



Australian Prudential Regulation Authority

Half Yearly

Life Insurance

Financial Bulletin

Year ending December 1998

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FOREWORD

The Australian Prudential Regulation Authority *Half Yearly Life Insurance Financial Bulletin* contains aggregate industry information, with emphasis on direct insurers and reinsurers, statutory funds and shareholders' funds. There is information on solvency, sources of profit and operating expenses that were not available in previous publications. The *Bulletin* also contains company level abstracts on profit and loss, balance sheet, solvency, and sources of profit and quarterly assets. Key enhancements that have been added to this *Bulletin* are a key statistics table and market statistics tables.

The *Bulletin* will primarily be available on the APRA website (<http://www.apra.gov.au>) instead of in the previous hard copy format. This will enable APRA to both reduce costs and increase the circulation of these important statistics.

Requests for hard copies should be referred to the Public Affairs Unit, GPO Box 9836, Sydney NSW 2011 on 02 9210 3235. A fee to cover administrative costs will be charged for hard copy distribution.

The tables in this *Bulletin* have been prepared after consultation with all registered life insurance companies and other interested users of the data. I am grateful to those who participated actively in this consultative process.

For many years, the Life Insurance Group publications have provided the life insurance industry and all interested parties with statistical, financial and actuarial information about the industry. 1998 has seen significant change in the life insurance industry and it is reasonable to expect that the future will continue to present challenge and opportunity to those who participate in this competitive industry sector. This series of publications provides a continuing record of change and response to change in the Australian marketplace

Craig Thorburn
Chief Manager
Life Insurance

Introduction

The *Half Yearly Life Insurance Financial Bulletin* for December 1998 contains selected financial and market statistics of the life insurance companies, presented primarily at aggregate level for all companies balancing between 1 January 1998 to 31 December 1998. The *Bulletin* also includes company level abstracts on profit and loss, balance sheet, solvency, sources of profit and assets.

Data in the *Half Yearly Life Insurance Financial Bulletin* are mainly sourced from the diskette version of the Financial Statements submitted by the life insurance companies in accordance with *Prudential Rules 21 (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)*, while information on premium income is sourced from the half yearly market statistical returns, *Prudential Rules 32*.

Note, however, that where valid source data have not been received from a company by the publication dates, that company will be excluded from this issue of the *Bulletin*. Details of excluded companies will be included in subsequent issues.

An electronic version of the annual financial returns submitted on diskette by each of the life insurance companies under *Prudential Rules 21* 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 during 1 January 1998 to 31 December 1998.

Note: Data in the highlights (and the subsequent tables) are primarily sourced from the diskette version of the Financial Statements submitted by the life insurance companies in accordance with Prudential Rules 21. 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 represent the equivalent values from the December 1997 Bulletin.

- Total life insurance statutory fund assets for companies balancing during the year ending 31 December 1998 were \$163.9 billion (\$165.1 billion). These assets were backing \$141.8 billion (\$136.3 billion) of Australian and overseas policy liabilities and bonuses.
- The industry aggregate solvency reserve percentage was 6.2% (9.5%). The corresponding solvency coverage ratio for companies balancing during the year ending 31 December 1998 was 1.78 (1.76).
- Life insurance premiums totalled \$35.8 billion (\$29.3 billion) for companies balancing during the year ending 31 December 1998. Investment linked business accounted for \$23.3 billion (\$19.0 billion), the remaining \$12.5 billion (\$10.3 billion) was non-investment linked business.

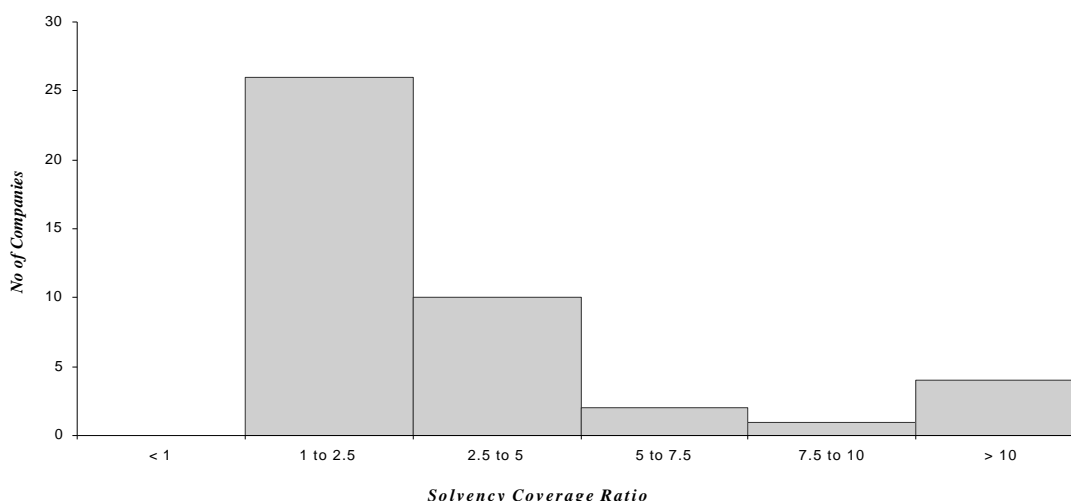
- Total life insurance policy payments were \$29.9 billion (\$25.5 billion) for companies balancing during the year ending 31 December 1998. Surrenders and terminations accounted for \$17.8 billion (\$15.8 billion) of all policy payments.
- Aggregate industry profits were \$3.0 billion (\$4.4 billion), of which \$1.4 billion (\$2.0 billion) was allocated to policy owners and \$1.6 billion (\$2.4 billion) to shareholders.
- Equities and unit trusts accounted for 54% of the investment assets of life insurance statutory funds. While interest bearing securities and loans accounting for a further 40% of assets.

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

Figure 1: Solvency Coverage Ratios



prescribed set of adverse conditions, as a percentage of the company's base liabilities. This percentage will vary from company to company depending on the types of business the company writes and the types of assets it holds to back these liabilities.

The industry aggregate solvency reserve percentage for the period was 6.2%.

For investment linked business, where the liabilities are linked to the value of the assets supporting them, the percentage was 0.7%. For non-investment linked business the solvency reserve percentage was 14.7%.

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 1.78. For investment linked business, the ratio was 2.33, while for non-investment linked business the solvency coverage ratio was 1.74.

Half of all life companies had a solvency coverage ratio between 1.5 and 3.0.

Industry Structure

Australian business accounted for about 97% (\$137.0 billion) of the total policy liabilities and bonuses in the life insurance industry. The remaining 3% (\$4.8 billion) of liabilities and bonuses related to overseas business.

Superannuation business represented about 82% (\$112.6 billion) of Australian policy liabilities and bonuses. Superannuation participating policies represented 16% (\$21.7 billion) and non-participating policies 66% (\$91.0 billion) of the total Australian policy liabilities and bonuses.

Ordinary business represented the remaining 18% (\$24.4 billion) of Australian policy liabilities and bonuses. About 9% (\$13.0 billion) represented participating policies and 9% (\$11.4 billion) non-participating policies.

The proportion of superannuation business has increased by 5% (from 77%) since September 1996. This is consistent with the continuing trend within the life

insurance industry towards superannuation products.

Profitability

Total profit, after tax and abnormals, was \$3.0 billion. Non-investment linked business accounted for \$2.5 billion of this, while the profit relating to investment linked business was \$0.5 billion.

The profit allocated to policy owners accounted for 47% (\$1.4 billion) of the total profit. The remaining 53% (\$1.6 billion) was allocated to shareholders.

Total industry profit can be divided into its different sources. Planned profits contributed 76% (\$2.3 billion) of total profits, while there was a -4% (-\$0.1 billion) 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 34% (\$1.0 billion) of the total profit figure. This proportion can be expected to vary from year to year with changes in performance of investment markets.

Despite the proportions of investment linked and non-investment linked business being similar, almost all of the profits from the life insurance industry arose from non-investment linked business. This is the result of the different nature of the two types of business.

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

Premiums

Total life insurance premiums received for companies balancing during the year ending 31 December 1998 were \$35.8 billion.

Investment linked business accounted for 65% (\$23.3 billion) of these premiums, with the remaining 35% (\$12.5 billion) relating to non-investment linked business.

Single premiums accounted for \$24.1 billion of the total premium amount, with a further \$6.8 billion due to regular premium policies. With the remaining amounts of premiums resulted from policy conversions and superannuation rollover monies.

Policy Payments

Total industry policy payments for companies balancing during the year ending 31 December 1998 were \$29.9 billion.

Payments for surrenders and terminations accounted for 60% (\$17.8 billion) of the total policy payments. Policy maturities represented a further 12% (\$3.5 billion).

Annuity payments and death and disability claims accounted for 13% (\$2.1 billion and \$1.8 billion respectively) of policy payments. A further 8% (\$2.3 billion) resulted from policy conversions and 4% (\$1.2 billion) from payments under continuing superannuation plans.

Total premiums received during the period exceeded total policy payments by \$5.8 billion.

Asset Allocation

The proportion of life insurance investment assets held in growth assets (ie equities, unit trusts and property) was 58% of total investment assets, compared to 56% for the previous year. While investments in more defensive assets (ie interest bearing securities, loans and cash) accounted for 40% of total investment assets, compared to 42% for the previous year.

Key Statistics

	Year ending	Year ending	Change	
	31 December 1998	31 December 1997	amount	%
<i>-\$ billion -</i>				
Assets				
Total statutory fund	163.9	165.1	-1.2	-0.7%
Backing Australian liabilities	157.9	150.8	7.0	4.7%
Liabilities				
Total statutory fund	151.8	147.6	4.2	2.8%
Australian liabilities	146.6	135.1	11.5	8.5%
Premiums				
Total statutory fund	35.2	29.7	5.5	18.5%
Policy payments				
Total statutory fund	29.8	25.5	4.4	17.1%
Operating expenses				
Total statutory fund	3.6	3.6	0.1	1.6%
Operating profit after income tax				
Total statutory fund	3.0	4.4	-1.3	-30.6%
Solvency Reserve %	6.18	9.48	-3.30	-34.8%
Solvency Coverage ratio	1.78	1.76	0.02	1.0%

Table 1: Profit and Loss Statement

<i>Industry Total</i>	01 January 1998 to 31 December 1998					
	Direct Insurers		Reinsurers		Total Industry	
	Statutory Funds	Shareholders' Fund	Statutory Funds	Shareholders' Fund	Statutory Funds	Shareholders' Fund
	- (\$ million) -					
Net Insurance Premiums	34,808	3	403	67	35,211	70
Investment Revenue	13,046	99	100	20	13,146	119
Other Revenues	124	30	10	1	134	31
<i>Net Income</i>	<i>47,978</i>	<i>132</i>	<i>514</i>	<i>88</i>	<i>48,491</i>	<i>220</i>
Net Claims	29,054	1	244	69	29,297	71
Operating Expenses	3,512	95	143	30	3,655	125
Increase / (Decrease) in Policy Liabilities	11,006	0	67	0	11,073	0
<i>Net Expenses</i>	<i>43,572</i>	<i>96</i>	<i>453</i>	<i>100</i>	<i>44,025</i>	<i>196</i>
Operating Profit Before Income Tax	4,131	-17	60	-12	4,191	-29
Income Tax	1,179	-15	0	-9	1,179	-24
Operating Profit After Income Tax	2,952	-2	60	-3	3,012	-6
Extraordinary Items	7	-12	0	0	7	-12
Operating Profit and Extraordinary Items After Income Tax	2,960	-15	60	-3	3,019	-18

<i>Direct Insurers</i>	01 January 1998 to 31 December 1998					
	Statutory Fund					Statutory Fund Total*
	Australian		Overseas			
	Ordinary	Superannuation	Ordinary	Superannuation		
Par	Non-Par	Par	Non-Par			
	- (\$million) -					
Net Insurance Premiums	588	3,839	4,136	25,843	565	34,810
Investment Revenue	1,285	975	1,988	8,211	419	12,878
Other Revenues	4	104	4	-9	5	107
<i>Net Income</i>	<i>1,877</i>	<i>4,918</i>	<i>6,128</i>	<i>34,046</i>	<i>989</i>	<i>47,795</i>
Net Claims	1,386	3,076	3,724	20,279	752	29,054
Operating Expenses	211	1,026	388	1,694	233	3,552
Increase / (Decrease) in Policy Liabilities	-448	353	878	10,431	-241	10,973
<i>Net Expenses</i>	<i>1,149</i>	<i>4,456</i>	<i>4,989</i>	<i>32,404</i>	<i>744</i>	<i>43,579</i>
Operating Profit Before Income Tax	728	367	1,139	1,659	244	4,138
Income Tax	201	206	97	612	62	1,179
Operating Profit and Extraordinary Items After Income Tax	527	161	1,043	1,047	182	2,960

*NB: Differences may occur between Statutory Fund Total and sum of the details due to the elimination of interfund transactions.

Table 2: Balance Sheet

Industry Total

01 January 1998 to 31 December 1998

	Statutory Fund					Statutory Fund Total**	Shareholders' Fund
	Australian				Overseas		
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	- (\$million) -						
Investment Assets	14,868	14,787	22,970	96,456	5,412	154,493	4,508
Other Assets	-	-	-	-	632	9,406	1,763
Total Assets	-	-	-	-	6,044	163,899	6,272
Net Policy Liabilities*	12,654	11,332	20,769	90,856	4,746	140,356	0
Bonuses	325	74	884	108	79	1,471	0
Other Liabilities	-	-	-	-	316	10,054	1,983
Total Liabilities	-	-	-	-	5,142	151,782	1,983
Net Assets					902	12,118	4,289
comprised of							
Policy Owners Retained Profits	-	-	-	-	-	1,961	-
Shareholders Retained Profits	-	-	-	-	-	6,228	1,493
Shareholders Capital	-	-	-	-	-	3,404	2,795

*NB: Ceded Policy Liabilities are deducted from Gross Policy Liabilities in determining Net Policy Liabilities

** Differences may occur between Statutory Fund Total and sum of the details due to the elimination of interfund transactions.

Direct Insurers

01 January 1998 to 31 December 1998

	Statutory Fund					Statutory Fund Total**	Shareholders' Fund
	Australian				Overseas		
	Ordinary		Superannuation				
	Par	Non-Par	Par	Non-Par			
	- (\$million) -						
Investment Assets	14,868	13,955	22,970	96,310	5,228	153,331	3,961
Other Assets	-	-	-	-	603	9,173	1,044
Total Assets	-	-	-	-	5,831	162,504	5,005
Net Policy Liabilities*	12,654	10,950	20,769	90,736	4,660	139,769	0
Bonuses	325	74	884	108	79	1,471	0
Other Liabilities	-	-	-	-	247	9,681	1,043
Total Liabilities	-	-	-	-	4,986	150,816	1,043
Net Assets					845	11,687	3,962
comprised of							
Policy Owners Retained Profits	-	-	-	-	-	1,961	-
Shareholders Retained Profits	-	-	-	-	-	5,824	1,376
Shareholders Capital	-	-	-	-	-	3,377	2,586

*NB: Ceded Policy Liabilities are deducted from Gross Policy Liabilities in determining Net Policy Liabilities

** Differences may occur between Statutory Fund Total and sum of the details due to the elimination of interfund transactions.

Table 2: Balance Sheet

Reinsurers

01 January 1998 to 31 December 1998

	Statutory Fund					Statutory Fund Total**	Shareholders' Fund
	Australian		Overseas				
	Ordinary Par	Non-Par	Superannuation Par	Non-Par	-		
	- (\$million) -						
Investment Assets	0	831	0	146	185	1,162	547
Other Assets	-	-	-	-	28	233	720
Total Assets	-	-	-	-	213	1,396	1,266
Net Policy Liabilities*	0	382	0	120	86	587	0
Bonuses	0	0	0	0	0	0	0
Other Liabilities	-	-	-	-	69	373	940
Total Liabilities	-	-	-	-	155	966	940
Net Assets	-	-	-	-	57	430	327
comprised of							
Policy Owners Retained Profits	-	-	-	-	-	0	-
Shareholders Retained Profits	-	-	-	-	-	404	117
Shareholders Capital	-	-	-	-	-	27	210

*NB: Ceded Policy Liabilities are deducted from Gross Policy Liabilities in determining Net Policy Liabilities

** Differences may occur between Statutory Fund Total and sum of the details due to the elimination of interfund transactions.

Table 3: Solvency

Industry Solvency	01 January 1998 to 31 December 1998		
	Statutory Fund		
	Investment Linked	Non-Investment Linked	Total**
		- (\$million) -	
Base Liabilities	89,955	57,780	147,654
Solvency Reserve	631	8,493	9,123
Solvency Requirement	90,586	66,273	156,778
Total Assets*	91,427	72,522	163,868
Assets Available for Solvency Reserve	1,472	14,742	16,214
Solvency Reserve %	0.70	14.70	6.18
Solvency Coverage	2.33	1.74	1.78

*NB: Total Assets net of Policy Liabilities ceded

** Differences may occur between Total and sum of the details due to the elimination of interfund transactions.

Direct Insurers	01 January 1998 to 31 December 1998		
	Statutory Fund		
	Investment Linked	Non-Investment Linked	Total**
		- (\$million) -	
Base Liabilities	89,955	56,751	146,627
Solvency Reserve	631	8,265	8,896
Solvency Requirement	90,586	65,016	155,523
Total Assets*	91,427	71,127	162,474
Assets Available for Solvency Reserve	1,472	14,376	15,848
Solvency Reserve %	0.70	14.56	6.07
Solvency Coverage	2.33	1.74	1.78

*NB: Total Assets net of Policy Liabilities ceded

** Differences may occur between Total and sum of the details due to the elimination of interfund transactions.

Reinsurers	01 January 1998 to 31 December 1998		
	Statutory Fund		
	Investment Linked	Non-Investment Linked	Total**
		- (\$million) -	
Base Liabilities	0	1,029	1,027
Solvency Reserve	0	228	228
Solvency Requirement	0	1,257	1,255
Total Assets*	0	1,396	1,394
Assets Available for Solvency Reserve	0	367	367
Solvency Reserve %	-	22.11	22.15
Solvency Coverage	-	1.61	1.61

*NB: Total Assets net of Policy Liabilities ceded

** Differences may occur between Total and sum of the details due to the elimination of interfund transactions.

Table 4: Sources of Profit

Industry Total

01 January 1998 to 31 December 1998

	Statutory Fund			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	- (\$million) -			
Investment Earnings on Retained Profits & Capital	157	862	1,019	-
Emergence of Planned Profits				
- Policy Owner	0	1,342	1,342	-
- Shareholder	338	622	960	-
Experience Profit	-25	-96	-121	-
Operating Profit from Other Sources	0	-181	-181	-
Operating Profit after Income Tax	470	2,550	3,019	-18
allocated to				
- Policy Owner	0	1,433	1,433	0
- Shareholder	476	1,111	1,587	-18

Return on Capital (%)*	11%
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*NB: Operating profit after income tax (allocated to shareholders) / shareholders' capital and retained profits

Direct Insurers

01 January 1998 to 31 December 1998

	Statutory Fund			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	- (\$million) -			
Investment Earnings on Retained Profits & Capital	157	809	966	-
Emergence of Planned Profits				
- Policy Owner	0	1,342	1,342	-
- Shareholder	338	585	923	-
Experience Profit	-25	-65	-90	-
Operating Profit from Other Sources	0	-181	-181	-
Operating Profit after Income Tax	470	2,490	2,960	-15
allocated to				
- Policy Owner	0	1,433	1,433	0
- Shareholder	476	1,052	1,528	-15

Return on Capital (%)*	11%
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*NB: Operating profit after income tax (allocated to shareholders) / shareholders' capital and retained profits

Table 4: Sources of Profit

Reinsurers

01 January 1998 to 31 December 1998

	Statutory Fund		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Investment Earnings on Retained Profits & Capital	0	53	53	-
Emergence of Planned Profits				-
- Policy Owner	0	0	0	-
- Shareholder	0	37	37	-
Experience Profit	0	-30	-30	-
Operating Profit from Other Sources	0	0	0	-
Operating Profit after Income Tax	0	60	60	-3
allocated to				
- Policy Owner	0	0	0	0
- Shareholder	0	60	60	-3

Return on Capital (%)*	7%
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*NB: Operating profit after income tax (allocated to shareholders) / shareholders' capital and retained profits

Table 5: Premium Revenue

<i>Industry Total</i>	01 January 1998 to 31 December 1998			
	Statutory Fund		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Direct Insurance Premiums				
- Single	15,413	3,692	19,104	0
- Regular	2,250	4,474	6,756	0
- Contributions Tax Component	215	87	302	0
<i>Total Direct Insurance Premiums</i>	<i>17,878</i>	<i>8,285</i>	<i>26,163</i>	<i>0</i>
Direct Consideration for Deferred Annuities				
- Single Amounts	565	143	708	0
- Regular Amounts	66	0	66	0
- Rollover Amounts	1,394	346	1,740	0
- Contributions Tax Component	2	1	3	0
<i>Total Direct Consideration for Deferred Annuities</i>	<i>2,027</i>	<i>490</i>	<i>2,517</i>	<i>0</i>
Direct Consideration for Immediate Annuities				
- Single	1,648	2,605	4,253	0
- Other	188	4	192	0
- Contributions Tax Component	0	0	1	0
<i>Total Direct Consideration for Immediate Annuities</i>	<i>1,836</i>	<i>2,609</i>	<i>4,445</i>	<i>0</i>
Policy Conversions	1,513	574	2,087	0
Direct Insurance Premiums	23,255	11,958	35,213	0
Inwards Reinsurance Premiums	16	530	546	269
<i>Total Non-Life Insurance Premiums</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3</i>
Insurance Premiums	23,271	12,488	35,759	273

Table 5: Premium Revenue

<i>Direct Insurers</i>	01 January 1998 to 31 December 1998			Shareholders' Fund
	Statutory Fund		Total	
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Direct Insurance Premiums				
- Single	15,413	3,692	19,104	0
- Regular	2,250	4,474	6,724	0
- Contributions Tax Component	215	87	302	0
<i>Total Direct Insurance Premiums</i>	17,878	8,252	26,131	0
Direct Consideration for Deferred Annuities				
- Single Amounts	565	143	708	0
- Regular Amounts	66	0	66	0
- Rollover Amounts	1,394	346	1,740	0
- Contributions Tax Component	2	1	3	0
<i>Total Direct Consideration for Deferred Annuities</i>	2,027	490	2,517	0
Direct Consideration for Immediate Annuities				
- Single	1,648	2,605	4,253	0
- Other	188	4	192	0
- Contributions Tax Component	0	0	1	0
<i>Total Direct Consideration for Immediate Annuities</i>	1,836	2,609	4,445	0
Policy Conversions	1,513	574	2,087	0
Direct Insurance Premiums	23,255	11,925	35,180	0
Inwards Reinsurance Premiums	16	19	35	0
<i>Total Non-Life Insurance Premiums</i>	-	-	-	3
Insurance Premiums	23,271	11,944	35,215	3

Table 6: Investment Revenue

Industry Total 01 January 1998 to 31 December 1998

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Interest	2,021	2,457	4,479	78
Dividends	2,093	1,121	3,215	90
Net Rents	114	271	385	1
Other Investment Income	311	301	612	25
Net Realised and Unrealised Gain/Loss	2,853	1,602	4,455	-68
Total Investment Income	7,394	5,753	13,146	126

Direct Insurers 01 January 1998 to 31 December 1998

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Interest	2,021	2,406	4,427	67
Dividends	2,093	1,105	3,198	90
Net Rents	114	267	382	1
Other Investment Income	311	301	612	25
Net Realised and Unrealised Gain/Loss	2,853	1,573	4,426	-76
Total Investment Income	7,394	5,652	13,046	106

Reinsurers 01 January 1998 to 31 December 1998

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Interest	0	51	51	11
Dividends	0	16	16	0
Net Rents	0	4	4	0
Other Investment Income	0	0	0	0
Net Realised and Unrealised Gain/Loss	0	29	29	9
Total Investment Income	0	100	100	20

Table 6: Investment Revenue

<i>Investment Return (%)</i> *	01 January 1998 to 31 December 1998			
	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
Interest Bearing Securities, Loans and Convertible Notes	7.43	7.51	7.48	5.30
Equities	7.47	6.91	7.27	3.40
Property	6.90	6.79	6.82	1.22
Other Investment Assets	1.08	2.66	1.52	9.33
Total Investment Assets	8.77	9.07	8.90	2.81

*NB: Calculated as investment revenue / [investment asset - (investment revenue / 2)]

Table 7: Policy Payments

Industry Total

01 January 1998 to 31 December 1998

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	- (\$million) -			
Death and Disability Claims	228	1,548	1,775	1
Maturities	771	2,770	3,541	0
Annuities	815	1,260	2,076	0
Surrenders and Terminations	12,826	5,016	17,842	0
Payments under Continuing Superannuation Plans	720	528	1,248	0
Allocated Annuities	8	11	19	0
Policy Conversions	1,299	980	2,279	0
Other	710	104	814	0
Direct Claims	17,377	12,217	29,594	1
Inwards Reinsurance Claims	326	289	614	189
Bonuses Paid (from current year profit)	0	-272	-272	0
Policy Payments	17,703	12,233	29,936	191

Direct Insurers

01 January 1998 to 31 December 1998

	Statutory Funds			Shareholders' Fund
	Investment Linked	Non-Investment Linked	Total	
	- (\$million) -			
Death and Disability Claims	228	1,514	1,741	1
Maturities	771	2,770	3,541	0
Annuities	815	1,260	2,076	0
Surrenders and Terminations	12,826	5,016	17,842	0
Payments under Continuing Superannuation Plans	720	528	1,248	0
Allocated Annuities	8	11	19	0
Policy Conversions	1,299	980	2,279	0
Other	710	104	814	0
Direct Claims	17,377	12,183	29,560	1
Inwards Reinsurance Claims	326	4	329	0
Bonuses Paid (from current year profit)	0	-272	-272	0
Policy Payments	17,703	11,914	29,617	2

Table 7: Policy Payments

<i>Reinsurers</i>	01 January 1998 to 31 December 1998			
	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Death and Disability Claims	0	34	34	0
Maturities	0	0	0	0
Annuities	0	0	0	0
Surrenders and Terminations	0	0	0	0
Payments under Continuing Superannuation Plans	0	0	0	0
Allocated Annuities	0	0	0	0
Policy Conversions	0	0	0	0
Other	0	0	0	0
Direct Claims	0	34	34	0
Inwards Reinsurance Claims	0	285	285	189
Bonuses Paid (from current year profit)	0	0	0	0
Policy Payments	0	319	319	189

Table 8: Operating Expenses

Industry Total		01 January 1998 to 31 December 1998			
		Statutory Funds		Total	Shareholders' Fund
		Investment Linked	Non-Investment Linked		
- (\$million) -					
General Administration Expenses					
- Policy Acquisition					
- Commission	275	386	662	1	
- Other	341	491	831	7	
- Policy Maintenance					
- Commission	143	237	380	17	
- Other	523	870	1,393	70	
- Investment Management	152	152	305	5	
- Other	0	0	0	6	
Interest					
- Subordinated Debt	7	30	37	0	
- Other Borrowings	25	23	48	17	
Total Non-Life Operating Expenses	-	-	-	7	
Total Operating Expenses	1,465	2,190	3,655	130	

Direct Insurers		01 January 1998 to 31 December 1998			
		Statutory Funds		Total	Shareholders' Fund
		Investment Linked	Non-Investment Linked		
- (\$million) -					
General Administration Expenses					
- Policy Acquisition					
- Commission	275	342	618	1	
- Other	341	480	821	4	
- Policy Maintenance					
- Commission	143	179	322	0	
- Other	523	842	1,365	60	
- Investment Management	152	151	304	5	
- Other	0	0	0	6	
Interest					
- Subordinated Debt	7	29	36	0	
- Other Borrowings	25	23	48	17	
Total Non-Life Operating Expenses	-	-	-	7	
Total Operating Expenses	1,465	2,047	3,512	100	

Table 8: Operating Expenses

Reinsurers		01 January 1998 to 31 December 1998			
	Statutory Funds			Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked			
- (\$million) -					
General Administration Expenses					
- Policy Acquisition					
- Commission	0	44	44		0
- Other	0	11	11		3
- Policy Maintenance					
- Commission	0	58	58		17
- Other	0	28	28		10
- 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	143	143		30

Net Margins (%)*		01 January 1998 to 31 December 1998			
	Statutory Funds			Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked			
Direct Insurers	6.38	17.05	10.09		3682.26
Reinsurers	-	35.38	35.38		45.50
Industry Total	6.38	17.64	10.38		186.79

*NB: Calculated as operating expenses / net premiums

Gross Margins (%)*		01 January 1998 to 31 December 1998			
	Statutory Funds			Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked			
Direct Insurers	6.35	16.62	9.97		3115.32
Reinsurers	-	26.18	26.18		11.31
Industry Total	6.35	17.03	10.22		47.76

*NB: Calculated as operating expenses / gross premiums

Table 9: Investment Assets

Industry Total

01 January 1998 to 31 December 1998

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Property	1,714	4,127	5,841	67
Equities	29,059	16,789	45,848	2,691
National Government Interest Bearing Securities	8,662	7,438	16,099	78
Other Public Sector Interest Bearing Securities	6,115	7,831	13,946	183
Private Sector Interest Bearing Securities	10,391	9,487	19,877	516
Loans	2,948	9,011	11,959	727
Convertible Notes	92	173	265	0
Other Direct Investments	673	1,228	1,901	85
Unit Trusts	27,349	9,830	37,180	189
Partnerships and Joint Ventures	191	225	415	5
Other Indirect Investments	771	191	962	1
Total Investment Assets	87,964	66,329	154,293	4,543

Direct Insurers

01 January 1998 to 31 December 1998

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Property	1,714	4,074	5,788	64
Equities	29,059	16,456	45,516	2,584
National Government Interest Bearing Securities	8,662	7,187	15,849	16
Other Public Sector Interest Bearing Securities	6,115	7,592	13,707	31
Private Sector Interest Bearing Securities	10,391	9,272	19,663	442
Loans	2,948	8,995	11,943	598
Convertible Notes	92	171	262	0
Other Direct Investments	673	1,197	1,870	71
Unit Trusts	27,349	9,806	37,156	184
Partnerships and Joint Ventures	191	225	415	5
Other Indirect Investments	771	191	962	1
Total Investment Assets	87,964	65,166	153,131	3,996

Table 9: Investment Assets

Reinsurers

01 January 1998 to 31 December 1998

	Statutory Funds		Total	Shareholders' Fund
	Investment Linked	Non-Investment Linked		
	- (\$million) -			
Property	0	53	53	4
Equities	0	332	332	107
National Government Interest Bearing Securities	0	251	251	62
Other Public Sector Interest Bearing Securities	0	239	239	153
Private Sector Interest Bearing Securities	0	215	215	74
Loans	0	16	16	129
Convertible Notes	0	2	2	0
Other Direct Investments	0	31	31	14
Unit Trusts	0	24	24	5
Partnerships and Joint Ventures	0	0	0	0
Other Indirect Investments	0	0	0	0
Total Investment Assets	0	1,162	1,162	547

Market Statistics : Premium Income

Total Business

01 January 1998 to 31 December 1998

Product Type	Contractual Regular Premium Business						Other Business		
	In Force at Beginning of Period	Increases in the Period	Decreases in the Period				Other Movements	In Force at End of Period	New Single Premiums
			Claim	Maturity	Voluntary Discontinuance	Other			
(\$'000)									
<i>Individual Business</i>									
Conventional	739,049	27,299	2,697	13,667	53,623	5,992	-2,693	693,063	3,467
Investment Account	812,048	45,154	1,684	7,911	96,709	21,993	9,182	719,723	2,023,660
Investment Linked	1,886,790	227,727	3,128	15,740	228,370	21,392	5,988	1,839,899	9,609,710
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	150,002
Allocated Annuity - Inv Linked	0	0	0	0	0	0	0	0	2,794,446
Other Annuity - Lifetime	0	0	0	0	0	0	0	0	312,450
Other Annuity - Term	0	0	0	0	0	0	0	0	2,478,506
Risk - Lump Sum	989,698	237,636	3,553	-2,587	145,830	-1,427	-107,334	1,189,299	20,796
Risk - Income	503,906	142,245	375	-863	94,661	-12,792	-62,529	627,300	43,550
<i>Group Business</i>									
Investment Account	402,707	130,093	259	3,943	75,478	23,812	80,249	349,059	2,641,738
Investment Linked	807,484	326,517	384	2,582	116,006	47,176	100,690	867,163	6,842,697
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	146,254
Allocated Annuity - Inv Linked	0	0	0	0	0	0	0	0	38,123
Other Annuity	0	5,357	0	0	0	0	0	5,357	10,097
Risk	394,604	137,555	909	168	50,096	-8,643	-61,627	551,257	139,586
Total for Class	6,536,286	1,279,584	12,988	40,560	860,774	97,503	-38,075	6,842,120	27,255,080

Market Statistics : Premium Income

Ordinary Business

01 January 1998 to 31 December 1998

Product Type	Contractual Regular Premium Business						Other Business		
	In Force at Beginning of Period	Increases in the Period	Decreases in the Period				Other Movements	In Force at End of Period	New Single Premiums
			Claim	Maturity	Voluntary Discontinuance	Other			
(\$'000)									
<i>Individual Business</i>									
Conventional	512,017	23,778	2,278	10,062	37,310	5,012	3,432	477,701	3,461
Investment Account	99,203	2,573	136	920	14,109	523	2,304	83,784	325,003
Investment Linked	368,170	26,873	629	5,206	63,169	3,240	409	322,390	510,131
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	1,123
Allocated Annuity - Inv Linked	0	0	0	0	0	0	0	0	1,684
Other Annuity - Lifetime	0	0	0	0	0	0	0	0	12,977
Other Annuity - Term	0	0	0	0	0	0	0	0	1,500,148
Risk - Lump Sum	755,546	186,404	2,770	-3,032	118,523	-2,027	-77,847	903,563	20,794
Risk - Income	497,613	141,458	320	-983	94,120	-12,885	-62,236	620,736	364
<i>Group Business</i>									
Investment Account	2,095	548	0	6	177	31	10	2,418	1,189
Investment Linked	0	98	0	0	7	0	0	91	6,386
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	0
Allocated Annuity - Inv Linked	0	0	0	0	0	0	0	0	0
Other Annuity	0	5,357	0	0	0	0	0	5,357	0
Risk	106,213	31,004	164	-252	18,583	3,368	-9,341	124,694	22,836
Total for Class	2,340,857	418,092	6,297	11,927	345,998	-2,739	-143,269	2,540,735	2,406,096

Market Statistics : Premium Income

Superannuation Business

01 January 1998 to 31 December 1998

Product Type	Contractual Regular Premium Business						Other Business		
	In Force at Beginning of Period	Increases in the Period	Decreases in the Period				Other Movements	In Force at End of Period	New Single Premiums
			Claim	Maturity	Voluntary Discontinuance	Other			
(\$'000)									
<i>Individual Business</i>									
Conventional	227,032	3,521	418	3,604	16,314	980	-6,125	215,362	6
Investment Account	712,845	42,581	1,547	6,991	82,600	21,470	6,878	635,939	1,698,657
Investment Linked	1,518,620	200,854	2,499	10,534	165,201	18,152	5,579	1,517,508	9,099,580
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	148,879
Allocated Annuity - Inv Linked	0	0	0	0	0	0	0	0	2,792,761
Other Annuity - Lifetime	0	0	0	0	0	0	0	0	299,473
Other Annuity - Term	0	0	0	0	0	0	0	0	978,358
Risk - Lump Sum	234,152	51,233	783	445	27,307	600	-29,487	285,736	1
Risk - Income	6,293	788	55	120	541	93	-292	6,564	43,186
<i>Group Business</i>									
Investment Account	400,612	129,545	259	3,937	75,301	23,781	80,239	346,640	2,640,549
Investment Linked	807,484	326,419	384	2,582	115,999	47,176	100,690	867,072	6,836,312
Allocated Annuity - Non-Inv Linked	0	0	0	0	0	0	0	0	146,254
Allocated Annuity - Inv Linked	0	0	0	0	0	0	0	0	38,123
Other Annuity	0	0	0	0	0	0	0	0	10,097
Risk	288,391	106,552	745	420	31,513	-12,011	-52,286	426,563	116,750
Total for Class	4,195,429	861,492	6,692	28,633	514,775	100,242	105,194	4,301,385	24,848,984

Company Level Abstracts : Profit and Loss Statement

01 January 1998 to 31 December 1998

Company	Net Insurance Premiums	Investment Revenue	Other Revenues	Net Claims	Operating Expenses	Increase / (Decrease) in Policy Liabilities	Operating Profit Before Income Tax *	Income Tax	Operating Profit After Income Tax **
- (\$ thousand) -									
AMP	8,613,000	4,565,000	7,000	6,648,000	902,000	3,979,000	1,473,000	293,000	1,180,000
NMLA	2,668,200	767,800	5,600	3,320,800	461,100	-779,100	438,800	62,800	376,000
MLCL	150,393	357,510	0	527,999	29,088	-389,973	268,200	14,480	253,720
MML	3,311,977	644,154	803	1,367,203	251,183	2,154,031	184,517	62,159	122,358
GQLD	387,357	173,256	393	458,439	53,033	-78,732	128,266	22,655	105,611
CML	550,452	410,810	4,548	514,144	120,106	194,964	136,596	34,556	102,040
MLC	2,568,919	1,530,167	72,589	2,372,375	286,110	1,233,359	279,831	182,227	97,604
WEST	2,340,761	313,392	4,506	1,431,009	90,361	1,042,194	95,095	18,789	76,306
CLL	2,280,074	604,203	237	1,940,661	82,076	705,354	156,423	82,122	74,301
ZURI	1,269,637	496,051	0	579,698	97,058	964,165	124,767	60,676	64,091
L&G	551,380	251,684	8,009	570,035	150,857	33,700	56,481	-3,501	59,982
NAFM	1,277,952	191,604	3,972	800,016	73,510	513,178	86,824	36,683	50,141
CORP	534,152	194,773	0	1,038,200	49,967	-415,050	55,808	9,677	46,131
TOW	376,921	112,083	347	230,987	79,407	130,938	48,019	6,042	41,977
GIO	573,539	217,073	0	366,593	60,500	280,761	82,758	42,478	40,280
ANZ	1,378,889	215,759	112	1,287,917	55,802	174,093	76,948	39,041	37,907
PCAL	1,156,704	508,913	-288	2,056,350	159,393	-668,720	118,306	80,779	37,527
SRLH	147,275	68,574	554	113,703	62,814	4,899	34,987	-1,438	36,425
AEL	85,018	122,826	0	114,517	18,975	30,234	44,118	19,427	24,691
TLI	337,456	39,290	280	141,444	62,602	141,824	31,156	6,577	24,579
BTLL	539,555	208,396	551	391,377	24,024	282,462	50,639	29,359	21,280
NULA	835,992	358,400	12,778	997,843	103,658	32,651	54,145	34,275	19,870
AC&L	144,593	20,331	440	95,519	50,725	-6,539	25,658	6,034	19,624
MLL	1,292,778	250,994	0	617,412	20,739	875,175	30,446	12,411	18,035
NRMA	171,623	63,475	0	188,685	15,862	9,481	21,070	6,957	14,113
FAI	169,555	41,896	964	61,785	52,852	86,753	11,025	-423	11,448
HLRA	112,416	13,548	149	65,257	35,862	13,564	10,913	-397	11,310
HALL	24,874	3,476	0	12,808	6,130	-445	9,857	1,422	8,435
GERL	39,980	3,197	0	23,122	8,774	5,560	5,721	124	5,597
LLL	20,139	9,435	34	22,989	18,446	-15,351	3,524	-912	4,436
FORT	4,678	538	580	1,284	938	286	3,288	182	3,106
SUN	192,045	71,305	0	119,453	67,945	70,341	5,611	2,741	2,870
AIAA	24,598	5,555	43	10,446	14,990	3,545	1,215	-1,509	2,724
MNRE	24,089	11,301	28	24,500	11,387	-5,152	4,683	1,976	2,707
AML	580,945	143,070	365	83,776	8,195	635,428	-3,019	-5,583	2,564
CLRE	57,929	3,210	22	8,856	3,962	46,007	2,336	0	2,336
CFML	55,234	88,774	-359	432,580	12,435	-320,950	19,584	17,547	2,037
CUNA	15,426	1,009	0	7,051	2,763	4,980	1,640	136	1,504
HCFL	16,890	3,759	0	15,973	2,777	-603	2,502	1,031	1,471
RGA	21,108	623	9,697	8,449	19,716	2,036	1,227	-71	1,298
CHLL	13,199	4,643	32	59,994	1,550	-44,378	708	-453	1,161
RACV	64,842	10,951	10	23,414	6,482	44,995	912	-82	994
SGL	1,169	194	0	52	423	-194	1,082	95	987
COMB	1,859	2,644	125	5,873	783	-3,707	1,679	852	827
DLL	141,263	8,774	160	23,782	2,319	123,470	626	0	626
GSA	83,952	31,705	46	115,101	15,215	-17,811	3,198	4,085	-887
Total	35,210,787	13,146,124	134,327	29,297,471	3,654,895	11,072,724	4,191,170	1,179,026	3,012,144

*NB: Includes abnormal items

** Before extraordinary

Company Level Abstracts : Balance Sheet

01 January 1998 to 31 December 1998

Company	Investment Assets	Other Assets	Total Assets	Net Policy	Other Liabilities	Total Liabilities	Net Assets	Net Assets	Net Assets
							Policy Owners Retained Profits	Shareholders Retained Profits	Shareholders Capital
- (\$ thousand) -									
AMP	43,862,000	1,830,000	45,978,000	37,982,000	2,696,000	41,697,000	1,055,000	3,040,000	186,000
MLC	17,961,276	882,202	18,791,882	16,995,020	1,538,334	18,481,758	0	270,124	40,000
NMLA	15,100,800	528,100	15,646,300	12,866,600	1,341,000	14,450,800	393,800	637,600	164,100
MML	9,993,111	303,943	10,296,463	9,233,752	406,514	9,663,867	55,906	171,162	405,528
CLL	7,699,630	365,301	8,065,092	7,577,778	277,761	7,855,700	0	184,492	24,900
WEST	6,273,110	132,218	6,405,328	5,924,573	131,096	6,074,017	0	210,901	120,410
PCAL	5,713,957	236,990	5,968,643	5,355,991	269,427	5,695,173	-18,565	198,614	93,421
CML	4,728,279	394,831	5,139,553	4,298,625	401,031	4,737,986	-30,399	101,331	330,635
MLCL	4,258,246	254,728	4,525,254	3,588,567	634,581	4,348,750	148,793	27,711	0
ZURI	3,832,364	950,671	4,826,417	4,067,998	240,343	4,362,754	55,364	408,299	0
NULA	3,692,833	128,639	3,828,499	3,269,549	248,857	3,526,610	4,160	203,631	94,098
GIO	3,614,669	695,628	4,310,771	3,550,544	550,065	4,102,577	484	207,710	0
L&G	3,234,634	234,290	3,464,491	2,893,536	235,619	3,131,749	1,581	262,297	68,864
NAFM	3,138,013	333,524	3,471,537	3,267,118	60,712	3,327,830	0	136,707	7,000
ANZ	3,130,483	538,306	3,670,873	3,327,741	142,321	3,473,223	820	196,830	0
MLL	2,757,354	302,442	3,059,796	2,983,306	60,917	3,044,223	0	4,573	11,000
GQLD	2,398,510	85,763	2,486,613	1,987,011	110,327	2,168,068	228,542	60,237	29,766
CORP	2,108,322	134,217	2,254,557	1,874,824	9,559	1,896,401	0	358,156	0
AML	1,929,356	25,809	1,955,691	1,923,933	25,857	1,950,316	0	5,375	0
BTLL	1,862,733	436,982	2,299,715	2,241,024	23,542	2,264,566	0	35,149	0
TOW	1,743,958	72,630	1,871,916	1,521,436	78,330	1,677,926	49,284	110,646	34,060
TLI	809,384	136,241	1,020,836	751,554	45,354	876,408	7,190	82,723	54,515
NRMA	771,684	32,388	802,243	634,499	64,392	697,062	0	105,181	0
SUN	756,188	43,236	799,424	762,706	50,208	684,270	-943	55,897	60,200
FAI	669,576	83,041	737,772	585,177	35,603	606,045	1,374	30,071	100,282
SRLH	664,086	66,436	731,168	333,135	171,979	505,760	0	225,408	0
AC&L	337,375	32,459	402,481	152,437	80,489	265,703	941	106,792	29,045
HLRA	220,903	36,518	337,925	77,166	73,036	230,706	0	107,219	0
DLL	186,010	14,055	200,065	180,019	5,867	185,886	0	-208	14,387
MNRE	177,554	37,012	271,000	84,888	88,032	229,354	0	41,646	0
CHLL	128,980	17,588	146,568	129,901	2,435	132,336	0	12,645	1,587
LLL	120,848	9,012	144,413	98,758	8,536	123,004	528	11,551	9,330
RACV	84,363	53,528	137,891	111,532	7,872	119,404	0	-2,116	20,603
HCFL	79,548	19,171	98,719	83,773	4,195	88,992	0	9,727	0
AIAA	55,432	11,979	67,411	29,261	7,292	42,288	141	13,027	11,955
CLRE	49,610	48,247	97,857	60,127	13,640	73,767	0	17,090	7,000
GERL	41,737	21,671	68,291	35,767	10,444	51,094	0	9,947	7,250
HALL	39,046	10,224	50,840	20,620	8,538	30,728	0	20,012	100
COMB	30,492	2,694	33,186	22,957	1,966	25,751	4,889	-5,454	8,000
CUNA	17,747	2,301	20,047	8,241	3,633	12,406	2,103	5,415	123
RGA	8,514	21,507	30,021	-3,726	14,245	15,433	0	2,338	12,250
FORT	6,867	5,550	14,589	5,255	6,506	13,933	0	656	0
SGL	3,480	667	6,955	-450	221	2,579	0	1,376	3,000
CFML	0	39,028	39,028	0	39,028	39,028	0	0	0
AEL	0	0	0	0	0	0	0	0	0
GSA	0	0	0	0	0	0	0	0	0
Total	154,293,062	9,611,768	164,576,121	140,894,524	10,225,705	152,983,231	1,960,993	7,682,488	1,949,409

*NB: Ceded Policy Liabilities are deducted from Gross Policy Liabilities in determining Net Policy Liabilities

Company Level Abstracts : Solvency by Solvency Coverage

01 January 1998 to 31 December 1998

Company	Base Liabilities	Solvency Reserve	Solvency Requirement	Total Assets*	Assets Available for Solvency Reserve	Solvency Reserve %	Solvency Coverage
- (\$ thousand) -							
SGL	428	15	443	4,147	3,719	3.50	247.93
HALL	30,747	845	31,592	49,270	18,523	2.75	21.92
HCFL	92,717	566	93,283	98,719	6,002	0.61	10.60
NRMA	724,318	7,815	732,133	804,072	79,754	1.08	10.21
WEST	6,177,943	28,339	6,206,282	6,405,329	227,386	0.46	8.02
RACV	128,389	1,721	130,110	137,891	9,502	1.34	5.52
HLRA	186,365	13,557	199,922	257,421	71,056	7.27	5.24
CORP	1,888,550	77,993	1,966,543	2,242,539	353,989	4.13	4.54
BTLL	2,261,143	9,556	2,270,699	2,299,745	38,602	0.42	4.04
FAI	660,502	24,981	685,483	752,618	92,116	3.78	3.69
GIO	4,130,249	54,094	4,184,343	4,310,297	180,048	1.31	3.33
NAFM	3,364,716	32,859	3,397,575	3,471,537	106,821	0.98	3.25
MLC	18,554,840	100,007	18,654,847	18,843,478	288,638	0.54	2.89
NMLA	13,654,700	733,300	14,388,000	15,628,900	1,974,200	5.37	2.69
AC&L	309,648	22,973	332,620	369,835	60,187	7.42	2.62
COMB	21,124	4,626	25,750	33,186	12,062	21.90	2.61
ZURI	4,305,449	183,013	4,488,462	4,783,035	477,586	4.25	2.61
CML	4,534,331	247,958	4,782,289	5,123,109	588,778	5.47	2.37
RGA	24,664	2,285	26,949	30,021	5,357	9.26	2.34
CUNA	12,729	3,221	15,950	20,047	7,318	25.30	2.27
CLL	7,963,508	46,722	8,010,230	8,064,931	101,423	0.59	2.17
AIAA	39,741	13,392	53,133	67,411	27,670	33.70	2.07
LLL	119,953	5,131	125,084	129,860	9,907	4.28	1.93
PCAL	5,600,754	181,598	5,782,352	5,950,947	350,193	3.24	1.93
FORT	11,761	351	12,112	12,417	656	2.98	1.87
GQLD	1,828,883	350,534	2,179,417	2,484,273	655,390	19.17	1.87
MML	9,416,502	490,141	9,906,643	10,297,054	880,552	5.21	1.80
CLRE	89,645	4,684	94,330	97,857	8,212	5.23	1.75
TOW	1,585,055	132,043	1,717,097	1,816,588	231,533	8.33	1.75
NULA	3,644,424	107,227	3,751,651	3,821,472	177,048	2.94	1.65
GERL	46,141	10,695	56,836	63,408	17,267	23.18	1.61
ANZ	3,468,545	128,781	3,597,326	3,668,789	200,244	3.71	1.55
AMP	38,248,000	4,929,000	43,177,000	45,692,000	7,444,000	12.89	1.51
MLL	3,053,700	8,036	3,061,736	3,065,625	11,925	0.26	1.48
AML	1,949,768	3,787	1,953,555	1,955,165	5,397	0.19	1.43
MNRE	156,784	41,101	197,885	214,566	57,782	26.22	1.41
TLI	867,965	55,400	923,365	945,625	77,660	6.38	1.40
L&G	3,303,198	121,336	3,424,534	3,468,924	165,726	3.67	1.37
SUN	753,019	34,215	787,234	799,424	46,405	4.54	1.36
DLL	177,844	13,639	191,483	196,088	18,244	7.67	1.34
SRLH	523,670	155,223	678,893	730,522	206,852	29.64	1.33
MLCL	3,607,875	728,596	4,336,471	4,512,974	905,099	20.19	1.24
CHLL	133,873	12,008	145,881	147,073	13,200	8.97	1.10
AEL	0	0	0	0	0	n/a	n/a
CFML	0	0	0	0	0	n/a	n/a
GSA	0	0	0	0	0	n/a	n/a
Total	147,654,159	9,123,363	156,777,523	163,868,189	16,214,029	6.18	1.78

*NB: Total Assets net of Policy Liabilities ceded

Company Level Abstracts : Solvency by Reserve %

01 January 1998 to 31 December 1998

Company	Base Liabilities	Solvency Reserve	Solvency Requirement	Total Assets*	Assets Available for Solvency Reserve	Solvency Reserve %	Solvency Coverage
- (\$ thousand) -							
AIAA	39,741	13,392	53,133	67,411	27,670	33.70	2.07
SRLH	523,670	155,223	678,893	730,522	206,852	29.64	1.33
MNRE	156,784	41,101	197,885	214,566	57,782	26.22	1.41
CUNA	12,729	3,221	15,950	20,047	7,318	25.30	2.27
GERL	46,141	10,695	56,836	63,408	17,267	23.18	1.61
COMB	21,124	4,626	25,750	33,186	12,062	21.90	2.61
MLCL	3,607,875	728,596	4,336,471	4,512,974	905,099	20.19	1.24
GQLD	1,828,883	350,534	2,179,417	2,484,273	655,390	19.17	1.87
AMP	38,248,000	4,929,000	43,177,000	45,692,000	7,444,000	12.89	1.51
RGA	24,664	2,285	26,949	30,021	5,357	9.26	2.34
CHLL	133,873	12,008	145,881	147,073	13,200	8.97	1.10
TOW	1,585,055	132,043	1,717,097	1,816,588	231,533	8.33	1.75
DLL	177,844	13,639	191,483	196,088	18,244	7.67	1.34
AC&L	309,648	22,973	332,620	369,835	60,187	7.42	2.62
HLRA	186,365	13,557	199,922	257,421	71,056	7.27	5.24
TLI	867,965	55,400	923,365	945,625	77,660	6.38	1.40
CML	4,534,331	247,958	4,782,289	5,123,109	588,778	5.47	2.37
NMLA	13,654,700	733,300	14,388,000	15,628,900	1,974,200	5.37	2.69
CLRE	89,645	4,684	94,330	97,857	8,212	5.23	1.75
MML	9,416,502	490,141	9,906,643	10,297,054	880,552	5.21	1.80
SUN	753,019	34,215	787,234	799,424	46,405	4.54	1.36
LLL	119,953	5,131	125,084	129,860	9,907	4.28	1.93
ZURI	4,305,449	183,013	4,488,462	4,783,035	477,586	4.25	2.61
CORP	1,888,550	77,993	1,966,543	2,242,539	353,989	4.13	4.54
FAI	660,502	24,981	685,483	752,618	92,116	3.78	3.69
ANZ	3,468,545	128,781	3,597,326	3,668,789	200,244	3.71	1.55
L&G	3,303,198	121,336	3,424,534	3,468,924	165,726	3.67	1.37
SGL	428	15	443	4,147	3,719	3.50	247.93
PCAL	5,600,754	181,598	5,782,352	5,950,947	350,193	3.24	1.93
FORT	11,761	351	12,112	12,417	656	2.98	1.87
NULA	3,644,424	107,227	3,751,651	3,821,472	177,048	2.94	1.65
HALL	30,747	845	31,592	49,270	18,523	2.75	21.92
RACV	128,389	1,721	130,110	137,891	9,502	1.34	5.52
GIO	4,130,249	54,094	4,184,343	4,310,297	180,048	1.31	3.33
NRMA	724,318	7,815	732,133	804,072	79,754	1.08	10.21
NAFM	3,364,716	32,859	3,397,575	3,471,537	106,821	0.98	3.25
HCFL	92,717	566	93,283	98,719	6,002	0.61	10.60
CLL	7,963,508	46,722	8,010,230	8,064,931	101,423	0.59	2.17
MLC	18,554,840	100,007	18,654,847	18,843,478	288,638	0.54	2.89
WEST	6,177,943	28,339	6,206,282	6,405,329	227,386	0.46	8.02
BTLL	2,261,143	9,556	2,270,699	2,299,745	38,602	0.42	4.04
MLL	3,053,700	8,036	3,061,736	3,065,625	11,925	0.26	1.48
AML	1,949,768	3,787	1,953,555	1,955,165	5,397	0.19	1.43
AEL	0	0	0	0	0	n/a	n/a
CFML	0	0	0	0	0	n/a	n/a
GSA	0	0	0	0	0	n/a	n/a
Total	147,654,159	9,123,363	156,777,523	163,868,189	16,214,029	6.18	1.78

*NB: Total Assets net of Policy Liabilities ceded

Company Level Abstracts : Sources of Profit

01 January 1998 to 31 December 1998

Company	Investment Earnings on Retained Profits and Capital	Emergence of Planned Profits		Experience Profit	Operating Profit after Income Tax
		Policy Owner	Shareholder		
- (\$ thousand) -					
AC&L	6,579	61	14,151	-3,073	19,624
AEL	3,406	1,469	15,332	4,484	24,691
AIAA	1,049	552	817	306	2,724
AML	325	0	2,230	9	2,564
AMP	509,000	686,000	208,000	-40,000	1,180,000
ANZ	5,137	721	34,690	-2,641	37,907
BTLL	3,117	0	16,457	1,706	21,280
CFML	4,621	2,913	1,269	-6,766	2,037
CHLL	401	0	185	575	1,161
CLL	6,935	0	56,705	10,661	74,301
CLRE	2,327	0	1,301	-1,292	2,336
CML	31,324	41,208	19,602	9,906	102,040
COMB	412	690	198	-473	827
CORP	24,129	0	22,839	-837	46,131
CUNA	597	419	255	234	1,504
DLL	663	0	260	-297	626
FAI	6,791	303	3,826	529	11,448
FORT	19	0	2,091	996	3,106
GERL	819	0	1,752	3,026	5,597
GIO	8,998	1,980	27,908	1,394	40,280
GQLD	16,869	83,528	22,782	-17,568	105,611
GSA	0	0	-887	0	-887
HALL	904	0	6,183	1,348	8,435
HCFL	145	0	1,241	85	1,471
HLRA	7,463	0	6,898	-3,051	11,310
L&G	19,615	5,224	21,189	13,954	59,982
LLL	2,671	1,066	1,695	-996	4,436
MLC	22,445	0	85,583	-10,424	97,604
MLCL	14,000	168,340	47,228	24,152	253,720
MLL	3,446	0	14,589	0	18,035
MML	38,045	16,555	59,212	8,546	122,358
MNRE	4,127	0	2,687	-4,107	2,707
NAFM	9,457	0	11,413	29,271	50,141
NMLA	109,200	246,000	63,800	-35,800	383,200
NRMA	3,902	0	3,340	6,871	14,113
NULA	28,488	387	17,247	-26,252	19,870
PCAL	20,396	58,238	26,842	-67,949	37,527
RACV	1,665	0	73	-744	994
RGA	623	0	1,118	-443	1,298
SGL	118	0	633	236	987
SRLH	37,505	0	23,443	-24,523	36,425
SUN	5,708	808	9,281	-12,927	2,870
TLI	3,228	4,278	17,593	-520	24,579
TOW	10,864	17,182	15,736	-1,805	41,977
WEST	13,668	0	56,128	6,510	76,306
ZURI	27,711	3,921	15,364	17,095	64,091
Total	1,018,912	1,341,842	960,279	-120,594	3,019,344

*NB: Total Assets net of Policy Liabilities ceded

Company Level Abstracts : Assets

Australian Business : All Assets

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
- (\$ thousand) -							
AMP	7,082,615	17,406,254	13,921,496	2,879,587	717,756	606,471	42,614,179
MLC	1,666,926	9,952,763	6,692,544	23,960	183,462	410,961	18,930,616
NMLA	1,451,000	4,624,000	5,782,000	1,642,000	415,000	230,000	14,144,000
MML	638,764	3,547,184	6,424,317	194,826	162,720	437,182	11,404,993
CLL	372,159	2,451,626	5,561,300	10,375	265,461	36,562	8,697,483
WEST	269,325	2,149,519	2,834,280	1,467,836	112,245	108,293	6,941,498
PCAL	646,879	1,919,021	1,788,068	900,552	52,160	661,963	5,968,643
ZURI	360,176	1,860,250	2,292,588	46,906	228,103	139,224	4,927,247
CML	404,020	1,654,637	1,702,180	57,592	517,792	185,228	4,521,449
GIO	497,115	1,549,843	1,773,672	50,537	320,059	52,073	4,243,299
MLCL	159,043	1,568,602	1,906,443	249,168	58,795	121,042	4,063,093
NULA	369,315	1,264,988	1,813,245	245,287	30,837	104,827	3,828,499
NAFM	325,743	1,463,811	971,555	29,189	922,322	39,776	3,752,396
ANZ	118,617	594,730	2,231,666	65,563	464,762	194,332	3,669,670
L&G	447,109	1,326,143	1,425,482	40,619	41,975	187,596	3,468,924
MLL	132,618	627,223	2,104,165	0	230,610	19,431	3,114,048
GQLD	532,333	726,943	1,172,397	10,498	4,319	141,558	2,588,048
AML	29,075	822,230	953,971	0	165,909	337,711	2,308,896
BTLL	164,415	1,004,939	1,011,552	0	93,298	25,309	2,299,513
CORP	0	0	0	2,108,322	114,963	31,272	2,254,557
TOW	125,706	697,201	948,238	17,329	111,459	84,800	1,984,733
TLI	57,662	367,431	343,024	3,969	109,416	139,334	1,020,836
FAI	58,357	376,552	280,870	424	98,537	10,912	825,652
NRMA	29,047	329,437	422,275	0	8,220	29,513	818,492
SUN	60,200	258,392	423,921	1,088	46,228	9,882	799,711
SRLH	53,118	267,422	162,970	2,910	32,669	51,285	570,374
AC&L	72,194	102,311	168,821	491	14,243	28,314	386,374
HLRA	0	0	207,816	0	10,007	95,895	313,718
MNRE	0	36,989	123,617	335	7,466	76,508	244,915
DLL	0	0	142,117	42,652	10,713	608	196,090
CHLL	21,485	16,342	94,669	3,157	36,201	1,434	173,288
RACV	10,139	38,050	72,688	0	49,091	1,545	171,513
LLL	1,219	14,683	90,015	1,906	11,360	17,336	136,519
CLRE	0	0	49,609	0	3,222	45,026	97,857
HCFL	0	10,579	75,232	0	10,732	1,312	97,855
AIAA	0	7,357	48,075	176	7,048	4,754	67,410
GERL	0	0	40,967	0	5,756	7,219	53,942
HALL	299	0	33,080	0	7,329	2,106	42,814
COMB	0	0	28,647	1,138	2,374	1,027	33,186
RGA	0	0	8,514	0	5,524	17,252	31,290
CUNA	0	1,641	14,392	0	2,202	1,812	20,047
FORT	0	0	6,867	0	3,089	4,633	14,589
SGL	0	0	0	0	7,030	3,471	10,501
CFML	0	0	0	0	0	0	0
GSA	0	0	0	0	0	0	0

Company Level Abstracts : Assets

Australian Business : Non-Investment Linked							As at 31 December 1998
Company	Property	Interest Bearing			Cash	Other	All Assets
		Equities	Securities	Loans			
- (\$ thousand) -							
AMP	4,828,231	9,750,009	9,052,902	1,813,411	448,878	519,456	26,412,887
NMLA	826,000	2,544,000	3,378,000	1,622,000	152,000	214,000	8,736,000
MLCL	159,043	1,568,602	1,906,443	249,168	58,795	121,042	4,063,093
MML	207,743	824,742	2,366,590	170,332	61,450	321,526	3,952,383
CML	253,841	675,965	1,294,632	57,592	357,959	148,836	2,788,825
PCAL	257,757	496,822	545,283	879,828	43,180	120,090	2,342,960
CORP	0	0	0	2,108,322	114,963	31,272	2,254,557
ANZ	13,093	22,256	1,553,812	65,563	414,228	31,315	2,100,267
GQLD	434,127	484,104	941,159	10,498	84,026	57,221	2,011,135
NULA	201,477	274,874	1,034,140	229,960	12,226	47,629	1,800,306
WEST	0	4,834	176,538	1,467,836	4,471	40,753	1,694,431
ZURI	56,393	155,918	820,410	46,906	125,638	86,560	1,291,825
L&G	227,298	359,744	525,355	40,619	21,737	114,310	1,289,063
TOW	68,374	211,774	566,713	17,068	48,162	79,279	991,370
MLC	62,308	135	680,854	23,960	1,388	140,314	908,959
SRLH	53,118	267,422	162,970	2,910	32,669	51,285	570,374
CLL	0	0	450,622	10,375	861	1,765	463,623
TLI	22,160	103,517	154,037	3,969	30,786	120,470	434,939
AC&L	70,767	97,422	165,852	491	14,156	28,216	376,904
NAFM	4,145	29	253,797	26,749	46,994	14,814	346,528
HLRA	0	0	207,816	0	10,007	95,895	313,718
GIO	0	7	195,408	1,683	46,601	26,535	270,234
MNRE	0	36,989	123,617	335	7,466	76,508	244,915
SUN	0	25,005	166,119	1,088	26,926	9,626	228,764
DLL	0	0	142,117	42,652	10,713	608	196,090
NRMA	0	21,298	147,243	0	5,644	3,203	177,388
CHLL	18,526	6,513	85,992	3,157	30,593	1,349	146,130
CLRE	0	0	49,609	0	3,222	45,026	97,857
LLL	0	4,659	59,405	1,906	9,098	17,332	92,400
HCFL	0	1,341	56,038	0	5,828	1,151	64,358
FAI	1,712	14,463	17,572	219	16,708	4,029	54,703
GERL	0	0	40,967	0	5,756	7,219	53,942
AIAA	0	4,313	34,644	176	6,299	5,189	50,621
HALL	299	0	33,080	0	7,329	2,106	42,814
COMB	0	0	28,647	1,138	905	1,019	31,709
RGA	0	0	8,514	0	5,524	17,252	31,290
CUNA	0	1,641	14,392	0	2,202	1,812	20,047
FORT	0	0	6,867	0	3,089	4,633	14,589
SGL	0	0	0	0	7,030	3,471	10,501
RACV	0	0	0	0	3,126	11	3,137
AML	0	0	1	0	24	2,463	2,488
MLL	0	0	0	0	1,305	0	1,305
CFML	0	0	0	0	0	0	0
GSA	0	0	0	0	0	0	0
Total	7,766,412	17,958,398	27,448,157	8,899,911	2,289,962	2,616,590	66,979,429

Company Level Abstracts : Assets

Australian Business : Investment Linked

As at 31 December 1998

Company	Property	Equities	Interest Bearing Securities	Loans	Cash	Other	All Assets
- (\$ thousand) -							
MLC	1,604,618	9,952,628	6,011,690	0	182,074	270,647	18,021,657
AMP	2,254,384	7,656,245	4,868,594	1,066,176	268,878	87,015	16,201,292
CLL	372,159	2,451,626	5,110,678	0	264,600	34,797	8,233,860
MML	431,021	2,722,442	4,057,727	24,494	101,270	115,656	7,452,610
NMLA	625,000	2,080,000	2,404,000	20,000	263,000	16,000	5,408,000
WEST	269,325	2,144,685	2,657,742	0	107,774	67,540	5,247,066
GIO	497,115	1,549,836	1,578,264	48,854	273,458	25,538	3,973,065
ZURI	303,783	1,704,332	1,472,178	0	102,465	52,664	3,635,422
PCAL	389,122	1,422,199	1,242,785	20,724	8,980	541,873	3,625,683
NAFM	321,598	1,463,782	717,758	2,440	875,328	24,962	3,405,868
MLL	132,618	627,223	2,104,165	0	229,305	19,431	3,112,743
AML	29,075	822,230	953,970	0	165,885	335,248	2,306,408
BTLL	164,415	1,004,939	1,011,552	0	93,298	25,309	2,299,513
L&G	219,811	966,399	900,127	0	20,238	73,286	2,179,861
NULA	167,838	990,114	779,105	15,327	18,611	57,198	2,028,193
CML	150,179	978,672	407,548	0	159,833	36,392	1,732,624
ANZ	105,524	572,474	677,854	0	50,534	163,017	1,569,403
TOW	57,332	485,427	381,525	261	63,297	5,521	993,363
FAI	56,645	362,089	263,298	205	81,829	6,883	770,949
NRMA	29,047	308,139	275,032	0	2,576	26,310	641,104
TLI	35,502	263,914	188,987	0	78,630	18,864	585,897
GQLD	98,206	242,839	231,238	0	-79,707	84,337	576,913
SUN	60,200	233,387	257,802	0	19,302	256	570,947
RACV	10,139	38,050	72,688	0	45,965	1,534	168,376
LLL	1,219	10,024	30,610	0	2,262	4	44,119
HCFL	0	9,238	19,194	0	4,904	161	33,497
CHLL	2,959	9,829	8,677	0	5,608	85	27,158
AIAA	0	3,044	13,431	0	749	-435	16,789
AC&L	1,427	4,889	2,969	0	87	98	9,470
COMB	0	0	0	0	1,469	8	1,477
CFML	0	0	0	0	0	0	0
GSA	0	0	0	0	0	0	0
Total	8,390,261	41,080,695	38,701,188	1,198,481	3,412,502	2,090,199	94,873,327

LIST OF COMPANIES INCLUDED IN THE BULLETIN

<i>Full Name</i>	<i>Short Name</i>	<i>Balance Date</i>
Australian Casualty and Life Limited	AC&L	30 September
Australian Eagle Life Limited	AEL	30 June
American International Assurance Company (Australia) Limited	AIAA	30 November
AM Life Limited	AML	30 June
AMP Life Limited	AMP	31 December
ANZ Life Assurance Company Limited	ANZ	30 September
Bankers Trust Life Limited	BTLL	31 December
Colonial Financial Management Limited	CFML	31 December
Challenger Life Limited	CHLL	30 June
Commonwealth Life Limited	CLL	30 June
General and Cologne Life Re Australasia Ltd	CLRE	31 December
The Colonial Mutual Life Assurance Society Limited	CML	31 December
Combined Life Insurance Company of Australia Limited	COMB	31 December
Citicorp Life Insurance Limited	CORP	31 December
Cuna Mutual Insurance Society	CUNA	31 December
Deutsche Life Limited	DLL	31 December
FAI Life Insurance Society Limited	FAI	30 June
Fortis Life Assurance Company Limited	FORT	31 December
Gerling Global Life Reinsurance Company of Australia Pty Limited	GERL	31 December
GIO Personal Investment Services Limited	GIO	30 June
Suncorp Life & Superannuation Limited	GOLD	30 June
SGIC Life Limited	GSA	31 December
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
Legal and General Life of Australia Limited	L&G	31 December
Lumley Life Limited	LLL	30 June
MLC Limited	MLC	30 June
MLC Lifetime Company Limited	MLCL	30 June
Macquarie Life Limited	MLL	31 March
Mercantile Mutual Life Insurance Company Limited	MML	30 September
Munich Reinsurance Company of Australasia Limited	MNRE	31 December
National Australia Financial Management Limited	NAFM	30 September
The National Mutual Life Association of Australasia Limited	NMLA	30 September
NRMA Life Limited	NRMA	30 June
Norwich Union Life Australia Limited	NULA	31 December
Prudential Corporation Australia Limited	PCAL	31 December
RACV Financial Services Limited	RACV	28 February
RGA Reinsurance Company of Australia Limited	RGA	31 December
St George Life Limited	SGL	30 September
Swiss Re Life & Health Australia Limited	SLRH	31 December
Royal & Sun Alliance Life Assurance Australia Limited	SUN	31 December
Tyndall Life Insurance Company Limited	TLI	31 December

<i>Full Name</i>	<i>Short Name</i>	<i>Balance Date</i>
Tower Life Australia Limited	<i>TOW</i>	<i>30 September</i>
Westpac Life Insurance Services Limited	<i>WEST</i>	<i>30 September</i>
Zurich Australia Limited	<i>ZURI</i>	<i>31December</i>
Total	46 insurers	

Notes:

1. Australian Eagle Life Limited was deregistered July 1998 and business transferred to MLC Limited and MLC Lifetime Company Limited in April 1998.
2. Colonial Financial Management Limited was deregistered March 1999 and business transferred to The Colonial Mutual Life Assurance Society Limited in December 1998.
3. SGIC Life Limited was deregistered March 1999 and business transferred to Legal and General Life of Australia Limited in December 1998.
4. The following companies are not included in the *Bulletin* either due to their being deregistered or in the process of being deregistered in the given period:

Armstrong Jones Life Assurance Limited	▪ Awaiting deregistration; business transferred the Mercantile Mutual Life Insurance Company Limited
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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.

Commissioner's 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). A number of these rules have been released and fully implemented. Among these are:

- *Commissioner's Rules 21* - incorporate the broad principles, concepts and structure for financial reporting for life insurance companies;
- *Commissioner's Rules 26* - relate to the collection of quarterly, half yearly and annual statistics and prescribe the forms and schedules required;
- *Commissioner's Rules 32* - variation of *Commissioner's Rules 26*, specifically relating to the collection of half yearly market statistics.

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 when this may occur.