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Life Insurance Continues Strong Growth

Statistics released by the Investment Savings and Insurance Association (ISI) reveal that total premiums for all categories of life insurance increased 6.1% from \$1.544 billion to \$1.638 billion in the year to 30 December 2009.

Premiums for the most popular risk insurance sector increased 8.9% to \$1.463 billion over the same period.

“Life insurance has continued its path of strong growth through the financial crisis, although that growth has slowed from recent double digit growth rates. After a sustained spell of growth, the fact new policy growth has slowed was to be expected,” said Vance Arkininstall, CEO, ISI.

The three most popular life insurance products are term insurance for which premiums have grown, 9.6% from \$704 million to \$772 in the December year. Income protection premiums have increased 8.6% from \$243 million to \$264 million and trauma which has increased 13.3% from \$173 million to \$196 million.

“The flexibility and attractive features of trauma insurance has captured the imagination of the market and continues as the industry’s fastest growing product”, Vance Arkininstall said.

In terms of overall market share for risk products, Sovereign Assurance continues to lead the market with 31.3%, AMP is second with 10.3%, AXA third with 10.1% followed by Asteron 8.9% and ING at 7.7%.

Payments made by life insurers to policyholders increased 7% for the year ended 31 December 2009, from \$888 million to \$950 million. This represents a strong contribution to the financial well being of families and individuals through the difficult pressures resulting from the recession”, said Mr Arkininstall.

Payments for death claims were \$517m, maturing life insurance policies returned \$194m and other payments which include income replacement payments were \$239m.

Mr Arkininstall noted that “The life insurance industry has an excellent record for prompt settlement of claims and payments with over 97% of all claims being settled without the need for additional enquiry or investigation. Less than 3% of claims result in life insurance companies finding it necessary to make additional enquiries to be satisfied a genuine claim exists”.

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