

17 November 2008

## **LIFE INSURANCE RECORDS STRONG GROWTH IN SLOW ECONOMY**

Market statistics for life insurance at the end of September 2008, released by the Investment Savings & Insurance Association, showed a strong 9.5% increase over the past year. Total premiums for inforce life insurance policies increased to \$1.512 billion compared with \$1.381 billion as at 30 September 2007.

Amid the gloom of the world wide financial crisis one segment that has benefited is life insurance. In difficult and uncertain times people historically look for safety, security and the piece of mind that life insurance provides, Vance Arkininstall said.

The overall market share of all life insurance policies in force for the leading companies remained consistent with Sovereign 29.6%, AXA 14.1%, AMP 13.7%, and Asteron Life 8.2%, retaining the leading positions.

For the September 2008 quarter, premiums for new individual risk policies (the bulk of life insurance sales) recorded particularly strong growth of 21.7%, growing to \$51.78 million from \$42.5 million in the September 2007 quarter, said Vance Arkininstall, CEO, Investment Savings & Insurance Association.

The leading market shares for the September quarter in this sector were Sovereign 31%, ING 13.4% and Westpac Life 8.6%.

During the year ended September 2008, the life insurance industry paid out in excess of \$860 million in death, maturity, income replacement and other benefits, Vance Arkininstall said.

The possible impact of the review of life insurance taxation contained in the latest Government Tax Bill troubles the life insurance industry as this may result in premiums for new life insurance policies increasing between 20% and 30%. With the current financial crisis and New Zealands long standing underinsurance record this seems totally the wrong time to be planning such a move. The industry is making submissions with the intention of softening the effect for new policy owners, Vance Arkininstall said.

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