



# Statistics

## Life Office Market Report

June 2006 (issued 16 November 2006)



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## Source

APRA Life Insurance Market Statistics and Assets Diskette and *Life Insurance Trends, June 2006*.

## Notes

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

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# Life insurance market statistics highlights - June 2006

## 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.

## Main features

As at 30 June 2006 there were 35 life insurance companies operating in Australia. They managed around \$231.7 billion in assets (backing both Australian and overseas policyholders) and received \$37.6 billion in premium income (that is, regular in force premiums at the end of the year plus new single premium business) for the year ended 30 June 2006.

Superannuation business made up almost 89 per cent of life insurance office assets (backing Australian policyholder liabilities) and accounted for 88 per cent of premiums. Ordinary business of life insurance companies accounted for the remainder of premiums. Around 22 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 81 per cent of life insurance premiums, of which, 98 per cent relates to superannuation business.

The top three life insurance groups accounted for 62 per cent of total industry assets backing Australian policyholder liabilities. They also accounted for 75 per cent of new business premiums and 67 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, 95 per cent of new premiums and 92 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 23 per cent of new business premiums relating to Australian policyholders and 27 per cent of total Australian business premiums. Bank owned life insurance companies accounted for 38 per cent of total assets backing Australian policyholders, 36 per cent of new business premiums and 35 per cent of total Australian business premiums.

## Life insurance industry at a glance - year ended 30 June 2006

### 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	3,436	701	6	11	462	16	62	3,703	759
Super	3,541	563	2	15	436	79	-75	3,497	29,599
Total	6,978	1,264	8	26	898	95	-13	7,200	30,358

### 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	67.1	15%	30%	69.4	30%	1 AMP	12,127	32%
2 National Aust / MLC	47.2	14%	21%	47.2	20%	2 National Aust / MLC	7,635	20%
3 ING / ANZ	26.7	14%	12%	26.7	12%	3 ING / ANZ	5,478	15%
4 Colonial / CBA	22.0	-3%	10%	22.3	10%	4 Colonial / CBA	2,254	6%
5 National Mutual / AXA	16.7	6%	7%	18.7	8%	5 Westpac	2,130	6%
6 Westpac	13.4	8%	6%	13.4	6%	6 National Mutual / AXA	1,809	5%
7 Aviva	5.1	4%	2%	5.1	2%	7 Macquarie Life	1,056	3%
8 Suncorp Life and Super	4.6	16%	2%	4.6	2%	8 Tower Life	841	2%
9 Zurich Life	4.6	7%	2%	4.6	2%	9 Promina	672	2%
10 Tower Life	3.3	22%	1%	3.3	1%	10 Aviva	645	2%
Top three groups	141.0	14%	62%	143.3	62%	Top three groups	25,240	67%
Top ten groups	210.7	11%	93%	215.3	93%	Top ten groups	34,648	92%
Foreign owned groups	62.4	9%	28%	64.7	28%	Foreign owned groups	10,136	27%
Bank owned groups	85.3	4%	38%	85.6	37%	Bank owned groups	13,201	35%
Total industry	226.8	10%		231.7		Total industry	37,558	
<i>of which: overseas assets</i>	32.7	16%	14%	37.4	16%			

#### Notes:

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

\* Statutory fund assets are reported at Fair Value.

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

## Life insurance industry at a glance - year ended 30 June 2006 (cont.)

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

	Assets under management			Premium income		Policy payments	
	Superannuation	Ordinary	Total	Superannuation	Ordinary	Superannuation	Ordinary
<b>Individual business</b>							
Investment account	7,275	1,523	8,798	351	31	1,226	161
Investment linked	78,657	4,408	83,065	11,666	227	12,491	504
Allocated annuity - Non-inv. linked	754	0	754	74	0	280	0
Allocated annuity - Inv. linked	20,233	0	20,233	3,244	0	3,287	0
Market-linked annuity	84	0	84	56	0	7	0
Other annuity - lifetime	3,730	547	4,277	47	3	307	45
Other annuity - term	5,612	2,370	7,982	865	453	1,487	793
<b>Group Business</b>							
Investment account	9,845	5	9,850	1,537	0	2,047	0
Investment linked	51,120	21	51,141	15,164	0	12,825	3
Allocated annuity - Non-inv. linked	421	0	421	135	0	112	0
Allocated annuity - Inv. linked	693	0	693	110	0	220	0
Market-linked annuity	0	0	0	0	0	0	0
Other annuity	106	0	106	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	160	102	262	18%	1 AMP	11,278	43	11,321	38%
2 ING / ANZ	139	81	220	15%	2 National Aust / MLC	6,910	33	6,943	23%
3 Westpac	180	31	211	14%	3 ING / ANZ	4,734	39	4,773	16%
4 MetLife^	136	10	146	10%	4 Westpac	1,670	5	1,675	6%
5 National Aust / MLC	2	95	97	7%	5 Macquarie Life	1,052	1	1,054	3%
6 Tower Life	1	96	97	7%	6 Colonial / CBA	906	111	1,017	3%
7 National Mutual / AXA	32	60	92	6%	7 National Mutual / AXA	581	72	653	2%
8 AMP	14	38	52	4%	8 MBF Life	470	0	470	2%
9 AIG	2	49	51	3%	9 Suncorp Life and Super	387	21	409	1%
10 St Andrew's Life	40	4	43	3%	10 Challenger Life	377	0	377	1%
Top three groups (by total)	479	214	693	47%	Top three groups (by total)	22,921	116	23,037	76%
Top ten groups (by total)	705	565	1,271	87%	Top ten groups (by total)	28,365	327	28,692	95%
Foreign owned groups	398	360	759	52%	Foreign owned groups	6,230	341	6,571	22%
Bank owned groups	382	260	642	44%	Bank owned groups	10,559	152	10,711	36%
Total industry	759	701	1,460		Total industry	29,599	563	30,162	

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

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

^ 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 30 June 2006

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			
<b>Individual business</b>									
Conventional	417,259	11,075	1,619	12,449	22,639	944	245	390,928	0
Investment account	216,023	4,258	318	3,204	21,389	19,679	-2,131	173,560	209,566
Investment linked	661,210	23,180	639	7,044	62,980	42,664	11,485	582,548	9,542,073
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	63,010
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	3,317,521
Market-linked annuity	0	0	0	0	0	0	0	0	56,346
Other annuity - lifetime	0	0	0	0	0	0	0	0	28,552
Other annuity - term	0	0	0	0	0	0	0	0	1,339,637
Risk - lump sum	2,285,141	514,279	5,094	1,391	288,578	2,173	76,188	2,578,372	89,849
Risk - income	1,023,034	212,508	273	907	138,344	3,223	15,240	1,108,035	21,560
<b>Group business</b>									
Investment account	303,749	44,176	47	36	64,035	0	811	284,619	1,259,756
Investment linked	887,952	119,058	194	742	156,056	2,153	-107,264	740,601	13,911,545
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	139,825
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	221,593
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	1,183,259	335,381	250	65	143,994	24,524	-8,055	1,341,753	157,008
<b>Total</b>	<b>6,977,626</b>	<b>1,263,915</b>	<b>8,433</b>	<b>25,838</b>	<b>898,015</b>	<b>95,360</b>	<b>-13,480</b>	<b>7,200,415</b>	<b>30,357,841</b>

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

Table 2. Premium income - ordinary business

(\$ thousand)

Year ended 30 June 2006

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			
<b>Individual business</b>									
Conventional	317,627	10,913	1,399	7,886	17,287	789	373	301,551	0
Investment account	29,288	420	37	191	2,206	2,381	75	24,968	4,157
Investment linked	105,915	2,538	110	1,159	9,301	2,810	-735	94,337	143,890
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	234
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity - lifetime	0	0	0	0	0	0	0	0	3,389
Other annuity - term	0	0	0	0	0	0	0	0	451,733
Risk - lump sum	1,704,717	403,682	4,141	726	236,930	3,274	52,003	1,915,332	89,761
Risk - income	1,021,181	210,710	273	907	138,239	3,223	14,850	1,104,099	21,560
<b>Group business</b>									
Investment account	18	0	0	0	0	0	0	18	117
Investment linked	0	0	0	0	0	0	0	0	4
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	0
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	0
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	257,405	72,516	11	0	57,923	3,798	-5,058	263,130	44,251
<b>Total</b>	<b>3,436,152</b>	<b>700,778</b>	<b>5,972</b>	<b>10,869</b>	<b>461,886</b>	<b>16,274</b>	<b>61,508</b>	<b>3,703,436</b>	<b>759,096</b>

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



Table 3. Premium income - superannuation business

(\$ thousand)

Year ended 30 June 2006

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			
<b>Individual business</b>									
Conventional	99,631	162	219	4,563	5,352	155	-128	89,377	0
Investment account	186,735	3,838	280	3,013	19,183	17,298	-2,206	148,592	205,410
Investment linked	555,295	20,642	529	5,884	53,679	39,854	12,221	488,211	9,398,183
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	63,010
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	3,317,287
Market-linked annuity	0	0	0	0	0	0	0	0	56,346
Other annuity - lifetime	0	0	0	0	0	0	0	0	25,163
Other annuity - term	0	0	0	0	0	0	0	0	887,904
Risk - lump sum	580,424	110,598	953	666	51,648	-1,100	24,185	663,040	88
Risk - income	1,853	1,798	0	0	105	0	390	3,936	0
<b>Group business</b>									
Investment account	303,731	44,176	47	36	64,035	0	811	284,601	1,259,639
Investment linked	887,952	119,058	194	742	156,056	2,153	-107,264	740,601	13,911,540
Allocated annuity - Non-inv. linked	0	0	0	0	0	0	0	0	139,825
Allocated annuity - Inv. linked	0	0	0	0	0	0	0	0	221,593
Market-linked annuity	0	0	0	0	0	0	0	0	0
Other annuity	0	0	0	0	0	0	0	0	0
Risk	925,854	262,866	238	65	86,071	20,726	-2,996	1,078,623	112,757
<b>Total</b>	<b>3,541,475</b>	<b>563,137</b>	<b>2,461</b>	<b>14,969</b>	<b>436,129</b>	<b>79,086</b>	<b>-74,988</b>	<b>3,496,979</b>	<b>29,598,745</b>

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



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