



STATISTICS

Quarterly Life Insurance Performance Statistics

March 2019 (released 30 May 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

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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 includes revisions to previously published data due to resubmissions from entities. Revisions to data items by more than 10 per cent and more than \$40 million are presented below:

Table	Item	Period(s) impacted	Cause of revision	Previous figure (\$ million)	Revised figure (\$ million)
1f	Gross policy expenses-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	1,755	1,952
1f	Gross policy revenue-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	2,752	3,044
1f	Net profit / loss after tax-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-437	-253
1f	Tax-Total statutory funds-Superannuation Business	Dec-18	Resubmitted data	-997	-837
2c	Investments of which: Other assets-General fund	Dec-18	Resubmitted data	828	984
2d	Creditors-Investment linked-	Dec-18	Resubmitted data	507	589
3a	Net profit / loss after tax-Total statutory funds-	Dec-18	Resubmitted data	-44	13
3a	Net profit / loss after tax-Total statutory funds-	Dec-18	Resubmitted data	10	97
3a	Profit / loss before tax-Total statutory funds-	Dec-18	Resubmitted data	-30	20
3a	Tax-Total statutory funds-	Dec-18	Resubmitted data	-216	-120
3a	Tax-Total statutory funds-	Dec-18	Resubmitted data	-56	-13
3a	Total expenses-Total statutory funds-	Dec-18	Resubmitted data	221	272
3b	Tax-Total statutory funds-Superannuation Business	Dec-18	Resubmitted data	-44	16
3b	Tax-Total statutory funds-Superannuation Business	Dec-18	Resubmitted data	-68	-23
3c	Gross policy expenses-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	858	1,001
3c	Gross policy revenue-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	1,657	1,902

Table	Item	Period(s) impacted	Cause of revision	Previous figure (\$ million)	Revised figure (\$ million)
3c	Net policy expenses-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	478	533
3c	Net policy revenue-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	1,155	1,281
3c	Net profit / loss after tax-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-47	11
3c	Net profit / loss after tax-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-82	67
3c	Net profit / loss after tax-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-68	4
3c	Other expenses-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-4	49
3c	Profit / loss before tax-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-28	21
3c	Tax-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	-215	-127
3c	Total expenses-Total statutory funds-Ordinary Business	Dec-18	Resubmitted data	87	137
4	Capital base net of Tier 2 Capital-General fund	Dec-18	Resubmitted data	1,797	2,010
4	Capital base-General fund	Dec-18	Resubmitted data	1,797	2,010
4	Capital in excess of prescribed capital amount-General fund	Dec-18	Resubmitted data	907	1,123
3b	Gross policy revenue-Total statutory funds-Superannuation Business	Sep-18	Resubmitted data	704	790
3b	Net policy revenue-Total statutory funds-Superannuation Business	Sep-18	Resubmitted data	396	440
3b	Gross policy revenue-Total statutory funds-Superannuation Business	Jun-18	Resubmitted data	636	720
3b	Gross policy expenses-Total statutory funds-Superannuation Business	Mar-18	Resubmitted data	265	305
3b	Gross policy revenue-Total statutory funds-Superannuation Business	Mar-18	Resubmitted data	632	708
3c	Gross policy expenses-Total statutory funds-Ordinary Business	Dec-17	Resubmitted data	901	1,004
3b	Gross policy revenue-Total statutory funds-Superannuation Business	Jun-17	Resubmitted data	638	707

Table	Item	Period(s) impacted	Cause of revision	Previous figure (\$ million)	Revised figure (\$ million)
3b	Gross policy expenses-Total statutory funds-Superannuation Business	Mar-17	Resubmitted data	237	277
3b	Gross policy revenue-Total statutory funds-Superannuation Business	Mar-17	Resubmitted data	616	684

Industry performance highlights

Quarterly performance: Total entity net profit after tax was \$536 million for the Mar-19 quarter, a significant improvement from the \$529 million loss for the previous quarter. The main drivers for this difference were the favourable movements in financial markets in the most recent quarter (e.g. a 9.5 per cent rise in ASX 200), which positively impacted life insurers' investment revenue, along with a discrete write-off of goodwill that negatively affected the results of the preceding quarter.

Annual performance: Net profit after tax for the 12 months to Mar-19 was \$0.8 billion, compared to \$2.2 billion reported in the 12 months to Mar-18. The deterioration was primarily caused by poor performance of risk business (see below) and a material discrete write-off of goodwill in the Dec-18 quarter. For the 12 months to Mar-19, return on net assets was 3.0 per cent, down from 8.7 per cent for the previous 12 months.

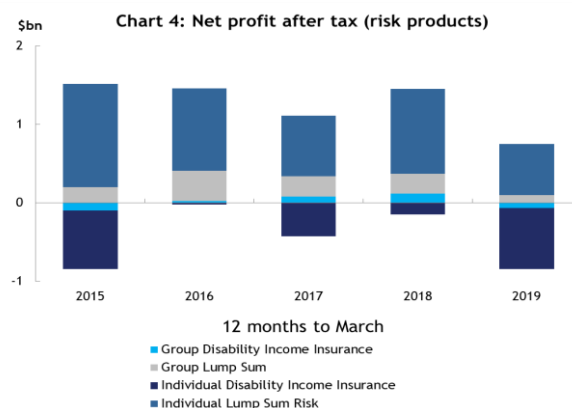
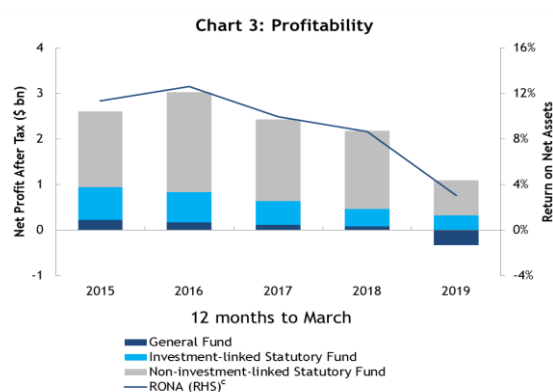
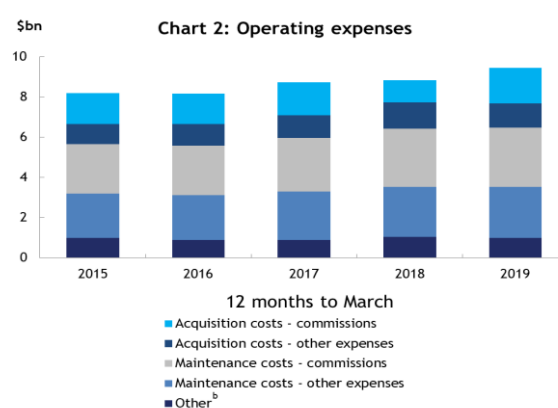
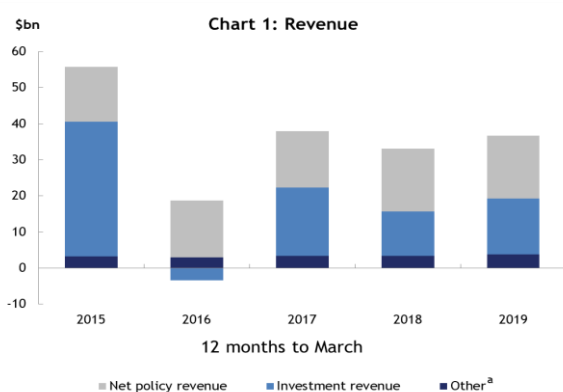
Risk business: Risk products recorded a combined profit of \$124 million for the Mar-19 quarter. Results by product: Individual Lump Sum \$334 million; Group Lump Sum \$59 million; Group Disability Income Insurance (DII) a \$50 million loss; and Individual DII a \$219 million loss. Profits for Individual Lump Sum improved by \$237 million over the quarter, caused by reductions in operating expenses and the effective movement in net policy liabilities. On the other hand, Individual DII continued to report losses, driven by a significant reduction in discount rates and a recognition of persistent adverse claims experience. For the 12 months to Mar-19, risk products reported an after-tax loss of \$94 million, significantly down from a profit of \$1.3 billion. All risk products deteriorated, particularly Individual Lump Sum and Individual DII. This deterioration is mainly driven by loss recognition caused by persistent adverse claims experience.

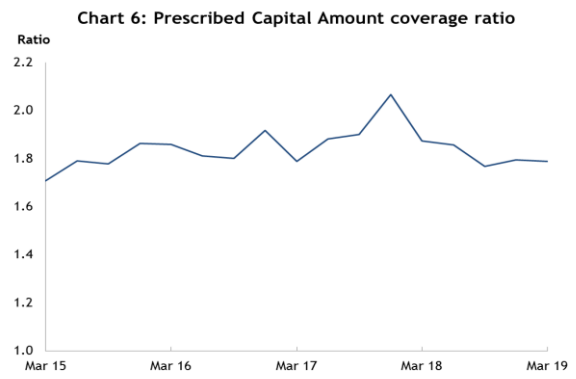
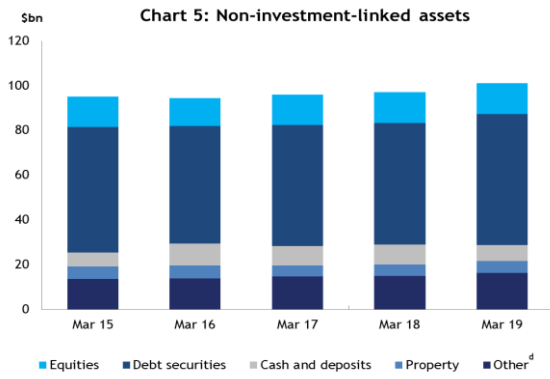
Capital adequacy: The industry PCA coverage ratio decreased from 1.87x to 1.79x over the 12-month period, as the Prescribed Capital Amount increased by more than the capital base. The five-year average coverage ratio is 1.83x.

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

	Year to 31 March 2018	Year to 31 March 2019	Change
Net policy revenue	17.3	17.4	0.3%
Investment revenue	12.3	15.4	25.3%
Total revenue	33.1	36.7	10.9%
Net policy expenses	9.8	10.2	3.9%
Operating expenses	8.8	9.5	6.9%
Effective movement in net policy liabilities	10.8	14.6	35.5%
Total expenses	29.6	34.8	17.5%
Net profit after tax	2.2	0.8	-65.1%
Total assets	222.4	231.9	4.3%
Return on net assets	8.7%	3.0%	-5.6%
PCA coverage ratio	1.87x	1.79x	-0.08x

Historical performance trends for the five years to March 2019





^a Other comprises management service fees and other revenue

^b Other comprises investment management, net movement in deferred acquisition costs and other operating expenses.

^c See Return on net assets in the glossary.

^d Other comprises other investments, other assets and reinsurance policy liabilities.

Key statistics

	Quarter end						Year End Mar 2018	Year End Mar 2019
	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019		
Total entity ^a								
Net premiums ^b (\$m)	10,130	9,128	11,990	9,918	9,328	8,029	43,051	39,265
Net policy payments ^c (\$m)	11,044	8,544	11,276	10,879	10,421	9,527	41,372	42,102
Total revenue (\$m)	13,825	3,946	12,374	9,500	-2,110	16,930	33,100	36,694
Total expenses (\$m)	12,307	3,724	11,045	9,125	-565	15,203	29,625	34,807
Net profit / loss after tax (\$m)	698	359	564	189	-529	536	2,178	760
Total assets (\$m)	232,362	230,132	232,485	232,719	222,358	231,939	230,132	231,939
Net assets (\$m)	26,581	25,440	25,100	24,889	24,498	24,615	25,440	24,615
Return on net assets ^d (%)	10.7%	5.5%	8.9%	3.0%	-8.6%	8.7%	8.7%	3.0%
Prescribed capital amount coverage ratio	2.07	1.87	1.86	1.77	1.80	1.79	1.87	1.79
Total statutory funds								
Net premiums (\$m)	10,130	9,128	11,990	9,917	9,327	8,032	43,051	39,265
Net policy payments (\$m)	11,044	8,544	11,276	10,879	10,421	9,527	41,372	42,102
Total revenue (\$m)	13,730	3,902	12,287	9,406	-2,104	16,777	32,818	36,366
Total expenses (\$m)	12,237	3,692	10,997	9,062	-980	15,082	29,449	34,162
Net profit / loss after tax (\$m)	681	352	536	162	-119	514	2,095	1,092
Total assets (\$m)	227,901	225,173	227,832	227,932	217,841	226,965	225,173	226,965
Net assets (\$m)	23,360	23,290	22,705	22,419	22,133	22,174	23,290	22,174
Return on net assets (%)	11.7%	6.0%	9.3%	2.9%	-2.1%	9.3%	9.1%	4.8%
Prescribed capital amount coverage ratio	1.89	1.85	1.87	1.76	1.75	1.73	1.85	1.73
Investment linked ^e								
Net premiums (\$m)	4,655	4,101	5,779	4,159	4,055	3,309	20,986	17,303
Net policy payments (\$m)	6,859	5,002	7,246	6,667	6,268	5,751	24,828	25,932
Total revenue (\$m)	6,533	-933	5,632	3,282	-7,374	9,761	10,071	11,301
Total expenses (\$m)	5,951	-787	5,064	3,017	-6,606	8,950	9,261	10,424
Net profit / loss after tax (\$m)	90	97	87	87	85	69	381	327
Total assets (\$m)	131,074	128,074	130,679	130,141	119,448	125,819	128,074	125,819
Net assets (\$m)	653	702	672	624	628	635	702	635
Return on net assets (%)	54.7%	57.5%	50.5%	53.6%	54.2%	43.6%	54.0%	48.9%
Prescribed capital amount coverage ratio	1.85	2.10	2.05	1.89	2.02	1.90	2.10	1.90
Non investment linked ^e								
Net premiums (\$m)	5,523	5,032	6,218	5,761	5,270	4,726	22,142	21,976
Net policy payments (\$m)	4,233	3,547	4,037	4,216	4,151	3,780	16,621	16,184
Total revenue (\$m)	7,197	4,836	6,655	6,124	5,269	7,016	22,747	25,065
Total expenses (\$m)	6,286	4,478	5,934	6,046	5,626	6,132	20,187	23,738
Net profit / loss after tax (\$m)	591	255	450	75	-204	445	1,714	765
Total assets (\$m)	96,994	97,194	97,201	97,881	98,581	101,233	97,194	101,233
Net assets (\$m)	22,707	22,588	22,033	21,795	21,505	21,539	22,588	21,539
Return on net assets (%)	10.4%	4.5%	8.1%	1.4%	-3.8%	8.3%	7.7%	3.5%
Prescribed capital amount coverage ratio	1.89	1.84	1.86	1.75	1.74	1.72	1.84	1.72

^a Total entity comprises total statutory funds and general funds.

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

^c Net policy payments is the sum of net policy expenses and net policy expenses recognised as a withdrawal.

^d Quarterly figures expressed as annual percentage rates. See Return on net assets in the glossary.

^e 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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