4,073
Other direct classes	3,281

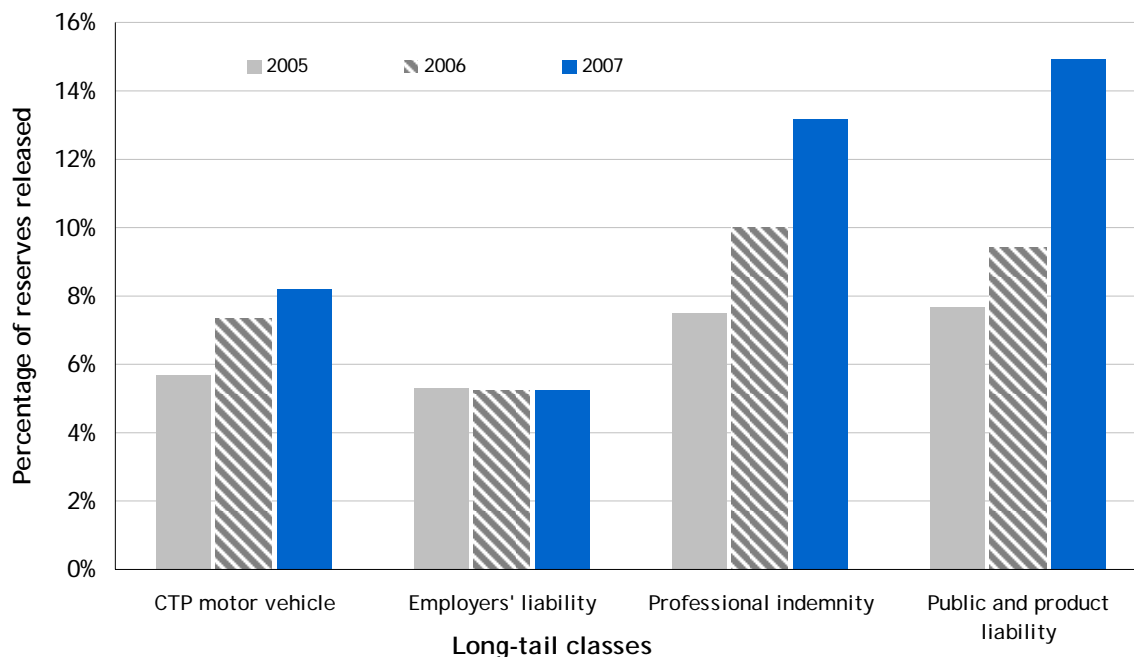
The reserves shown in this table differ to those presented in Table 8 of this publication. These reserves are undiscounted and held at the same level of sufficiency as the reserves held on balance sheet by insurers. The reserves in Table 8 are discounted, and are reported at a mandated 75 per cent level of sufficiency (refer to the provisioning data section in the explanatory notes for further detail). The above table includes reserves of direct insurers only, and does not include Vero Insurance Limited due to a change in balance date. Table 8 includes all direct insurers and reinsurers.

Releases of long-tail reserves by direct insurers

Reserves are calculated utilising a number of assumptions in relation to claims experience and other environmental factors. Over time, as claims are paid, a more accurate picture of the ultimate claims cost can be determined. If claims experience has been at a higher level than expected, reserves may be strengthened at the expense of current year profits. Alternatively, if previous assumptions have proved to be conservative, some of the reserves which were set aside can be released into current year profits. Legislative change, such as tort law reform, is one factor that can have a major impact on reserves. The reserve releases between 2005 and 2007 relate, at least in part, to the emergence of releases which would have been delayed while the full impact of the 2002 reforms was assessed.

Direct insurer releases from prior year undiscounted net reserves

for financial years ended in the twelve months to December 2005, 2006 and 2007



Releases from the long-tail classes of CTP motor vehicle, public and product liability, and professional indemnity have increased each year from 2005 to 2007. In financial years ending between January 2007 and December 2007, 14.9 per cent of public and product liability reserves from prior years were released, up from 9.4 per cent in 2006 and 7.7 per cent in 2005.

Professional indemnity reported similar releases from reserves, up to 13.2 per cent in 2007 from 10.0 per cent in financial years ended during 2006 and 7.5 per cent in 2005. Releases from CTP motor vehicle have been at a lower level, increasing from 5.7 per cent in 2005 to 8.2 per cent of reserves in the 2007 year. Employers' liability business has reported steady releases from reserves from 2005 to 2007 of between 5.2 and 5.3 per cent.

Data on reserve releases is sourced from unaudited returns submitted to APRA by insurers, and has therefore undergone a lower level of external scrutiny compared to data in the tables of this publication. Data which did not meet appropriate quality standards were excluded, although this has not materially affected the result. Reserves and releases are net of reinsurance recoveries and are undiscounted, and are therefore on a different basis to reserve figures elsewhere in the publication.

Data for Vero Insurance Limited data has not been included in 2007 due to a change in balance date.

Composition of capital base

Tier 1 capital comprises high quality capital components such as ordinary shares, general reserves and retained earnings. As part of the prudential framework introduced in 2002, insurers were also given access to supplementary capital instruments known as tier 2 capital. These instruments generally fall short of the quality of tier 1 capital, but still contribute to the overall financial strength of an insurer. Tier 2 capital includes components such as subordinated debt or permanent hybrid capital, and is split into upper and lower tier 2 components.

Prudential Standard GPS 112: Capital Adequacy: Measurement of Capital (GPS 112) requires that at least 50 per cent of an insurer's capital base be represented as tier 1 capital. In addition, the total of lower tier 2 capital cannot exceed 50 per cent of an insurer's net tier 1 capital.

Capital base (non-branch insurers)			
Financial years ended in the 12 months to period			
	Dec 2005	Dec 2006	Dec 2007
Tier 1 capital (net of deductions) (\$m)	19,038	18,815	19,772
Upper tier 2 capital (\$m)	210	297	12
Lower tier 2 capital (\$m)	935	922	1,500
Total capital base (\$m)	20,183	20,034	21,284
Tier 1 ratio	94.7%	94.2%	92.9%
Lower tier 2 ratio	4.9%	4.9%	7.6%

Non-branch insurers continue to hold the majority of capital in the form of high quality tier 1 capital. The tier 1 ratio remains high at 92.9 per cent for financial years ended in the twelve months to December 2007, although down from 94.2 per cent in the previous period. Capital requirements for branch insurers relate to holdings of net assets inside Australia rather than typical capital instruments.

The lower tier 2 ratio, which tracks lower tier 2 capital as a percentage of net tier 1 capital, increased to 7.6 per cent for financial years ended in 2007, an increase from 4.9 per cent in the previous two years. Despite the increase, at this stage the ratio remains well below the maximum allowed by GPS 112.

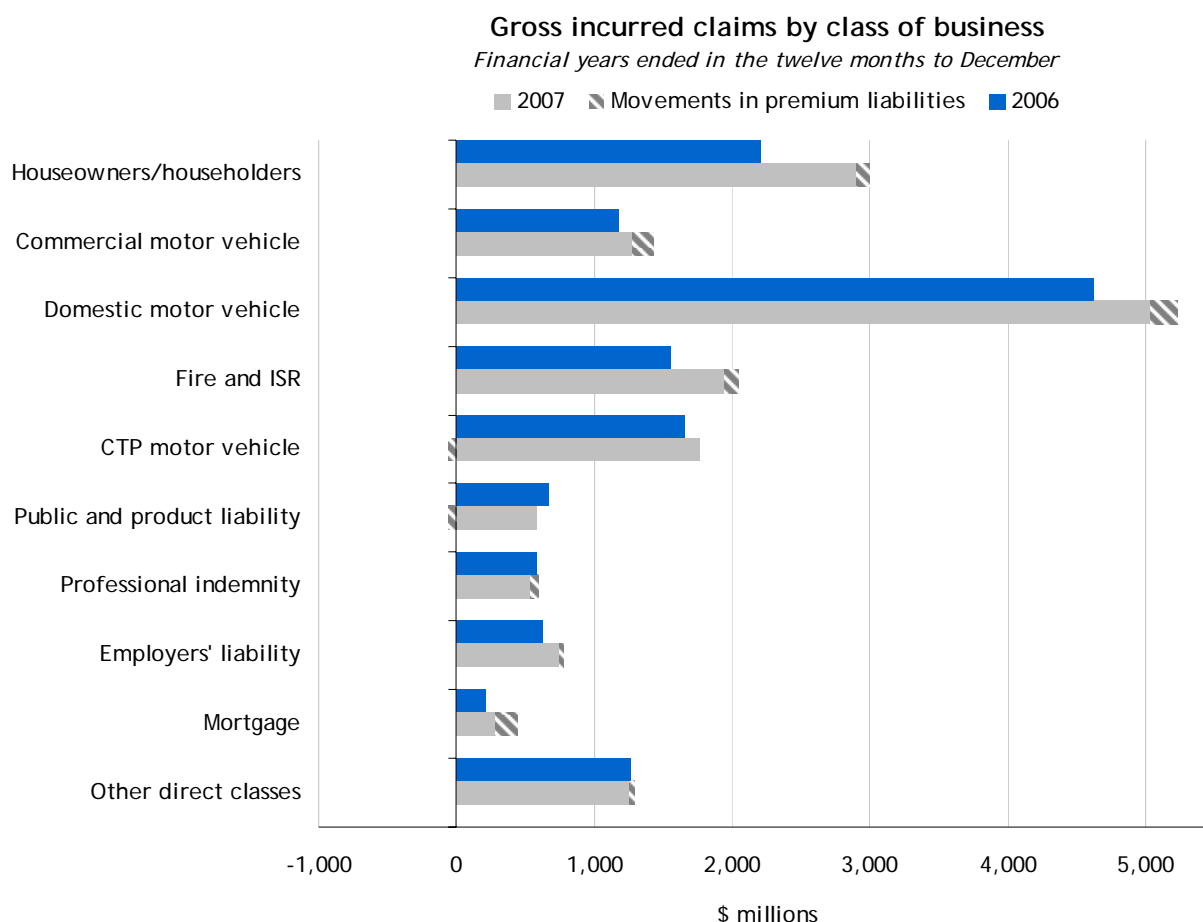
The Glossary in this publication provides further detail as to the elements which comprise both tier 1 and tier 2 capital.

Changes to gross incurred claims by class of business

In January 2007 APRA's general insurance reporting framework was updated to capture premium liabilities at the class of business level on *GRF 310.2: Claims Expense and Reinsurance Recoveries*. This has resulted in a change in basis to figures reported in Table 7 and 11 of this publication.

Gross incurred claims reported at the class of business level now include movements in premium liabilities in addition to paid claims and movements in outstanding claims provisions. This aligns class of business information with gross incurred claims at the total business level which previously included movements in premium liabilities. This is the first edition of the *Half Yearly General Insurance Bulletin* where class of business gross incurred claims data also includes movements in premium liabilities.

The impact of this change in basis has been separately identified in the figure below which displays gross incurred claims for financial years ended in the twelve months to December 2006 and December 2007



Note: 2006 data does not include movements in premium liabilities.

At a class of business level, direct classes of business reported an increase in gross incurred claims of 17.0 per cent (\$2,476 million) in the period, with the inclusion of movements in premium liabilities accounting for \$720 million of this increase.

The mortgage class of business reported an increase of 112.8 per cent in the period. The majority of this increase is due to the inclusion of movements in premium liabilities, which accounted for \$170 million of the \$236 million increase. The increase in claims expense due to paid claims and movements in outstanding claims provision for mortgage insurance between 2006 and 2007 was lower at 31.7 per cent.

Key statistics

Financial years ended in the 12 months to December

Industry at a glance

	Dec 2001 ^c	Dec 2002 ^b	Dec 2003 ^a	Dec 2004	Dec 2005	Dec 2006	Dec 2007
Gross premium revenue (\$m)	19,895		28,270	27,957	28,394	28,862	30,202
Net premium revenue (\$m)	14,111		19,987	20,358	21,316	21,300	22,450
Gross incurred claims (\$m)	16,879		17,542	17,923	18,388	18,381	22,370
Net incurred claims (\$m)	11,087		11,977	12,334	12,991	12,181	13,203
Underwriting result (\$m)	-885		3,069	3,141	2,894	3,469	3,250
Investment income (\$m)	2,433		2,248	4,028	4,431	4,272	4,660
Net profit / loss (\$m)	856		3,397	4,774	5,093	5,364	5,414
Gross loss ratio	85%		62%	64%	65%	64%	74%
Net loss ratio	79%		60%	61%	61%	57%	59%
Total assets (\$m)	60,013		77,091	78,736	81,536	83,605	92,017
Shareholders' equity (\$m)	15,066		21,291	24,007	24,938	24,786	25,984
Return on assets	1.5%		4.6%	6.1%	6.4%	6.4%	5.9%
Return on equity	5.5%		17.1%	21.1%	20.8%	21.6%	20.8%
Solvency coverage	2.75		2.14	2.19	2.44	2.08	2.04

Gross premium revenue by class of business (\$m)

	Dec 2001 ^{cd}	Dec 2002 ^b	Dec 2003 ^{ae}	Dec 2004	Dec 2005	Dec 2006	Dec 2007
Direct business	14,377		21,985	22,229	22,978	23,745	24,501
<i>of which:</i>							
Houseowners/householders	2,240		3,214	3,165	3,326	3,620	3,933
Commercial motor vehicle	1,035		1,305	1,326	1,356	1,351	1,472
Domestic motor vehicle	3,436		4,672	4,705	4,985	5,150	5,402
Fire and ISR	1,499		2,734	2,738	2,812	2,738	2,752
CTP motor vehicle	1,943		2,400	2,478	2,427	2,398	2,188
Public and product liability	894		2,067	2,057	1,969	2,009	1,916
Professional indemnity	521		1,294	1,308	1,281	1,264	1,282
Employers' liability	726		977	1,001	1,177	1,189	1,182
Other direct classes	2,083		3,322	3,451	3,645	4,026	4,374
Inwards reinsurance	2,470		6,232	5,726	5,416	5,117	5,701

Gross direct premiums and direct claims by state of Australia for direct insurers (\$m)

	Financial years ended in the 12 months to December 2007						Total
	NSW/ACT	VIC	QLD	SA	WA	Other	
Gross premium revenue	9,963	4,913	4,400	1,346	2,675	558	23,855
Gross incurred claims	7,305	3,618	2,917	1,085	1,455	408	16,788

^a Key Statistics and class of business data for December 2003 are drawn from quarterly returns submitted over the twelve months to 31 December 2003.

^b Key Statistics and class of business data for December 2002 are impacted by transitional reporting affects and have been excluded.

^c Figures reported for December 2001 are not directly comparable to current periods. Please see the 'Important notice'.

^d Class of business data for December 2001 reflect business written inside Australia only and are therefore not directly comparable to later periods, which include business written outside Australia.

^e Class of business data for Domestic motor vehicle and Other direct classes have been adjusted from the previous publication due to a reporting error.

Table 1 Industry financial performance

Financial years ended in the 12 months to December 2007

(\$ million)

	Direct insurers	Reinsurers	Total APRA regulated
Gross premium revenue	28,687	1,515	30,202
<i>of which:</i>			
Direct business	24,480	21	24,501
Inwards reinsurance ^a	4,207	1,494	5,701
Outwards reinsurance expense	7,497	255	7,752
Net premium revenue	21,190	1,260	22,450
Gross incurred claims	21,567	803	22,370
<i>of which:</i>			
Direct business	17,119	-84	17,035
Inwards reinsurance ^a	4,448	887	5,336
Non-reinsurance recoveries revenue	2,208	0	2,208
Reinsurance recoveries revenue	6,709	251	6,960
Net incurred claims	12,650	553	13,203
Acquisition costs	3,634	247	3,881
Other underwriting expenses	1,560	18	1,578
Levies and charges	899	1	900
Commission revenue	360	2	363
Total underwriting expenses	5,733	264	5,996
Underwriting result	2,807	443	3,250
Investment income	4,362	299	4,660
Other operating expenses	1,894	102	1,995
Other items	-344	-158	-501
Net profit / loss after tax	4,931	483	5,414
Number of entities	110	18	128

Notes:

Figures in this publication will not reconcile with corresponding figures published in APRA's *Quarterly General Insurance Performance Statistics*. Please see the 'Important notice'.

^a For direct insurers, inwards reinsurance predominantly represents transactions between related entities within the same insurance group.

Table 2 Industry operating income and expense

Financial years ended in the 12 months to December 2007

(\$ million)

	Direct insurers	Reinsurers	Total APRA regulated
Investment income	4,362	299	4,660
<i>arising from:</i>			
Interest	2,133	425	2,558
Dividend	1,203	5	1,208
Rent	120	0	120
Change in net market value of investments	492	-126	366
<i>of which:</i>			
Unrealised gains/losses	46	-98	-51
Realised gains/losses	446	-28	418
Other investment income	413	-6	407
Other operating income	1,015	3	1,017
Operating expenses	1,894	102	1,995
<i>of which:</i>			
Interest	155	1	156
Wages and salaries	443	32	475
Other employee related	117	10	128
Occupancy and equipment	154	5	159
Fees	626	33	659
<i>of which:</i>			
Management	533	27	560
Audit firm	15	2	17
Consulting	58	2	60
Actuarial	13	2	14
Directors	8	0	8
Bad and doubtful debts	1	-5	-4
Other operating expenses	396	25	421
Number of entities	110	18	128

Table 3 Industry financial position

Financial years ended in the 12 months to December 2007

(\$ million)

	Direct insurers	Reinsurers	Total APRA regulated	of which: inside Australia ^a
Cash and liquid assets	1,375	229	1,604	1,417
Investments	53,149	6,463	59,612	53,190
<i>of which:</i>				
Interest	36,399	5,427	41,827	
Equity	4,411	254	4,664	
Indirect investments	4,687	340	5,026	
Property	541	0	541	
Loans and advances	1,617	442	2,059	
Other investments	5,495	0	5,495	
Reinsurance recoverables	11,897	614	12,511	11,717
Non-reinsurance recoverables	4,241	16	4,257	4,249
Premium receivables	6,413	1,116	7,529	7,401
Intangible assets	956	0	956	940
Other assets	5,084	465	5,548	4,653
Total assets	83,115	8,902	92,017	83,567
Outstanding claims provision	33,612	4,341	37,954	37,483
Premium liabilities	14,174	1,127	15,302	15,049
Tax provisions	1,005	291	1,297	1,274
Payables on reinsurance contracts	1,456	178	1,634	1,448
Borrowings and loan capital	3,007	26	3,033	2,993
Other liabilities	6,548	266	6,813	5,826
Total liabilities	59,803	6,230	66,033	64,073
Share capital	12,652	1,677	14,329	
Reserves	468	192	660	
Retained profits	10,192	803	10,995	
Shareholders' equity	23,312	2,673	25,984	
Number of entities	110	18	128	

Notes:

Figures in this publication will not reconcile with corresponding figures published in APRA's *Quarterly General Insurance Performance Statistics*. Please see the 'Important notice'.

^a Breakdown of investments is not available at an inside Australia level.

Table 4 Industry offshore profile

Financial years ended in the 12 months to December 2007

(\$ million)

	Direct insurers		Reinsurers		Total APRA regulated	
	Australia	Offshore	Australia	Offshore	Australia	Offshore
Financial performance						
Gross premium revenue	27,972	715	1,485	30	29,457	745
<i>of which:</i>						
Direct business					23,831	670
Inwards reinsurance					5,626	75
Outwards reinsurance expense	7,061	436	236	19	7,298	454
Net premium revenue	20,910	280	1,249	11	22,159	291
Gross incurred claims	21,301	266	814	-11	22,114	256
<i>of which:</i>						
Direct business					16,785	250
Inwards reinsurance					5,330	6
Reinsurance recoveries revenue	6,542	167	247	4	6,789	171
Investment income	4,155	207	276	23	4,430	230
Financial position						
Investments	47,197	5,952	5,993	470	53,190	6,422
Reinsurance recoverables	11,127	770	590	24	11,717	794
Other assets	16,860	1,209	1,800	26	18,660	1,234
Total assets	75,185	7,930	8,382	520	83,567	8,450
Outstanding claims provision	33,174	438	4,310	31	37,483	471
Premium liabilities	13,935	239	1,114	13	15,049	253
Borrowings and loan capital	2,993	14	0	26	2,993	40
Other liabilities	7,817	1,192	730	5	8,547	1,197
Total liabilities	57,919	1,884	6,153	77	64,073	1,960

Notes:

It is not possible to show the breakdown of 'net incurred claims' between Australia and offshore as 'non-reinsurance recoveries' are not reported to APRA on this basis.

Table 5 Industry capital adequacy

Financial years ended in the 12 months to December 2007

(\$ million)

	Direct insurers	Reinsurers	Total APRA regulated
Minimum capital requirement risk charges arising from:			
Off balance sheet business	36	4	40
Investments	1,330	101	1,432
<i>of which:</i>			
Interest	535	66	601
Equity	355	22	378
Indirect investments	307	9	316
Property	54	0	54
Loans and advances	78	4	83
Investment risk rebate	1	0	1
Counterparty default	1,274	68	1,341
Asset concentration	37	0	37
Derivative activity	11	0	11
Maximum event retention	3,510	147	3,657
Outstanding claims provision	3,003	589	3,592
Premium liabilities	1,662	180	1,842
Minimum capital requirement^a	10,840	1,104	11,944
Capital base	21,789	2,538	24,327
<i>of which:</i>			
Branch insurers ^b	1,279	1,763	3,041
Non-branch insurers	20,510	776	21,286
<i>of which:</i>			
Tier 1 capital (net of deductions)	18,997	776	19,773
Tier 2 capital	1,513	0	1,513
<i>of which:</i>			
Upper tier 2 capital	12	0	12
Lower tier 2 capital	1,501	0	1,501
Tier 1 ratio	93%	100%	93%
Lower tier 2 ratio	8%	0%	8%
Capital surplus	10,949	1,434	12,383
Solvency coverage	2.01	2.30	2.04
Number of entities	110	18	128

^a Minimum capital requirement (MCR) will not necessarily equal the sum of all risk charges, as insurers are required to hold \$5 million minimum capital. MCR also encompasses approved capital arrangements for some run-off insurers.

^b Capital base for branch insurers is derived from net assets inside Australia.

Table 6 Reconciliation to AASB 1023 accounts (non-branch insurers)

Financial years ended in the 12 months to December 2007

(\$ million)

	Non-branch direct insurers	Non-branch reinsurers	Total non-branch insurers
Financial performance			
APRA reporting: Net profit / loss after tax	4,776	94	4,870
<i>Include items specific to APRA reporting:</i>			
Gross premium revenue	27,408	70	27,479
Outwards reinsurance expense	6,916	32	6,948
Gross incurred claims	20,790	-103	20,687
Reinsurance recoveries revenue	6,256	-25	6,231
Acquisition costs	3,550	10	3,560
Other adjustments	-1,148	-52	-1,200
<i>Exclude items specific to AASB 1023 reporting:</i>			
Earned premium	26,092	91	26,183
Reinsurance expense	6,528	46	6,574
Claims expense	19,514	-86	19,428
Reinsurance recoveries revenue	5,918	-14	5,904
Underwriting costs	3,828	16	3,844
Other adjustments	1,184	43	1,226
<i>Total adjustments</i>	304	-4	300
AASB 1023 reporting: Net profit / loss after tax	4,472	98	4,570
Financial position			
APRA reporting: Net assets	21,991	850	22,841
<i>Include items specific to APRA reporting:</i>			
Reinsurance recoverables	10,441	222	10,663
Outstanding claims provision	31,459	965	32,424
Premium liabilities	13,520	51	13,571
Other adjustments	1,297	48	1,346
<i>Exclude items specific to AASB 1023 reporting:</i>			
Deferred acquisition costs	2,066	3	2,069
Deferred reinsurance expense	3,293	10	3,304
Reinsurance recoverables	7,696	208	7,904
Outstanding claims provision	31,867	1,003	32,870
Unearned premium provision	15,905	31	15,936
Other adjustments	-330	-75	-405
<i>Total adjustments</i>	1,146	-8	1,138
AASB 1023 reporting: Net assets	20,845	858	21,703
Number of entities	88	3	91

Table 7 Industry premiums and claims by class of business

Financial years ended in the 12 months to December 2007

(\$ million)

Class of business	Gross premium revenue	Reinsurance expense	Net premium revenue	Gross incurred claims ^a	Reinsurance recoveries revenue ^a	Non-reinsurance recoveries revenue ^a	Net incurred claims ^a
Direct business							
Houseowners/householders	3,933	1,458	2,475	2,994	1,364	95	1,535
Commercial motor vehicle	1,472	105	1,367	1,427	96	254	1,076
Domestic motor vehicle	5,402	2,288	3,113	5,228	2,108	861	2,259
Travel	537	141	396	176	-9	0	184
Fire and ISR	2,752	1,320	1,432	2,044	1,026	191	826
Marine and aviation	601	105	496	313	51	9	253
Mortgage	1,055	122	932	446	24	28	394
Consumer credit	251	32	219	38	15	-3	26
Other accident	1,123	274	849	474	94	10	370
Other	809	196	613	286	44	11	231
CTP motor vehicle	2,188	343	1,845	1,710	435	107	1,168
Public and product liability	1,916	378	1,538	531	160	54	316
Professional indemnity	1,282	340	942	594	298	17	279
Employers' liability	1,182	50	1,133	774	22	15	738
Total direct business	24,501	7,152	17,349	17,035	5,729	1,650	9,656
Total inwards reinsurance	5,701	600	5,101	5,336	1,231	558	3,547
Total	30,202	7,752	22,450	22,370	6,960	2,208	13,203

^aThe basis for gross incurred claims and reinsurance recoveries revenue has changed since the June 2007 publication due to changes in the reporting framework in January 2007. These figures now include movements in premium liabilities and expected reinsurance recoveries. The data is therefore not directly comparable to previous publications.

Table 8 Industry outstanding claims provision by class of business

Financial years ended in the 12 months to December 2007

(\$ million)

Class of business	Outstanding claims provision	Reinsurance recoverables	Non-reinsurance recoverables	Net outstanding claims provision
Direct business				
Houseowners/householders	1,719	778	145	796
Commercial motor vehicle	652	110	134	407
Domestic motor vehicle	1,207	481	284	442
Travel	101	29	1	71
Fire and ISR	1,958	1,158	75	726
Marine and aviation	379	91	18	270
Mortgage	311	11	8	292
Consumer credit	51	3	2	46
Other accident	432	136	13	283
Other	318	163	11	144
CTP motor vehicle	9,101	1,586	950	6,565
Public and product liability	5,175	1,065	213	3,898
Professional indemnity	3,471	1,158	196	2,118
Employers' liability	3,278	236	98	2,944
Total direct business	28,154	7,005	2,147	19,002
Total inwards reinsurance	8,234	1,606	409	6,220
Total	36,388	8,611	2,555	25,222

Notes:

All items in this table are reported at a 75 per cent level of sufficiency. Please refer to the provisioning data note in the explanatory notes.

Table 9 Industry premium liabilities by class of business

Financial years ended in the 12 months to December 2007

(\$ million)

Class of business	Premium liabilities	Reinsurance recoverables	Non-reinsurance recoverables	Net premium liabilities
Direct business				
Houseowners/householders	1,523	435	87	1,001
Commercial motor vehicle	865	43	164	658
Domestic motor vehicle	2,998	1,041	555	1,402
Travel	103	3	1	98
Fire and ISR	1,095	373	35	686
Marine and aviation	208	18	8	182
Mortgage	975	67	19	889
Consumer credit	181	16	9	157
Other accident	353	78	8	268
Other	384	67	9	307
CTP motor vehicle	1,062	168	82	812
Public and product liability	723	85	31	607
Professional indemnity	576	151	15	410
Employers' liability	661	5	15	642
Total direct business	11,706	2,549	1,039	8,119
Total inwards reinsurance	3,572	574	320	2,679
Total	15,279	3,123	1,359	10,797

Notes:

All items in this table are reported at a 75 per cent level of sufficiency. Please refer to the provisioning data note in the explanatory notes.

Table 10 Gross premium revenue by State and Territory (direct insurers)

Financial years ended in the 12 months to December 2007

(\$ million)

Class of business	NSW/ACT	VIC	QLD	SA	WA	TAS	NT	Total Australia
Houseowners/householders	1,470	926	779	285	375	74	12	3,921
Commercial motor vehicle	533	362	244	123	170	27	10	1,470
Domestic motor vehicle	2,103	1,376	1,001	323	501	79	13	5,395
Travel	427	40	19	13	23	1	0	524
Fire and ISR	1,218	675	366	168	238	40	15	2,721
Marine and aviation	235	90	95	32	57	10	10	530
Mortgage	353	227	255	63	117	14	8	1,038
Consumer credit	75	61	58	16	32	7	2	251
Other accident	424	219	159	87	104	16	5	1,013
Other	250	204	125	37	60	7	3	688
CTP motor vehicle	1,310	0	837	0	0	0	0	2,147
Public and product liability	729	439	294	119	170	27	7	1,785
Professional indemnity	590	256	160	66	112	11	4	1,199
Employers' liability	246	37	6	14	717	99	56	1,174
Total direct business	9,963	4,913	4,400	1,346	2,675	411	147	23,855

Notes:

Gross premium revenue in this table is reported according to the location of risk.

There were 110 direct insurers conducting business in Australia.

Table 11 Gross incurred claims by State and Territory (direct insurers)

Financial years ended in the 12 months to December 2007

(\$ million)

Class of business	NSW/ACT	VIC	QLD	SA	WA	TAS	NT	Total Australia
Houseowners/householders	1,291	613	588	223	209	61	5	2,990
Commercial motor vehicle	507	338	253	129	150	24	29	1,429
Domestic motor vehicle	1,992	1,376	951	383	436	71	11	5,220
Travel	125	na	na	na	12	1	1	175
Fire and ISR	863	589	251	109	94	91	8	2,005
Marine and aviation	114	65	53	13	26	4	3	278
Mortgage	178	75	67	16	20	2	2	360
Consumer credit	11	6	4	12	2	1	0	37
Other accident	177	72	88	30	77	5	1	450
Other	105	56	57	19	20	2	2	261
CTP motor vehicle	1,080	na	587	na	0	0	0	1,697
Public and product liability	178	209	-25	35	54	5	4	460
Professional indemnity	485	121	12	10	24	4	1	657
Employers' liability	197	47	na	na	331	27	42	769
Total direct business	7,305	3,618	2,917	1,085	1,455	298	111	16,788

Notes:

Gross incurred claims in this table is reported according to the location of risk.

There were 110 direct insurers conducting business in Australia.

The basis for gross incurred claims has changed since the June 2007 publication due to changes in the reporting framework in January 2007. These figures now include movements in premium liabilities. The data is therefore not directly comparable to previous publications.

Table 12 Company level financial performance

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Gross premium revenue	Outwards reinsurance expense	Net premium revenue	Gross incurred claims	Non-reinsurance recoveries revenue	Reinsurance recoveries revenue
AAIL	31 Dec	2,453,260	420,790	2,032,470	1,946,373	236,910	305,902
AAMI _c	30 Jun	1,558,765	1,518,020	40,745	1,741,396	0	1,741,396
ACE	31 Dec	459,839	276,910	182,929	254,743	3,434	157,762
AFG _{ab}	30 Sep						
AIOI	31 Mar	25,155	4,142	21,013	15,887	3,413	-1,190
ALEA	31 Dec	200	0	200	-1,213	0	0
AM HOME	31 Dec	551,261	283,214	268,047	373,406	1,297	234,076
AME RE _b	31 Dec	171	156	15	-2,695	0	7,473
AMPG _b	31 Dec	0	0	0	-56	0	-18
ANZ LMI	30 Sep	98,744	15,991	82,753	40,128	1,436	17,609
ANZCOVER	30 Sep	20,414	4,182	16,232	-30,953	900	26
ASSET	31 Dec	32,002	20,554	11,448	36,158	0	25,373
ATRADIUS	31 Dec	40,985	34,092	6,893	22,416	801	16,925
AUS ALLNCE _c	30 Jun	434,691	415,603	19,088	416,882	0	416,882
AUS FAMILY _b	31 Dec	0	0	0	-469	0	-165
AUS INT	30 Jun	95,618	22,174	73,444	79,877	6,203	14,494
AUS MED	30 Jun	123,337	9,230	114,107	48,862	8,116	10,453
AUTO GEN	30 Jun	112,403	1,646	110,757	92,343	23,594	1,136
AXA _b	31 Dec	0	0	0	2,787	92	724
BARRISTERS	30 Jun	1,009	154	855	1,252	0	0
BERKLEY	31 Dec	1,951	2,623	-672	1,320	0	0
BHP MARINE	30 Jun	149,625	71,728	77,897	34,379	0	19,467
BORAL _b	30 Jun	0	0	0	96	0	24
BUDGET _b	30 Jun	104	3	101	94	585	36
CALLI	31 Dec	65,376	37,078	28,298	52,642	8,034	26,237
CATHOLIC	30 Jun	143,557	43,932	99,625	91,666	0	32,759
CAVELL _b	31 Dec	0	0	0	-343	203	0
CGU	30 Jun	2,011,898	234,441	1,777,457	1,484,926	216,894	189,524
CGU VACC	30 Jun	12	-6	18	-3,059	-431	5,727
CHUBB	31 Dec	282,819	41,514	241,305	159,014	0	14,551
CIC	31 Dec	85,541	85,541	0	133,238	11,229	122,009
CIL	31 Dec	113,313	32,083	81,230	59,413	2,226	17,296
COLOGNE RE	31 Dec	3	0	3	12,324	0	0
COM INSUR	30 Jun	204,105	23,981	180,124	103,425	2,411	-5,805
COM STEAM _b	30 Jun	0	0	0	-71	-71	0

^a Not required to submit data for the relevant period.^b Insurer authorised to conduct run-off business only.^c In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Net incurred claims	Under-writing expenses	Under-writing result	Investment income	Other items less operating expenses	Net profit / loss after tax	Balance date	Company short name
1,403,561	524,770	104,139	279,386	-69,857	313,668	31 Dec	AAIL
0	204,957	-164,212	1,331	163,835	954	30 Jun	AAMI ^c
93,547	68,375	21,007	21,091	-26,826	15,272	31 Dec	ACE
						30 Sep	AFG _{ab}
13,664	2,258	5,091	1,953	-5,051	1,993	31 Mar	AIOI
-1,213	20	1,393	1,358	-985	1,766	31 Dec	ALEA
138,033	59,813	70,201	37,749	-49,673	58,277	31 Dec	AM HOME
-10,168	1	10,182	12,896	-6,234	16,844	31 Dec	AME RE _b
-38	0	38	436	-243	231	31 Dec	AMPG _b
21,083	-6,450	68,120	15,238	-27,289	56,069	30 Sep	ANZ LMI
-31,879	253	47,858	12,753	-18,273	42,338	30 Sep	ANZCOVER
10,785	2,323	-1,660	16,400	-11,208	3,532	31 Dec	ASSET
4,690	-8,842	11,045	1,507	-10,080	2,472	31 Dec	ATRADIUS
0	19,088	0	379	-114	265	30 Jun	AUS ALLNCE ^c
-304	0	304	65	-342	27	31 Dec	AUS FAMILY _b
59,180	8,306	5,958	12,308	-11,413	6,853	30 Jun	AUS INT
30,293	47,790	36,024	51,903	-50,185	37,742	30 Jun	AUS MED
67,613	31,296	11,848	1,394	-10,555	2,687	30 Jun	AUTO GEN
1,971	224	-2,195	2,619	-277	147	31 Dec	AXA _b
1,252	0	-397	2,066	-646	1,023	30 Jun	BARRISTERS
1,320	259	-2,251	149	-46	-2,148	31 Dec	BERKLEY
14,912	6,133	56,852	25,003	-26,175	55,680	30 Jun	BHP MARINE
72	0	-72	1,170	-449	649	30 Jun	BORAL _b
-527	-54	682	300	-173	809	30 Jun	BUDGET _b
18,371	2,418	7,509	3,852	-12,065	-704	31 Dec	CALLI
58,907	31,172	9,546	80,846	-6,520	83,872	30 Jun	CATHOLIC
-546	0	546	566	-521	591	31 Dec	CAVELL _b
1,078,508	647,549	51,400	181,897	-62,446	170,852	30 Jun	CGU
-8,355	-90	8,463	8,929	-5,043	12,349	30 Jun	CGU VACC
144,463	85,546	11,296	19,760	-10,212	20,844	31 Dec	CHUBB
0	0	0	691	0	691	31 Dec	CIC
39,891	19,866	21,473	5,783	-17,373	9,883	31 Dec	CIL
12,324	99	-12,420	10,359	-104	-2,165	31 Dec	COLOGNE RE
106,819	73,810	-505	8,001	-2,692	4,804	30 Jun	COM INSUR
0	0	0	140	-127	13	30 Jun	COM STEAM _b

^a Not required to submit data for the relevant period.

^b Insurer authorised to conduct run-off business only.

^c In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Gross premium revenue	Outwards reinsurance expense	Net premium revenue	Gross incurred claims	Non-reinsurance recoveries revenue	Reinsurance recoveries revenue
COMBINED	31 Dec	92,250	0	92,250	31,551	0	0
COPENHAGEN _b	31 Dec	0	0	0	-841	0	6
CORRVAS _b	30 Jun	0	0	0	14	0	0
CREDICORP	30 Jun	3,808	0	3,808	733	42	0
CUMIS	31 Dec	73,889	1,561	72,328	51,531	9,056	425
CURASALUS	30 Sep	21,184	12,053	9,131	25,017	0	23,569
EIG ANSVAR	31 Dec	116,496	50,145	66,351	97,148	8,085	42,569
ELDERS	30 Jun	322,657	136,874	185,783	240,836	23,030	101,511
EMPLOY MUT	30 Jun	2,197	759	1,438	3,452	286	579
FIRST AM	31 Dec	6,052	163	5,889	2,950	1,133	1,376
FM INS	31 Dec	164,090	94,747	69,343	146,592	0	133,217
FORTRON	30 Jun	19,986	344	19,642	7,707	1,179	-6
GEN LMI _b	31 Dec	0	-776	776	-9,337	-372	0
GEN MORT	31 Dec	547,910	53,217	494,693	264,371	28,887	-959
GEN RE	31 Dec	65,586	31,695	33,891	16,124	0	-19,083
GERLING	31 Dec	5,470	5,883	-413	30,549	0	29,849
GIO GEN	30 Jun	1,522,303	69,226	1,453,077	1,013,478	190,122	49,182
GORDIAN _b	31 Dec	4,693	280	4,413	-118,904	-536	-5,965
GUILD INS	30 Jun	131,094	18,281	112,813	58,364	0	1,114
HALLMARK	31 Dec	25,987	98	25,889	-8,566	-3,059	72
HANNOVER	31 Dec	148,809	26,137	122,672	108,218	0	2,272
HBF INS	30 Jun	76,296	10,175	66,121	51,564	8,991	5,440
HOLLARD	30 Jun	89,128	33,090	56,038	43,260	1,228	21,727
HSB	31 Dec	12,602	-798	13,400	6,493	0	452
IAG RE AUS	30 Jun	275,350	129,931	145,419	535,445	8,575	461,875
IAL	30 Jun	2,648,435	1,460,976	1,187,459	2,207,119	325,777	1,106,350
IMA	30 Jun	2,009,615	106,236	1,903,379	1,816,822	195,419	323,448
ING	31 Dec	67,525	1,340	66,185	28,209	0	0
KEMPER INS _b	31 Dec	0	0	0	108	0	0
LAWCOVER	30 Jun	74,329	32,100	42,229	54,866	0	30,140
LIBERTY	31 Dec	157,249	92,782	64,467	34,836	0	-1,243
LIONHEART _b	30 Jun	479	0	479	76	0	0
LUMLEY GEN	30 Jun	646,519	185,139	461,380	509,086	61,550	143,204
MASTER BUT _{ab}	01 Dec						
MDA	30 Jun	58,939	6,157	52,782	35,249	4,066	1,309

^a Not required to submit data for the relevant period.^b Insurer authorised to conduct run-off business only.^c In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Net incurred claims	Under-writing expenses	Under-writing result	Investment income	Other items less operating expenses	Net profit / loss after tax	Balance date	Company short name
31,551	22,817	37,882	4,328	-31,429	10,781	31 Dec	COMBINED
-847	0	847	4,404	-1,874	3,377	31 Dec	COPENHAGEN _b
14	0	-14	990	-13	963	30 Jun	CORRVAS _b
691	1,295	1,822	648	-701	1,769	30 Jun	CREDICORP
42,050	16,220	14,058	5,404	-22,413	-2,951	31 Dec	CUMIS
1,448	1,965	5,718	8,690	-3,099	11,309	30 Sep	CURASALUS
46,494	15,195	4,662	7,730	-8,097	4,295	31 Dec	EIG ANSVAR
116,295	41,274	28,214	10,733	-25,055	13,892	30 Jun	ELDERS
2,587	586	-1,735	7,917	14,029	20,211	30 Jun	EMPLOY MUT
441	114	5,334	544	-3,722	2,156	31 Dec	FIRST AM
13,375	15,620	40,348	9,713	-29,592	20,469	31 Dec	FM INS
6,534	10,894	2,214	1,674	-2,556	1,332	30 Jun	FORTRON
-8,965	854	8,887	5,524	-9,284	5,127	31 Dec	GEN LMI _b
236,443	50,871	207,379	132,490	-146,097	193,772	31 Dec	GEN MORT
35,207	27,392	-28,708	16,618	-876	-12,966	31 Dec	GEN RE
700	15	-1,128	2,633	-1,501	4	31 Dec	GERLING
774,174	437,887	241,016	190,894	-118,428	313,482	30 Jun	GIO GEN
-112,403	523	116,293	44,129	-53,943	106,479	31 Dec	GORDIAN _b
57,250	17,502	38,061	17,477	-33,802	21,736	30 Jun	GUILD INS
-5,579	-518	31,986	12,020	-22,277	21,729	31 Dec	HALLMARK
105,946	22,347	-5,621	22,398	-8,953	7,824	31 Dec	HANNOVER
37,133	3,831	25,157	5,431	-20,281	10,307	30 Jun	HBF INS
20,305	36,265	-532	6,993	-13,241	-6,780	30 Jun	HOLLARD
6,041	2,265	5,094	1,217	-5,861	450	31 Dec	HSB
64,995	1,181	79,243	13,663	-28,416	64,490	30 Jun	IAG RE AUS
774,992	286,245	126,222	693,126	-310,304	509,044	30 Jun	IAL
1,297,955	375,458	229,966	150,872	-124,034	256,805	30 Jun	IMA
28,209	14,867	23,109	4,484	-11,196	16,397	31 Dec	ING
108	0	-108	258	0	150	31 Dec	KEMPER INS _b
24,726	0	17,503	6,155	-12,286	11,372	30 Jun	LAWCOVER
36,079	-2,897	31,285	16,168	-30,293	17,160	31 Dec	LIBERTY
76	420	-17	211	-428	-234	30 Jun	LIONHEART _b
304,332	126,271	30,777	20,806	-26,920	24,663	30 Jun	LUMLEY GEN
						01 Dec	MASTER BUT _{ab}
29,874	2,272	20,636	15,658	-20,713	15,581	30 Jun	MDA

^a Not required to submit data for the relevant period.^b Insurer authorised to conduct run-off business only.^c In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Gross premium revenue	Outwards reinsurance expense	Net premium revenue	Gross incurred claims	Non-reinsurance recoveries revenue	Reinsurance recoveries revenue
MDU _b	30 Jun	0	0	0	-29	0	20
METLIFE _b	31 Dec	0	0	0	0	0	0
MGIC	31 Dec	13,232	0	13,232	2,270	0	0
MIA	30 Jun	36,250	7,560	28,690	23,051	3,668	4,791
MIPSI	30 Jun	36,502	5,000	31,502	15,622	0	-720
MITSUI	31 Mar	23,663	5,416	18,247	9,690	0	1,966
MMIA _b	31 Dec	-151	53	-204	10,830	3,585	12,840
MRMPL	30 Jun	4,185	829	3,356	1,352	10	0
MTA	30 Jun	20,624	0	20,624	1,604	0	0
MUNICH RE	31 Dec	646,422	40,173	606,249	450,061	0	114,076
MUNICIPAL _b	30 Jun	0	0	0	213	0	0
MUT COMM	30 Jun	37,262	2,649	34,613	26,020	3,388	-378
NEW INDIA	31 Mar	6,388	2,249	4,139	9,429	0	6,773
NIPPONKOA	31 Mar	6,670	2,321	4,349	707	5	-128
NORTH _b	31 Dec	0	0	0	-1,342	0	-445
OPTUS	31 Mar	39,547	0	39,547	34,244	6,646	0
PIA _b	30 Jun	0	0	0	-364	0	1,446
PIICA	30 Jun	63,168	3,039	60,129	30,584	2,100	-1,523
PLMI	31 Dec	6,625	3,975	2,650	865	4	599
PMI MORT	31 Dec	252,202	9,156	243,046	98,178	-1,680	12
POSEIDON _b	30 Jun	0	0	0	-4	-4	0
QBE AUS	31 Dec	2,634,452	404,047	2,230,405	1,404,306	-30,605	195,920
QBE INT	31 Dec	380,237	177,080	203,157	129,308	0	71,408
RAA	30 Jun	76,549	3,735	72,814	71,870	10,799	8,899
RAC _c	30 Jun	226,613	8,494	218,119	187,143	29,449	1,019
RACQ	31 Dec	449,832	30,169	419,663	346,431	50,011	16,171
RACT	30 Jun	47,529	2,531	44,998	38,899	4,986	902
RURAL _b	30 Jun	0	0	0	0	0	0
SCOR	31 Dec	23,832	6,389	17,443	18,190	0	6,453
SGIA	30 Sep	71,967	8,661	63,306	11,034	0	0
SOMPO	31 Dec	10,190	4,068	6,122	6,467	2,111	2,518
SPHERE DRA _b	31 Dec	0	0	0	12	0	0
SSL	31 Dec	14,366	3,618	10,748	1,569	0	-1,541
ST ANDREW	31 Dec	11,343	0	11,343	250	0	0
ST PAUL _b	30 Sep	0	0	0	-26,677	0	-14,949

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Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Net incurred claims	Under-writing expenses	Under-writing result	Investment income	Other items less operating expenses	Net profit / loss after tax	Balance date	Company short name
-49	0	49	298	-104	243	30 Jun	MDU _b
0	0	0	614	-201	413	31 Dec	METLIFE _b
2,270	7,894	3,068	1,995	-1,759	3,304	31 Dec	MGIC
14,592	794	13,304	7,096	-11,533	8,867	30 Jun	MIA
16,342	2,699	12,461	9,408	-11,796	10,073	30 Jun	MIPSI
7,724	1,932	8,591	6,149	-7,246	7,494	31 Mar	MITSUI
-5,595	1,095	4,296	43,395	1,614	49,305	31 Dec	MMIA _b
1,342	147	1,867	1,542	-1,295	2,114	30 Jun	MRMPL
1,604	10,372	8,648	6,613	-8,230	7,031	30 Jun	MTA
335,985	126,209	144,055	83,752	-66,673	161,134	31 Dec	MUNICH RE
213	15	-228	16	0	-212	30 Jun	MUNICIPAL _b
23,010	11,557	46	1,353	-558	841	30 Jun	MUT COMM
2,656	1,083	400	1,305	-898	807	31 Mar	NEW INDIA
830	2,112	1,407	1,463	-746	2,124	31 Mar	NIPPONKOA
-897	0	897	1,146	-781	1,262	31 Dec	NORTH _b
27,598	3,160	8,789	1,287	-3,596	6,480	31 Mar	OPTUS
-1,810	0	1,810	3,102	-2,250	2,662	30 Jun	PIA _b
30,007	3,090	27,032	10,123	-25,551	11,604	30 Jun	PIICA
262	-927	3,315	1,044	-1,858	2,501	31 Dec	PLMI
99,846	8,810	134,390	54,110	-99,829	88,671	31 Dec	PMI MORT
0	0	0	82	-131	-49	30 Jun	POSEIDON _b
1,238,991	724,235	267,179	235,774	-124,881	378,072	31 Dec	QBE AUS
57,900	33,978	111,279	40,715	-80,005	71,989	31 Dec	QBE INT
52,172	14,697	5,945	5,581	-4,507	7,019	30 Jun	RAA
156,675	28,300	33,144	10,798	-28,293	15,649	30 Jun	RAC
280,249	66,546	72,868	39,891	-53,887	58,872	31 Dec	RACQ
33,011	8,940	3,047	2,906	-1,757	4,196	30 Jun	RACT
0	0	0	70	-31	39	30 Jun	RURAL _b
11,737	3,297	2,409	4,123	-5,439	1,093	31 Dec	SCOR
11,034	360	51,912	52,144	-31,070	72,986	30 Sep	SGIA
1,838	972	3,312	1,658	-2,942	2,028	31 Dec	SOMPO
12	0	-12	382	-252	118	31 Dec	SPHERE DRA _b
3,110	1,968	5,670	7,735	-5,478	7,927	31 Dec	SSL
250	2,424	8,669	1,398	-5,059	5,008	31 Dec	ST ANDREW
-11,728	0	11,728	5,139	0	16,867	30 Sep	ST PAUL _b

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^c In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Gross premium revenue	Outwards reinsurance expense	Net premium revenue	Gross incurred claims	Non-reinsurance recoveries revenue	Reinsurance recoveries revenue
STATECOVER	30 Jun	39,516	2,648	36,868	35,436	486	-663
STEWART	31 Dec	2,086	157	1,929	1,719	0	107
SUNCORP	30 Jun	1,198,600	88,571	1,110,029	825,550	106,140	64,209
SUNDERLAND	31 Dec	20,170	5,966	14,204	11,735	0	2,035
SUNSTATE	30 Jun	5,537	2,610	2,927	1,899	3	424
SWANN	30 Jun	209,069	11,648	197,421	86,023	14,895	8,773
SWISS RE	31 Dec	550,237	119,782	430,455	453,117	0	138,514
TAXI _b	30 Jun	922	0	922	1,233	0	612
TGI AUS _b	31 Dec	1,822	255	1,567	-10,454	864	124
TMIC	30 Jun	14,368	2,379	11,989	7,581	402	909
TOKIO	31 Mar	33,741	10,280	23,461	16,798	3,067	1,642
TOWER _b	30 Sep	0	0	0	299	0	24
TRC	31 Dec	23,642	1,447	22,195	4,072	0	0
VERO _c	30 Jun	2,936,293	294,265	2,642,028	2,680,030	536,434	221,528
VIRGINIA	31 Dec	13,768	884	12,884	6,363	0	288
WESFARMERS	30 Jun	297,272	51,844	245,428	177,983	15,564	27,353
WESTPAC	30 Sep	188,257	10,602	177,655	79,523	0	401
WESTPORT	31 Dec	27,952	20,058	7,894	-141,043	0	11,965
WPAC LMI	30 Sep	91,225	26,979	64,246	31,592	-934	5,596
WRBERKLEY	31 Dec	126	12	114	81	0	0
XL INS	31 Dec	50,445	42,093	8,352	69,959	1,185	69,120
XL RE _b	31 Dec	648	497	151	-8,974	0	-2,667
ZURICH	31 Dec	899,485	170,154	729,331	687,694	54,230	160,223
Total (\$ million)		30,202	7,752	22,450	22,370	2,208	6,960

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Table 12 Company level financial performance (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Net incurred claims	Under-writing expenses	Under-writing result	Investment income	Other items less operating expenses	Net profit / loss after tax	Balance date	Company short name
35,613	9,081	-7,826	8,846	-2,592	-1,572	30 Jun	STATECOVER
1,612	1,339	-1,022	557	-993	-1,458	31 Dec	STEWART
655,201	295,055	159,773	576,911	-162,434	574,250	30 Jun	SUNCORP
9,700	4,730	-226	1,144	-999	-81	31 Dec	SUNDERLAND
1,472	174	1,282	1,177	-537	1,922	30 Jun	SUNSTATE
62,355	95,070	39,996	33,666	-22,008	51,654	30 Jun	SWANN
314,603	72,089	43,763	63,527	-62,098	45,192	31 Dec	SWISS RE
621	0	301	292	-437	156	30 Jun	TAXI ^b
-11,442	-100	13,109	8,434	-9,399	12,144	31 Dec	TGI AUS ^b
6,270	432	5,287	1,473	-5,809	951	30 Jun	TMIC
12,089	6,065	5,307	5,886	-7,352	3,841	31 Mar	TOKIO
275	0	-275	1,520	-433	812	30 Sep	TOWER ^b
4,072	4,610	13,513	3,604	-7,248	9,869	31 Dec	TRC
1,922,068	682,264	37,696	350,111	-108,545	279,262	30 Jun	VERO
6,075	5,094	1,715	1,286	-1,986	1,015	31 Dec	VIRGINIA
135,066	67,474	42,888	14,501	-29,257	28,132	30 Jun	WESFARMERS
79,122	52,081	46,452	7,334	-14,082	39,704	30 Sep	WESTPAC
-153,008	4,239	156,663	31,954	-42,366	146,251	31 Dec	WESTPORT
26,930	5,221	32,095	11,487	-12,866	30,716	30 Sep	WPAC LMI
81	222	-189	321	-282	-150	31 Dec	WRBERKLEY
-346	3,538	5,160	5,629	-13,862	-3,073	31 Dec	XL INS
-6,307	-373	6,831	1,813	-1,467	7,177	31 Dec	XL RE ^b
473,241	272,425	-16,335	621,719	-9,308	596,076	31 Dec	ZURICH
13,203	5,996	3,250	4,660	-2,497	5,414		Total (\$ million)

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Table 13 Company level financial position

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Investments	Total assets	Outstanding claims provision	Premium liabilities	Total liabilities	Shareholders' equity
AAIL	31 Dec	5,822,046	8,572,329	4,394,242	1,089,339	7,116,510	1,455,819
AAMI _c	30 Jun	3,900	2,362,290	1,341,289	843,252	2,336,612	25,678
ACE	31 Dec	383,848	1,003,622	509,978	171,268	808,231	195,391
AFG _{ab}	30 Sep						
AIOI	31 Mar	35,152	58,234	8,431	26,478	37,638	20,596
ALEA	31 Dec	24,062	26,226	2,564	0	3,364	22,862
AM HOME	31 Dec	708,960	1,674,434	956,568	297,205	1,383,700	290,734
AME RE _b	31 Dec	305,897	351,813	163,011	0	200,315	151,498
AMPG _b	31 Dec	6,572	7,449	43	0	191	7,258
ANZ LMI	30 Sep	356,657	418,745	12,146	99,138	141,460	277,285
ANZCOVER	30 Sep	216,843	239,083	44,360	9,137	66,181	172,902
ASSET	31 Dec	169,790	225,944	115,996	10,418	147,068	78,876
ATRADIUS	31 Dec	32,699	88,212	24,820	10,900	54,953	33,259
AUS ALLNCE _c	30 Jun	0	470,196	123,478	197,894	445,320	24,876
AUS FAMILY _b	31 Dec	801	1,105	133	0	168	937
AUS INT	30 Jun	161,014	244,232	88,646	83,518	181,292	62,940
AUS MED	30 Jun	521,469	792,470	313,025	36,045	473,263	319,207
AUTO GEN	30 Jun	49,944	105,009	21,073	56,849	90,090	14,919
AXA _b	31 Dec	47,729	55,751	20,292	0	23,169	32,582
BARRISTERS	30 Jun	15,986	16,249	519	758	2,704	13,545
BERKLEY	31 Dec	0	52,633	0	1,320	4,231	48,402
BHP MARINE	30 Jun	485,879	699,154	114,800	105,617	295,589	403,565
BORAL _b	30 Jun	16,285	29,431	14,585	0	17,688	11,743
BUDGET _b	30 Jun	6,346	11,454	93	0	428	11,026
CALLI	31 Dec	63,123	114,717	37,159	26,599	73,847	40,870
CATHOLIC	30 Jun	615,521	803,425	369,454	83,621	531,391	272,034
CAVELL _b	31 Dec	8,926	14,563	2,753	0	3,030	11,533
CGU	30 Jun	2,941,481	5,007,201	2,241,794	900,245	3,739,031	1,268,170
CGU VACC	30 Jun	86,873	105,418	41,817	49	89,950	15,468
CHUBB	31 Dec	677,085	918,188	452,015	111,933	634,247	283,941
CIC	31 Dec	11,142	560,134	509,346	39,516	548,862	11,272
CIL	31 Dec	79,711	150,785	57,204	38,071	110,873	39,915
COLOGNE RE	31 Dec	132,181	135,501	81,206	0	81,283	54,218
COM INSUR	30 Jun	45,408	258,622	93,914	75,753	206,801	51,821
COM STEAM _b	30 Jun	3,937	6,191	1,885	0	2,006	4,185

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Table 13 Company level financial position (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Investments	Total assets	Outstanding claims provision	Premium liabilities	Total liabilities	Shareholders' equity
COMBINED	31 Dec	98,945	125,196	18,435	13,485	54,521	70,675
COPENHAGEN _b	31 Dec	35,293	36,445	7,945	0	13,562	22,883
CORRVAS _b	30 Jun	15,169	15,180	1,711	0	2,006	13,174
CREDICORP	30 Jun	10,721	11,766	473	4,751	5,434	6,332
CUMIS	31 Dec	105,764	160,338	23,706	51,100	100,793	59,545
CURASALUS	30 Sep	134,894	188,101	49,403	14,000	80,820	107,281
EIG ANSVAR	31 Dec	170,848	302,184	149,126	57,909	231,522	70,662
ELDERS	30 Jun	165,521	438,995	184,356	129,017	376,595	62,400
EMPLOY MUT	30 Jun	61,444	104,473	17,031	499	31,757	72,716
FIRST AM	31 Dec	5,192	20,099	7,137	0	10,008	10,090
FM INS	31 Dec	199,811	476,231	196,523	62,593	359,577	116,654
FORTRON	30 Jun	12,651	21,959	2,907	6,006	13,228	8,731
GEN LMI _b	31 Dec	77,924	94,219	1,194	2,476	23,050	71,169
GEN MORT	31 Dec	2,251,461	2,576,483	207,216	593,178	961,113	1,615,370
GEN RE	31 Dec	640,503	966,627	518,079	50,819	720,449	246,178
GERLING	31 Dec	57,624	201,715	159,611	1,733	168,373	33,342
GIO GEN	30 Jun	2,813,420	3,891,392	1,806,190	817,654	3,136,288	755,104
GORDIAN _b	31 Dec	1,019,670	1,108,766	446,956	0	511,095	597,671
GUILD INS	30 Jun	163,207	283,124	131,968	50,968	212,490	70,634
HALLMARK	31 Dec	154,857	184,183	6,931	32,007	46,119	138,064
HANNOVER	31 Dec	546,617	690,057	389,884	113,860	516,548	173,509
HBF INS	30 Jun	58,701	98,423	15,474	31,659	55,192	43,231
HOLLARD	30 Jun	49,177	136,694	34,543	33,382	106,704	29,990
HSB	31 Dec	24,743	34,132	6,303	12,252	21,972	12,160
IAG RE AUS	30 Jun	724,830	2,256,014	1,183,479	492,902	1,822,487	433,527
IAL	30 Jun	7,355,483	10,530,093	4,335,986	1,197,546	7,289,651	3,240,442
IMA	30 Jun	1,383,913	2,486,784	718,765	867,083	1,881,413	605,371
ING	31 Dec	90,908	130,070	14,029	39,900	71,950	58,120
KEMPER INS _b	31 Dec	4,115	4,295	514	0	564	3,731
LAWCOVER	30 Jun	168,863	276,010	119,693	60,910	236,480	39,530
LIBERTY	31 Dec	404,248	735,306	436,752	86,570	603,363	131,943
LIONHEART _b	30 Jun	2,834	2,962	218	0	2,214	748
LUMLEY GEN	30 Jun	378,578	874,927	393,233	248,876	763,472	111,455
MASTER BUT _{ab}	01 Dec						
MDA	30 Jun	161,570	244,911	136,961	17,163	182,705	62,206

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Table 13 Company level financial position (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Investments	Total assets	Outstanding claims provision	Premium liabilities	Total liabilities	Shareholders' equity
MDU _b	30 Jun	0	5,963	415	0	415	5,548
METLIFE _b	31 Dec	0	9,971	2,696	0	2,824	7,147
MGIC	31 Dec	123,053	140,485	53	2,217	8,738	131,748
MIA	30 Jun	85,993	174,792	92,267	23,422	134,746	40,046
MIPSI	30 Jun	107,924	132,450	49,552	8,136	74,214	58,236
MITSUI	31 Mar	108,451	125,122	16,576	11,058	32,840	92,282
MMIA _b	31 Dec	601,697	715,823	258,261	71	502,805	213,018
MRMPL	30 Jun	18,877	22,710	857	5,502	7,796	14,914
MTA	30 Jun	35,028	37,802	1,354	9,227	15,534	22,268
MUNICH RE	31 Dec	1,694,363	2,563,633	1,207,989	469,174	2,087,485	476,148
MUNICIPAL _b	30 Jun	11,902	11,910	2,525	0	2,534	9,376
MUT COMM	30 Jun	23,411	51,093	13,124	18,108	37,535	13,558
NEW INDIA	31 Mar	23,988	37,435	4,460	12,143	17,882	19,553
NIPPONKOA	31 Mar	0	40,273	14,464	3,724	20,353	19,920
NORTH _b	31 Dec	17,724	20,494	6,077	0	6,570	13,924
OPTUS	31 Mar	22,739	28,439	2,534	1,367	14,044	14,395
PIA _b	30 Jun	37,287	51,489	29,852	0	31,251	20,238
PIICA	30 Jun	158,028	229,705	113,400	21,100	174,614	55,091
PLMI	31 Dec	17,555	22,334	251	1,358	6,572	15,762
PMI MORT	31 Dec	1,456,561	1,591,068	85,645	182,023	458,523	1,132,545
POSEIDON _b	30 Jun	2,346	3,075	184	0	245	2,830
QBE AUS	31 Dec	3,503,109	5,716,889	2,662,645	968,393	4,203,224	1,513,665
QBE INT	31 Dec	623,603	1,090,783	293,262	89,262	611,676	479,107
RAA	30 Jun	57,239	97,307	24,606	37,986	77,769	19,538
RAC _c	30 Jun	165,990	392,870	45,630	121,127	185,552	207,318
RACQ	31 Dec	696,137	948,842	485,021	217,711	748,993	199,848
RACT	30 Jun	31,022	57,913	12,584	25,286	44,072	13,843
RURAL _b	30 Jun	2,864	3,955	2,912	0	3,085	870
SCOR	31 Dec	69,409	106,824	43,327	19,327	69,603	37,221
SGIA	30 Sep	370,295	390,346	571	30,937	109,802	280,544
SOMPO	31 Dec	27,214	42,682	15,285	4,600	22,825	19,857
SPHERE DRA _b	31 Dec	5,639	6,588	1,950	0	2,251	4,337
SSL	31 Dec	155,077	182,950	55,705	9,099	69,285	113,665
ST ANDREW	31 Dec	24,366	25,997	400	6,507	10,387	15,610
ST PAUL _b	30 Sep	77,874	107,035	59,349	88	60,236	46,799

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Table 13 Company level financial position (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Investments	Total assets	Outstanding claims provision	Premium liabilities	Total liabilities	Shareholders' equity
STATECOVER	30 Jun	122,242	176,473	83,971	35,668	132,893	43,580
STEWART	31 Dec	8,200	10,280	2,607	0	3,247	7,033
SUNCORP	30 Jun	5,701,128	6,389,031	2,273,619	608,735	4,291,060	2,097,971
SUNDERLAND	31 Dec	13,288	30,263	10,789	8,114	21,167	9,096
SUNSTATE	30 Jun	19,782	22,077	433	6,884	9,075	13,002
SWANN	30 Jun	339,509	406,740	44,354	158,507	257,005	149,735
SWISS RE	31 Dec	1,383,607	2,058,981	1,157,017	418,476	1,603,181	455,800
TAXI _b	30 Jun	2,416	2,729	162	0	653	2,076
TGI AUS _b	31 Dec	145,897	189,338	80,784	834	85,412	103,926
TMIC	30 Jun	6,029	33,704	2,231	8,877	13,493	20,211
TOKIO	31 Mar	101,367	157,920	60,868	16,745	84,535	73,385
TOWER _b	30 Sep	39,948	41,247	10,442	0	11,078	30,169
TRC	31 Dec	53,285	81,673	18,371	14,856	37,982	43,691
VERO _c	30 Jun	4,522,178	7,297,181	2,633,313	1,549,441	5,978,274	1,318,907
VIRGINIA	31 Dec	27,969	33,327	1,142	8,992	11,354	21,973
WESFARMERS	30 Jun	257,080	368,442	131,851	113,920	290,381	78,061
WESTPAC	30 Sep	159,413	234,040	45,266	81,267	157,266	76,774
WESTPORT	31 Dec	663,461	739,550	362,941	18,234	435,321	304,229
WPAC LMI	30 Sep	248,694	300,293	10,142	79,626	122,029	178,264
WRBERKLEY	31 Dec	0	25,561	0	81	711	24,850
XL INS	31 Dec	114,324	255,426	125,231	40,106	187,744	67,682
XL RE _b	31 Dec	0	86,908	40,206	0	52,504	34,404
ZURICH	31 Dec	1,731,535	2,592,918	1,370,953	428,208	1,924,559	668,359
Total (\$ million)		59,612	92,017	37,954	15,302	66,033	25,984

^a Not required to submit data for the relevant period.^b Insurer authorised to conduct run-off business only.^c In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

Table 14 Company level capital adequacy

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Minimum capital requirement	Capital base	Capital surplus	Solvency coverage
AAIL	31 Dec	843,765	1,115,797	272,032	1.32
AAMI ^e	30 Jun	6,648	14,969	8,321	2.25
ACE	31 Dec	77,295	191,401	114,106	2.48
AFG ^{cd}	30 Sep				
AIOI ^a	31 Mar	7,061	21,470	14,409	3.04
ALEA ^a	31 Dec	5,000	14,707	9,707	2.94
AM HOME ^a	31 Dec	141,136	263,072	121,936	1.86
AME RE ^{ad}	31 Dec	33,416	138,199	104,783	4.14
AMPG ^{df}	31 Dec	5,000	7,252	2,252	1.45
ANZ LMI ^f	30 Sep	236,455	277,285	40,830	1.17
ANZCOVER	30 Sep	71,297	172,902	101,605	2.43
ASSET	31 Dec	29,939	77,523	47,584	2.59
ATRADIUS	31 Dec	16,998	28,351	11,353	1.67
AUS ALLNCE ^e	30 Jun	12,855	18,351	5,496	1.43
AUS FAMILY ^d	31 Dec	2,000	933	-1,067	0.47
AUS INT	30 Jun	31,725	60,800	29,075	1.92
AUS MED ^b	30 Jun	100,566	322,749	222,183	3.21
AUTO GEN	30 Jun	12,134	16,076	3,942	1.32
AXA ^d	31 Dec	5,000	32,582	27,582	6.52
BARRISTERS	30 Jun	5,000	13,545	8,545	2.71
BERKLEY	31 Dec	11,499	47,657	36,158	4.14
BHP MARINE	30 Jun	154,395	403,565	249,170	2.61
BORAL ^d	30 Jun	2,000	9,920	7,920	4.96
BUDGET ^{ad}	30 Jun	5,000	6,526	1,526	1.31
CALLI	31 Dec	9,129	40,870	31,741	4.48
CATHOLIC	30 Jun	106,730	272,034	165,304	2.55
CAVELL ^{ad}	31 Dec	2,000	10,745	8,745	5.37
CGU	30 Jun	544,924	1,040,689	495,765	1.91
CGU VACC	30 Jun	5,290	16,163	10,873	3.06
CHUBB	31 Dec	101,730	265,983	164,253	2.61
CIC	31 Dec	5,000	11,272	6,272	2.25
CIL	31 Dec	18,208	37,923	19,715	2.08
COLOGNE RE ^a	31 Dec	15,033	54,218	39,185	3.61
COM INSUR	30 Jun	39,169	51,695	12,526	1.32
COM STEAM ^d	30 Jun	2,000	4,163	2,163	2.08

^a Capital base for branch insurers is derived from net assets inside Australia.

^b Medical indemnity insurers are not required to meet minimum capital requirements until July 2008. Data represent solvency position based on wider industry requirements.

^c Not required to submit data for the relevant period.

^d Insurer authorised to conduct run-off business only.

^e In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

^f May be subject to capital transitional arrangements under *GPS 110* Attachment F.

Table 14 Company level capital adequacy (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Minimum capital requirement	Capital base	Capital surplus	Solvency coverage
COMBINED _a	31 Dec	8,931	41,111	32,180	4.60
COPENHAGEN _{ad}	31 Dec	5,000	22,466	17,466	4.49
CORRVAS _d	30 Jun	5,000	13,174	8,174	2.63
CREDICORP	30 Jun	5,000	6,274	1,274	1.25
CUMIS _a	31 Dec	28,282	56,357	28,075	1.99
CURASALUS	30 Sep	77,482	107,281	29,799	1.38
EIG ANSVAR	31 Dec	28,646	69,808	41,162	2.44
ELDERS	30 Jun	33,926	65,075	31,149	1.92
EMPLOY MUT	30 Jun	10,487	72,716	62,229	6.93
FIRST AM	31 Dec	5,000	9,684	4,684	1.94
FM INS _a	31 Dec	17,342	113,728	96,386	6.56
FORTRON	30 Jun	7,872	9,121	1,249	1.16
GEN LMI _{df}	31 Dec	45,447	67,945	22,498	1.50
GEN MORT _f	31 Dec	1,158,200	1,525,663	367,463	1.32
GEN RE	31 Dec	107,908	204,045	96,137	1.89
GERLING	31 Dec	11,616	32,785	21,169	2.82
GIO GEN	30 Jun	553,115	889,581	336,466	1.61
GORDIAN _d	31 Dec	91,652	564,992	473,340	6.16
GUILD INS	30 Jun	36,318	74,651	38,333	2.06
HALLMARK	31 Dec	19,541	137,760	118,219	7.05
HANNOVER _a	31 Dec	125,739	182,041	56,302	1.45
HBF INS	30 Jun	15,689	45,791	30,102	2.92
HOLLARD	30 Jun	10,250	31,580	21,330	3.08
HSB _a	31 Dec	5,000	12,160	7,160	2.43
IAG RE AUS	30 Jun	258,175	423,971	165,796	1.64
IAL	30 Jun	994,772	2,689,078	1,694,306	2.70
IMA	30 Jun	289,619	600,551	310,932	2.07
ING	31 Dec	34,752	58,120	23,368	1.67
KEMPER INS _d	31 Dec	2,000	3,731	1,731	1.87
LAWCOVER	30 Jun	21,490	39,530	18,040	1.84
LIBERTY _a	31 Dec	51,655	181,905	130,250	3.52
LIONHEART _d	30 Jun	2,000	748	-1,252	0.37
LUMLEY GEN	30 Jun	78,444	108,471	30,027	1.38
MASTER BUT _{cd}	01 Dec				
MDA _b	30 Jun	32,350	69,777	37,427	2.16

^a Capital base for branch insurers is derived from net assets inside Australia.

^b Medical indemnity insurers are not required to meet minimum capital requirements until July 2008. Data represent solvency position based on wider industry requirements.

^c Not required to submit data for the relevant period.

^d Insurer authorised to conduct run-off business only.

^e In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

^f May be subject to capital transitional arrangements under *GPS 110* Attachment F.

Table 14 Company level capital adequacy (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Minimum capital requirement	Capital base	Capital surplus	Solvency coverage
MDU _d	30 Jun	3,500	5,517	2,017	1.58
METLIFE _d	31 Dec	2,000	7,147	5,147	3.57
MGIC _f	31 Dec	42,750	130,956	88,206	3.06
MIA _b	30 Jun	18,690	40,040	21,350	2.14
MIPSI	30 Jun	19,561	62,057	42,496	3.17
MITSUI _a	31 Mar	35,765	85,059	49,294	2.38
MMIA _d	31 Dec	43,784	213,018	169,234	4.87
MRMPL _f	30 Jun	9,830	14,914	5,084	1.52
MTA	30 Jun	5,906	22,472	16,566	3.80
MUNICH RE _a	31 Dec	311,276	476,021	164,745	1.53
MUNICIPAL _{ad}	30 Jun	2,000	9,376	7,376	4.69
MUT COMM	30 Jun	5,000	13,010	8,010	2.60
NEW INDIA _a	31 Mar	5,000	20,356	15,356	4.07
NIPPONKOA _a	31 Mar	5,000	19,418	14,418	3.88
NORTH _d	31 Dec	6,375	12,177	5,802	1.91
OPTUS	31 Mar	5,000	14,346	9,346	2.87
PIA _d	30 Jun	5,000	23,538	18,538	4.71
PIICA _b	30 Jun	25,250	51,704	26,454	2.05
PLMI _f	31 Dec	12,389	15,762	3,373	1.27
PMI MORT _f	31 Dec	873,394	1,132,545	259,151	1.30
POSEIDON _d	30 Jun	2,000	2,830	830	1.42
QBE AUS	31 Dec	685,867	1,383,575	697,708	2.02
QBE INT	31 Dec	77,799	461,453	383,654	5.93
RAA	30 Jun	10,444	22,534	12,090	2.16
RAC _e	30 Jun	27,726	92,770	65,044	3.35
RACQ	31 Dec	121,325	236,832	115,507	1.95
RACT	30 Jun	6,944	14,167	7,223	2.04
RURAL _d	30 Jun	2,000	870	-1,130	0.44
SCOR _a	31 Dec	14,787	39,212	24,425	2.65
SGIA _f	30 Sep	190,959	280,544	89,585	1.47
SOMPO _a	31 Dec	5,000	19,332	14,332	3.87
SPHERE DRA _{ad}	31 Dec	2,000	4,337	2,337	2.17
SSL _a	31 Dec	24,078	105,996	81,918	4.40
ST ANDREW	31 Dec	5,000	15,610	10,610	3.12
ST PAUL _{ad}	30 Sep	8,094	46,799	38,705	5.78

^a Capital base for branch insurers is derived from net assets inside Australia.

^b Medical indemnity insurers are not required to meet minimum capital requirements until July 2008. Data represent solvency position based on wider industry requirements.

^c Not required to submit data for the relevant period.

^d Insurer authorised to conduct run-off business only.

^e In this publication figures are for the 12 months to December 2007. During 2007 this insurer changed balance dates from 31 December to 30 June.

^f May be subject to capital transitional arrangements under *GPS 110* Attachment F.

Table 14 Company level capital adequacy (continued)

Financial years ended in the 12 months to December 2007

(\$ thousand)

Company short name	Balance date	Minimum capital requirement	Capital base	Capital surplus	Solvency coverage
STATECOVER	30 Jun	25,111	46,689	21,578	1.86
STEWART _a	31 Dec	5,000	7,033	2,033	1.41
SUNCORP	30 Jun	695,783	1,464,273	768,490	2.10
SUNDERLAND _a	31 Dec	5,000	9,426	4,426	1.89
SUNSTATE _f	30 Jun	10,739	12,975	2,236	1.21
SWANN	30 Jun	50,219	149,768	99,549	2.98
SWISS RE _a	31 Dec	283,666	455,800	172,134	1.61
TAXI _d	30 Jun	334	2,076	1,742	6.22
TGI AUS _d	31 Dec	15,880	99,856	83,976	6.29
TMIC _f	30 Jun	11,823	20,211	8,388	1.71
TOKIO _a	31 Mar	18,241	75,910	57,669	4.16
TOWER _{ad}	30 Sep	5,578	30,169	24,591	5.41
TRC _a	31 Dec	13,569	43,691	30,122	3.22
VERO _e	30 Jun	701,469	1,816,773	1,115,304	2.59
VIRGINIA _a	31 Dec	5,000	21,973	16,973	4.39
WESFARMERS	30 Jun	39,262	76,396	37,134	1.95
WESTPAC	30 Sep	32,860	76,774	43,914	2.34
WESTPORT _a	31 Dec	76,166	251,041	174,875	3.30
WPAC LMI _f	30 Sep	131,659	178,264	46,605	1.35
WRBERKLEY	31 Dec	8,282	24,785	16,503	2.99
XL INS _a	31 Dec	21,568	66,620	45,052	3.09
XL RE _{ad}	31 Dec	5,000	34,404	29,404	6.88
ZURICH	31 Dec	311,439	666,564	355,125	2.14
Total (\$ million)		11,944	24,327	12,383	2.04

^a Capital base for branch insurers is derived from net assets inside Australia.

^b Medical indemnity insurers are not required to meet minimum capital requirements until July 2008. Data represent solvency position based on wider industry requirements.

^c Not required to submit data for the relevant period.

^d Insurer authorised to conduct run-off business only.

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^f May be subject to capital transitional arrangements under *GPS 110* Attachment F.

Table 15 Lloyd's underwriting account

Year ended December 2007

(\$ thousand)

	Year of Account		
	2005	2006	2007
Premium income (gross) in:			
First year 2007	39,139	395,792	514,600
Second year 2006	363,904	530,220	
Third year 2005	516,858		
Total	919,901	926,012	514,600
Claims paid in:			
First year 2007	83,389	90,410	21,492
Second year 2006	80,676	14,647	
Third year 2005	21,895		
Reserve at end of third year of account	89,828	142,994	75,560
Total	275,789	248,050	97,052
Commission, fire brigade charges and stamp duty	14,979	104,597	100,426
Other	3,507	35,463	46,108
Total expenses	294,275	388,110	243,586
Underwriting surplus	625,626	537,902	271,014

Notes:

It is not possible to compare Lloyd's with private insurers. Lloyd's operates a unique three year accounting system that differs substantially from normal practices. Different classes of business are also used.

Figures are based on insurance business in Australia.

Table 16 Lloyd's underwriting analysis

Year ended December 2007

(\$ thousand)

Class of business	Gross premiums less claims and expenses		
	2005	2006	2007
Accident & health	-2,431	6,529	4,778
Motor vehicle damage & liability	-2,522	-1,666	1,864
Aircraft damage & liability	-713	709	3,529
Ships damage & Liability	-6,428	-716	9,596
Goods in transit	-1,328	1,118	3,274
Property damage	-39,401	12,844	113,532
General liability	-10,391	130,536	195,083
Pecuniary loss	-696	4,093	-518
Total	-63,910	153,447	331,138

Notes:

It is not possible to compare Lloyd's with private insurers. Lloyd's operates a unique three year accounting system that differs substantially from normal practices. Different classes of business are also used.

The individual syndicates, which are members of the Lloyd's market, are independent entities which are supervised by the Financial Services Authority (FSA) in the UK not by APRA. However, for the protection of policy holders in Australia, Lloyd's is required to maintain trust funds in Australia (refer to Lloyd's Assets Table 18).

Figures are based on insurance business in Australia.

Table 17 Lloyd's gross premium income

Year ended December 2007

(\$ thousand)

Class of business	Direct premiums (gross) including inward facultative reinsurance	Inward treaty reinsurance premiums (gross)	Total premium income (gross)
Current Year ended 31 December 2007			
Accident & health	7,998	1,796	9,794
Motor vehicle damage & liability	1,676	1,182	2,858
Aircraft damage & liability	4,498	1,266	5,764
Ships damage & Liability	10,901	2,793	13,693
Goods in transit	5,244	0	5,244
Property damage	131,795	67,219	199,014
General liability	268,118	5,780	273,898
Pecuniary loss	4,335	0	4,335
Total	434,565	80,036	514,600
First Preceding year 2006			
Accident & health	23,925	388	24,313
Motor vehicle damage & liability	3,547	1,033	4,580
Aircraft damage & liability	1,278	466	1,744
Ships damage & Liability	10,279	24	10,303
Goods in transit	3,252	0	3,252
Property damage	116,945	10,507	127,452
General liability	215,196	131	215,327
Pecuniary loss	8,821	0	8,821
Total	383,243	12,549	395,792
Second Preceding year 2005			
Accident & health	7,672	175	7,847
Motor vehicle damage & liability	513	0	513
Aircraft damage & liability	26	73	99
Ships damage & Liability	2,380	47	2,427
Goods in transit	296	0	296
Property damage	10,732	1,025	11,758
General liability	16,108	-98	16,010
Pecuniary loss	189	0	189
Total	37,916	1,222	39,139

Notes:

It is not possible to compare Lloyd's with private insurers. Lloyd's operates a unique three year accounting system that differs substantially from normal practices. Different classes of business are also used.

Figures are based on insurance business in Australia.

Table 18 Lloyd's assets

Year ended December 2007

(\$ thousand)

	Lloyd's Australia trust fund	Lloyd's Australia joint asset fund No.1	Lloyd's Australia joint asset fund No.2
Cash	1,615	8	212
Debt securities	994,346	2,028	64,221
Equities	0	0	0
Units in trusts	0	0	0
Other	0	0	0
Total	995,961	2,036	64,433

Notes:

It is not possible to compare Lloyd's with private insurers. Lloyd's operates a unique three year accounting system that differs substantially from normal practices. Different classes of business are also used.

Figures are based on insurance business in Australia.

Company classification

Year end December 2007

Company name	Company short name	Balance date	Classification	Branch insurer	Restriction on authorisation
A.C.N. 000 007 492 Limited	RURAL	30 Jun	Direct		Run-off
A.F.G. Insurances Limited	AFG	30 Sep	Reinsurer		Run-off
ACE Insurance Limited	ACE	31 Dec	Direct		
AIOI Insurance Co., Ltd	AIOI	31 Mar	Direct	Branch	
Alea London Limited	ALEA	31 Dec	Reinsurer	Branch	
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Allianz Australia Insurance Limited	AAIL	31 Dec	Direct		
American Home Assurance Company	AM HOME	31 Dec	Direct	Branch	
AMPG (1992) Limited	AMPG	31 Dec	Direct		Run-off
Ansvar Insurance Limited	EIG ANSVAR	31 Dec	Direct		
ANZ Lenders Mortgage Insurance Pty. Limited	ANZ LMI	30 Sep	Direct		LMI
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ANZCover Insurance Pty Ltd	ANZCOVER	30 Sep	Direct		Captive
AssetInsure Pty Limited	ASSET	31 Dec	Direct		
Atradius Credit Insurance N.V.	ATRADIUS	31 Dec	Direct	Branch	
Australian Alliance Insurance Company Limited	AUS ALLNCE	30 Jun	Direct		
Australian Associated Motor Insurers Limited	AAMI	30 Jun	Direct		
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Australian Family Assurance Limited	AUS FAMILY	31 Dec	Direct		Run-off
Australian International Insurance Limited	AUS INT	30 Jun	Direct		
Auto & General Insurance Company Limited	AUTO GEN	30 Jun	Direct		
Avant Insurance Limited	AUS MED	30 Jun	Direct		
AXA Insurance Australia Limited	AXA	31 Dec	Direct		Run-off
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Barristers' Sickness & Accident Fund Pty Ltd	BARRISTERS	30 Jun	Direct		
Berkley Insurance Company	BERKLEY	31 Dec	Reinsurer	Branch	
BHP Billiton Marine & General Insurances PL	BHP MARINE	30 Jun	Direct		Captive
Boral Insurance Pty Limited	BORAL	30 Jun	Direct		Run-off
Budget Insurance Company Limited	BUDGET	30 Jun	Direct	Branch	
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Calliden Insurance Limited	CIL	31 Dec	Direct		
Calliden Limited	CALLI	31 Dec	Direct		
Catholic Church Insurances Ltd	CATHOLIC	30 Jun	Direct		
Cavell Insurance Company Limited	CAVELL	31 Dec	Reinsurer	Branch	Run-off
CGU Insurance Limited	CGU	30 Jun	Direct		
<hr/>					
CGU-VACC Insurance Limited	CGU VACC	30 Jun	Direct		
Chubb Insurance Company of Australia Limited	CHUBB	31 Dec	Direct		
CIC Allianz Insurance Limited	CIC	31 Dec	Direct		
Combined Insurance Company of America	COMBINED	31 Dec	Direct	Branch	
Commonwealth Insurance Limited	COM INSUR	30 Jun	Direct		

Company classification (continued)

Year end December 2007

Company name	Company short name	Balance date	Classification	Branch insurer	Restriction on authorisation
Commonwealth Steamship Insurance Company	COM STEAM	30 Jun	Direct		Run-off
Corrvas Insurance Pty Ltd	CORRVAS	30 Jun	Direct		Run-off
Credicorp Insurance Pty. Ltd.	CREDICORP	30 Jun	Direct		
Cumis Insurance Society Inc.	CUMIS	31 Dec	Direct	Branch	
Curasalus Insurance Pty Ltd	CURASALUS	30 Sep	Direct		Captive
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Elders Insurance Ltd	ELDERS	30 Jun	Direct		
Employers Mutual Limited	EMPLOY MUT	30 Jun	Direct		
First American Title Insurance Company of Aust PL	FIRST AM	31 Dec	Direct		
FM Insurance Company Limited	FM INS	31 Dec	Direct	Branch	
Fortron Insurance Group Limited	FORTRON	30 Jun	Direct		
<hr/>					
General Reinsurance Australia Ltd	GEN RE	31 Dec	Reinsurer		
Genworth Financial Mortgage Indemnity Limited	GEN LMI	31 Dec	Direct		Run-off
Genworth Financial Mortgage Insurance PL	GEN MORT	31 Dec	Direct		LMI
GIO General Limited	GIO GEN	30 Jun	Direct		
Gordian Runoff Limited	GORDIAN	31 Dec	Reinsurer		Run-off
<hr/>					
Guild Insurance Limited	GUILD INS	30 Jun	Direct		
Hallmark General Insurance Company Ltd.	HALLMARK	31 Dec	Direct		
Hannover Rueckversicherung AG	HANNOVER	31 Dec	Reinsurer	Branch	
HBF Insurance Pty Ltd	HBF INS	30 Jun	Direct		
HDI-Gerling Australia Insurance Company Pty Limited	GERLING	31 Dec	Direct		
<hr/>					
HSB Engineering Insurance Limited	HSB	31 Dec	Direct	Branch	
ING General Insurance Pty Limited	ING	31 Dec	Direct		
Insurance Australia Limited	IAL	30 Jun	Direct		
Insurance Manufacturers of Australia PL	IMA	30 Jun	Direct		
Kemper Insurance Co Ltd	KEMPER INS	31 Dec	Direct		Run-off
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Kolnische Ruckversicherungs-Gesellschaft Aktiengesellschaft	COLOGNE RE	31 Dec	Reinsurer	Branch	
LawCover Insurance Pty Limited	LAWCOVER	30 Jun	Direct		
Liberty Mutual Insurance Company	LIBERTY	31 Dec	Direct	Branch	
Lionheart Insurance Pty Ltd	LIONHEART	30 Jun	Direct		Run-off
Lumley General Insurance Ltd	LUMLEY GEN	30 Jun	Direct		
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Master Butchers Limited	MASTER BUT	01 Dec	Direct		Run-off
MDA National Insurance Pty Ltd	MDA	30 Jun	Direct		
MDU Australia Insurance Co Pty Limited	MDU	30 Jun	Direct		Run-off
Medical Insurance Australia Pty Limited	MIA	30 Jun	Direct		
MetLife General Insurance Limited	METLIFE	31 Dec	Direct		Run-off

Company classification (continued)

Year end December 2007

Company name	Company short name	Balance date	Classification	Branch insurer	Restriction on authorisation
MGIC Australia Pty Limited	MGIC	31 Dec	Direct		LMI
MIPS Insurance Pty Ltd	MIPSI	30 Jun	Direct		
Mitsui Sumitomo Insurance Company, Limited	MITSUI	31 Mar	Direct	Branch	
MMIA Pty Limited	MMIA	31 Dec	Direct		Run-off
Mortgage Risk Management Pty Ltd.	MRMPL	30 Jun	Direct		LMI
MTA Insurance Limited	MTA	30 Jun	Direct		
Munchener Ruckversicherungs-Gesellschaft (Munich Re Co)	MUNICH RE	31 Dec	Reinsurer	Branch	
Munich Reinsurance America, Inc.	AME RE	31 Dec	Direct	Branch	Run-off
Municipal Mutual Insurance Limited	MUNICIPAL	30 Jun	Direct	Branch	Run-off
Mutual Community General Insurance PL	MUT COMM	30 Jun	Direct		
NIPPONKOA Insurance Company Limited	NIPPONKOA	31 Mar	Direct	Branch	
North Insurances Pty. Ltd.	NORTH	31 Dec	Direct		Run-off
NZI Insurance Australia Ltd	IAG RE AUS	30 Jun	Direct		
Optus Insurance Services Pty Limited	OPTUS	31 Mar	Direct		
Permanent LMI Pty. Limited	PLMI	31 Dec	Direct		LMI
PMI Mortgage Insurance Ltd	PMI MORT	31 Dec	Direct		LMI
Poseidon Insurance Co Pty Ltd	POSEIDON	30 Jun	Direct		Run-off
Professional Indemnity Insurance Company Australia Pty	PIICA	30 Jun	Direct		
Professional Insurance Australia Pty Ltd	PIA	30 Jun	Direct		Run-off
QBE Insurance (Australia) Limited	QBE AUS	31 Dec	Direct		
QBE Insurance (International) Ltd	QBE INT	31 Dec	Direct		
RAA Insurance Limited	RAA	30 Jun	Direct		
RAC Insurance Pty Limited	RAC	30 Jun	Direct		
RACQ Insurance Limited	RACQ	31 Dec	Direct		
RACT Insurance Pty. Ltd.	RACT	30 Jun	Direct		
SCOR Reinsurance Asia-Pacific Pte. Ltd.	SCOR	31 Dec	Reinsurer	Branch	
Scor Switzerland Ltd.	SSL	31 Dec	Reinsurer	Branch	
Sompo Japan Insurance Inc.	SOMPO	31 Dec	Direct	Branch	
Sphere Drake Insurance Limited	SPHERE DRA	31 Dec	Reinsurer	Branch	Run-off
St Andrew's Insurance (Australia) Pty Ltd	ST ANDREW	31 Dec	Direct		
St. George Insurance Australia Pty Limited	SGIA	30 Sep	Direct		LMI
St. Paul Travelers Insurance Company Limited	ST PAUL	30 Sep	Direct	Branch	Run-off
Statecover Mutual Limited	STATECOVER	30 Jun	Direct		
Stewart Title Limited	STEWART	31 Dec	Direct	Branch	
Suncorp Metway Insurance Limited	SUNCORP	30 Jun	Direct		

Company classification (continued)

Year end December 2007

Company name	Company short name	Balance date	Classification	Branch insurer	Restriction on authorisation
Sunderland Marine Mutual Insurance Co Ltd	SUNDERLAND	31 Dec	Direct	Branch	
Sunstate Lenders Mortgage Insurance Pty Ltd.	SUNSTATE	30 Jun	Direct		LMI
Swann Insurance (Aust) Pty Ltd	SWANN	30 Jun	Direct		
Swiss Reinsurance Company	SWISS RE	31 Dec	Reinsurer	Branch	
Taxi Insurance Co-Operative Limited	TAXI	30 Jun	Direct		Run-off
.....					
TGI Australia Limited	TGI AUS	31 Dec	Direct		Run-off
The Copenhagen Reinsurance Company Limited	COPENHAGEN	31 Dec	Reinsurer	Branch	Run-off
The Hollard Insurance Company Pty Ltd	HOLLARD	30 Jun	Direct		
The Mortgage Insurance Company Pty. Limited	TMIC	30 Jun	Direct		LMI
The New India Assurance Co Ltd	NEW INDIA	31 Mar	Reinsurer	Branch	
.....					
Tokio Marine & Nichido Fire Insurance Co., Ltd.	TOKIO	31 Mar	Direct	Branch	
Tower Insurance Limited	TOWER	30 Sep	Direct	Branch	Run-off
Transatlantic Reinsurance Company	TRC	31 Dec	Reinsurer	Branch	
Vero Insurance Limited	VERO	30 Jun	Direct		
Virginia Surety Company, Inc.	VIRGINIA	31 Dec	Direct	Branch	
.....					
W.R. Berkley Insurance (Europe), Limited	WRBERKLEY	31 Dec	Direct	Branch	
Wesfarmers Federation Insurance Limited	WESFARMERS	30 Jun	Direct		
Westpac General Insurance Limited	WESTPAC	30 Sep	Direct		
Westpac Lenders Mortgage Insurance Ltd	WPAC LMI	30 Sep	Direct		LMI
Westport Insurance Corporation	WESTPORT	31 Dec	Reinsurer	Branch	
.....					
XL Insurance Company Limited	XL INS	31 Dec	Direct	Branch	
XL Re Ltd	XL RE	31 Dec	Reinsurer	Branch	Run-off
Zurich Australia Insurance Limited	ZURICH	31 Dec	Direct		

Explanatory notes

Source of data

Data in this publication are sourced from audited regulatory returns submitted to APRA under the *Financial Sector (Collection of Data) Act 2001* by authorised general insurers. June issues of this bulletin also include data submitted by Australian public insurers. Returns relate to the financial year end of each insurer, which can occur on any date within the 12 months up to and including the reference date of the publication. Details of each insurer's balance date can be found in the company classification table.

Blank copies of the returns and associated instructions are available on the APRA website.

Change in the reporting framework

The introduction of revised insurer requirements resulted in differences in the basis of accounting recognition and measurement to those required by *AASB 1023 General Insurance Contracts* (AASB 1023). Insurer returns up to June 2002 were completed in accordance with that standard. The changes primarily stem from the prospective liability valuation requirements prescribed by APRA in *Prudential Standard GPS 210 - Liability Valuation for General Insurers* (GPS 210).

The accounting changes for private insurers are summarised below:

Insurance revenue: For regulatory reporting, premium income is recognised fully from the date of acceptance of risk. Reinsurance premiums are generally recognised as a fully paid reinsurance expense and deferred acquisition costs are recognised fully as an acquisition cost. They are not deferred and amortised in accordance with AASB 1023 and consequently there is no unearned premium, deferred reinsurance expense or deferred acquisition cost provisions. APRA has only changed the recognition and not the measurement of these revenue and expense items.

Outstanding claims provision (OCP): This has the same basis for recognition, but must be measured in accordance with GPS 210 rather than in accordance with AASB 1023.

Premium liabilities: The concept of premium liabilities is not recognised by AASB 1023 and represents a forward-looking provision for claims yet to be incurred on the current written premiums.

GPS 210 requires a prospective basis for the recognition and measurement of insurance liability likely to arise from business written. AASB 1023 does not have a similar requirement. As a result expected future profit or loss on this written business is recognised earlier than would be the case under AASB 1023.

For APRA reporting, Premium Liabilities are recognised as a liability in *GRF 300.0 Statement of Financial Position* (balance sheet) and the movement in Premium Liabilities is recognised as a component of claims expense in *GRF 310.0 Statement of Financial Performance* (profit and loss). Under this approach, claims expense has two separately identifiable components. The first relates to the Outstanding Claims Provision (i.e. current year and prior year claims) and the other relates to the Premium Liabilities (i.e. future years claims).

Basis of preparation

Figures in this publication are prepared from the individual insurer accounts, not consolidated insurance group accounts. Transactions between related entities within the same insurance group have not been eliminated. Examples of such transactions include intra-group reinsurance arrangements (premiums, claims, reinsurance recoveries, provisions), dividends and loans between parents and subsidiaries.

Due to the nature of the insurance and reinsurance industry, double counting of claims and premiums will occur in gross measures. Inwards reinsurance essentially reflects a restatement of premium that has already been included in the direct business figures (where the business is ceded by Australian authorised insurers).

Unless otherwise indicated, figures represent the total operations of Australian insurers, not only business undertaken within Australia.

Provisioning data

In tables 8 and 9, *outstanding claims provision* (OCP) and *premium liabilities* (PL) are measured at a 75 per cent level of sufficiency in accordance with APRA's prudential standard on liability valuation, *GPS 210*, rather than in accordance with *AASB 1023*.

OCP and PL data used in all other tables (including insurer specific tables 12 to 14) may however be reported by insurers as greater than, but not be less than, the 75 per cent level of sufficiency as required by *GPS 210*.

Glossary

Definitions

Branch insurer is the Australian branch of a foreign insurer/reinsurer. It is not locally incorporated.

Capital base is the amount of eligible capital held by an insurer to provide a buffer against losses that have not been anticipated and, in the event of problems, enable the insurer to continue operating while those problems are addressed or resolved. For locally incorporated insurers it is the sum of *tier 1 capital (net of deductions)* and *tier 2 capital*. Capital base for branch insurers is derived from net assets inside Australia.

Captive insurer is a company within a group of related companies performing the function of insurer to that group.

Classes of business in tables 7-11 are shown in order of risk capital factors as described in Attachment C of *Prudential standard GPS 110 Capital Adequacy*.

Direct insurers are those insurers who, excluding intra-group arrangements, predominantly undertake liability by way of direct insurance business.

Earned premium (as defined in *AASB 1023*) is the amount of premium earned during the financial year and includes movements in the unearned premium provision.

Gross incurred claims comprises claims paid during the period, movements in the *outstanding claims provision* and movements in *premium liabilities*.

Gross premium revenue is recognised fully when the business is written. The accounting concepts of earned and unearned premium are no longer recognised under the APRA prudential framework, hence this item is not consistent with *AASB 1023* requirements. Instead, the potential claims liabilities arising from the uncovered term of written insurance business are recognised through the creation of *premium liabilities*.

LMI (Lenders mortgage insurers) provide cover to protect lenders from default by borrowers on loans secured by mortgage. Mortgage insurers are substantially different to other insurers and are subject to special conditions of authority.

Lower tier 2 capital comprises components of capital that are not permanent i.e. dated or limited life instruments

Lower tier 2 ratio is lower *tier 2 capital* divided by *tier 1 capital (net of deductions)*. The regulatory maximum for this ratio is 50 percent.

Lloyd's is a London based insurance market in which business is underwritten by both individuals and corporate members who form syndicates to accept risk.

Minimum capital requirement is the amount of risk-based capital APRA requires an insurer to hold to meet its insurance obligations under a wide range of circumstances.

Net incurred claims is *gross incurred claims* net of *reinsurance recoveries revenue* and *non-reinsurance recoveries revenue*.

Net loss ratio is *net incurred claims* divided by *net premium revenue*.

Net premium revenue is *gross premium revenue* net of *outwards reinsurance expense*.

Net profit/loss refers to profit or loss from ordinary activities after income tax, before extraordinary items.

Non-branch insurer is an Australian incorporated insurer/reinsurer.

Non-reinsurance recoverables comprise recoverables from subrogation, salvage, sharing arrangements etc, net of provision for doubtful debts.

Non-reinsurance recoveries revenue comprises amounts the insurer has recovered or is entitled to recover from subrogation, salvage and other non-reinsurance recoveries.

Offshore business relates to insurers' income/expenses that are on risk, assets that are invested and liabilities that are located outside of Australia.

Other assets comprises investment income receivable, other reinsurance assets receivable from reinsurers (i.e. other than reinsurance recoveries), GST receivable, other receivables, tax assets, plant and equipment (net of depreciation) and other assets.

Other investments are strategic investments/acquisitions and other investments that do not constitute investments integral to insurance operations.

Other items comprises other operating income, goodwill amortisation and income tax expense or benefit.

Other liabilities comprises creditors and accruals, other provisions and other liabilities.

Other operating expenses are all operating expenses not related to underwriting.

Outstanding claims provision is the insurer's liability for outstanding claims. It recognises the potential cost to the insurer of settling claims which it has incurred at the reporting date (including estimates of claims that have not yet been notified to the insurer), but which have not been paid. The amount reported is after taking account of inflation and discounting, without deducting *reinsurance and non-reinsurance recoverables*.

Outwards reinsurance expense is premium ceded to reinsurers, recognised as an expense fully when incurred or contracted.

Payables on reinsurance contracts comprise amounts payable to reinsurers. This includes premiums payable but not yet due for payment, deposits withheld from reinsurers, commissions due to reinsurers and the reinsurers' portion of recoveries and salvage.

Premium liabilities relate to the future claims arising from future events insured under existing policies accepted. This fully prospective determination is a more effective means of recognising potential risk than the accounting concept of unearned premium. The amount reported is after taking account of inflation and discounting, without deducting *reinsurance and non-reinsurance recoverables*.

Premium receivables are premiums due, net of provision for doubtful debts, including unclosed business written close to the reporting date.

Reinsurance recoverables comprise amounts recoverable under reinsurance contracts.

Reinsurance and other recoverables is the aggregate of *reinsurance recoverables* and *non-reinsurance recoverables*.

Reinsurance recoveries revenue comprises amounts the insurer has recovered or is entitled to recover from reinsurers on incurred claims during the reporting period.

Reinsurers are those insurers who, excluding intra-group arrangements, predominantly undertake liability by way of reinsurance business.

Return on assets is *net profit/loss* divided by the average on-balance sheet total assets for the period.

Return on equity is net profit/loss divided by the average shareholders' equity for the period.

Run-off insurers are restricted by APRA from writing new or renewal insurance business. However, the company may still be acting as an insurance agent, broker or underwriting agent for other general insurers.

Solvency coverage is *capital base* divided by *minimum capital requirement*.

Tier 1 capital (net of deductions) comprises the highest quality capital elements, including: paid-up ordinary shares, general reserves, retained earnings, current year earnings net of expected dividends and tax expenses, technical provisions in excess of those required by *GPS 210*, non-cumulative irredeemable preference shares and other "innovative" capital instruments. This amount is net of goodwill, other intangible assets and future income tax benefits.

Tier 1 ratio is *tier 1 capital (net of deductions)* divided by *capital base*. The regulatory minimum for this ratio is 50 percent.

Tier 2 capital comprises capital instruments that fall short of the quality of tier 1 capital, including: cumulative irredeemable preference shares, mandatory convertible notes and similar capital instruments, perpetual subordinated debt and any other hybrid capital instruments of a permanent nature.

Underwriting expenses are expenses incurred as a result of underwriting activities: i.e. acquisition costs plus levies and charges plus other underwriting expenses not including *outwards reinsurance expense* less commission revenue.

Underwriting result is *net premium revenue* less *net incurred claims* and *underwriting expenses*.

Upper tier 2 capital comprises elements that are essentially permanent in nature, including some forms of hybrid capital instruments.



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