

## **Australia Life Insurance Market Size and Share Outlook - Forecast Trends and Growth Analysis Report (2025-2034)**

Market Report | 2025-10-27 | 116 pages | EMR Inc.

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### **Report description:**

Australia Life Insurance Market Insights- As per the Australian Bureau of Statistics in 2023, there were 183,131 registered deaths highlighting sustained demand for life insurance products that provide essential financial protection against mortality risks, including income replacement, debt settlement, and funeral costs, thereby driving insurer efforts to enhance product offerings and consumer education on risk mitigation and financial security.- The percentage of older Australians in the population is set to make up between 21% to 23% of the population in 2066, creating significant market opportunities for insurers to develop tailored retirement, long-term care, and estate planning products that address the evolving needs of an ageing demographic prioritising financial stability and healthcare coverage.- In the September quarter 2024, Australian household wealth increased by 2.4% or AUD 401 billion to AUD 16.9 trillion, enhancing consumer financial capacity and driving demand for life insurance products focused on wealth preservation, asset protection, and intergenerational transfer, thereby fuelling expansion in both traditional life and investment-linked insurance markets.Australia Life Insurance Market OverviewThe demand of the Australia life insurance market is rising as households increasingly prioritise long-term financial security amid rising healthcare costs, economic uncertainty, and an ageing population. Consumers are actively seeking policies that provide comprehensive coverage, including income replacement, debt protection, and future planning for dependents. The ability to customise plans with add-ons such as critical illness, disability, and terminal illness benefits is further driving adoption. Additionally, favourable tax treatment and growing awareness through digital advisory platforms are encouraging broader market participation across diverse income and age groups. In November 2024, AIA Australia introduced My Psychologist, a virtual mental health service allowing policyholders and their families to access qualified psychologists at reduced rates. □This initiative directly addresses the increasing need for affordable mental health services, helping Australians avoid long wait times and high treatment costs, thus enhancing the appeal of life insurance offerings.The Australia life insurance market revenue is impacted by the product's ability to provide security and trust, ensuring financial stability for policyholders' families. Life insurance covers essential expenses such as debts and funeral costs, while supporting long-term financial planning. The introduction of flexible premium options and the ability to combine policies with income protection or disability insurance further enhances the value proposition.Australia Life Insurance Market GrowthThe Australia life insurance market is experiencing growth as consumers increasingly value policies that offer both

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protection and financial planning benefits. Life insurance is becoming a key tool in wealth management strategies, supporting long-term goals such as retirement planning and legacy transfer. Demand is rising for solutions that provide stable returns, flexible coverage, and investment-linked components, particularly among high-net-worth individuals and business owners. Additionally, life insurance plays a critical role in business succession planning and intergenerational wealth transfer, with policy features enabling structured payouts and tax-efficient estate distribution. In December 2024, NAB divested its remaining 20% stake in MLC Life Insurance to Nippon Life for AUD 795 million, resulting in the creation of Acenda. This merger formed one of Australia's largest life insurers, managing AUD 78 billion in assets and serving 2 million customers. The growth of the Australia life insurance market is supported by the ease of access to coverage from a wide range of insurers, with some policies offering options that do not require medical tests for certain individuals. Additionally, accelerated benefits, which provide early payouts in the event of terminal illness, offer significant financial relief. Life insurance also plays a vital role in retirement planning, ensuring the financial security of dependents while facilitating investment growth.

### Key Trends and Developments

The Australia life insurance market growth is propelled by the expansion of insurtech and fintech, rising cybersecurity threats prompting specialised coverage, the adoption of token-based insurance solutions, and increased personalisation driven by advanced data analytics.

**May 2025 :** IAG repositioned its Intermediated Insurance Australia division to enhance underwriting, pricing, and claims management for CGU and WFI brands. The restructuring aimed to boost broker and customer service, prompted leadership changes, and marked a shift towards agility and innovation to support future growth and evolving risks.

**April 2025 :** Hannover Life Re of Australasia agreed to acquire Swiss Re Life & Health Australia's direct life insurance portfolio, which operated under the iptiQ brand. This move marked a significant development in Australia's reinsurance mergers and acquisitions landscape, enhancing Hannover Re's presence in the direct life insurance market.

**December 2024 :** Nippon Life Insurance announced its acquisition of Resolution Life, leading to the merger of MLC Life Insurance and Resolution Life Australasia, forming Acenda. This new entity, serving 2 million customers, aims to enhance growth and stability while continuing to focus on innovative, customer-driven life insurance solutions.

**August 2024 :** MetLife Australia launched "Manage My Insurance," an enhanced online platform for super fund members to access and update their life insurance. The platform offers a simple, secure, and convenient way to manage coverage, increasing member engagement. MetLife aims to improve customer experience and drive transparency through digital innovation.

### Growth of Insurtech and Fintech Boosting Opportunities in the Australia Life Insurance Market

The rise of insurtech and fintech firms is reshaping Australia's insurance sector, driven by demand for digitisation and operational efficiency. The February 2025 launch of the UK-Australia Insurtech Pathway, leveraging the Free Trade Agreement, supported cross-border expansion by providing regulatory insight and investor access. □These firms utilise data analytics and digital platforms to enhance personalisation, streamline distribution, and optimise claims processes. Cybersecurity Risks and Insurance Implications are Driving Demand in the Australia Life Insurance Market Cybersecurity emerged as a key market driver in Australia's insurance landscape, with escalating cyber incidents prompting more selective underwriting and stricter policy terms. In May 2025, CFC expanded its Cyber Proactive Response cover to include bespoke solutions for digital health, fintech, and tech sectors. □These developments underscore growing demand for AI-driven protection, particularly against data breaches and operational disruptions.

### Emergence of Token-Based Insurance Solutions is Driving Growth of the Australia Life Insurance Market

Emerging blockchain-based token insurance solutions in Australia are driving market innovation by enhancing underwriting efficiency and claims transparency. In May 2024, Day by Day launched the world's first self-serve blockchain platform, leveraging NFTs, smart contracts, and AI to serve travel, vehicle, and health segments. □This technological advancement addresses growing demand for personalised, digital-first insurance products and supports market disruption.

### Personalisation Through Data Analytics is Impacting the Australia Life Insurance Market

Revenue Personalisation emerged as a key market driver in Australia's life insurance sector, with insurers harnessing data analytics to align products and pricing with individual risk profiles. MLC Life Insurance exemplified this shift through a comprehensive technology and operations overhaul, modernising legacy infrastructure, navigating industry consolidation, and meeting digital □engagement demands, positioning itself to deliver more customer-centric and competitive offerings.

### Australia Life Insurance Market Trends

A key trend in the Australia life insurance market is the rapid shift towards digitalisation, driven by increasing consumer expectations for convenience and accessibility. More Australians are purchasing policies online and managing their plans through mobile apps, prompting insurers to upgrade digital platforms and streamline application processes. To support this transformation, EY partners with insurers to enhance performance and operational efficiency through digital tools, including the EY Nexus platform. Additionally, the rise of insurtech startups is accelerating innovation by delivering more efficient,

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customer-friendly life insurance solutions. This digital evolution is making life insurance more accessible and relevant to a broader, tech-savvy population. A prominent driver shaping the Australia life insurance market dynamics and trends is the integration of health and wellness initiatives into insurance offerings. Insurers are increasingly incentivising preventative care by providing rewards or premium discounts for healthy behaviours, such as regular exercise or maintaining a non-smoking status. These policies often include access to wellness apps, gym memberships, or regular health assessments. In May 2024, Everest Insurance entered the Australian market, establishing offices in Sydney and Melbourne and focusing on sectors like property, casualty, and financial lines. Led by Christian Colombera, the firm aims to deliver agile, customer-centric risk solutions aligned with evolving market demands. This preventative approach not only supports consumer well-being but also enables insurers to reduce claims frequency, manage risks more effectively, and enhance long-term profitability.

**Australia Life Insurance Market Opportunities**

Artificial intelligence (AI) and automation are becoming key drivers of growth and innovation within the Australia life insurance market, significantly shaping market dynamics. Insurers are utilising AI to enhance risk assessment, personalise policy offerings, and improve underwriting accuracy. Automation is streamlining claims management and customer interactions through chatbots, boosting operational efficiency. In August 2023, MLC Life Insurance launched Wysa Assure, Australia's first AI-guided mental health support tool, in collaboration with Swiss Re. The app integrates cognitive behavioural therapy and generates wellbeing scores for proactive mental health management. These technological advancements enable insurers to reduce costs, deliver faster, data-driven services, and enhance customer satisfaction in an increasingly competitive market.

**Market Restraints**

The Australia life insurance market is experiencing increasing premium costs, primarily due to elevated underwriting risks, an ageing demographic, and rising healthcare expenses. These financial pressures are compounded by stringent regulatory oversight from APRA and ASIC, which has significantly raised compliance costs and limited the industry's capacity for innovation. Additionally, limited consumer awareness, health-related exclusions, and macroeconomic uncertainty restrict market penetration. Intense competition has led to price-driven strategies, compressing margins, while rapid technological change necessitates continuous investment. These factors collectively demand strategic adaptation to sustain competitiveness and operational resilience within the evolving regulatory and economic landscape.

**Australia Life Insurance Market Report and Forecast 2025-2034** offers a detailed analysis of the market based on the following segments:

**Market Breakup by Type-** Term Life Insurance- Whole Life Insurance- Universal Life Insurance- Variable Life Insurance

**Market Breakup by Distribution Channel-** Agents- Brokers- Bancassurance- Direct Channels- Others

**Market Breakup by Region-** New South Wales- Victoria- Queensland- Australian Capital Territory- Western Australia- Others

**Australia Life Insurance Market Share Market Analysis by Type**

According to the Australia life insurance market report, term life insurance remains a key market driver due to its affordability and simplicity. Offering coverage for a fixed term, typically 10 to 30 years, it provides essential financial protection without an investment component, resulting in lower premiums. Products like Real Term Life Cover offer flexible benefits, including payouts for death or terminal illness, with coverage ranging from AUD 16,000 to AUD 160,000 and additional features such as accidental death and funeral cost assistance, making it an attractive choice for consumers seeking short-term yet comprehensive protection.

Whole life insurance significantly supports Australia life insurance market expansion by offering lifelong coverage with a guaranteed death benefit and an investment component that builds cash value over time. It appeals to consumers seeking both financial security and wealth accumulation. In January 2025, Prudential Financial transferred USD 7 billion in reserves to Prismic Life, a Bermuda-based reinsurer, strengthening its global reinsurance strategy. Prudential also invested AUD 160 million, alongside AUD 635 million from other investors, boosting assets under management to AUD 27 billion, highlighting the sector's growing capital inflows and strategic positioning.

Universal life insurance is driving opportunities in the Australia life insurance market through its adaptable structure. Offering flexible premiums and adjustable death benefits, it allows policyholders to tailor their coverage as financial needs evolve. The policy's cash value component, which grows with interest rates, combines protection with long-term savings potential. In April 2024, Prudential Financial finalised a reinsurance deal with Somerset Re, transferring a portion of its guaranteed universal life insurance block. First announced in July 2023, the deal aimed to improve capital efficiency and reduce market sensitivity, following a similar transaction with NN Life in December.

**Market Analysis by Distribution Channel**

According to the Australia life insurance market report, agents remain a critical distribution channel, acting as key market drivers by offering personalised, face-to-face advisory services. Their ability to build trust and tailor policy recommendations to individual client needs enhances customer engagement and retention. By simplifying complex insurance terms and providing continuous support throughout the policy lifecycle, agents improve accessibility and customer understanding, factors crucial to boosting uptake rates

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in an increasingly competitive market where informed decision-making drives long-term value for both consumers and insurers. Bancassurance continues to support the growth of the Australia life insurance market by integrating insurance products into traditional banking services. This model allows financial institutions to cross-sell life insurance alongside banking offerings such as loans and mortgages, creating a one-stop financial solution for customers. The convenience of purchasing insurance within familiar banking environments increases penetration, while bundled offerings enhance the overall customer experience. Bancassurance also enables insurers to tap into banks' large customer bases and established distribution networks, making it a cost-effective and scalable growth strategy.

**Australia Life Insurance Market Regional Insights**

**New South Wales Life Insurance Market Overview** According to the Australia life insurance industry report, the life insurance market in New South Wales benefits from a large, diverse population, with growing demand for coverage driven by increasing financial protection awareness. icare supports businesses, individuals, and communities by offering workers' compensation, insuring builders and homeowners, and safeguarding government assets, including landmarks like the Sydney Opera House.

**Queensland Life Insurance Market Trends** In Queensland, the life insurance market is growing due to an ageing population and increased health concerns. Rising demand for comprehensive coverage, such as income protection and critical illness insurance, reflects consumers seeking long-term security and financial stability. The Group Life Policy, launched in 2011 and underwritten by MetLife since 2015, provides AUD 300,000 coverage for death, terminal illness, or total disability, with lower premiums based on age and gender. Participation is compulsory for those under 55, according to the Bar Association of Queensland.

**Western Australia Life Insurance Market Dynamics** Western Australia's life insurance market is shaped by regional economic activity and a strong emphasis on personal financial planning. Growing awareness of life insurance's importance has led to a rising demand for tailored policies that offer financial security. NobleOak Life and RAC WA introduced new life insurance products, offering fully underwritten coverage to RAC members. The partnership aims to deliver valuable, award-winning service and security and trust to members at critical life stages.

**Victoria Life Insurance Market Drivers** Victoria's life insurance sector expanded due to population growth and increasing health consciousness, driving demand for customised insurance solutions. Key partnerships, such as Bank of Melbourne with TAL, an established insurer with over 150 years' expertise and multiple accolades, enhanced product innovation, offering flexible digital access and comprehensive benefits. Strong regulatory frameworks and widespread digital adoption further catalysed market development and competitive differentiation.

**Australian Capital Territory Life Insurance Market Opportunities** The Australian Capital Territory's life insurance market growth was driven by a high-income, professional demographic prioritising financial protection. ACTIA's specialised government insurance services, covering public liability, professional indemnity, and compensation schemes, underpin risk management. Government-led initiatives and digitally adept consumers accelerated the adoption of innovative digital insurance solutions, enhancing market efficiency, customer engagement, and driving sector advancement within a robust regulatory environment.

**Competitive Landscape** Key players in the Australia life insurance market are driving growth by offering supplemental health and life insurance products that address coverage gaps left by standard policies. Flagship offerings, including accident and illness coverage, provide added financial protection, enhancing value for policyholders. These insurers leverage innovative strategies such as expedited claims processing and personalised customer service to strengthen engagement and satisfaction. Their expansive regional reach and focus on tailored solutions position them as critical contributors to market expansion and the evolving consumer demand for comprehensive, flexible insurance coverage.

**Key Industry Players**

**MetLife Inc.:** Headquartered in New York City, United States, MetLife Inc. was established in 1868. It is one of the largest global providers of life insurance, annuities, and employee benefit programs. MetLife serves millions of customers across more than 40 countries, offering innovative solutions in financial security and protection.

**Prudential Financial, Inc.:** Prudential Financial, founded in 1875, is headquartered in New Jersey, United States. It is a leading financial services company, providing insurance, investment management, and retirement solutions. Prudential serves individuals and businesses worldwide, helping them secure their financial future with a range of products designed for long-term financial protection and growth.

**New York Life Insurance Company:** Established in 1845 and headquartered in New York City, United States, New York Life is one of the largest mutual life insurance companies in the United States. It offers a range of life insurance, retirement, and investment products. The company is known for its strong customer service and long-standing financial stability.

**Northwestern Mutual:** Founded in 1857 and headquartered in Wisconsin, United States, Northwestern Mutual provides life insurance, disability insurance, and financial planning services. It is renowned for offering comprehensive financial solutions and has a reputation for reliability, helping individuals achieve financial security and long-term goals through a holistic approach to planning.

Another key player in the

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Australia life insurance market report is Aflac Inc., among others.

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