

Direct Insurer Statistics

What companies are included in the definition of Direct Insurer?

a direct insurer is an insurance company that predominantly undertakes liability by directly issuing insurance policies to customers, rather than operating primarily as a reinsurer. These insurers include commercial insurers, personal lines insurers, and lenders mortgage insurers.

How have Direct Insurers performed in Australia?

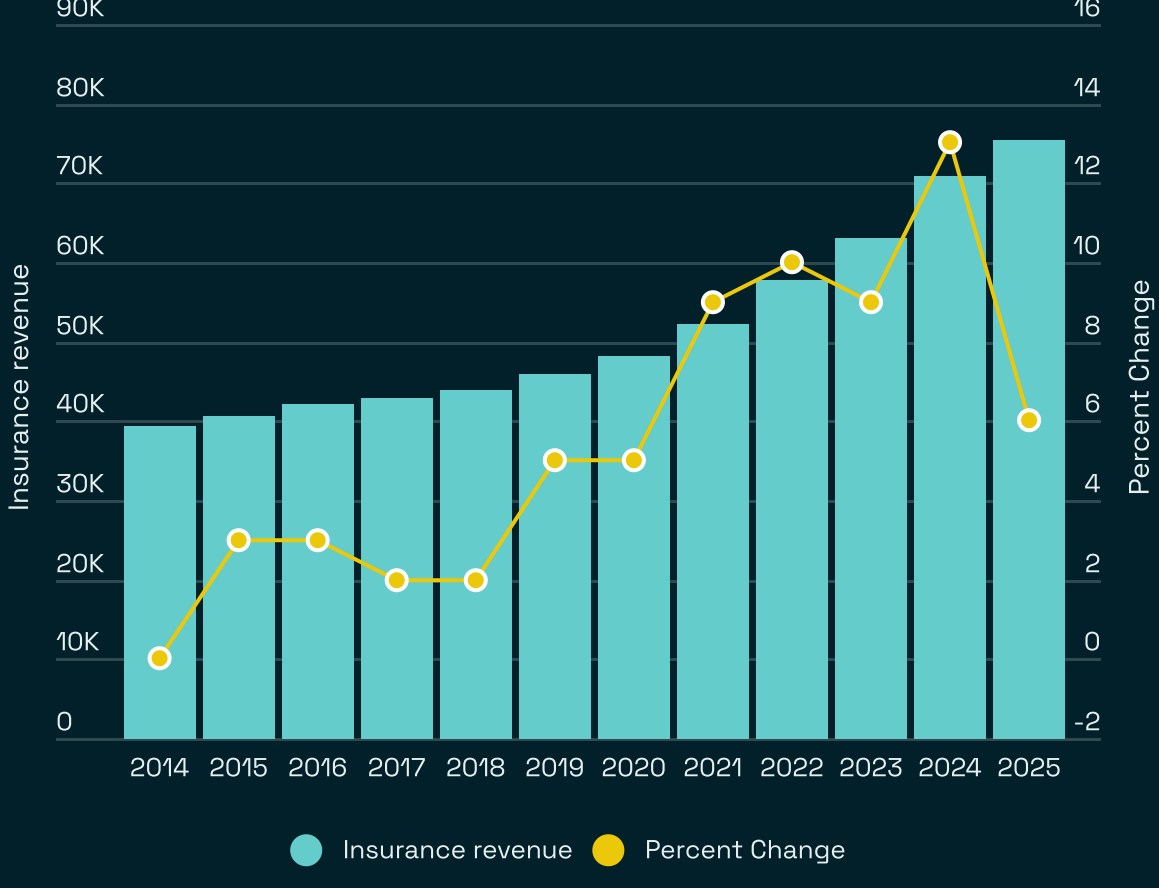
10 Year Profit and Loss (\$m)



P&L Summary

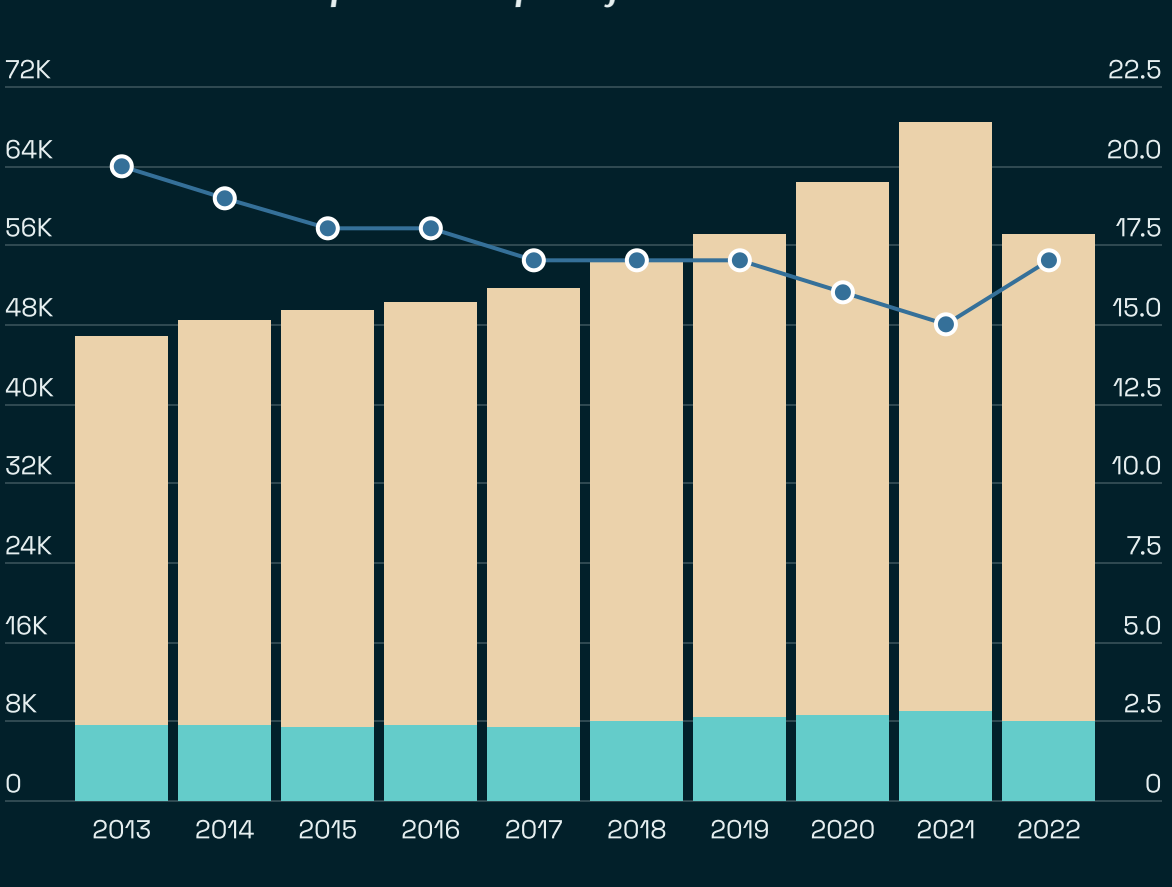
The insurance service result shows a clear cycle over the period, with relatively stable but modest profitability from 2014 to 2019 (generally in the \$2–3.5bn range), followed by a sharp deterioration in 2020 where the result turned slightly negative and direct insurers posted an underwriting loss for the first time in 6 years. This was driven by a spike in insurance service expenses, including claims, outpacing revenue, partially offset by favourable reinsurance recoveries. From 2021 onwards, the market enters a strong recovery phase, with results improving materially and peaking in 2024 at \$7.1bn before easing slightly to \$6.3bn in 2025. The key drivers of this improvement are premium growth outpacing claims cost inflation, improved underwriting discipline, and a reduced net cost of reinsurance in the most recent years (despite still being a drag overall). The moderation in 2025 appears to reflect some normalisation in margins, with higher expenses and a slightly increased reinsurance burden compared to the prior year.

Direct Insurers Premium Growth (\$m)



Premium growth has been a key underpinning of the improved insurance service result, with revenue increasing steadily from \$39bn in 2014 to over \$75bn in 2025. Growth accelerated particularly from 2021 onwards, reflecting sustained rate hardening across most commercial and personal lines as insurers responded to prior years of margin pressure and elevated claims inflation. While the pace of growth moderated slightly in 2025, it remains well above long-term averages, indicating that pricing conditions are still supportive of insurer profitability.

Insurer Expenses as a part of Gross Written Premium



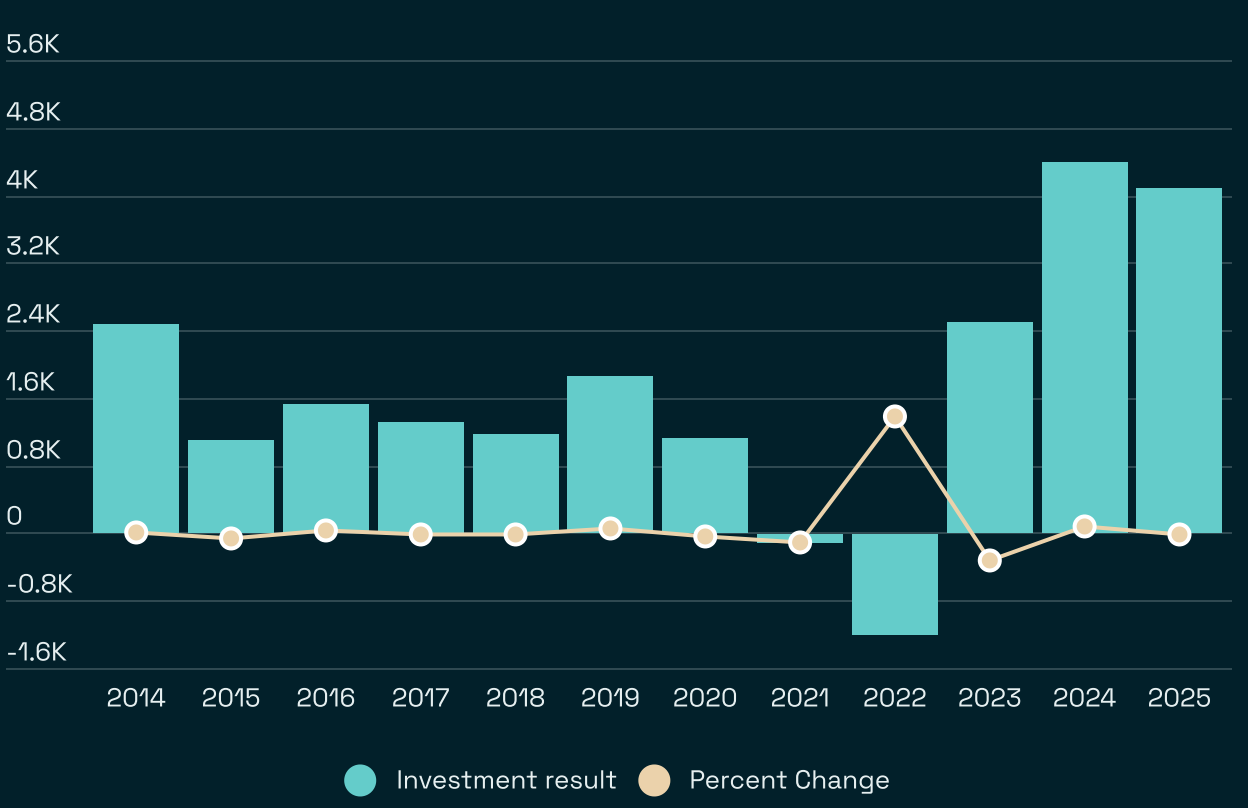
General Insurers have done a fantastic job of managing expenses as a percentage of Gross Written Premium. Insurer expenses may include policy acquisition costs, administrative expenses, interest expense, payroll expense, etc. In the years between 2018 and 2022, expenses have averaged 17% of Earned Premium with minimal changes year on year.



Commision Expense Averaging 9%

A notable component of an insurers expense is commission, which averages approximately 9% of insurance revenue across the period. This represents a significant and relatively fixed cost of distribution, particularly in broker-driven channels where commissions are embedded in pricing structures. As premium volumes increase, commission expenses rise proportionally, limiting margin expansion and reinforcing the importance of pricing discipline.

Investment Income



Investment results for the market have been notably volatile over the past decade, reflecting the underlying performance of global financial markets in which insurers typically hold predominantly fixed income portfolios, supplemented by smaller allocations to equities and other growth assets. While returns have generally been positive, year-on-year predictability remains low, with outcomes highly sensitive to movements in interest rates, inflation, and equity markets. The most pronounced downturn occurred in 2022, where the market recorded a loss of \$1.1bn, driven by the sharp global bond sell-off as central banks aggressively raised interest rates to combat inflation, alongside weaker equity market performance. In contrast, the stronger results observed in 2023 through 2025 align with stabilising inflation, improved bond yields, and a rebound in equity markets, supporting more favourable investment income across insurer portfolios.