

# Half Yearly Life Insurance Financial Bulletin

## Year Ending June 2001

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

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## Introduction

The *Half Yearly Life Insurance Financial Bulletin* for June 2001 contains selected financial statistics of the life insurance companies, presented primarily at aggregate level for all companies balancing between 1 July 2000 to 30 June 2001. The *Bulletin* also includes company level abstracts on profit and loss, balance sheet, solvency, sources of profit and assets. Note that where a company has changed its balance date, the financial statistics for that company included in the *Bulletin* may not cover a twelve month period. See the *List of Companies included in the Bulletin*, found after the tables, for a list of any companies that may fall into this category.

Data in this *Half Yearly Life Insurance Financial Bulletin* is mainly sourced from the diskette version of the Financial Statements submitted by the life insurance companies in accordance with *Prudential Rules 35 (Financial Statements)*.

Information on assets, on the other hand, is sourced from the quarterly diskette returns submitted by the life companies under *Prudential Rules 26 (Collection of Statistics)*.

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

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

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

# Life Insurance Highlights

## For companies balancing between 1 July 2000 and 30 June 2001<sup>1</sup>

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

### Main Features

Figures (in brackets) under the Main Features heading represent the equivalent values from the June 2000 Bulletin.

- Total life insurance statutory fund assets for companies balancing during the year ending 30 June 2001 were \$188.3 billion (\$182.6 billion). These assets were backing \$166.8 billion of Australian and overseas policy liabilities and policy owner retained profits (\$159.7 billion of Australian and overseas policy liabilities, bonuses and policy owner retained profits).
- The industry aggregate solvency reserve percentage was 5.08% (5.90%). The corresponding solvency coverage ratio for companies balancing during the year ending 30 June 2001 was 1.85 (1.78).
- Life insurance premiums totalled \$45.1 billion (\$41.9 billion) for companies balancing during the year ending 30 June 2001. Investment linked business accounted for \$30.9 billion (\$28.2 billion), the remaining \$14.2 (\$13.7 billion) was non-investment linked business.
- Total life insurance policy payments were \$46.1 billion (\$33.4 billion) for companies balancing during the year ending 30 June 2001. Surrenders and

terminations accounted for \$21.5 billion (\$16.1 billion) of all policy payments.

- Aggregate industry profits were \$4.1 billion (\$3.9 billion), of which \$1.6 billion (\$1.8 billion) was allocated to policy owners and \$2.5 billion (\$2.1 billion) to shareholders.
- Equities amounted to the major component of investment assets, at 33%, closely followed by unit trusts, at 28%, and interest bearing securities at 26%.

### Solvency

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

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

The industry aggregate solvency reserve percentage for the period was 5.08%.

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<sup>1</sup> Where a company has changed its balance date during this period, the financial statistics for that company included in the *Bulletin* may not cover a twelve month period. See the *List of Companies included in the Bulletin*, found after the tables, for a list of any companies that may fall into this category.

For investment linked business, where the liabilities are linked to the value of the assets supporting them, the percentage was 0.56%. For non-investment linked business the solvency reserve percentage was 13.90%.

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

The industry aggregate solvency coverage ratio was 1.85. For investment linked business, the ratio was 2.64, while for non-investment linked business the solvency coverage ratio was 1.79.

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

### **Industry Structure**

Australian business accounted for more than 97% (\$162.3 billion) of the total policy liabilities and policy owner retained profits in the life insurance industry. The remaining 3% (\$4.5 billion) of policy liabilities and policy owner retained profits related to overseas business.

Superannuation business represented around 85% (\$137.4 billion) of Australian policy liabilities and policy owner retained profits. Superannuation participating policies represented only 13% (\$18.1 billion), with non-participating policies representing 87% (\$119.3 billion), of the Superannuation total.

Ordinary business represented the remaining 15% (\$24.8 billion) of Australian policy liabilities and policy owner retained profits. Around 51% (\$12.6 billion) of the ordinary total represented participating policies with 49% (\$12.3 billion) representing non-participating policies.

The proportion of superannuation business has increased by 8% (from 77%) since September 1996. This is consistent with the continuing trend within the life insurance industry towards superannuation products.

### **Profitability**

Total profit from the statutory funds, after tax and extraordinary items, was \$4.1

billion. Non-investment linked business accounted for around \$3.4 billion of this, while the profit relating to investment linked business was around \$0.6 billion.

The profit allocated to policy owners accounted for 40% (\$1.6 billion) of the total profit. The remaining 60% (\$2.5 billion) was allocated to shareholders.

Total industry profit can be divided into its different sources. Planned profits contributed 66% (\$2.7 billion) of total profits, while there was a 1% (\$41 million) experience loss. An experience profit/loss results from actual experience and assumed experience differing for the year.

Investment earnings on retained profits and capital contributed 32% (\$1.3 billion) of the total profit figure. This proportion can be expected to vary from year to year with changes in performance of investment markets.

The vast majority (at 84%) of the profits from the life insurance industry continue to arise from non-investment linked business.

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

However, the continued dominance of investment linked business over non-investment linked business has led to non-investment linked business currently accounting for less than one third of total premium revenues (see Premiums below).

### **Premiums**

Total life insurance premiums received for companies balancing during the year ending 30 June 2001 were \$45.1 billion.

Investment linked business accounted for 68% (\$30.9 billion) of these premiums, with the remaining 32% (\$14.2 billion) relating to non-investment linked business.

## **Policy Payments**

Total industry policy payments for companies balancing during the year ending 30 June 2001 were \$46.1 billion.

Payments for surrenders and terminations accounted for 47% (\$21.5 billion) of the total policy payments. Policy maturities represented a further 7% (\$3.4 billion).

Annuity payments and death and disability claims accounted for 8% (\$1.7 billion and \$1.9 billion respectively) of policy payments. A further 6% (\$2.7 billion) resulted from policy conversions.

Policy payments recognised as a change in policy liability accounted for around 24% (\$11.0 billion) of all policy payments.

Total policy payments exceeded total premiums received in the period by \$1.1 billion.

## **Asset Allocation**

The proportion of life insurance investment assets held in growth assets (ie equities, unit trusts and property) continued an upward trend to 66% of total investment assets, compared to 64% for the previous year and 59% two years ago. In comparison, the proportion of investments in more defensive assets (ie interest bearing securities, loans and convertible notes) continued to fall, now accounting for 32% of total investment assets, down from 34% the previous year and 39% two years ago.

## Key Statistics

(\$ billion)

1 July 2000 to 30 June 2001

	Year Ending		Change	
	30 June 2001	30 June 2000	Amount	%
<b>Assets</b>				
Total statutory fund	188.3	182.6	5.7	3.1%
Backing Australian liabilities	183.0	177.1	6.0	3.4%
<b>Liabilities</b>				
Total statutory fund	177.2	171.7	5.6	3.2%
Australian liabilities	172.4	166.7	5.7	3.4%
<b>Premiums</b>				
Total statutory fund	45.1	41.9	3.2	7.6%
<b>Policy payments</b>				
Total statutory fund	46.1	33.4	12.7	38.2%
<b>Operating expenses</b>				
Total statutory fund	4.5	3.9	0.6	16.4%
<b>Operating profit after income tax</b>				
Total statutory fund	4.1	3.9	0.1	3.3%
Solvency reserve %	5.08	5.90	-0.82	-13.9%
Solvency coverage ratio	1.85	1.78	0.07	4.0%



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

1 July 2000 to 30 June 2001

	Statutory Funds						Shareholders' fund
	Australian				Overseas	Total <sup>a</sup>	
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	<b>Total Industry</b>						
Net premium revenue	490	4,027	3,384	23,081	514	31,294	0
Investment revenue	1,235	1,504	1,777	12,197	282	16,995	1,666
Other revenues	3	83	0	218	69	373	27
Net revenue	1,727	5,614	5,161	35,496	866	48,662	1,694
Net claims expense	1,414	3,647	5,339	23,448	710	34,356	0
Administration expenses	211	1,266	430	2,382	221	4,510	303
Increase in policy liabilities	-226	44	-892	7,557	-155	6,328	0
Increase in policy owner retained profits	-5	-3	-10	3	0	-15	0
Net operating expenses	1,394	5,035	4,867	33,522	775	45,391	303
Operating profit before income tax	334	579	293	1,974	90	3,271	1,391
Abnormal items	-1	71	0	110	0	180	-685
Income tax	185	237	127	371	-7	913	-22
Extraordinary items after tax	0	0	0	0	0	0	0
Operating profit and extraordinary items after income tax	147	413	166	1,714	97	2,537	727
	<b>Direct Insurers</b>						
Net premium revenue	490	3,662	3,384	22,853	463	30,651	0
Investment revenue	1,235	1,420	1,777	12,169	277	16,877	1,660
Other revenues	3	64	0	214	70	350	27
Net revenue	1,727	5,145	5,161	35,236	810	47,877	1,687
Net claims expense	1,414	3,073	5,339	23,318	677	33,618	0
Administration expenses	211	1,074	430	2,331	201	4,248	301
Increase in policy liabilities	-226	264	-892	7,499	-173	6,472	0
Increase in policy owner retained profits	-5	-3	-10	3	0	-15	0
Net operating expenses	1,394	4,487	4,867	33,283	705	44,535	302
Operating profit before income tax	334	658	293	1,953	104	3,342	1,385
Abnormal items	-1	71	0	110	0	180	-685
Income tax	185	267	127	361	-1	939	-23
Extraordinary items after tax	0	0	0	0	0	0	0
Operating profit and extraordinary items after income tax	147	462	166	1,702	105	2,582	723

<sup>a</sup>Differences may occur between Statutory fund total and sum of the details due to the elimination of interfund transactions.

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

1 July 2000 to 30 June 2001

	Statutory Funds						Shareholders' fund
	Australian				Overseas	Total <sup>a</sup>	
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	<b>Reinsurers</b>						
Net premium revenue	0	364	0	228	51	643	0
Investment revenue	0	84	0	28	5	118	7
Other revenues	0	20	0	4	0	23	0
Net revenue	0	468	0	260	56	784	7
Net claims expense	0	574	0	130	33	737	0
Administration expenses	0	193	0	51	19	263	1
Increase in policy liabilities	0	-220	0	58	18	-144	0
Increase in policy owner retained profits	0	0	0	0	0	0	0
Net operating expenses	0	547	0	239	70	856	1
Operating profit before income tax	0	-79	0	22	-14	-71	5
Abnormal items	0	0	0	0	0	0	0
Income tax	0	-30	0	9	-6	-26	1
Extraordinary items after tax	0	0	0	0	0	0	0
Operating profit and extraordinary items after income tax	0	-49	0	12	-8	-45	5

<sup>a</sup>Differences may occur between Statutory fund total and sum of the details due to the elimination of interfund transactions.

**Table 2. Balance Sheet**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Funds						Shareholders' fund
	Australian				Overseas	Total <sup>a</sup>	
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	<b>Total Industry</b>						
Investment assets	13,486	15,693	22,921	121,864	4,886	178,847	20,157
Other assets					412	9,491	2,119
Total assets					5,298	188,338	22,276
Net policy liabilities <sup>b</sup>	11,457	12,264	17,556	119,346	4,027	164,649	0
Policy owner retained profits	1,105	1	537	0	468	2,111	0
Other liabilities					347	10,467	8,079
Total liabilities					4,842	177,226	8,079
Net assets					456	11,111	14,197
comprised of							
Shareholders retained profits						6,348	4,319
Shareholders capital						4,763	9,878
	<b>Direct Insurers</b>						
Investment assets	13,486	14,729	22,921	121,677	4,751	177,562	20,095
Other assets					380	9,136	1,959
Total assets					5,131	186,698	22,054
Net policy liabilities <sup>b</sup>	11,457	11,711	17,556	119,171	3,929	163,824	0
Policy owner retained profits	1,105	1	537	0	468	2,111	0
Other liabilities					322	10,092	8,040
Total liabilities					4,719	176,027	8,040
Net assets					413	10,671	14,014
comprised of							
Shareholders retained profits						5,965	4,172
Shareholders capital						4,705	9,842
	<b>Reinsurers</b>						
Investment assets	0	964	0	186	134	1,285	62
Other assets					32	355	160
Total assets					166	1,640	222
Net policy liabilities <sup>b</sup>	0	552	0	175	98	825	0
Policy owner retained profits	0	0	0	0	0	0	0
Other liabilities					25	374	39
Total liabilities					123	1,199	39
Net assets					43	441	183
comprised of							
Shareholders retained profits						383	147
Shareholders capital						58	36

<sup>a</sup>Differences may occur between Statutory fund total and sum of the details due to the elimination of interfund transactions.

<sup>b</sup>Ceded policy liabilities are deducted from gross policy liabilities in determining net policy liabilities.

**Table 3. Solvency**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Fund		Total <sup>b</sup>
	Investment Linked	Non-Investment Linked	
	Total Industry		
Base liabilities	113,984	58,331	172,221
Solvency reserve	639	8,106	8,745
Solvency requirement	114,622	66,437	180,966
Total assets <sup>a</sup>	115,550	72,897	188,338
Assets available for solvency reserve	1,685	14,503	16,188
Solvency reserve %	0.56	13.90	5.08
Solvency coverage	2.64	1.79	1.85
	Direct Insurers		
Base liabilities	113,984	57,011	170,900
Solvency reserve	639	7,881	8,519
Solvency requirement	114,622	64,891	179,420
Total assets <sup>a</sup>	115,550	71,257	186,698
Assets available for solvency reserve	1,685	14,184	15,869
Solvency reserve %	0.56	13.82	4.98
Solvency coverage	2.64	1.80	1.86
	Reinsurers		
Base liabilities	0	1,320	1,320
Solvency reserve	0	226	226
Solvency requirement	0	1,546	1,546
Total assets <sup>a</sup>	0	1,640	1,640
Assets available for solvency reserve	0	320	320
Solvency reserve %	-	17.10	17.10
Solvency coverage	-	1.42	1.42

<sup>a</sup>Total assets net of policy liabilities ceded.

<sup>b</sup>Differences may occur between total and sum of the details due to the elimination of interfund transactions.

**Table 4. Sources of Profit**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Fund			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
<b>Total Industry</b>				
Investment earnings on retained profits & capital	194	1,125	1,319	
Emergence of planned profits				
- Policy owner	0	1,404	1,404	
- Shareholder	534	752	1,285	
Experience profit	-61	20	-41	
Operating profit from other sources	-20	131	111	
Operating profit after income tax	647	3,432	4,078	727
allocated to				
- Policy owner	0	1,618	1,618	0
- Shareholder	647	1,814	2,461	727
<b>Direct Insurers</b>				
Investment earnings on retained profits & capital	194	1,070	1,263	
Emergence of planned profits				
- Policy owner	0	1,404	1,404	
- Shareholder	534	717	1,250	
Experience profit	-61	101	40	
Operating profit from other sources	-20	186	167	
Operating profit after income tax	647	3,477	4,124	723
allocated to				
- Policy owner	0	1,618	1,618	0
- Shareholder	647	1,859	2,506	723
<b>Reinsurers</b>				
Investment earnings on retained profits & capital	0	56	56	
Emergence of planned profits				
- Policy owner	0	0	0	
- Shareholder	0	35	35	
Experience profit	0	-80	-80	
Operating profit from other sources	0	-55	-55	
Operating profit after income tax	0	-45	-45	5
allocated to				
- Policy owner	0	0	0	0
- Shareholder	0	-45	-45	5

Return on capital (%)<sup>a</sup> 13%

Return on capital (%)<sup>a</sup> 13%

Return on capital (%)<sup>a</sup> -6%

<sup>a</sup>Operating profit after income tax (allocated to shareholders) / shareholders' capital and retained profits.

**Table 5. Premium Revenue**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Fund		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	<b>Total Industry</b>			
Direct insurance premiums	15,804	8,222	24,026	0
Direct consideration for deferred annuities	390	74	464	0
Direct consideration for immediate annuities	1,061	2,980	4,041	0
Policy conversions	2,177	538	2,716	0
Total direct insurance premiums	19,432	11,814	31,247	0
Inwards reinsurance premiums	7	1,399	1,406	0
Premium recognised as a change in policy liability	11,421	1,016	12,437	0
Total non-life insurance premiums	0	0	0	0
Insurance premiums	30,861	14,229	45,090	0
	<b>Direct Insurers</b>			
Direct insurance premiums	15,804	8,222	24,026	0
Direct consideration for deferred annuities	390	74	464	0
Direct consideration for immediate annuities	1,061	2,980	4,041	0
Policy conversions	2,177	538	2,716	0
Total direct insurance premiums	19,432	11,814	31,247	0
Inwards reinsurance premiums	7	576	583	0
Premium recognised as a change in policy liability	11,421	1,016	12,437	0
Total non-life insurance premiums	0	0	0	0
Insurance premiums	30,861	13,406	44,267	0
	<b>Reinsurers</b>			
Direct insurance premiums	0	0	0	0
Direct consideration for deferred annuities	0	0	0	0
Direct consideration for immediate annuities	0	0	0	0
Policy conversions	0	0	0	0
Direct insurance premiums	0	0	0	0
Inwards reinsurance premiums	0	823	823	0
Premium recognised as a change in policy liability	0	0	0	0
Total non-life insurance premiums	0	0	0	0
Insurance premiums	0	823	823	0

**Table 6. Investment Revenue**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Funds		Total	Shareholders' fund
	Investment Linked	Non-Investment Linked		
	<b>Total Industry</b>			
Debt securities	2,568	2,491	5,059	-66
Equity securities	2,815	933	3,749	58
Property	359	385	744	6
Other investment income	365	301	667	-220
Net realised and unrealised gain/loss	5,067	1,959	7,026	1,901
Total investment income	11,175	6,069	17,244	1,679
	<b>Direct Insurers</b>			
Debt securities	2,568	2,438	5,006	-68
Equity securities	2,815	913	3,728	57
Property	359	383	742	6
Other investment income	365	284	650	-220
Net realised and unrealised gain/loss	5,067	1,933	7,000	1,899
Total investment income	11,175	5,951	17,126	1,672
	<b>Reinsurers</b>			
Debt securities	0	53	53	3
Equity securities	0	21	21	1
Property	0	2	2	0
Other investment income	0	17	17	1
Net realised and unrealised gain/loss	0	26	26	2
Total investment income	0	118	118	7
	<b>Investment Return (%)<sup>a</sup></b>			
Debt securities, loans, convertible notes <sup>b</sup>	9.92	8.90	9.39	-2.61
Equities <sup>b</sup>	7.11	5.38	6.58	0.33
Property <sup>b</sup>	7.32	10.55	8.70	7.64
Other investment assets <sup>b</sup>	0.97	1.79	1.23	-84.66
Total investment assets	10.60	9.36	10.13	8.69

<sup>a</sup>Calculated as investment revenue / [investment asset - (investment revenue / 2)].

<sup>b</sup>Returns for these investment classes do not include returns due to realised and unrealised gains/losses.

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

1 July 2000 to 30 June 2001

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	<b>Total Industry</b>			
Death and disability claims	187	1,735	1,922	0
Maturities	820	2,610	3,431	0
Annuities	586	1,123	1,709	0
Surrenders and terminations	15,094	6,387	21,481	0
Policy conversions	1,132	1,554	2,687	0
Other	2,364	575	2,939	0
Direct claims	20,184	13,985	34,169	0
Inwards reinsurance claims	0	1,022	1,022	0
Payments as a change in policy liability	9,731	1,221	10,952	0
Policy payments	29,915	16,228	46,144	0
Bonuses paid included in Policy payments	-54	298	244	0
	<b>Direct Insurers</b>			
Death and disability claims	187	1,709	1,896	0
Maturities	820	2,610	3,431	0
Annuities	586	1,123	1,709	0
Surrenders and terminations	15,094	6,387	21,481	0
Policy conversions	1,132	1,554	2,687	0
Other	2,364	575	2,939	0
Direct claims	20,184	13,959	34,143	0
Inwards reinsurance claims	0	190	190	0
Payments as a change in policy liability	9,731	1,221	10,952	0
Policy payments	29,915	15,370	45,286	0
Bonuses paid included in Policy payments	-54	298	244	0
	<b>Reinsurers</b>			
Death and disability claims	0	26	26	0
Maturities	0	0	0	0
Annuities	0	0	0	0
Surrenders and terminations	0	0	0	0
Policy conversions	0	0	0	0
Other	0	0	0	0
Direct claims	0	26	26	0
Inwards reinsurance claims	0	832	832	0
Payments as a change in policy liability	0	0	0	0
Policy payments	0	858	858	0
Bonuses paid included in Policy payments	0	0	0	0



**Table 8. Operating Expenses**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
<b>Total Industry</b>				
General administration expenses				
- Policy acquisition				
* Commission	351	456	807	2
* Other	440	511	951	14
- Policy maintenance				
* Commission	193	374	567	1
* Other	741	958	1,699	71
- Investment management	236	167	403	2
- Other	0	0	0	8
Interest				
- Subordinated debt	8	29	37	7
- Other borrowings	6	38	44	13
Total non-life operating expenses				190
Total operating expenses	1,976	2,534	4,509	308
<b>Direct Insurers</b>				
General administration expenses				
- Policy acquisition				
* Commission	351	347	699	2
* Other	440	499	939	14
- Policy maintenance				
* Commission	193	262	455	1
* Other	741	930	1,671	69
- Investment management	236	166	402	2
- Other	0	0	0	8
Interest				
- Subordinated debt	8	29	37	7
- Other borrowings	6	38	44	13
Total non-life operating expenses				190
Total operating expenses	1,976	2,271	4,247	307
<b>Reinsurers</b>				
General administration expenses				
- Policy acquisition				
* Commission	0	109	109	0
* Other	0	12	12	0
- Policy maintenance				
* Commission	0	112	112	0
* Other	0	28	28	1
- Investment management	0	1	1	0
- Other	0	0	0	0
Interest				
- Subordinated debt	0	1	1	0
- Other borrowings	0	0	0	0
Total non-life operating expenses				0
Total operating expenses	0	263	263	1

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

1 July 2000 to 30 June 2001

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	<b>Net margins<sup>a</sup></b>			
Direct insurers	10.14	19.97	13.85	-
Reinsurers	-	40.86	40.86	-
Industry total	10.14	21.09	14.41	-
	<b>Gross margins<sup>b</sup></b>			
Direct Insurers	10.12	18.16	13.34	-
Reinsurers	-	31.94	31.94	-
Industry Total	10.12	19.01	13.81	-

<sup>a</sup>Calculated as operating expenses / net premiums

<sup>b</sup>Calculated as operating expenses / gross premiums

**Table 9. Investment Assets**  
(\$ million)

1 July 2000 to 30 June 2001

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	<b>Total Industry</b>			
Property	5,081	3,839	8,920	78
Equities	40,995	17,816	58,811	17,446
National government interest bearing securities	6,425	5,695	12,119	24
Other public sector interest bearing securities	4,645	6,450	11,095	20
Private sector interest bearing securities	14,376	8,772	23,148	215
Loans	1,673	8,203	9,873	2,224
Convertible notes	63	123	186	0
Other direct investments	2,651	1,661	4,312	28
Unit trusts	35,067	14,841	49,908	121
Partnerships and joint ventures	32	123	155	0
Other indirect investments	0	320	320	0
<b>Total investment assets</b>	<b>111,006</b>	<b>67,843</b>	<b>178,847</b>	<b>20,157</b>
	<b>Direct Insurers</b>			
Property	5,081	3,839	8,920	74
Equities	40,995	17,538	58,533	17,435
National government interest bearing securities	6,425	5,392	11,817	14
Other public sector interest bearing securities	4,645	6,206	10,851	17
Private sector interest bearing securities	14,376	8,370	22,746	200
Loans	1,673	8,188	9,859	2,217
Convertible notes	63	123	186	0
Other direct investments	2,651	1,642	4,292	16
Unit trusts	35,067	14,816	49,883	121
Partnerships and joint ventures	32	123	155	0
Other indirect investments	0	320	320	0
<b>Total investment assets</b>	<b>111,006</b>	<b>66,558</b>	<b>177,562</b>	<b>20,095</b>
	<b>Reinsurers</b>			
Property	0	0	0	4
Equities	0	278	278	11
National government interest bearing securities	0	302	302	10
Other public sector interest bearing securities	0	244	244	3
Private sector interest bearing securities	0	402	402	15
Loans	0	14	14	6
Convertible notes	0	0	0	0
Other direct investments	0	19	19	12
Unit trusts	0	25	25	0
Partnerships and joint ventures	0	0	0	0
Other indirect investments	0	0	0	0
<b>Total investment assets</b>	<b>0</b>	<b>1,285</b>	<b>1,285</b>	<b>62</b>

**Table 10. Profit and Loss Statement**

(\$ million)

1 July 2000 to 30 June 2001

Company	Net Insurance Premiums	Investment Revenue	Other Revenues	Net Claims	Operating Expenses	Increase / Decrease in Liabilities	Operating Profit Before Income Tax <sup>a</sup>	Income Tax	Operating Profit After Income Tax <sup>b</sup>
<b>Combined statutory funds and shareholders' funds</b>									
AMP	10,073.0	3,831.0	11.0	10,145.0	1,158.0	1,799.0	816.0	0.0	816.0
CIHL	0.0	696.0	0.0	2.0	1.0	6.0	687.0	0.0	687.0
MLC	266.0	3,237.0	1.0	146.0	514.0	2,459.0	516.0	142.0	374.0
WEST	102.3	1,046.5	185.7	913.2	86.3	17.8	317.1	100.4	216.7
NAFM	213.0	823.0	1.0	88.0	134.0	418.0	337.0	130.0	207.0
CHLL	35.4	209.8	13.2	40.6	13.7	1.6	202.4	22.6	179.9
INGL	3,071.0	1,644.0	1.0	3,282.0	423.0	693.0	322.0	148.0	174.0
CLL	231.0	665.0	0.0	27.0	103.0	607.0	124.0	0.0	124.0
CL2	473.9	181.0	0.8	220.5	20.6	284.7	129.9	13.8	116.1
CORP	857.9	184.2	40.6	1,036.2	48.5	-105.3	103.2	24.6	78.6
ZURI	904.9	515.8	0.0	1,162.6	114.7	45.5	94.3	19.6	74.7
NMLA	3,436.0	1,722.0	32.0	2,957.0	567.0	1,657.0	-49.0	-120.0	71.0
MLCL	179.5	495.8	9.7	318.5	92.5	-102.9	93.1	24.8	68.3
TOW	468.0	239.2	0.2	456.2	104.1	71.6	79.2	29.4	49.8
GIO	396.9	301.0	0.0	685.2	72.4	-127.6	48.8	0.0	48.8
GQLD	596.7	221.7	11.0	385.2	78.9	287.1	64.1	15.4	48.7
ANZ	1,861.9	362.9	0.0	1,422.5	75.4	618.1	108.8	60.6	48.2
NRMA	287.0	107.7	0.0	226.0	35.5	88.3	45.0	6.7	38.2
CFCL	530.2	213.5	2.2	415.2	81.0	195.7	52.6	14.5	38.2
AC&L	53.4	42.2	11.4	75.7	70.5	-69.0	37.4	0.0	37.4
MLL	1,738.5	171.8	0.0	2,118.4	24.9	-261.6	28.7	8.9	19.8
HALL	29.5	11.4	0.0	12.7	3.8	4.7	19.8	3.8	15.9
RSAF	156.5	83.2	17.6	82.9	107.7	2.9	59.3	43.8	15.5
HLRA	194.2	42.8	-0.1	464.6	68.3	-311.9	15.9	2.2	13.7
SGL	8.4	9.7	0.6	1.3	2.2	3.0	12.2	2.9	9.3
BTLL	1,179.9	85.1	1.3	604.7	49.6	590.6	21.4	13.4	7.9
AIAA	89.4	13.1	1.6	16.5	29.6	55.2	5.8	-0.9	6.7
FORT	4.2	2.5	0.2	0.8	0.8	-1.1	6.3	1.3	5.0
RGA	42.6	2.7	21.8	19.0	68.9	-25.2	4.4	0.0	4.4
LLL	47.8	8.2	0.0	20.4	44.9	-16.2	7.1	2.8	4.3
CLRE	62.7	5.6	0.0	57.1	3.4	1.2	6.7	3.4	3.3
MNRE	40.3	13.9	0.0	29.1	36.1	-18.0	7.0	3.7	3.3
NULA	1,009.5	349.9	20.0	1,077.0	154.6	124.5	23.5	21.0	2.4
CUNA	9.6	2.6	0.0	7.7	2.9	-0.3	2.1	0.4	1.7
HCFL	13.8	6.0	0.0	13.3	7.4	-4.0	3.1	1.8	1.2
COMB	1.7	3.9	0.0	1.7	0.5	0.9	2.2	1.4	0.8
AML	1.3	0.7	0.4	2,923.8	0.9	-2,923.2	0.8	0.4	0.4
RACV	43.5	14.4	0.9	41.7	10.0	6.8	0.2	0.8	-0.6
PSL	0.1	0.7	1.7	0.0	3.2	0.0	-0.8	0.0	-0.8
GERL	98.0	6.7	0.7	28.0	9.4	84.8	-16.8	-4.9	-11.9
SUN	49.9	18.7	4.7	28.8	32.3	32.3	-20.0	0.1	-20.2
SRLH	205.6	52.9	1.0	139.5	78.1	124.7	-82.9	-29.5	-53.4
CML	2,229.0	1,018.0	7.0	2,662.0	284.0	13.0	-243.0	116.0	-359.0
<b>Total</b>	<b>31,293.9</b>	<b>18,663.8</b>	<b>400.3</b>	<b>34,355.6</b>	<b>4,817.7</b>	<b>6,327.6</b>	<b>3,991.6</b>	<b>825.2</b>	<b>3,166.4</b>

<sup>a</sup>Includes abnormal items.

<sup>b</sup>Before extraordinary.

**Table 11. Balance Sheet**  
(\$ million)

1 July 2000 to 30 June 2001

Company	Investment Assets	Other Assets	Total Assets	Gross Policy Liabilities	Other Liabilities	Total Liabilities <sup>a</sup>	Net Assets	
							Shareholders' Profits	Shareholders' Capital
<b>Combined statutory funds and shareholders' fund</b>								
AMP	52,123.0	1,673.0	53,796.0	43,746.0	5,721.0	49,467.0	3,402.0	927.0
MLC	21,399.0	637.0	22,036.0	19,640.0	1,579.0	21,219.0	505.0	312.0
NMLA	20,596.0	513.0	21,109.0	14,721.0	4,405.0	19,126.0	635.0	1,348.0
CML	16,141.0	1,019.0	17,160.0	12,543.0	2,316.0	14,859.0	151.0	2,150.0
INGL	14,056.0	327.0	14,383.0	12,857.0	613.0	13,470.0	441.0	472.0
CLL	11,521.0	327.0	11,848.0	11,152.0	262.0	11,414.0	399.0	35.0
NAFM	10,802.0	525.0	11,327.0	5,476.0	1,158.0	6,634.0	422.0	4,271.0
WEST	7,971.0	771.0	8,742.0	7,829.1	157.0	7,986.1	734.5	21.4
ZURI	4,428.2	984.3	5,412.5	4,617.7	220.7	4,838.4	564.1	10.0
ANZ	4,332.7	432.4	4,765.1	4,356.7	91.7	4,448.4	306.6	10.0
GIO	3,636.4	702.5	4,338.9	3,811.3	212.8	4,024.1	304.8	10.0
MLCL	3,957.5	291.3	4,248.8	3,294.3	668.0	3,962.3	47.3	239.2
NULA	3,782.6	407.7	4,190.2	3,504.3	274.1	3,778.4	328.4	83.4
BTLL	2,685.9	527.2	3,213.1	3,122.7	50.2	3,172.9	30.2	10.0
TOW	2,929.7	247.9	3,177.6	2,573.8	219.4	2,793.1	152.9	231.5
GQLD	3,101.1	67.7	3,168.8	2,650.8	344.0	2,994.8	135.0	39.0
CIHL	2,822.0	3.0	2,825.0	151.0	3.0	154.0	1,333.0	1,338.0
MLL	2,538.7	134.5	2,673.2	2,535.8	93.3	2,629.1	33.9	10.2
RSAF	1,801.2	322.0	2,123.2	1,688.8	123.6	1,812.5	118.5	192.3
CORP	1,801.3	192.5	1,993.8	1,625.2	42.5	1,667.7	325.0	1.2
NRMA	1,552.5	21.5	1,574.0	923.1	482.5	1,405.6	105.1	63.4
CL2	1,065.1	115.1	1,180.2	805.1	63.6	868.7	166.9	144.6
CHLL	661.9	507.9	1,169.9	530.3	79.8	610.2	278.2	281.5
SUN	927.8	49.2	977.0	84.8	190.4	275.3	33.0	668.7
SRLH	694.5	215.7	910.2	462.8	147.2	610.0	145.2	155.0
CFCL	83.5	478.1	561.5	0.0	119.7	119.7	312.8	129.0
AC&L	183.8	281.1	464.9	143.7	226.6	370.3	35.6	59.0
HLRA	327.7	90.6	418.3	194.5	74.8	269.3	139.0	10.0
MNRE	165.7	118.3	284.0	112.1	100.1	212.2	71.8	0.0
RACV	232.7	14.8	247.5	207.2	11.1	218.3	-0.8	30.0
GERL	73.5	91.1	164.6	118.6	30.3	149.0	-7.3	23.0
AIAA	132.5	26.9	159.4	98.4	12.7	111.1	23.0	25.3
LLL	51.1	105.7	156.8	78.6	29.9	108.5	24.6	23.7
CLRE	64.9	54.5	119.4	57.5	26.8	84.3	18.2	17.0
HALL	84.1	34.1	118.3	30.9	11.8	42.6	65.5	10.1
RGA	31.9	74.1	106.0	7.3	33.8	41.1	11.7	53.3
HCFL	86.8	13.1	99.9	72.9	3.7	76.6	13.3	10.0
SGL	62.8	8.7	71.5	18.1	26.0	44.1	12.3	15.0
COMB	45.0	3.0	48.0	25.0	7.0	31.9	-1.9	18.0
CUNA	29.5	5.0	34.5	10.1	6.3	16.4	18.0	0.1
FORT	15.0	12.8	27.8	5.9	2.8	8.8	9.0	10.0
AML	14.1	3.6	17.7	0.7	1.3	2.0	5.7	10.0
PSL	11.7	1.9	13.5	0.3	1.0	1.3	-0.8	13.0
<b>Total</b>	<b>199,024.3</b>	<b>12,431.9</b>	<b>211,456.2</b>	<b>165,884.4</b>	<b>20,243.5</b>	<b>186,128.0</b>	<b>11,847.4</b>	<b>13,480.9</b>

<sup>a</sup>Includes bonuses and policy owner retained profits.

**Table 12. Solvency by Solvency Coverage**

1 July 2000 to 30 June 2001

Company	(\$ million)				(%)		
	Base Liabilities	Solvency Reserve	Solvency Requirement	Total Assets <sup>a</sup>	Assets Available for Solvency	Solvency Reserve	Solvency Coverage
<b>Statutory funds</b>							
SGL	13.4	0.2	13.6	21.3	7.9	1.53	38.47
AML	1.2	0.1	1.3	4.9	3.7	11.31	27.20
HCFL	79.4	0.6	79.9	87.7	9.3	0.69	16.94
WEST	8,089.5	35.5	8,125.0	8,476.2	386.7	0.44	10.88
HALL	37.5	3.0	40.5	66.2	28.7	7.99	9.59
RGA	57.8	0.8	58.6	64.8	7.0	1.38	8.75
CUNA	11.9	0.7	12.6	17.4	5.5	5.82	7.90
PSL	0.5	0.2	0.7	2.2	1.7	47.95	7.15
NRMA	1,009.8	8.2	1,018.0	1,051.5	41.7	0.82	5.07
RACV	235.8	1.8	237.6	231.1	8.7	0.75	4.93
CLL	11,593.7	36.4	11,630.1	11,750.0	155.5	0.31	4.27
CORP	1,584.9	82.1	1,667.0	1,899.9	314.9	5.18	3.84
NULA	3,910.4	70.4	3,980.8	4,172.7	264.6	1.80	3.76
ZURI	4,758.6	126.4	4,885.0	5,157.8	399.2	2.66	3.16
AC&L	253.3	12.5	265.8	289.3	36.0	4.94	2.87
NMLA	15,738.0	700.0	16,438.0	17,592.0	1,855.0	4.45	2.65
GIO	4,060.0	64.2	4,124.2	4,091.0	167.6	1.58	2.61
ANZ	4,483.5	104.3	4,587.8	4,751.3	267.8	2.33	2.57
NAFM	5,668.0	40.0	5,708.0	5,846.0	99.0	0.71	2.48
INGL	13,463.0	350.0	13,813.0	14,308.0	846.0	2.60	2.42
LLL	116.8	2.7	119.5	123.0	6.3	2.33	2.31
COMB	21.4	4.9	26.3	32.5	11.1	22.98	2.26
GERL	139.6	2.5	142.0	145.0	5.5	1.77	2.21
MLL	2,632.6	12.7	2,645.3	2,660.2	27.6	0.48	2.18
CIHL	145.6	8.4	154.0	163.0	17.0	5.78	2.02
CLRE	106.1	1.3	107.4	108.7	2.6	1.24	1.97
BTLL	3,170.7	15.7	3,186.5	3,201.4	30.7	0.50	1.95
GQLD	2,399.4	376.9	2,776.3	3,117.6	718.2	15.71	1.91
CML	13,531.5	636.8	14,168.3	14,711.0	1,186.7	4.71	1.86
CHLL	90.2	12.9	103.1	126.0	20.8	14.28	1.61
HLRA	275.5	44.8	320.3	347.3	71.8	16.27	1.60
AMP	43,881.0	4,220.0	48,101.0	50,585.0	6,704.0	9.62	1.59
MLC	21,373.0	107.0	21,480.0	21,541.0	168.0	0.50	1.57
CL2	780.2	235.0	1,015.2	1,123.9	343.7	30.13	1.46
TOW	2,735.0	256.9	2,991.9	3,102.2	367.1	9.39	1.43
MLCL	3,083.0	810.9	3,893.9	4,239.3	1,156.3	26.30	1.43
SRLH	574.1	123.1	697.2	738.5	164.5	21.44	1.34
MNRE	167.3	53.3	220.6	235.6	68.3	31.87	1.28
RSAF	1,781.5	90.8	1,872.2	1,890.3	108.8	5.09	1.20
FORT	10.6	0.2	10.8	11.2	0.3	2.06	1.17
AIAA	92.9	50.0	142.9	145.8	56.9	53.76	1.14
SUN	62.6	40.8	103.4	108.4	45.8	65.16	1.12
CFCL	0.0	0.0	0.0	0.0	0.0	0.00	0.00
<b>Total</b>	<b>172,220.6</b>	<b>8,745.0</b>	<b>180,965.6</b>	<b>188,337.8</b>	<b>16,188.2</b>	<b>5.08</b>	<b>1.85</b>

<sup>a</sup>Total assets net of policy liabilities ceded under reinsurance.

**Table 13. Solvency by Reserve %**

1 July 2000 to 30 June 2001

Company	(\$ million)				(%)		
	Base Liabilities	Solvency Reserve	Solvency Requirement	Total Assets <sup>a</sup>	Assets Available for Solvency	Solvency Reserve	Solvency Coverage
<b>Statutory funds</b>							
SUN	62.6	40.8	103.4	108.4	45.8	65.16	1.12
AIAA	92.9	50.0	142.9	145.8	56.9	53.76	1.14
PSL	0.5	0.2	0.7	2.2	1.7	47.95	7.15
MNRE	167.3	53.3	220.6	235.6	68.3	31.87	1.28
CL2	780.2	235.0	1,015.2	1,123.9	343.7	30.13	1.46
MLCL	3,083.0	810.9	3,893.9	4,239.3	1,156.3	26.30	1.43
COMB	21.4	4.9	26.3	32.5	11.1	22.98	2.26
SRLH	574.1	123.1	697.2	738.5	164.5	21.44	1.34
HLRA	275.5	44.8	320.3	347.3	71.8	16.27	1.60
GQLD	2,399.4	376.9	2,776.3	3,117.6	718.2	15.71	1.91
CHLL	90.2	12.9	103.1	126.0	20.8	14.28	1.61
AML	1.2	0.1	1.3	4.9	3.7	11.31	27.20
AMP	43,881.0	4,220.0	48,101.0	50,585.0	6,704.0	9.62	1.59
TOW	2,735.0	256.9	2,991.9	3,102.2	367.1	9.39	1.43
HALL	37.5	3.0	40.5	66.2	28.7	7.99	9.59
CUNA	11.9	0.7	12.6	17.4	5.5	5.82	7.90
CIHL	145.6	8.4	154.0	163.0	17.0	5.78	2.02
CORP	1,584.9	82.1	1,667.0	1,899.9	314.9	5.18	3.84
RSAF	1,781.5	90.8	1,872.2	1,890.3	108.8	5.09	1.20
AC&L	253.3	12.5	265.8	289.3	36.0	4.94	2.87
CML	13,531.5	636.8	14,168.3	14,711.0	1,186.7	4.71	1.86
NMLA	15,738.0	700.0	16,438.0	17,592.0	1,855.0	4.45	2.65
ZURI	4,758.6	126.4	4,885.0	5,157.8	399.2	2.66	3.16
INGL	13,463.0	350.0	13,813.0	14,308.0	846.0	2.60	2.42
LLL	116.8	2.7	119.5	123.0	6.3	2.33	2.31
ANZ	4,483.5	104.3	4,587.8	4,751.3	267.8	2.33	2.57
FORT	10.6	0.2	10.8	11.2	0.3	2.06	1.17
NULA	3,910.4	70.4	3,980.8	4,172.7	264.6	1.80	3.76
GERL	139.6	2.5	142.0	145.0	5.5	1.77	2.21
GIO	4,060.0	64.2	4,124.2	4,091.0	167.6	1.58	2.61
SGL	13.4	0.2	13.6	21.3	7.9	1.53	38.47
RGA	57.8	0.8	58.6	64.8	7.0	1.38	8.75
CLRE	106.1	1.3	107.4	108.7	2.6	1.24	1.97
NRMA	1,009.8	8.2	1,018.0	1,051.5	41.7	0.82	5.07
RACV	235.8	1.8	237.6	231.1	8.7	0.75	4.93
NAFM	5,668.0	40.0	5,708.0	5,846.0	99.0	0.71	2.48
HCFL	79.4	0.6	79.9	87.7	9.3	0.69	16.94
BTLL	3,170.7	15.7	3,186.5	3,201.4	30.7	0.50	1.95
MLC	21,373.0	107.0	21,480.0	21,541.0	168.0	0.50	1.57
MLL	2,632.6	12.7	2,645.3	2,660.2	27.6	0.48	2.18
WEST	8,089.5	35.5	8,125.0	8,476.2	386.7	0.44	10.88
CLL	11,593.7	36.4	11,630.1	11,750.0	155.5	0.31	4.27
CFCL	0.0	0.0	0.0	0.0	0.0	0.00	0.00
<b>Total</b>	<b>172,220.6</b>	<b>8,745.0</b>	<b>180,965.6</b>	<b>188,337.8</b>	<b>16,188.2</b>	<b>5.08</b>	<b>1.85</b>

<sup>a</sup>Total assets net of policy liabilities ceded under reinsurance.

**Table 14. Sources of Profit**  
(\$ million)

1 July 2000 to 30 June 2001

Company	Investment Earnings on Retained Profits and Capital	Emergence of Planned Profits		Experience Profit	Operating Profit after Income Tax <sup>a</sup>
		Policy Owner	Shareholder		
<b>Statutory funds</b>					
AMP	525.0	751.0	268.0	95.0	1,636.0
MLC	50.0	0.0	131.0	-33.0	358.0
NMLA	131.0	225.0	70.0	-36.0	323.0
MLCL	32.1	190.9	66.7	16.0	305.8
INGL	65.0	15.0	125.0	-17.0	193.0
CML	58.0	79.0	58.0	-7.0	188.0
GQLD	24.1	100.1	28.1	0.0	153.4
WEST	35.6	0.0	80.5	19.8	135.9
CLL	19.0	0.0	109.0	-5.0	123.0
CL2	115.8	0.0	3.3	-3.1	116.0
ZURI	29.2	3.5	14.6	34.7	79.4
CORP	21.3	0.0	22.5	6.0	78.1
NAFM	13.0	0.0	50.0	10.0	73.0
TOW	14.5	19.1	24.1	3.5	72.5
GIO	12.9	6.0	26.0	12.9	57.9
ANZ	16.3	1.0	38.2	-6.4	49.1
CFCL	20.7	3.7	12.0	9.3	39.4
AC&L	23.3	0.0	16.0	-12.6	37.4
RSAF	9.4	4.3	22.2	-16.1	25.5
MLL	4.2	0.0	15.6	-0.5	19.3
NRMA	2.1	0.0	6.2	6.8	15.2
HLRA	7.9	0.0	9.1	-4.3	12.7
HALL	0.8	0.0	6.7	2.1	9.6
BTLL	2.0	0.0	22.8	-16.9	7.9
NULA	28.8	1.1	18.9	-16.6	5.8
LLL	1.1	0.7	2.3	0.3	4.4
FORT	0.0	0.0	1.4	2.4	3.8
AIAA	1.9	1.6	2.3	-2.2	3.7
SUN	2.7	0.0	5.3	-4.5	3.6
RGA	1.7	0.0	2.2	-0.5	3.4
MNRE	5.6	0.0	2.2	-5.0	3.3
SGL	0.4	0.0	1.8	0.7	2.9
CLRE	3.5	0.0	1.3	-2.6	2.2
CHLL	1.8	0.0	0.2	-0.3	1.8
COMB	0.3	0.6	0.2	0.3	1.3
CUNA	0.2	0.9	0.7	-0.5	1.3
HCFL	0.5	0.0	0.4	0.1	0.9
AML	0.3	0.0	0.1	0.0	0.3
RACV	0.8	0.0	0.2	-1.5	-0.6
CIHL	-1.0	0.0	0.0	0.0	-1.0
PSL	0.1	0.0	0.0	-1.4	-1.3
GERL	0.2	0.0	4.7	-17.0	-12.1
SRLH	36.7	0.0	15.5	-51.0	-54.6
<b>Total</b>	<b>1,319.0</b>	<b>1,403.6</b>	<b>1,285.4</b>	<b>-40.8</b>	<b>4,078.4</b>

<sup>a</sup>Includes extraordinary.



**Table 15. Australian Business: All assets**

(\$ million)

As at 30 June 2001

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
<b>Statutory funds</b>							
AMP	9,552.3	26,385.4	12,190.2	4,171.1	218.3	1,316.8	53,834.1
MLC	1,445.0	14,846.9	5,838.6	6.4	738.0	242.2	23,117.0
NMLA	1,306.0	6,031.0	5,597.0	1,750.0	457.0	278.0	15,419.0
INGL	981.2	6,331.6	5,971.0	259.0	788.9	439.9	14,771.6
CML	1,341.0	6,517.0	5,037.0	71.0	571.0	950.0	14,487.0
CLL	846.0	4,730.0	5,649.0	0.0	386.0	132.0	11,743.0
WEST	527.6	3,439.3	3,303.7	801.8	586.7	147.6	8,806.6
NAFM	621.2	3,428.8	2,065.1	0.1	206.9	30.4	6,352.6
ZURI	336.5	2,982.6	1,306.0	45.4	529.2	105.8	5,305.4
ANZ	204.4	1,361.4	2,139.3	142.1	929.0	31.4	4,807.6
NULA	349.2	1,731.0	1,586.1	130.1	428.5	84.4	4,309.3
MLCL	430.9	1,596.3	1,697.1	40.1	155.3	228.1	4,147.7
BTLL	210.6	1,636.2	1,280.2	0.0	156.1	-63.9	3,219.2
GQLD	672.7	996.4	1,249.2	11.5	96.6	103.7	3,130.1
TOW	181.9	1,474.1	1,229.0	2.7	125.7	116.6	3,129.9
MLL	132.8	703.2	1,621.3	0.0	84.9	128.5	2,670.8
RSAF	141.3	1,031.2	671.5	2.5	86.5	93.7	2,026.6
CORP	0.0	0.0	0.0	1,603.4	69.8	19.5	1,692.7
CL2	721.0	4.7	308.2	7.6	31.2	51.3	1,123.9
NRMA	64.6	494.7	462.3	0.0	7.0	22.9	1,051.5
SRLH	7.0	199.7	355.8	2.5	39.5	53.7	658.1
CHLL	33.6	25.5	27.8	0.0	33.8	449.6	570.3
HLRA	0.0	11.6	300.2	0.0	6.3	63.8	381.8
AC&L	33.2	66.6	110.6	0.0	44.9	21.5	276.9
MNRE	0.0	39.0	145.8	0.0	10.4	70.9	266.1
RACV	7.5	89.8	66.4	0.0	47.3	33.5	244.5
AIAA	0.6	14.0	116.6	0.5	4.7	26.5	162.8
CIHL	0.0	0.0	121.5	0.0	39.7	1.5	162.7
LLL	0.0	0.0	71.7	2.1	29.2	40.3	143.3
SUN	0.0	22.7	96.5	0.0	0.0	0.1	119.3
CLRE	0.0	0.0	55.2	0.0	10.0	50.9	116.1
GERL	0.0	4.9	62.8	0.0	18.9	23.5	110.0
RGA	0.0	0.0	21.7	0.0	2.5	71.0	95.3
HCFL	0.0	14.1	62.2	0.0	10.0	2.5	88.7
HALL	0.3	0.0	40.5	0.0	20.8	1.6	63.2
SGL	0.0	0.0	4.9	0.0	17.6	10.0	32.6
COMB	0.0	0.0	26.1	2.1	3.5	0.5	32.3
CUNA	0.0	1.8	10.6	0.0	2.6	1.9	17.0
FORT	0.0	0.0	6.7	0.0	1.9	1.2	9.7
AML	0.0	0.0	0.0	0.0	1.2	1.5	2.7
PSL	0.0	0.0	0.0	0.0	1.7	0.7	2.4
GIO	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>20,148.5</b>	<b>86,211.4</b>	<b>60,905.3</b>	<b>9,051.9</b>	<b>6,999.1</b>	<b>5,385.5</b>	<b>188,701.6</b>

**Table 16. Australian Business: Investment Linked Assets**

(\$ million)

As at 30 June 2001

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
<b>Statutory funds</b>							
AMP	4,218.8	15,684.3	4,944.6	1,699.7	137.6	701.6	27,386.6
MLC	1,445.0	14,367.5	5,610.6	0.0	724.3	237.5	22,384.9
CLL	846.0	4,730.0	5,380.0	0.0	371.0	137.0	11,464.0
INGL	731.4	5,681.6	3,570.8	29.3	474.4	217.2	10,704.7
CML	793.0	4,926.0	2,232.0	0.0	277.0	234.0	8,462.0
WEST	527.6	3,434.5	2,731.5	0.0	252.1	126.8	7,072.5
NMLA	594.0	3,288.0	1,872.0	131.0	259.0	162.0	6,306.0
NAFM	616.5	3,428.8	1,874.0	0.0	194.0	8.6	6,121.8
ZURI	269.2	2,801.9	906.3	0.0	450.1	32.5	4,460.0
BTLL	210.6	1,636.2	1,280.2	0.0	156.1	-63.9	3,219.2
ANZ	200.2	1,331.6	915.6	0.0	506.3	-0.3	2,953.3
MLL	132.8	703.2	1,621.3	0.0	83.5	128.5	2,669.3
NULA	150.9	1,397.9	729.3	19.5	234.6	73.3	2,605.5
TOW	105.8	1,191.0	707.2	0.0	103.6	12.9	2,120.6
RSAF	112.3	842.2	410.9	0.0	28.7	13.4	1,407.5
NRMA	64.6	490.7	354.7	0.0	4.5	18.3	932.8
GQLD	183.8	307.2	314.9	0.0	90.6	-6.4	890.1
RACV	7.5	89.8	66.4	0.0	42.7	31.3	237.7
HCFL	0.0	12.4	18.7	0.0	3.8	0.7	35.5
CHLL	2.1	17.6	6.0	0.0	7.0	0.9	33.7
LLL	0.0	0.0	29.3	0.0	3.0	0.3	32.6
AIAA	0.0	2.3	9.9	0.0	0.5	-0.2	12.5
<b>TOTAL</b>	<b>11,212.1</b>	<b>66,364.8</b>	<b>35,586.2</b>	<b>1,879.6</b>	<b>4,404.4</b>	<b>2,065.8</b>	<b>121,512.8</b>

**Table 17. Australian Business: Non-Investment linked Assets**

(\$ million)

As at 30 June 2001

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
<b>Statutory funds</b>							
AMP	5,333.4	10,701.1	7,245.6	2,471.4	80.7	615.2	26,447.5
NMLA	712.0	2,743.0	3,725.0	1,619.0	198.0	116.0	9,113.0
CML	548.0	1,591.0	2,805.0	71.0	294.0	716.0	6,025.0
MLCL	430.9	1,596.3	1,697.1	40.1	155.3	228.1	4,147.7
INGL	249.9	650.0	2,400.2	229.6	314.5	222.7	4,067.0
GQLD	488.9	689.2	934.3	11.5	6.0	110.1	2,240.0
ANZ	4.2	29.8	1,223.7	142.1	422.7	31.7	1,854.3
WEST	0.0	4.8	572.1	801.8	334.6	20.8	1,734.1
NULA	198.3	333.1	856.9	110.6	193.9	11.1	1,703.9
CORP	0.0	0.0	0.0	1,603.4	69.8	19.5	1,692.7
CL2	721.0	4.7	308.2	7.6	31.2	51.3	1,123.9
TOW	76.1	283.1	521.7	2.6	22.1	103.7	1,009.3
ZURI	67.4	180.7	399.7	45.4	79.0	73.3	845.4
MLC	0.0	479.3	228.0	6.4	13.7	4.6	732.2
SRLH	7.0	199.7	355.8	2.5	39.5	53.7	658.1
RSAF	29.0	189.0	260.6	2.5	57.7	80.3	619.1
CHLL	31.6	7.8	21.7	0.0	26.8	448.7	536.6
HLRA	0.0	11.6	300.2	0.0	6.3	63.8	381.8
CLL	0.0	0.0	269.0	0.0	15.0	-5.0	279.0
AC&L	33.2	66.6	110.6	0.0	44.9	21.5	276.9
MNRE	0.0	39.0	145.8	0.0	10.4	70.9	266.1
NAFM	4.7	0.0	191.1	0.1	13.0	21.8	230.8
CIHL	0.0	0.0	121.5	0.0	39.7	1.5	162.7
AIAA	0.6	11.6	106.7	0.5	4.2	26.6	150.3
SUN	0.0	22.7	96.5	0.0	0.0	0.1	119.3
NRMA	0.0	4.1	107.6	0.0	2.5	4.6	118.7
CLRE	0.0	0.0	55.2	0.0	10.0	50.9	116.1
LLL	0.0	0.0	42.4	2.1	26.3	40.0	110.7
GERL	0.0	4.9	62.8	0.0	18.9	23.5	110.0
RGA	0.0	0.0	21.7	0.0	2.5	71.0	95.3
HALL	0.3	0.0	40.5	0.0	20.8	1.6	63.2
HCFL	0.0	1.7	43.4	0.0	6.2	1.8	53.1
SGL	0.0	0.0	4.9	0.0	17.6	10.0	32.6
COMB	0.0	0.0	26.1	2.1	3.5	0.5	32.3
CUNA	0.0	1.8	10.6	0.0	2.6	1.9	17.0
FORT	0.0	0.0	6.7	0.0	1.9	1.2	9.7
RACV	0.0	0.0	0.0	0.0	4.7	2.2	6.9
AML	0.0	0.0	0.0	0.0	1.2	1.5	2.7
PSL	0.0	0.0	0.0	0.0	1.7	0.7	2.4
MLL	0.0	0.0	0.0	0.0	1.4	0.0	1.4
BTLL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GIO	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>8,936.4</b>	<b>19,846.6</b>	<b>25,319.1</b>	<b>7,172.3</b>	<b>2,594.7</b>	<b>3,319.7</b>	<b>67,188.8</b>

## List of Companies included in the Bulletin

Full Name	Short Name	Balance Date
Australian Casualty and Life Limited	AC&L	30 September
American International Assurance Company (Australia) Limited	AIAA	30 November
AM Life Limited	AML	30 June
AMP Life Limited	AMP	31 December
ANZ Life Assurance Company Limited	ANZ	30 September
BT Life Limited	BTLL	31 December
Colonial Financial Corporation Limited <sup>1</sup>	CFCL	31 December
Challenger Life Limited	CHLL	30 June
Commonwealth Insurance Holdings Limited	CIHL	30 June
Challenger Life No. 2 Limited (previously Deutsche Life Limited) <sup>2</sup>	CL2	30 June
Commonwealth Life Limited	CLL	30 June
General & Cologne Life Re Australasia Limited	CLRE	31 December
The Colonial Mutual Life Assurance Society Limited <sup>3</sup>	CML	30 June
Combined Life Insurance Company of Australia Limited	COMB	31 December
Citicorp Life Insurance Limited	CORP	31 December
Cuna Mutual Insurance Society	CUNA	31 December
Fortis Life Assurance Company Limited	FORT	31 December
Gerling Global Life Reinsurance Company of Australia Pty Limited	GERL	31 December
GIO Personal Investment Services Limited	GIO	31 December
Suncorp Life & Superannuation Limited	GQLD	30 June
Hallmark Life Insurance Company Limited	HALL	31 December
HCF Life Insurance Company Pty Limited	HCFL	30 June
Hannover Life Re of Australasia Limited	HLRA	31 December
ING Life Limited <sup>4</sup>	INGL	31 December
Lumley Life Limited	LLL	30 June
MLC Limited <sup>5</sup>	MLC	30 September
MLC Lifetime Company Limited <sup>5</sup>	MLCL	30 September
Macquarie Life Limited	MLL	31 March
Munich Reinsurance Company of Australasia Limited	MNRE	31 December
National Australia Financial Management Limited	NAFM	30 September
The National Mutual Life Association of Australasia Limited	NMLA	30 September
NRMA Life Limited	NRMA	30 June
Norwich Union Life Australia Limited	NULA	31 December
Prefsure Life Limited <sup>6</sup>	PSL	30 June
RACV Financial Services Limited	RACV	30 June
RGA Reinsurance Company of Australia Limited	RGA	31 December
Royal & Sun Alliance Financial Services Limited <sup>7</sup>	RSAF	31 December
St George Life Limited	SGL	30 September
Swiss Re Life & Health Australia Limited	SRLH	31 December
Royal & Sun Alliance Life Assurance Australia Limited	SUN	31 December
Tower Life Australia Limited	TOW	30 September
Westpac Life Insurance Services Limited	WEST	30 September
Zurich Australia Limited	ZURI	31 December
Total	43 insurers	

## List of Companies included in the Bulletin....cont.

### Notes:

1. Colonial Financial Corporation Limited transferred its business to The Colonial Mutual Life Assurance Society Limited on 30 June 2000. However, the company was not deregistered until a later date. Annual financial statistics for the company were received for the year ending 31 December 2000.
2. Deutsche Life Limited changed its name to Challenger Life No. 2 Limited in August 2000. Challenger Life No. 2 has subsequently changed its balance date to 30 June (from 31 December).
3. The Colonial Mutual Life Assurance Society Limited changed its balance date to 30 June (from 31 December), to become aligned with the other Commonwealth group entities. However, the financial statistics for this company included in this Bulletin cover the period from 1 January 2000 to 31 December 2000.
4. Mercantile Mutual Life Insurance Company Limited changed its name to ING Life Limited in March 2001. ING Life Limited has subsequently changed its balance date to 31 December (from 30 September). Due to this change in balance date financial statistics included in this Bulletin for ING Life Limited cover the period from 1 October 1999 to 31 December 2000.
5. MLC Limited and MLC Lifetime Company Limited changed their balance dates to 30 September (from 30 June). Due to this change in balance date financial statistics included in this Bulletin for these companies cover the period from 1 July 1999 to 30 September 2000.
6. Prefsure Life Limited began operations in July 2000 and submitted its first annual returns for the year ending 30 June 2001.
7. Tyndall Life insurance Company Limited changed its name to Royal & Sun Alliance Financial Services Limited in July 2000.

## Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Conversion:** Change from one type of policy to another.

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

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

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

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

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

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

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

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

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

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

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

**Non-participating Benefit:** Benefit that does not include any entitlement to share in any distribution by the life company of profits and surplus and the amount of which is specified in the

policy document or is calculated according to a formula that is set in the policy document and does not include any element that is in any way dependent on, or to be ascertained according to, a decision of the life company concerned.

**Ordinary Policy:** A policy other than a superannuation policy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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