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Media release

\$1.1 billion annual claims payout for personal insurance

New Zealanders were paid \$1.132 billion for personal insurance claims in the year ended December 2015 according to figures released today by the Financial Services Council (FSC).

FSC CEO Peter Neilson said the payout by FSC members of the insurance industry for personal insurance including life and income protection insurance has consistently exceeded \$1 billion a year since 30 June 2011.

The FSC's latest figures show life insurance products comprise about 60% of personal insurance premiums but they are growing more slowly, at 4% a year, than income protection insurance products at 7% a year.

"The growth in new business premiums for income protection products has been higher than the growth in new premiums for life products each quarter since September 2012, said Mr Neilson.

"Trauma and replacement income products also continue strong and steady growth," he said.

Many New Zealand families still remain financially vulnerable should a main income earner become unable to work because of extended illness. The increase in claims and coverage of income protection insurance products is therefore a trend to be welcomed, concluded Mr Neilson.

Payouts for the various types of personal insurance over the year to 31 December 2015:

Personal Insurance type	Benefit Payments <i>(\$millions for year to 30.6.15)</i>	Definition
Life		
Term	\$421.8	Life insurance without a savings component. It includes mortgage repayment insurance but excludes consumer credit insurance (see Credit Insurance below).
Whole Life & Endowment	\$200.7	Traditional 'bundled' life insurance policies with combined savings and risk cover and benefits payable on death or, for endowment, on a specified date. Total benefits are reported here.
Unbundled	\$20.3	Policies in which the savings component is explicitly identified and the return on savings is reported to the policyholder periodically. Only risk benefits associated with unbundled policies are reported here.
Guaranteed Acceptance	\$16.7	A similar benefit type to Term but is reported separately. It refers to policies with minimal underwriting tests which usually have a return of premiums if death occurs in early years, possibly with full benefits payable on death by accident. Funeral plans are a common Guaranteed Acceptance product.
Accidental Death	\$1.8	Refers to either stand-alone or rider benefits where a separate premium can be identified.
Income Protection		
Trauma	\$136.9	Benefits provide for a one-off cash sum to be paid upon diagnosis of certain specified illnesses or medical events such as heart attack, cancer and stroke. These benefits may be rider benefits to the main policy or benefits that are sold on a stand-alone basis.
Trauma – Group	\$2.5	Group means schemes with multiple memberships that are sold as one policy.
Replacement Income	\$118.7	A regular income benefit paid on disablement, as opposed to a lump sum benefit.
Replacement Income – Group	\$17.8	Group means schemes with multiple memberships that are sold as one policy.
Medical	\$99.8	Insurance coverage for medical and surgical expenses associated with an income protection policy. This insurance can either reimburse the insured or pay the care provider directly.
Life – Death & Disablement – Group	\$56.9	Group means schemes with multiple memberships that are sold as one policy.
Annuities	\$14.1	The insurer makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity).
Lump Sum Disablement	\$15.2	Includes both Permanent and Temporary Total Disablement.
Credit Insurance	\$8.6	Includes covers from credit card balances, personal loans and similar insurances but excludes mortgage-related and similar covers which are reported in the Term category.
Total	\$1,131.8	

A more detailed breakdown of these statistics can be downloaded from www.fsc.org.nz.

For more information contact:

Peter Neilson, CEO FSC

021 395 891 or peter.neilson@fsc.org.nz

About the Financial Services Council

The Financial Services Council (FSC) was established in 2011 to represent the interests of the New Zealand financial services industry and the financial well-being of all New Zealanders. Its objectives are to:

- Develop and promote evidence-based policies and practices designed to assist New Zealanders to build and protect their net wealth
- Promote the financial services industry for the economic benefit of New Zealand
- Promote best practice in the financial services industry, including the publication of guidance for industry participants
- Promote the financial services industry as a medium for investment or protection

The FSC has 22 member companies and 16 associate members. Members manage more than \$80 billion in savings and provide financial services to more than 2.5 million New Zealand investors and policyholders.