

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS INSURANCE SECTOR

TAL Life

Additional data for TAL03QON - answers to questions on notice in writing:

TAL03QON: To the extent that people aren't renewing, do you have a sense of the demographics of that cohort? It would also be much appreciated if you could provide an update on that front, say, in a couple of months, because obviously it's a very fluid situation.

Answer: The table below provides a comparison of the policy renewal data from 1 January 2019 to 30 June 2019, and 1 January 2020 to 30 June 2020.

For the Retail portfolio, policy renewal rates are materially the same as the prior year 6-month period, and for the Direct portfolio the policy renewal rates are slightly higher (i.e. non-renewal rates slightly lower).

Comparison of TAL policy renewal data

1 January 2019 to 30 June 2019	1 January 2020 to 30 June 2020
4.12% (annualised at 8.25%) of TAL's retail (advised) policies were not renewed and 5.51% (annualised at 11.02%) of TAL's direct policies were not renewed.	3.96% (annualised at 7.92%) of TAL's retail (advised) policies were not renewed and 4.25% (annualised at 8.50%) of TAL's direct policies were not renewed.
More of the people who do not renew their policies are male (66% male for TAL's retail-advised policies and 54% male for TAL's direct policies). This is generally consistent with the demographics of our inforce customer base.	More of the people who do not renew their policies are male (65% male for TAL's retail-advised policies and 55% male for TAL's direct policies). This is generally consistent with the demographics of our inforce customer base.
More of the people who do not renew their retail (advised) policies are older (over 55). This is the case because of the nature of our retail customers. Generally, the older age groups are reaching their financial goals and require less insurance as they get older.	More of the people who do not renew their retail (advised) policies are older (over 55). This is the case because of the nature of our retail customers. Generally, the older age groups are reaching their financial goals and require less insurance as they get older.

More of the people who do not renew their direct policies are younger (under 45) and these relate to life cover or income protection. This is generally consistent with the demographics of our inforce direct customer base for life and income protection.	More of the people who do not renew their direct policies are younger (under 45) and these relate to life cover or income protection. This is generally consistent with the demographics of our inforce direct customer base for life and income protection.
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PREVIOUSLY SUPPLIED DATA

TAL03QON: To the extent that people aren't renewing, do you have a sense of the demographics of that cohort? It would also be much appreciated if you could provide an update on that front, say, in a couple of months, because obviously it's a very fluid situation.

Answer: 8.8% of TAL's retail (advised) policies were not renewed during the 2019 calendar year and 10% of TAL's direct policies were not renewed during the 2019 calendar year.

For the 2019 calendar year, TAL's policy termination data shows that:

- More of the people who do not renew their policies are male (66% male for TAL's retail-advised policies and 54% male for TAL's direct policies). This is generally consistent with the demographics of our inforce customer base.
- More of the people who do not renew their retail (advised) policies are older (over 55). This is the case because of the nature of our retail customers. Generally, the older age groups are reaching their financial goals and require less insurance as they get older.
- More of the people who do not renew their direct policies are younger (under 45) and these relate to life cover or income protection. This is generally consistent with the demographics of our inforce direct customer base for life and income protection.

TAL will provide a further update to the committee on this data by 30 August 2020 unless required earlier by the committee members.