



# STATISTICS

## Quarterly Life Insurance Performance Statistics

June 2019 (released 29 August 2019)

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## Forthcoming issues

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

## Revisions

This edition of the publication contains revisions to previously published statistics. Significant revisions, if any, are identified and quantified in the 'Important notice'.

This publication will include revisions to previously published statistics if better source data becomes available or if compilation errors are uncovered.

APRA regularly analyses past revisions to identify potential improvements to the source data and statistical compilation techniques, in order to minimise the frequency and scale of any future revisions.

## Notation

Amounts are expressed in Australian dollars.

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

## Rounding

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

## Glossary and explanatory notes

A set of explanatory notes and glossary are provided on the APRA website to assist the reader in understanding the source and definitions of the data.

## Enquiries

For more information about the statistics in this publication:

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## Important notice

This publication is available in three versions: Adobe PDF for printing, Microsoft Excel (containing a complete time series since June 2008), and a database version (in a Microsoft Excel file) that contains additional statistics and can be used for further analysis.

The PDF version of the Quarterly Life Insurance Performance publication contains a streamlined PDF of the publication, which contains the following sections:

- Important notice;
- Highlights; and
- Key statistics.

## Revisions

This edition of the Quarterly Life Insurance Performance Statistics publication does not include any revisions of data items by more than 10 per cent and more than \$40 million to previously published data due to resubmissions from entities.

## Industry performance highlights

**Quarterly performance:** Total entity net profit after tax was \$272 million for the Jun-19 quarter, a significant reduction from the \$535 million profit for the previous quarter. Total assets decreased by \$31.5 billion to \$200.5 billion this quarter, predominantly due to OnePath Life Limited conducting a one-off transfer of assets and liabilities from the life insurance company to its superannuation fund.

**Annual performance:** Net profit after tax for the 12 months to Jun-19 was \$0.5 billion, compared to \$2.1 billion reported in the 12 months to Jun-18. The deterioration was primarily caused by poor performance of risk business (see below). For the 12 months to Jun-19, return on net assets was 1.9 per cent, down from 8.3 per cent for the previous 12 months.

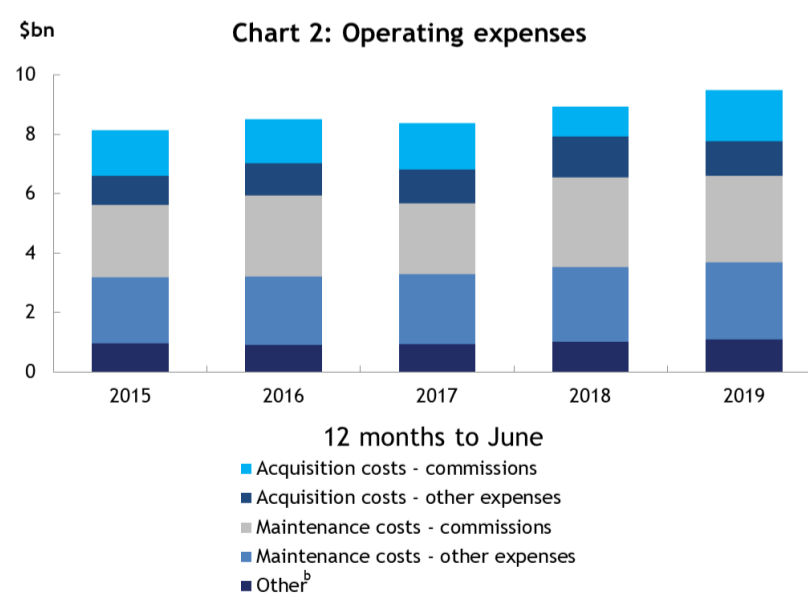
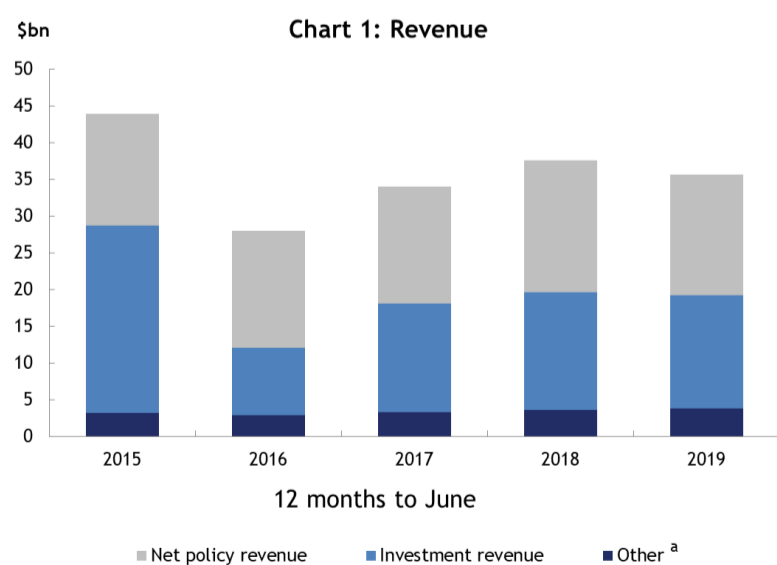
**Risk business:** Risk products recorded a combined loss of \$208 million for the Jun-19 quarter. Results by product: Individual DII a \$349 million loss; Group Disability Income Insurance (DII) a \$36 million loss; Individual Lump Sum \$199 million profit; and Group Lump Sum \$23 million loss. Individual DII continued to report losses, driven by a significant reduction in discount rates and a recognition of persistent adverse claims experience. In addition profits for Group and Individual Lump Sum reduced by \$82 million and \$133 million respectively over the quarter, caused by increases in net policy expenses and the effective movement in net policy liabilities. For the 12 months to Jun-19, risk products reported an after-tax loss of \$418 million, significantly down from a profit of \$990 million in the prior period. All risk products deteriorated, particularly Individual DII. This deterioration is mainly driven by loss recognition caused by persistent adverse claims experience.

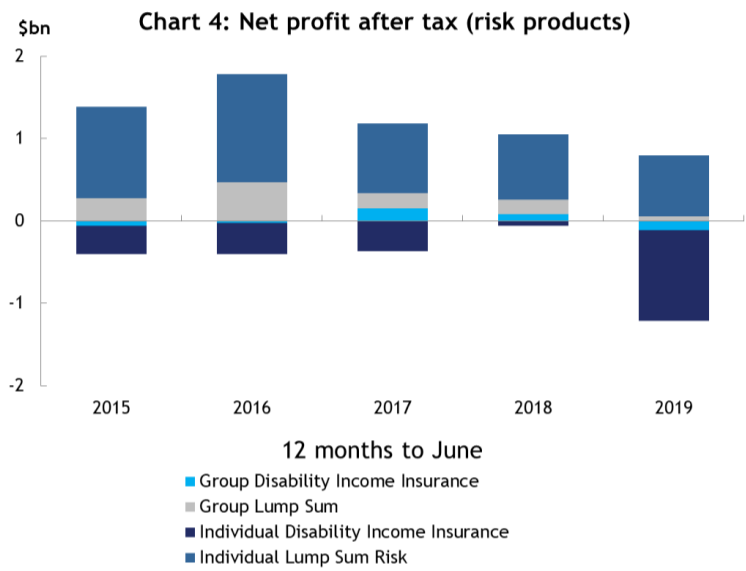
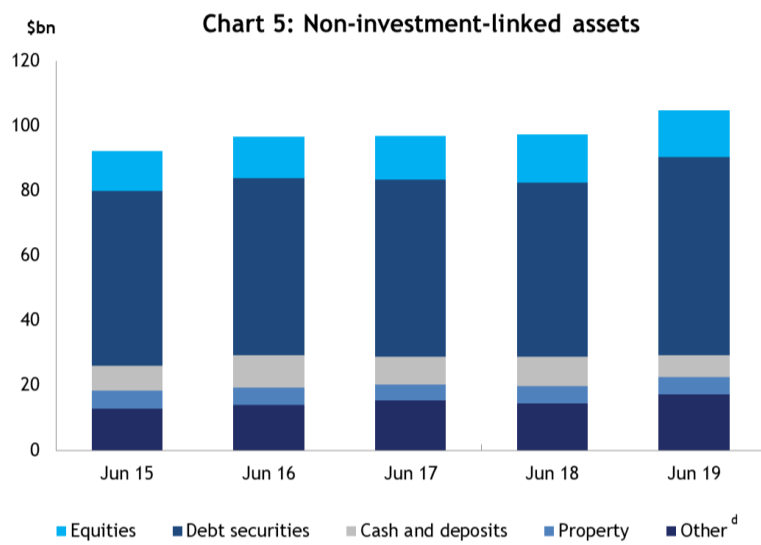
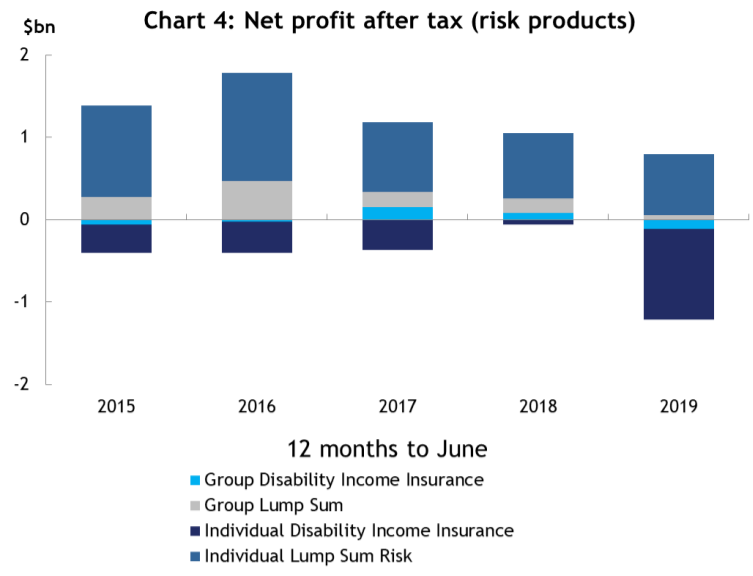
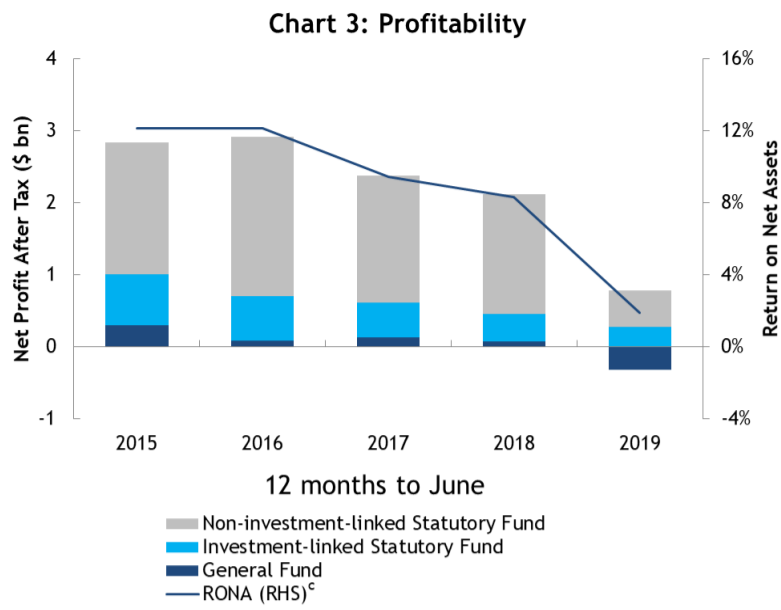
**Capital adequacy:** The industry PCA coverage ratio decreased from 1.86x to 1.76x over the 12 month period, as the Prescribed Capital Amount increased by more than the capital base. The five-year average coverage ratio is 1.84x.

Key annual performance metrics at a glance (\$ billion, unless noted otherwise)

	Year to 30 June 2018	Year to 30 June 2019	Change
<i>Net policy revenue</i>	18.0	16.4	-8.8%
<i>Investment revenue</i>	16.0	15.5	-3.6%
Total revenue	37.6	35.7	-5.1%
<i>Net policy expenses</i>	9.8	10.5	6.6%
<i>Operating expenses</i>	8.9	9.5	6.3%
<i>Effective movement in net policy liabilities</i>	14.9	13.7	-7.5%
Total expenses	33.8	34.3	1.3%
Net profit after tax	2.1	0.5	-77.9%
Total assets	232.5	200.5	-13.8%
Return on net assets	8.3%	1.9%	-6.4%
PCA coverage ratio	1.86x	1.76x	-0.10x

Historical performance trends for the five years to June 2019





<sup>a</sup> Other comprises management service fees and other revenue

<sup>b</sup> Other comprises investment management, net movement in deferred acquisition costs and other operating expenses.

<sup>c</sup> See Return on net assets in the glossary.

<sup>d</sup> Other comprises other investments, other assets and reinsurance policy liabilities.

## Key statistics

	Quarter end						Year End Jun 2018	Year End Jun 2019
	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019		
<b>Total entity <sup>a</sup></b>								
Net premiums <sup>b</sup> (\$m)	9,128	11,990	9,918	9,328	8,022	7,691	42,279	34,960
Net policy payments <sup>c</sup> (\$m)	8,544	11,276	10,879	10,421	9,524	8,571	41,279	39,394
Total revenue (\$m)	3,946	12,374	9,500	-2,110	16,923	11,367	37,594	35,680
Total expenses (\$m)	3,724	11,045	9,125	-565	15,198	10,520	33,845	34,278
Net profit / loss after tax (\$m)	359	564	189	-529	535	272	2,110	466
Total assets (\$m)	230,132	232,485	232,719	222,358	231,939	200,494	232,485	200,494
Net assets (\$m)	25,440	25,100	24,889	24,498	24,615	24,819	25,100	24,819
Return on net assets <sup>d</sup> (%)	5.5%	8.9%	3.0%	-8.6%	8.7%	4.4%	8.3%	1.9%
Prescribed capital amount coverage ratio	1.87	1.86	1.77	1.80	1.79	1.76	1.86	1.76
<b>Total statutory funds</b>								
Net premiums (\$m)	9,128	11,990	9,917	9,327	8,025	7,691	42,279	34,960
Net policy payments (\$m)	8,544	11,276	10,879	10,421	9,524	8,571	41,279	39,394
Total revenue (\$m)	3,902	12,287	9,406	-2,104	16,771	11,218	37,304	35,290
Total expenses (\$m)	3,692	10,997	9,062	-980	15,077	10,424	33,661	33,583
Net profit / loss after tax (\$m)	352	536	162	-119	512	230	2,034	784
Total assets (\$m)	225,173	227,832	227,932	217,841	226,965	196,063	227,832	196,063
Net assets (\$m)	23,290	22,705	22,419	22,133	22,174	22,515	22,705	22,515
Return on net assets (%)	6.0%	9.3%	2.9%	-2.1%	9.2%	4.1%	8.8%	3.5%
Prescribed capital amount coverage ratio	1.85	1.87	1.76	1.75	1.73	1.71	1.87	1.71
<b>Investment linked <sup>e</sup></b>								
Net premiums (\$m)	4,101	5,779	4,159	4,055	3,309	2,608	19,734	14,132
Net policy payments (\$m)	5,002	7,246	6,667	6,268	5,750	4,465	25,277	23,150
Total revenue (\$m)	-933	5,632	3,282	-7,374	9,760	4,261	13,446	9,930
Total expenses (\$m)	-787	5,064	3,017	-6,606	8,944	3,916	12,306	9,271
Net profit / loss after tax (\$m)	97	87	87	85	72	34	373	277
Total assets (\$m)	128,074	130,679	130,141	119,435	125,806	91,390	130,679	91,390
Net assets (\$m)	702	672	624	615	625	529	672	529
Return on net assets (%)	57.5%	50.5%	53.6%	54.7%	46.5%	23.2%	52.7%	46.2%
Prescribed capital amount coverage ratio	2.10	2.05	1.89	1.99	1.88	2.10	2.05	2.10
<b>Non investment linked <sup>e</sup></b>								
Net premiums (\$m)	5,032	6,218	5,761	5,270	4,720	5,089	22,611	20,841
Net policy payments (\$m)	3,547	4,037	4,216	4,151	3,777	4,113	16,067	16,256
Total revenue (\$m)	4,836	6,655	6,124	5,270	7,010	6,957	23,858	25,360
Total expenses (\$m)	4,478	5,934	6,046	5,626	6,133	6,508	21,355	24,312
Net profit / loss after tax (\$m)	255	450	75	-204	440	196	1,662	507
Total assets (\$m)	97,194	97,201	97,881	98,594	101,247	104,738	97,201	104,738
Net assets (\$m)	22,588	22,033	21,795	21,518	21,549	21,986	22,033	21,986
Return on net assets (%)	4.5%	8.1%	1.4%	-3.8%	8.2%	3.6%	7.4%	2.3%
Prescribed capital amount coverage ratio	1.84	1.86	1.75	1.74	1.72	1.70	1.86	1.70

<sup>a</sup> Total entity comprises total statutory funds and general funds.

<sup>b</sup> Net premiums is the sum of net policy revenue, premium related fees and net policy revenue recognised as a deposit.

<sup>c</sup> Net policy payments is the sum of net policy expenses and net policy expenses recognised as a withdrawal.

<sup>d</sup> Quarterly figures expressed as annual percentage rates. See Return on net assets in the glossary.

<sup>e</sup> Investment linked and non investment linked figures may not add up to the total statutory funds figures due to eliminations between statutory funds.





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