

# *Non-Life Industry Experience 2018*

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South African Reserve Bank

Prudential Authority

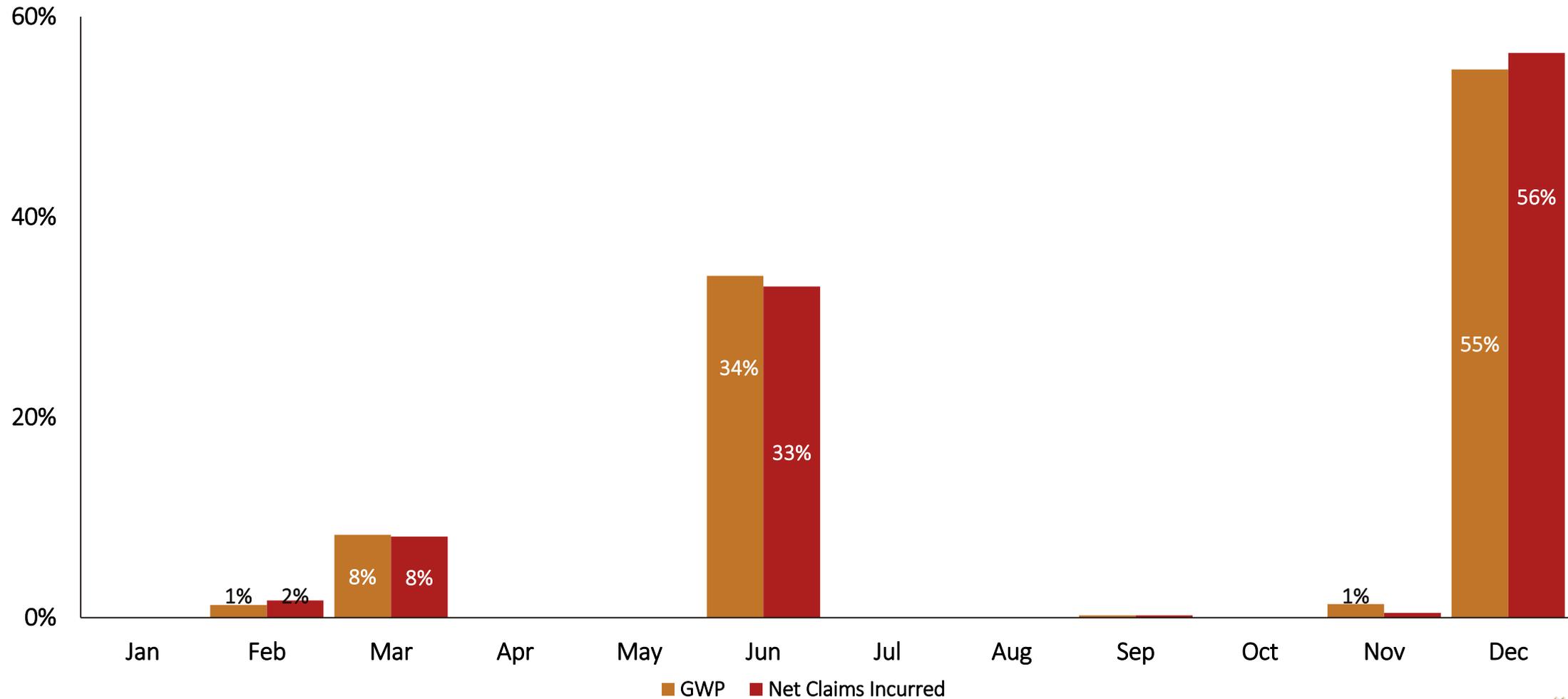
# Agenda

- Introduction
- Industry Overview and Performance Indicators
- Balance Sheet
- Cell Captives
- Conclusions
- Questions

# Introduction

- Run-off insurers have been excluded
- 74 Total Insurers
- Types of Insurers
  - 53 Primary
  - 7 Captive Insurers
  - 7 Cell Captive Insurers
  - 7 Reinsurers (5 Composites)
- Quality of Data still an issue
- Rounding
- Capital slides are net of risk mitigation

# Introduction: Distribution of premium and claims by year-end





# Industry Overview and Performance Indicators

# Written Premium

	2017 (R'bn)	2018 (R'bn)	Change
Total Industry GWP	129.7	148.3	14%
Reinsurer GWP	11.9	17.3	45%
Inwards Reinsurance GWP	8.8	9.7	11%
Direct Insurer (direct business) GWP	109	121.2	11%
Net Written Premium	86.7	96.1	11%
<i>NWP % of GWP</i>	<i>67%</i>	<i>65%</i>	
Net Earned Premium	79.9	86.2	8%

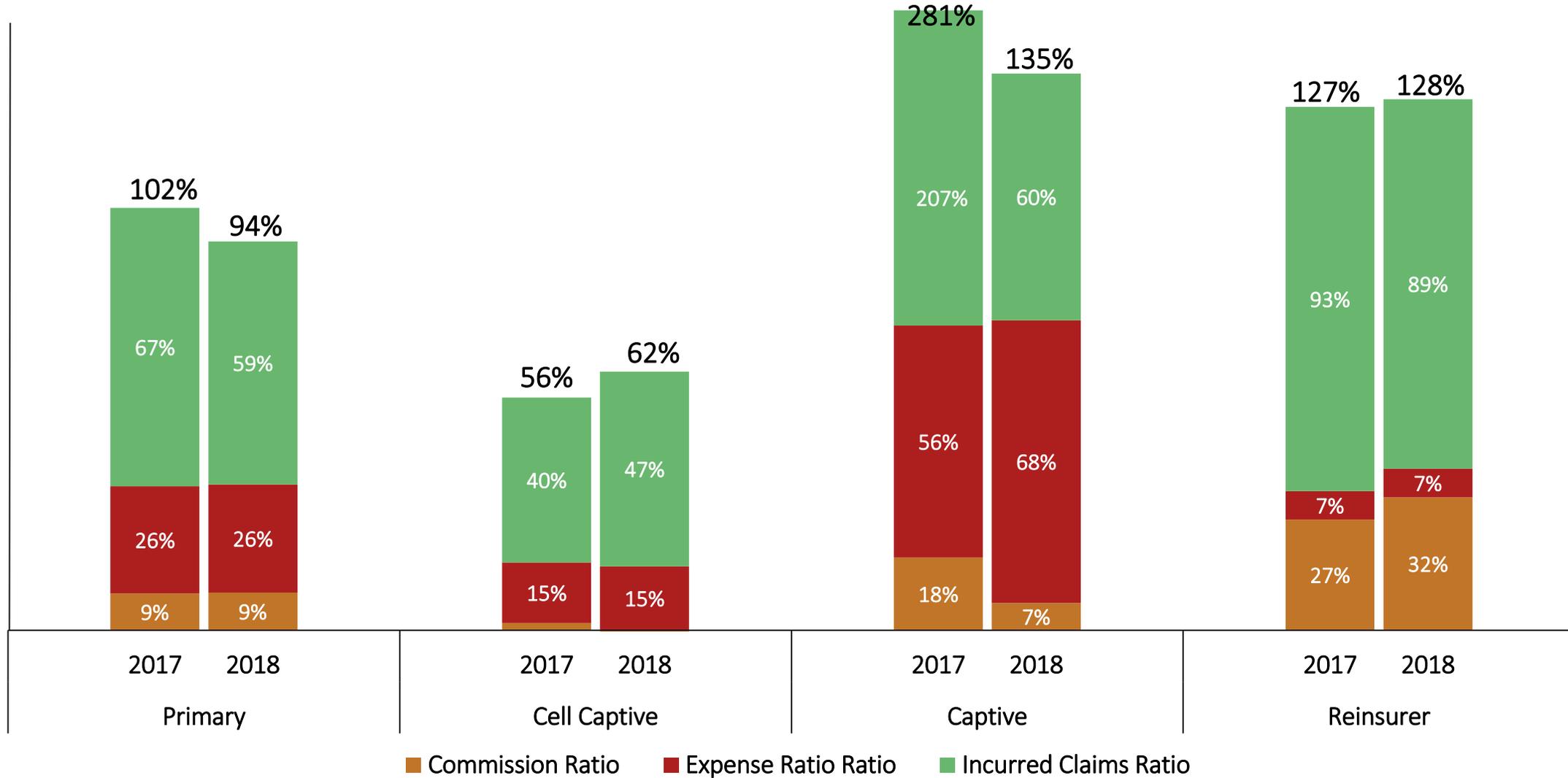
# Gross Written Premium

	2017	2018
<b>Total Industry GWP (R'bn)</b>	<b>129.7</b>	<b>148.3</b>
<b>Top 10 Insurers Market Share</b>	<b>61%</b>	<b>59%</b>
1. Santam Beperk	19%	18%
2. Hollard Insurance Company	9%	7%
3. Guardrisk Insurance Company	6%	7%
4. Old Mutual Insure Limited	7%	6%
5. OUTsurance Insurance Company Ltd	6%	5%
6. Munich Reinsurance Company of Africa	4%	5%
7. Bryte Insurance Company	3%	3%
8. Centriq Insurance Company	2%	3%
9. Auto And General Insurance Company	3%	2%
10. ESCAP SOC Limited	2%	2%

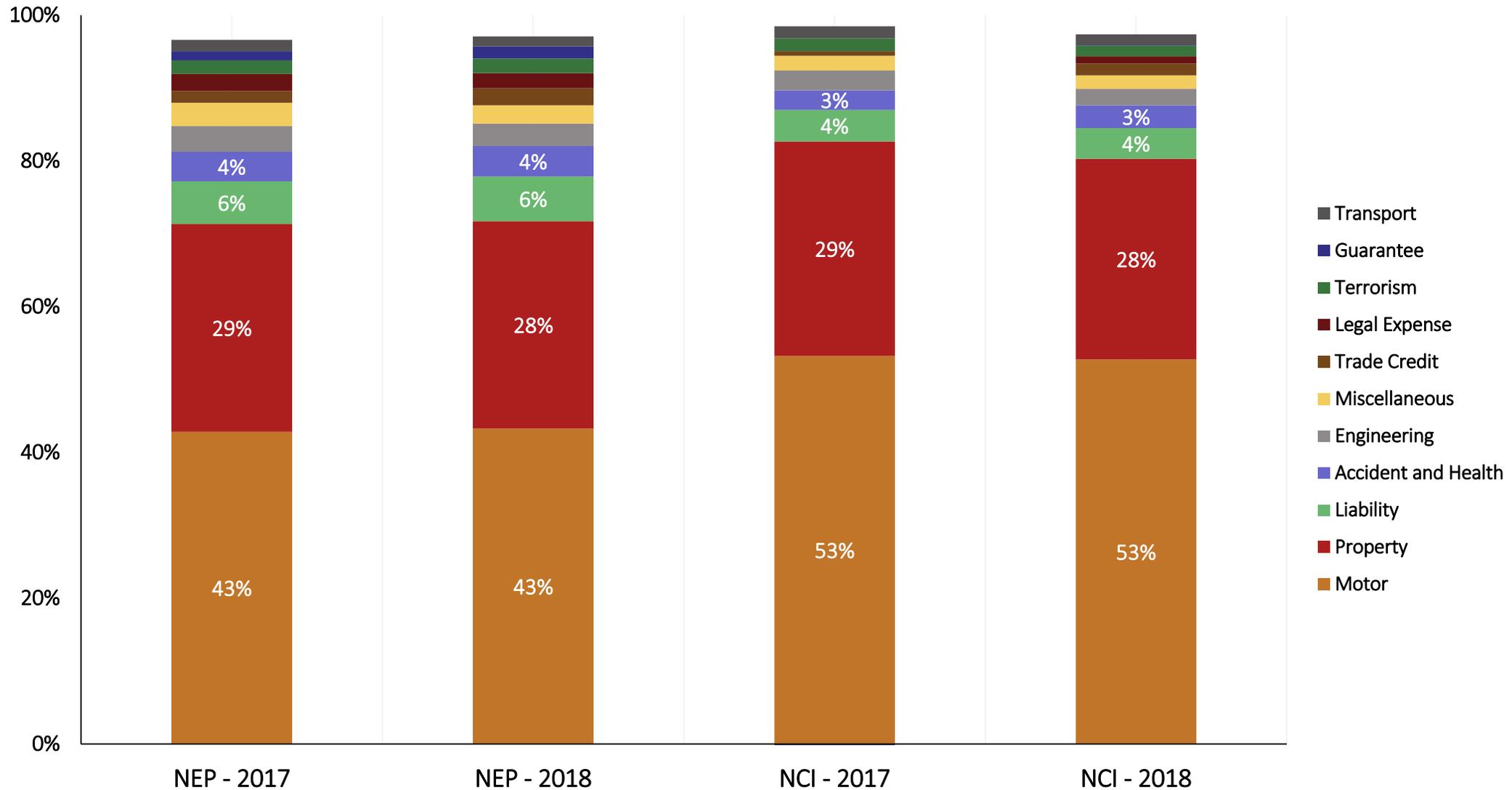
# Written Premium – Related Insurers

	2017	2018
<b>Total % of GWP</b>	<b>45%</b>	<b>44%</b>
Santam Insurers	23%	22%
Old Mutual Insurers	10%	9%
Momentum Insurers	7%	7%
Telesure Insurers	5%	5%

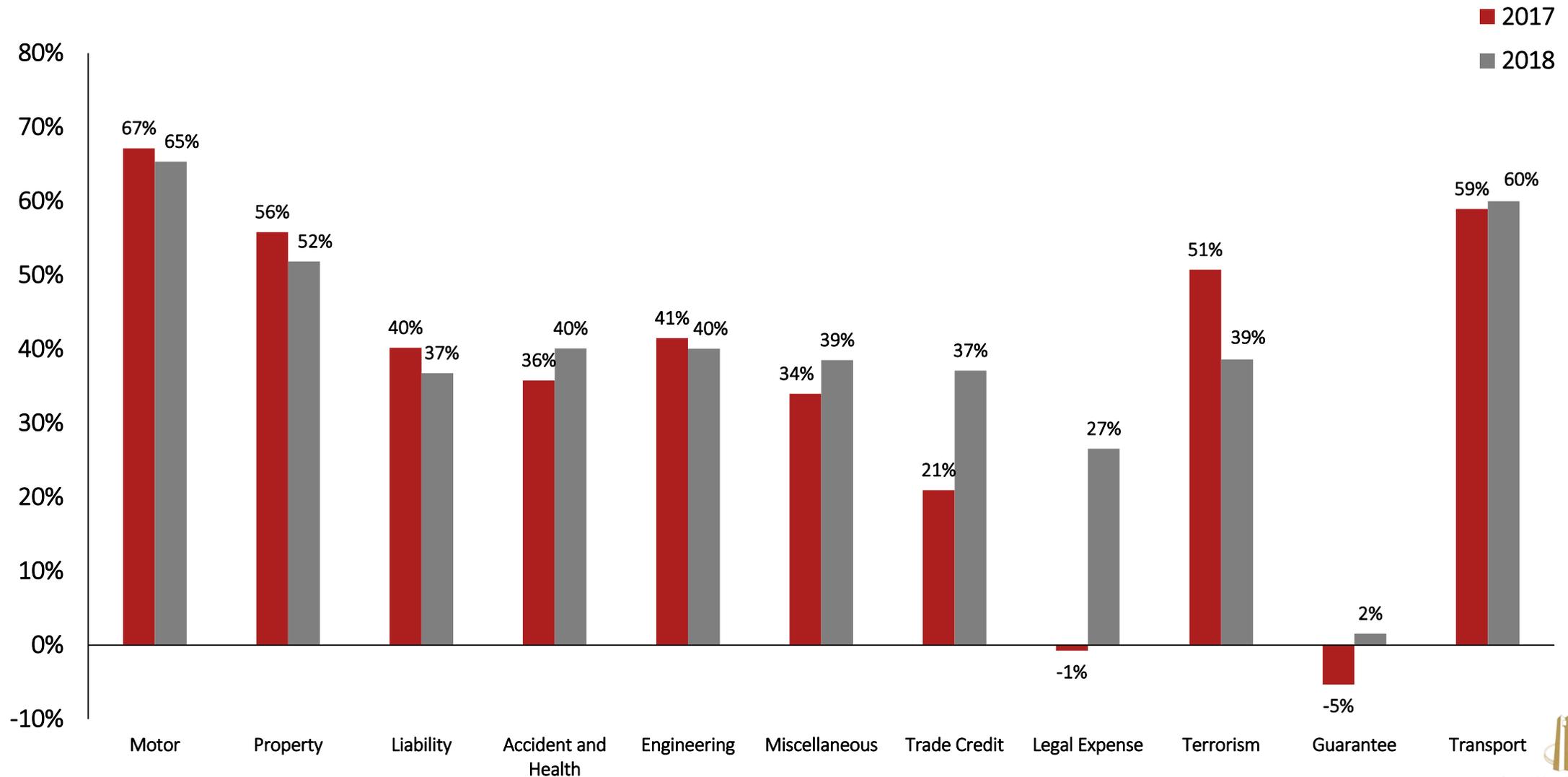
# Key Financial Indicators – Combined Ratio by Insurer Type



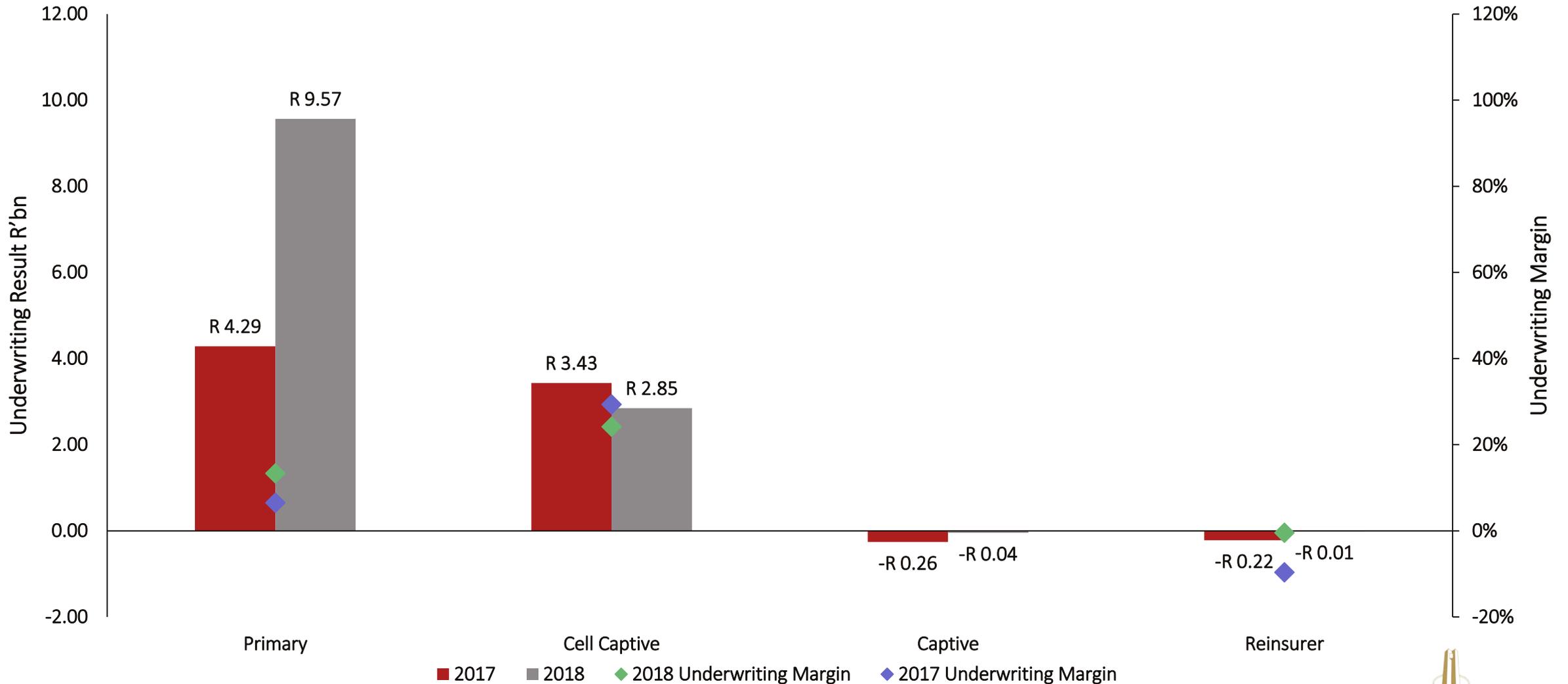
# Key Financial Indicators – Premium and Claims by Line of Business



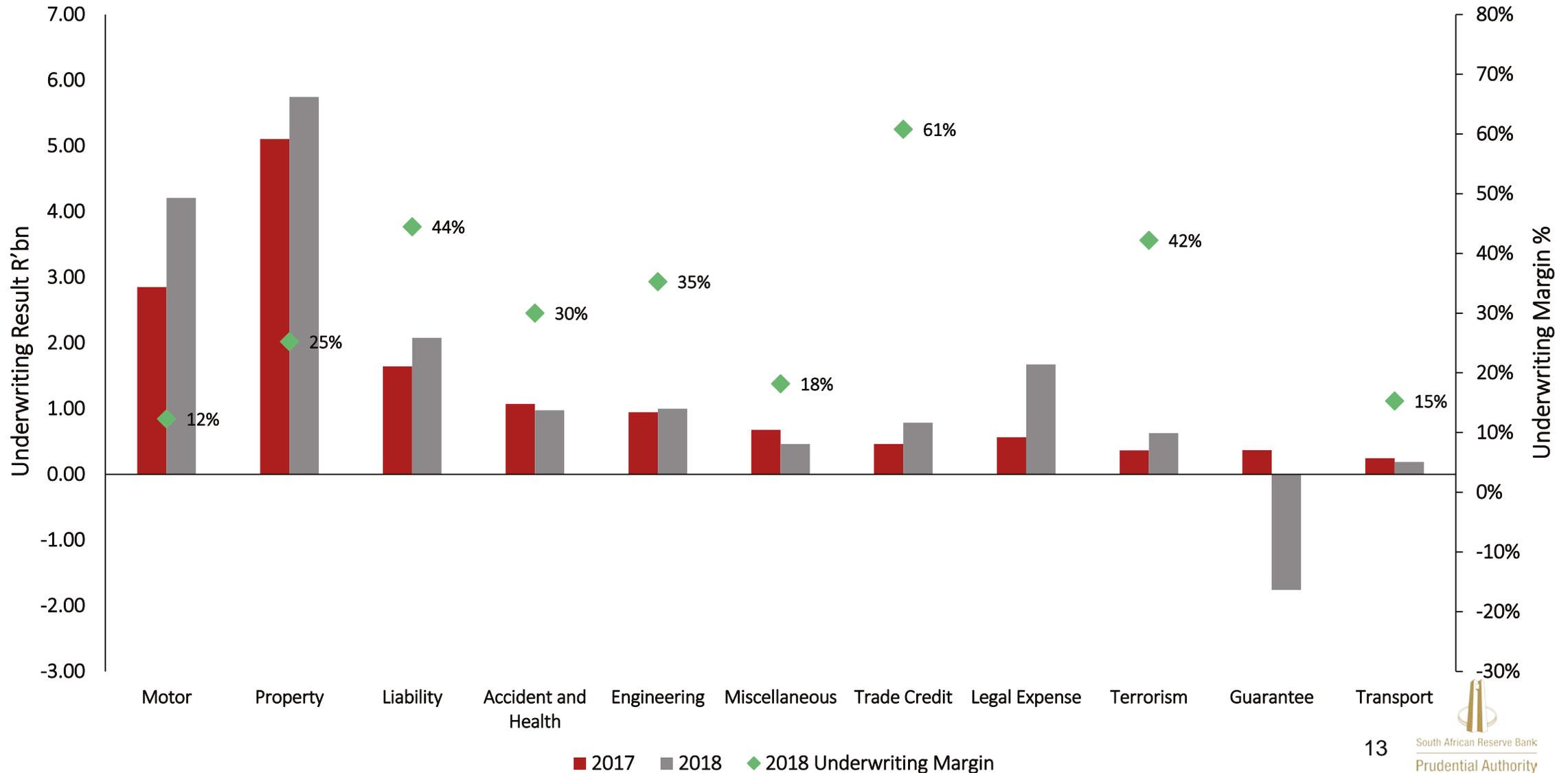
# Key Financial Indicators – Claims Ratio by Line of Business



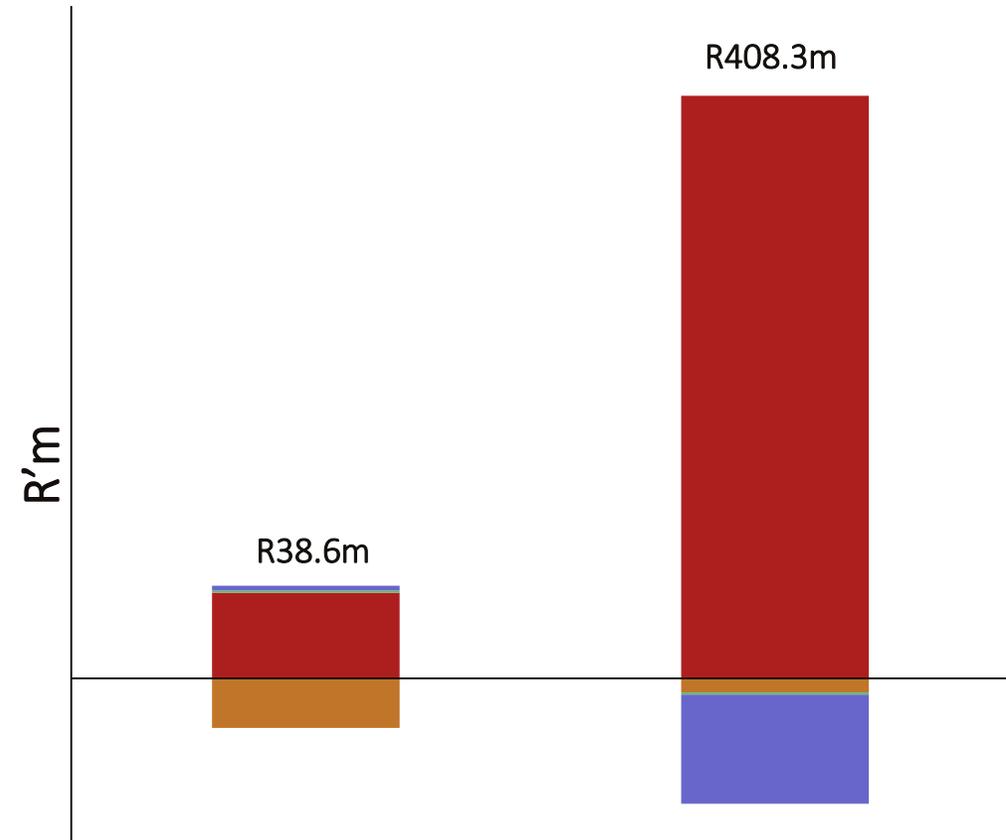
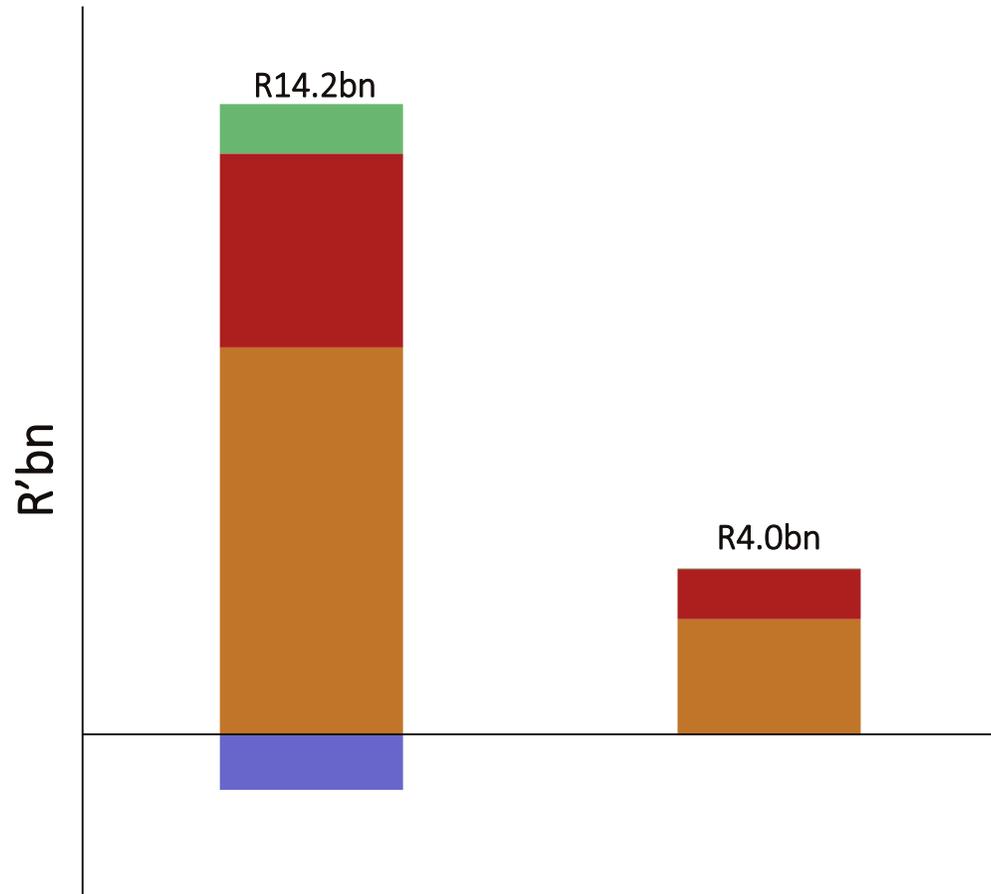
# Underwriting Result – Insurer Type



# Underwriting Result – Larger Lines of Business



# SAM Excess Income over Outgo



Primary  
 Cell Captive

■ Underwriting Result  
■ Other income  
■ Investment income  
■ Other expenses

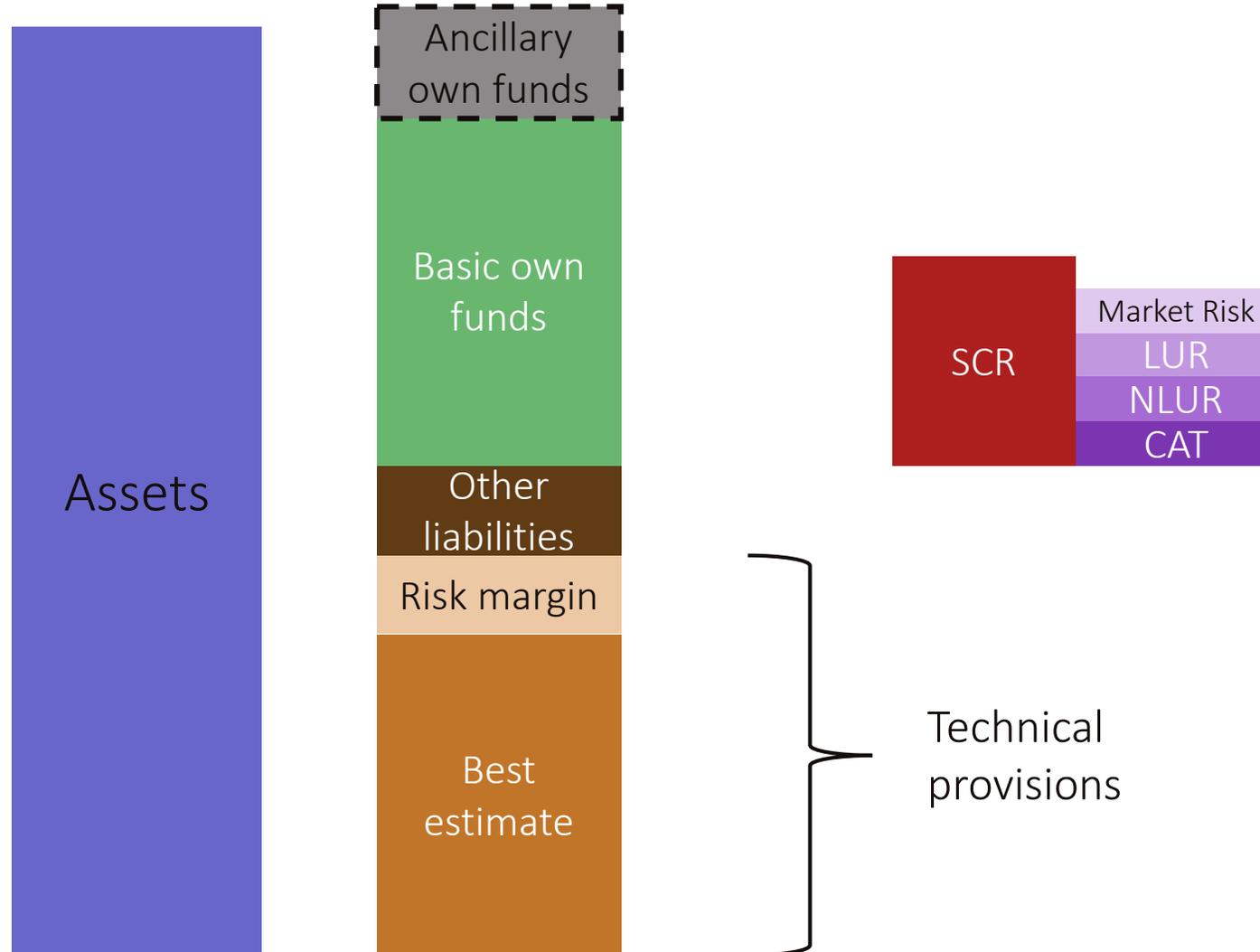
Captive  
 Reinsurer

■ Underwriting Result  
■ Other income  
■ Investment income  
■ Other expenses

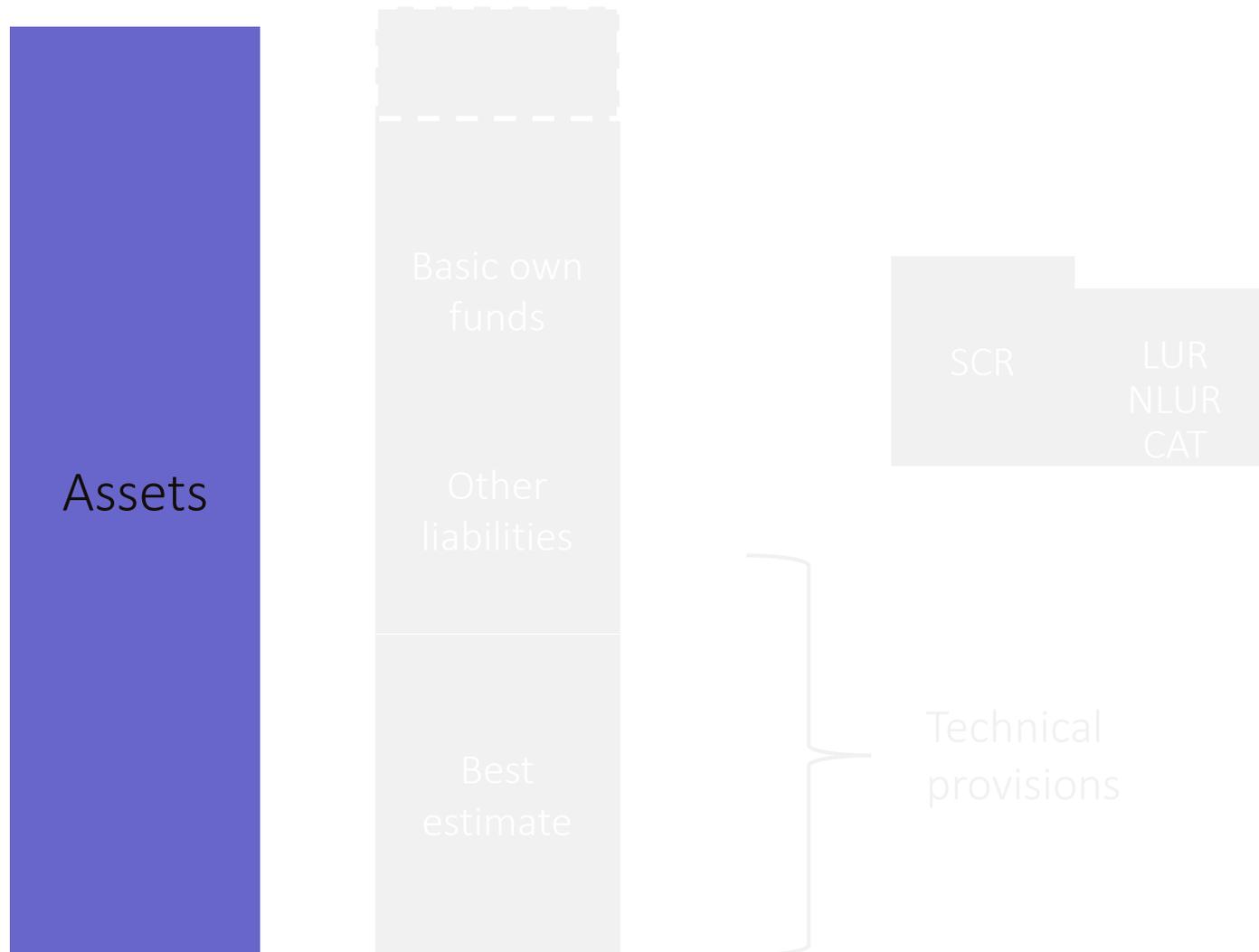
# Balance Sheet



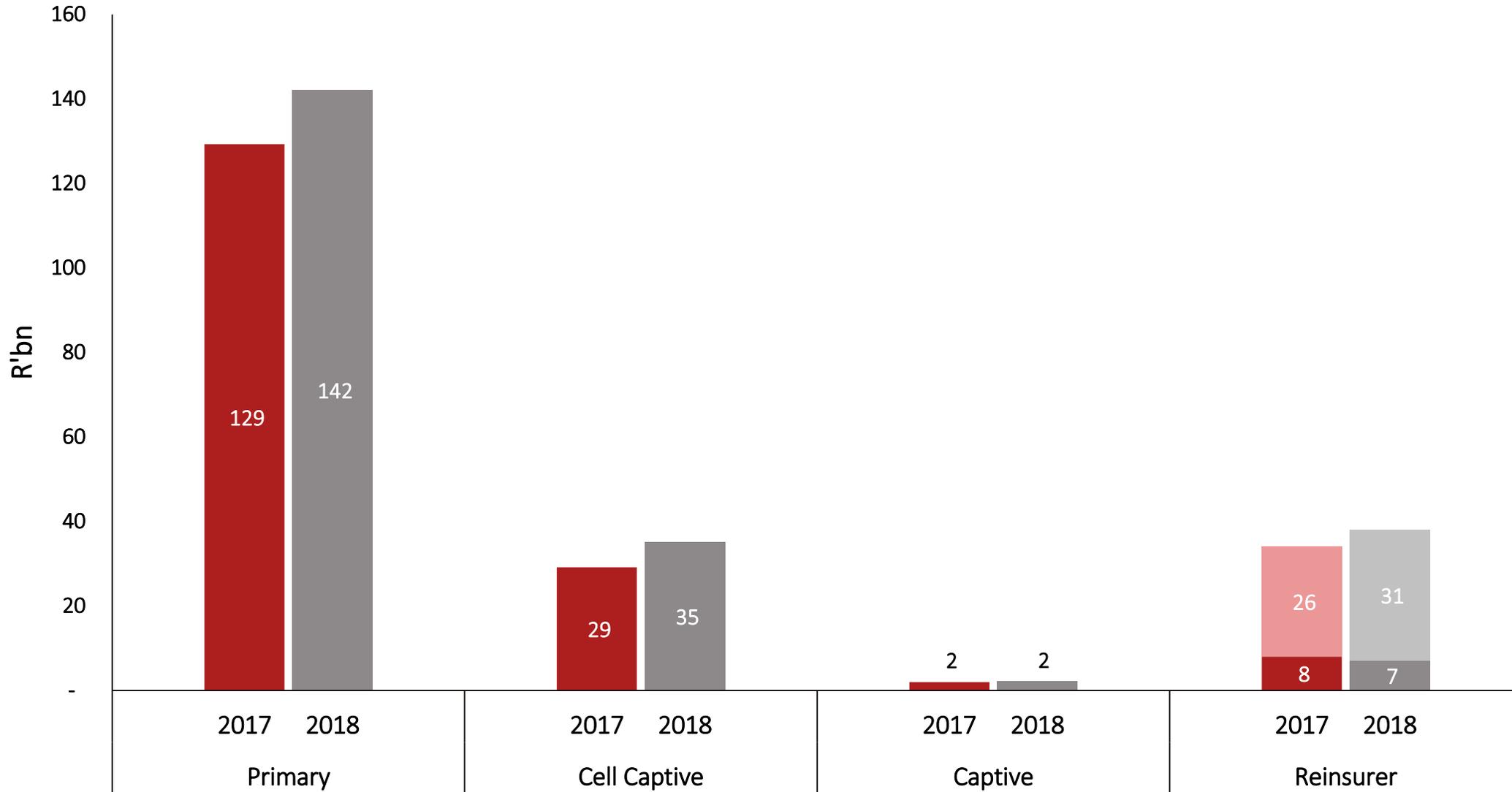
# Balance Sheet



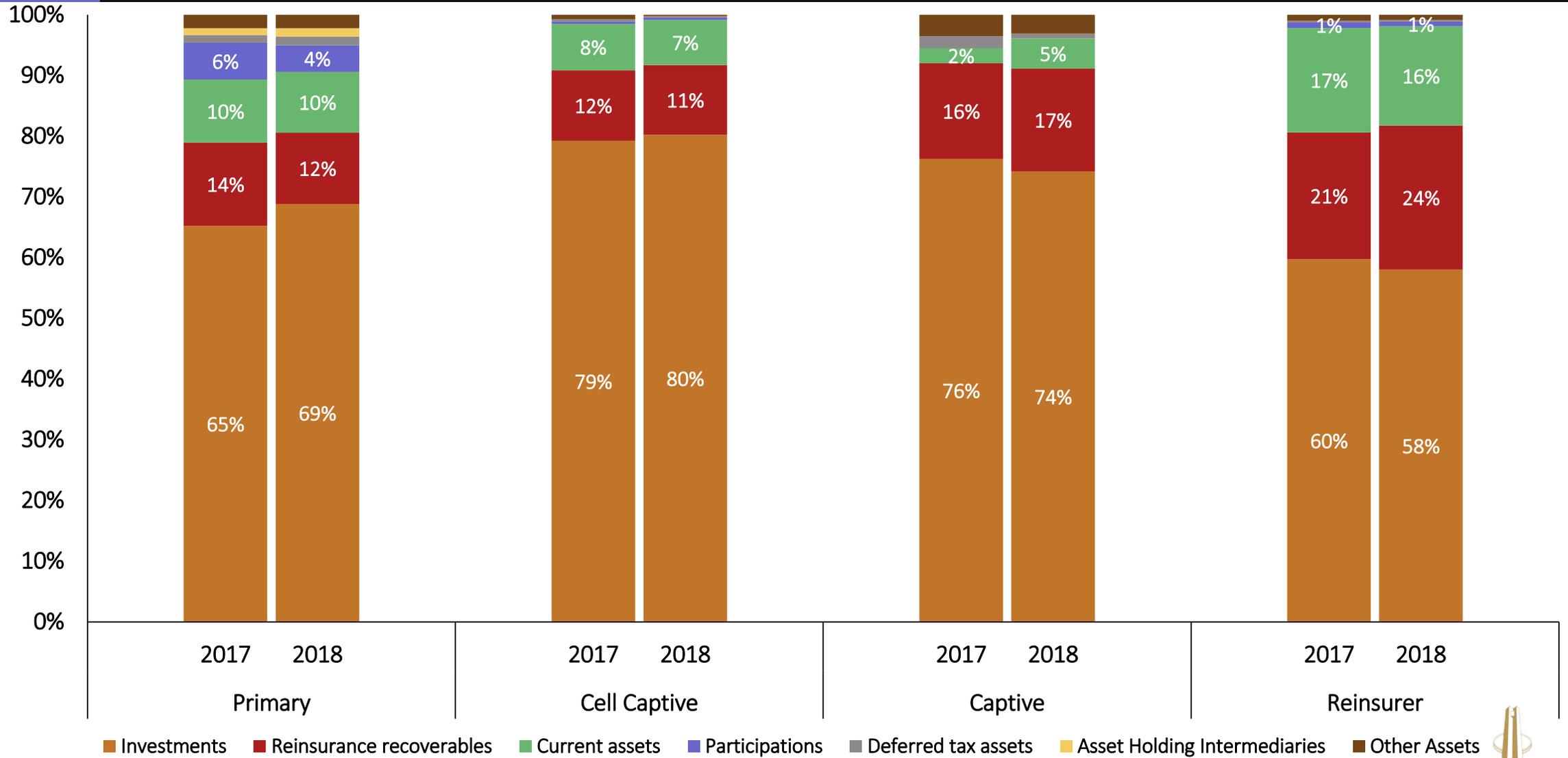
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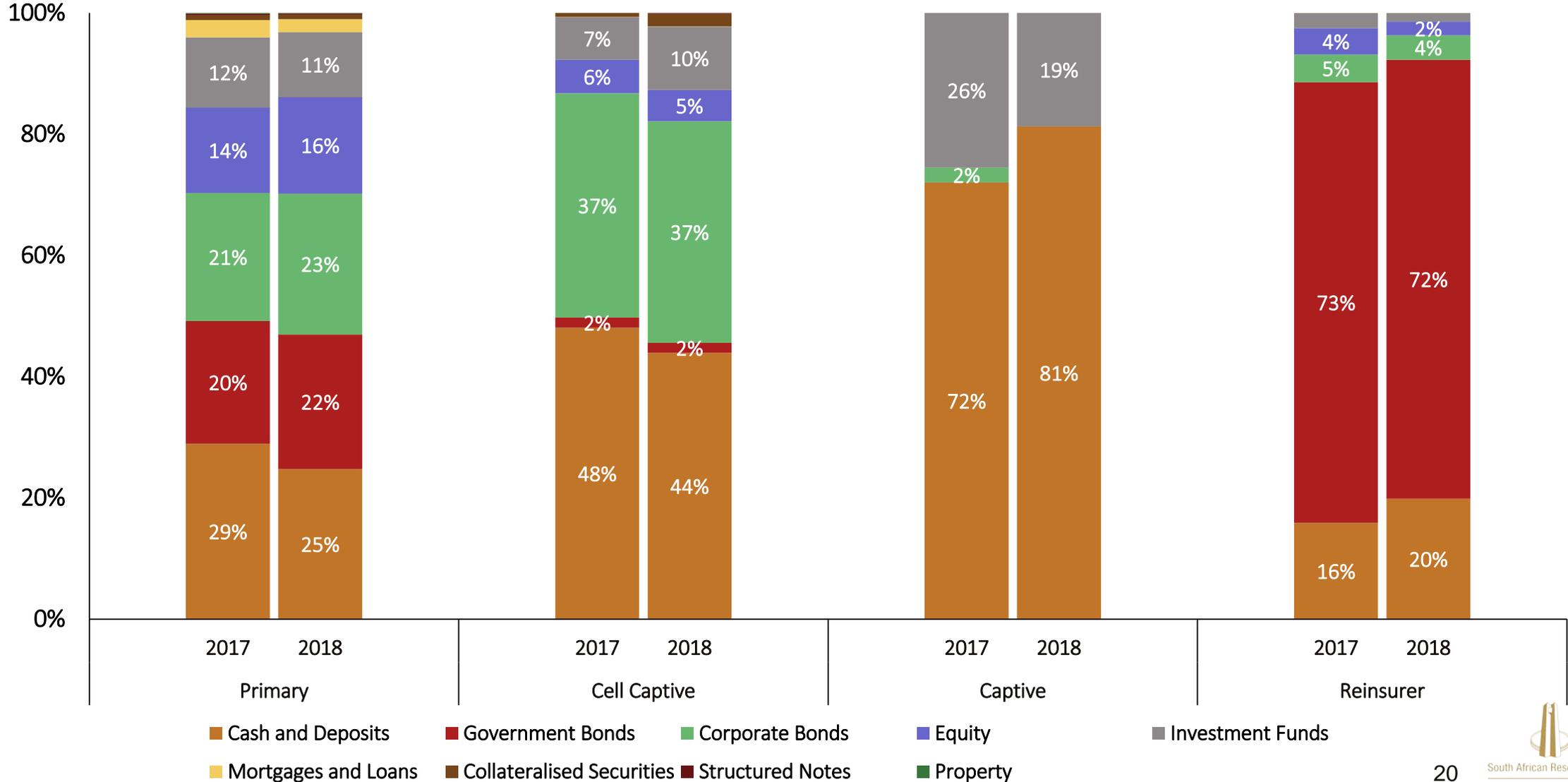
# Total Assets by Insurer Type



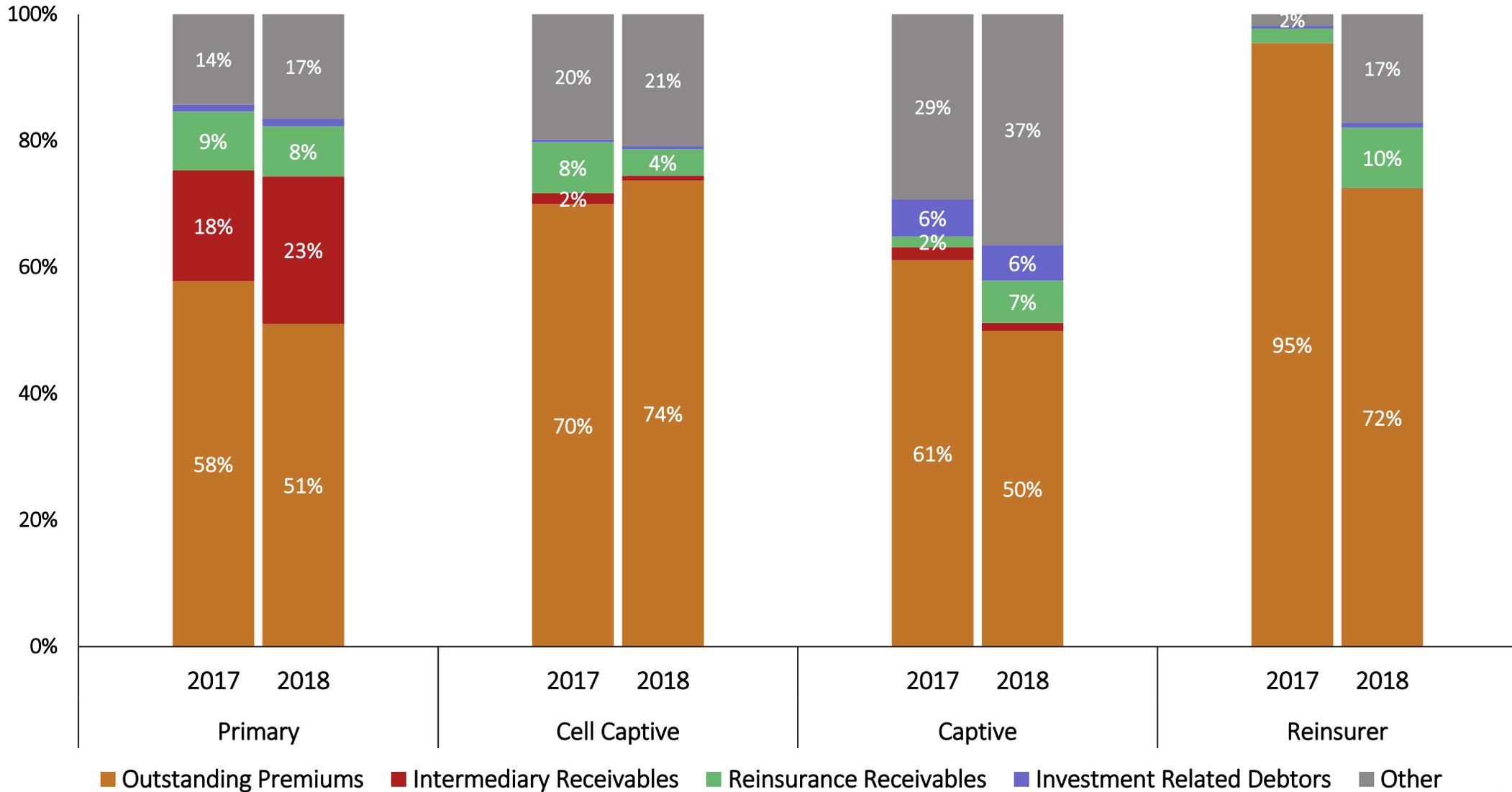
# Asset Composition by Insurer Type



# Total Investments Breakdown by Insurer Type

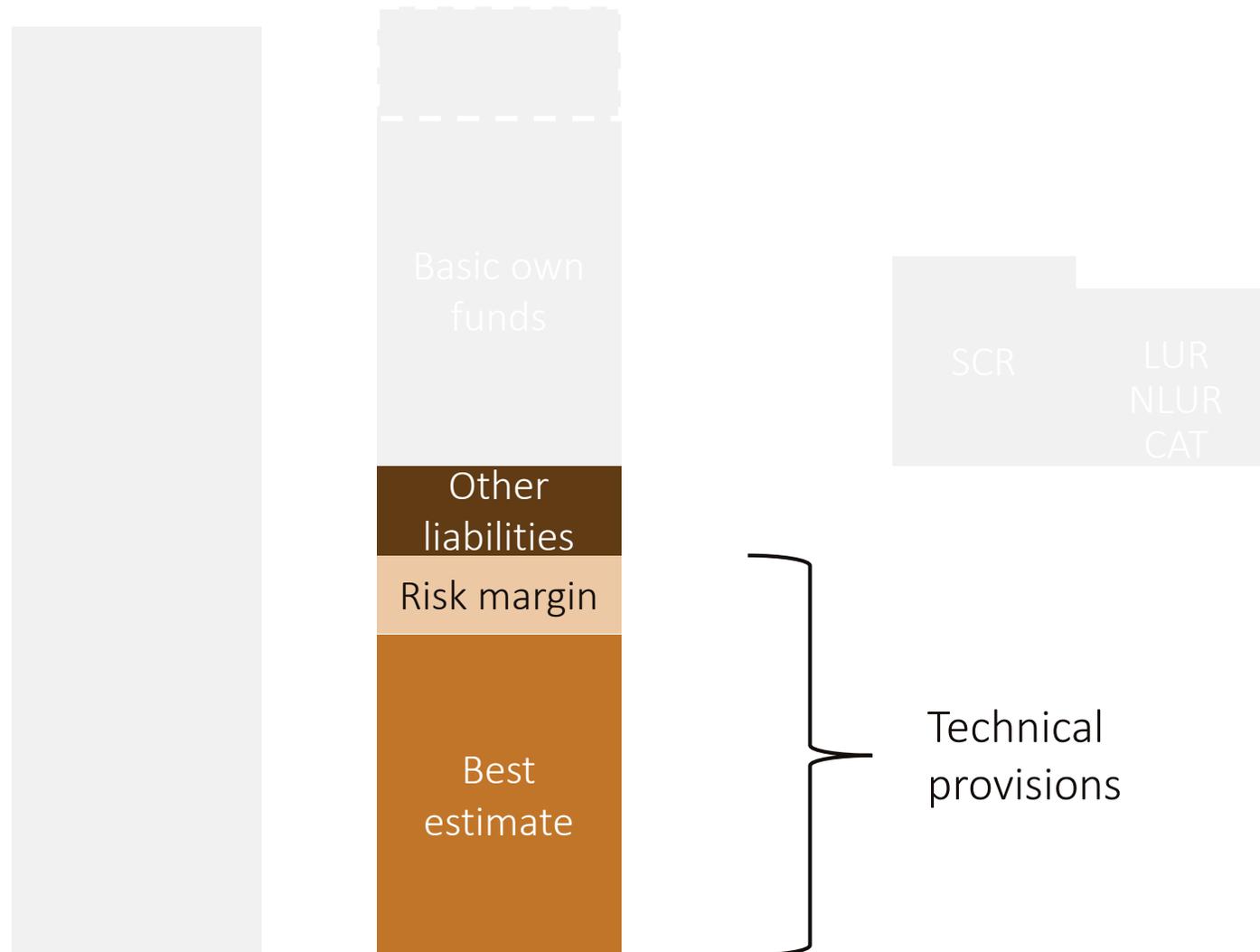


# Current Assets Breakdown by Insurer Type



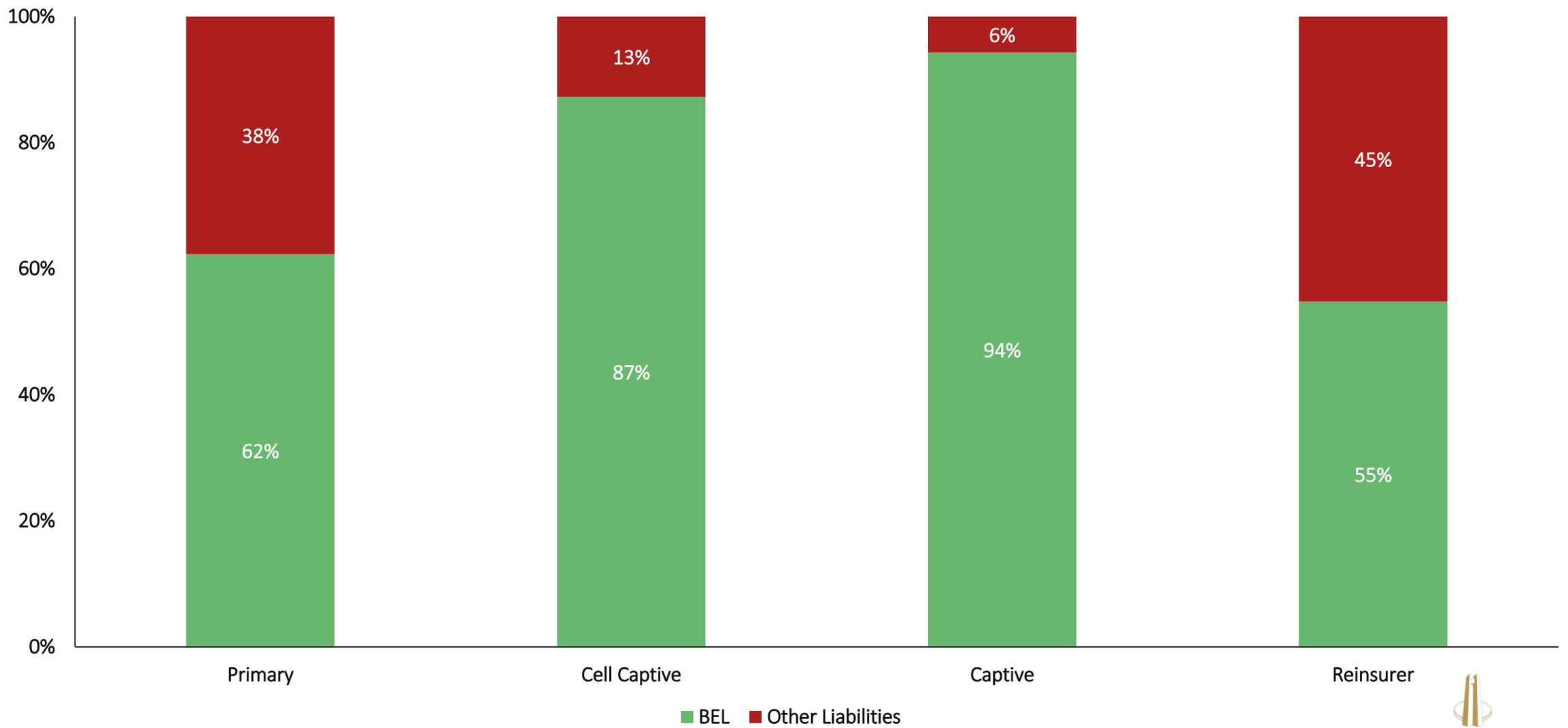
■ Outstanding Premiums 
 ■ Intermediary Receivables 
 ■ Reinsurance Receivables 
 ■ Investment Related Debtors 
 ■ Other

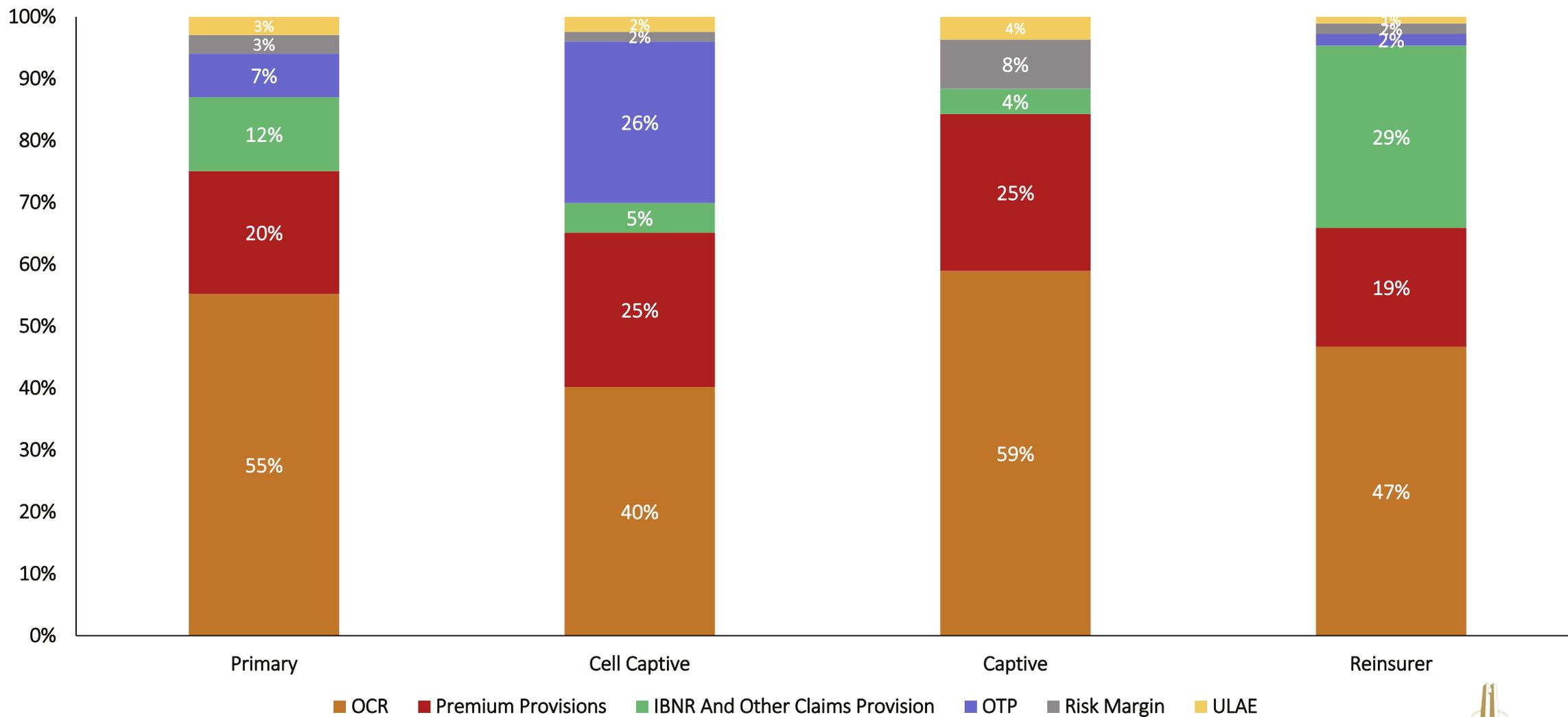
# Balance Sheet



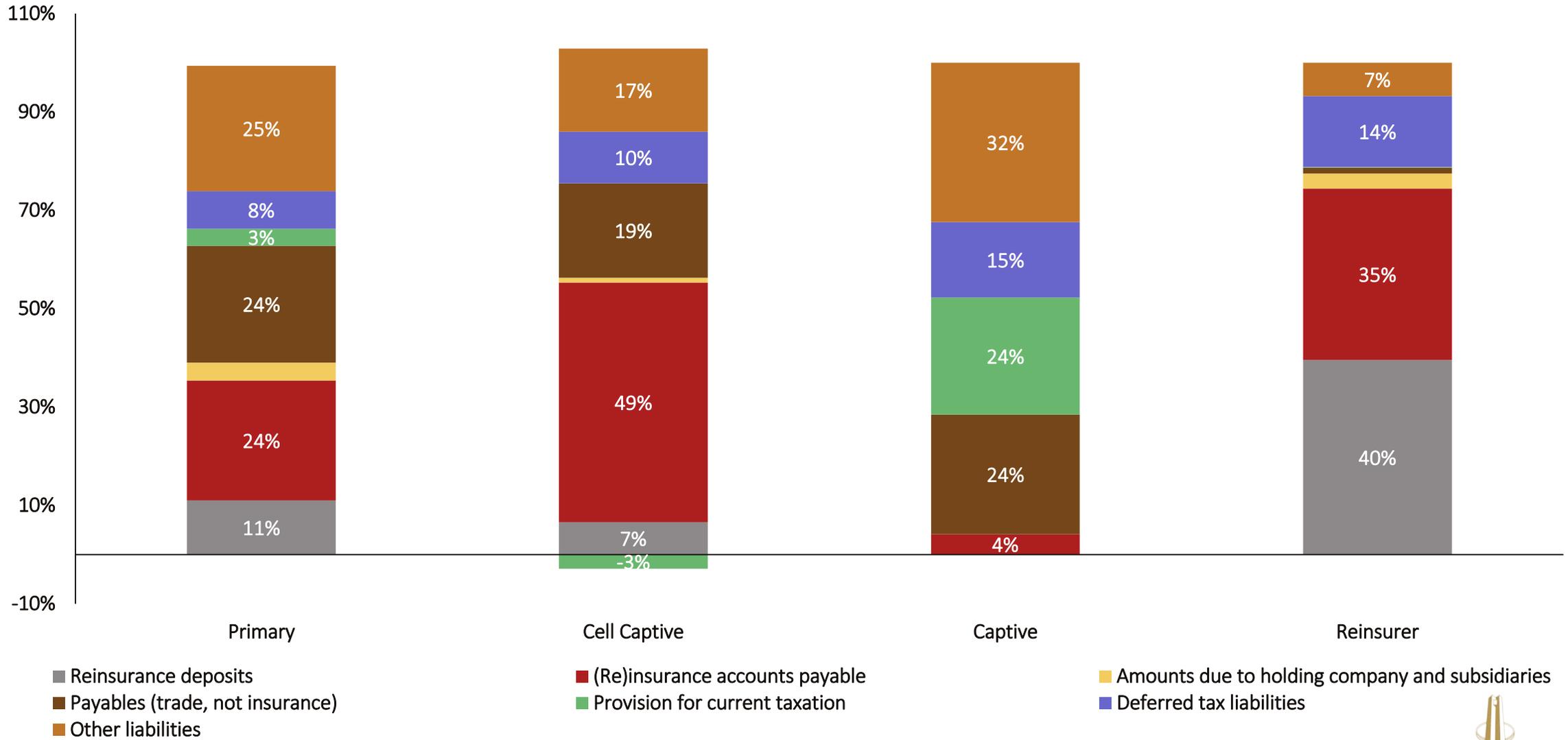
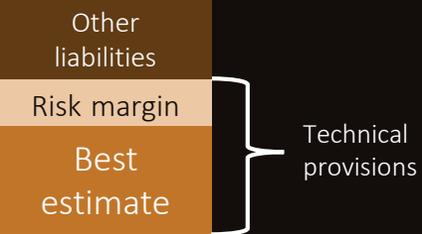


# BEL and Other Liabilities





# Breakdown of Other Liabilities



- Reinsurance deposits
- Payables (trade, not insurance)
- Other liabilities

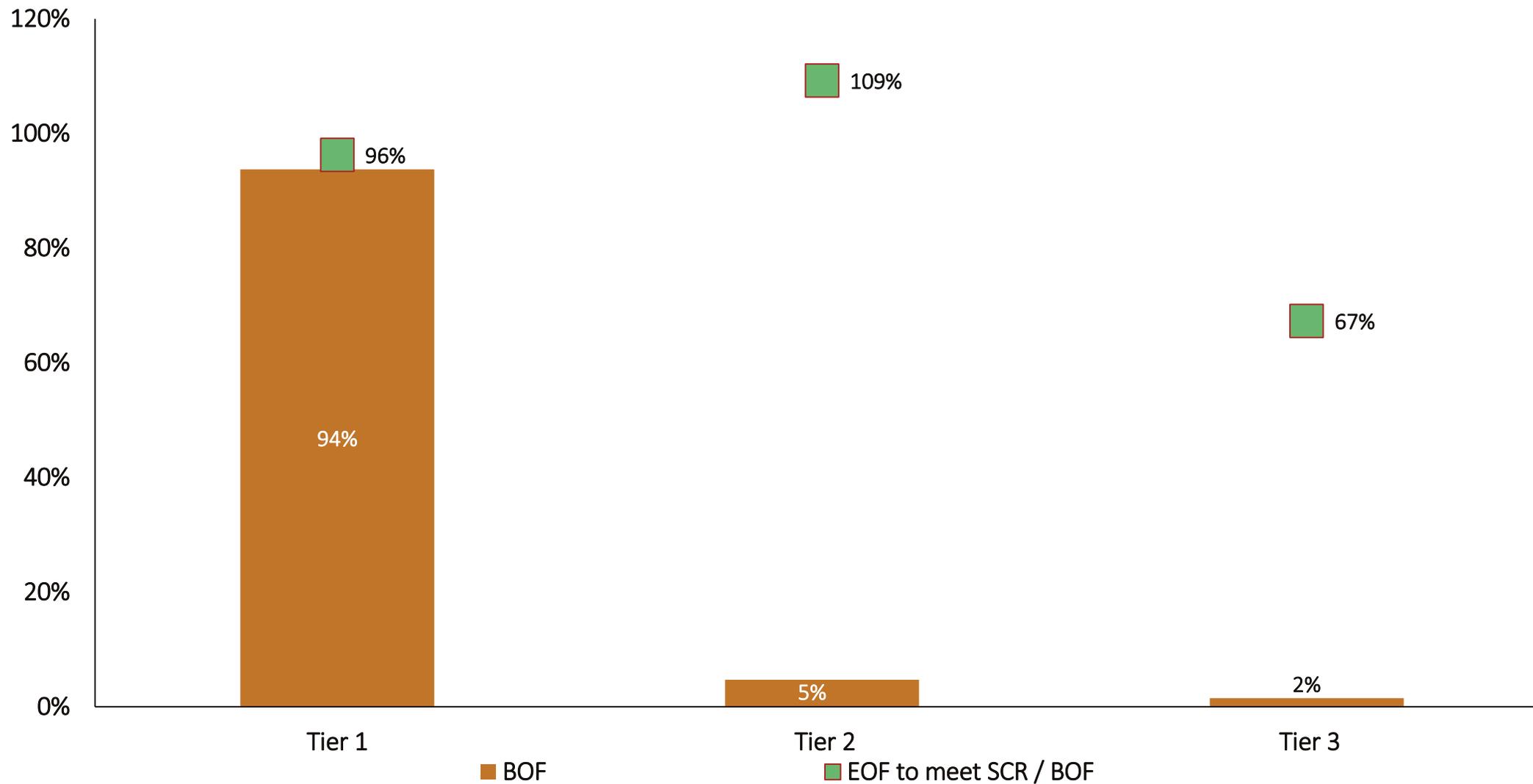
- (Re)insurance accounts payable
- Provision for current taxation

- Amounts due to holding company and subsidiaries
- Deferred tax liabilities

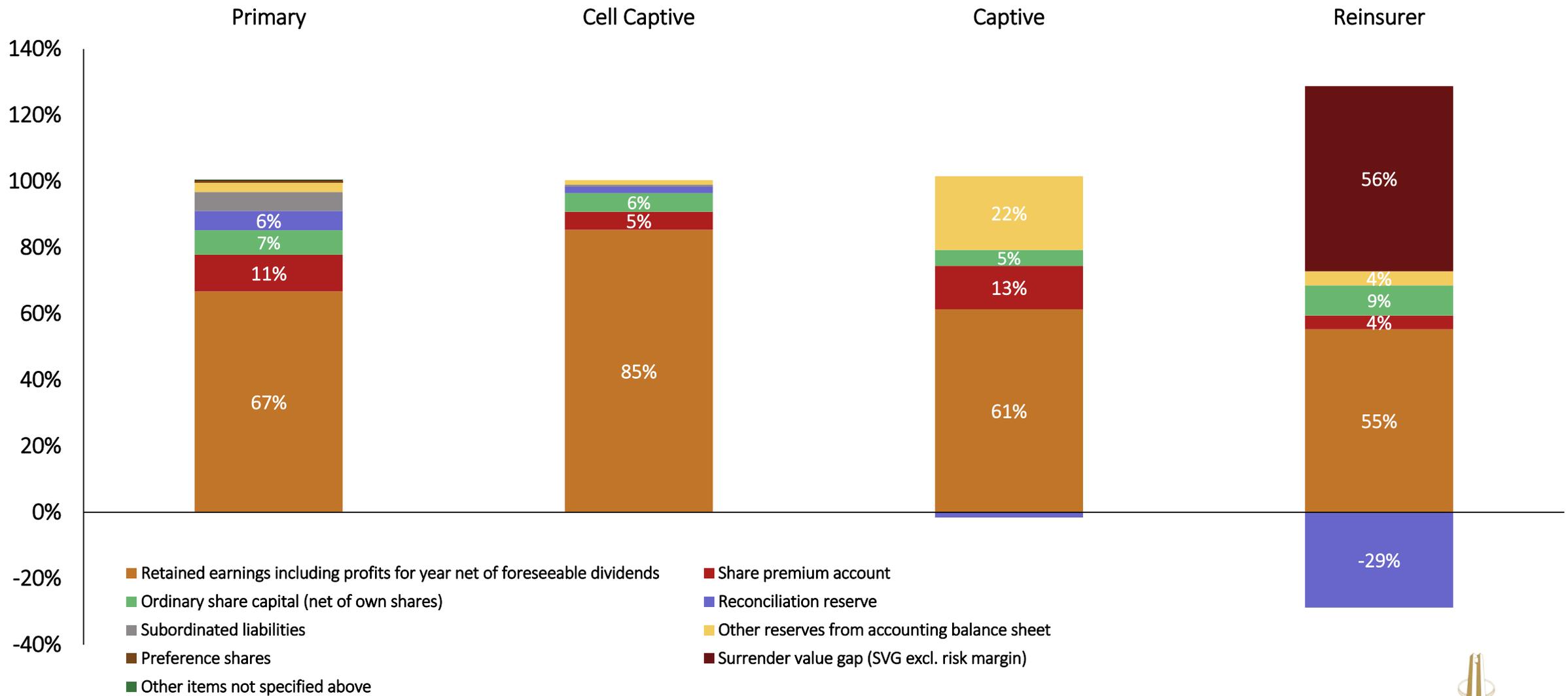
# Balance Sheet



# Tiering of Own Funds



# Composition of Basic Own Funds



# Composition of Tier 2 BOF

Tier 2 Components	Amounts (R'000)
Other reserves from accounting balance sheet	-3 047
Other paid in capital instruments	3 847 414
Restricted reserves - relegate from Tier 1 to Tier 2	22 050
Other adjustments	260 899
<b>Total Basic own funds after adjustments</b>	<b>4 127 316</b>
<b>% of Insurer's Holding Tier 2 Funds</b>	<b>16%</b>

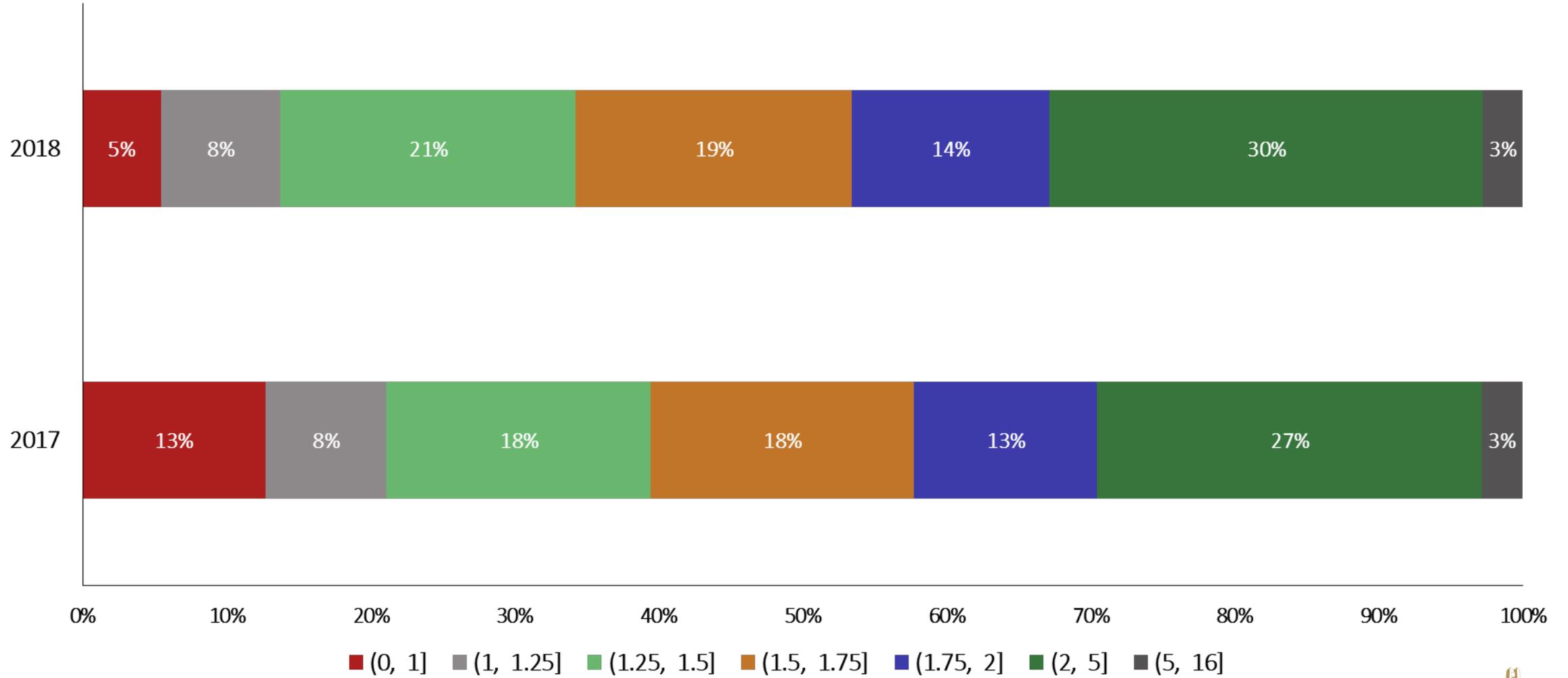
# Composition of Tier 3 BOF

Tier 3 Components	Amounts (R'000)
Adjustment for intangible assets	19 371
Net deferred tax assets - relegate from Tier 1 to Tier 3	1 055 833
Other adjustments	243 242
<b>Total Basic own funds after adjustments</b>	<b>1 318 445</b>
<b>% of Insurer's Holding Tier 3 Funds</b>	<b>66%</b>

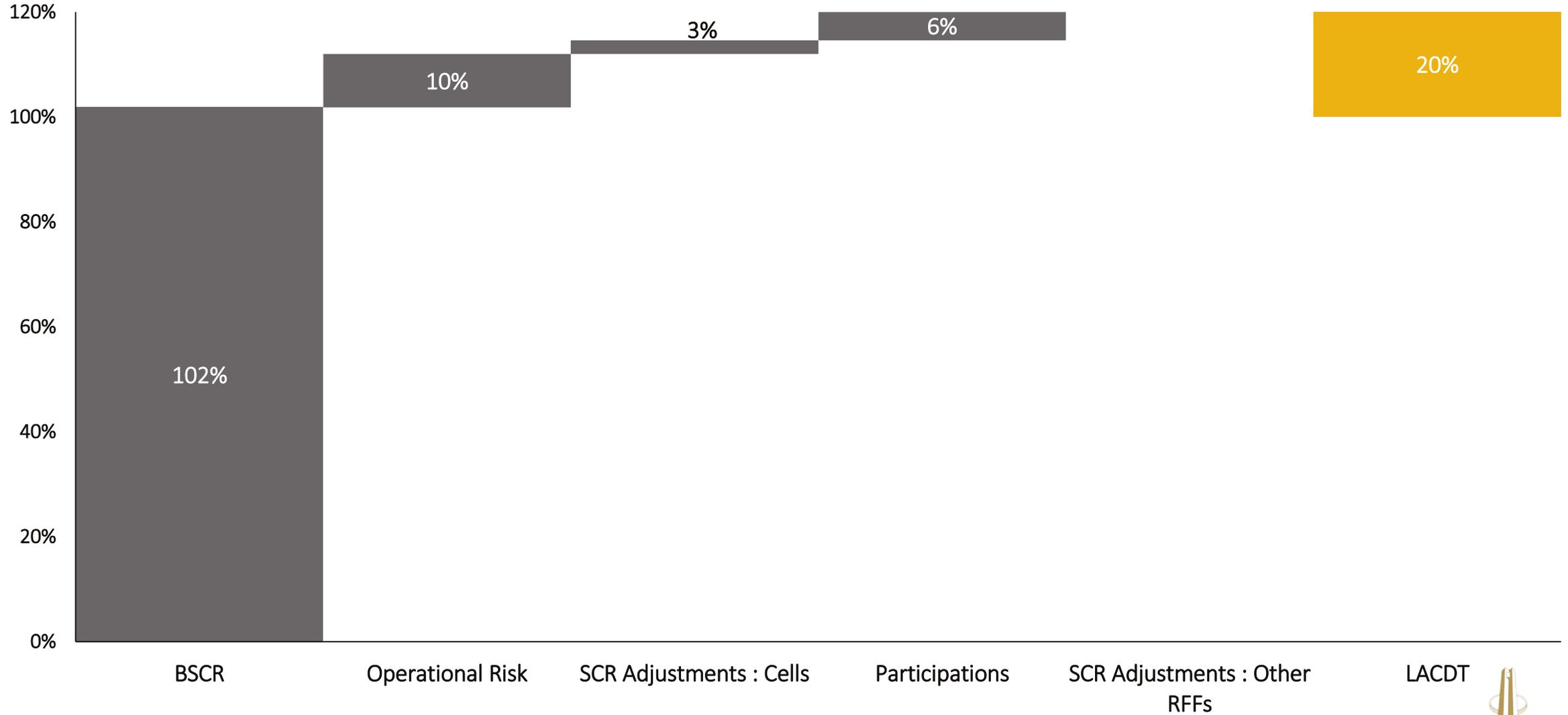
# Balance Sheet



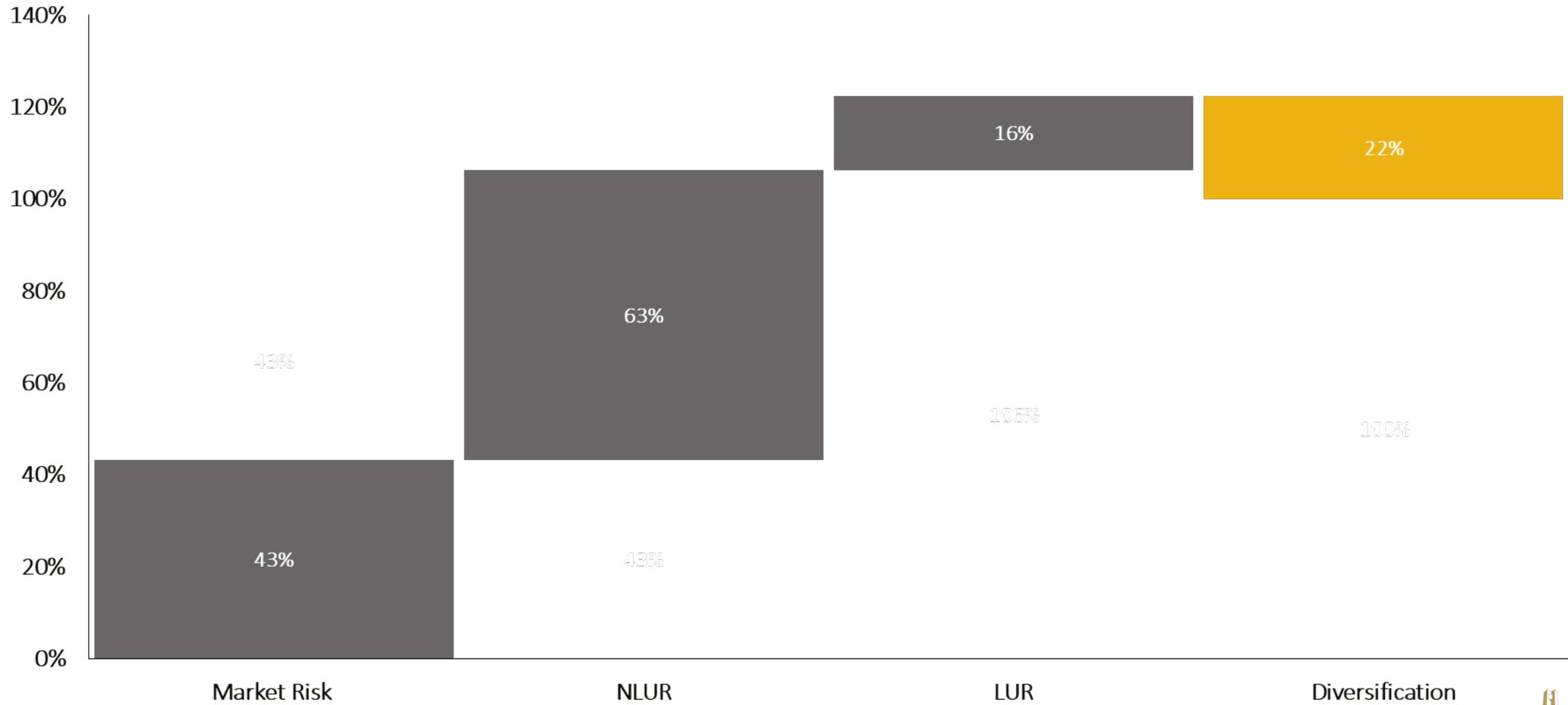
# SCR Cover Ratios



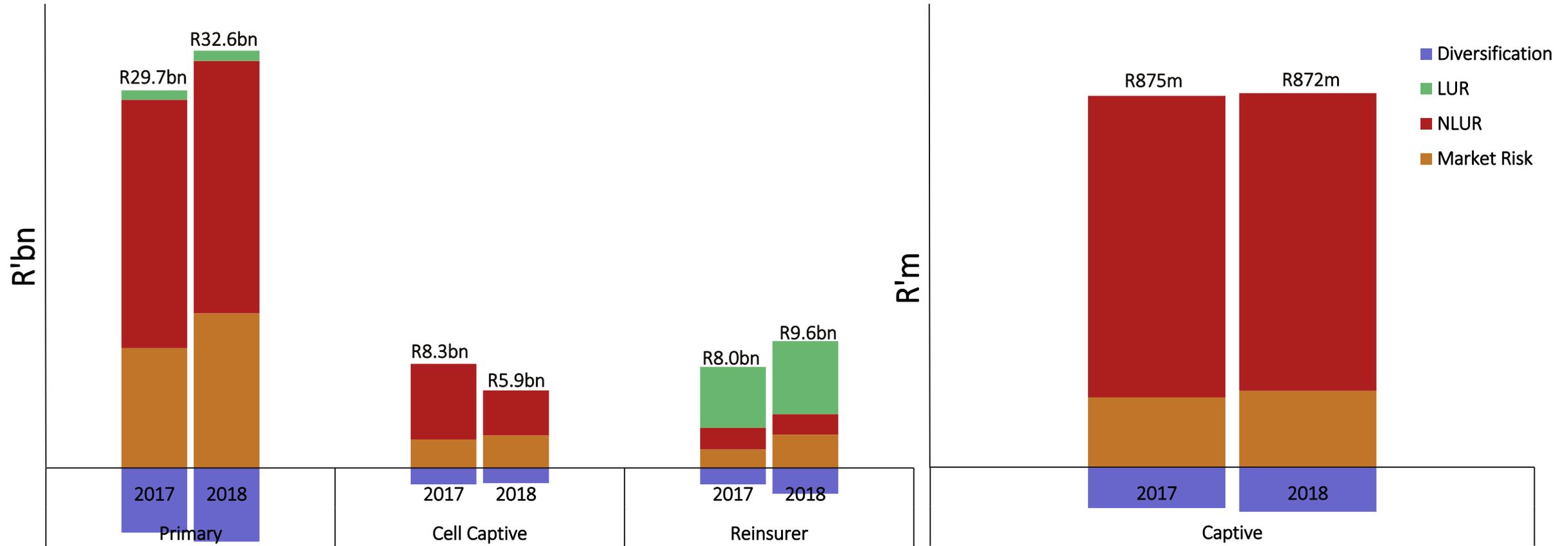
# Breakdown of SCR



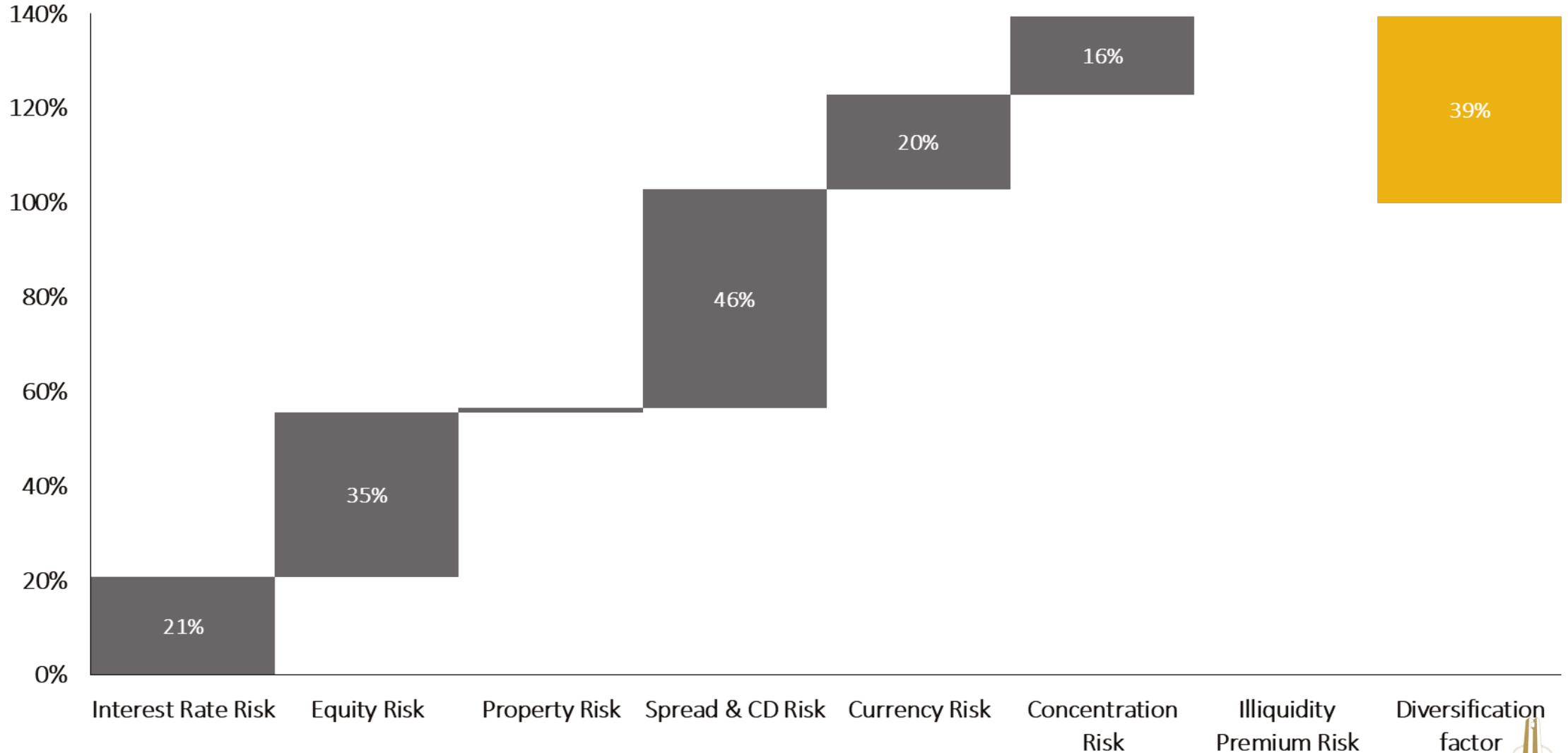
# Breakdown of BSCR



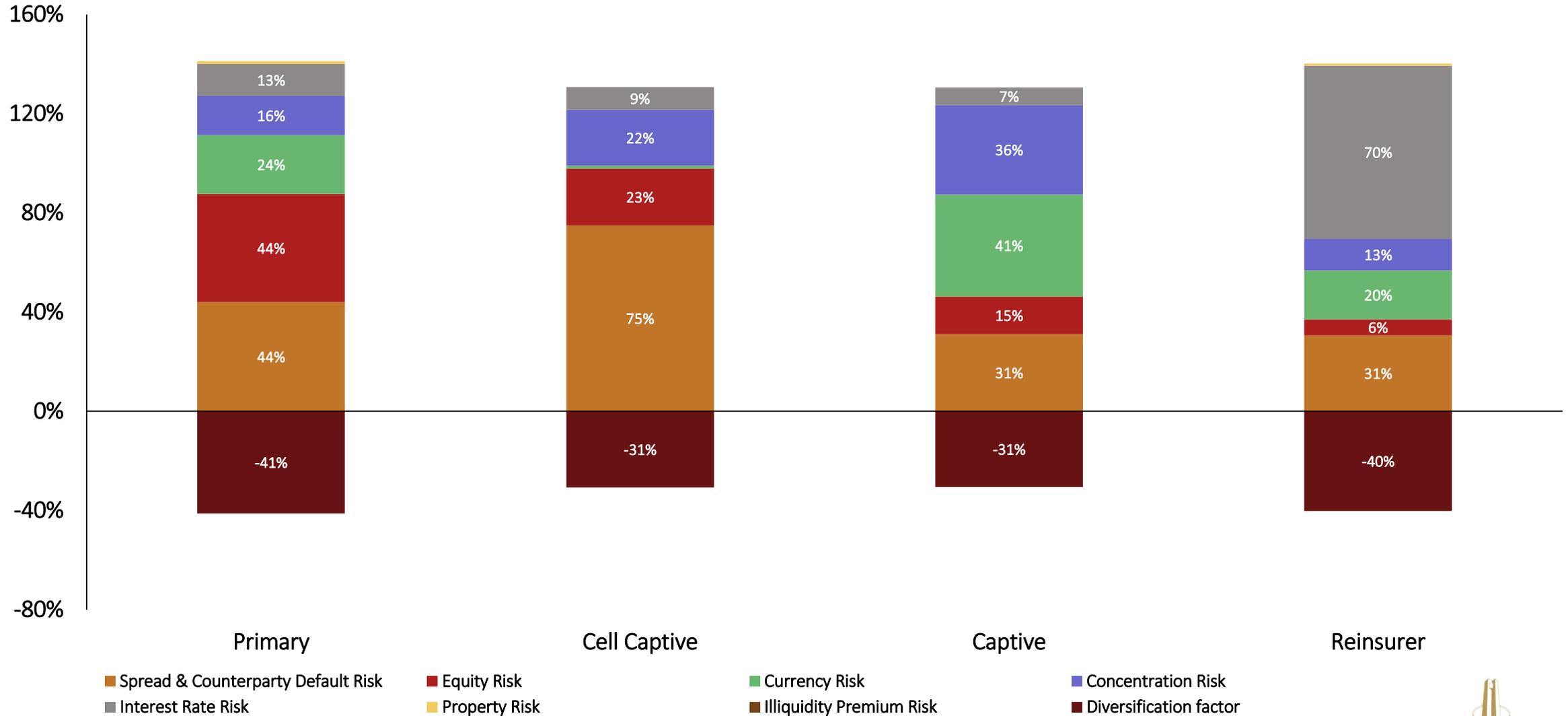
# Breakdown of BSCR



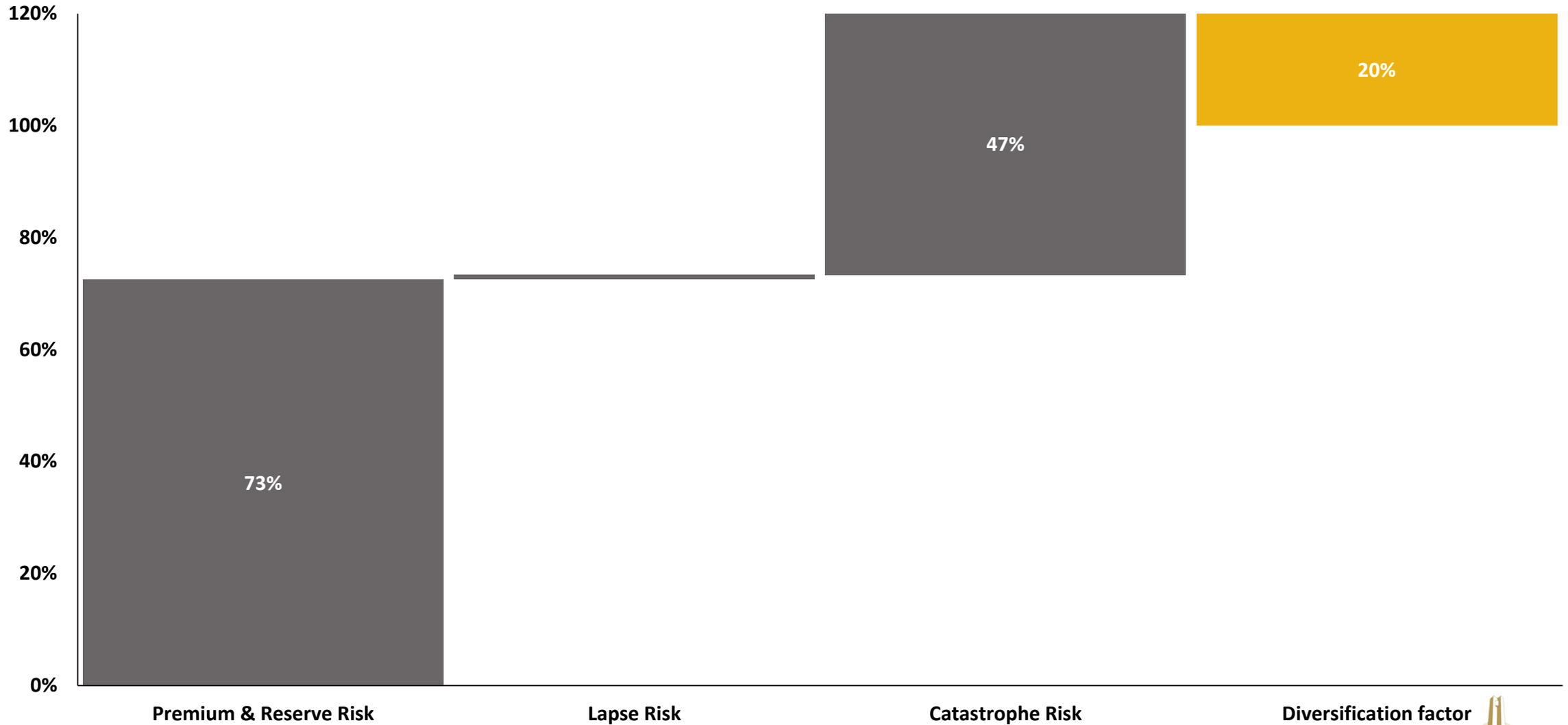
# Market Risk - Total Industry



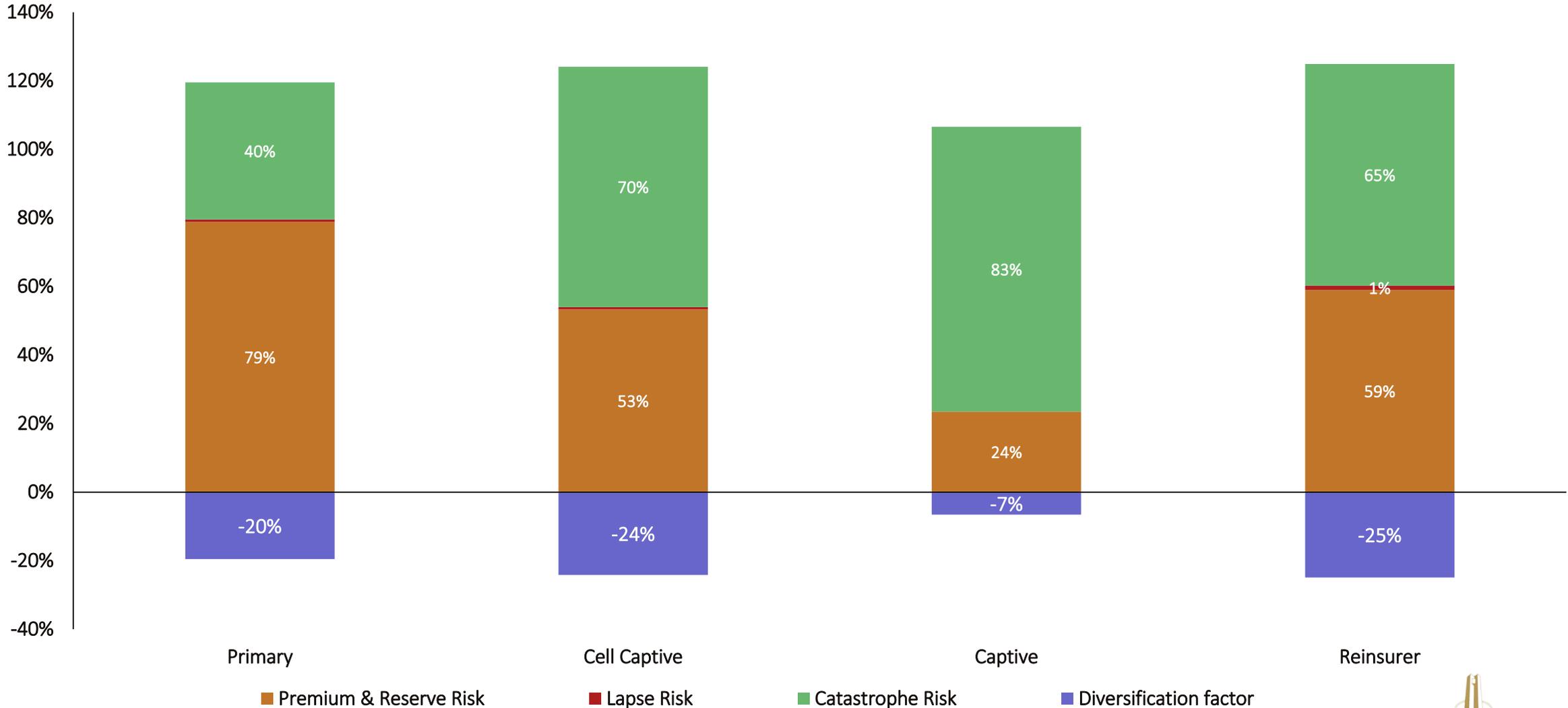
# Market Risk by Insurer Type



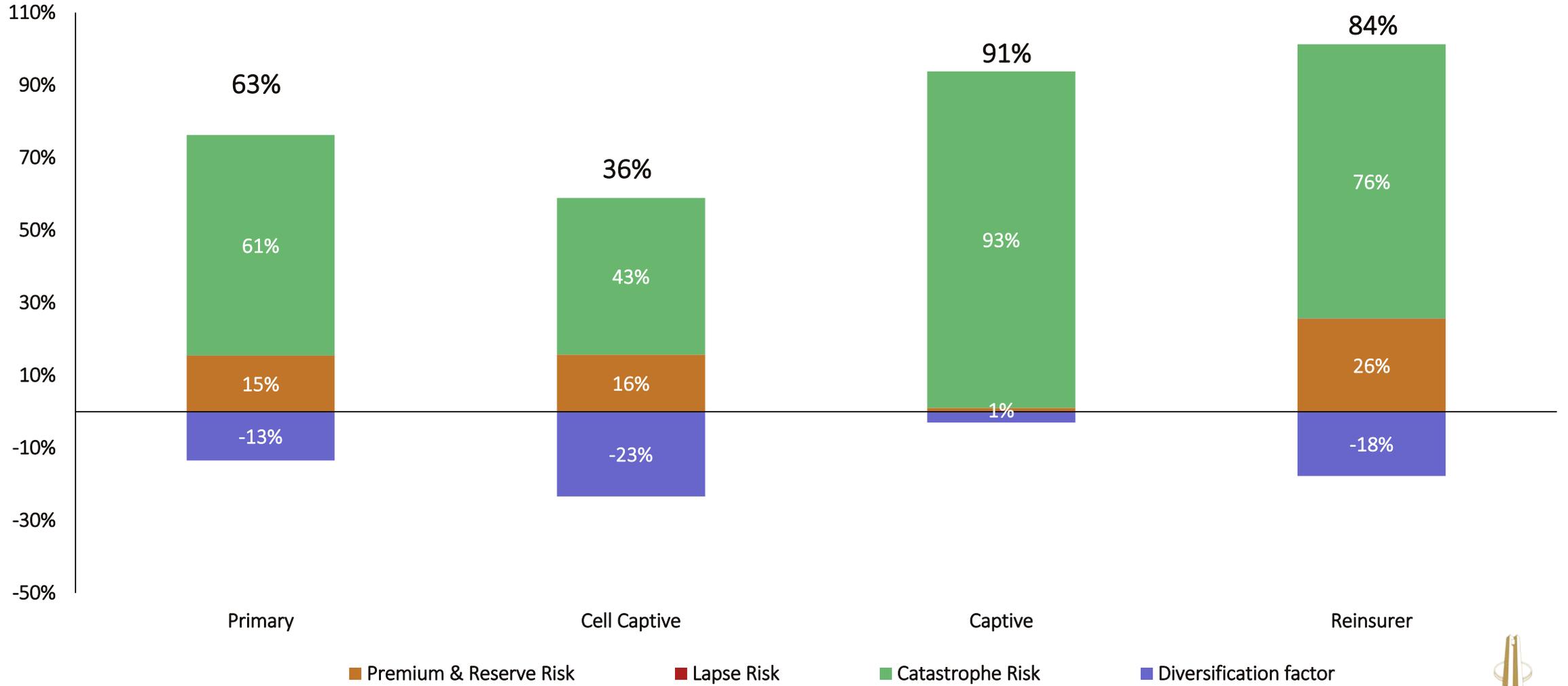
# Non-Life Underwriting Risk Composition



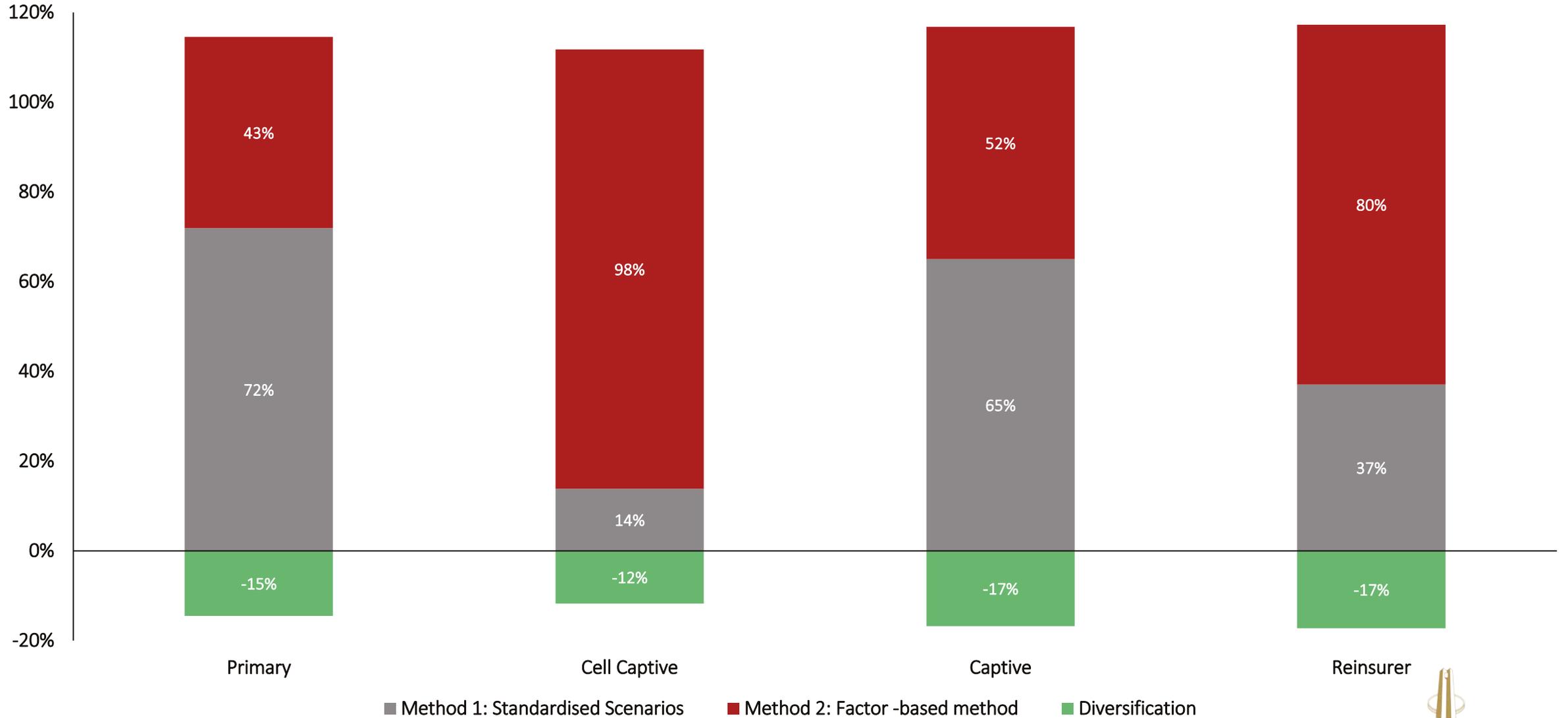
# Non-Life Underwriting Risk Composition



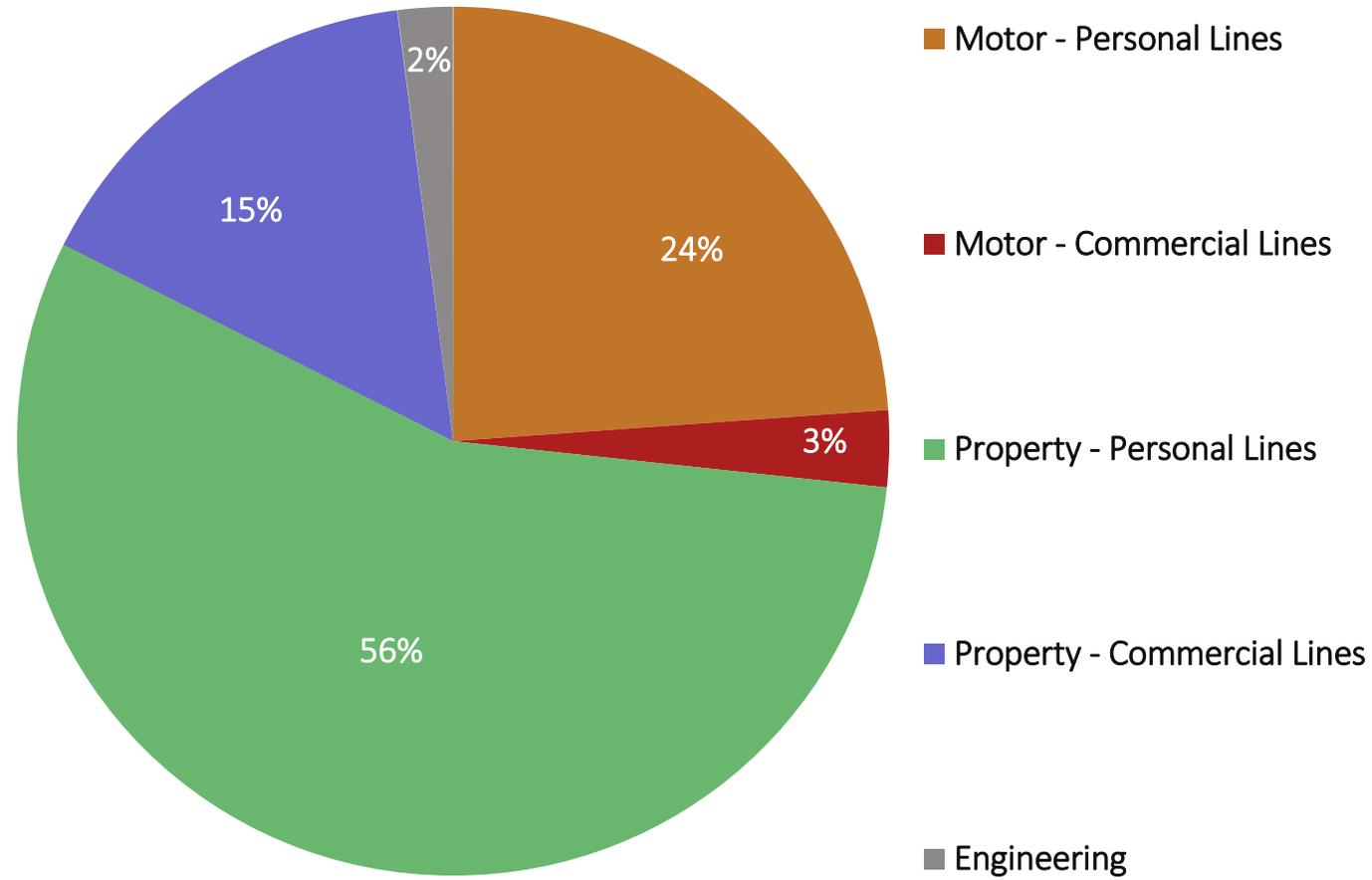
# Capital Relief from Risk Mitigation



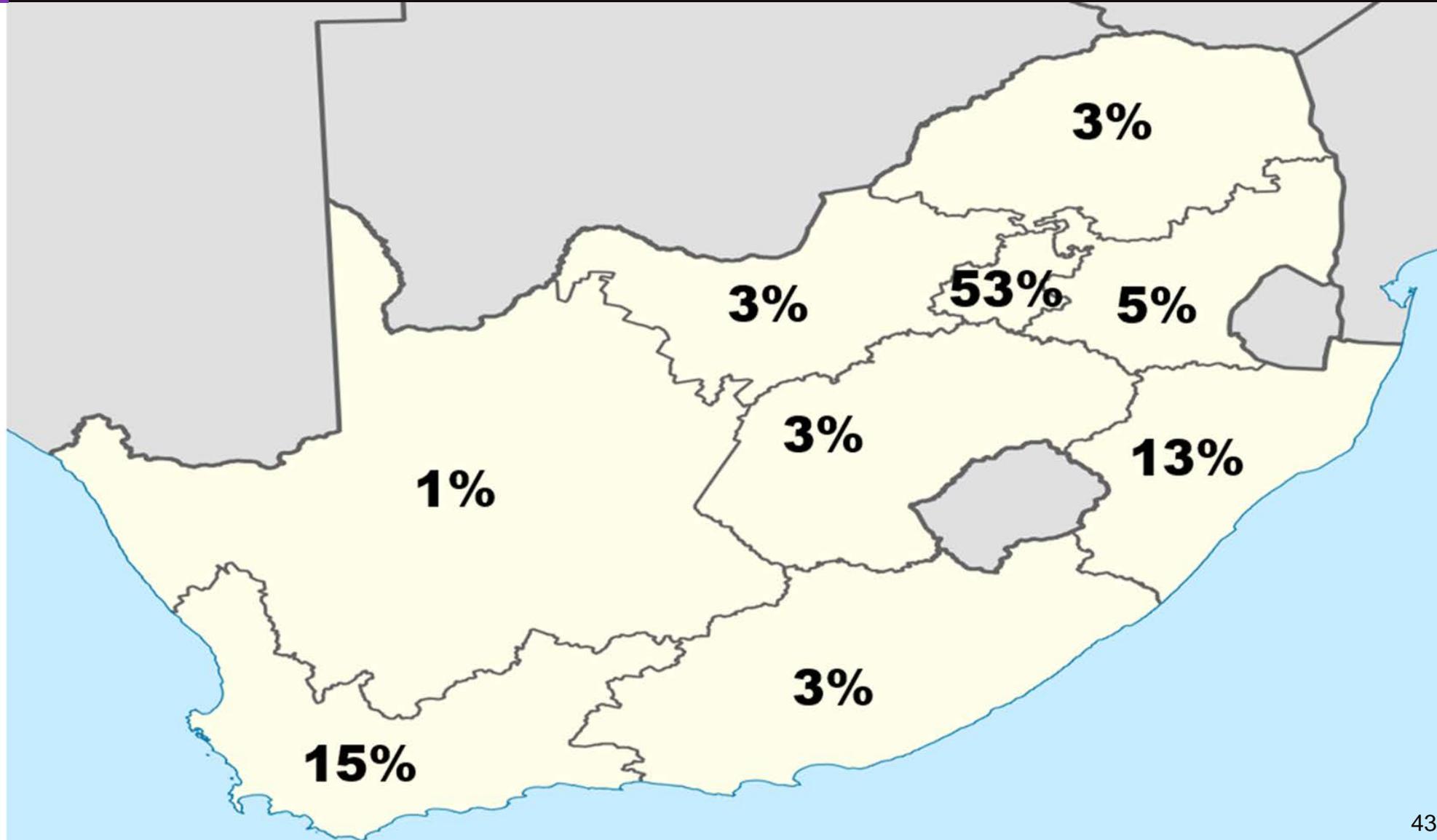
# Catastrophe Risk



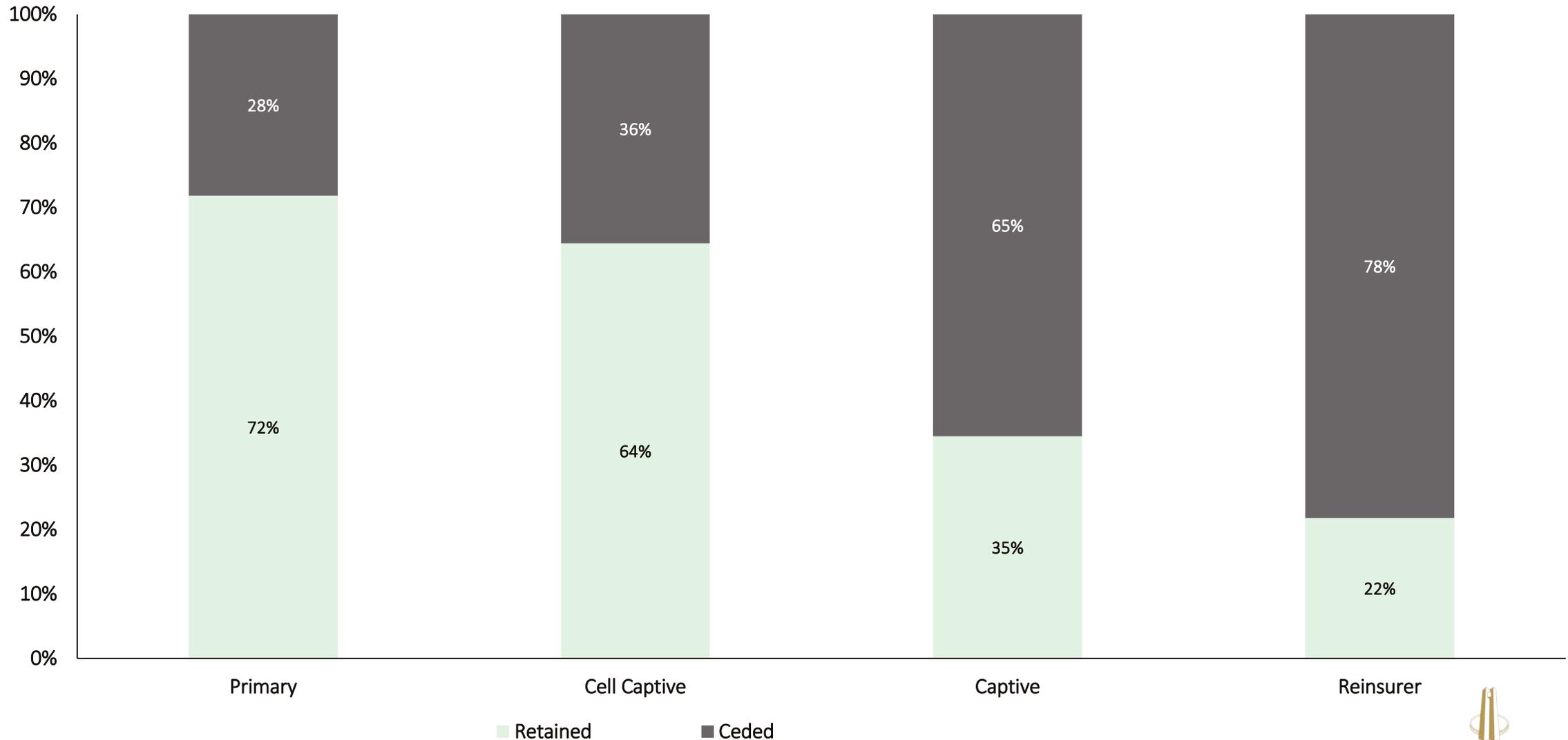
# Natural Catastrophe Risk: Total Insured Value by Sub-line of Business

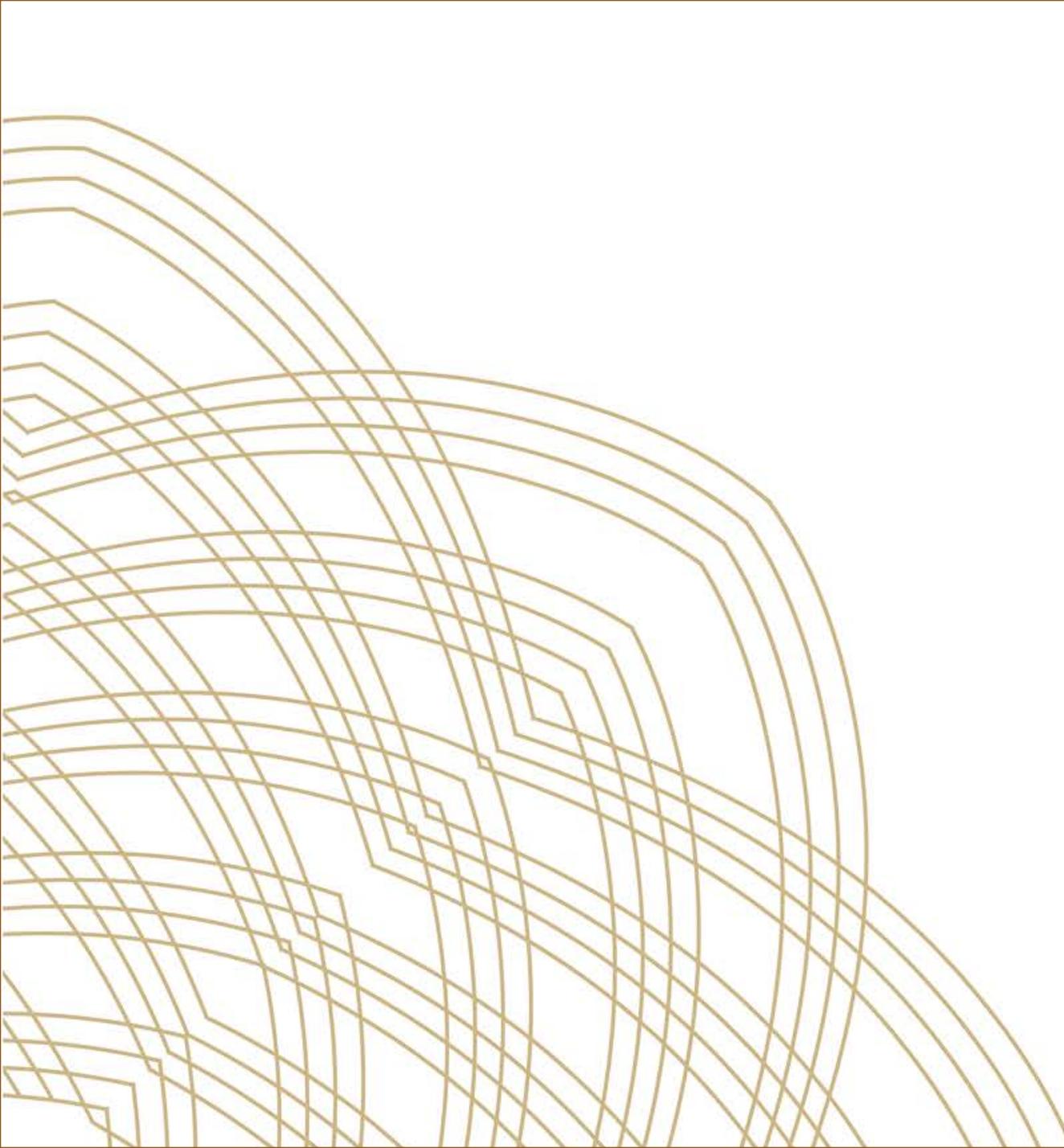


# Natural Catastrophe Risk: Total Insured Value by Zone



# Use of Reinsurance / Retrocession



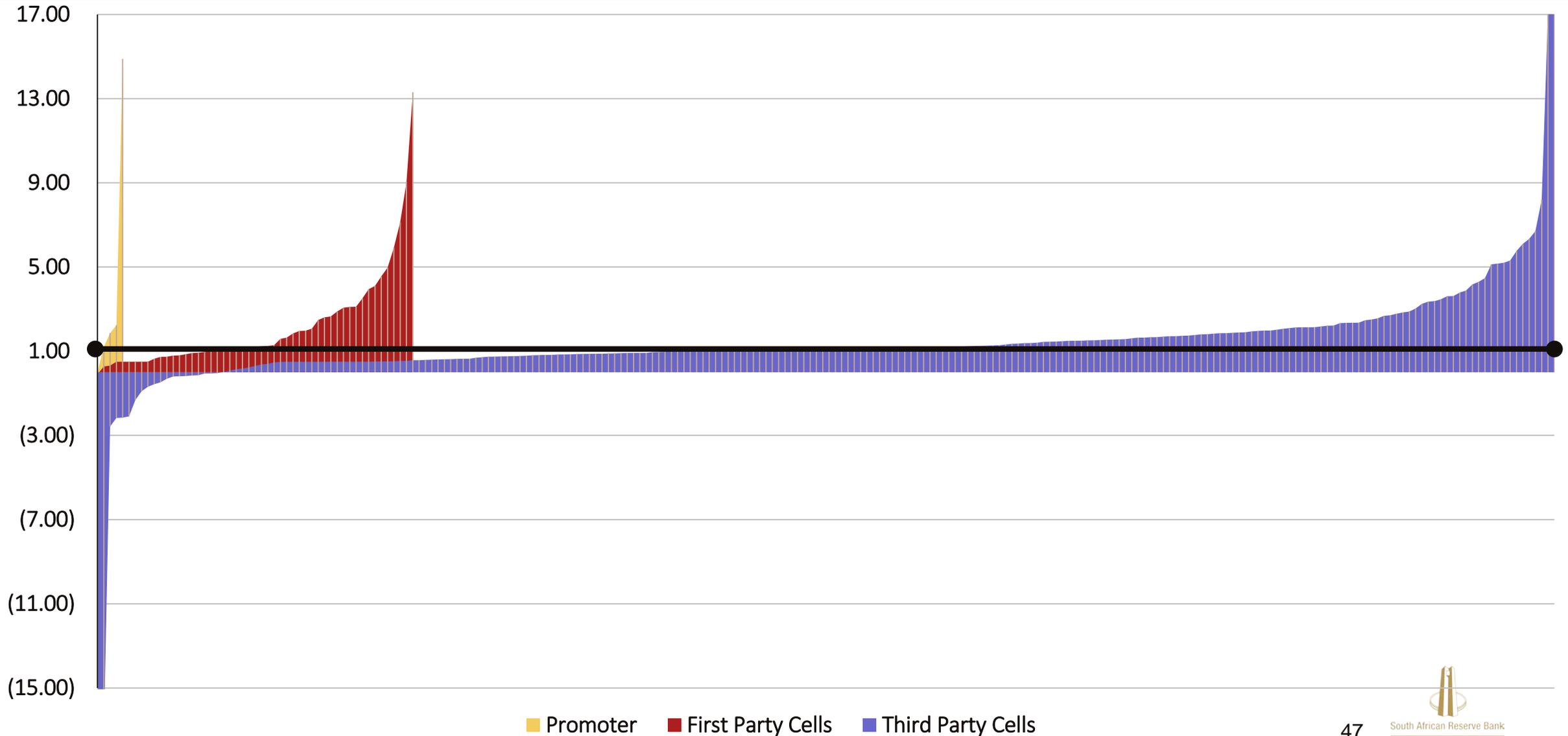


# Cell - Captives

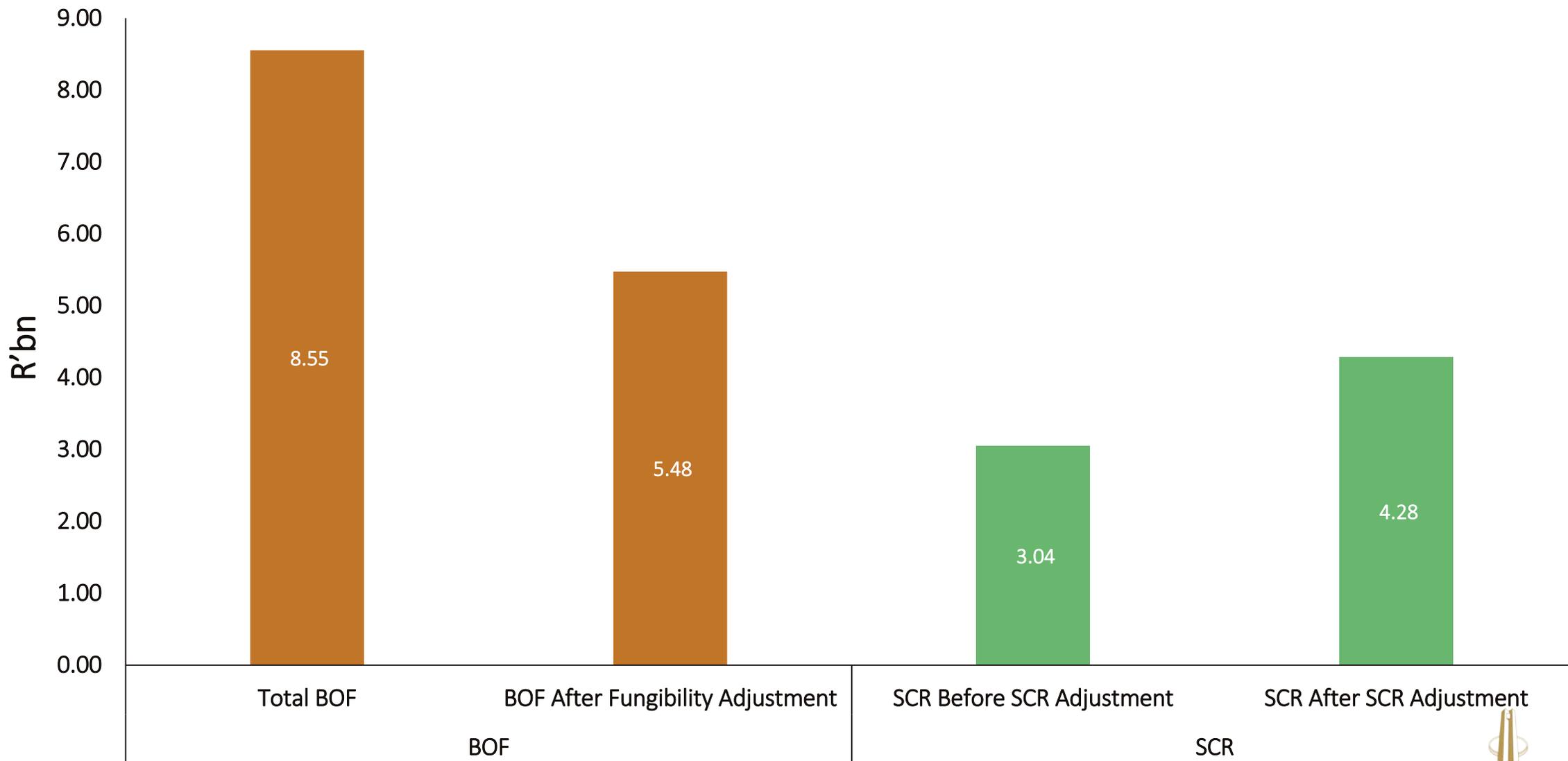
# Cell – Captives: Premium

	Promoter	First Party Cells	Third Party Cells
<i>Number of Cells</i>		51	235
Gross Written Premium (R'bn)	6.6	2.1	8.2
<i>% of Total Industry GWP</i>	4%	1%	6%

# Cell – Captives : Solvency Cover Ratios



# Cell Structures: Effect on Balance Sheet



# Summary

- Industry grew in premium in 2018
- Incurred claims ratios were lower
- Industry assets grew
- Reinsurers continued to show adverse results although better

# Questions

