



An overview of the experience
of life insurers in
South Africa for 2018



South African Reserve Bank

Prudential Authority

Agenda

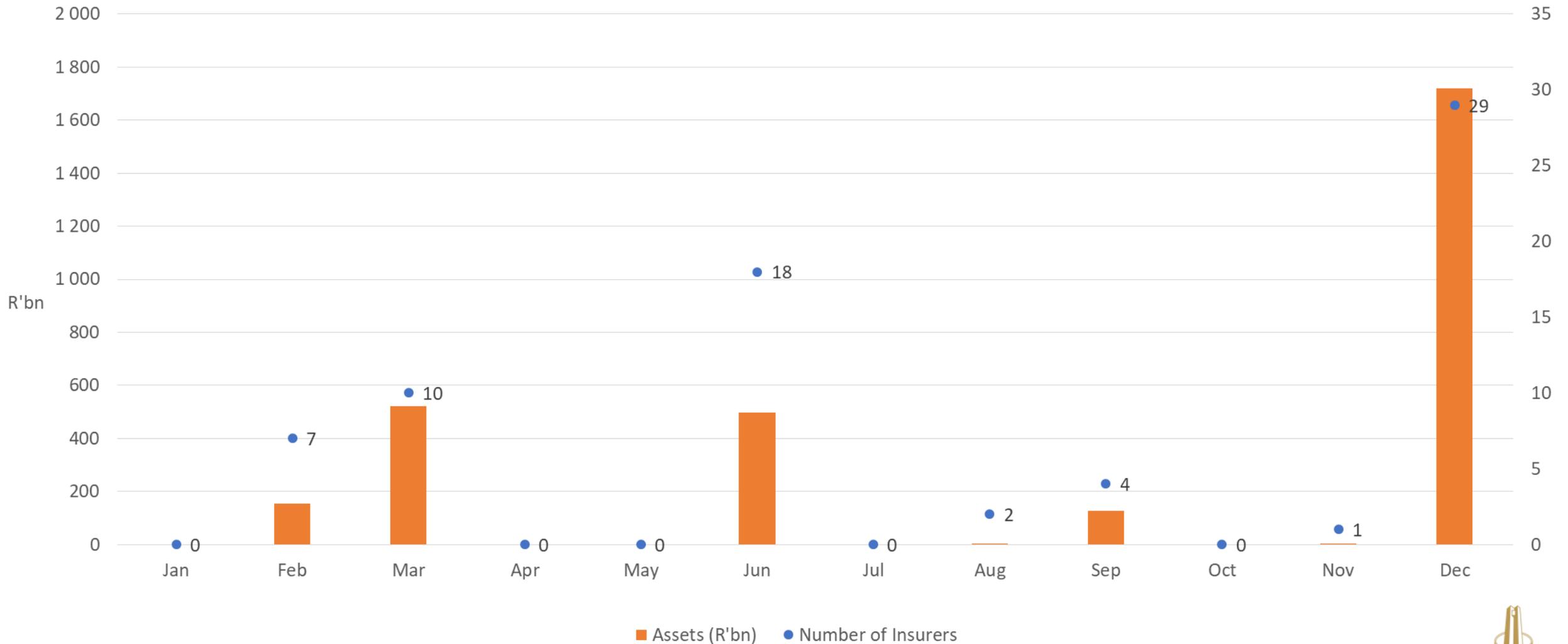
- General overview
- Premiums and benefits
- Expenses
- Assets
- Liabilities
- Basic Own Funds
- Solvency Capital Requirement



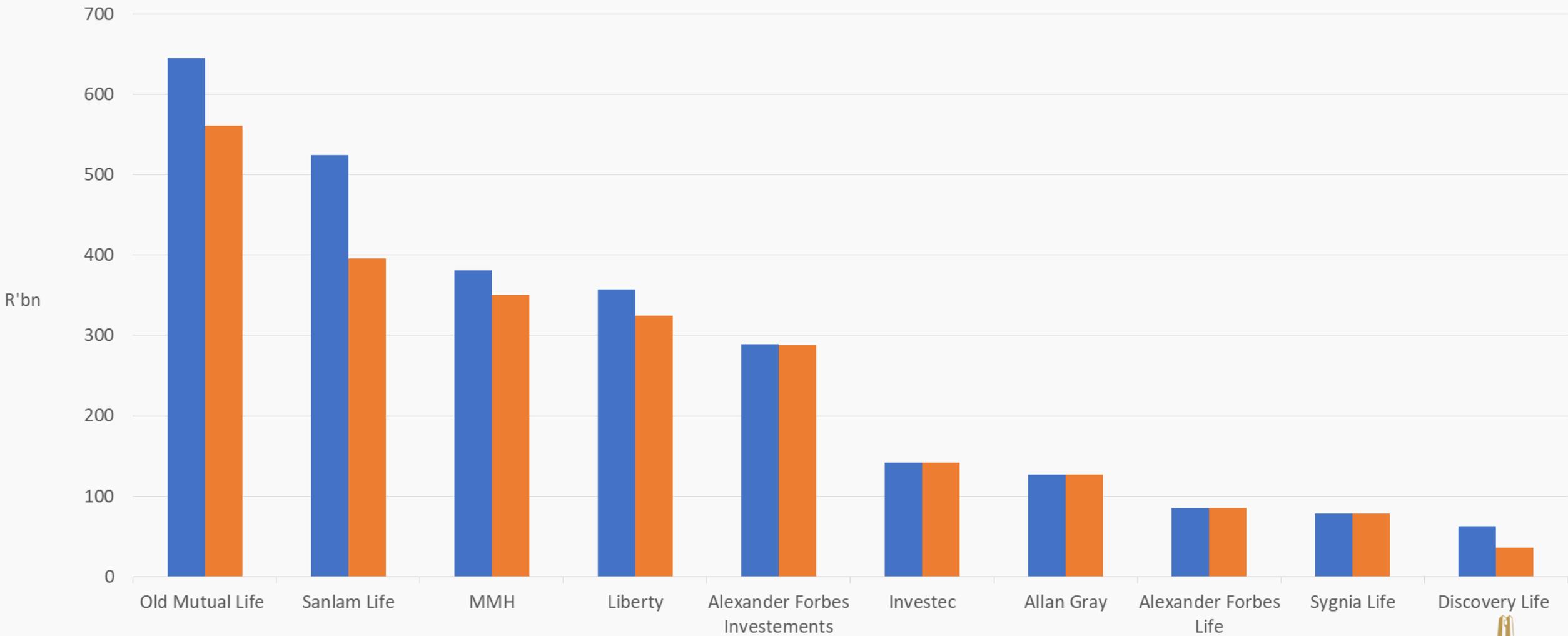
General overview



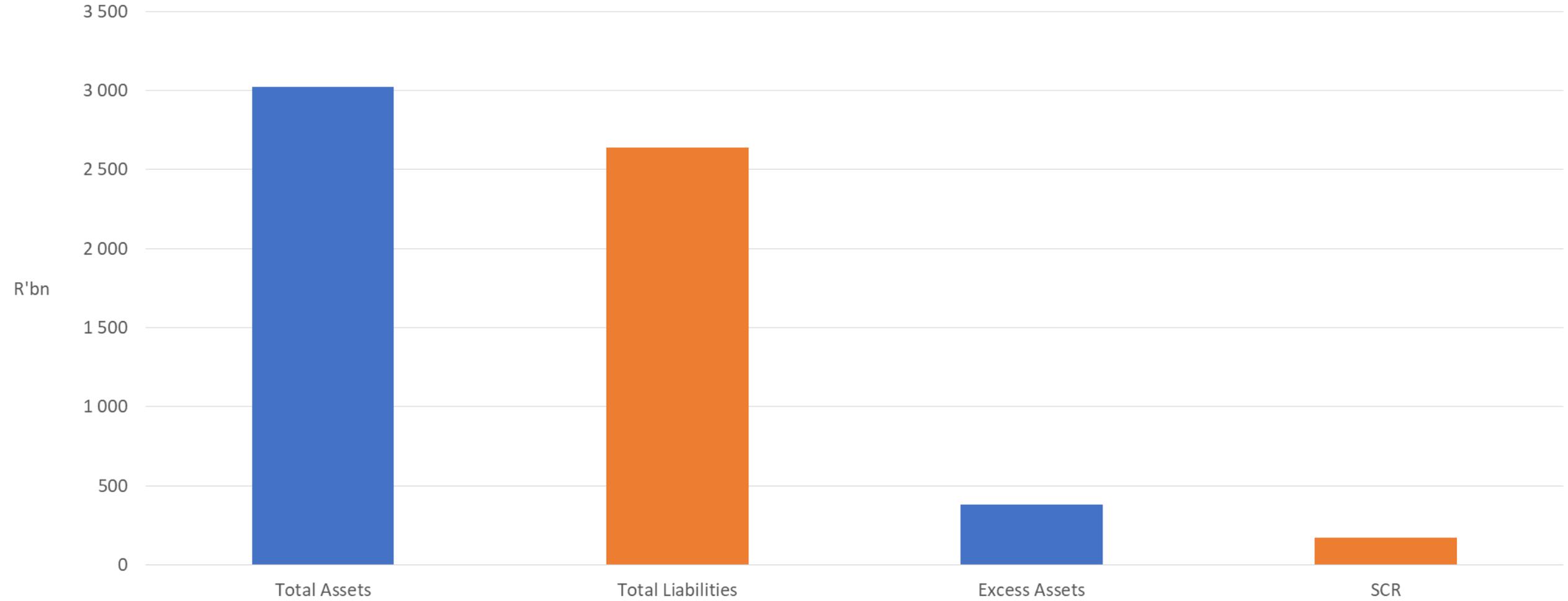
Number of insurers per year-end



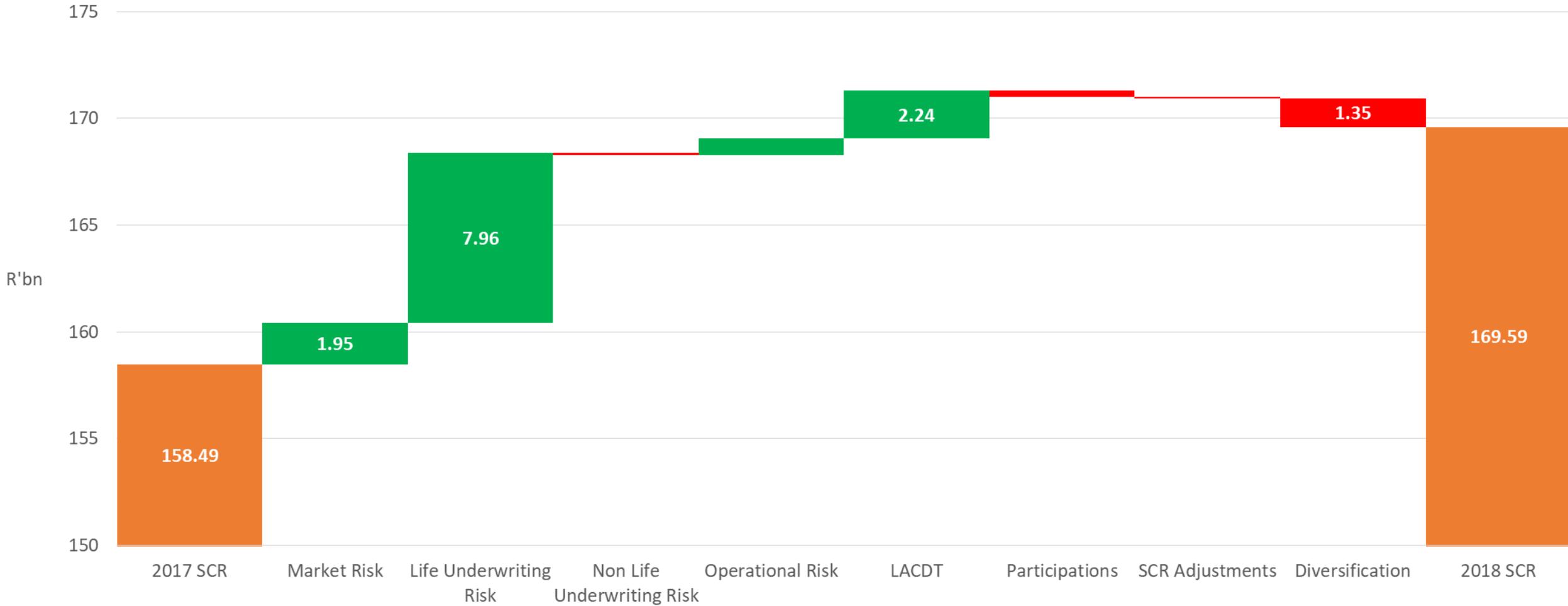
Top 10 insurer rankings by Assets



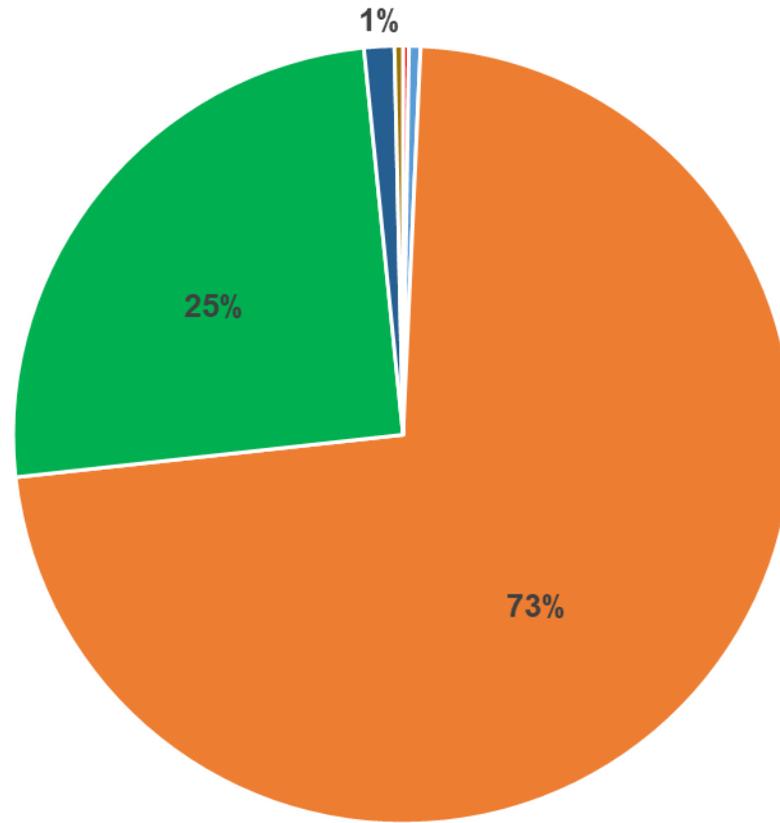
Overview



SCR movement



Proportion of assets per class

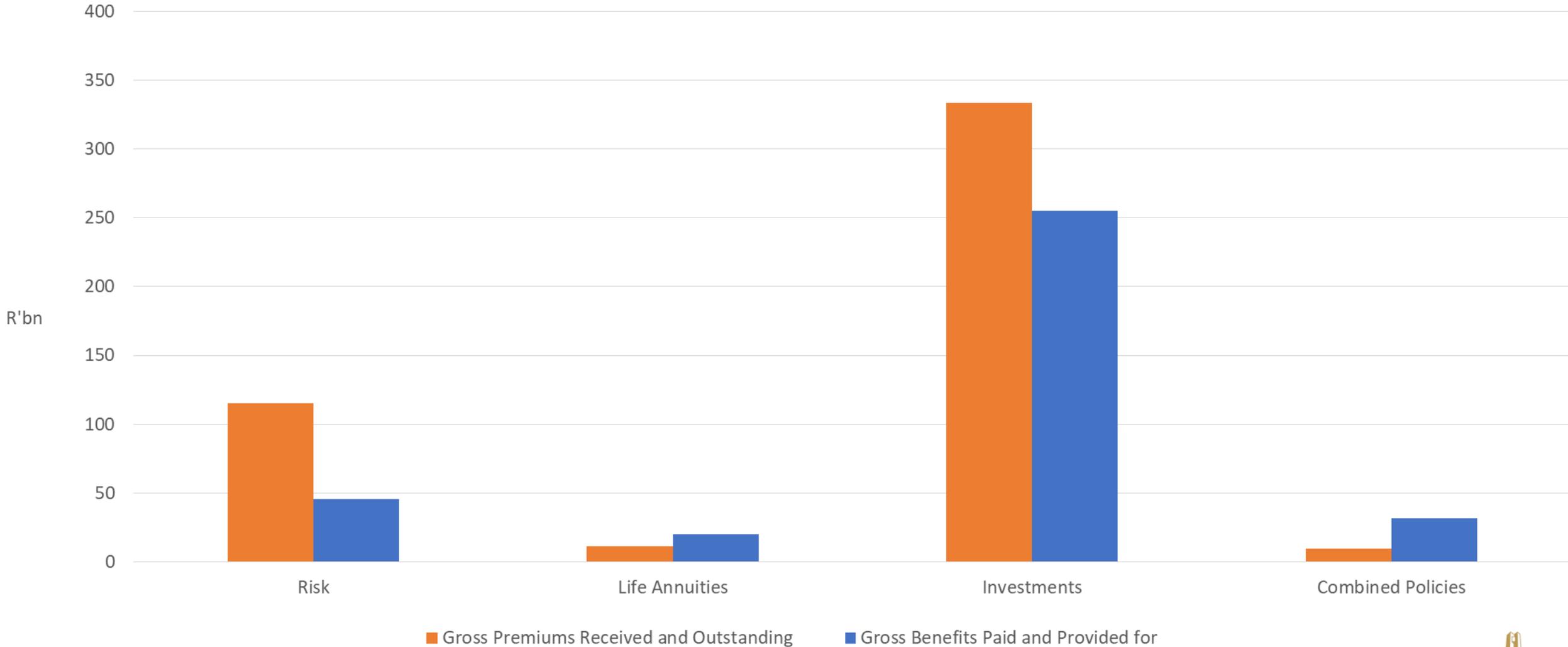


■ Assistance ■ Niche ■ Typical ■ Linked Investment ■ Reinsurer ■ Cell Captive

Premiums and benefits



Premiums and Benefits by Business class



Premiums and Benefits

	Typical	Linked	Reinsurer	Assistance	Niche	Cell Captive	2018
Number of insurers	24	14	7	7	13	6	71
Premiums received (R'bn)	70.8%	21.7%	4.7%	0.7%	0.5%	1.7%	425
Benefits paid (R'bn)	75.5%	19.8%	3.2%	0.4%	0.4%	0.7%	346



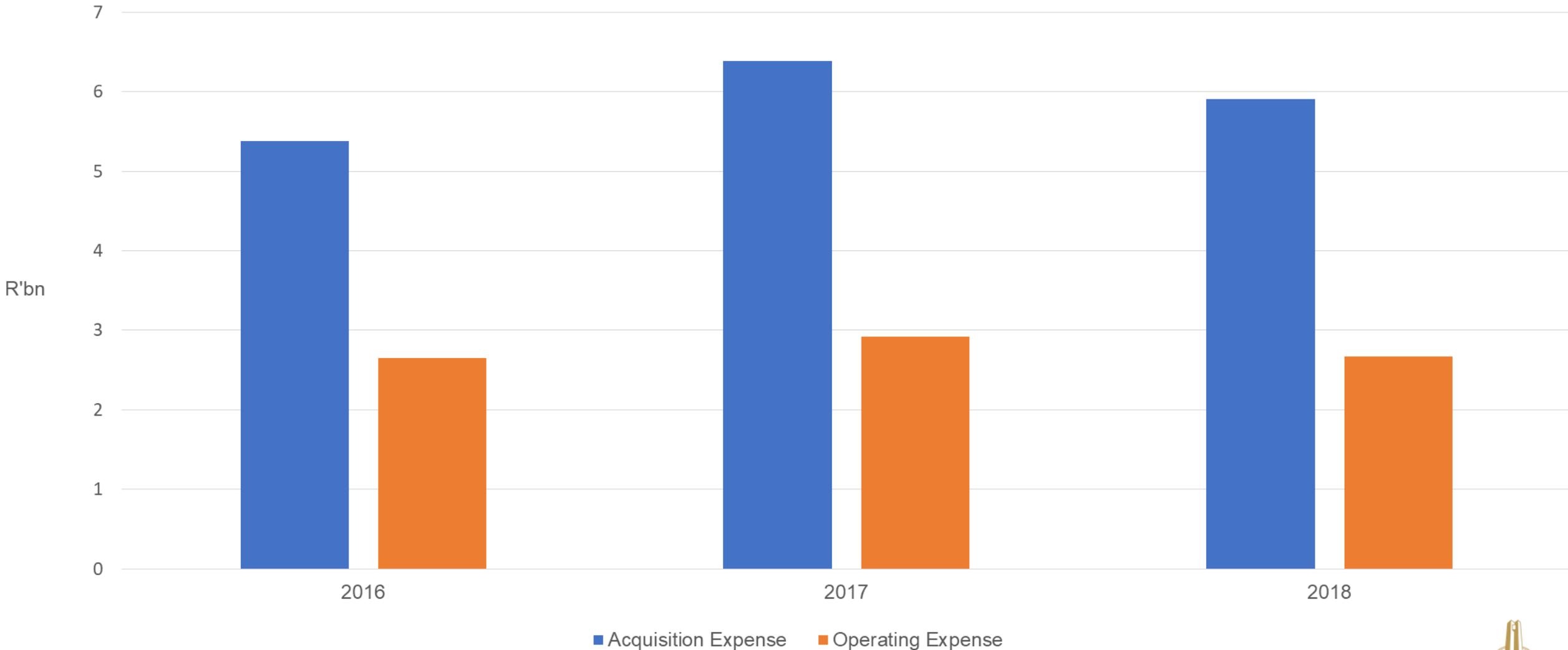
Expenses

Expense ratio

Expense ratio			
Industry	2016	2017	2018
Assistance	13%	110%	10%
Cell Captive	35%	55%	53%
Linked	15%	12%	5%
Niche	15%	16%	31%
Reinsurer	35%	34%	48%
Typical	4%	3%	3%



Actual expense



Basic Own Funds (BOF)

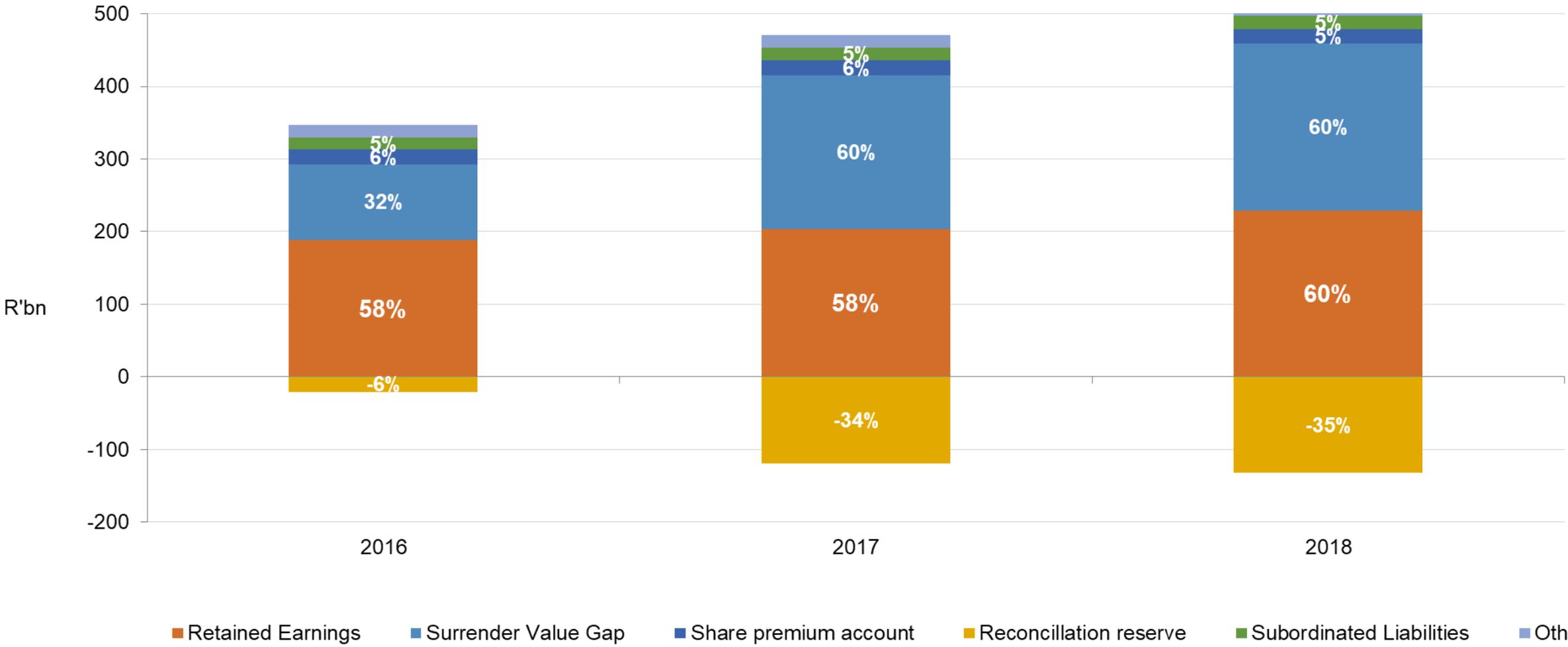


Basic Own Funds

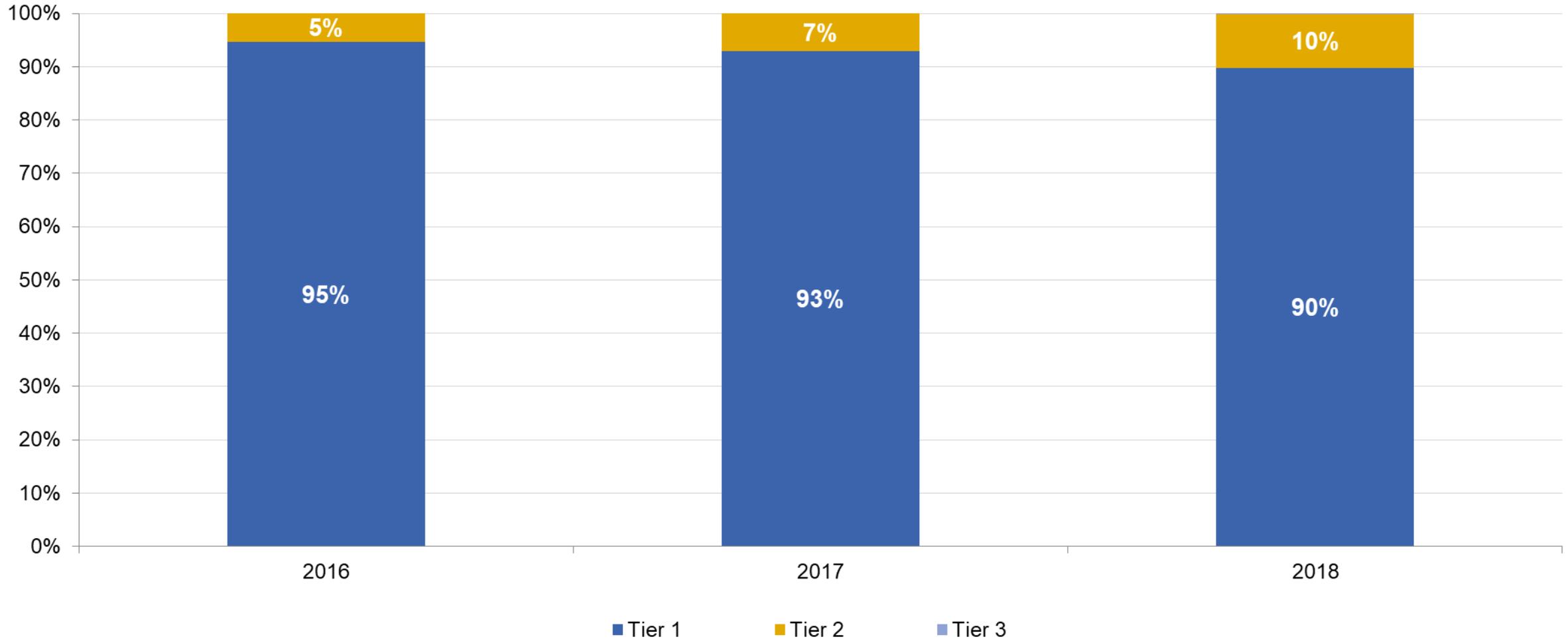
	2016	2017	2018
Basic Own Funds (R'bn)	328	352	381
Growth rate		7%	8%
Basic Own Funds eligible to meet SCR	95%	96%	94%
Basic Own Funds eligible to meet MCR	91%	90%	88%



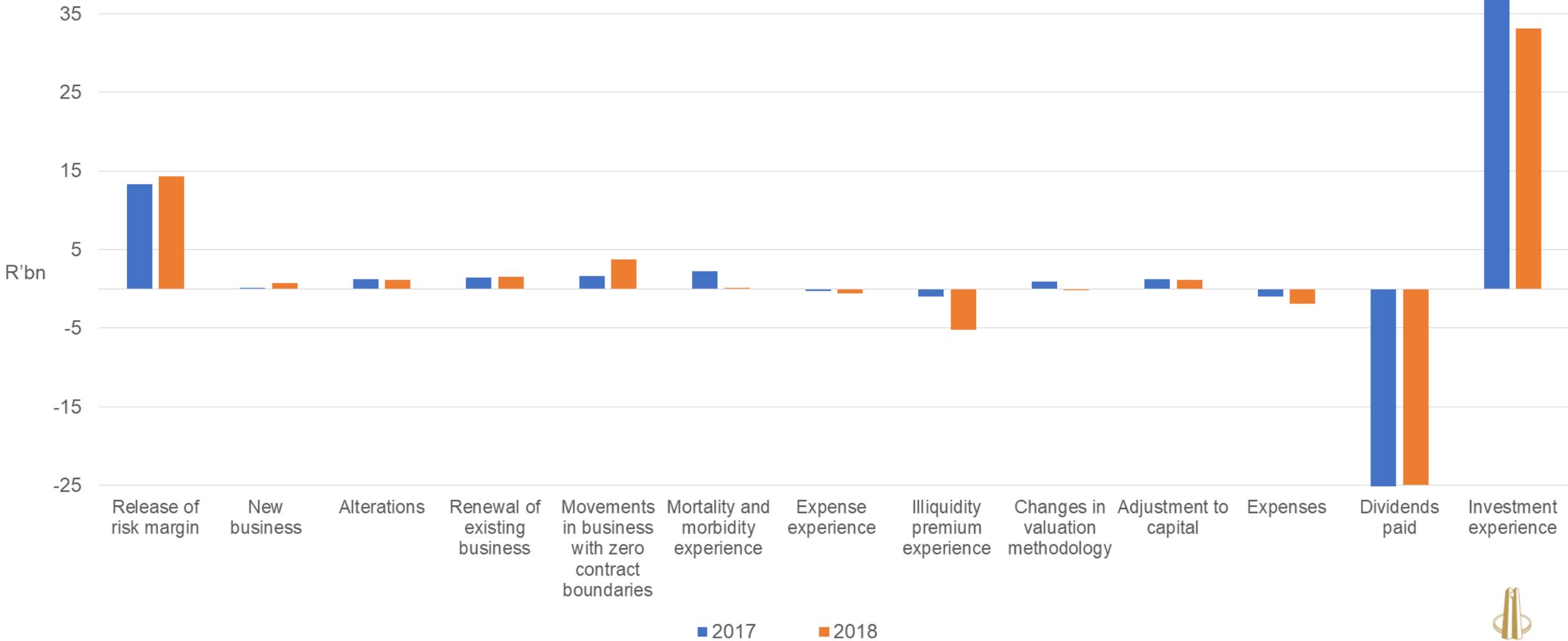
Composition of BoF



Tiering of BoF



Analysis of Movement in BoF



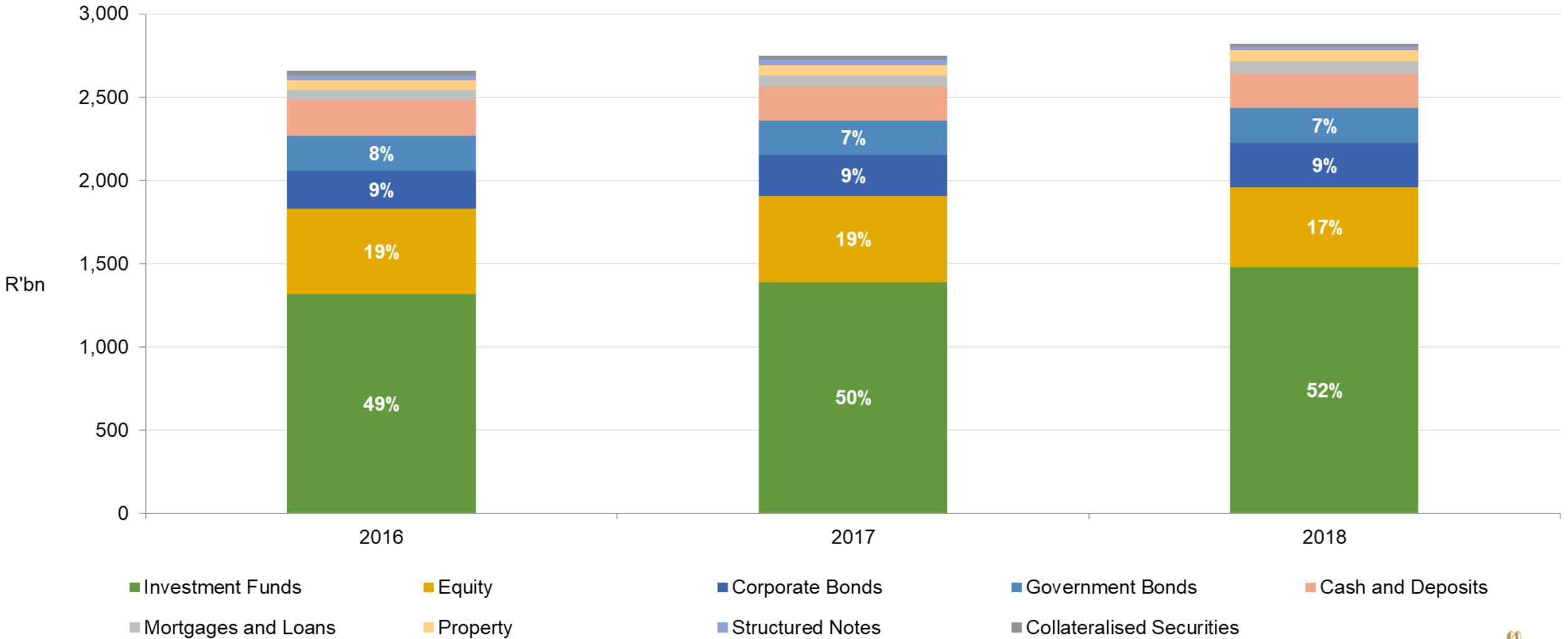
Assets

Assets by class

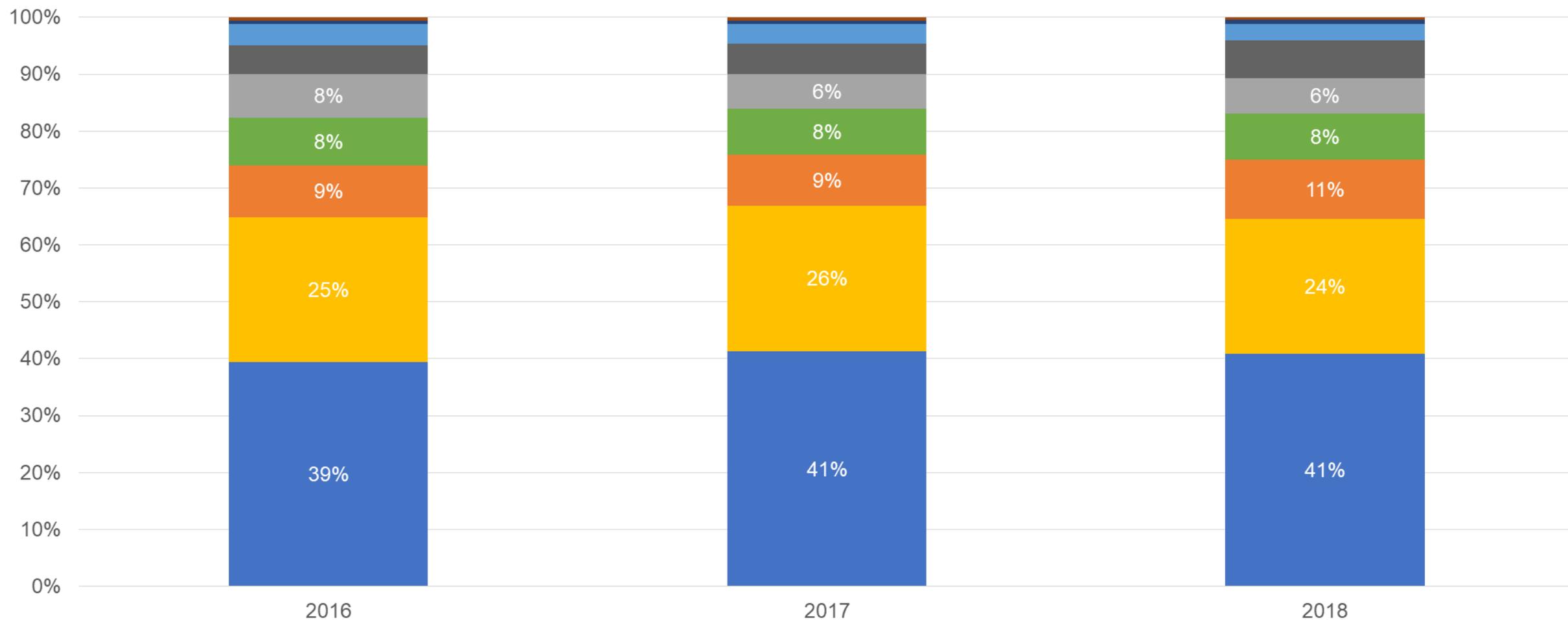
R'm	2016	2017	2018
Assistance	5,648	5,728	7,230
Cell Captive	10,052	9,122	10,685
Linked Investment	701,624	709,788	765,153
Niche	16,218	16,918	14,568
Reinsurers	27,169	32,299	38,212
Typical	2,050,496	2,164,170	2,208,408
Total	2,811,208	2,938,027	3,044,259



Investments



Investment Funds

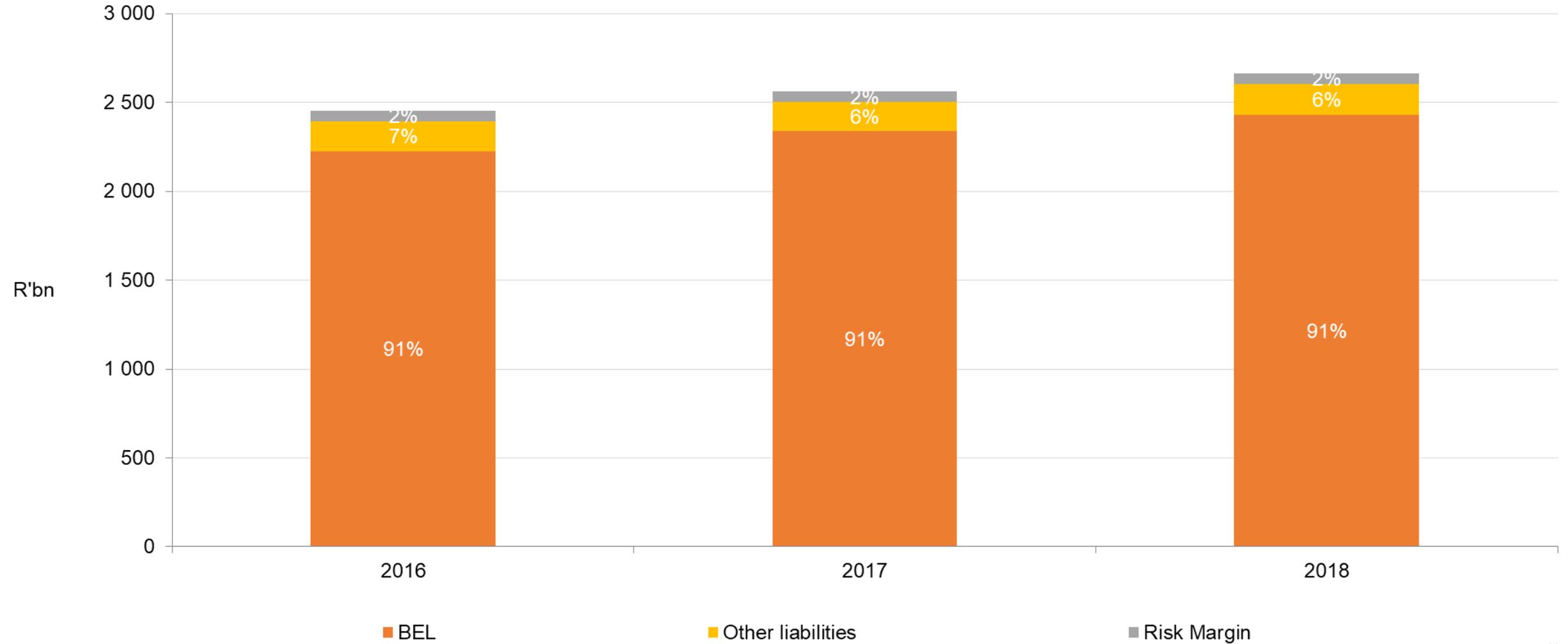


- Equity Funds
- Asset Allocation Funds
- Debt Funds
- Alternative Funds
- Money Market Funds
- Other
- Real Estate Funds
- Private Equity Funds
- Infrastructure Funds

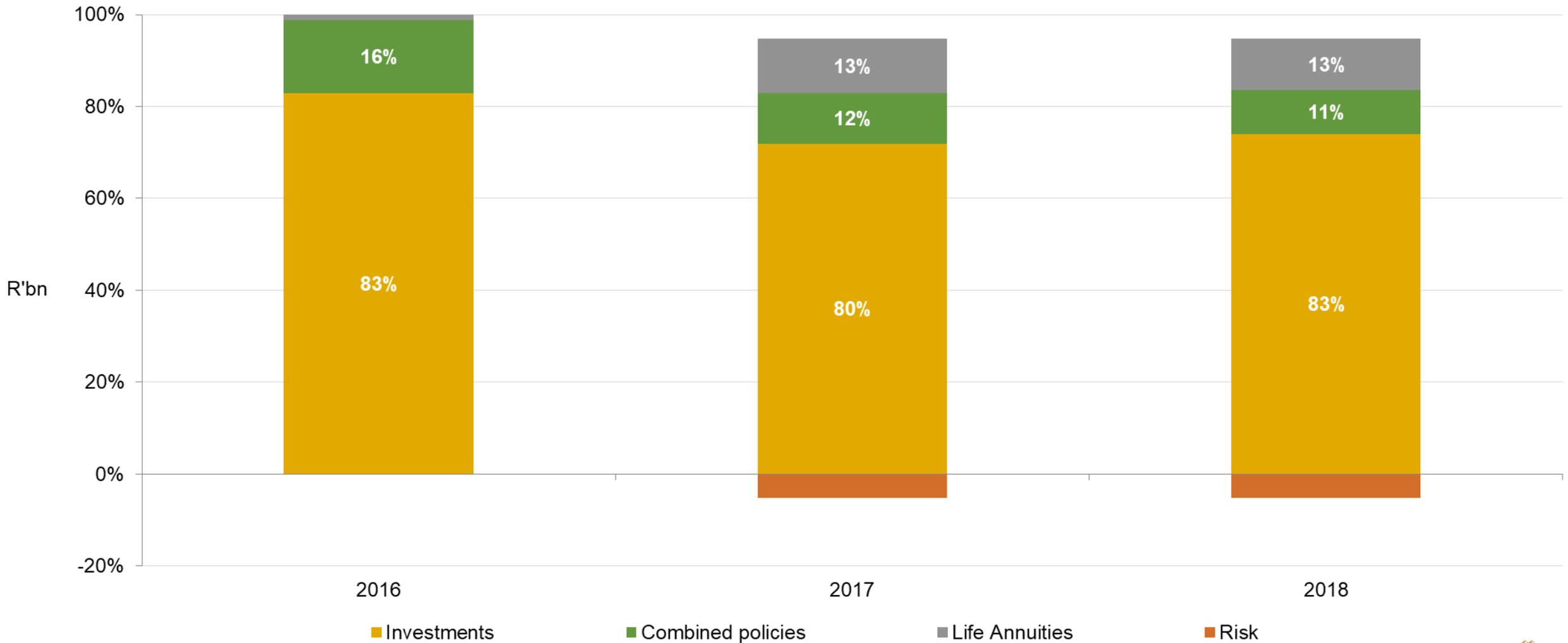
Liabilities



Total liabilities



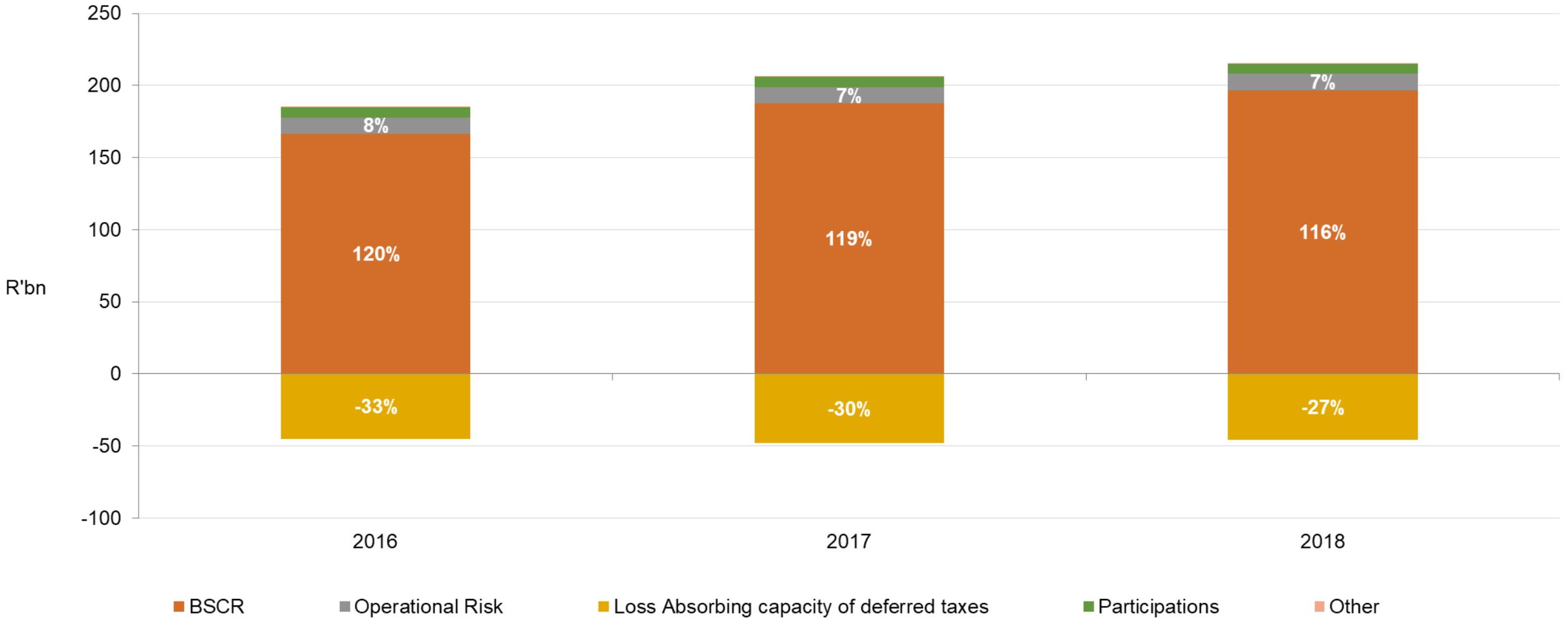
TP by line of business



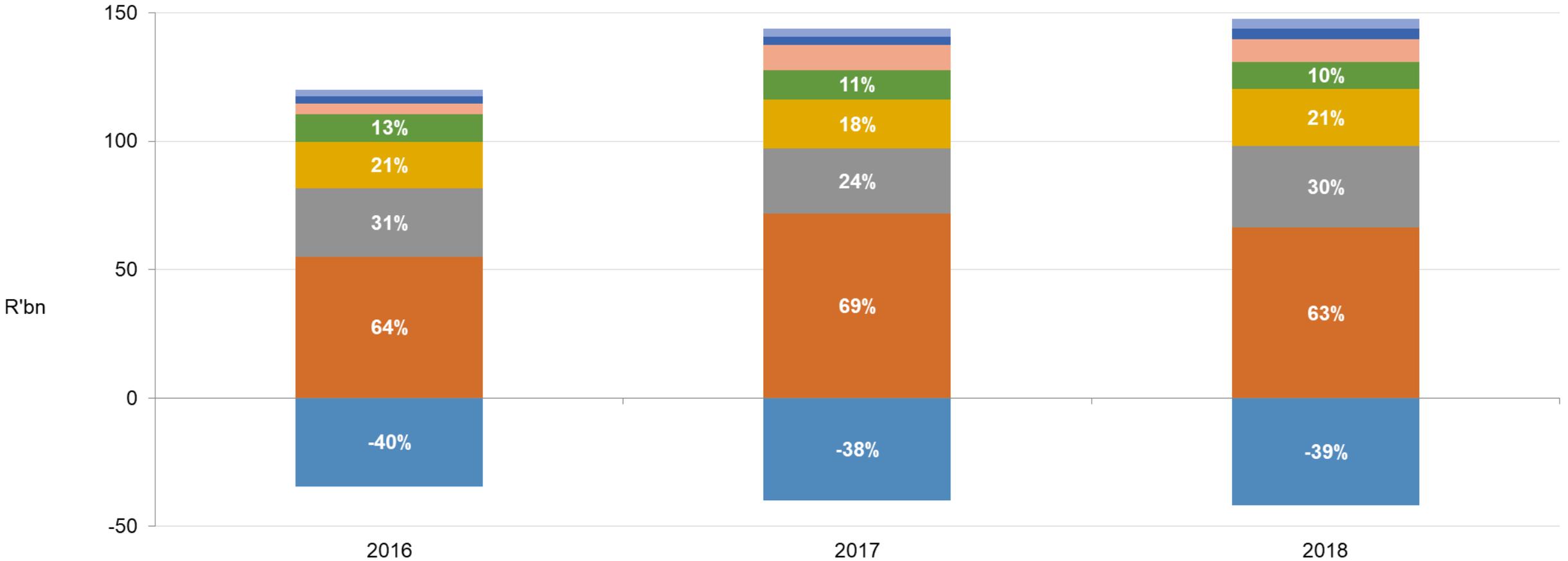
Solvency Capital Requirements (SCR)



SCR Components

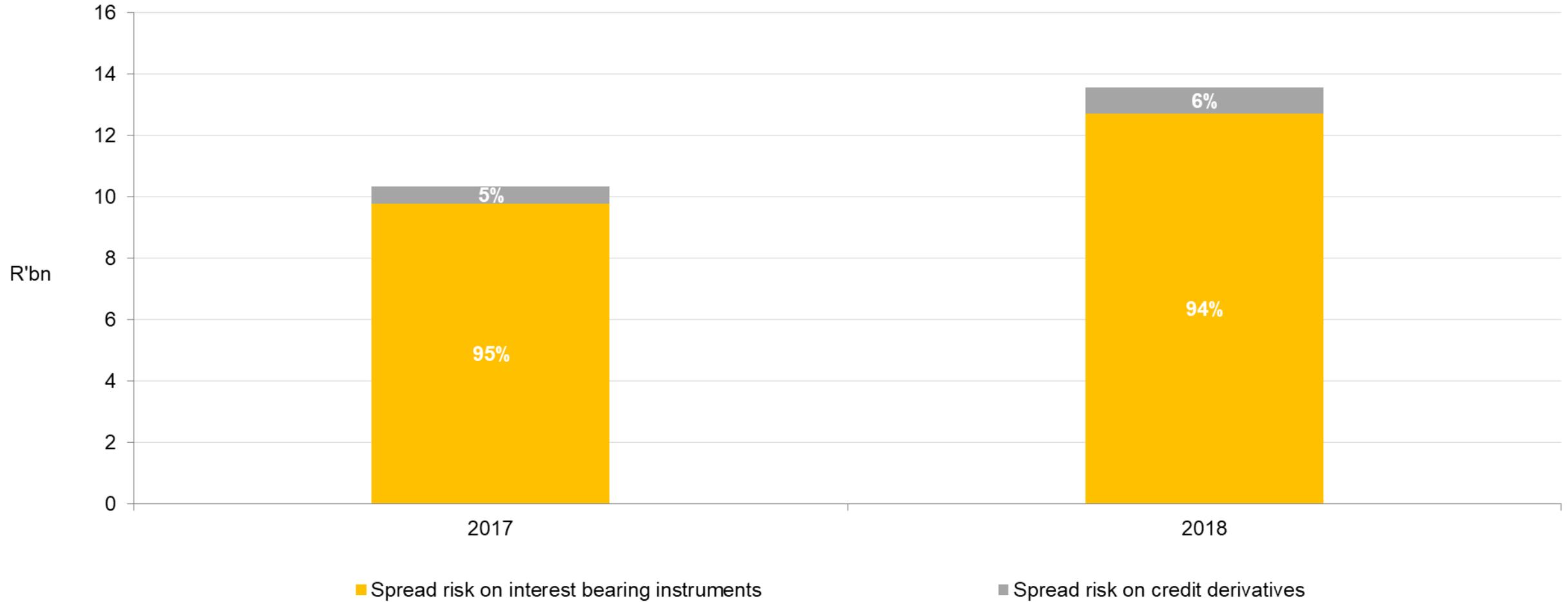


Market Risk

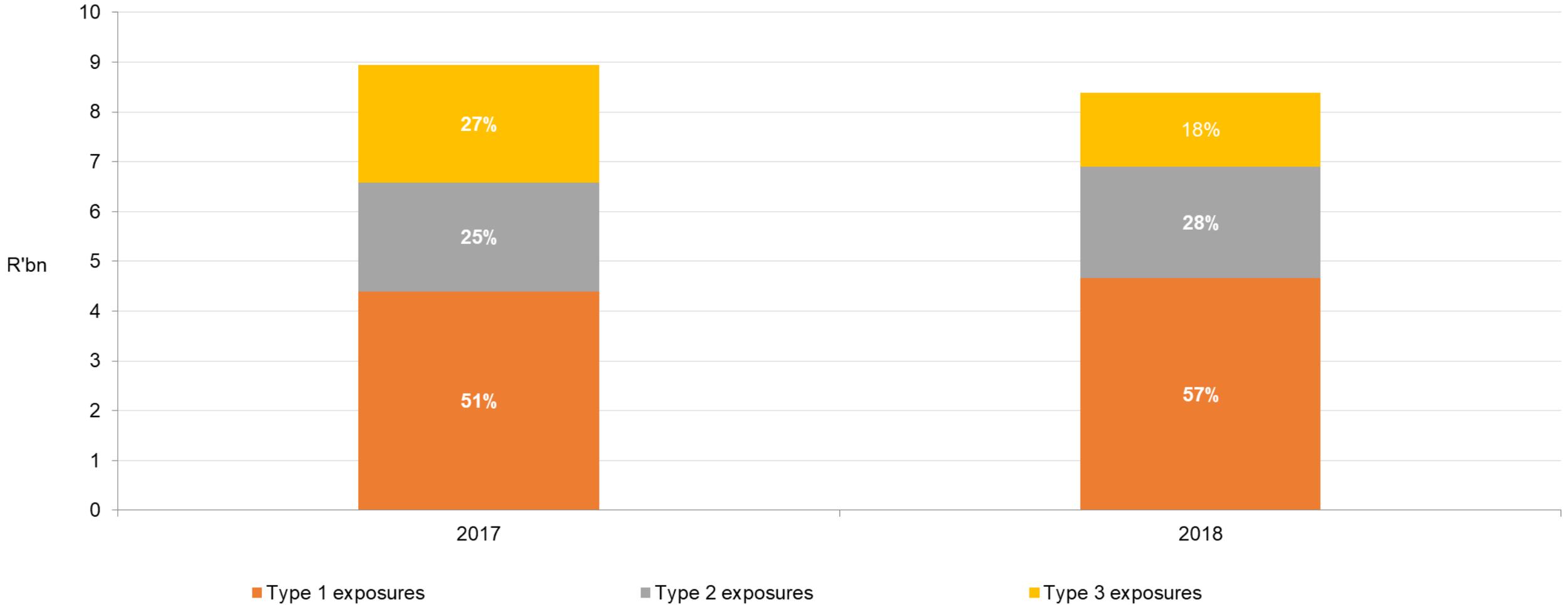


- Equity Risk
 ■ Interest Rate Risk
■ Spread & Counterparty Default Risk
■ Currency Risk
- Concentration Risk
 ■ Property Risk
■ Other
■ Diversification Benefit

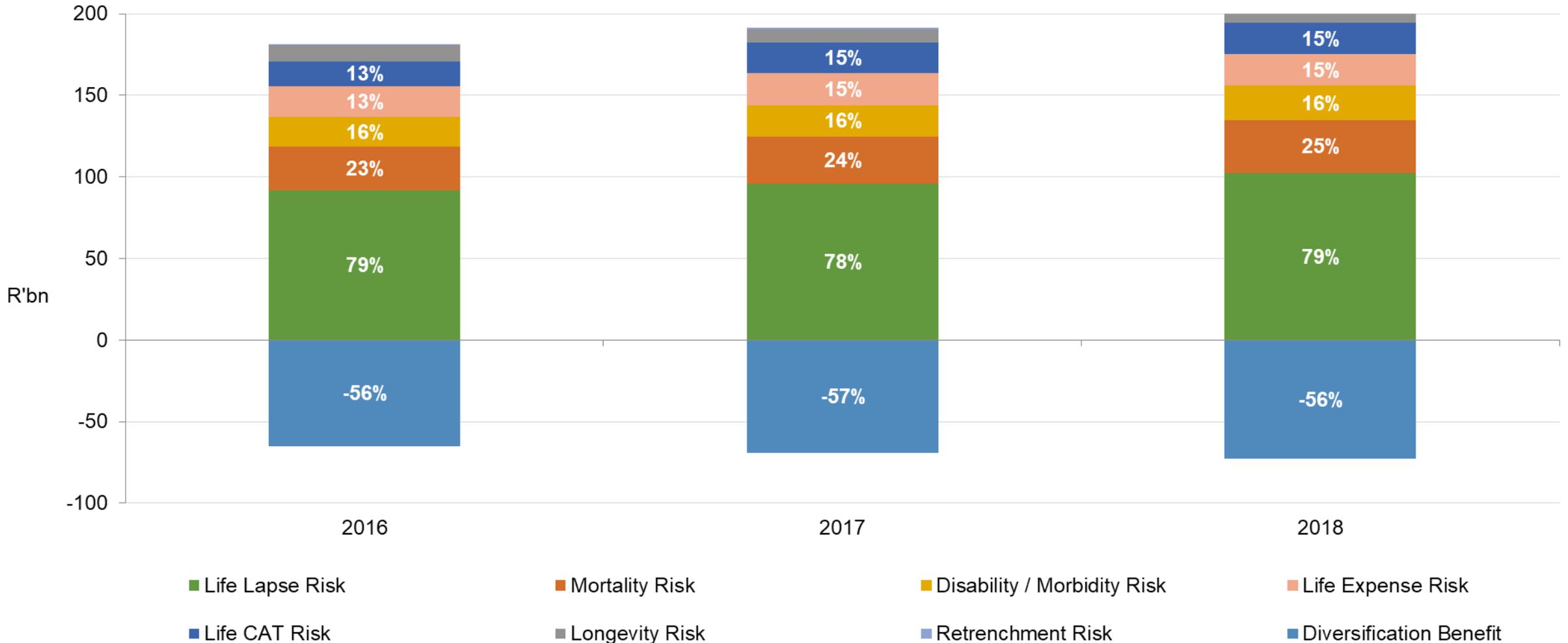
Spread Risk



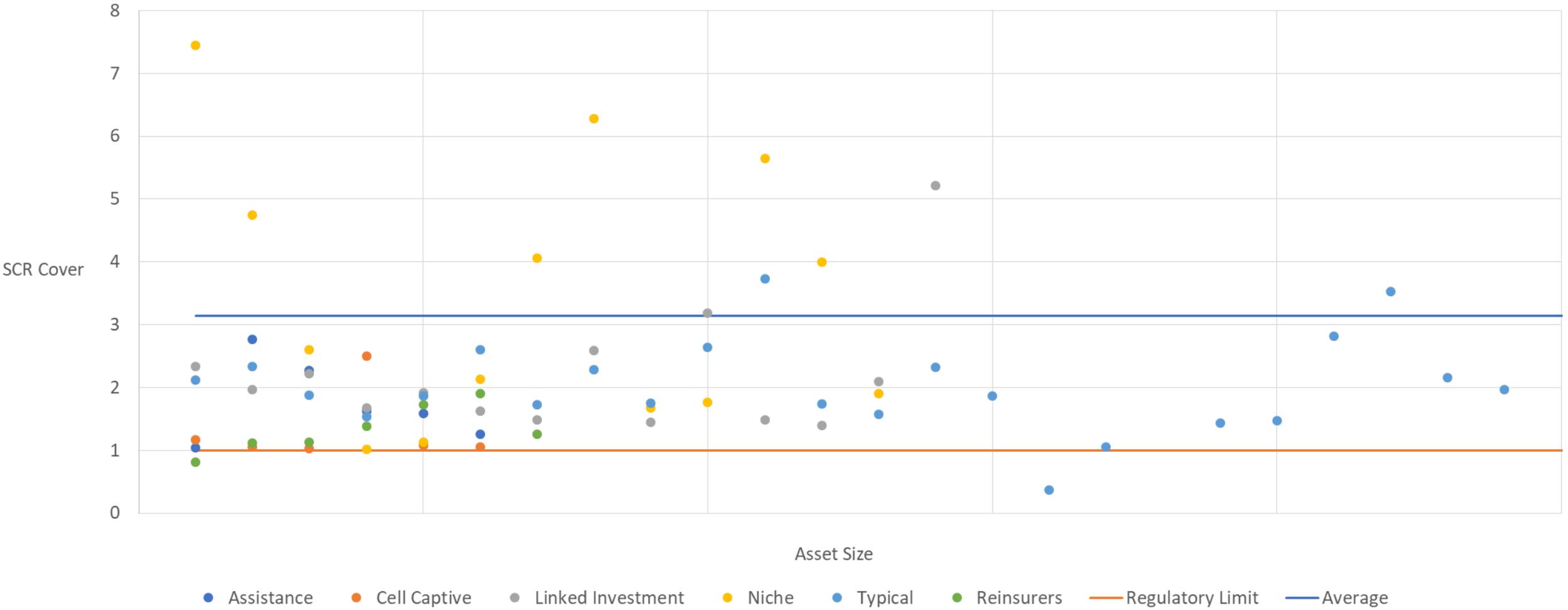
Default Risk



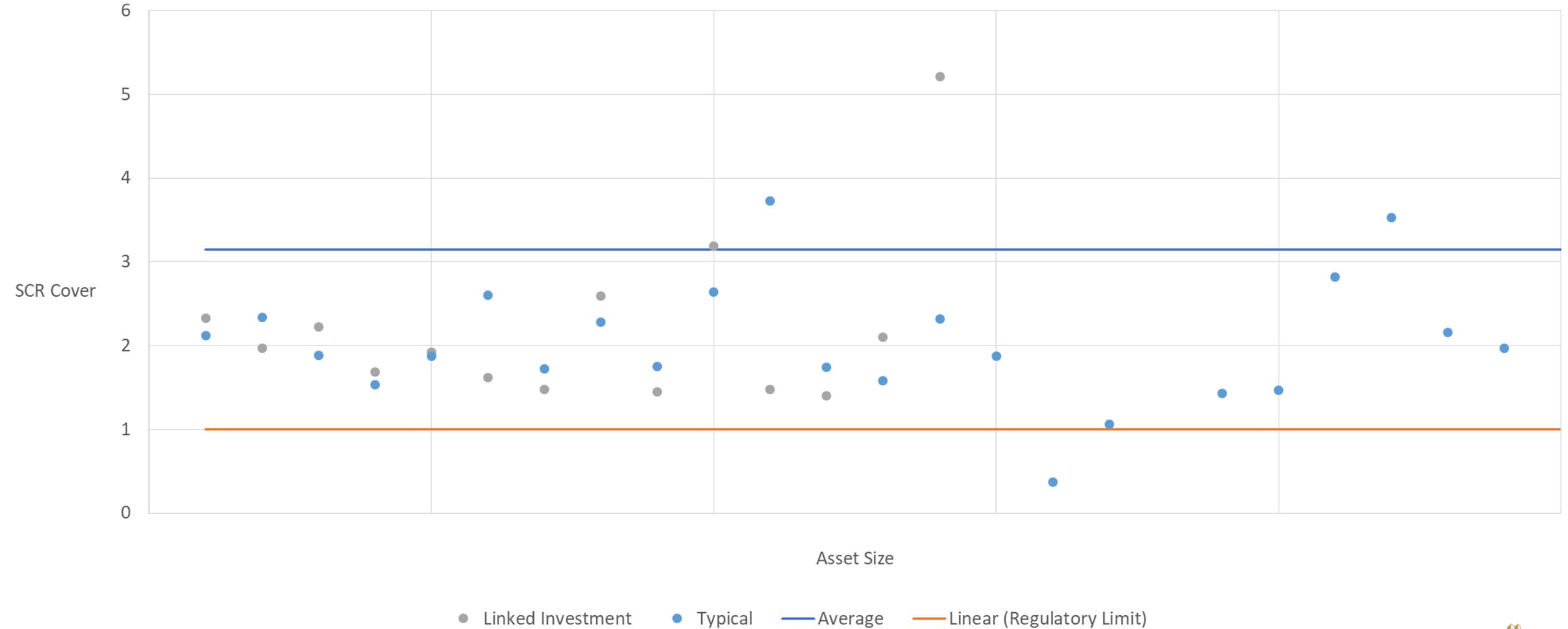
Life Underwriting Risk



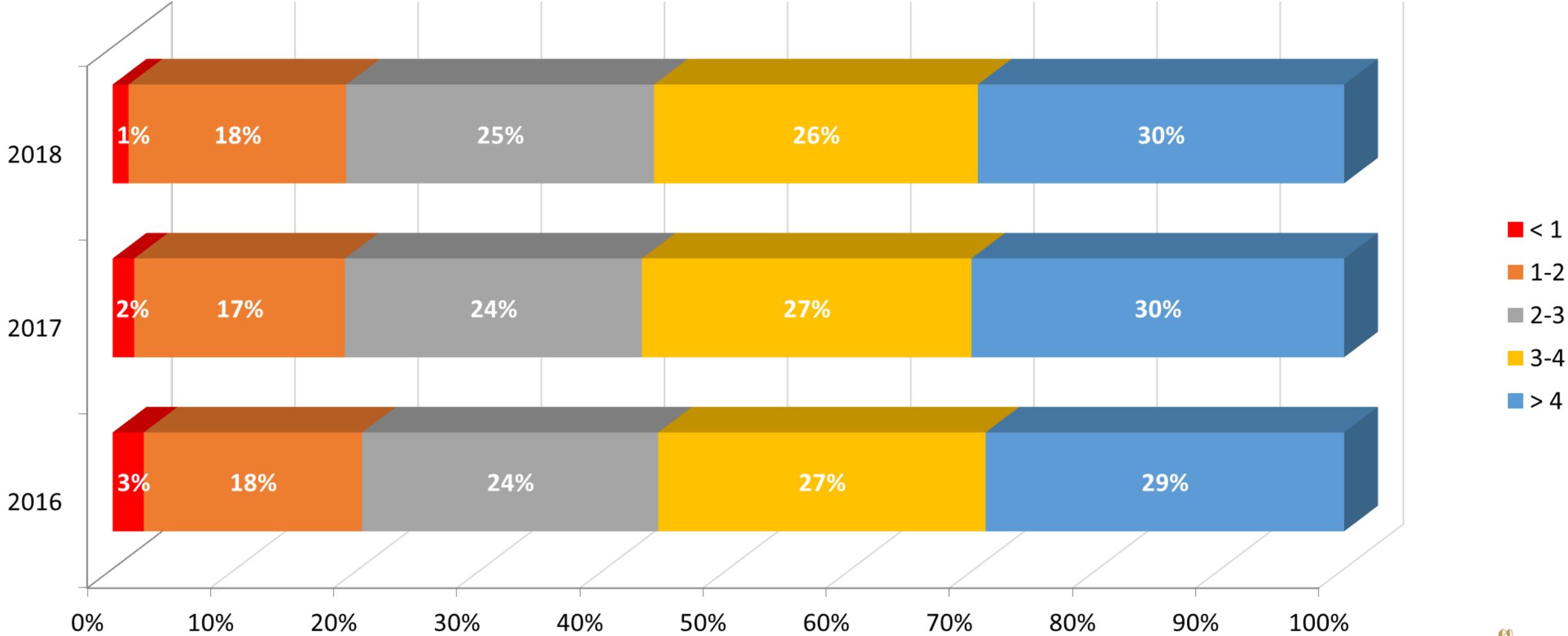
SCR Cover distribution



SCR Cover (Linked and Typical insurers)



SCR Cover



Questions?

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