General Population

Australia’s population at 30 September 2011 is estimated by the Australian Bureau of Statistics (ABS) at 22.7 million.

While, like many Western countries, Australia has an ageing population, it is yet as old as many European countries.


Mortality is relatively low by global standards. The ABS commented in Feb 2012 “Over the past 20 years, life expectancy at birth has improved by 5.6 years for males and just under 3.9 years for females. Based on current mortality rates, a boy born in 2008-2010 can expect to live 79.5 years, while a girl can expect to live 84.0 years. According to United Nations estimates for 2005-10, Australia’s life expectancy at birth is ranked among the highest in the world.”

The Australian Government Actuary (AGA) produces life tables quinquenially on more complete data than the ABS. The most recent tables were for 2005-07.

Australia has also experienced significant improvement in mortality rates, in line with most other countries. The AGA showed the significant differences in the patterns in mortality improvement over time as follows.
Figure 10: Historical mortality improvement factors derived from the Australian Life Tables

Males

Females

Source: Australian Government Actuary, Australian Life Tables 2005-07, 2009
**Life Insurance Market**

Australia currently lacks a significant private lifetime annuity market. The main source of lifetime annuities (apart from the state provided Age Pension) are public sector and corporate defined benefit schemes, which are rapidly reducing in size as they are closed to new members and/or wound up.

There is hence no recent insured lives table for annuitants.

The most recent public insured lives table for mortality protection is IA95-97. The most recent public experience investigation against this table was for the period 1998-99, published in 2004.

Since this time, responsibility for industry mortality investigations has been taken on by the Financial Services Council (peak industry body for life insurers, among others) and KPMG. The results of these studies are provided to contributors but are not publicly available.

The life insurance market is quite concentrated, with a significant presence of reinsurers. Both Individual and Group business are competitive but remain profitable, according to latest APRA statistics (30 June 2011 Half Yearly Bulletin).

There is no published analysis of mortality improvement for insured lives.

There is currently a project underway to reform capital standards for life and general insurers, known as LAGIC, due to come into force 1 January 2013. The life insurance standard is scenario based with explicit allowance for diversification benefits. There is no option currently for the development of an internal model in the style of Solvency II. The addition of an explicit capital requirement for extreme mortality events, such as a pandemic, is likely to increase mortality risk capital requirements.