



Statistics

Life Office Market Report

December 2005 (issued 7 August 2006)



Disclaimer

While APRA endeavours to ensure the quality of this Publication, APRA does not accept any responsibility for the accuracy, completeness or currency of the material included in this Publication, and will not be liable for any loss or damage arising out of any use of, or reliance on, this Publication.

Copyright

The material in this publication is copyright. You may download, display, print or reproduce material in this publication in unaltered form for your personal, non-commercial use or within your organisation, with proper attribution given to the Australian Prudential Regulation Authority (APRA). Other than for any use permitted under the *Copyright Act 1968*, all other rights are reserved.

Requests for other uses of the information in this publication should be directed to APRA Public Affairs Unit, GPO Box 9836, Sydney NSW 2001.

© Australian Prudential Regulation Authority (2006).

Source

APRA Life Insurance Market Statistics and Assets Diskette and *Life Insurance Trends, December 2005*.

Notes

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

Life Insurance Statistics Enquiries

Email: statistics@apra.gov.au

Fax: 02 9210 3021

Internet Homepage: <http://www.apra.gov.au>

Contents

Life insurance market statistics highlights - December 2005	Highlights	4
Life insurance industry at a glance - year ended December 2005	At a glance	5
Premium income - total business	Table 1	7
Premium income - ordinary business	Table 2	8
Premium income - superannuation business	Table 3	9

Life insurance market statistics highlights - December 2005

Change in regulatory reporting

New regulatory reporting requirements were introduced in December 2005 as a result of the adoption of International Financial Reporting Standards (IFRS) and other statistical reporting changes by the life insurance companies. Changes to the reporting requirements relevant to this publication are:

- All statutory fund assets are reported at fair value.
- Market-linked annuity products are reported separately. The market-linked annuity product category includes policies which make payments based on a fixed percent of the start of year account balance and are complying annuities for tax concession and social security purposes.

Note: This publication combines data for two half-year periods. Data on market-linked annuity products were collected only for the half year period to 31 December 2005. For this reason, market-linked annuity product type is not shown as a separate category in this edition of the publication. The corresponding data are included in the appropriate product type existing prior to the introduction of the separate market-linked annuity product type category.

Main features

As at 31 December 2005 there were 37 life insurance companies operating in Australia. They managed around \$226.5 billion in assets (backing both Australian and overseas policyholders) and received \$34 billion in premium income (that is, regular in force premiums at the end of the year plus new single premium business) for the year ended 31 December 2005.

Superannuation business made up almost 89 per cent of life insurance office assets (backing Australian policyholder liabilities) and accounted for 87 per cent of premiums. Ordinary business of life insurance companies accounted for the remainder of premiums. Around 23 per cent of all superannuation assets are held in life insurance policies.

Of the two broad types of life insurance products, regular (or annual) premium and single premium, single premium business now accounts for 79 per cent of life insurance premiums, of which, 97 per cent relates to superannuation business.

The top three life insurance groups accounted for 61 per cent of total industry assets backing Australian policyholder liabilities. They also accounted for 73 per cent of new business premiums and 64 per cent of total premiums received. In the same context, the top ten life insurance groups represented 93 per cent of total assets backing Australian policyholders, 94 per cent of new premiums and 91 per cent of total premiums.

Foreign owned life insurance companies accounted for 28 per cent of total life office assets backing Australian policyholder liabilities. The foreign owned companies also accounted for 24 per cent of new business premiums relating to Australian policyholders and 28 per cent of total Australian business premiums. Bank owned life insurance companies accounted for 38 per cent of total assets backing Australian policyholders, 39 per cent of new business premiums and 38 per cent of total Australian business premiums.

Premium movements - Australian business (\$ million)

Business type	Contractual regular premium business							Other business	
	In force at beginning of period	Increases in the period	Decreases in the period				Other movements	In force at end of period	New single premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Ordinary	3,288	698	7	10	447	19	83	3,585	759
Super	3,611	583	3	15	418	75	-101	3,582	26,120
Total	6,898	1,281	10	25	865	94	-18	7,167	26,880

Industry structure

Group	Statutory fund assets *					Total premiums - Australian business ^		
	Backing Australian liabilities			Backing total liabilities		Group	(\$ million)	Industry share
	(\$ billion)	Annual change	Industry share	(\$ billion)	Industry share			
1 AMP	62.9	11%	29%	65.4	29%	1 AMP	9,737	29%
2 National Aust / MLC	46.3	16%	21%	46.3	20%	2 National Aust / MLC	7,348	22%
3 ING / ANZ	25.4	11%	12%	25.4	11%	3 ING / ANZ	4,834	14%
4 Colonial / CBA	22.9	-4%	10%	23.2	10%	4 Colonial / CBA	2,383	7%
5 National Mutual / AXA	17.0	8%	8%	20.0	9%	5 Westpac	2,068	6%
6 Westpac	13.1	2%	6%	13.1	6%	6 National Mutual / AXA	1,816	5%
7 Aviva	5.2	7%	2%	5.2	2%	7 Macquarie Life	970	3%
8 Zurich Life	4.5	5%	2%	4.5	2%	8 Aviva	695	2%
9 Suncorp Life and Super	4.2	17%	2%	4.2	2%	9 Promina	604	2%
10 Promina	3.0	11%	1%	3.0	1%	10 Tower Life	547	2%
Top three groups	134.6	12%	61%	137.1	61%	Top three groups	21,919	64%
Top ten groups	204.4	9%	93%	210.2	93%	Top ten groups	31,002	91%
Foreign owned groups	61.4	4%	28%	64.7	29%	Foreign owned groups	9,597	28%
Bank owned groups	84.7	4%	38%	85.0	38%	Bank owned groups	12,879	38%
Total industry	220.4	9%		226.5		Total industry	34,046	
<i>of which: overseas assets</i>	32.0	12%	15%	38.0	17%			

Notes:

* Statutory fund assets are reported at Fair Value.

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

Life insurance industry at a glance - year ended 31 December 2005 (cont.)

Product type* - Australian business (\$ million)

	Assets under management			Premium income		Policy payments	
	Superannuation	Ordinary	Total	Superannuation	Ordinary	Superannuation	Ordinary
Individual business							
Investment account	7,469	1,548	9,018	376	31	1,267	174
Investment linked	73,011	4,417	77,427	9,639	219	10,725	543
Allocated annuity - Non-inv. linked	855	0	855	40	0	214	0
Allocated annuity - Inv. linked	19,412	0	19,412	2,631	0	3,176	0
Other annuity - lifetime	3,948	576	4,524	38	2	280	43
Other annuity - term	5,893	2,475	8,368	808	472	1,483	1,360
Group Business							
Investment account	9,888	5	9,892	1,534	0	1,707	0
Investment linked	50,317	22	50,339	13,893	0	12,093	3
Allocated annuity - Non-inv. linked	340	0	340	60	0	99	0
Allocated annuity - Inv. linked	611	0	611	93	0	190	0
Other annuity	107	0	107	0	0	6	0

New business premium - Australian business

Group	Ordinary				Group	Superannuation			
	Single	Regular (\$ million)	Total	Industry share		Single	Regular (\$ million)	Total	Industry share
1 Colonial / CBA	152	114	266	18%	1 AMP	8,887	43	8,929	33%
2 Westpac	192	31	224	15%	2 National Aust / MLC	6,649	38	6,687	25%
3 ING / ANZ	120	65	185	13%	3 ING / ANZ	4,143	40	4,183	16%
4 MetLife^	153	13	166	11%	4 Westpac	1,598	6	1,603	6%
5 National Mutual / AXA	32	62	94	6%	5 Colonial / CBA	943	116	1,059	4%
6 National Aust / MLC	5	89	94	6%	6 Macquarie Life	968	1	969	4%
7 Tower Life	3	63	66	5%	7 National Mutual / AXA	584	78	662	2%
8 AIG	3	57	60	4%	8 Aviva	322	80	402	2%
9 AMP	12	40	52	4%	9 MBF Life	398	0	398	1%
10 Aviva	7	30	37	3%	10 Zurich Life	383	4	387	1%
Top three groups (by total)	465	210	675	46%	Top three groups (by total)	19,679	120	19,799	74%
Top ten groups (by total)	680	564	1,244	85%	Top ten groups (by total)	24,874	404	25,279	95%
Foreign owned groups	392	352	744	51%	Foreign owned groups	5,770	353	6,122	23%
Bank owned groups	381	263	644	44%	Bank owned groups	10,181	160	10,341	39%
Total industry	759	698	1,457		Total industry	26,120	583	26,703	

Notes:

* Conventional, risk business, statutory fund reserves, unallocated profits etc. are not included in this table. Although market-linked annuity was required in the December 2005 reporting period, it is not shown as a separate product type in the table since reporting only covered the half year period ending 31 December 2005. Values reported under market-linked annuity for this half year period are included in the 'Allocated annuity - Inv. linked' product.

^ Citicorp Life Insurance Limited was acquired by MetLife, Inc. and subsequently changed its name to MetLife Insurance Limited.

Table 1. Premium income - total business

(\$ thousand)

Year ended 31 December 2005

Product type *	Contractual regular premium business						Other business		
	In force at beginning of period	Increases in the period	Decreases in the period				Other movements	In force at end of period	New single premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Individual business									
Conventional	428,177	14,935	1,774	11,724	25,347	989	277	403,555	120
Investment account	225,244	8,026	477	3,539	22,929	18,175	-6,555	181,595	210,729
Investment linked	714,139	30,795	1,115	6,101	77,343	43,029	-17,149	600,198	7,957,669
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	35,455
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	2,539,758
Other annuity - lifetime	0	0	0	0	0	0	0	0	27,532
Other annuity - term	0	0	0	0	0	0	0	0	1,292,650
Risk - lump sum	2,164,599	486,216	5,559	1,073	272,997	3,888	73,124	2,440,421	69,883
Risk - income	969,473	214,118	339	837	136,206	3,524	28,483	1,071,168	17,574
Group business									
Investment account	316,404	45,280	98	356	51,551	1,632	-5,049	302,999	1,292,804
Investment linked	960,794	127,606	202	1,136	144,600	4,549	-83,413	854,500	12,823,893
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	77,449
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	372,332
Other annuity	0	0	0	0	0	0	0	0	0
Risk	1,119,426	353,705	463	42	134,049	18,242	-8,175	1,312,160	161,745
Total	6,898,258	1,280,682	10,027	24,808	865,024	94,027	-18,457	7,166,597	26,879,594

Notes:

* Although market-linked annuity was required in the December 2005 reporting period, it is not shown as a separate product type in the table since reporting only covered the half year period ending 31 December 2005. Values reported under market-linked annuity for this half year period are included in the 'Allocated annuity - Inv. linked' product.

Table 2. Premium income - ordinary business

(\$ thousand)

Year ended 31 December 2005

Product type *	Contractual regular premium business						Other business		
	In force at beginning of period	Increases in the period	Decreases in the period				Other movements	In force at end of period	New single premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Individual business									
Conventional	322,956	14,745	1,524	6,905	19,646	806	632	309,454	116
Investment account	30,559	456	28	324	2,563	1,967	169	26,303	6,211
Investment linked	111,364	2,655	139	1,036	10,911	2,992	-236	98,703	135,579
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	159
Other annuity - lifetime	0	0	0	0	0	0	0	0	2,675
Other annuity - term	0	0	0	0	0	0	0	0	471,328
Risk - lump sum	1,612,289	379,912	4,744	617	225,671	4,901	59,432	1,815,699	69,788
Risk - income	967,545	212,616	339	837	136,179	3,524	30,025	1,069,307	17,574
Group business									
Investment account	32	0	0	0	14	0	0	18	110
Investment linked	0	0	0	0	0	0	0	0	0
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	0
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	242,806	87,156	9	0	52,276	5,242	-7,217	265,220	55,821
Total	3,287,550	697,541	6,782	9,719	447,260	19,432	82,806	3,584,704	759,361

Notes:

* Although market-linked annuity was required in the December 2005 reporting period, it is not shown as a separate product type in the table since reporting only covered the half year period ending 31 December 2005. Values reported under market-linked annuity for this half year period are included in the 'Allocated annuity - Inv. linked' product.

Table 3. Premium income - superannuation business

(\$ thousand)

Year ended 31 December 2005

Product type *	Contractual regular premium business						Other business		
	In force at beginning of period	Increases in the period	Decreases in the period				Other movements	In force at end of period	New single premiums
			Claim	Maturity	Voluntary discontinuance	Other			
Individual business									
Conventional	105,221	190	250	4,819	5,702	183	-356	94,102	4
Investment account	194,685	7,570	449	3,215	20,367	16,208	-6,724	155,293	204,518
Investment linked	602,776	28,140	976	5,065	66,432	40,036	-16,913	501,494	7,822,091
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	35,455
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	2,539,599
Other annuity - lifetime	0	0	0	0	0	0	0	0	24,857
Other annuity - term	0	0	0	0	0	0	0	0	821,322
Risk - lump sum	552,310	106,304	816	456	47,326	-1,013	13,692	624,722	95
Risk - income	1,928	1,502	0	0	27	0	-1,542	1,861	0
Group business									
Investment account	316,372	45,280	98	356	51,537	1,632	-5,049	302,981	1,292,694
Investment linked	960,794	127,606	202	1,136	144,600	4,549	-83,413	854,500	12,823,893
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	77,449
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	372,332
Other annuity	0	0	0	0	0	0	0	0	0
Risk	876,620	266,549	454	42	81,774	13,000	-959	1,046,940	105,924
Total	3,610,707	583,141	3,245	15,089	417,764	74,595	-101,263	3,581,893	26,120,233

Notes:

* Although market-linked annuity was required in the December 2005 reporting period, it is not shown as a separate product type in the table since reporting only covered the half year period ending 31 December 2005. Values reported under market-linked annuity for this half year period are included in the 'Allocated annuity - Inv. linked' product.



Telephone
1300 13 10 60

Email
contactapra@apra.gov.au

Website
www.apra.gov.au

Mail
GPO Box 9836
in all capital cities
(except Hobart and Darwin)