

27 May, 2009

LIFE INSURANCE SALES SLOW FROM PEAKS

Premiums payable for all categories of inforce life insurance increased from \$1.435 billion to \$1.548 billion in the year ended 31 March 2009, an increase of 7.9%. Premiums for risk insurance products, the most popular sector, increased 11.4% to \$1.365 billion, according to statistics released by the Investment Savings and Insurance Association.

“The growth in life insurance sales has continued the double digit growth that has been occurring for over a year now”, said Vance Arkinstall.

“Whilst the industry continues to experience solid growth in the sale of new policies it is also experiencing an upward spike in existing policies being discontinued or lapsing over the last three quarters. This is not unexpected in the current uncertain economic conditions and possibly results from policyholders being forced to reduce outgoings, for others it will also be the result of reducing their life insurance cover due to a downsizing of their house and mortgage”, Mr Arkinstall said.

“Fortunately the growth in new sales considerably exceeds the level of lapses and discontinuances creating good positive growth.”

“Payments by life insurers in respect of death claims increased 3% from \$460 million in the year ended March 2008, to \$474 million in the year ended March 2009. Payments for policies maturing decreased from \$201 million to \$196 million, and other payments to policyholders remained steady at \$224 million. In total for the year ended March 2009, life insurers paid out over \$894 million to policyholders their family and dependents over the year”, Vance Arkinstall said.

Details of the market share of the Top 10 risk insurance providers are below.

For further information contact:
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Market Share Statistics for Risk Insurance Products as at 31 March 2009

Market share statistics for Top Ten life insurers, based on risk insurance products as at 31 March 2009

Rank	Company	Total In Force Annual Premium	% of Total Premium
1	Sovereign	433,659	33.5
2	AMP	140,986	10.9
3	AXA	139,856	10.8
4	Asteron	120,875	9.3
5	ING	95,904	7.4
6	AIG Life	88,488	6.8
7	Westpac Life	76,309	5.9
8	Fidelity Life	71,292	5.5
9	Tower	66,841	5.2
10	CIGNA	60,290	4.7
Total		1,294,500	