

## **Life Insurance Premium Inflows rise 4.8% over past year from \$36.8bn to \$38.6bn.**

### **1. Overview of Life Insurance Premium Inflows: 12 months to September 2011**

Overall Life Insurance Premium Inflows increased by 4.8% year on year to total \$38.6bn. Reported Inflows into Retirement Income products jumped by 24.9% although it should be noted that nearly three quarters of this increase was due to just one company, Challenger (refer below for further details). Year on year both Risk Insurance and Individual Superannuation Investment Inflows were also up by 11.5% and 11.3%. However going the other way Inflows into the Group Superannuation and Ordinary (Non Superannuation) Investment sub-markets were down by 12.8% and 3.5% respectively.

The highest percentage Inflow growth rate reported by a major company was by Challenger (106.2%), however please note that this massive jump in Challenger business reduces to a still impressive circa 60% if a once only internal transfer is excluded (refer below). AIA Australia (31.2%), Zurich (15.9%), TAL (10.9%) and AMP (10.6%) also reported increased annual Inflows. By contrast falls were experienced by Macquarie Life (-33.6%) and ClearView Life (-32.7%).

#### **2.1 Retirement Income**

Premium Inflows into Retirement Income increased by 24.9% over the last twelve months. Basically only three companies were responsible for this jump in Retirement Income business Challenger (108.7%), AMP (15.5%) and National Australia / MLC (13.7%). The abnormally high Challenger figure was in part due to the transfer of \$0.44bn into Immediate Annuities from their High Yield Fund. Most of the other major companies reported lower Inflows year on year with Suncorp (-63.4%), Macquarie (-52.6%) and ClearView (-40.8%) recording the largest percentage falls. This market is comprised of Short Term Annuities, Complying Longer Term Annuities and Allocated Annuities/Pensions.

#### **2.2 Individual Superannuation Investment**

Overall Inflows into this sub-market were up by 11.3%. Challenger (78.5%) and AMP (29.9%) both reported very strong growth in business year on year. On the other hand BT / Westpac (-43.4%), ClearView (-34.0%) and National Australia / MLC (-25.2%) all experienced significant falls in their Inflows. The Individual Super Investment sub-market comprises mainly of Single Premium Bonds and more recently Master Funds together with some older products.

#### **2.3 Group Superannuation Investment**

Group Super Investment Premium Inflows fell 12.8%. Only Zurich (103.9%), off a very low base, and National Australia / MLC (8.9%) reported any increase in business. By contrast OnePath Australia (-50.8%) and Macquarie (-42.7%) saw their respective Group Super business Inflows more or less halve year on year. This market category includes a large amount of older (pre 1970) products.

#### **2.4 Ordinary (Non Superannuation) Investment**

The long-term decline in Ordinary (Non Superannuation) Investment business continued unabated with Inflows down a further 3.5% over the last twelve months. Only CommInsure (3.0%) managed to report any growth, albeit fairly modest.

#### **2.5 Risk Business**

The Risk Market continues to enjoy solid growth experiencing an 11.5% increase in Inflows over the past twelve months with some of the higher growth rates being achieved by AIA (33.6%), BT / Westpac (13.3%), TAL (13.0%), OnePath (11.7%) and AMP (10.1%).

# Media Release

## Life Insurance Premium Inflows for Year Ended September 2011



Release Date: 19 January 2012

### TABLES SECTION

#### 1.1 Total Inflows By Life Insurance Market

\$millions	Year Ended Sep-11	Annual Growth	Year Ended Sep-10	Annual Growth	Year Ended Sep-09
Retirement Income	6,881.6	24.9%	5,511.0	-6.3%	5,884.5
Individual Superannuation Investment	9,785.8	11.3%	8,795.4	-15.9%	10,452.7
Group Superannuation Investment	11,175.6	-12.8%	12,811.7	3.6%	12,367.8
Ordinary (Non Superannuation) Investment	543.5	-3.5%	563.2	-0.2%	564.5
Risk Insurance	10,181.2	11.5%	9,129.5	11.8%	8,165.3
<b>Total</b>	<b>38,567.8</b>	<b>4.8%</b>	<b>36,810.8</b>	<b>-1.7%</b>	<b>37,434.9</b>

#### 1.2 Total Inflows By Life Insurance Market

\$millions	Year Ended Sep-11	Annual Growth	Market Share	Year Ended Sep-10	Market Share	Year Ended Sep-09	Market Share
AMP Group	13,567.7	10.6%	35.2%	12,269.6	33.3%	14,854.6	39.7%
National Australia / MLC Group	8,094.7	2.0%	21.0%	7,936.7	21.6%	7,819.2	20.9%
OnePath Australia Group	5,790.7	-11.8%	15.0%	6,562.4	17.8%	5,438.6	14.5%
Challenger Financial Group	2,078.0	106.2%	5.4%	1,008.0	2.7%	547.2	1.5%
CommInsure Group	2,051.2	5.3%	5.3%	1,948.0	5.3%	2,026.5	5.4%
BT / Westpac Group	1,739.1	-12.1%	4.5%	1,978.9	5.4%	2,006.6	5.4%
TAL Group	1,344.7	10.9%	3.5%	1,212.1	3.3%	909.6	2.4%
AIA Australia	1,127.6	31.2%	2.9%	859.4	2.3%	739.4	2.0%
Suncorp Group	995.5	-9.7%	2.6%	1,102.6	3.0%	1,246.6	3.3%
Macquarie Life	462.1	-33.6%	1.2%	695.4	1.9%	458.1	1.2%
Zurich Group	376.5	15.9%	1.0%	324.9	0.9%	294.6	0.8%
Hannover Life	272.6	29.6%	0.7%	210.3	0.6%	210.0	0.6%
MetLife Insurance	270.3	5.6%	0.7%	255.8	0.7%	256.2	0.7%
ClearView Life	212.8	-32.7%	0.6%	316.1	0.9%	449.9	1.2%
St Andrew's Group	78.9	182.6%	0.2%	27.9	0.1%	77.3	0.2%
Hallmark Group	35.6	-3.7%	0.1%	37.0	0.1%	35.0	0.1%
Allianz Australia Life	31.2	13.4%	0.1%	27.5	0.1%	28.8	0.1%
HCF Life	22.5	3.6%	0.1%	21.7	0.1%	19.8	0.1%
Cuna Mutual	15.5	-2.2%	0.0%	15.8	0.0%	15.2	0.0%
Combined Life	0.7	-5.2%	0.0%	0.7	0.0%	0.7	0.0%
Others	0.0	N/A	0.0%	0.0	0.0%	0.8	0.0%
<b>Total</b>	<b>38,567.8</b>	<b>4.8%</b>	<b>100.0%</b>	<b>36,810.8</b>	<b>100.0%</b>	<b>37,434.9</b>	<b>100.0%</b>

\* Life Insurance Groups only refers to the Life Insurance Business of these groups and specifically excludes their non-life businesses

\*\* Please note the CommInsure Non-Risk Inflows reported in this Media Release have not been provided by CommInsure and have been estimated by Plan For Life.

## Media Release

### Life Insurance Premium Inflows for Year Ended September 2011



**PLAN FOR LIFE**  
ACTUARIES & RESEARCHERS

Release Date: 19 January 2012

#### 2.1 Retirement Income Inflows

\$millions	Year Ended Sep-11	Annual Growth	Market Share	Year Ended Sep-10	Market Share	Year Ended Sep-09	Market Share
AMP Group	2,051.5	15.5%	29.8%	1,776.3	32.2%	2,817.3	47.9%
Challenger Financial Group	1,929.4	108.7%	28.0%	924.7	16.8%	493.3	8.4%
OnePath Australia Group	1,324.6	3.1%	19.2%	1,284.5	23.3%	1,218.3	20.7%
National Australia / MLC Group	1,224.3	13.7%	17.8%	1,076.9	19.5%	754.4	12.8%
CommInsure Group	199.3	-4.5%	2.9%	208.7	3.8%	222.6	3.8%
ClearView Life	77.1	-40.8%	1.1%	130.2	2.4%	206.9	3.5%
BT / Westpac Group	58.8	-26.9%	0.9%	80.5	1.5%	87.4	1.5%
Zurich Group	10.0	-9.7%	0.1%	11.1	0.2%	18.1	0.3%
Suncorp Group	6.4	-63.4%	0.1%	17.4	0.3%	58.9	1.0%
Macquarie Life	0.2	-52.6%	0.0%	0.5	0.0%	0.5	0.0%
Others	0.0	N/A	0.0%	0.0	0.0%	7.0	0.1%
<b>Total</b>	<b>6,881.6</b>	<b>24.9%</b>	<b>100.0%</b>	<b>5,511.0</b>	<b>100.0%</b>	<b>5,884.5</b>	<b>100.0%</b>

#### 2.2 Individual Superannuation Investment Inflows

\$millions	Year Ended Sep-11	Annual Growth	Market Share	Year Ended Sep-10	Market Share	Year Ended Sep-09	Market Share
AMP Group	5,647.5	29.9%	57.7%	4,347.2	49.4%	5,339.0	51.1%
OnePath Australia Group	2,120.8	5.7%	21.7%	2,006.5	22.8%	2,094.4	20.0%
National Australia / MLC Group	1,160.7	-25.2%	11.9%	1,550.9	17.6%	2,028.8	19.4%
CommInsure Group	345.1	3.1%	3.5%	334.6	3.8%	366.0	3.5%
Challenger Financial Group	148.7	78.5%	1.5%	83.3	0.9%	53.9	0.5%
ClearView Life	95.4	-34.0%	1.0%	144.6	1.6%	202.0	1.9%
TAL Group	78.2	-9.0%	0.8%	86.0	1.0%	99.7	1.0%
Zurich Group	75.4	1.7%	0.8%	74.2	0.8%	75.0	0.7%
BT / Westpac Group	68.7	-43.4%	0.7%	121.3	1.4%	131.2	1.3%
Suncorp Group	41.9	-8.5%	0.4%	45.8	0.5%	52.8	0.5%
Others	3.4	242.7%	0.0%	1.0	0.0%	9.9	0.1%
<b>Total</b>	<b>9,785.8</b>	<b>11.3%</b>	<b>100.0%</b>	<b>8,795.4</b>	<b>100.0%</b>	<b>10,452.7</b>	<b>100.0%</b>

#### 2.3 Group Superannuation Investment Inflows

\$millions	Year Ended Sep-11	Annual Growth	Market Share	Year Ended Sep-10	Market Share	Year Ended Sep-09	Market Share
National Australia / MLC Group	4,213.4	8.9%	37.7%	3,867.8	30.2%	3,739.1	30.2%
AMP Group	4,059.4	-9.4%	36.3%	4,482.8	35.0%	5,187.1	41.9%
BT / Westpac Group	1,105.4	-16.7%	9.9%	1,326.9	10.4%	1,384.7	11.2%
OnePath Australia Group	1,015.0	-50.8%	9.1%	2,064.3	16.1%	1,036.5	8.4%
Macquarie Life	356.3	-42.7%	3.2%	621.8	4.9%	409.6	3.3%
Suncorp Group	318.4	-9.2%	2.8%	350.6	2.7%	479.9	3.9%
CommInsure Group	55.2	-9.0%	0.5%	60.7	0.5%	101.9	0.8%
Zurich Group	34.5	103.9%	0.3%	16.9	0.1%	6.5	0.1%
TAL Group	18.0	-10.4%	0.2%	20.0	0.2%	22.6	0.2%
AIA Australia	0.0	N/A	0.0%	0.0	0.0%	0.0	0.0%
Others	0.0	N/A	0.0%	0.0	0.0%	0.0	0.0%
<b>Total</b>	<b>11,175.6</b>	<b>-12.8%</b>	<b>100.0%</b>	<b>12,811.7</b>	<b>100.0%</b>	<b>12,367.8</b>	<b>100.0%</b>

## Media Release

Life Insurance Premium Inflows for Year Ended September 2011

Release Date: 19 January 2012

### 2.4 Ordinary (Non Superannuation) Investment Inflows

\$millions	Year Ended Sep-11	Annual Growth	Market Share	Year Ended Sep-10	Market Share	Year Ended Sep-09	Market Share
CommInsure Group	205.5	3.0%	37.8%	199.5	35.4%	174.4	30.9%
AMP Group	162.4	-2.7%	29.9%	166.8	29.6%	185.5	32.9%
OnePath Australia Group	66.5	-12.3%	12.2%	75.8	13.5%	79.3	14.0%
AIA Australia	49.6	-6.1%	9.1%	52.8	9.4%	56.9	10.1%
National Australia / MLC Group	30.0	-13.3%	5.5%	34.6	6.1%	34.0	6.0%
Suncorp Group	10.6	-7.6%	1.9%	11.5	2.0%	12.2	2.2%
BT / Westpac Group	10.4	-18.1%	1.9%	12.7	2.2%	10.7	1.9%
Zurich Group	4.0	-10.0%	0.7%	4.5	0.8%	5.3	0.9%
TAL Group	2.5	-13.9%	0.5%	2.9	0.5%	3.5	0.6%
HCF Life	1.4	-10.9%	0.3%	1.6	0.3%	0.6	0.1%
Others	0.7	-5.2%	0.1%	0.7	0.1%	2.0	0.4%
<b>Total</b>	<b>543.5</b>	<b>-3.5%</b>	<b>100.0%</b>	<b>563.2</b>	<b>100.0%</b>	<b>564.5</b>	<b>100.0%</b>

### 2.5 Risk Business Inflows

\$millions	Year Ended Sep-11	Annual Growth	Market Share	Year Ended Sep-10	Market Share	Year Ended Sep-09	Market Share
AMP Group	1,646.9	10.1%	16.2%	1,496.5	16.4%	1,325.7	16.2%
National Australia / MLC Group	1,466.3	4.2%	14.4%	1,406.6	15.4%	1,262.9	15.5%
OnePath Australia Group	1,263.9	11.7%	12.4%	1,131.3	12.4%	1,010.2	12.4%
TAL Group	1,246.1	13.0%	12.2%	1,103.1	12.1%	783.8	9.6%
CommInsure Group	1,246.1	8.9%	12.2%	1,144.5	12.5%	1,161.7	14.2%
AIA Australia	1,078.0	33.6%	10.6%	806.6	8.8%	682.5	8.4%
Suncorp Group	618.2	-8.7%	6.1%	677.3	7.4%	642.8	7.9%
BT / Westpac Group	495.8	13.3%	4.9%	437.5	4.8%	392.5	4.8%
Hannover Life	272.6	29.6%	2.7%	210.3	2.3%	210.0	2.6%
MetLife Insurance	270.3	5.6%	2.7%	255.8	2.8%	256.2	3.1%
Others	577.1	25.5%	5.7%	459.9	5.0%	436.9	5.4%
<b>Total</b>	<b>10,181.2</b>	<b>11.5%</b>	<b>100.0%</b>	<b>9,129.5</b>	<b>100.0%</b>	<b>8,165.3</b>	<b>100.0%</b>

**3. Premium Inflows Relationship to In-Force Annual Premiums and New Single and Annual Premiums**

Premium Inflows, which combines both the In-Force Annual Premium and New Single Premium statistics, is we believe a simple yet very illustrative measure of business growth and market share trends.

New Annual Premiums (which also effectively form part of Premium Inflows) is becoming a less and less relevant statistical measure of business growth, particularly in respect of investment/savings business where Companies have difficulty distinguishing between New Annual and Single Premiums.

The following table provides a means of comparing the size of each of the statistics, both old and new. As can be seen from the table below, many companies now count much of their New Business as Single Premium rather than Annual Premium.

Although we will increasingly foster the preferred use of Premium Inflows, we will still provide source material, which has the “old” parameters of New Single Premiums, New Annual Premiums and In-Force Annual Premiums for those analysts who find them useful.

**Life Insurance Market In-Force & New Premium Statistics - Year Ended September 2011**

<b>\$millions</b>	<b>Total Inflows</b>	<b>In-Force Annual Premiums</b>	<b>New Single Premiums</b>	<b>New Annual Premiums</b>
AMP Group	13,567.7	2,359.4	11,208.3	391.3
National Australia / MLC Group	8,094.7	1,717.6	6,377.1	306.4
OnePath Australia Group	5,790.7	1,233.0	4,557.7	289.0
Challenger Financial Group	2,078.0	-	2,078.0	-
CommInsure Group	2,051.2	1,345.4	705.7	304.0
BT / Westpac Group	1,739.1	464.4	1,274.7	102.4
TAL Group	1,344.7	1,294.3	50.4	310.8
AIA Australia	1,127.6	1,127.5	0.1	291.0
Suncorp Group	995.5	710.1	285.4	112.8
Macquarie Life	462.1	102.1	359.9	35.7
Zurich Group	376.5	254.5	121.9	69.4
Hannover Life	272.6	272.6	-	92.7
MetLife Insurance	270.3	270.3	-	122.9
ClearView Life	212.8	40.3	172.5	1.3
St Andrew's Group	78.9	10.5	68.4	1.9
Hallmark Group	35.6	2.8	32.8	0.0
Allianz Australia Life	31.2	9.5	21.6	2.5
HCF Life	22.5	21.4	1.1	3.0
Cuna Mutual	15.5	5.8	9.6	1.1
Combined Life	0.7	0.7	-	-
Others	0.0	0.0	0.0	0.0
<b>Total</b>	<b>38,567.8</b>	<b>11,242.3</b>	<b>27,325.4</b>	<b>2,438.3</b>

# Media Release

## Life Insurance Premium Inflows for Year Ended September 2011



Release Date: 19 January 2012

### About the Media Release

Plan For Life, Actuaries and Researchers, are pleased to provide the Media Release on Life Insurance Industry Premium Inflows for the year to September 2011, based on data sourced from Life Insurance Companies.

The Life Insurance Industry is analysed using the statistic "Premium Inflow", which is defined as In Force Premium at the end of the reported period, plus Single Premiums during the reported period. This is very similar to the statistic "New Inflows", used in the Funds Management Industry, and means that Life Insurance Companies can be assessed in a similar fashion to other fund managers.

The Statistics provided in this Report represent funds that flow through Life Companies' Statutory Funds, and as such exclude funds that flow through Unit Trusts and Master Funds. Consequently this Report concentrates on the market shares held within the Life Industry Funds, and not the overall Retail Funds Industry.

For the balance of this report it is important not to read too much into some of the reductions in business as some companies may have a deliberate strategy of getting rid of unprofitable business and moving funds from Life Office products to Trust based products (ie non-life insurance based). We can provide more details, in specific cases, on request.

### Data Collection and Estimation Techniques

This Report is based wherever possible on data collected directly from the various Life Companies; prior to 1998, a part of the data is based on that collected by the Insurance and Superannuation Commission (now APRA), to whom acknowledgment is given. The majority of Companies now provide data to Plan for Life at least 6 monthly, as well as 3 monthly in the case of the major Companies. Where Companies no longer maintain quarterly statistics, estimates based on previous trends have been used; these have no material affect on the overall quality of the data.

### Disclaimer and Conditions of Use

Plan For Life has taken all reasonable care to ensure that data contained in this Report is accurate, fair, reasonable and balanced; no responsibility is taken for the manner in which the statistics and analysis are subsequently used. This Report is provided as an information service to Companies and Advisers in the Financial Services industry and is not suitable to be acted upon as investment advice. It is advisable to obtain investment advice before making any investment decisions relying on the information provided. Reference to this Report may be made provided the source is clearly indicated as follows: "Media Release Life Insurance Industry Results - September 2011, Plan For Life".

### Products and Services

Plan For Life provides a number of different data applications and analyses based on the quarterly data collection.

- |                                  |   |
|----------------------------------|---|
| 1) Retail Data                   | 5) Customer Segmentation Analysis               |
| 2) Wholesale Data                | 6) Forecasts & Projections                      |
| 3) Mezzanine Data                | 7) Master Fund Product Databases and Comparator |
| 4) Distribution Channel Analyses | 8) Life Insurance Statistics                    |

### Further Information:

**Simon Solomon Actuary**

Email: [ssolomon@planforlife.com.au](mailto:ssolomon@planforlife.com.au)

Ph: 03 9886 4400

Mail: PO Box 2398 Mt Waverley VIC 3149

**Daniel Morris Senior Manager**

Email: [dmorris@planforlife.com.au](mailto:dmorris@planforlife.com.au)

Website: <http://www.planforlife.com.au>

Street: 217 Blackburn Road, Mt Waverley VIC 3149