# Lenders mortgage insurance

2025 has been a busy year for LMI, with expansions to the Home Guarantee Scheme, the introduction of the Help to Buy Scheme, and CBA and ING announcing a change of suppliers. In addition to this activity, let's talk about three industry trends we're seeing across premiums, claims and loan behaviour.

Starting with premiums, industry GWP continued to fall over 2024-25, impacted by the Home Guarantee Scheme and premium waivers from banks. In contrast, high LVR lending has grown in the same period, thus increasing the number of loans above 80 LVR that are no longer insured by LMIs. Looking ahead, expansion of the Home Guarantee Scheme and the new Help to Buy Scheme further reduces demand for traditional LMI. This means we should think about new product offerings to protect the top line, while preparing to operate in a smaller market.

Moving onto claims, mortgage arrears have increased from the record lows we saw a couple years ago – but they remain well contained. Over 2025, the industry gross loss ratio is -8%, helped by prior year reserve releases that have brought an underlying 15% loss ratio into negative territory. Strong employment figures and rising house prices continue to support the benign claims environment.

And, finally, turning to loan behaviour, refinancing activity has increased over the past decade and is expected to accelerate further as rates ease and house prices rise. Refinancing also causes LMI policy lapses, which shortens how long insurers need to hold capital. This behavioural shift could prompt a revisit on long-term capital assumptions and the economics of LMI policies.

The next 12 months are going to be challenging for LMI insurers. While we expect the claims activity to remain relatively subdued, barring any major economic shocks, you'll need to manage the pressures of a contracting market.