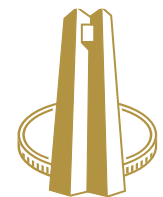




Life Industry Experience 2019

By: Brian Mapaure and
Dikeledi Matsimela

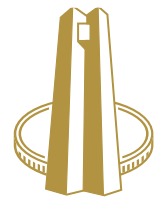
Date: 4 December 2020



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Prudential Authority

Presentation Scope and Data

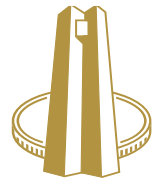
- Presentation based on the 2019 annual quantitative reporting templates submitted to the Prudential Authority.
- Total number of insurers included – 73 insurers.
- Microinsurers were not included.
- Rounding.
- Quality of data still an issue.



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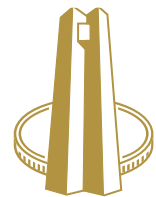
- General Overview
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- Liquidity
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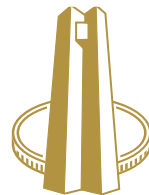
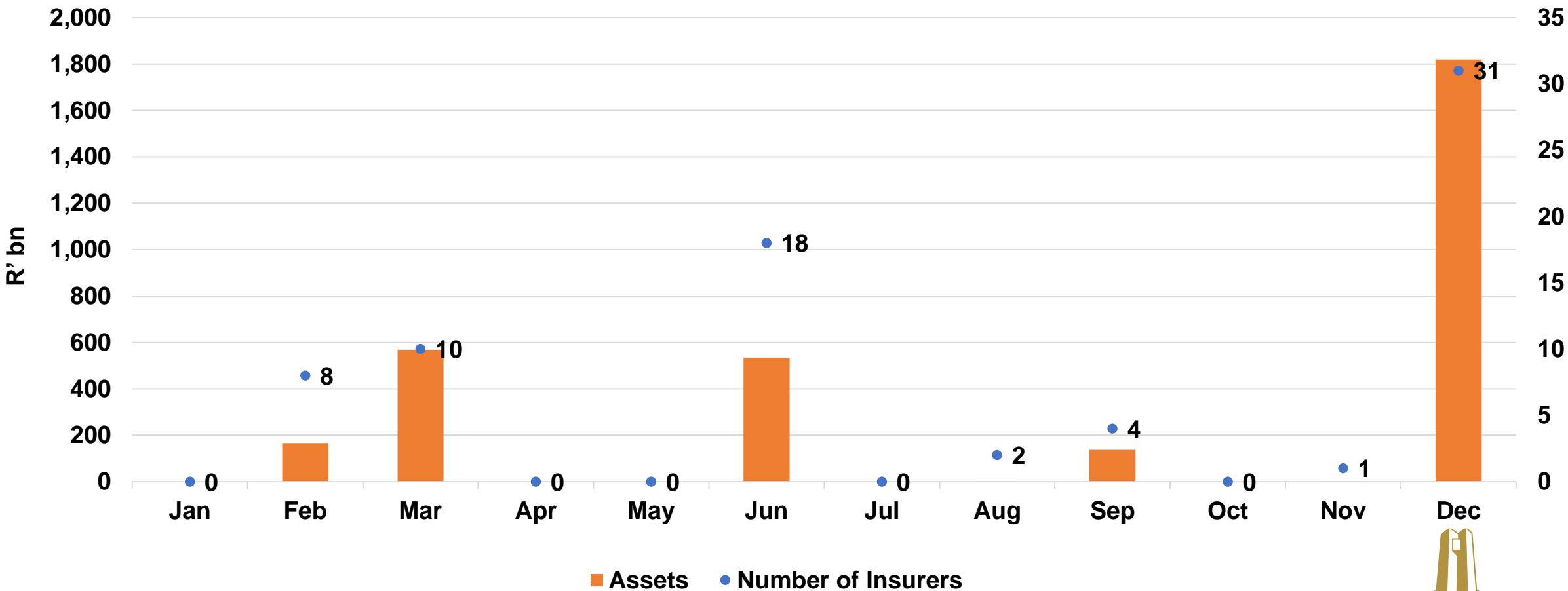
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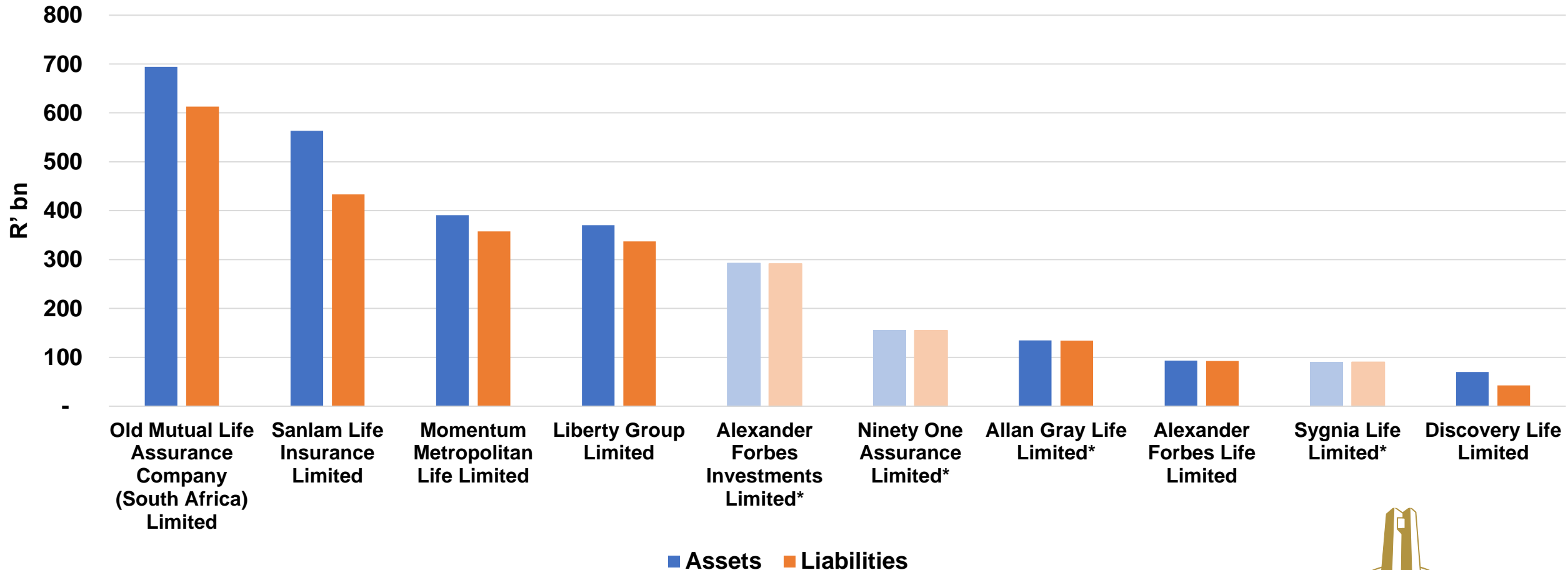


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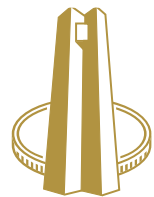
Number of Insurers per year-end



Top 10 insurer rankings by assets

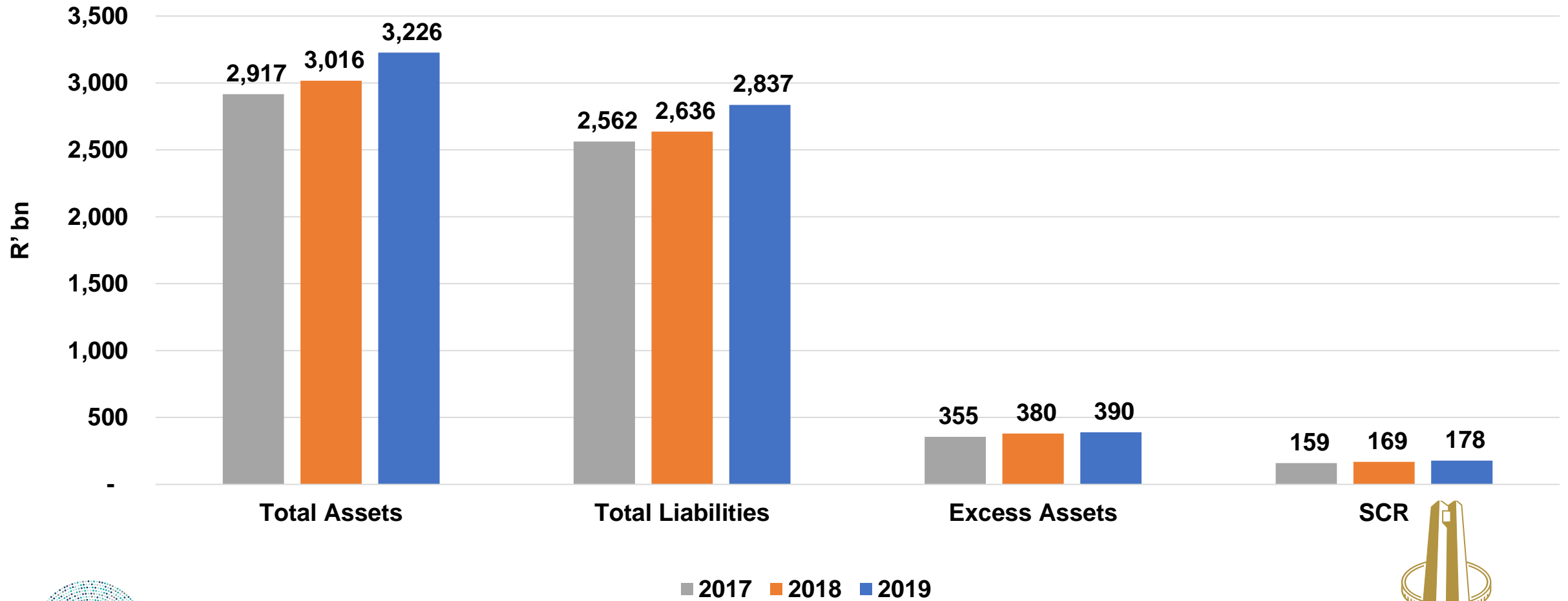


* Linked Investments Insurers



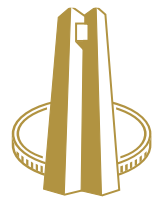
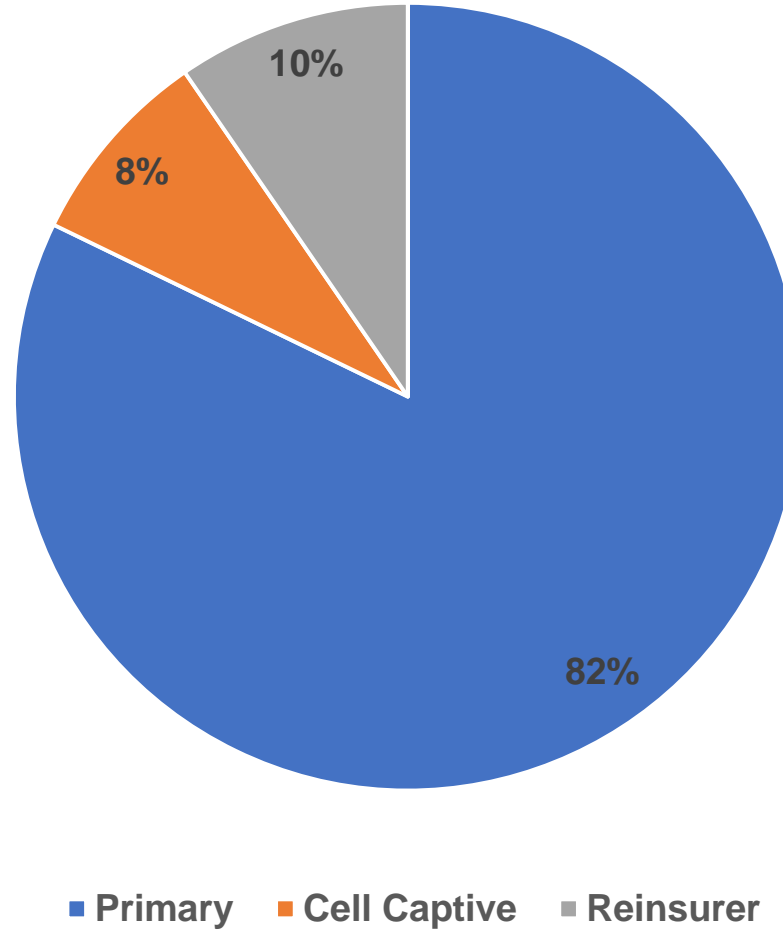
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Overview



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Prudential Authority

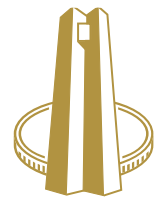
Proportion of Insurers by class



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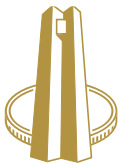


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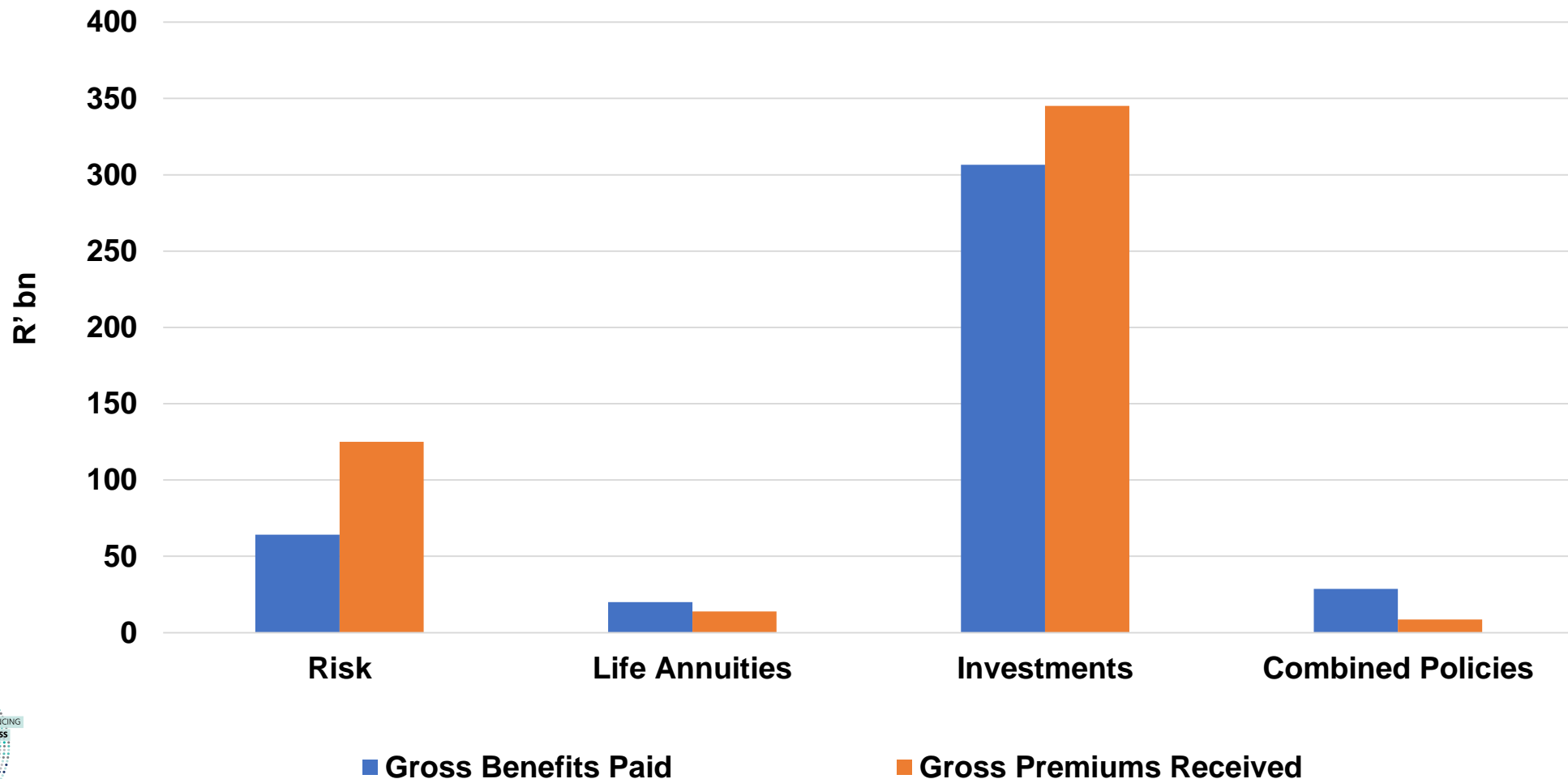
Gross Premiums and Benefits

Gross Premiums			
(R'bn)	2017	2018	2019
Primary	422.8	464.0	485.0
Cell captives	8.7	10.4	11.8
Reinsurers	14.2	15.6	17.7
Total Industry	445.8	490.0	514.5

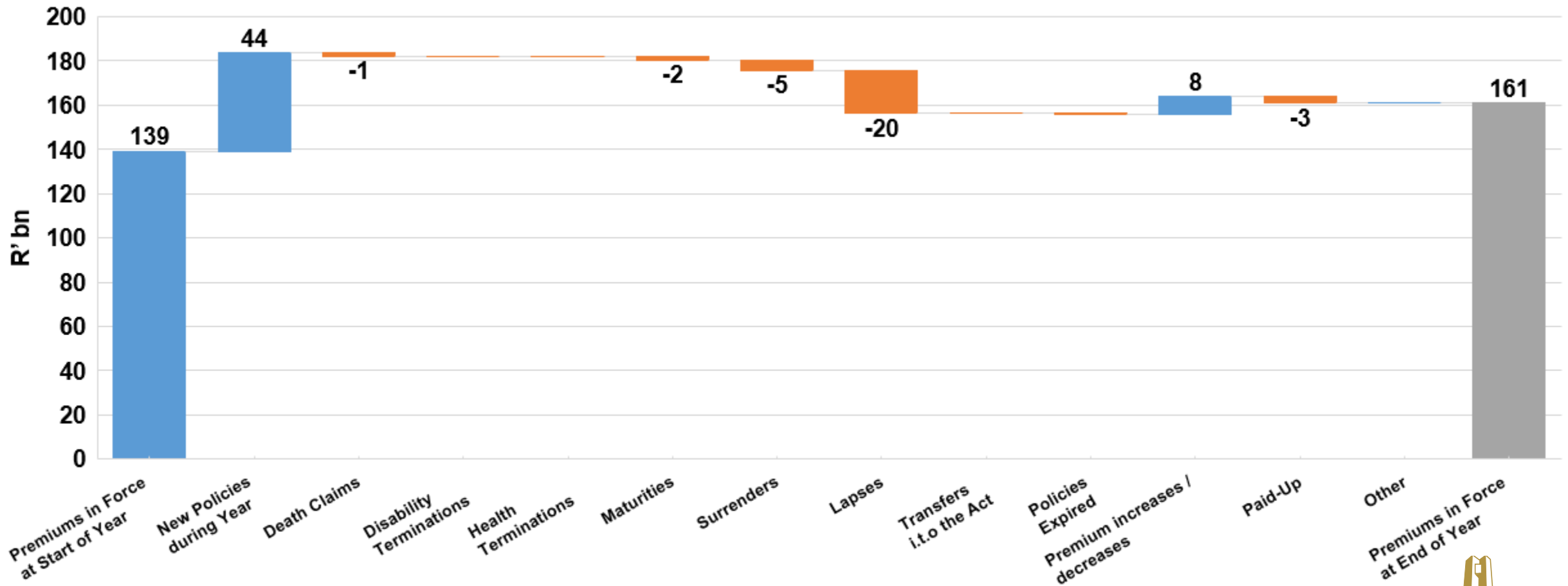
Gross Benefits			
(R'bn)	2017	2018	2019
Primary	399.7	377.1	418.8
Cell captives	72.5	4.2	3.5
Reinsurers	2.4	6.5	13.9
Total Industry	474.6	387.9	436.2



Premiums and Benefits per class of business



Individual business movements - Primary

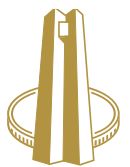
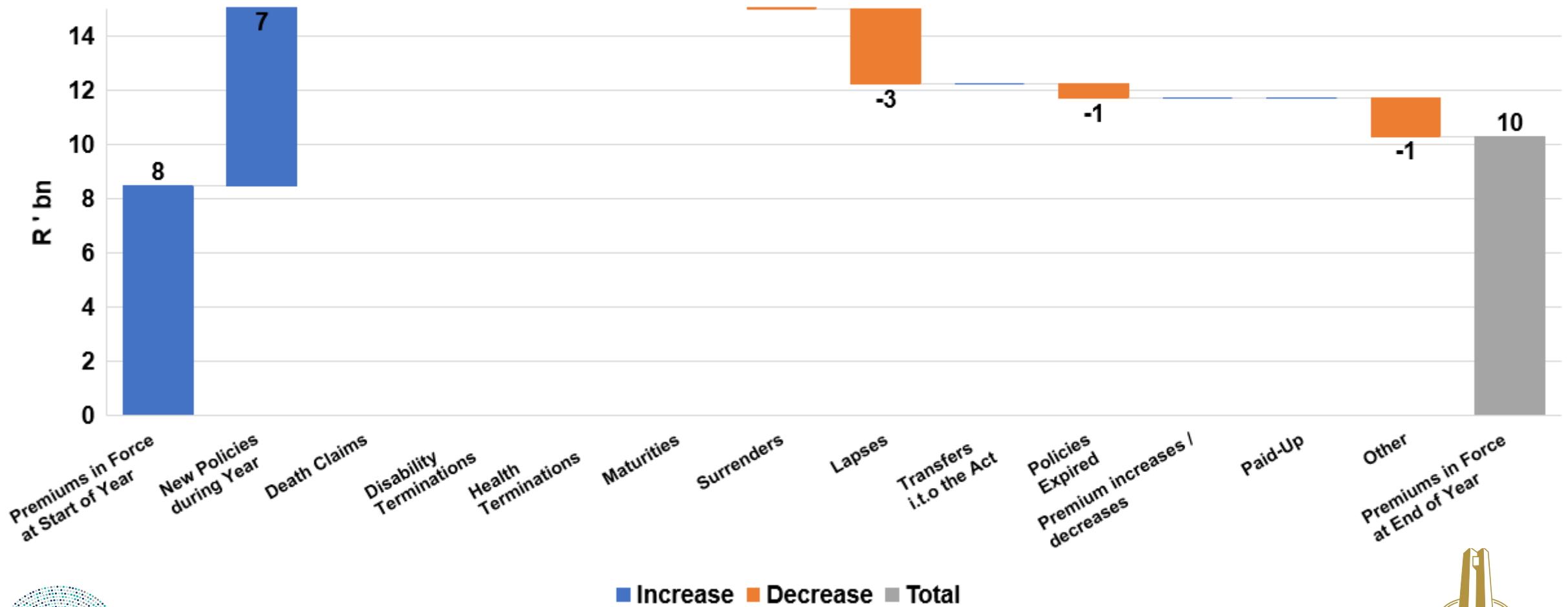


■ Increase ■ Decrease ■ Total



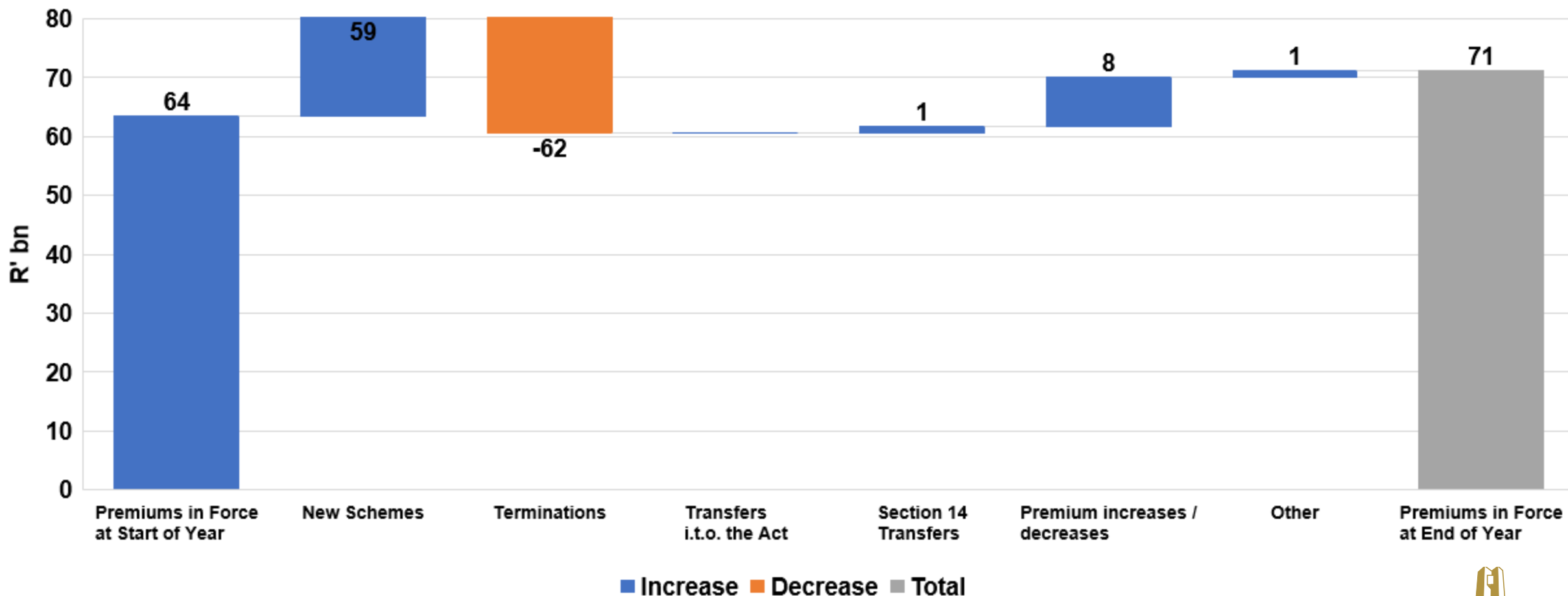
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Individual business movements – Cell Captives



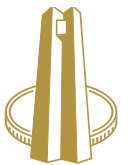
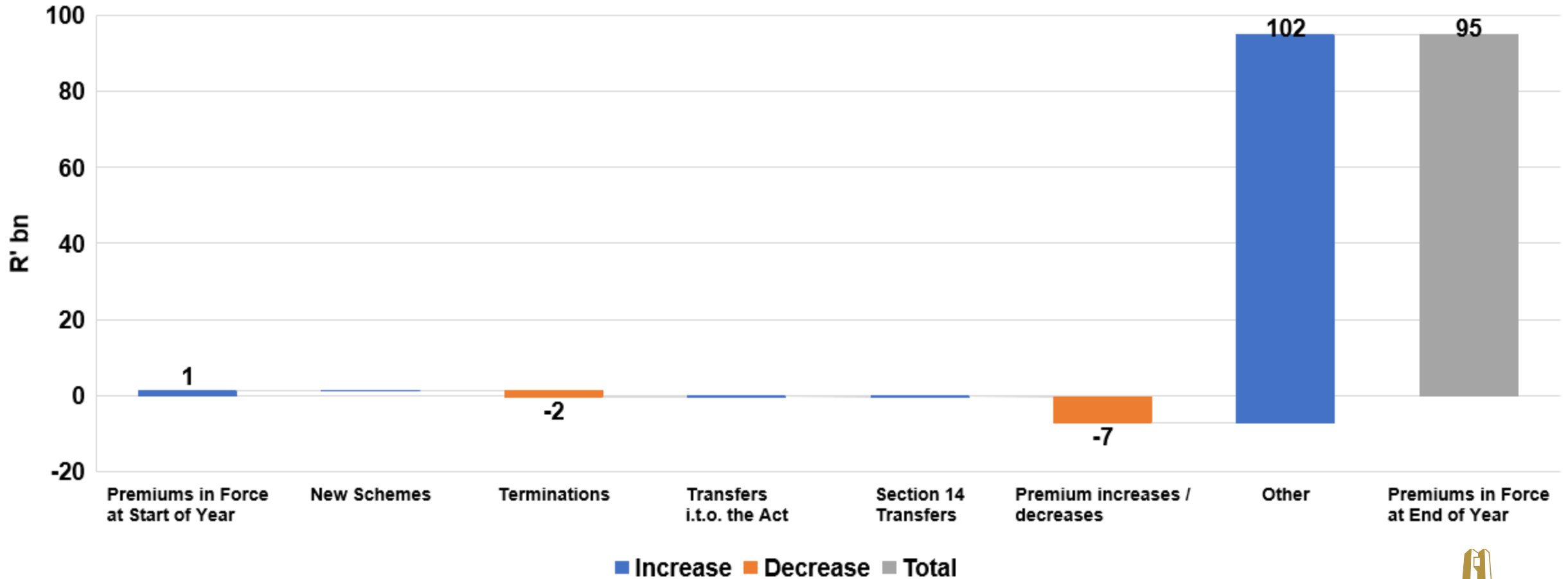
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Group business movements - Primary



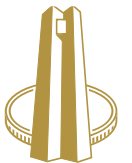
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Prudential Authority

Group business movements – Cell Captives



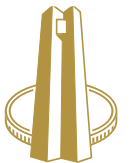
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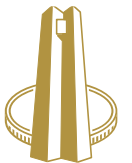
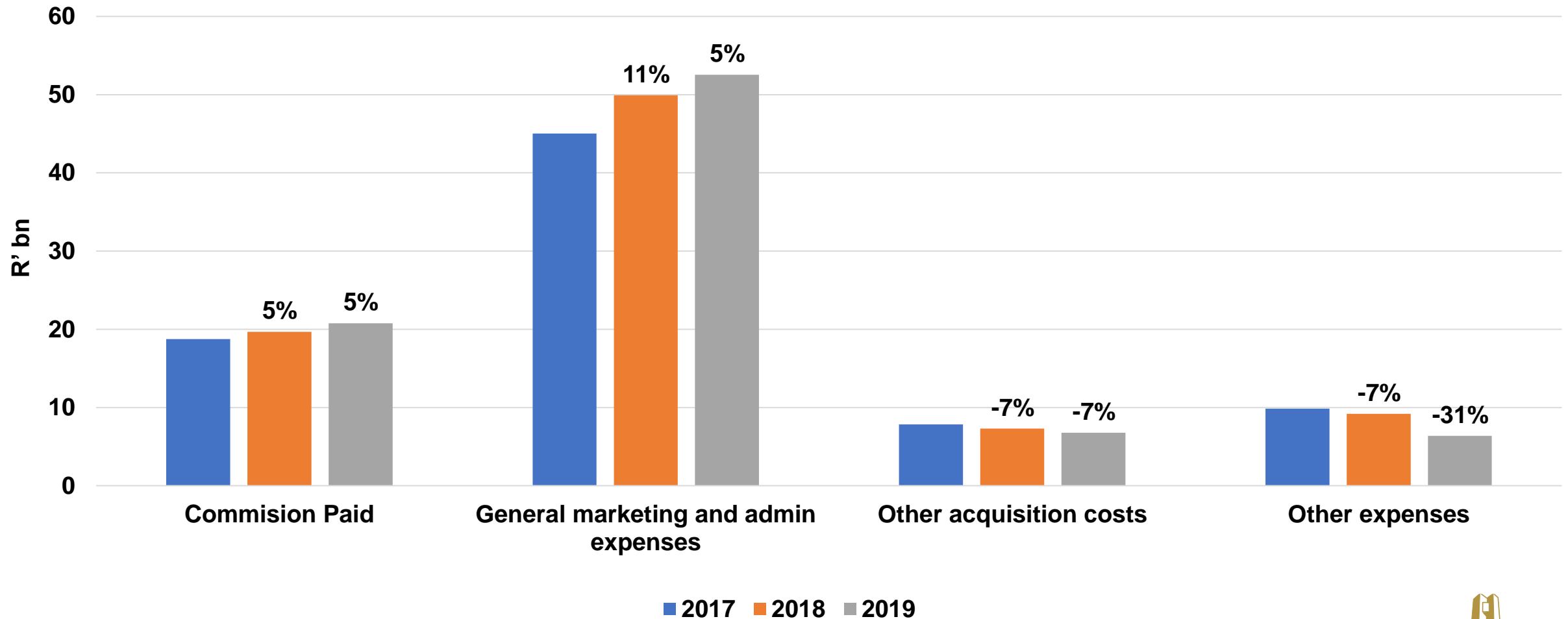


Total Expense Experience - Primary

	2017	2018	2019
Risk	99%	98%	98%
Life Annuities	123%	90%	103%
Investments	117%	102%	103%
Combined Policies	107%	101%	115%



Trends in Expenses



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Mortality Experience - Primary

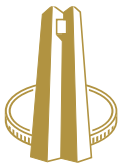
	2017	2018	2019
Individual Risk	92%	95%	78%
Individual Investments	86%	73%	81%
Individual Combined	100%	99%	77%
Group Risk	99%	97%	97%
Life Annuities	115%	105%	103%

Morbidity Experience - Primary

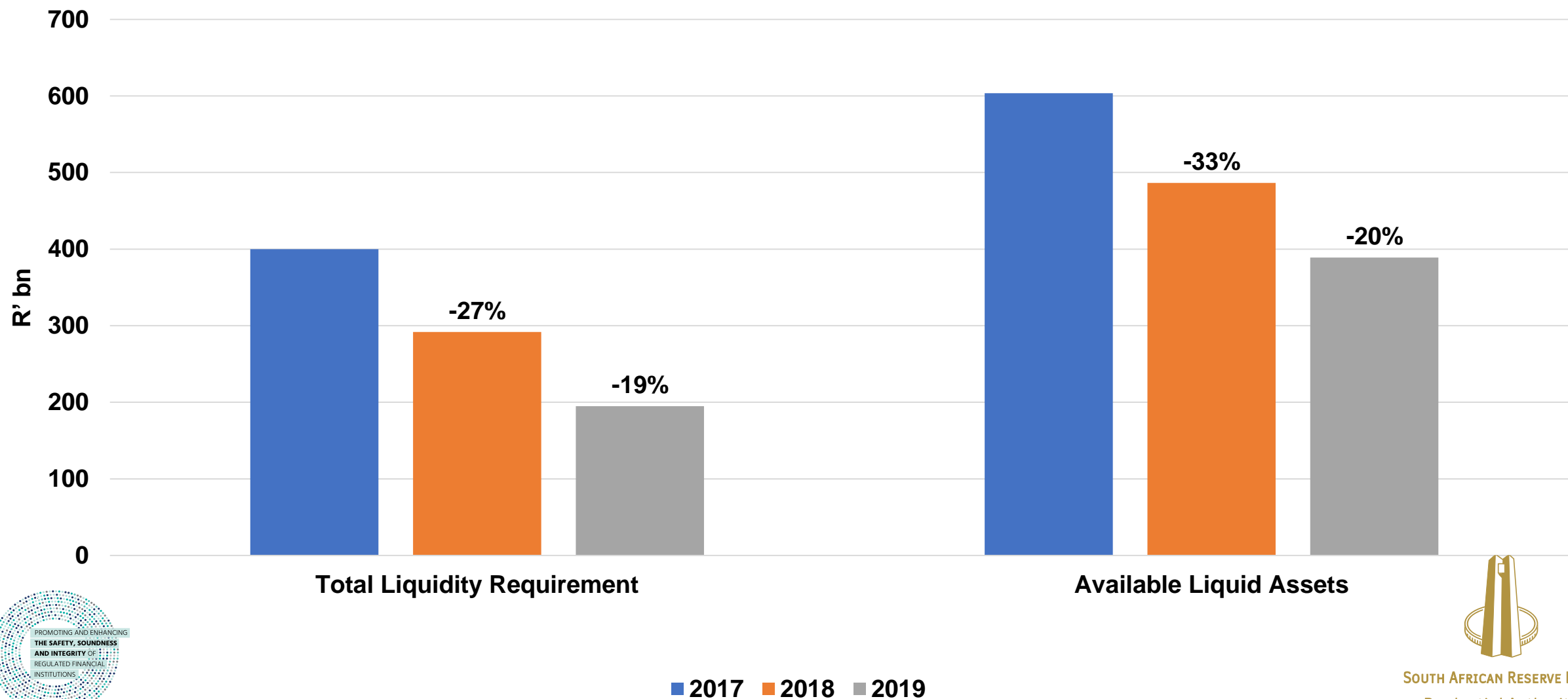
	Primary		
	2017	2018	2019
Individual Risk - Lump Sum disability	93%	98%	99%
Group Risk - Lump Sum disability	104%	99%	105%
Individual Risk - Income disability	101%	107%	112%
Group Risk - Income disability	107%	113%	103%

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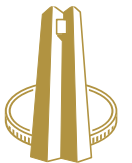
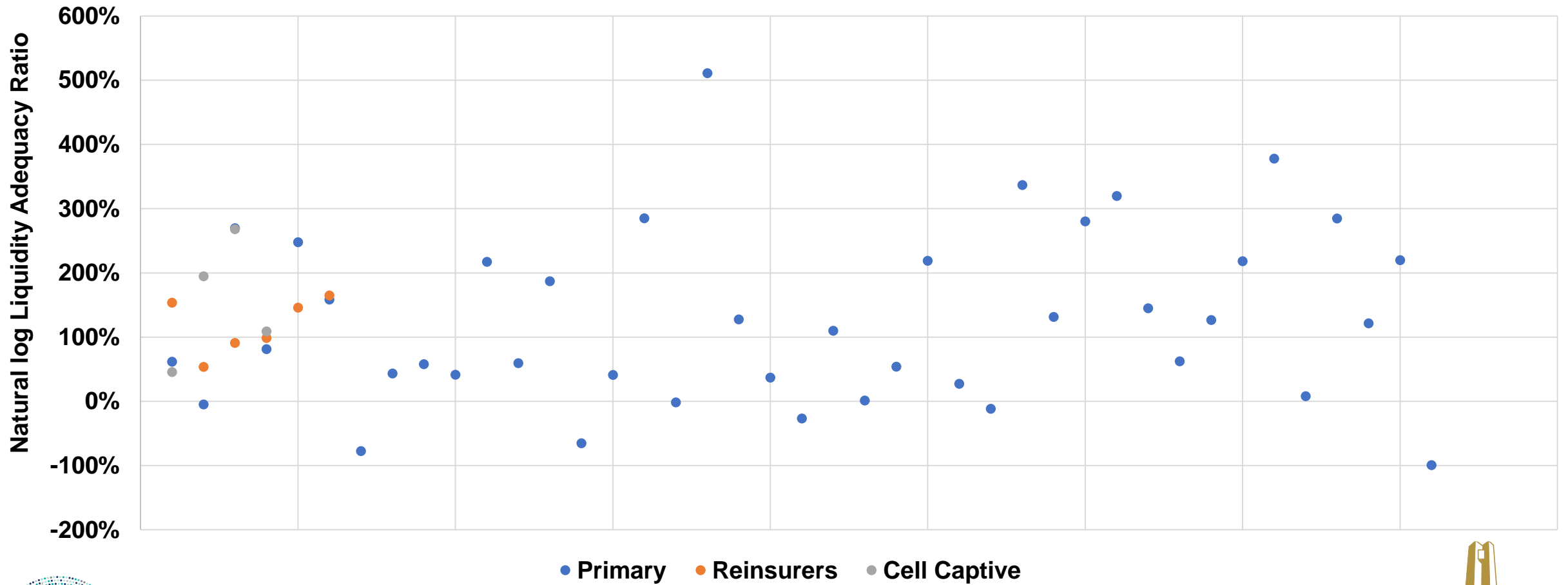
Total Liquidity Requirement



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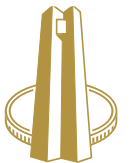
Liquidity Adequacy Ratio



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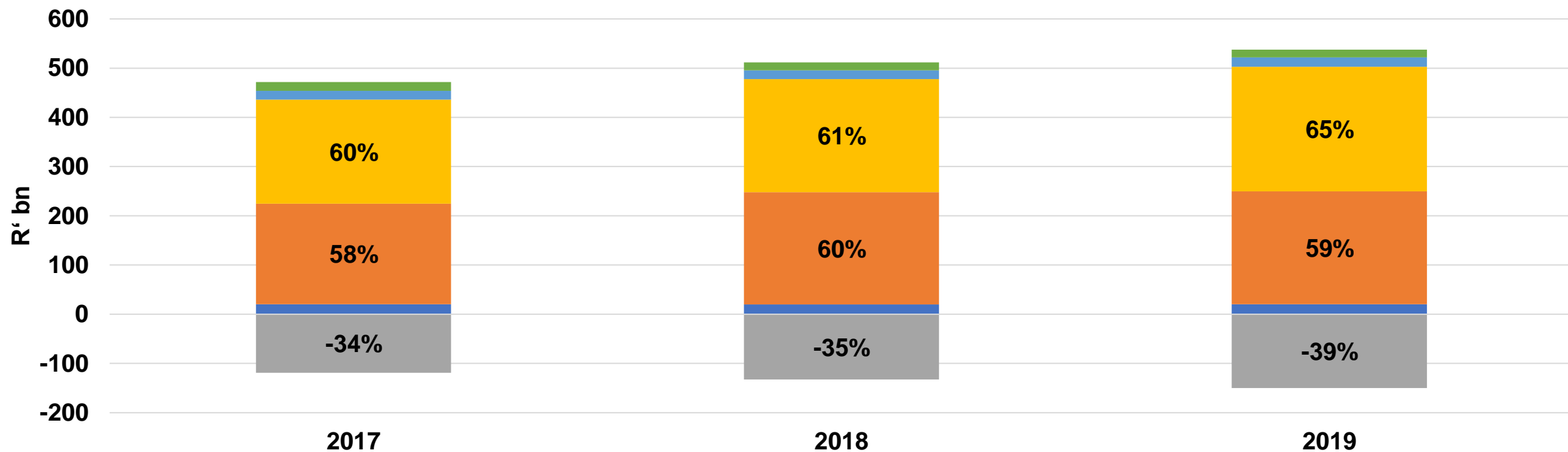
Prudential Authority

Basic Own Funds

(R' bn)	2017	2018	2019
Total Assets	2 917	3 016	3 226
Total Liabilities	2 562	2 636	2 837
Basic Own Funds	355	380	390
Basic Own Funds Growth Rate		7%	2%
Own Funds Eligible to meet SCR	96%	94%	96%
Own Funds Eligible to meet MCR	90%	88%	89%



Composition of BOF



■ Share premium account

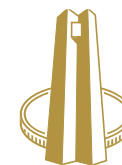
■ Reconciliation reserve

■ Subordinated liabilities

■ Retained earnings including profits for year net of foreseeable dividends

■ Surrender value gap (SVG excl. risk margin)

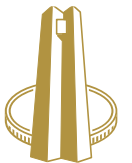
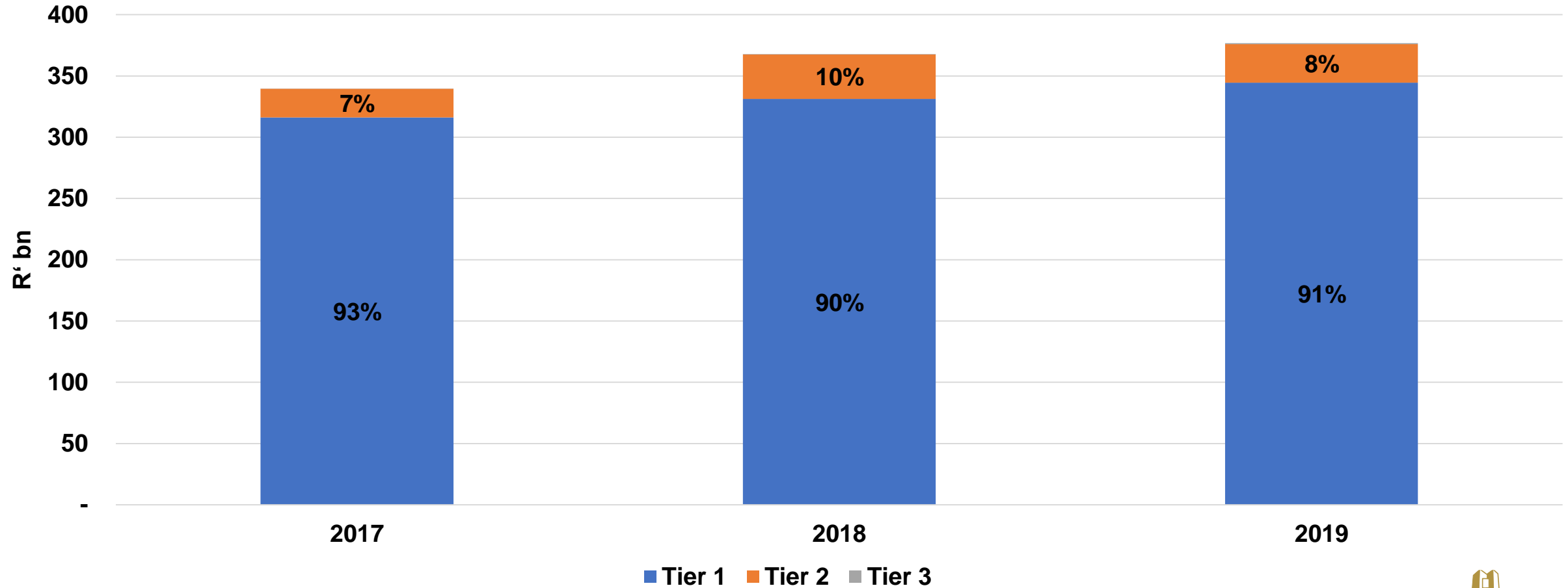
■ Other



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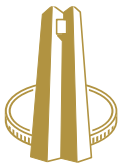
Tiering of BOF



Analysis of Movement in BOF



■ 2017 ■ 2018 ■ 2019

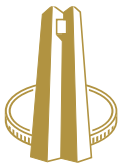


SOUTH AFRICAN RESERVE BANK

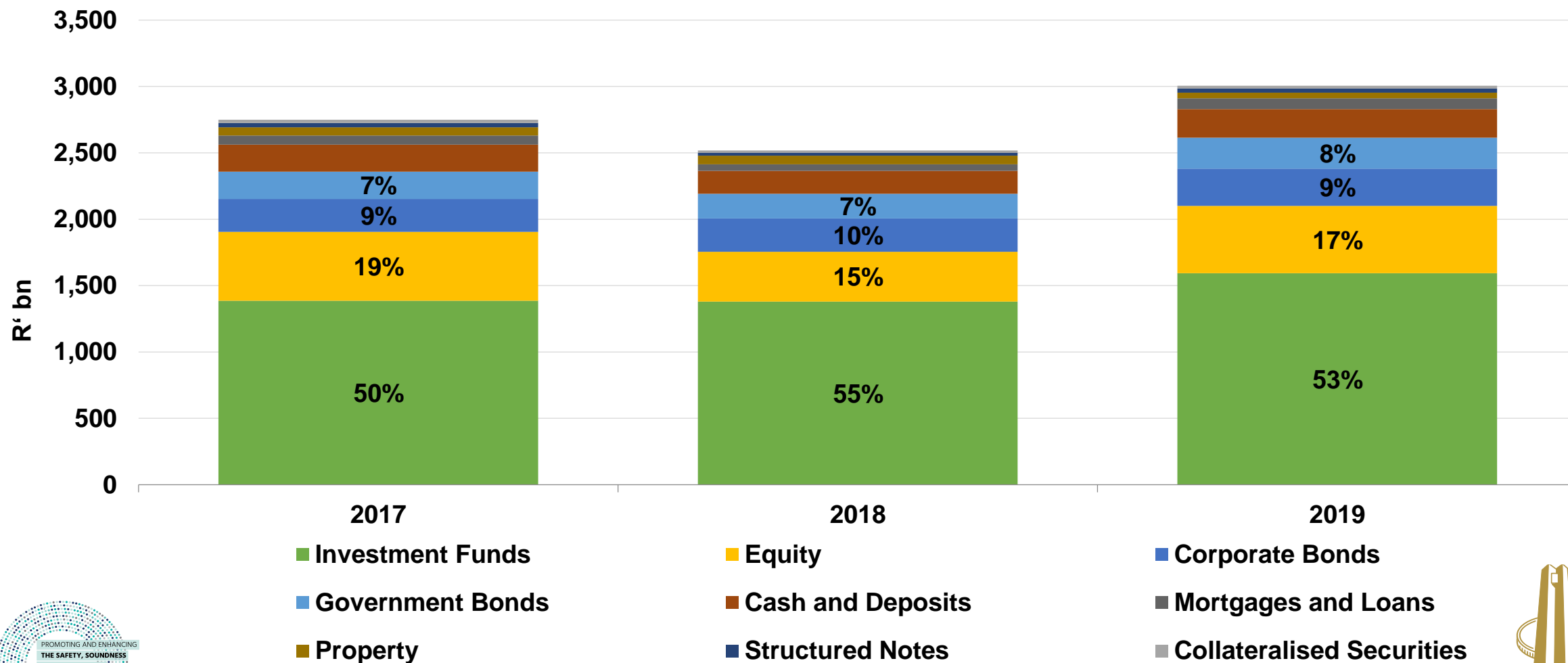
Prudential Authority

Agenda

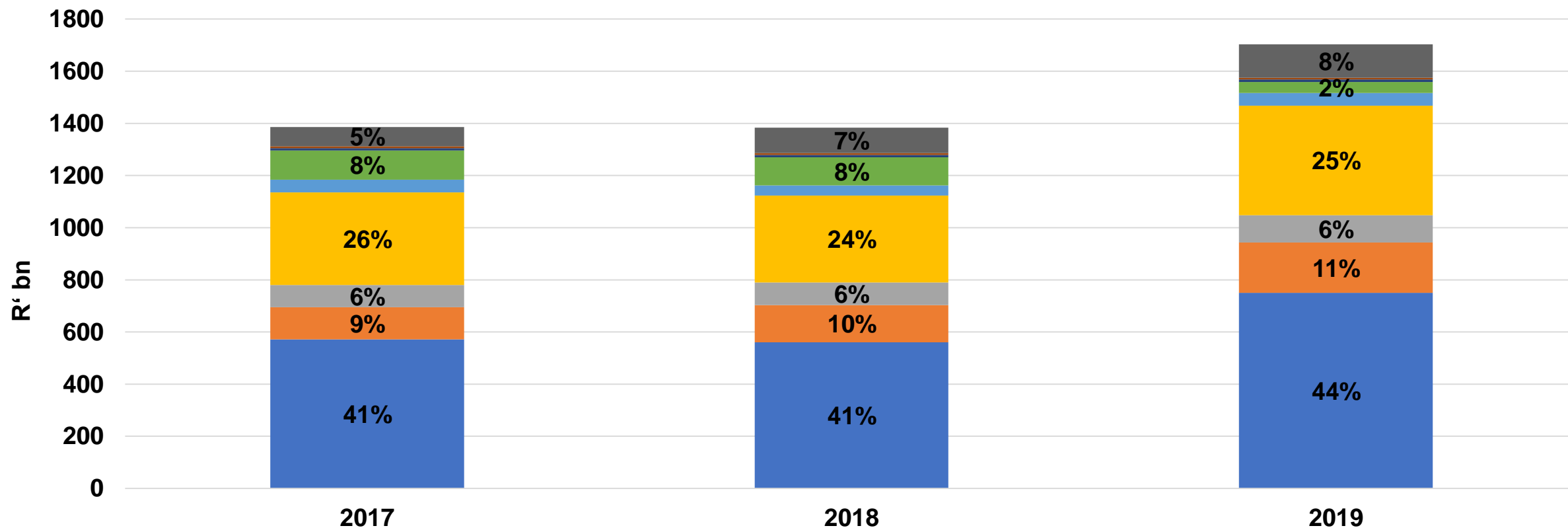
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Composition of Investments



Composition of Investment Funds



■ Equity Funds
 ■ Asset Allocation Funds
 ■ Private Equity Funds

■ Debt Funds
 ■ Real Estate Funds
 ■ Infrastructure Funds

■ Money Market Funds
 ■ Alternative Funds
 ■ Other

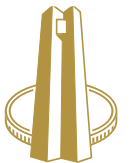


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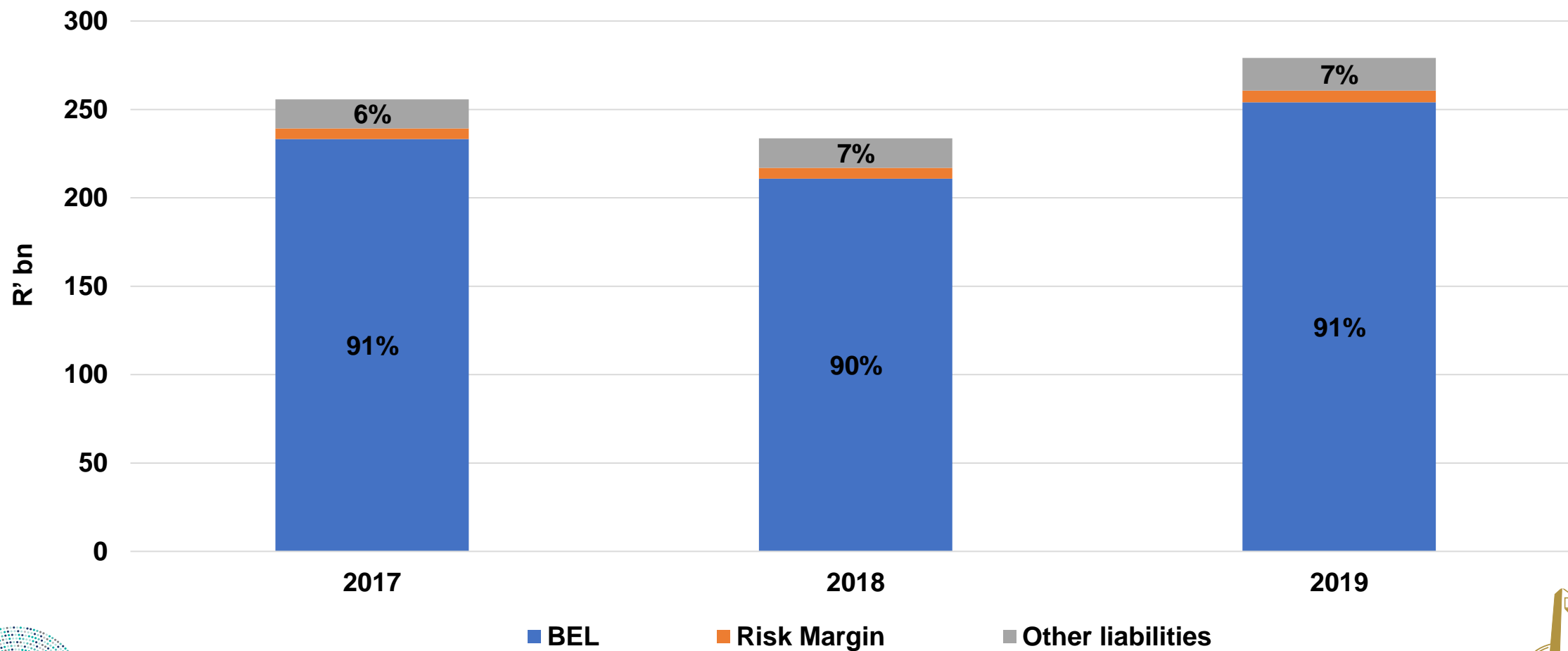
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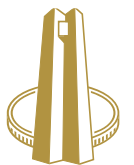
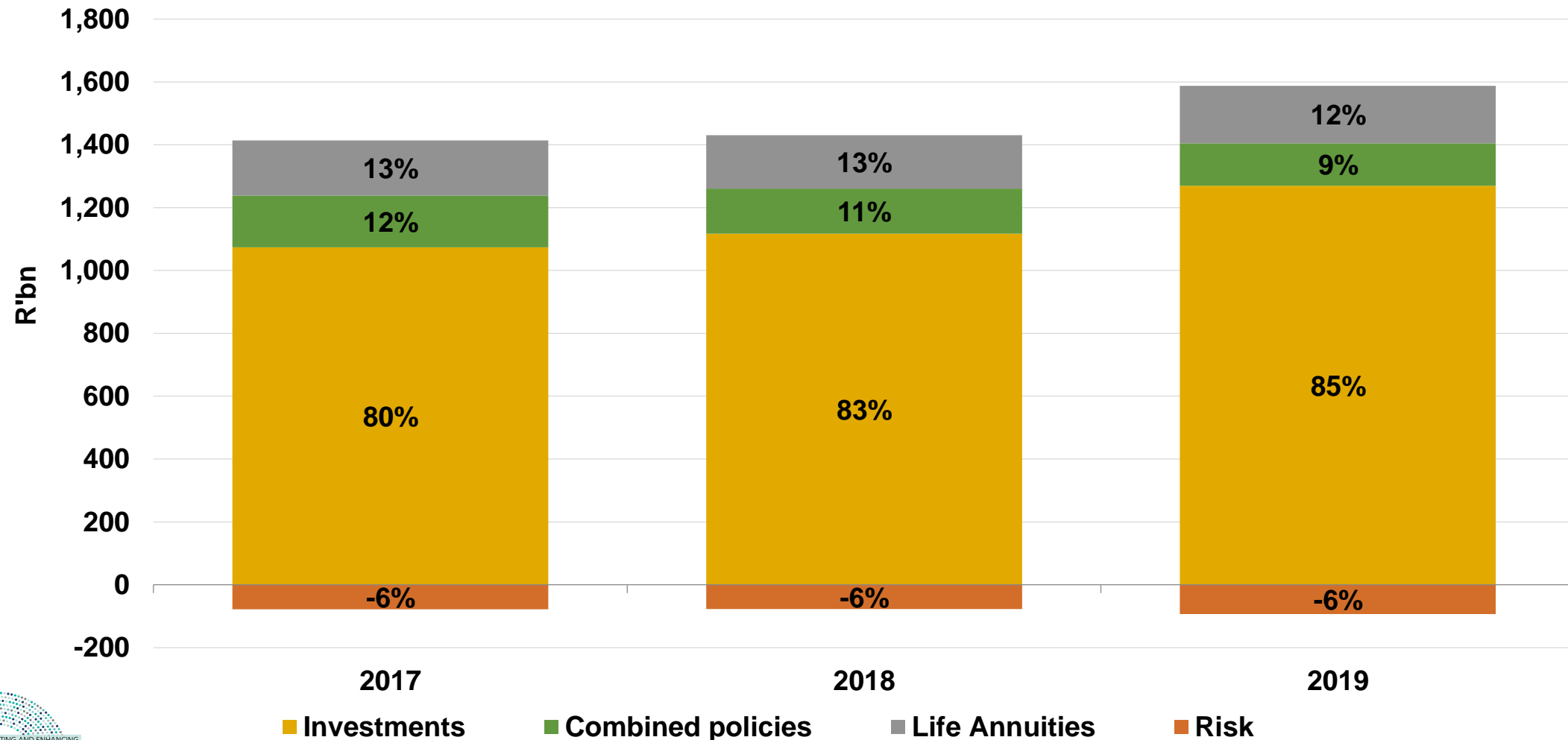
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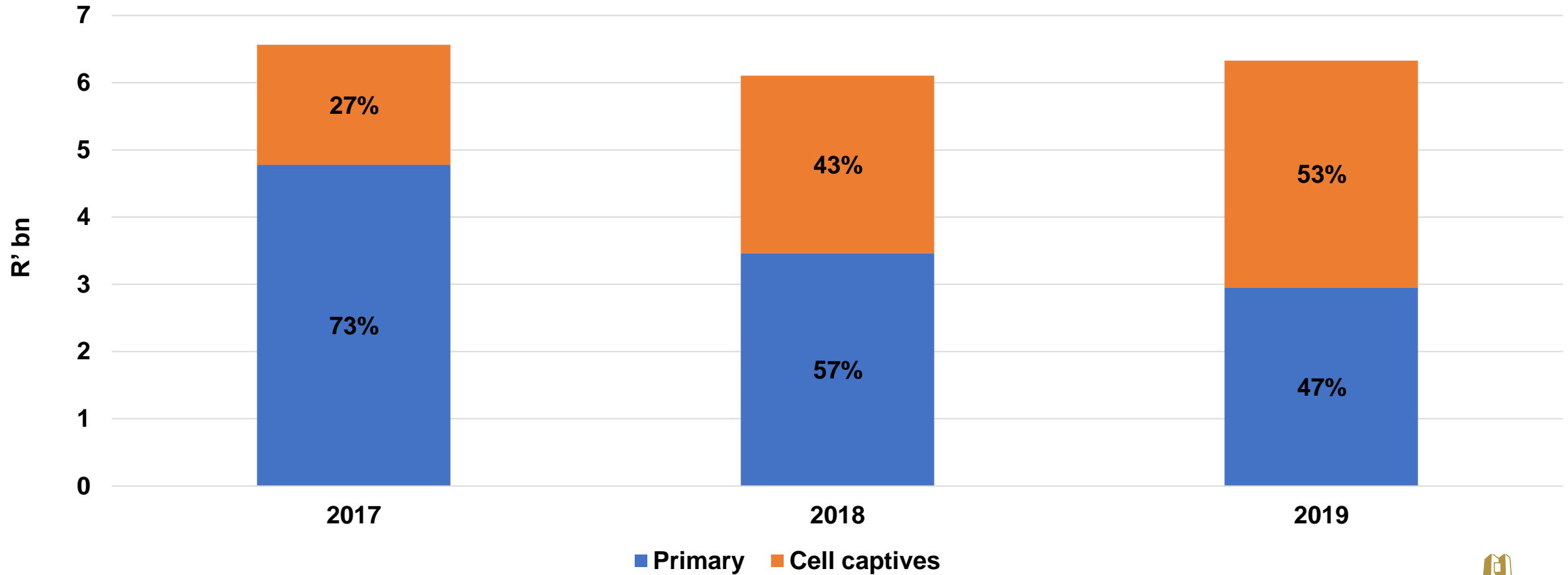
Total Liabilities



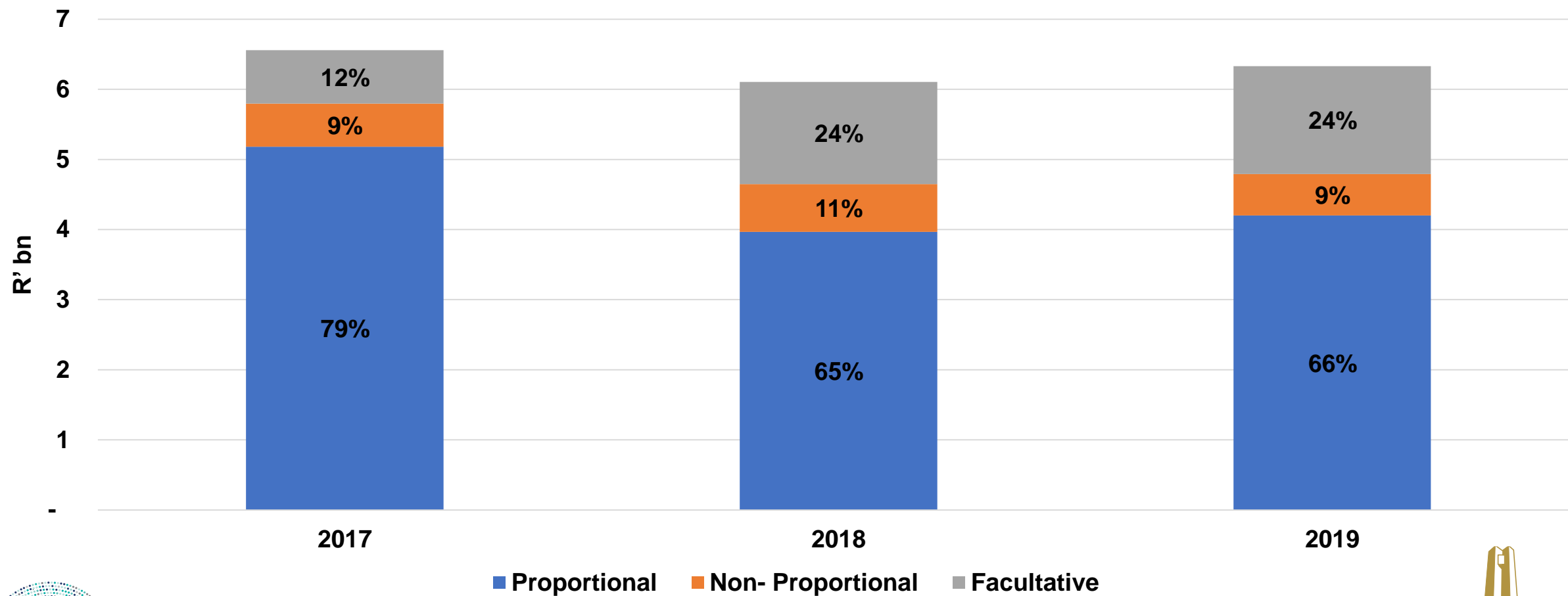
Technical Provisions by class of business



Reinsurance



Type of Reinsurance



Agenda

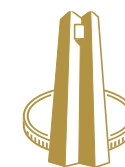
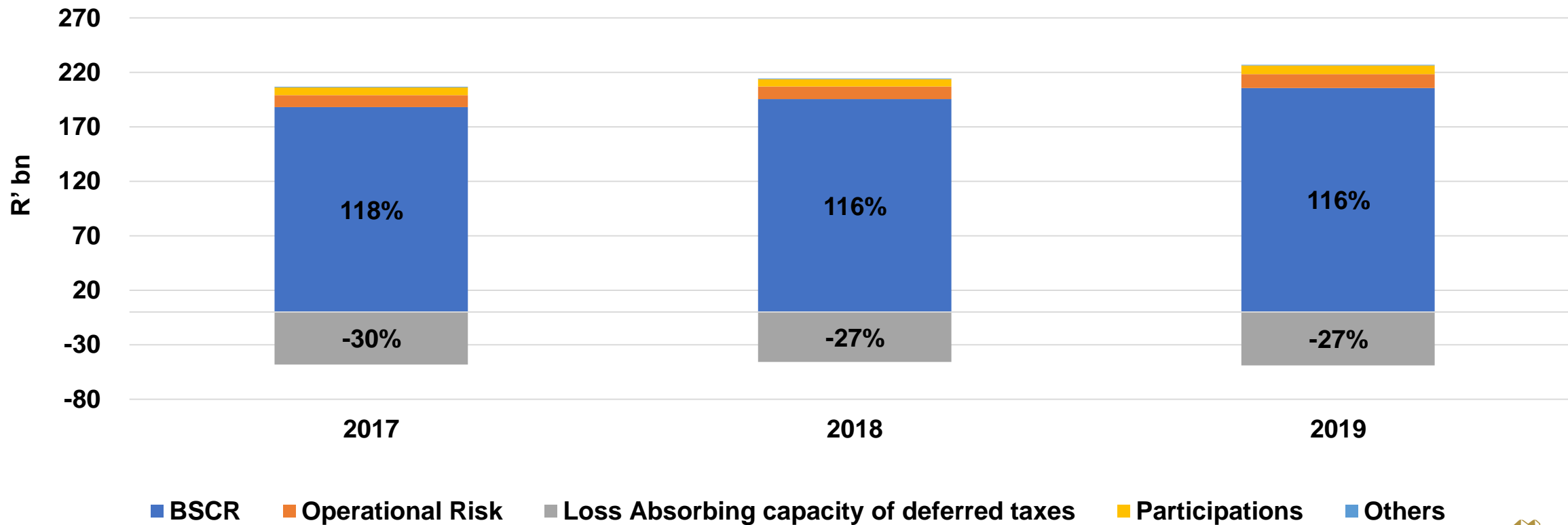
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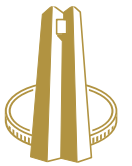
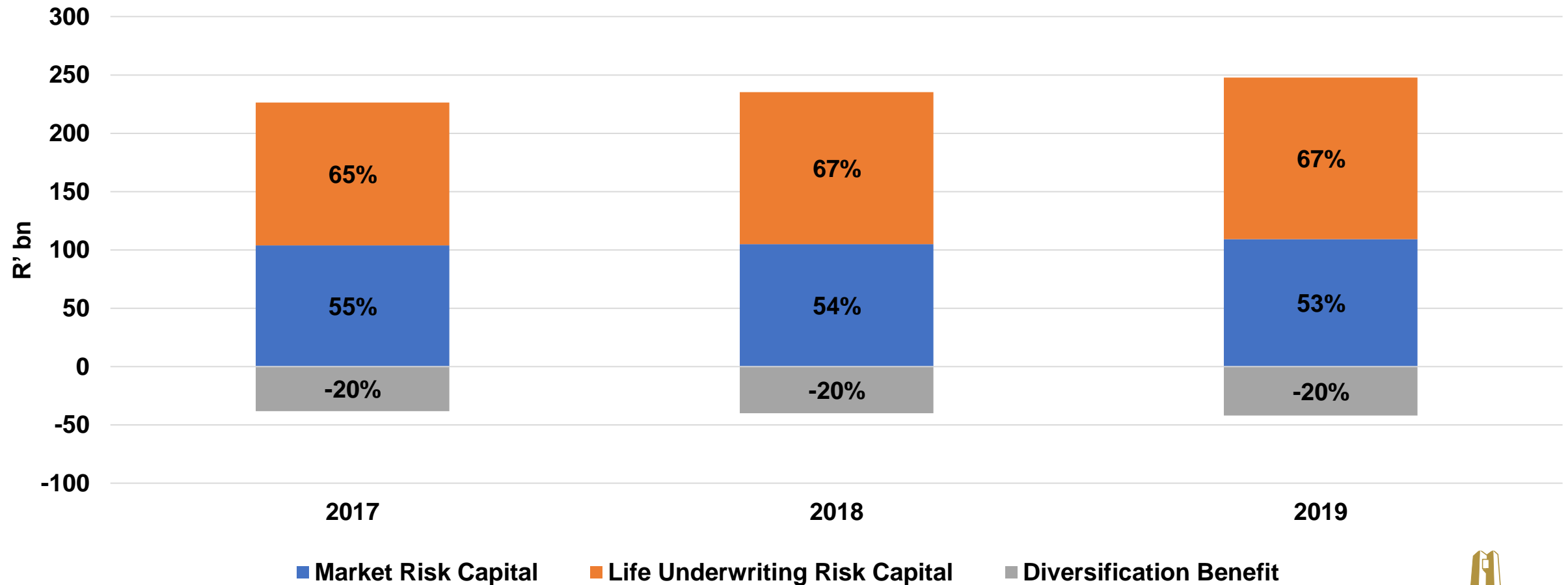
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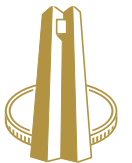
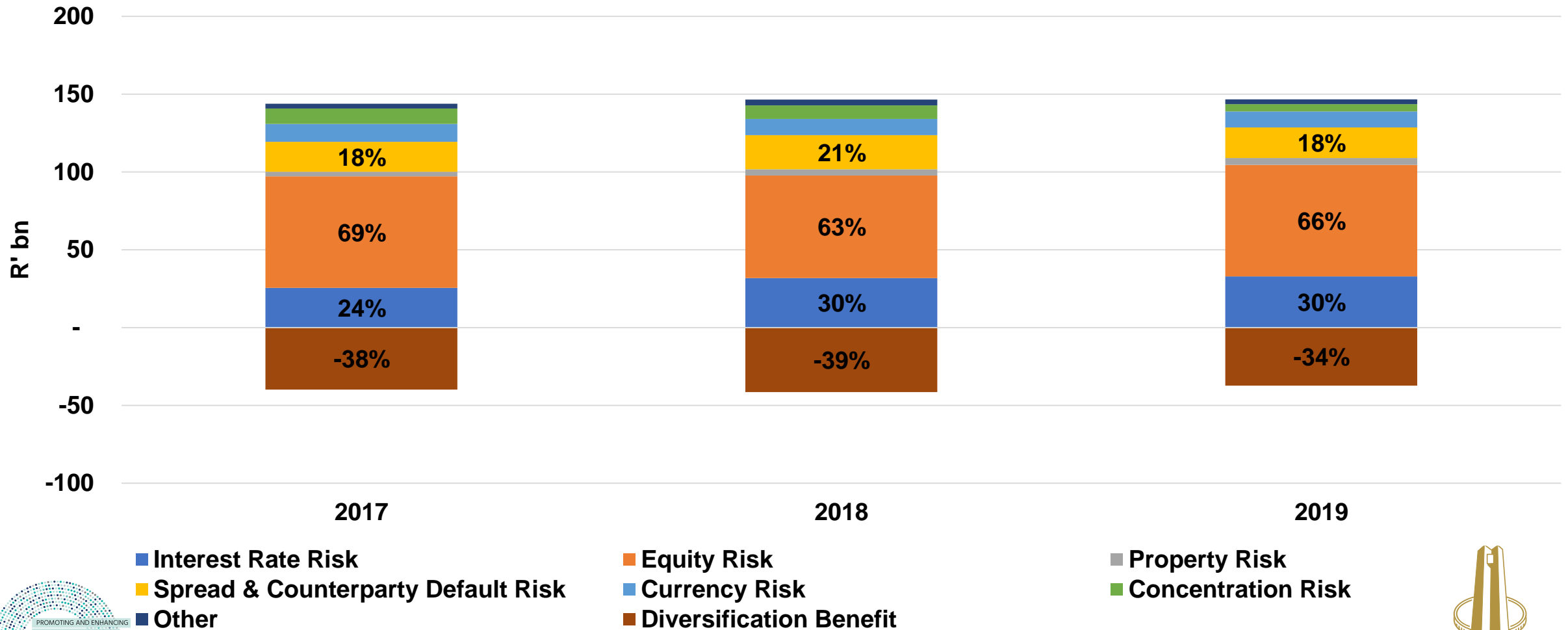
SCR Components



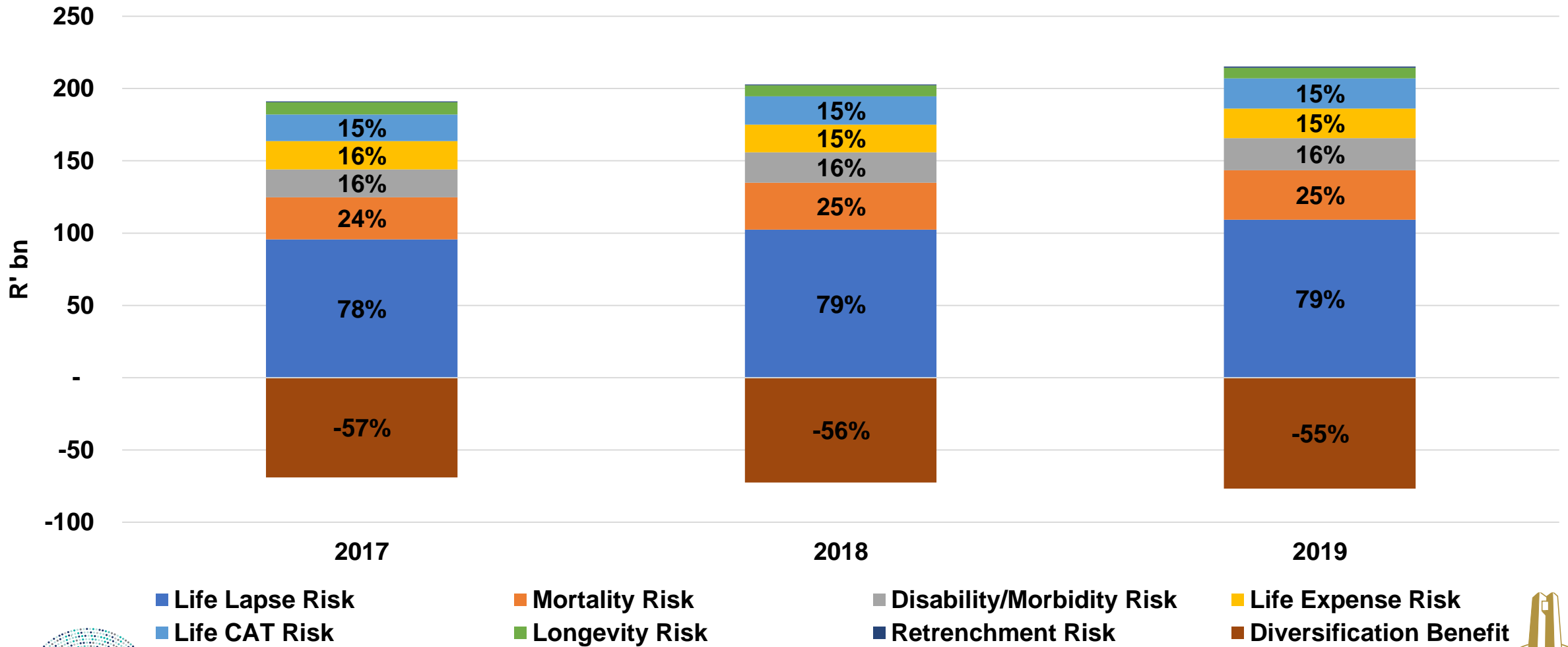
BSCR Components



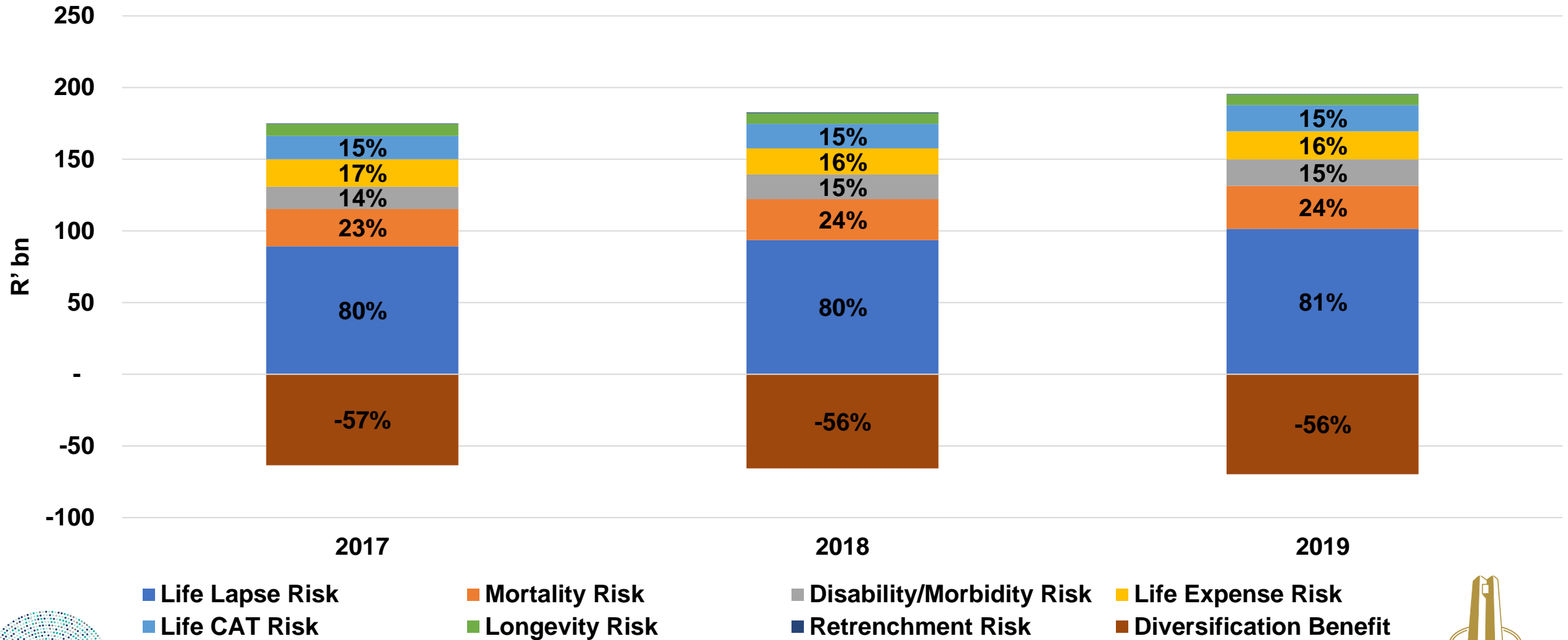
Market Risk Components



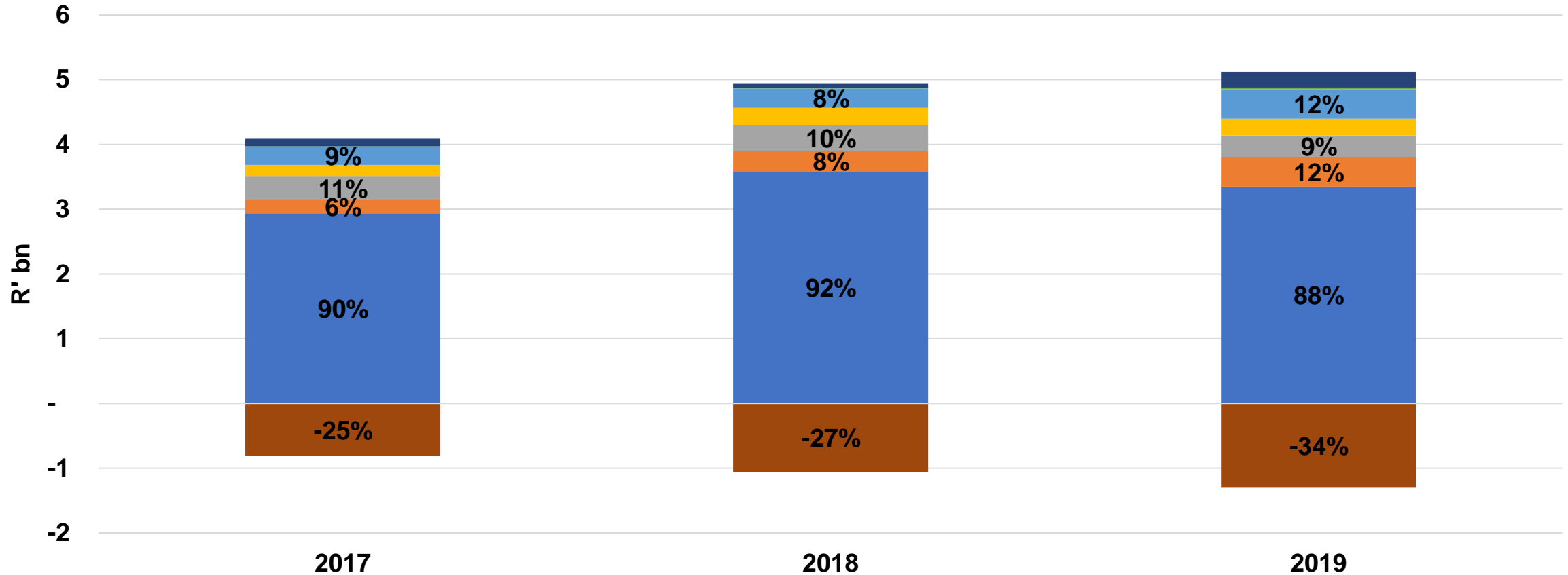
Life Underwriting Risk



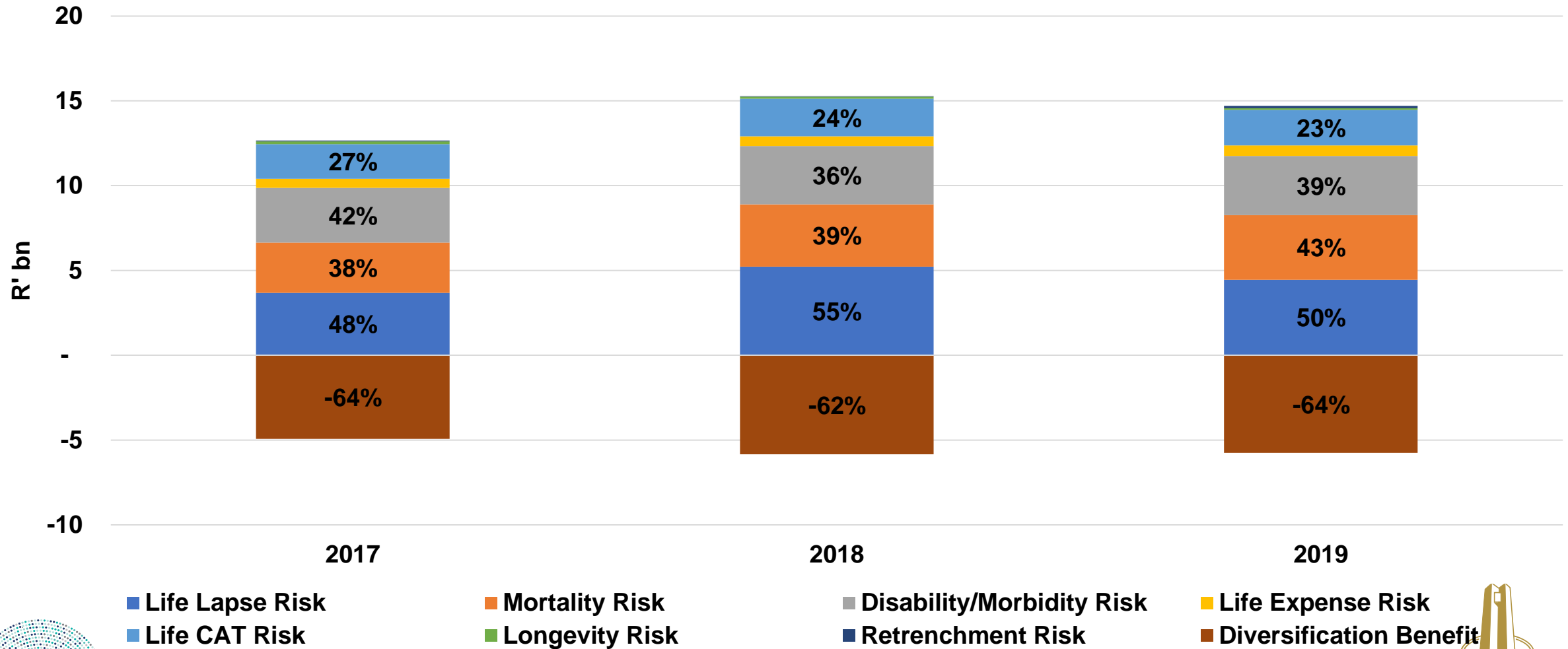
Life Underwriting Risk – Primary Insurers



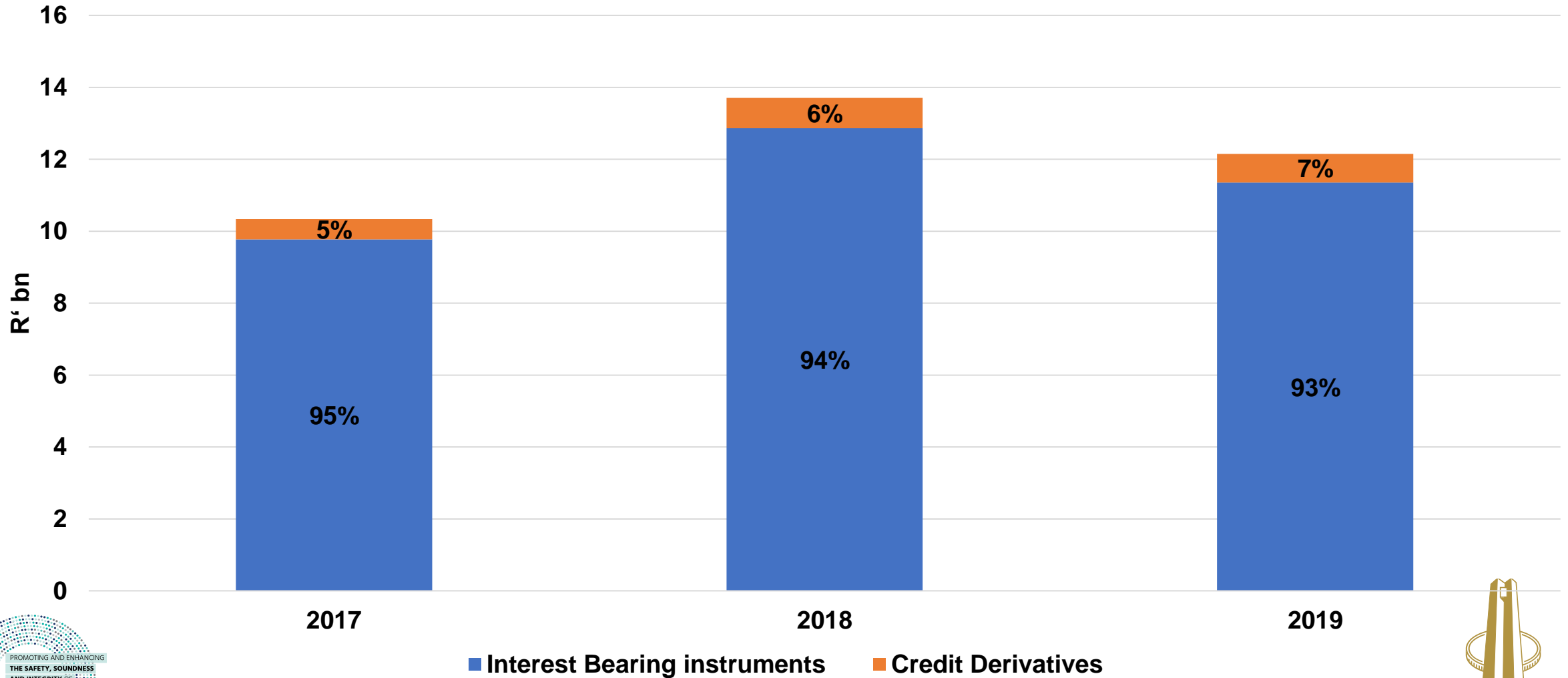
Life Underwriting Risk – Cell Captives



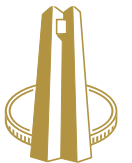
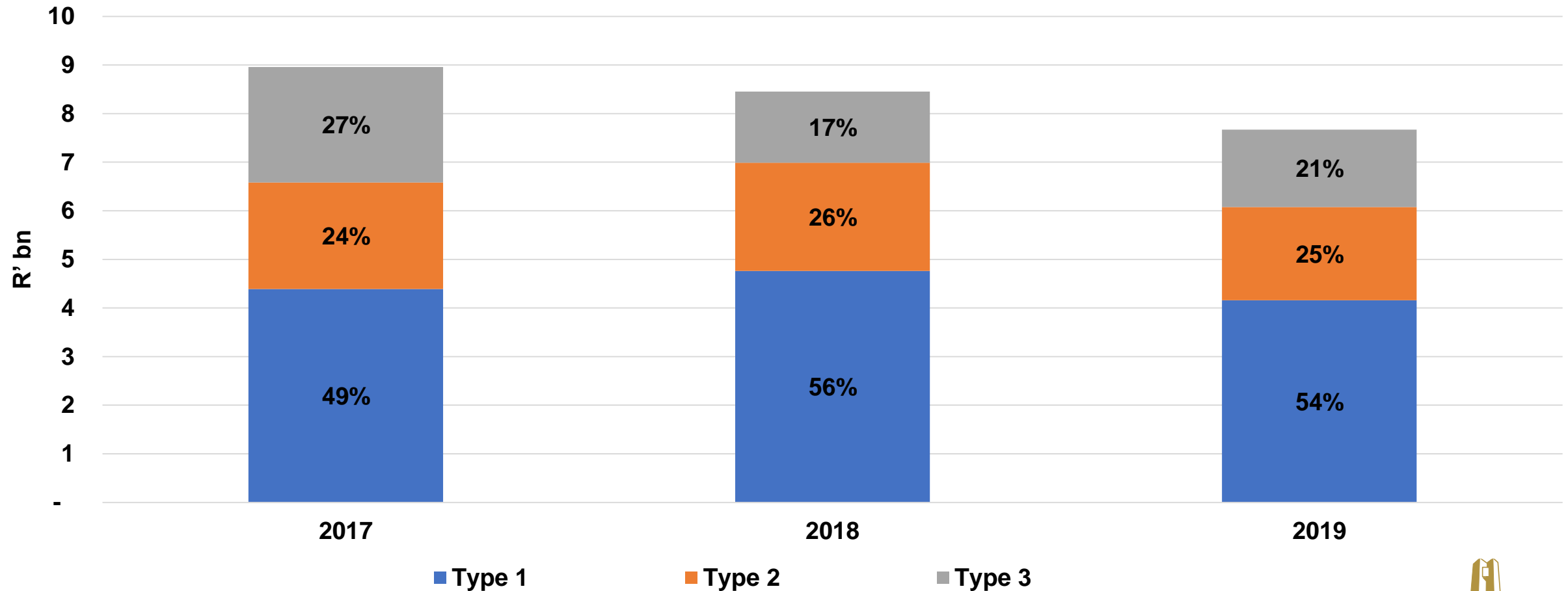
Life Underwriting Risk - Reinsurers



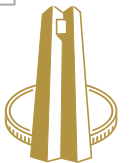
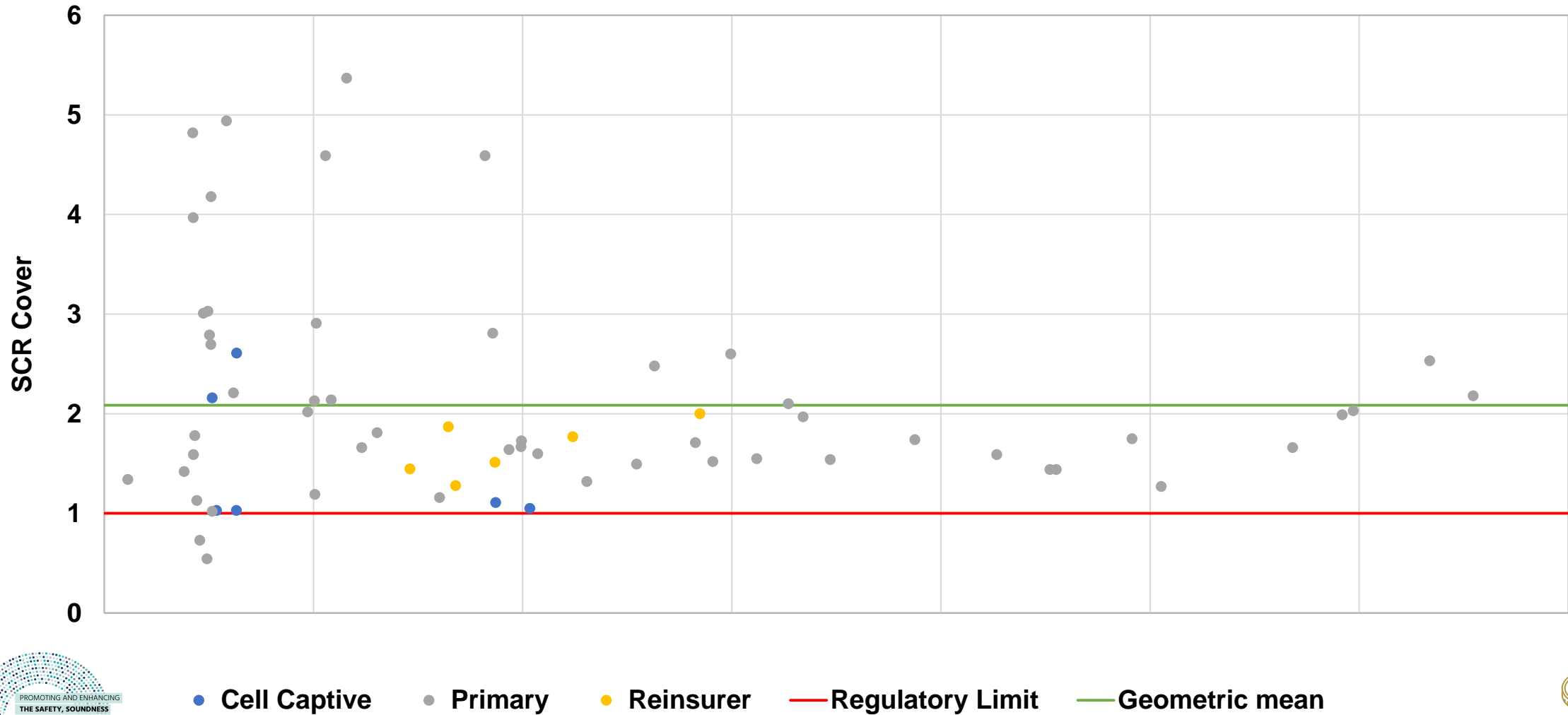
Spread Risk



Credit Default Risk



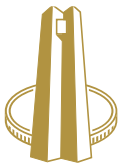
SCR Cover Distribution



Questions?

Contact Details:

Brian.mapaure@resbank.co.za
Dikeledi.matsimela@resbank.co.za



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