



# **ISA Personal Lines Database**

**25 September 2008**

**Presented by Nevena Mackic**

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- Background
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- Why use ISA data?
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# Background



- Database established 20 years ago
- Motor database:
  - Includes private and business vehicles comprehensively insured on an individual basis
  - About \$4,200 million in premium in force
  - Represents about 70% of all registered vehicles
- Domestic property database:
  - Domestic business relating to building and/or contents cover for householders or house owners. For strata units, contents cover is included but building cover is excluded.
  - About \$2,700 million in premium in force
  - Represents about 70% of all households in Australia



# Domestic Syndicate

## Coverage

- Domestic business relating to building and/or contents cover for householders or house owners. For strata units, contents cover is included but building cover is excluded.

## Classification systems

- Split on metro/country for NSW, Qld, SA, WA and Victoria
- Business indicator- buildings, contents or combined cover and whether accidental damage or defined events wording.
- Type of claim indicator, e.g. theft/burglary, fire, weather, etc, or for individual ISA-designated catastrophes, e.g. 2008 Mackey storm.

## Exposure measures

- Policies in force
- Sums insured in force
- Gross premium in force.

## Frequency of collection

- Data is submitted by direct insurers within three weeks following the end of each quarter. Reports are also produced quarterly.

# Motor Syndicate



- Coverage
  - Private and business vehicles comprehensively insured on an individual basis. Goods-carrying vehicles and any third party property damage only policies are excluded.
- Classification system
  - By state where risk is located. Claim data is subdivided between theft, windscreen and all other claims (collision, fire etc.)
- Exposure measure
  - Number of policies
  - Premium in force.
- Frequency of collection
  - Data is submitted by direct insurers within two weeks following the end of each month or quarter. Reports at State level are produced, quarterly.
- Latest information 30 June 2008

# Personal lines reports



- Claim type reports
- Trend summary reports
- Trend reports
- Executive Summary reports

# Use of ISA personal lines reports



- Benchmarking
- Claim cost component
- Large events

# Motor Claim type report



## Motor Claim Type Report

Produced: 21/07/2008  
Printed: 24/06/2008

State: Australia  
Quarter: June 2008

NOTE: 'Collision and other causes' & 'Total' claim types includes cause specific data

Company: Sample Company

Policies in force: 621,544      % Share of ISA: 7.9%  
Average Gross Premium: 545      % Share of Market: 6.4%

Claim type	Claim frequency	Claim frequency	Av claim size		Cost per policy		Loss ratio	
	(q12)	(r12)	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)
	%	%	\$	\$	\$	\$	%	%
Theft of or from a vehicle	0.29	0.27	7,554	7,821	22	20	4.02	3.81
Windscreen damage	0.20	0.20	306	373	1	1	0.15	0.14
Collision and other causes	15.62	15.61	2,268	2,401	354	375	65.06	70.03
<b>Total</b>	<b>16.11</b>	<b>16.06</b>	<b>2,340</b>	<b>2,453</b>	<b>377</b>	<b>396</b>	<b>69.22</b>	<b>73.07</b>

Company code: All Contributors

Policies in force: 7,885,630  
Average Gross Premium: 555      % Share of Market: 68.6%

Claim type	Claim frequency	Claim frequency	Av claim size		Cost per policy		Loss ratio	
	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)
	%	%	\$	\$	\$	\$	%	%
Theft of or from a vehicle	0.34	0.35	6,451	6,315	22	20	4.00	3.99
Windscreen damage	1.66	1.68	292	283	5	5	0.88	0.87
Collision and other causes	13.45	13.97	2,521	2,608	330	382	61.08	65.86
<b>Total</b>	<b>15.46</b>	<b>15.90</b>	<b>2,366</b>	<b>2,443</b>	<b>366</b>	<b>388</b>	<b>65.95</b>	<b>70.72</b>

Company code: All Contributors Excluding Sample Company

Policies in force: 7,264,086  
Average Gross Premium: 556      % Share of Market: 63.4%

Claim type	Claim frequency	Claim frequency	Av claim size		Cost per policy		Loss ratio	
	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)
	%	%	\$	\$	\$	\$	%	%
Theft of or from a vehicle	0.35	0.35	6,372	6,229	22	22	4.00	4.01
Windscreen damage	1.79	1.81	291	282	5	5	0.94	0.93
Collision and other causes	13.27	13.72	2,546	2,629	338	361	60.75	65.51
<b>Total</b>	<b>15.40</b>	<b>15.88</b>	<b>2,571</b>	<b>2,442</b>	<b>365</b>	<b>388</b>	<b>65.88</b>	<b>70.44</b>

Ratio: Sample Company relative to All Contributors

% Policies in force: 7.9%  
Average Gross Premium relative to ALL: 0.98

Claim type	Claim frequency	Claim frequency	Av claim size		Cost per policy		Loss ratio	
	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)	(qtr)	(r12)
			relative to All Contributors					
Theft of or from a vehicle	0.84	0.77	1.17	1.21	0.99	0.93	1.00	0.95
Windscreen damage	0.12	0.12	1.35	1.32	0.17	0.16	0.17	0.16
Collision and other causes	1.15	1.13	0.99	0.92	1.04	1.04	1.07	1.06
<b>Total</b>	<b>1.04</b>	<b>1.01</b>	<b>0.99</b>	<b>1.01</b>	<b>1.03</b>	<b>1.02</b>	<b>1.05</b>	<b>1.05</b>

# Motor trend summary



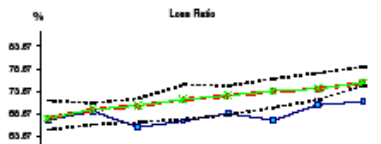
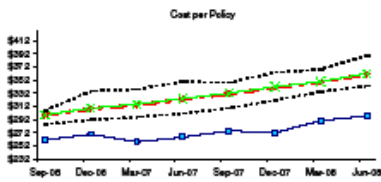
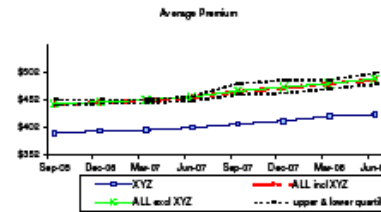
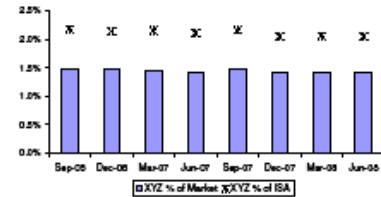
## Motor Trend Summary Graphs

Produced: 21/07/2008  
Printed: 24/08/2008

End Quarter: June 2008  
Claim Type: Total  
State: WA

NOTE: Collision and other caused & Total claim types includes capex/prop dies

Company: Sample Company



Quarter	XYZ % of Market	XYZ % of ISA	XYZ's Rank
Sep-2006	1.5%	2.2%	9/13
Dec-2006	1.5%	2.1%	9/13
Mar-2007	1.4%	2.2%	9/13
Jun-2007	1.4%	2.1%	9/13
Sep-2007	1.5%	2.2%	9/13
Dec-2007	1.4%	2.1%	9/14
Mar-2008	1.4%	2.2%	9/14
Jun-2008	1.4%	2.0%	9/14

1 = largest share

Quarter	XYZ	ALL incl XYZ	ALL excl XYZ	XYZ's Rank	Lower Quintile	Upper Quintile
Sep-2006	\$ 391	\$ 444	\$ 445	9/13	441	452
Dec-2006	395	447	446	9/13	445	453
Mar-2007	398	450	452	9/13	446	453
Jun-2007	401	455	457	9/13	452	458
Sep-2007	407	467	468	9/13	462	462
Dec-2007	413	474	475	9/14	464	468
Mar-2008	421	481	482	9/14	475	488
Jun-2008	425	489	490	9/14	481	501

1 = highest

Quarter	XYZ	ALL incl XYZ	ALL excl XYZ	XYZ's Rank	Lower Quintile	Upper Quintile
Sep-2006	\$ 291	\$ 295	\$ 299	7/13	295	305
Dec-2006	270	305	309	7/13	292	305
Mar-2007	259	314	315	2/13	295	308
Jun-2007	285	323	324	9/13	302	350
Sep-2007	275	331	332	9/13	310	346
Dec-2007	272	340	342	9/14	321	353
Mar-2008	290	345	349	9/14	335	368
Jun-2008	299	351	352	7/14	343	369

1 = lowest

Quarter	XYZ	ALL incl XYZ	ALL excl XYZ	XYZ's Rank	Lower Quintile	Upper Quintile
Sep-2006	67.41	67.70	67.70	9/13	65.19	71.84
Dec-2006	66.29	69.87	69.89	9/13	66.39	71.20
Mar-2007	65.76	70.47	70.59	2/13	66.87	72.05
Jun-2007	67.07	71.87	71.97	2/13	67.51	75.23
Sep-2007	66.80	72.71	72.79	9/13	68.51	74.95
Dec-2007	67.29	73.88	73.79	9/14	70.10	76.51

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# Motor trend



## Motor Trend Report

Produced: 21/07/2008  
Printed: 25/09/2008

Claim Type: Total  
State: Australia

NOTE: 'Collision and other causes' & 'Total' claim types include catastrophe data

Company: Sample Company

Quarter	Policies In force	Average Gross Premium	Market Share	Claim freq (qtr)	Claim freq (r12)	Av claim size (qtr)	Av claim size (r12)	Cost per Policy (qtr)	Cost per Policy (r12)	Loss ratio (qtr)	Loss ratio (r12)
		\$	%	%	%	\$	\$	\$	\$	%	%
Mar-2008	313,751	387	3.4%	13.74	13.77	2,054	1,969	282	271	72.96	71.12
Jun-2008	330,064	391	3.6%	14.18	13.80	2,031	1,996	288	275	73.64	71.87
Sep-2008	346,622	396	3.8%	14.51	14.06	2,069	2,034	300	286	75.74	73.49
Dec-2008	363,227	402	3.9%	15.63	14.55	2,016	2,041	315	297	78.39	75.32
Mar-2009	367,655	408	4.0%	15.56	15.00	2,216	2,086	345	313	84.45	78.27
Jun-2009	374,419	414	4.1%	16.42	16.06	2,067	2,355	545	378	131.57	93.92
Sep-2009	378,418	418	4.1%	15.85	16.27	2,087	2,348	331	384	79.09	93.59
Dec-2009	360,820	421	4.1%	15.63	16.26	2,123	2,370	332	388	78.82	93.35
Mar-2010	375,928	420	3.9%	16.22	16.52	2,110	2,342	342	387	81.43	92.49
Jun-2010	381,666	423	4.0%	15.85	15.88	2,147	2,117	340	336	80.47	79.95
Sep-2010	390,319	380	4.1%	12.48	15.02	2,261	2,155	282	324	74.22	78.82
Dec-2010	392,344	380	4.1%	13.07	14.38	2,116	2,155	277	310	72.74	77.34
Mar-2011	399,527	431	4.1%	15.52	14.23	2,026	2,131	314	303	72.89	75.10
Jun-2011	418,560	436	4.2%	15.17	14.09	2,089	2,115	317	298	72.73	73.11
Sep-2011	427,276	442	4.5%	14.72	14.64	2,038	2,065	300	302	67.89	71.43
Dec-2011	460,314	440	4.7%	15.00	15.09	2,128	2,071	319	313	71.15	71.09
Mar-2012	459,813	458	4.7%	15.03	14.98	2,002	2,064	301	309	65.89	69.27
Jun-2012	471,511	469	4.8%	14.88	14.86	2,119	2,072	311	308	66.39	67.74
Sep-2012	473,114	476	4.8%	14.54	14.81	1,980	2,057	288	305	60.47	65.81
Dec-2012	485,063	485	4.9%	15.06	14.83	2,048	2,037	308	302	63.63	64.00
Mar-2013	485,132	490	4.8%	14.27	14.66	1,943	2,023	279	297	57.04	61.81
Jun-2013	494,468	491	4.9%	14.74	14.68	2,095	2,018	309	296	62.90	61.02
Sep-2013	494,651	494	4.9%	14.82	14.75	1,960	2,012	290	297	58.86	60.60
Dec-2013	507,187	494	4.9%	16.26	15.06	2,330	2,091	379	315	76.68	64.00
Mar-2014	522,657	495	5.0%	14.49	15.08	2,107	2,129	305	321	61.73	65.07
Jun-2014	534,329	495	5.2%	14.94	15.12	2,166	2,146	323	325	65.38	65.67
Sep-2014	548,704	493	5.2%	15.53	15.20	2,246	2,215	349	339	70.82	68.60
Dec-2014	551,795	492	5.2%	16.50	15.38	2,284	2,206	377	339	76.54	68.72
Mar-2015	561,326	494	5.4%	15.99	15.75	2,438	2,287	390	360	79.00	73.02
Jun-2015	565,786	495	5.5%	15.63	15.91	2,159	2,289	337	363	68.22	73.64
Sep-2015	575,070	498	5.4%	14.26	15.61	2,211	2,275	317	355	63.77	71.78
Dec-2015	587,320	499	5.4%	14.97	15.23	2,435	2,313	364	352	73.03	70.97
Mar-2016	596,546	501	5.2%	14.99	14.98	2,180	2,247	327	337	65.19	67.55
Jun-2016	609,733	504	5.4%	13.94	14.56	2,506	2,333	349	340	69.30	67.85
Sep-2016	600,205	506	5.4%	14.56	14.61	2,382	2,374	347	347	68.61	69.01
Dec-2016	607,735	510	5.4%	15.75	14.81	2,409	2,368	379	351	74.38	69.41
Mar-2017	604,515	515	5.2%	15.43	14.92	2,218	2,376	342	354	66.43	69.68
Jun-2017	621,254	520	5.4%	14.91	15.16	2,615	2,406	390	365	74.91	71.13
Sep-2017	620,152	526	5.4%	15.23	15.33	2,288	2,362	348	365	66.17	70.46
Dec-2017	622,967	532	5.4%	17.87	15.86	2,652	2,452	474	389	89.11	74.30
Mar-2018	632,937	538	5.5%	15.11	15.78	2,545	2,530	384	399	71.45	75.42
Jun-2018	621,544	545	5.4%	16.11	16.08	2,340	2,463	377	395	69.22	73.97

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# Why use ISA data?



- Providing data different to that which you receive from internal sources, which can help by:
  - providing a view of other insurers’ overall “cost of production”, through regular state level trend reports and executive summaries relating claim costs to exposure measures
  - creating a larger data set and hence greater statistical credibility than your own portfolio. Minor code reports, large loss reports and catastrophe investigations provide this sort of information
  - provide benchmarks to test your own in-house analysis of what is happening in your portfolio and the market – all the reports help with this process.
- Helping to disclose problems with your internal management information systems through the need to reconcile results to ISA reports.
- Running in-house workshops to introduce your management team to the personal lines reports.

# Limitation of ISA data



Motor			
Year	Market Size*	ISA No of Policies	Market Share
1989Q2	7,442,200	380,545	5.11%
1990Q2	7,672,300	1,027,533	13.39%
1991Q2	7,734,100	1,173,083	15.17%
1992Q2	7,913,200	1,328,037	16.78%
1993Q2	8,050,000	1,613,358	20.04%
1994Q2	8,208,800	2,085,628	25.41%
1995Q2	8,628,806	2,351,752	27.25%
1996Q2	8,628,806	2,058,384	23.85%
1997Q2	8,989,136	2,241,128	24.93%
1998Q2	9,206,236	2,281,684	24.78%
1999Q2	9,206,236	1,770,500	19.23%
2000Q2	9,526,733	843,867	8.86%
2001Q2	9,686,269	4,913,029	50.72%
2002Q2	9,835,884	4,929,333	50.12%
2003Q2	10,101,441	6,086,540	60.25%
2004Q2	10,365,941	7,033,104	67.85%
2005Q2	10,365,941	7,314,678	70.56%
2006Q2	11,188,880	7,532,568	67.32%
2007Q2	11,462,400	7,675,981	66.97%
2008Q2	11,462,401	7,885,630	68.80%

\* number of registered passenger vehicles

Domestic			
Year	Market Size*	# of Policies	Market Share
1989Q2		666,763	
1990Q2		946,588	
1991Q2	5,283,150	1,461,828	27.67%
1992Q2	5,314,550	1,307,273	24.60%
1993Q2	5,373,450	1,704,461	31.72%
1994Q2	5,428,050	2,308,481	42.53%
1995Q2	5,487,700	2,509,174	45.72%
1996Q2	5,594,400	2,398,402	42.87%
1997Q2	5,659,650	2,487,193	43.95%
1998Q2	5,722,600	2,404,024	42.01%
1999Q2	5,794,850	1,630,698	28.14%
2000Q2	5,794,850	1,504,996	25.97%
2001Q2	6,518,400	3,624,743	55.61%
2002Q2	6,596,400	3,816,820	57.86%
2003Q2	7,255,000	3,829,948	52.79%
2004Q2	7,382,600	4,810,458	65.16%
2005Q2	7,464,400	5,046,192	67.60%
2006Q2	7,546,600	5,197,507	68.87%
2007Q2	7,602,900	5,297,160	69.67%
2008Q2	7,815,400	5,399,909	69.09%

\*Estimate of averager number of households and estimated number of private dwellings/number of dwellings

**Anything new?**

**ISA**

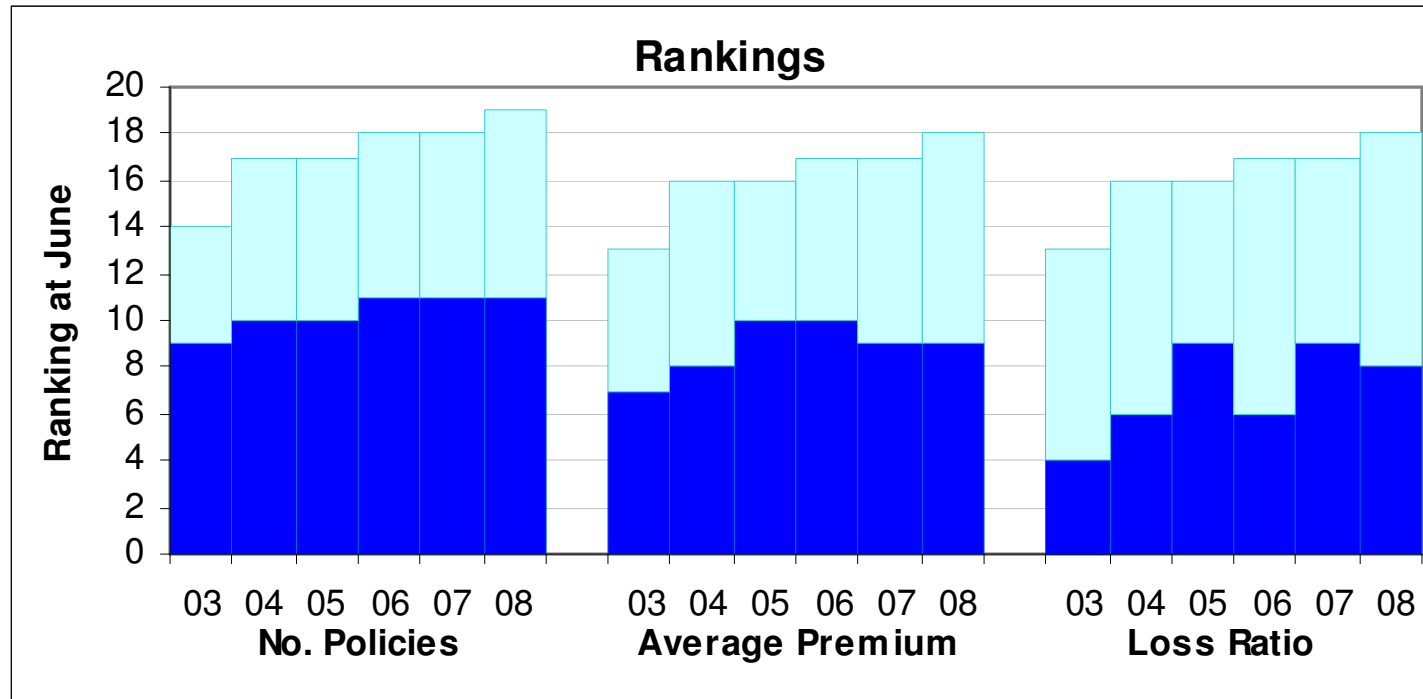
# Overall performance



		Quarterly	Qtr Change in 12mths	% of ISA	% of registered vehicles
Number of	XYZ	627,895	3%	8.0%	5.5%
	All Other	7,257,735	3%	92.0%	63.3%
		Quarterly	Qtr Change in 12mths	Rolling 12	Rolling 12 change in 12 mths
Average Premium Ratio	XYZ	543	4%	534	4%
	All Other	556	3%	551	3%
	Ratio	0.98		0.97	
Loss Ratio	XYZ	67%	-12%	73%	4%
	All Other	66%	-7%	70%	3%
	Ratio	1.01		1.04	

- Number of policies
- Average premium
- Loss ratio
- By state

# Ranking

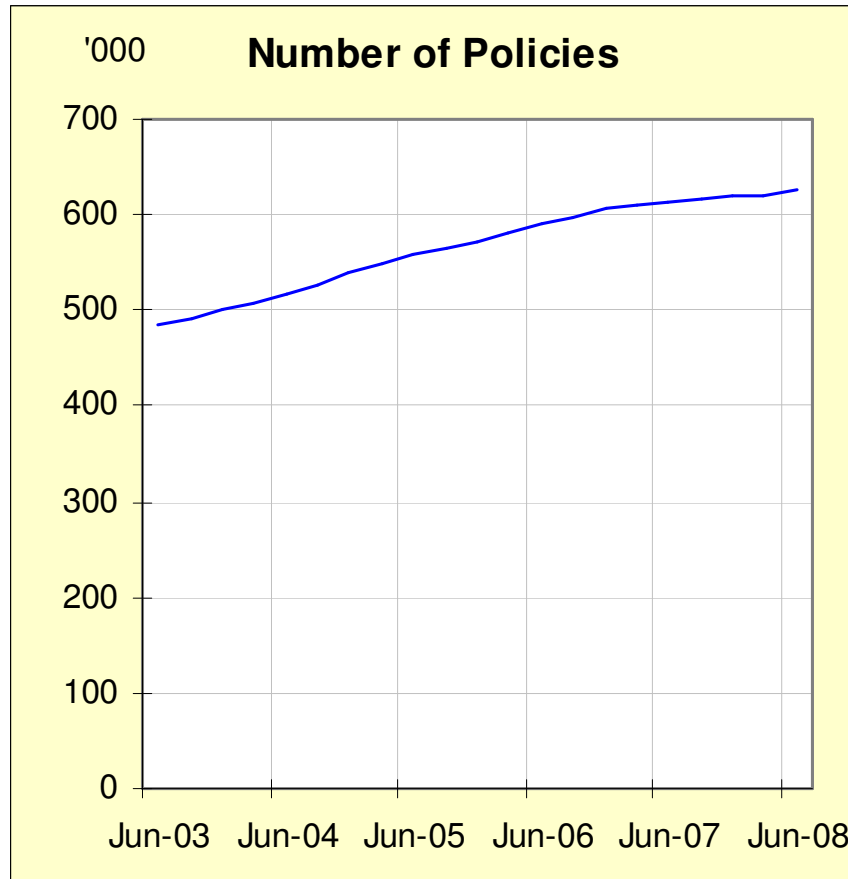


- Ranking by
  - number of policies
  - Average premium
  - Loss ratio
- By state, for rolling 12 months

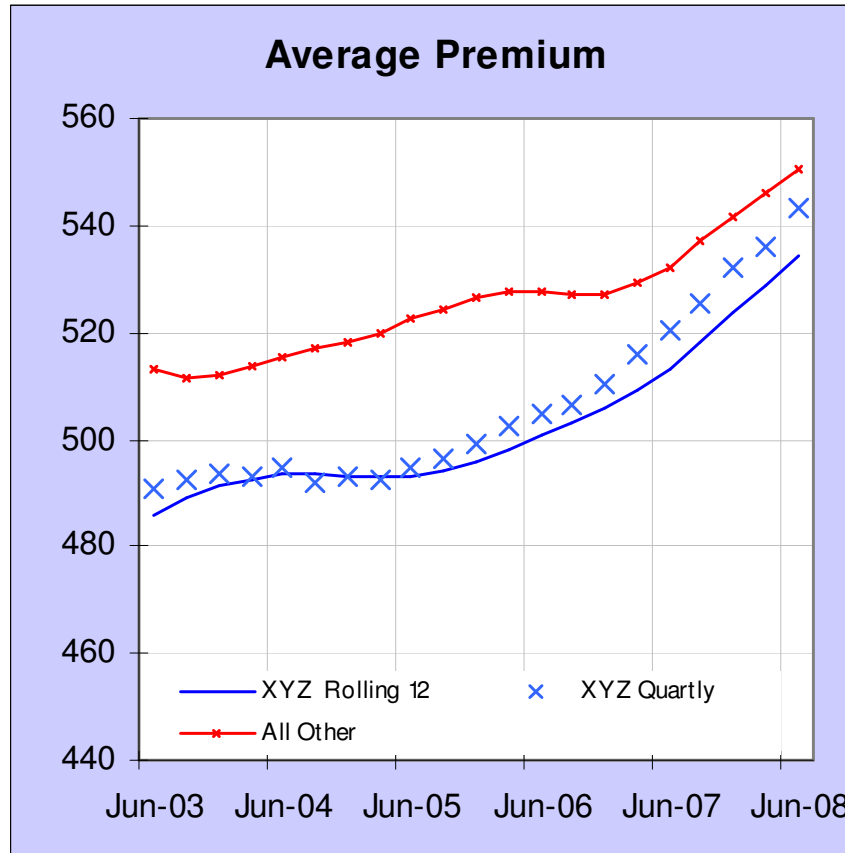
# Number of policies



- Trend over last 5 years

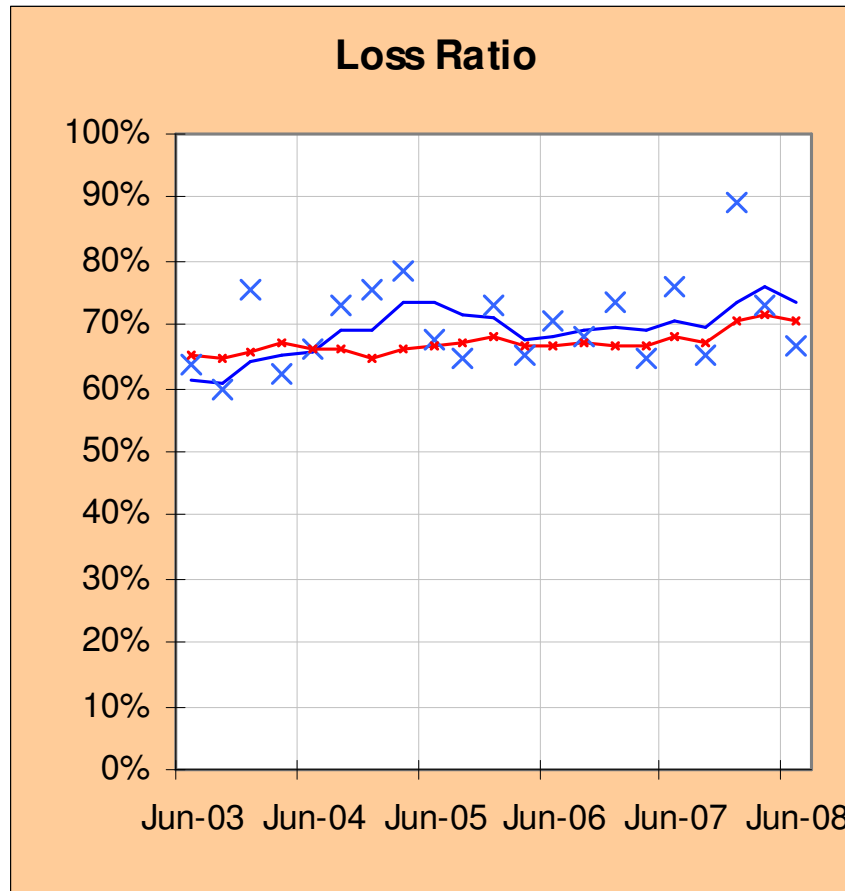


# Average premium



- Trend over the last 5 years
- Rolling 12 months and quarterly figures for XYZ insurer
- Rolling 12 months for “All other insurers” included in the report

# Loss ratio



- Overall trend of loss ratio over the last 5 years
- Rolling 12 months and quarterly figures for XYZ insurer
- Rolling 12 months for “All other insurers” included in the report

# Overall performance

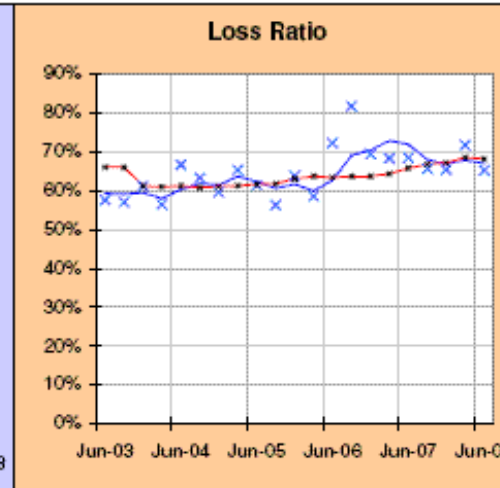
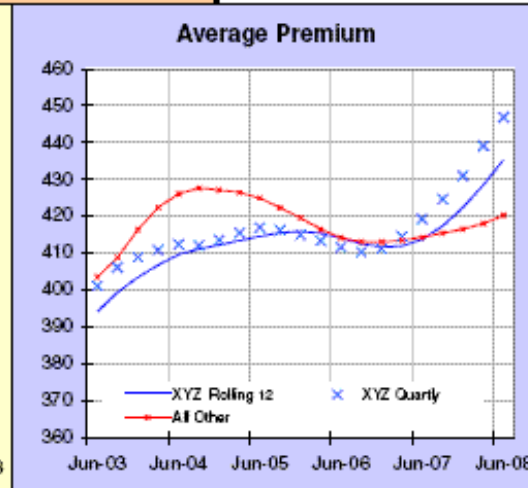
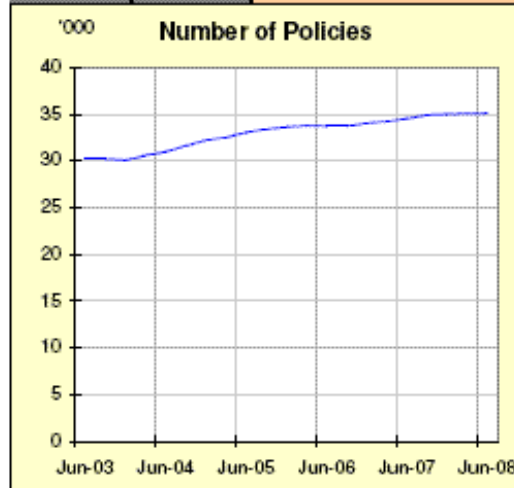
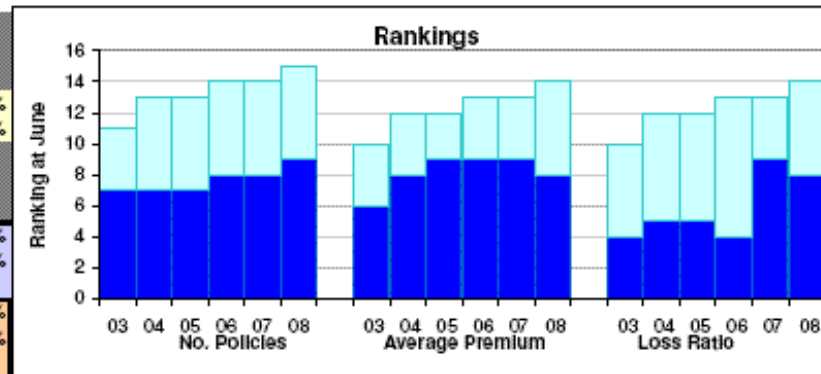


ISA Motor Report as at June 2008

Update

State SA

Policies		Quarterly	Qtr Change In 12mths	% of ISA	% of registered vehicles
		Quarterly	Qtr Change In 12mths	Rolling 12	Rolling 12 change in 12 mths
Policies	XYZ	34,688	0%	7.8%	3.7%
	All Other	409,411	3%	92.2%	44.2%
Average Premium	XYZ	447	7%	435	5%
	All Other	424	2%	420	1%
Loss Ratio	XYZ	1.05	-5%	1.04	-7%
	All Other	0.96	-2%	0.98	4%



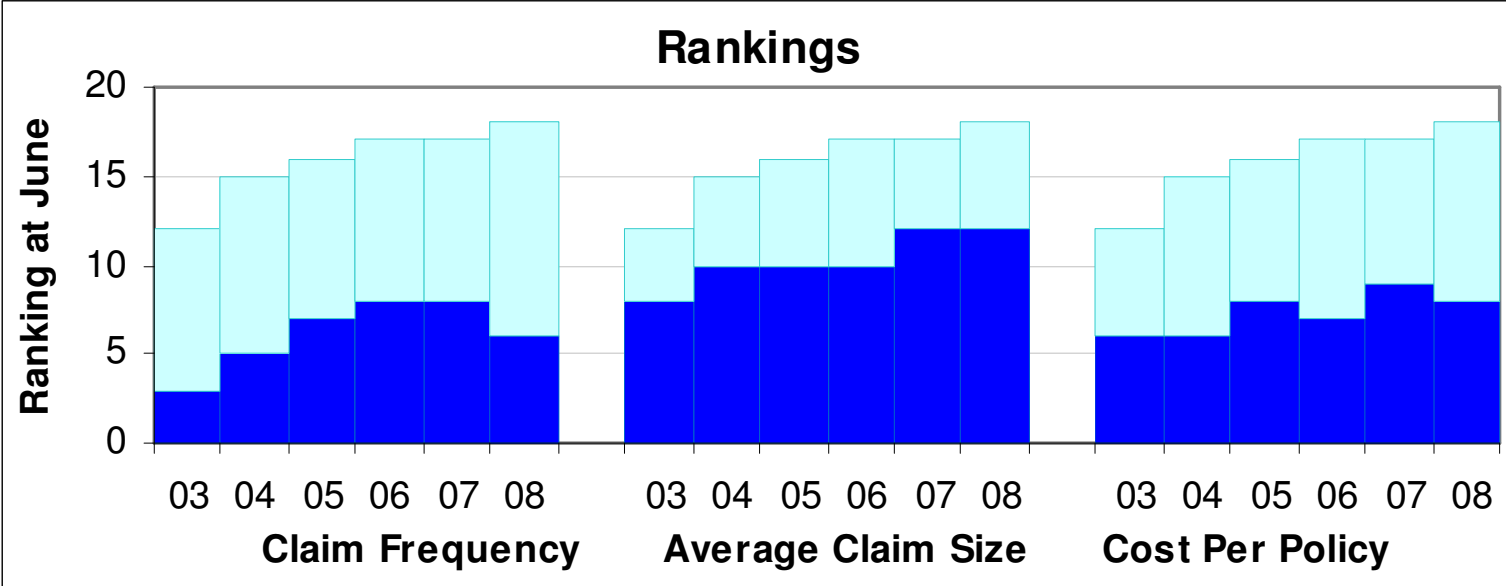
# Claim component - experience



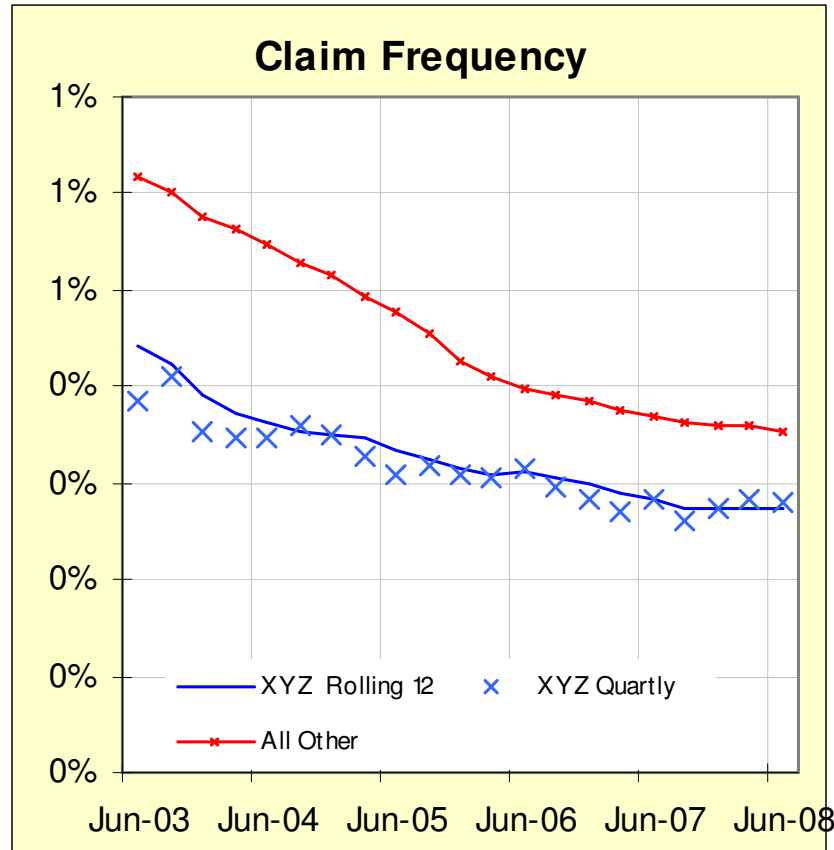
		Qtr			Rolling 12
		Change in		change in	
		Quarterly	12mths	Rolling 12	12 mths
Frequency	XYZ	0.28%	-2%	0.27%	-3%
	All Other	0.35%	-5%	0.35%	-5%
	Ratio	0.80		0.77	
Average Claim Size	XYZ	7,690	-6%	7,622	-5%
	All Other	6,365	2%	6,227	1%
	Ratio	1.21		1.22	
Cost per Policy	XYZ	21	-8%	21	-8%
	All Other	22	-3%	22	-4%
	Ratio	0.96		0.95	

- Quarterly and rolling 12 months
- By state (Australia, NSW, NT, Qld, SA, Tasmania, Vic, WA)
- By claim type (theft of or from vehicle, windscreen, collision and other)

# Claim component - benchmarking

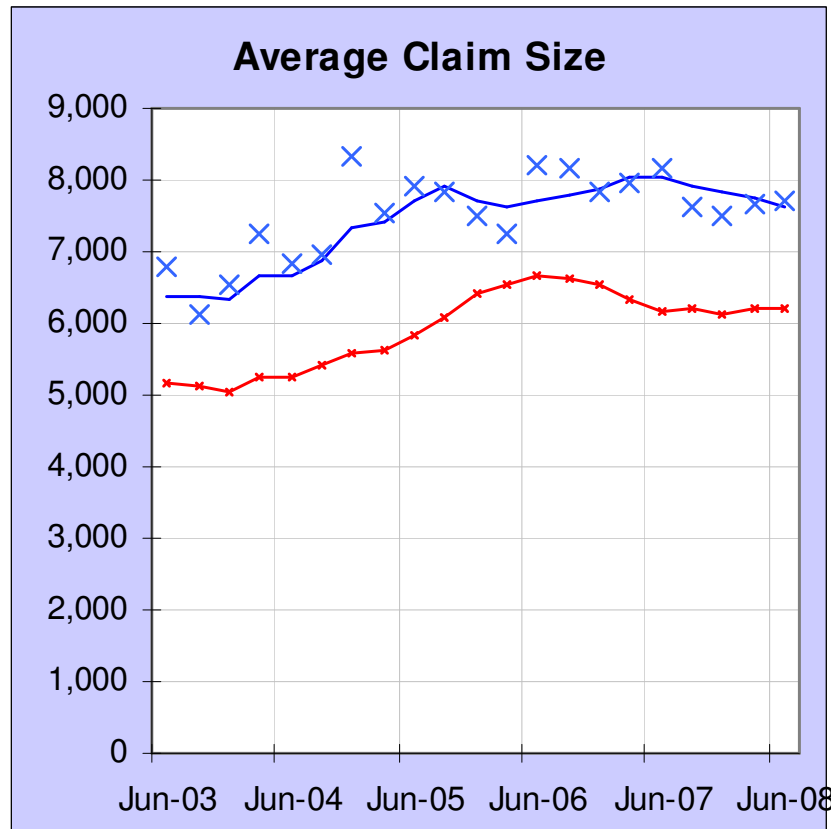


# Claim component – Claim frequency



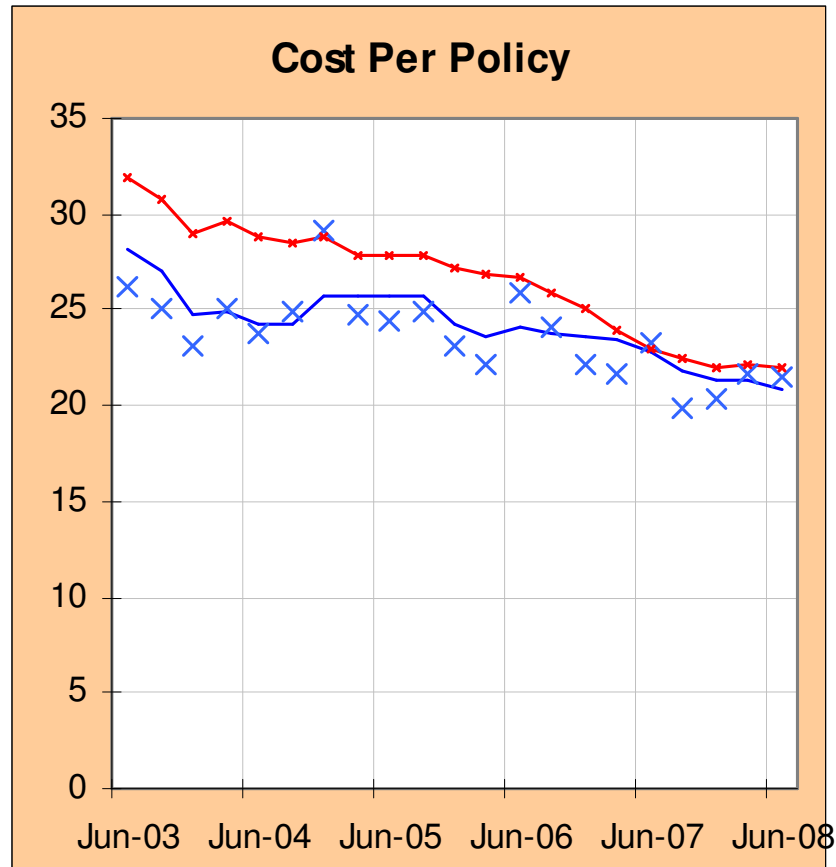
- Trend over the last 5 years
- Rolling 12 months and quarterly figures for XYZ insurer
- Rolling 12 months for “All other insurers” included in the report

# Claim component – Average Claim Size



- Trend over the last 5 years
- Rolling 12 months and quarterly figures for XYZ insurer
- Rolling 12 months for “All other insurers” included in the report

# Claim component – Cost per policy

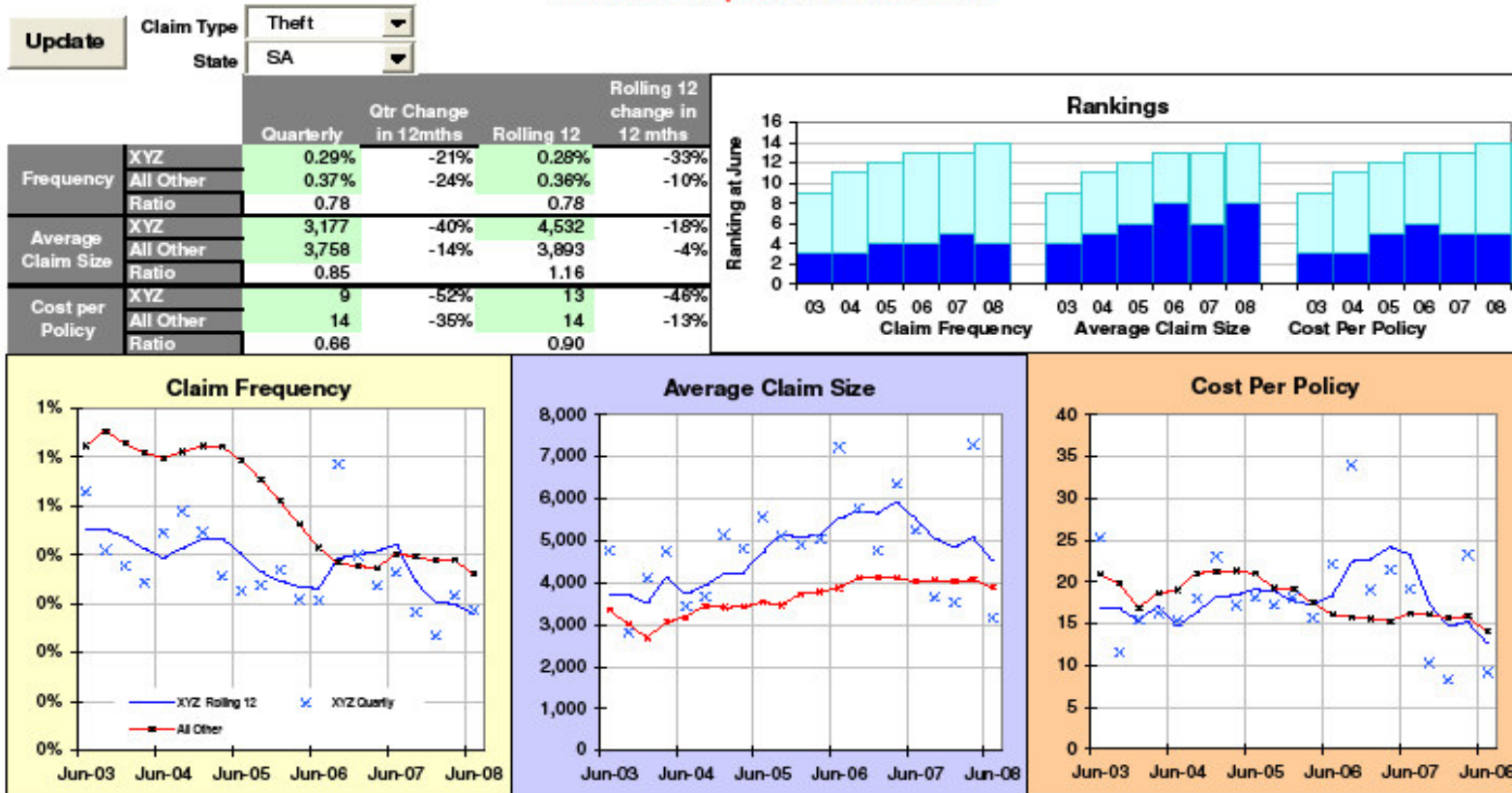


- Trend over the last 5 years
- Rolling 12 months and quarterly figures for XYZ insurer
- Rolling 12 months for “All other insurers” included in the report

# Claim component



## ISA Motor Report as at June 2008



# Operational Issues



Some important issues to consider in the operation of ISA are:

- timeliness of the reports is critical
- the usefulness of the reports to the underwriters and other users in the member companies
- the comprehensiveness (both market coverage and scope of statistics) of the reports with respect to needs
- the objectives of ISA are based on the provision of information and data, not on the provision of advice on specific insurance issues
- the operation must remain cost effective and competitive.

# Industry support



- Providing industry data to other participants the industry, which can
  - assist rational pricing by competitors by creating a more informed market
  - assist reinsurers and brokers to discussing rating practices and their outcomes with clients and so produce better-informed clients, as well as helping them evaluate proportional programs.
- Improving the industry's profile with government and the community by being able to respond to requests for information about the industry or claims costs generally, e.g.
- This assistance reduces the cost to individual insurers in responding to such outside queries. It also enhances the credibility of the industry (and hence individual insurers) by allowing representatives of the industry or individual insurers to authoritatively discuss or explain industry trends and issues based on the maximum amount of statistical information possible. The more insurers that are involved, the more credible ISA's data and hence the more useful it is to such stakeholders.

# Questions



- This presentation is of a general nature and reflects statistical measures of past performance. It does not provide advice in relation to any particular insurer's performance or prospects
- Please contact the presenter, Nevena Mackic, on (02) 8252 3343 if there are any matters that you would like to discuss further