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LIFE INSURANCE SALES STRONG

Life insurance statistics for the quarter ended 31 December 2008, released by the Investment Savings and Insurance Association (ISI), continue to show strong growth in the current challenging market conditions.

“Total premiums payable for all categories of life insurance increased 9.4% to \$1.544 billion in the 12 months to 31 December 2008. In the same period premiums for the popular risk products sector have grown a strong 11.9%”, said Vance Arkinstall., CEO of ISI.

“This growth in life insurance continues the long standing phenomenon that in difficult economic times people seek peace of mind by ensuring they have important protection for their families through life insurance and income protection insurance”, said Mr Arkinstall.

Even with this growth underinsurance remains a major issue in New Zealand creating a potential burden for both taxpayers and the welfare system.

“Clearly there are many New Zealanders who do not have life insurance or have inadequate protection. In these cases if the worst should happen the cost of supporting the family and dependents falls upon the welfare system. In a business environment ensuring adequate cover for key staff and business partners is essential, particularly in a challenging environment when access to credit or funding is not easy”, said Vance Arkinstall.

“The life insurance industry is encouraging Government to defer the introduction of a new taxation regime for life insurance. With the current global economic problems now is not the time to raise taxation which will inevitably increase the cost of an essential financial service”, said Vance Arkinstall.

Improving access to quality advice and adequate protection is essential to narrow the insurance gap that exists.

“The New Zealand life insurance industry supports Government’s initiative to improve the regulation of advisers. We believe that existing advisers provide a good service but improved regulation will further engender confidence and trust and will create a career path for new advisers to join the industry which will improve accessibility to professional quality advice”, said Vance Arkinstall

The leading Top 10 life insurers based on total inforce premiums as at 31 December 2008 were:

Company	Total Inforce premiums	Market Share
	\$000	%
Sovereign	455,981	30.9
AXA	214,024	14.5
AMP	211,710	14.4
Asteron Life	126,210	8.6
ING	92,318	6.3
AIG Life	90,808	6.2
Tower NZ	79,617	5.4
Westpac Life	74,144	5.0
Fidelity Life	70,507	4.8
CIGNA Life	59,339	4.0

“For the year ended 31 December 2008, life insurers paid \$460 million in death claims, \$201 million in maturities and \$227 million in other benefits including income protection claims and surrender values. The total sum paid of \$888 million in the 2008 year is 8% higher than the previous 2007 year and is a significant contribution to the protection of NZ families and their dependents, NZ business and the NZ economy”, said Vance Arkinstall.

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