



# 2022 Life Insurance Industry Experience

---

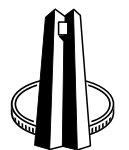
Date: 22 November 2023



SOUTH AFRICAN RESERVE BANK  
Prudential Authority

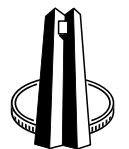
# Presentation Scope and Data

- The presentation is based on the 2018 – 2022 Annual QRTs submitted to the PA
- Total number of insurers considered: 66
- Total number of microinsurers considered as at 2023 Q2: 11 licensed and active, 8 are life microinsurers.
- In 2022, 9 were licensed and 6 were active including composites. 4 of the 6 are life microinsurers.
- Data limitations for microinsurers to be discussed in the relevant section.



# Agenda

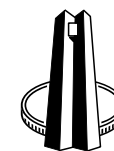
- General Overview
- Premiums and Benefits
- Expenses
- Basic Own Funds
- Assets
- Liabilities
- Solvency Capital Requirement
- Liquidity
- Microinsurance



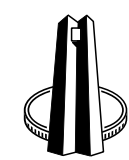
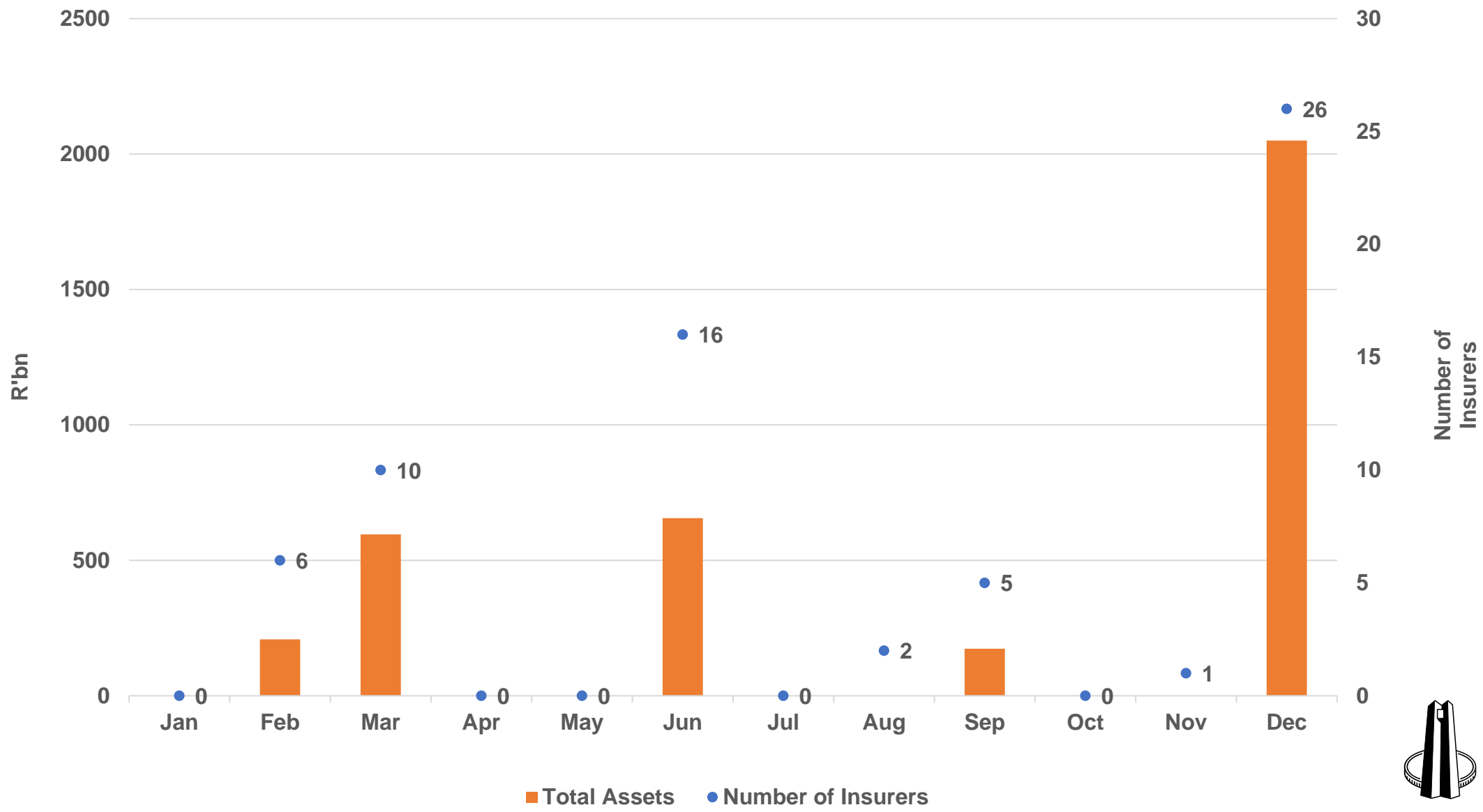


# General Overview

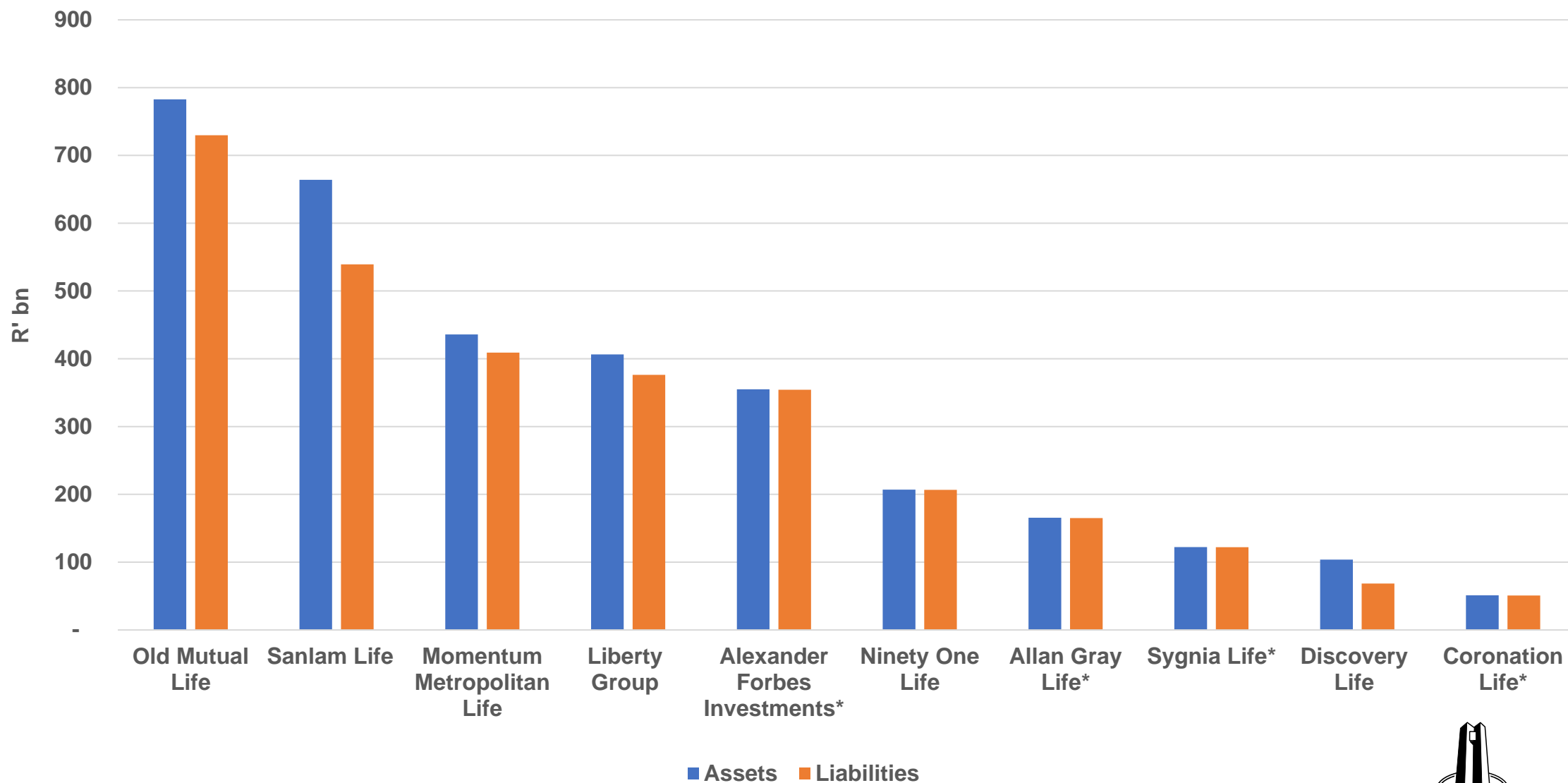
---



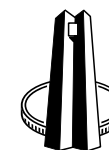
# Number of insurers per year-end



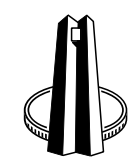
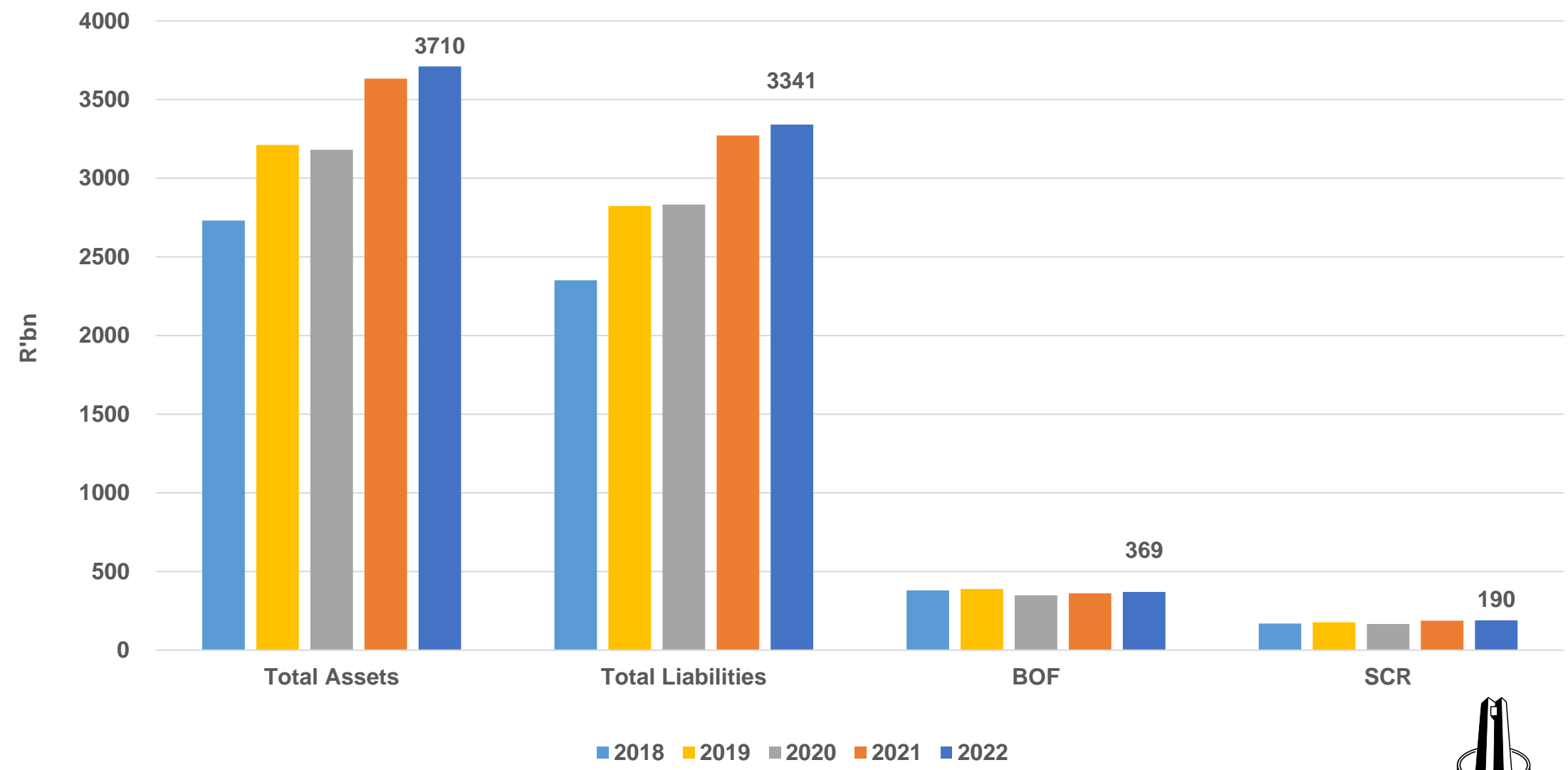
# Top 10 insurer rankings by assets



\* Linked Investment Insurer



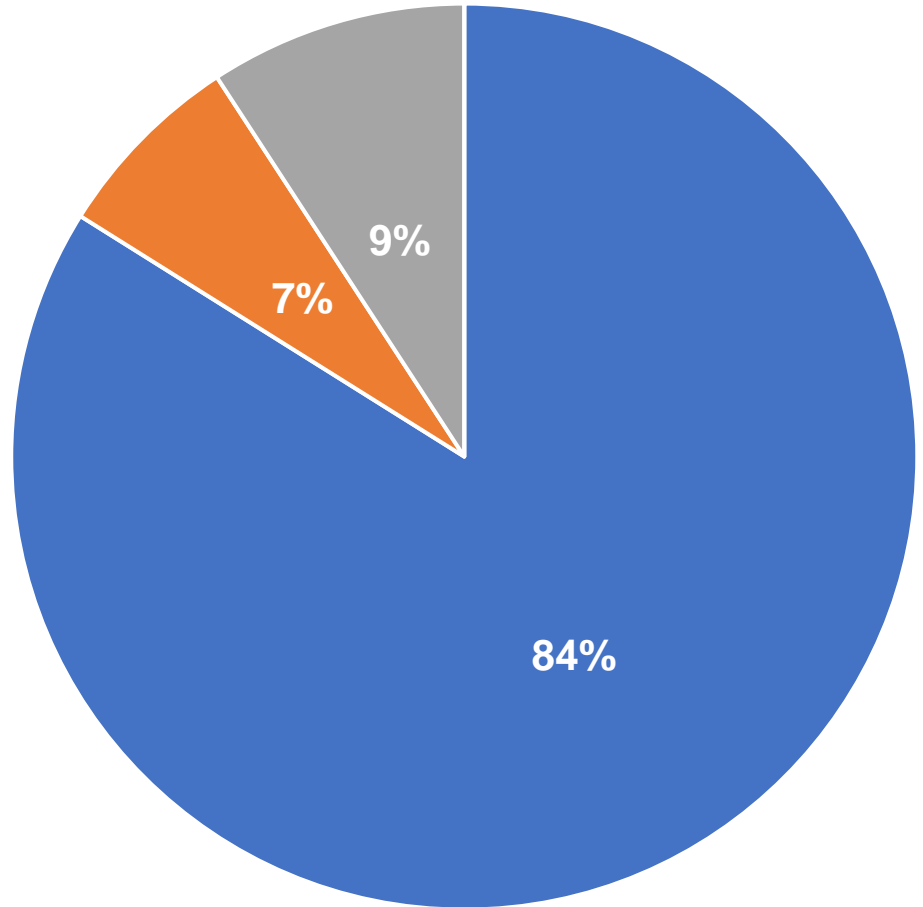
# Overview





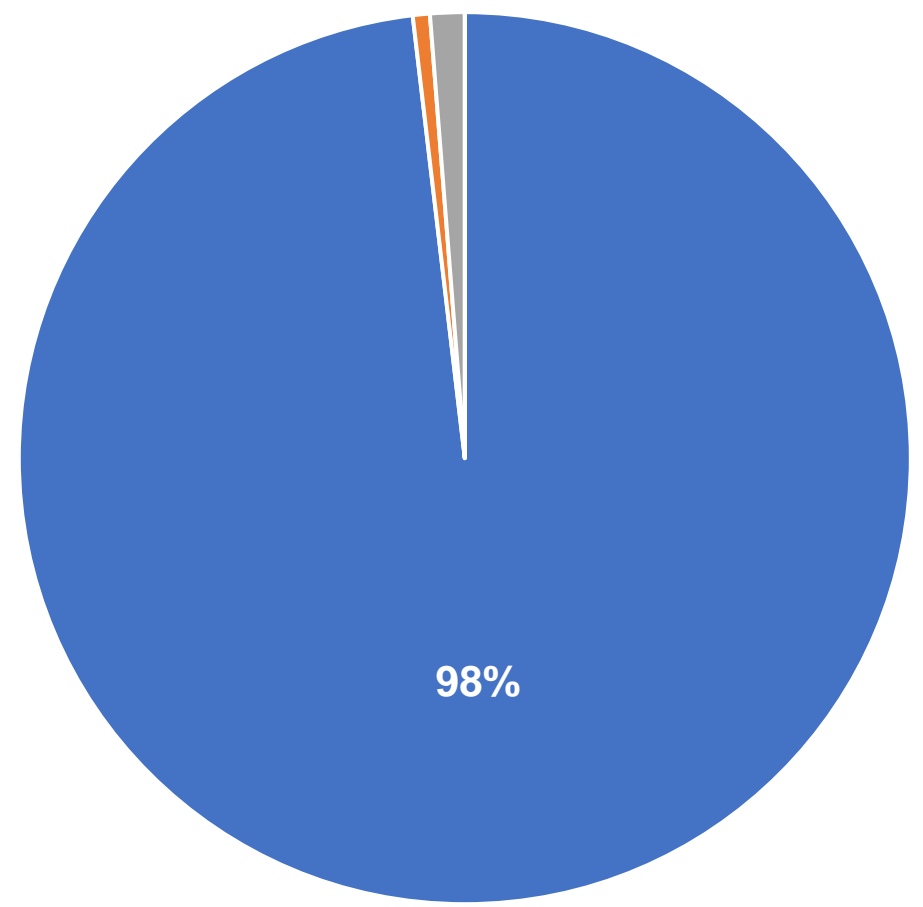
# Proportion by insurer class

Proportion by count



■ Primary ■ Cell Captive ■ Reinsurer ■ Microinsurance

Proportion by asset size



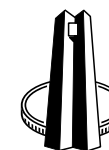
■ Primary ■ Cell Captive ■ Reinsurer ■ Microinsurance





# Premiums and Benefits

---



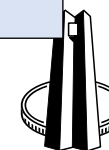
# Gross Premiums and Benefits

Gross Claims					
(R'bn)	2018	2019	2020	2021	2022
Primary	401	492	486	588	554
Cell captives	5	4	6	8	8
Reinsurers	11	11	16	21	18
<b>Total Industry</b>	<b>417</b>	<b>508</b>	<b>508</b>	<b>618</b>	<b>581</b>

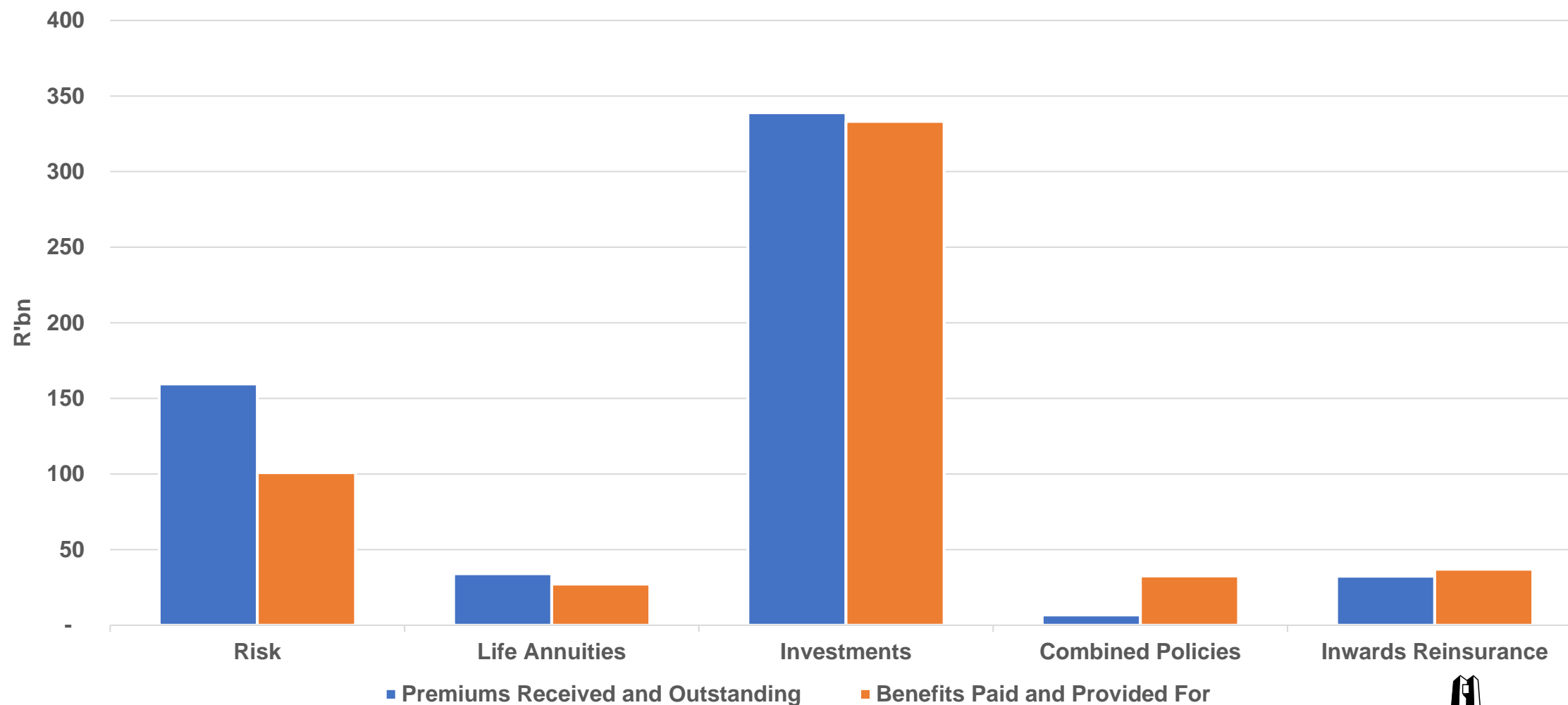
Gross Premiums					
(R'bn)	2018	2019	2020	2021	2022
Primary	414	449	512	586	592
Cell captives	9	10	17	17	21
Reinsurers	14	16	19	16	18
<b>Total Industry</b>	<b>438</b>	<b>475</b>	<b>548</b>	<b>619</b>	<b>631</b>

**Gross Premiums = gross earned premiums during the reporting period**

**Gross Claims and Policyholder Benefits = gross claims paid during the report period**



# Gross Premiums and Benefits per class of business

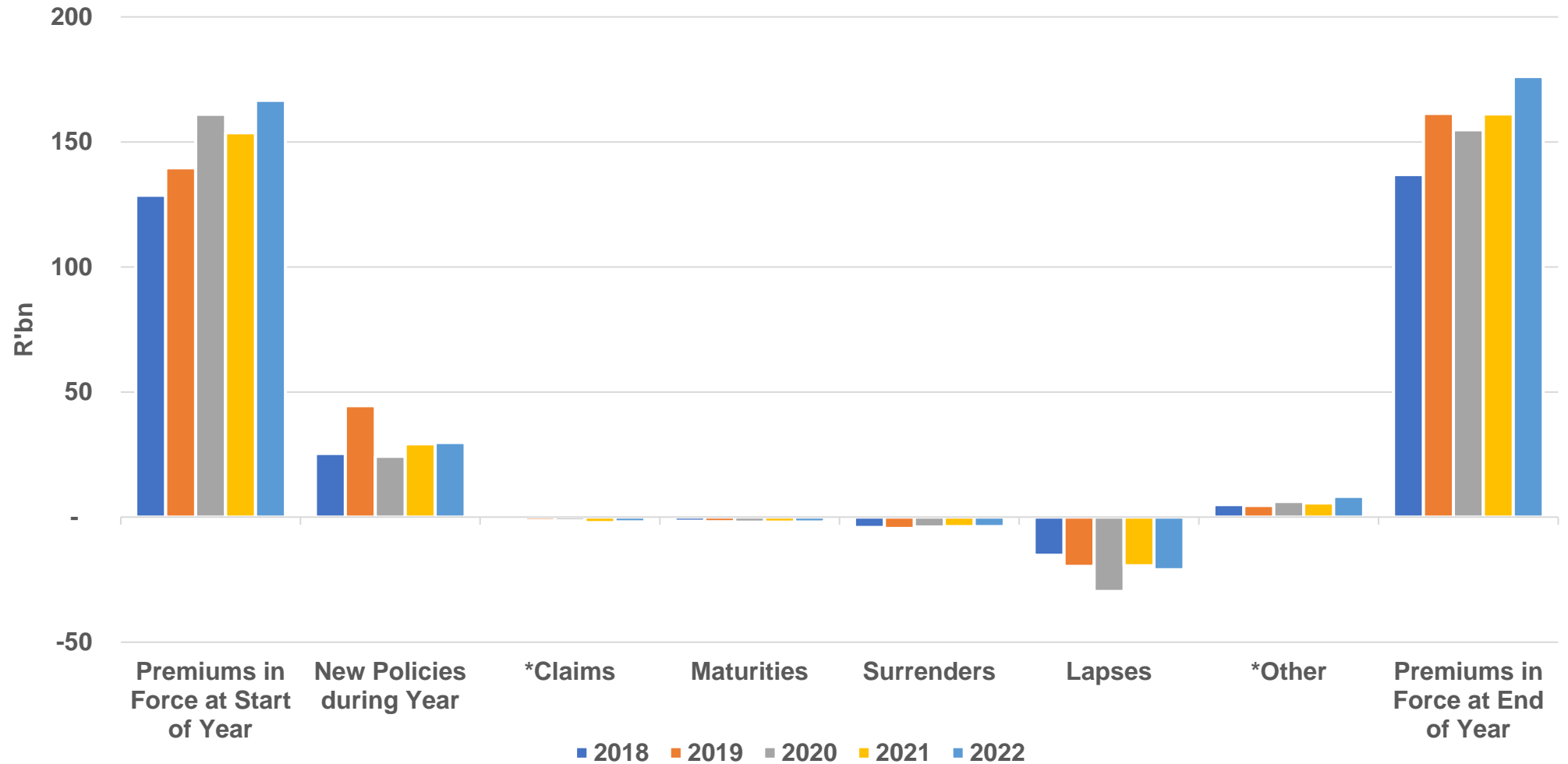


**Gross Premiums = Premiums Received and Outstanding**

**Gross Benefits = gross claims paid during reporting period + IBNR claims + RBNS claims**

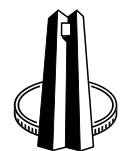


# Primary - Individual business movements



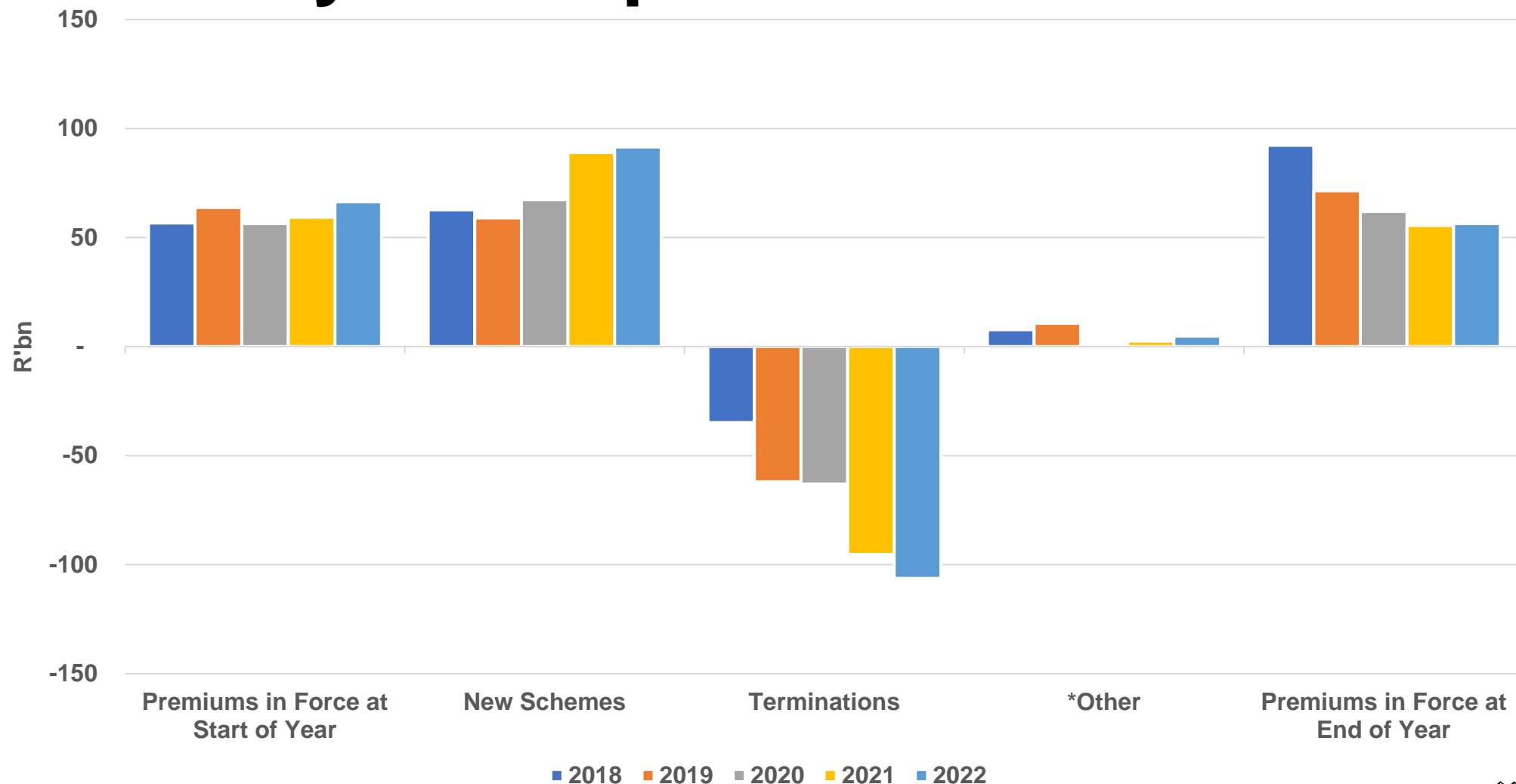
**\*Claims include death claims, health terminations and disability terminations**

**\*Other includes expired policies, paid-up and premium increases/decreases, and transfers in terms of the Act**

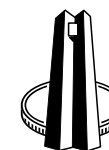




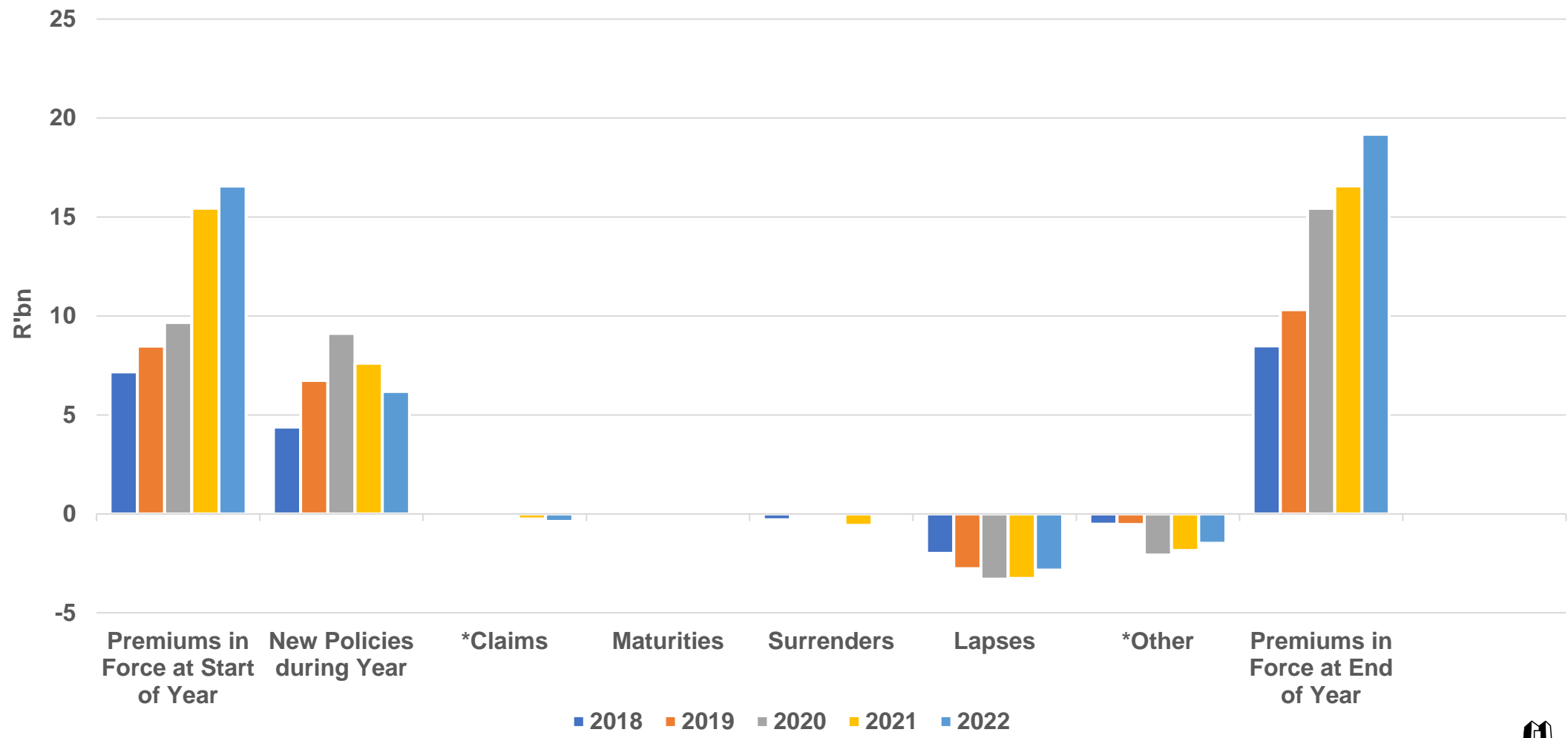
# Primary - Group business movements



\*Other includes transfers in terms of the Act, Section 14 transfers or premium increases/decreases

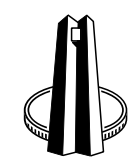


# Cell Captives - Individual business movements

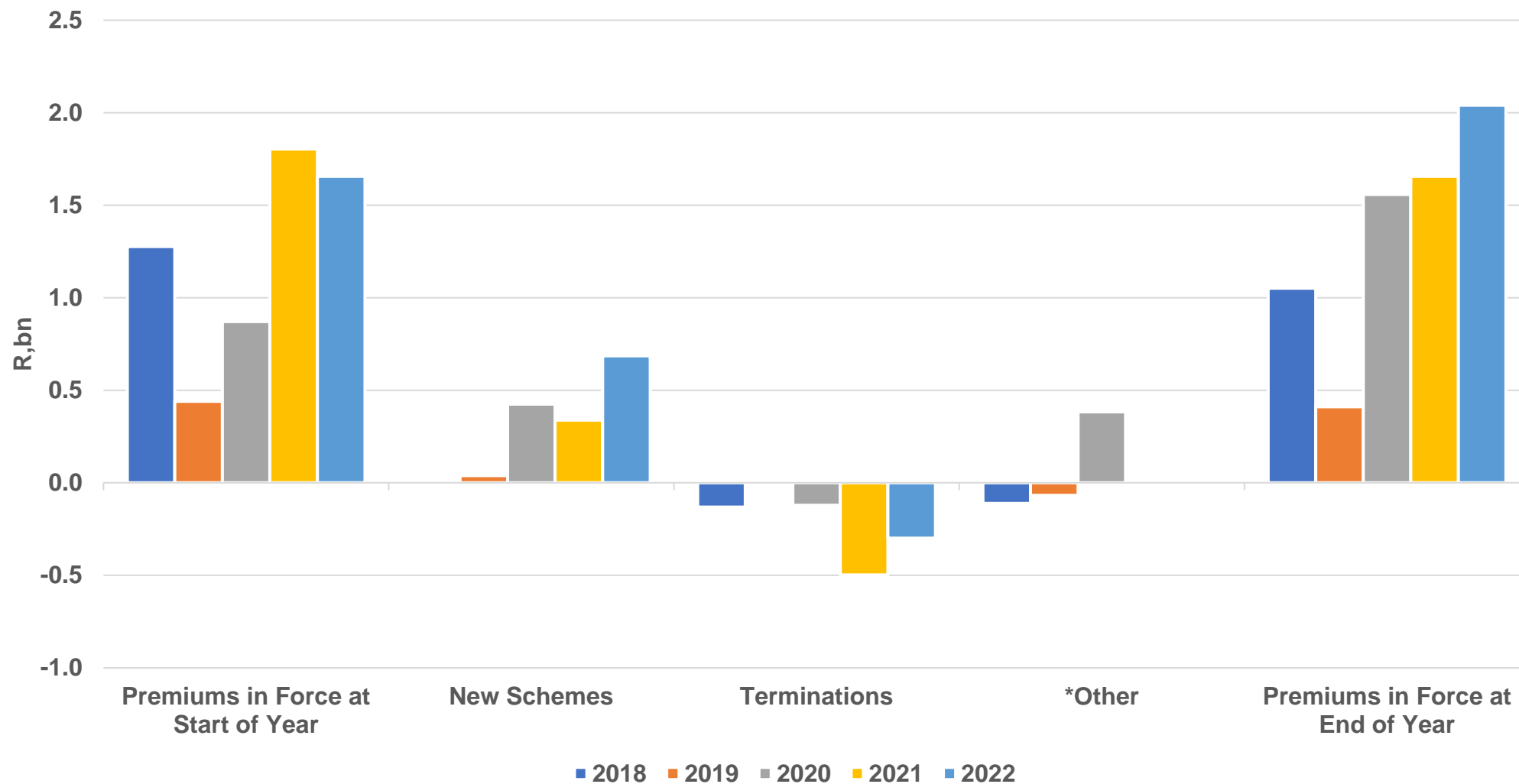


**\*Claims include death claims, health terminations and disability terminations**

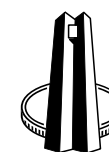
**\*Other includes expired policies, paid-up and premium increases/decreases, and transfers in terms of the Act**



# Cell Captives – Group business movements

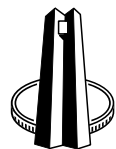


\*Other includes transfers in terms of the Act, Section 14 transfers or premium increases/decreases



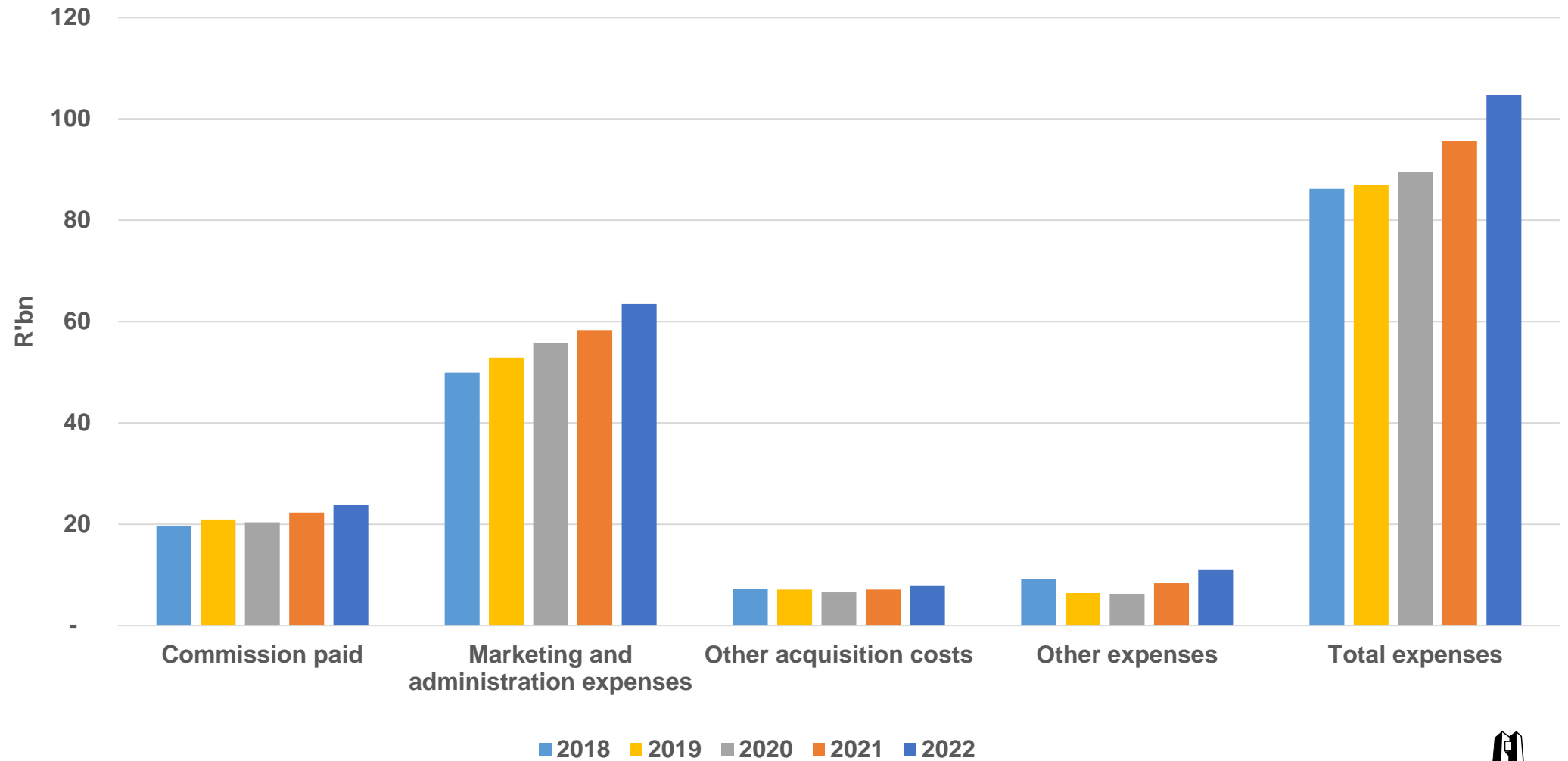
# Expenses

---

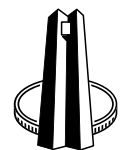




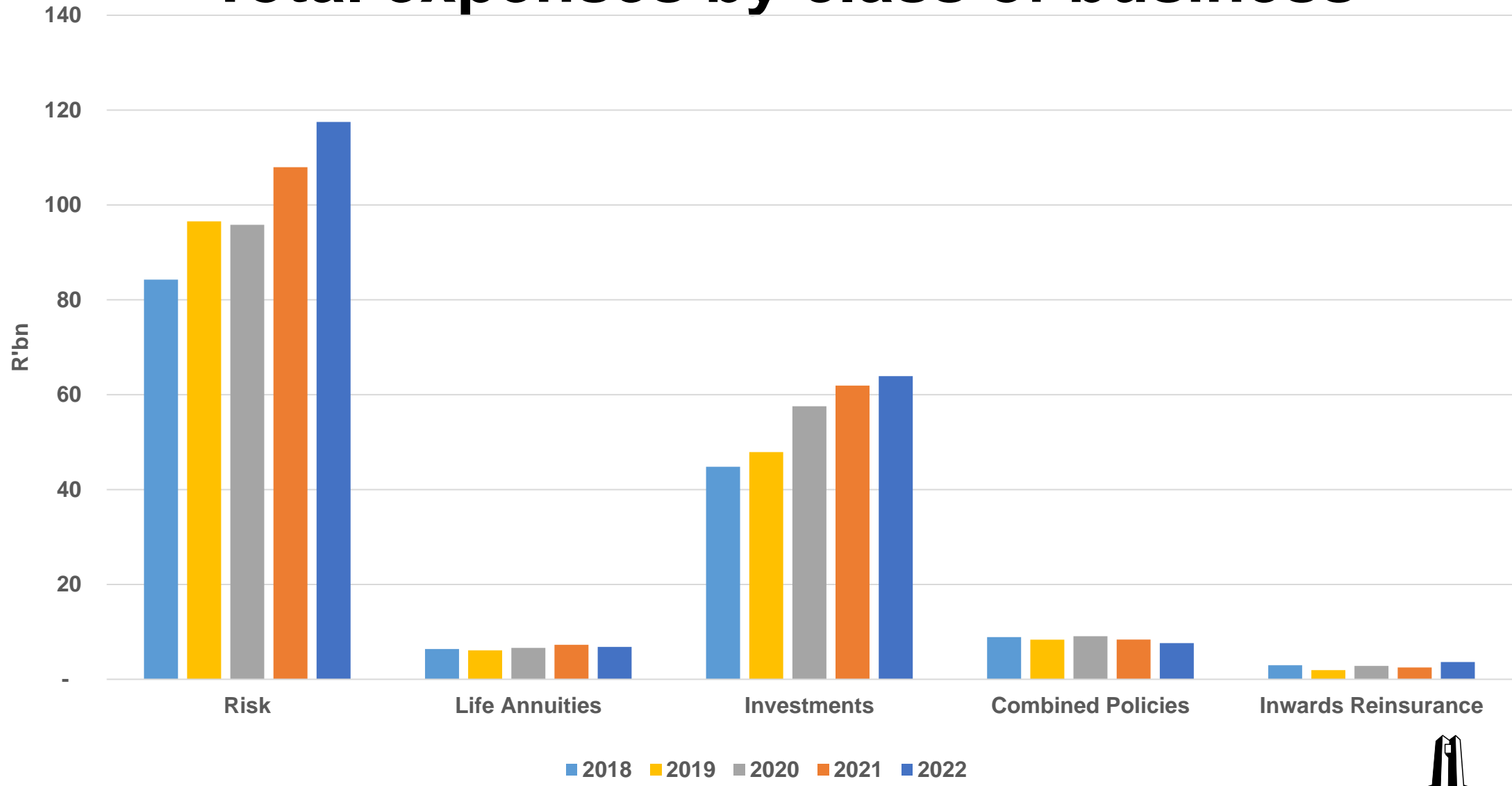
# Trends in Expenses



Expenses relates to actual outgo during the reporting period

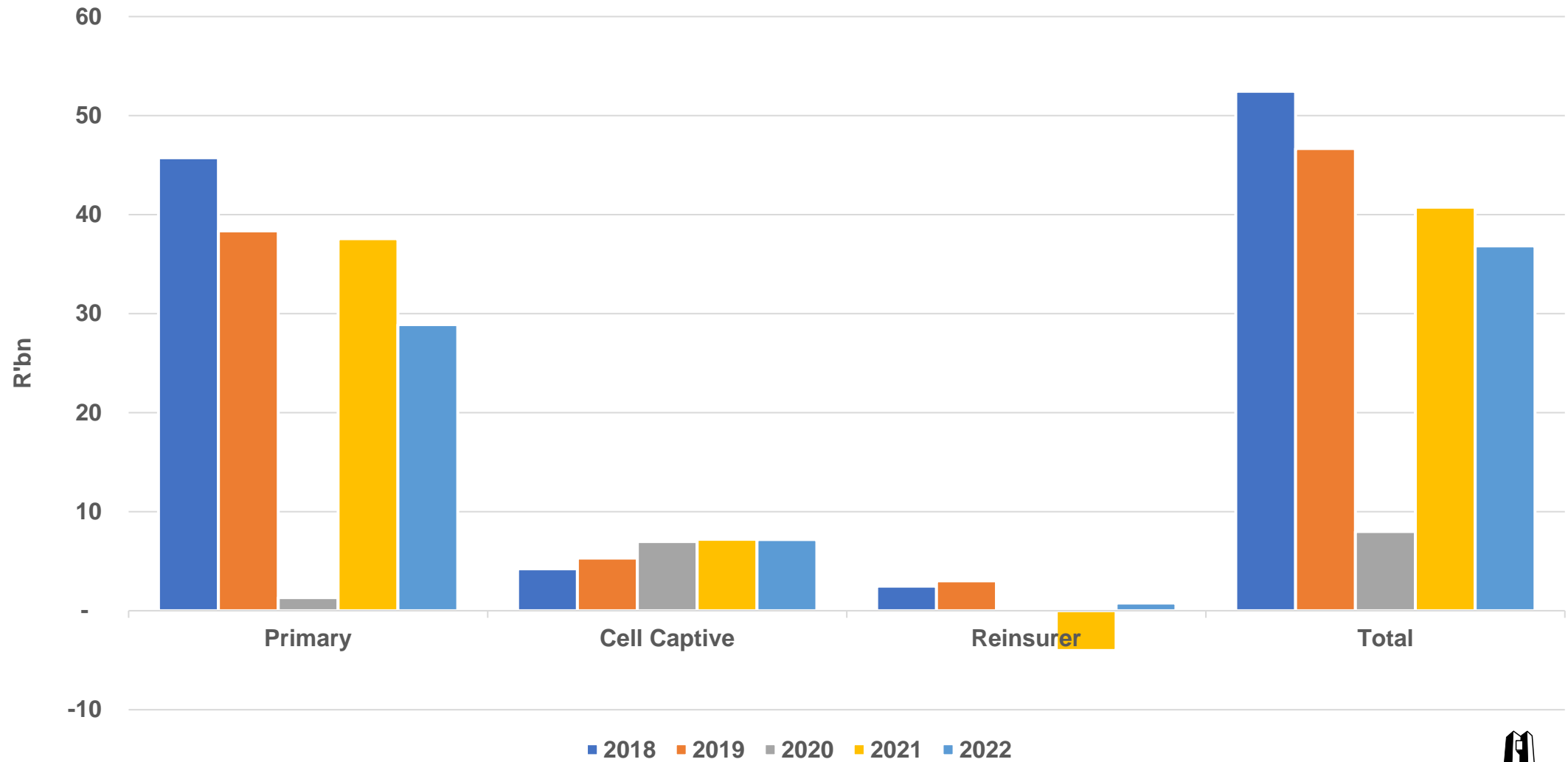


# Total expenses by class of business

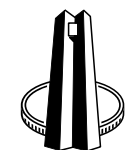


Total expenses represent the present value of all expense cashflows used in the calculation of the BEL

# Profit by insurer class

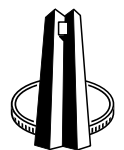


Profits refer to excess income over outgo before taxation and dividends



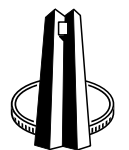
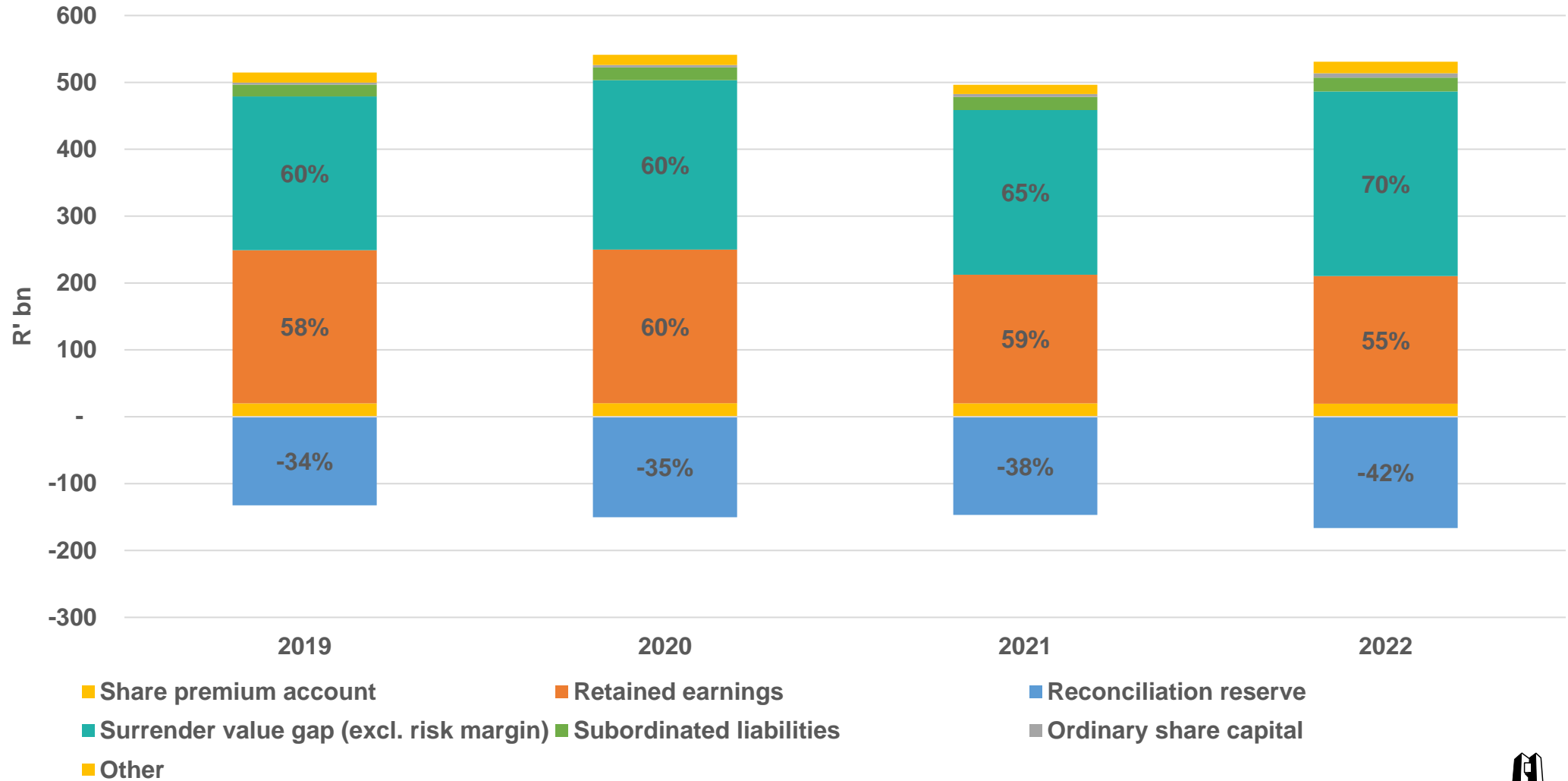
# Basic Own Funds

---

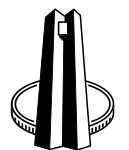
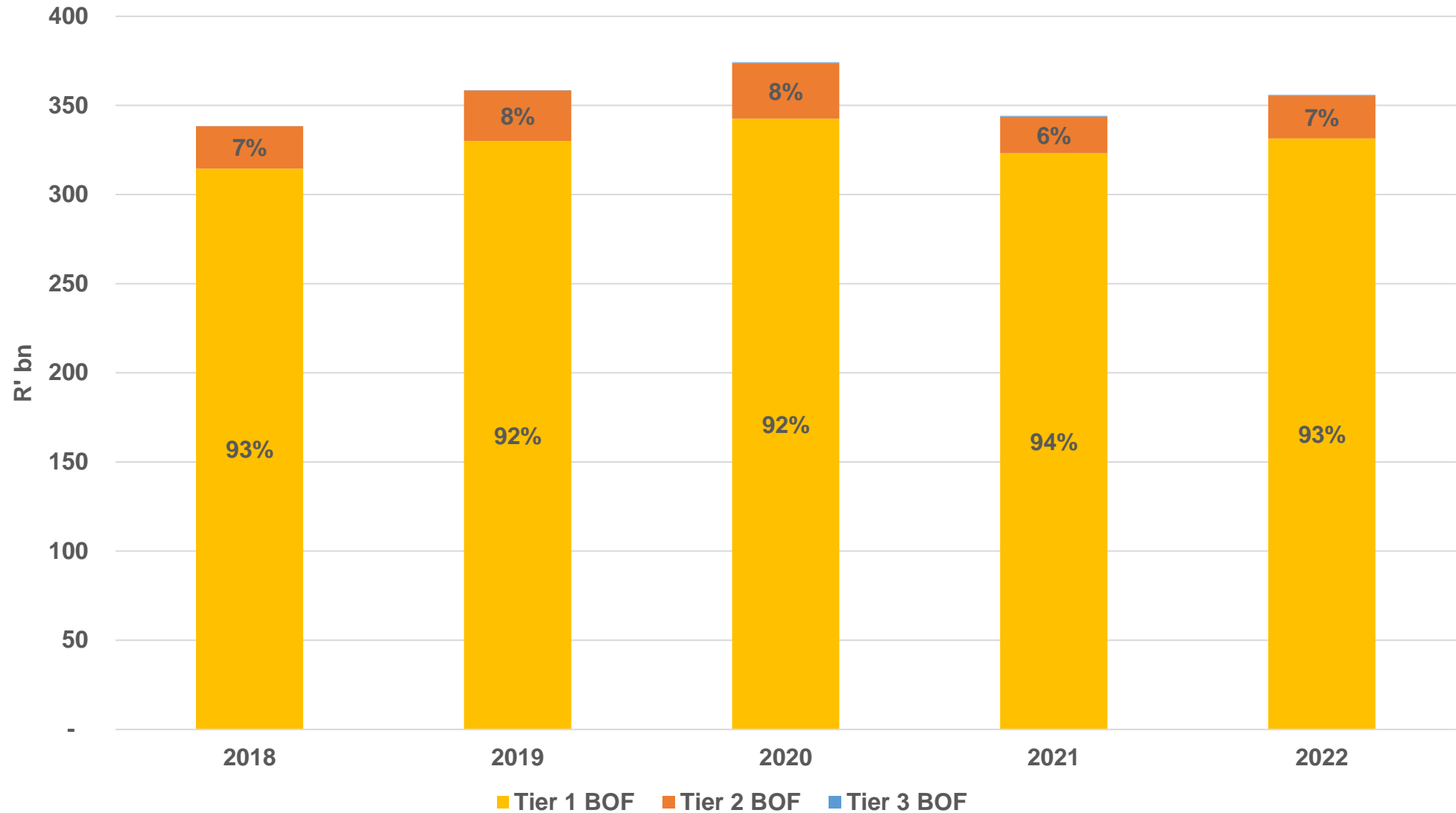




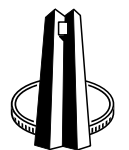
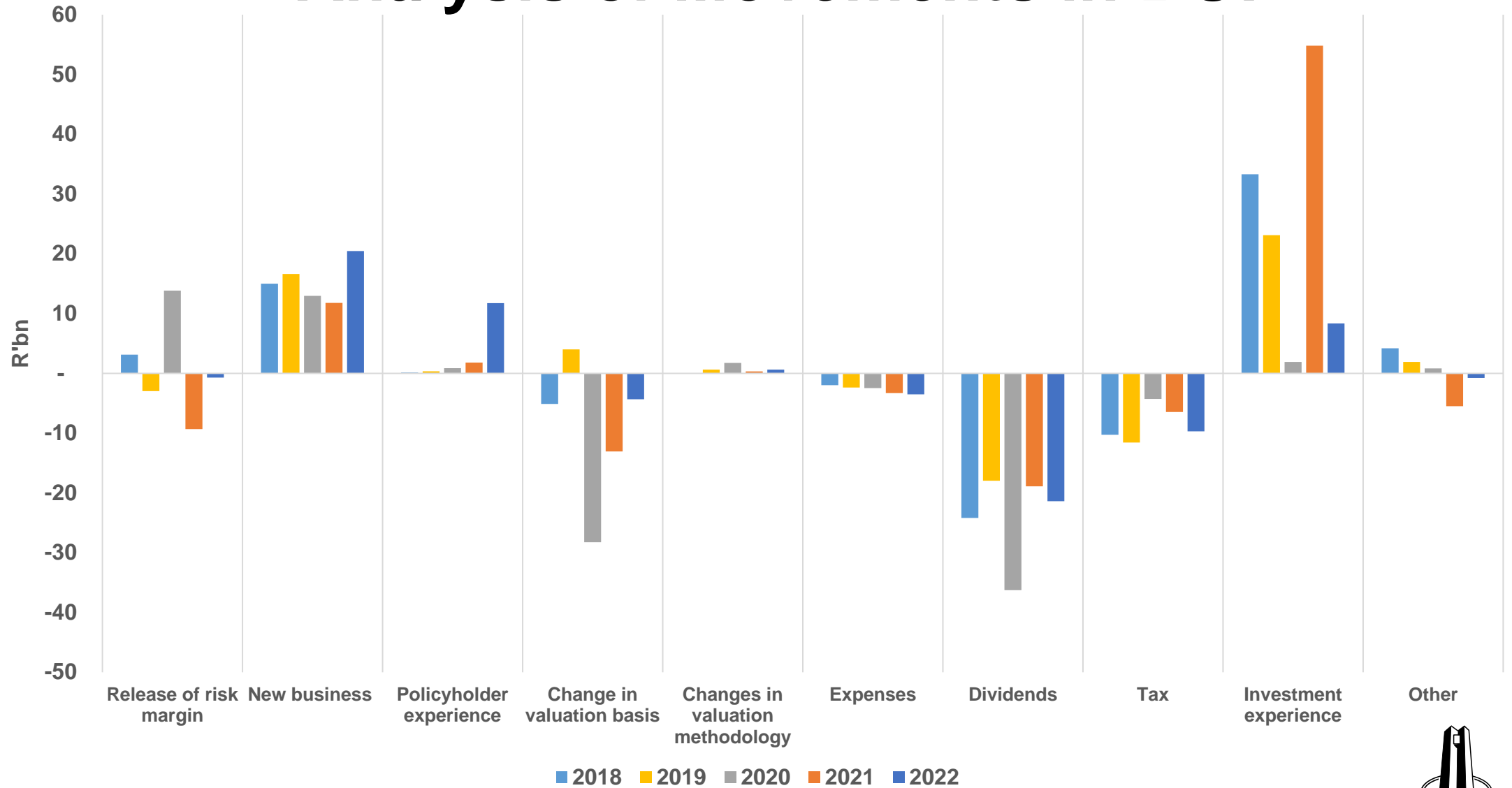
# Composition of BOF



# Tiering of BOF

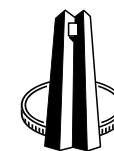
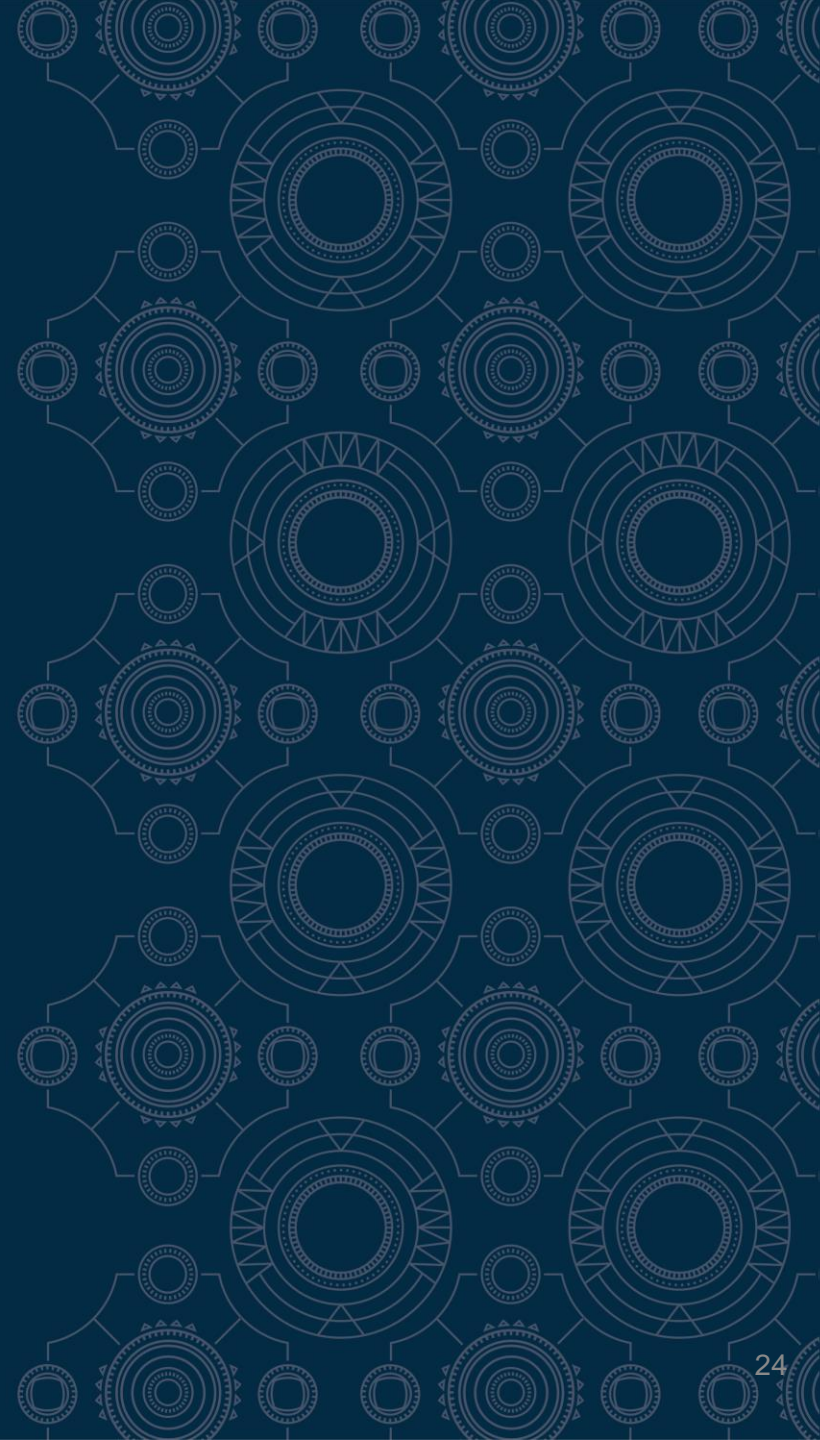


# Analysis of Movements in BOF



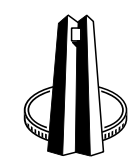
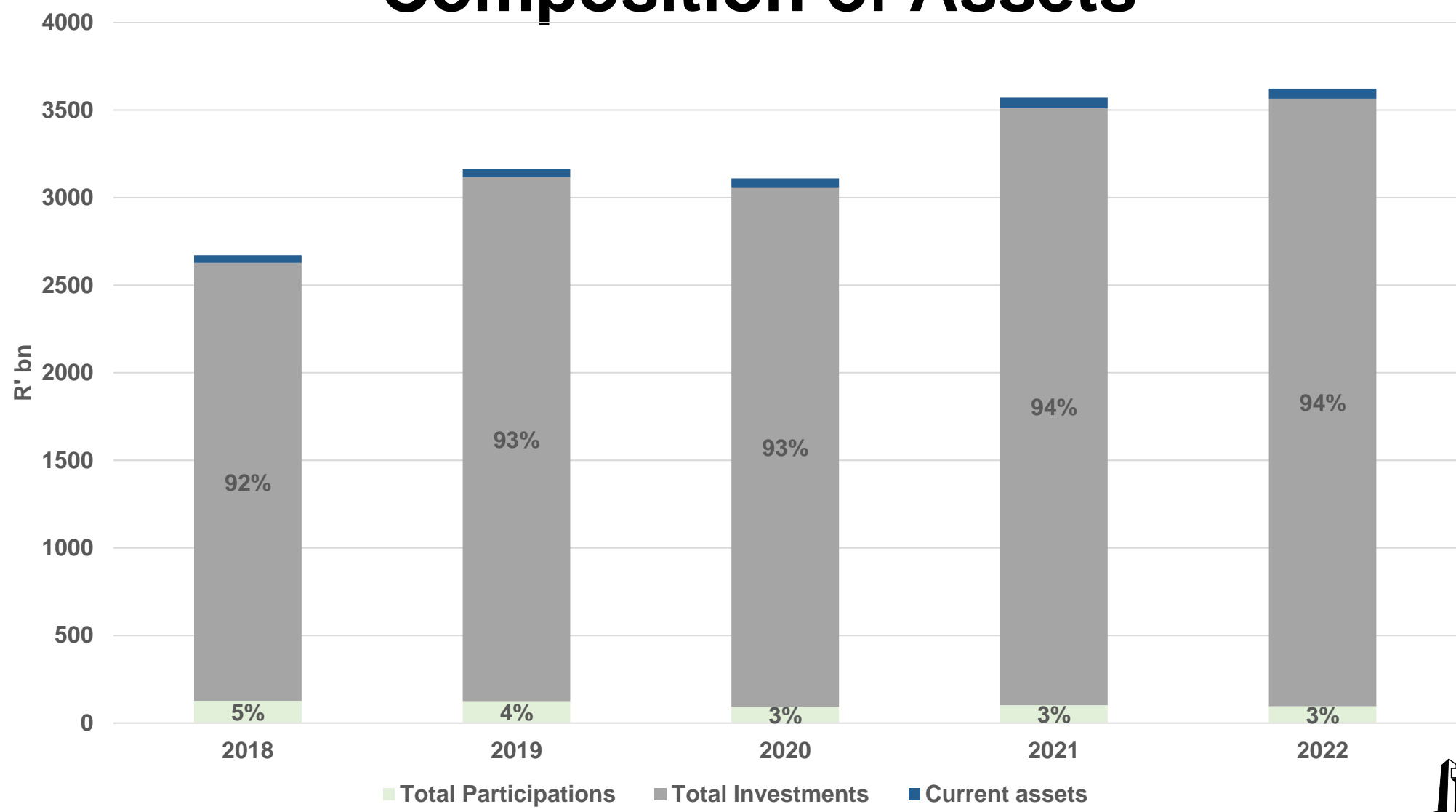
# Assets

---

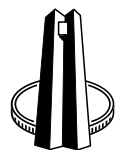
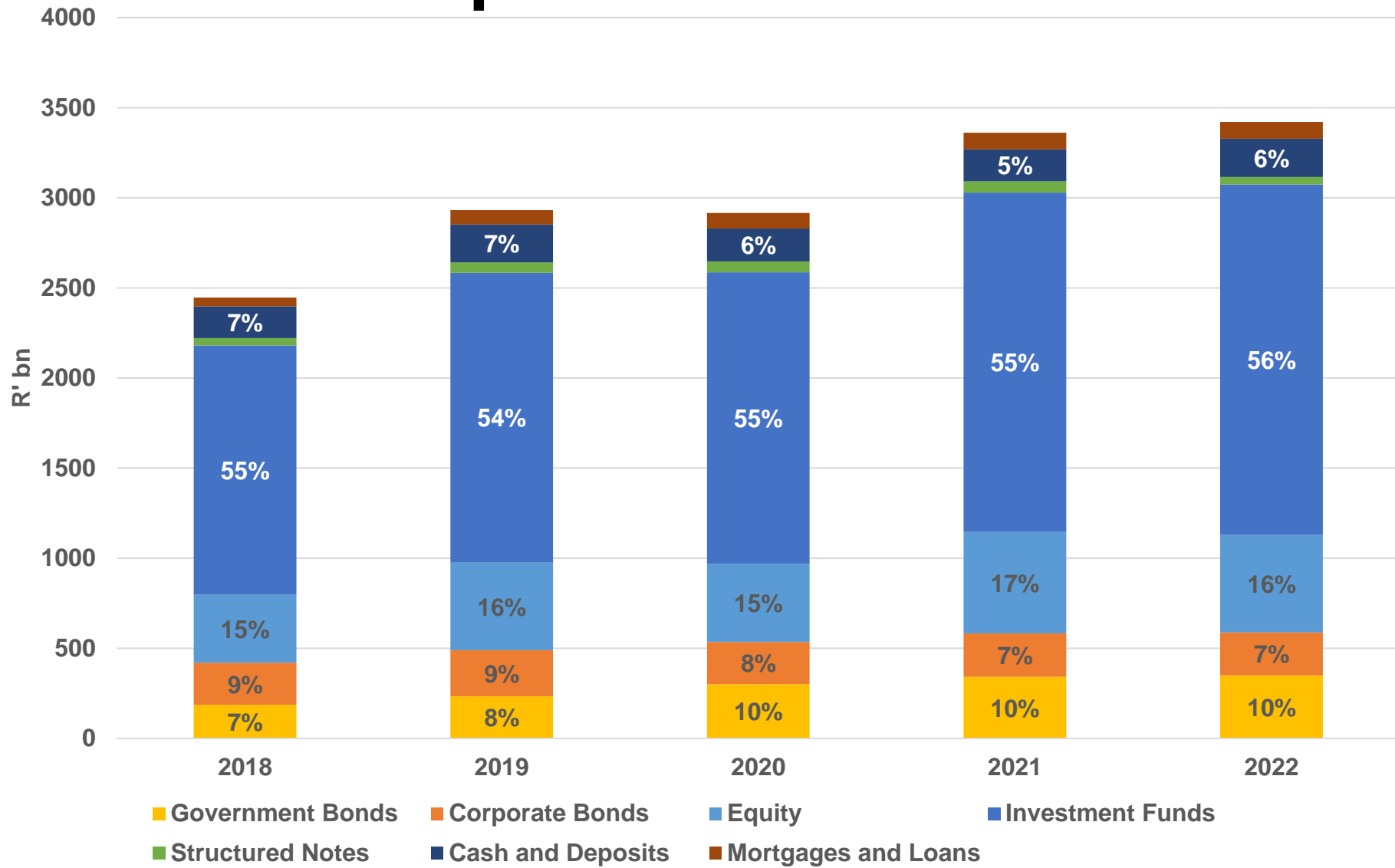




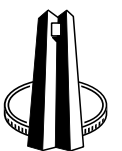
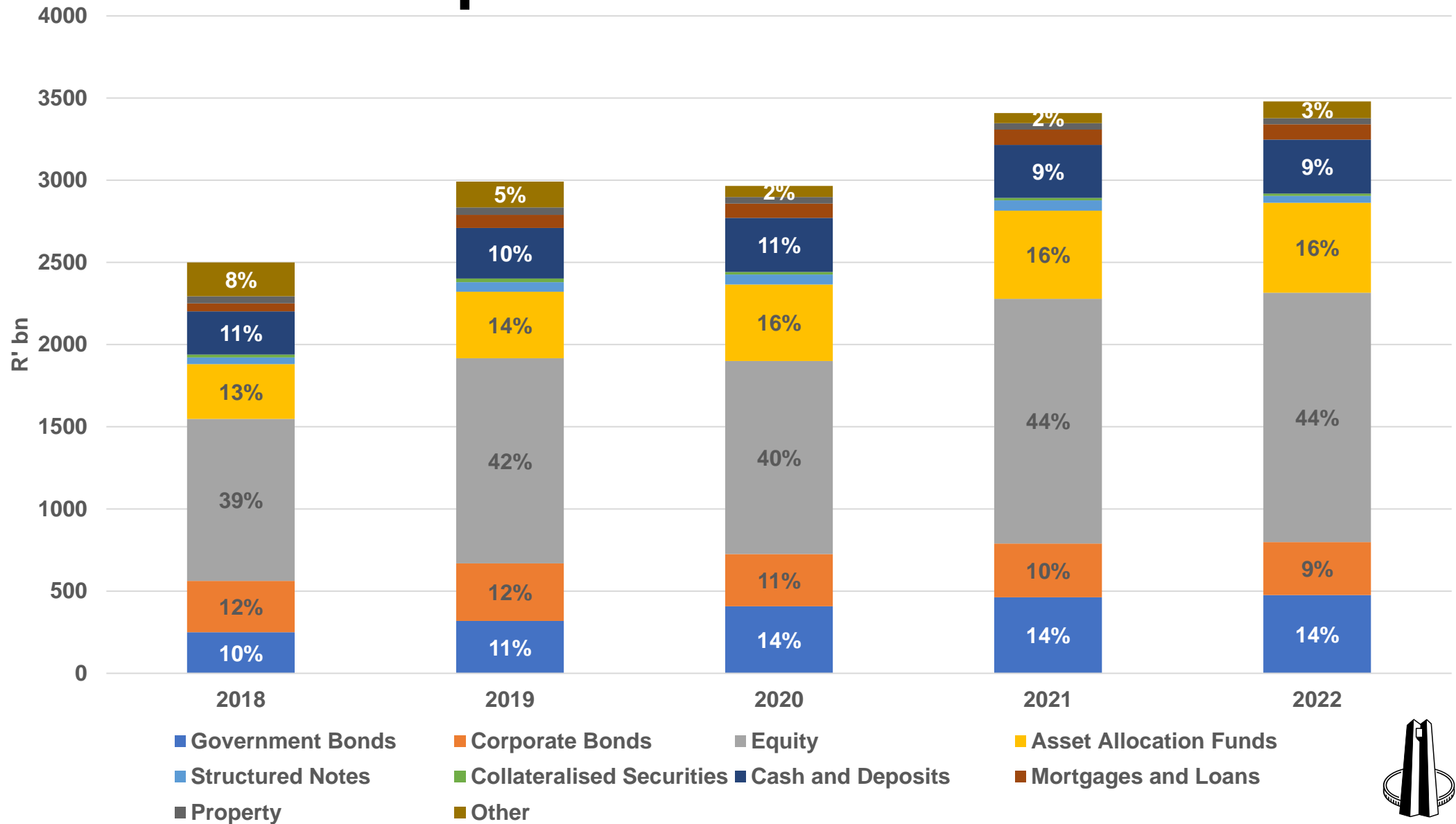
# Composition of Assets



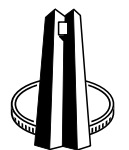
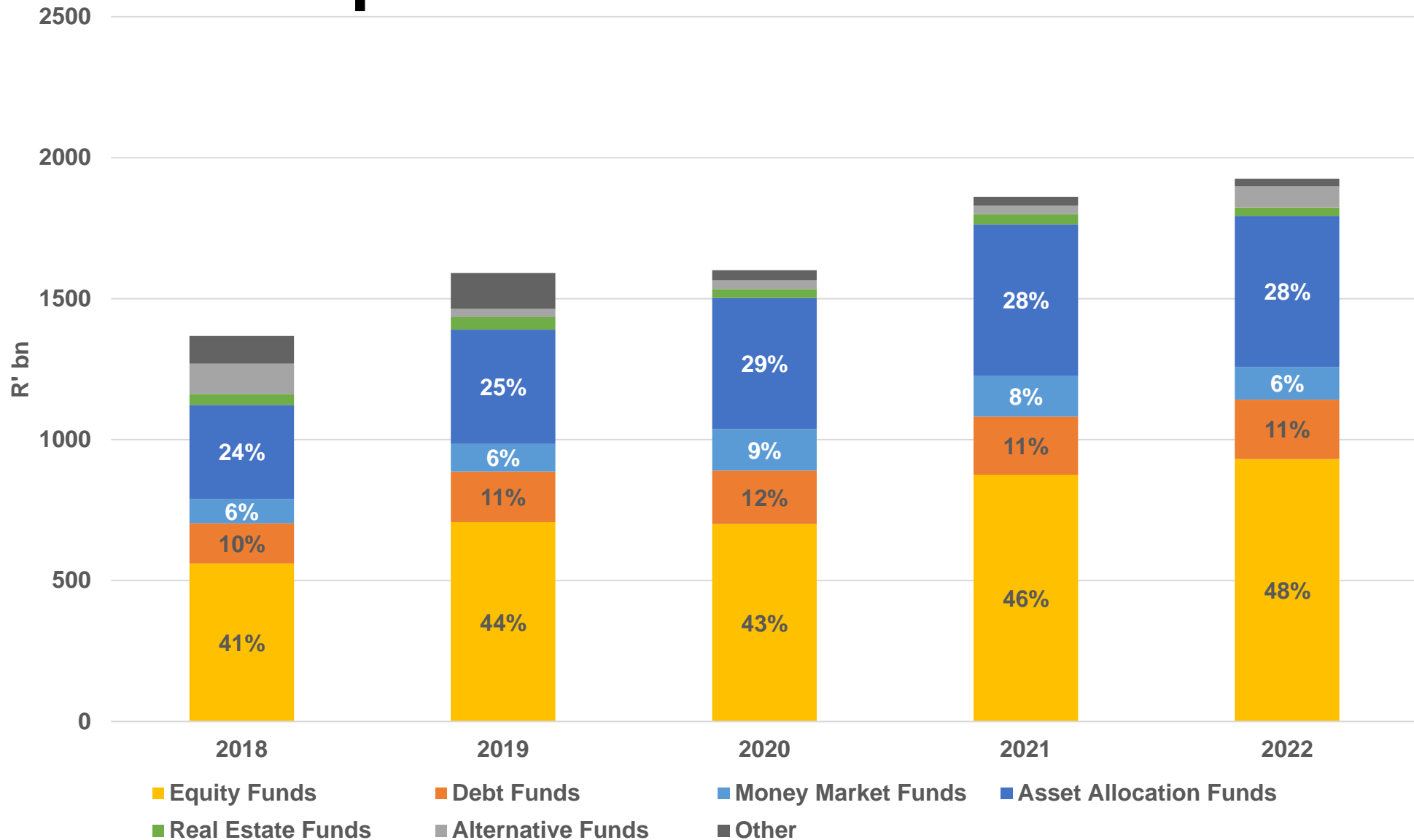
# Composition of Investments



# Composition of Investments

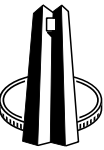
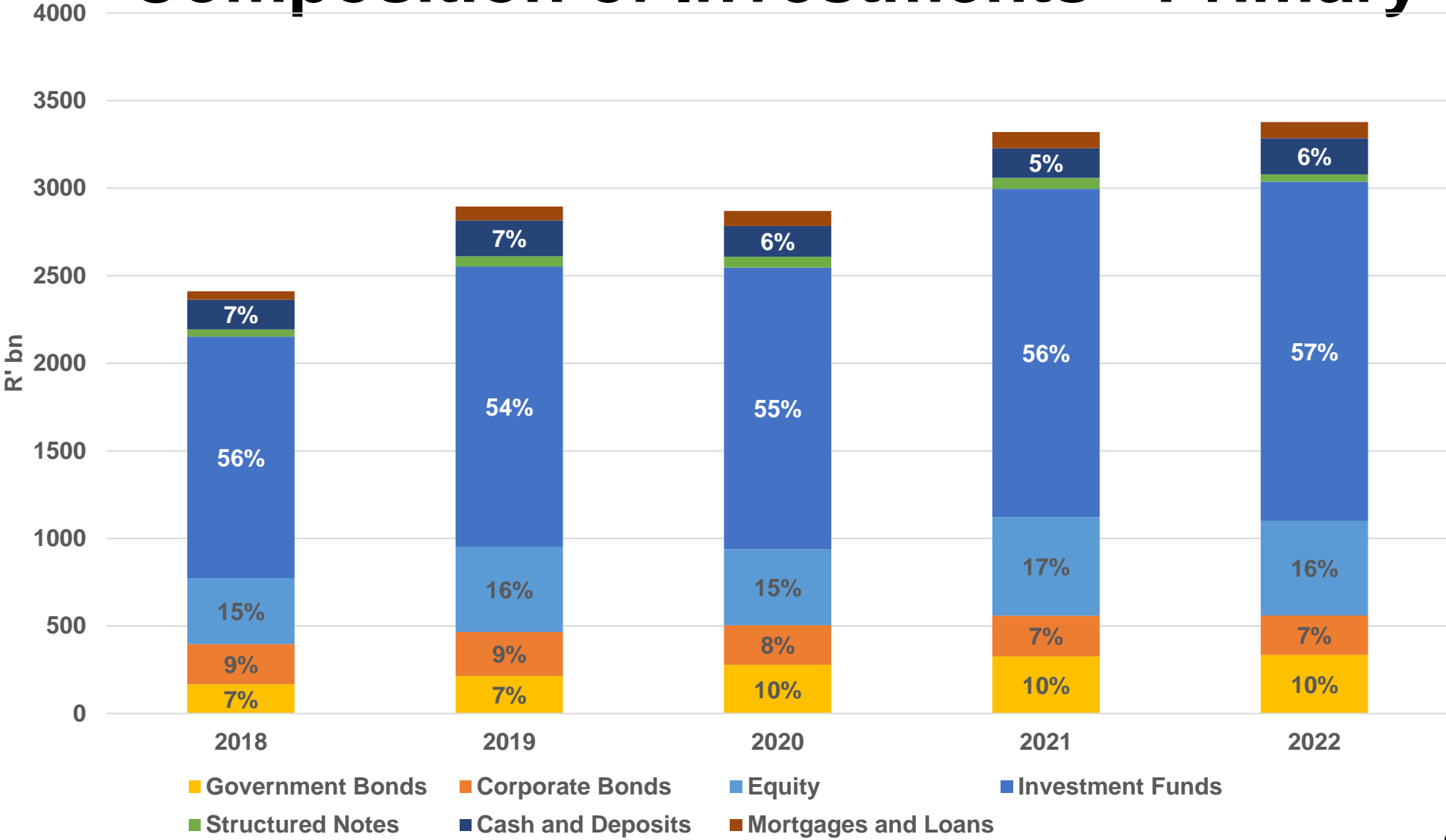


# Composition of Investment Funds

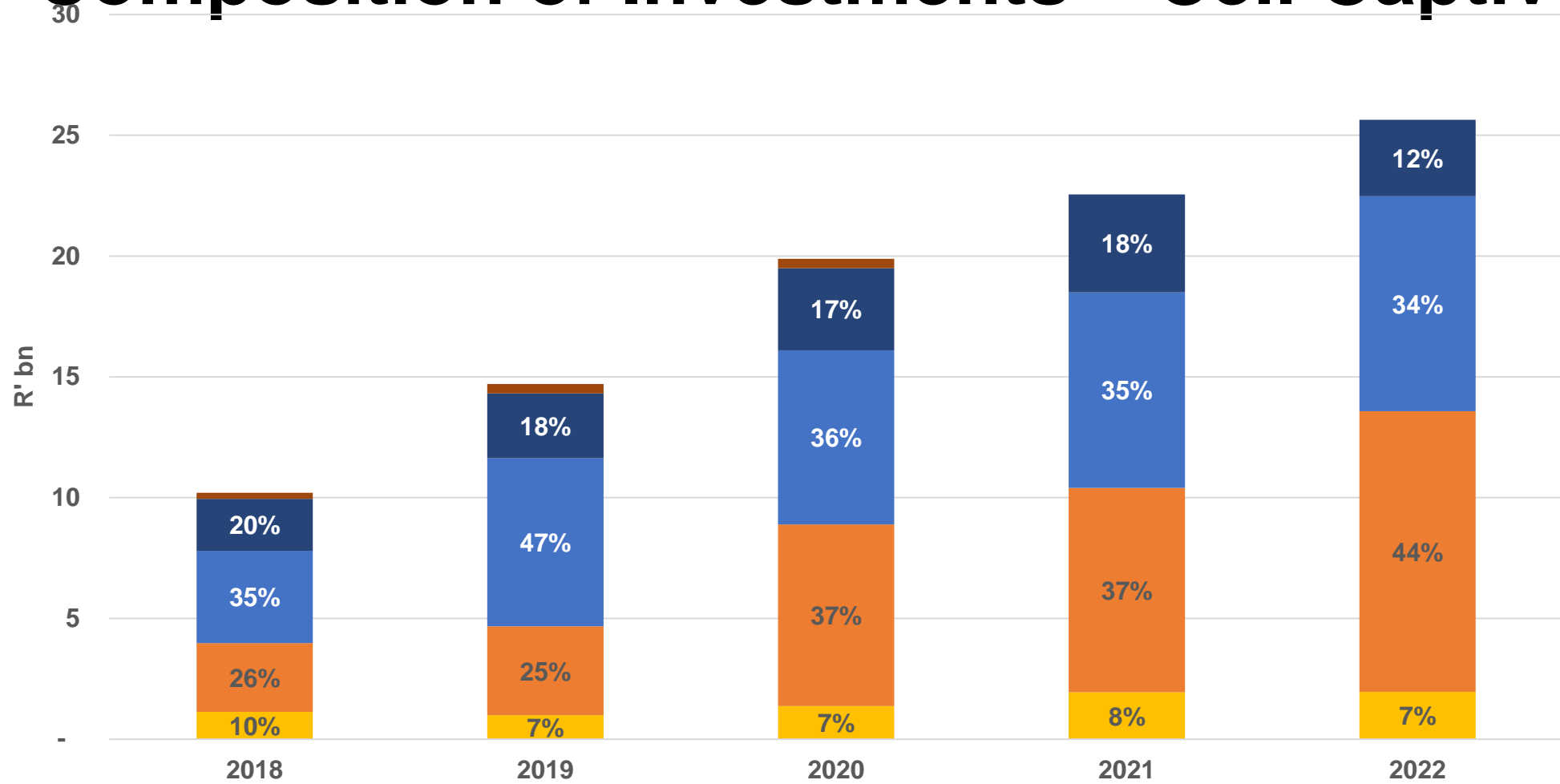




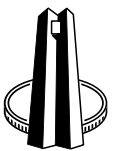
# Composition of Investments - Primary



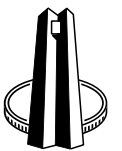
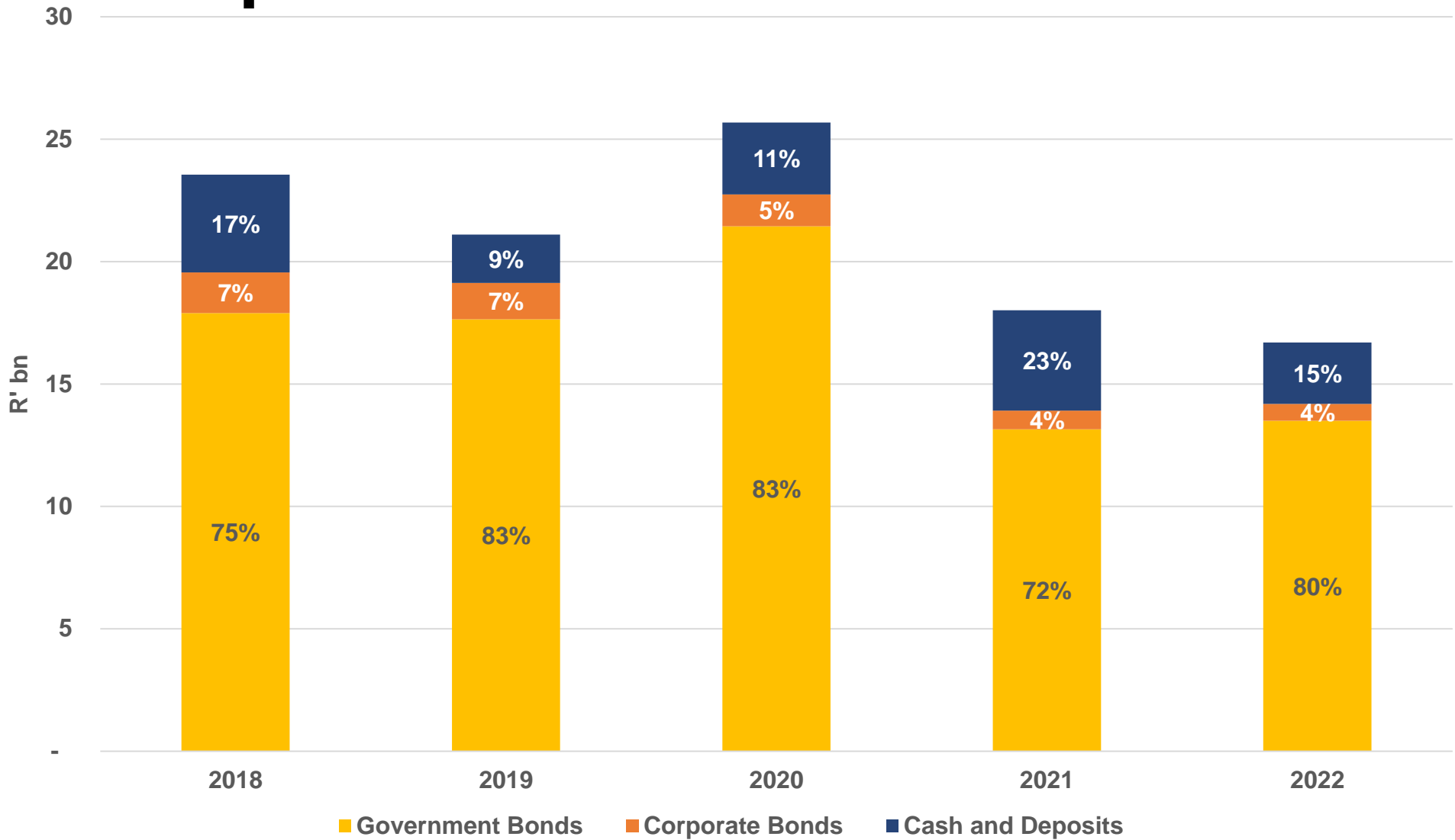
# Composition of Investments – Cell Captives



■ Government Bonds 
 ■ Corporate Bonds 
 ■ Investment Funds 
 ■ Cash and Deposits 
 ■ Mortgages and Loans

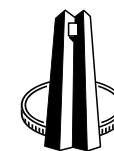


# Composition of Investments - Reinsurers



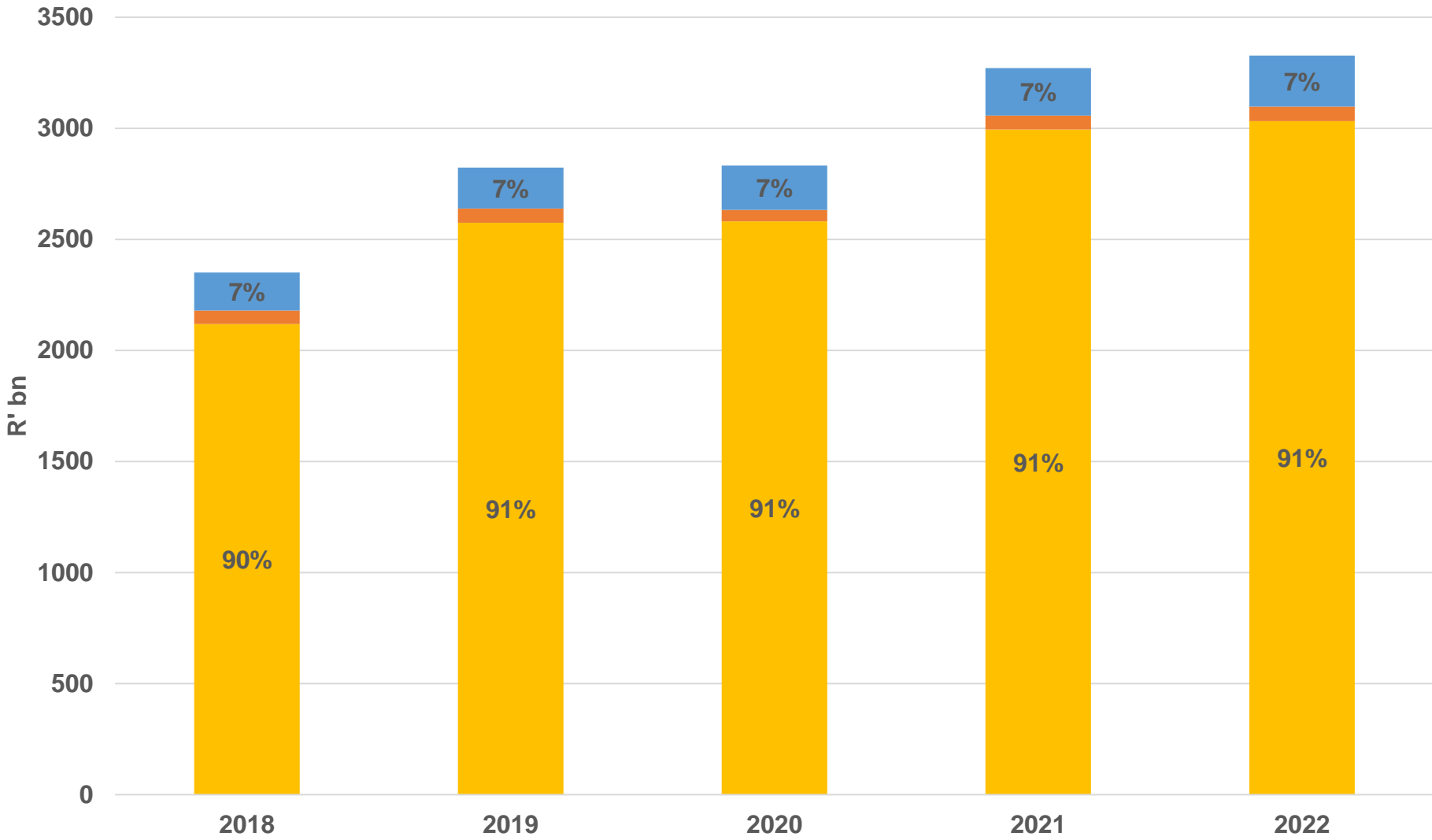
# Liabilities

---





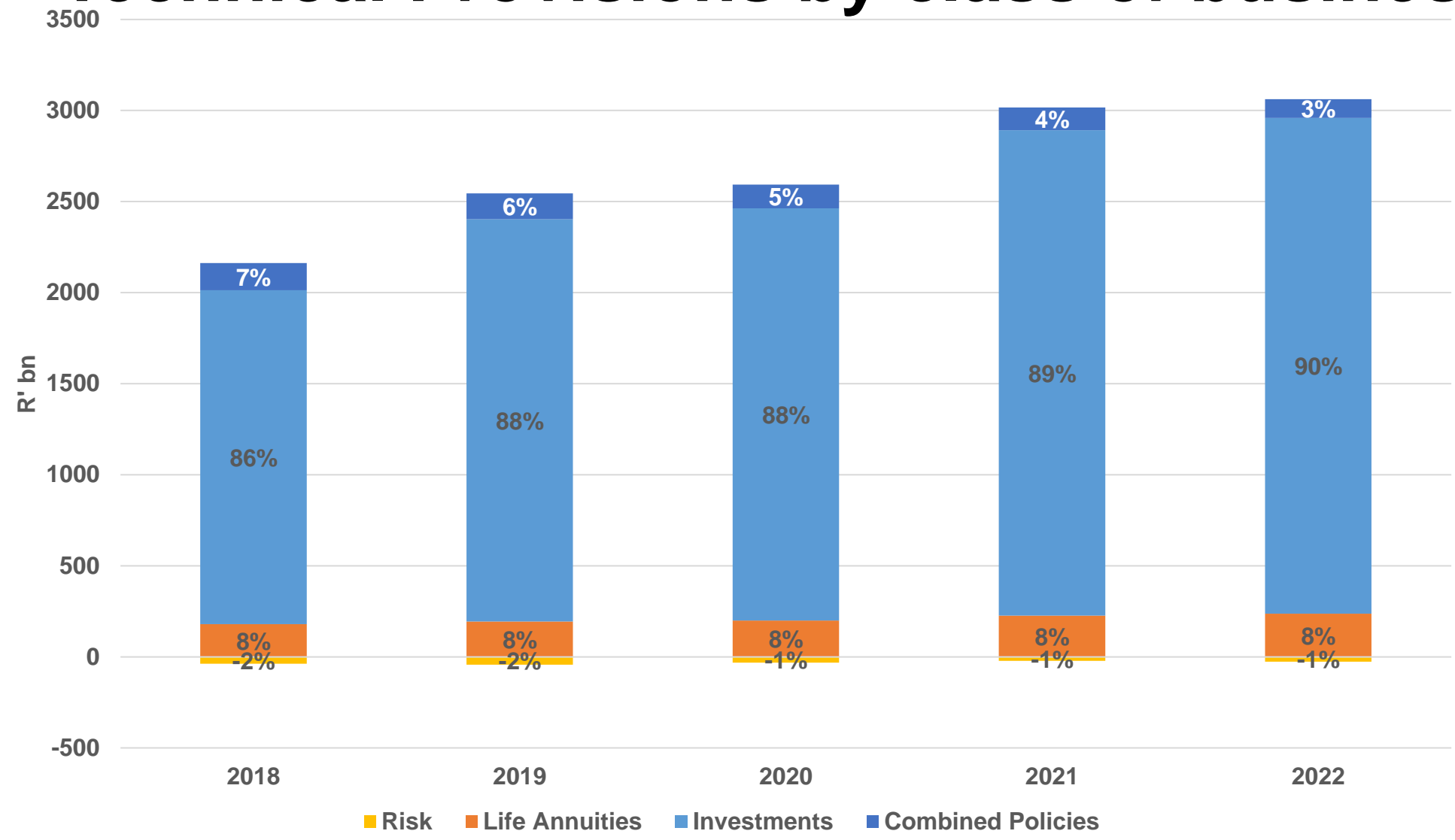
# Total Liabilities



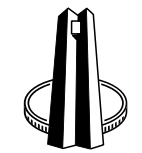
■ Best Estimate Liabilities ■ Risk Margin ■ Other liabilities

Best Estimate Liabilities are gross of reinsurance

# Technical Provisions by class of business

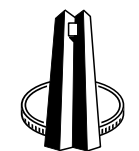


Technical provisions are net of reinsurance

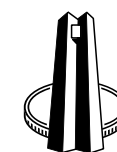
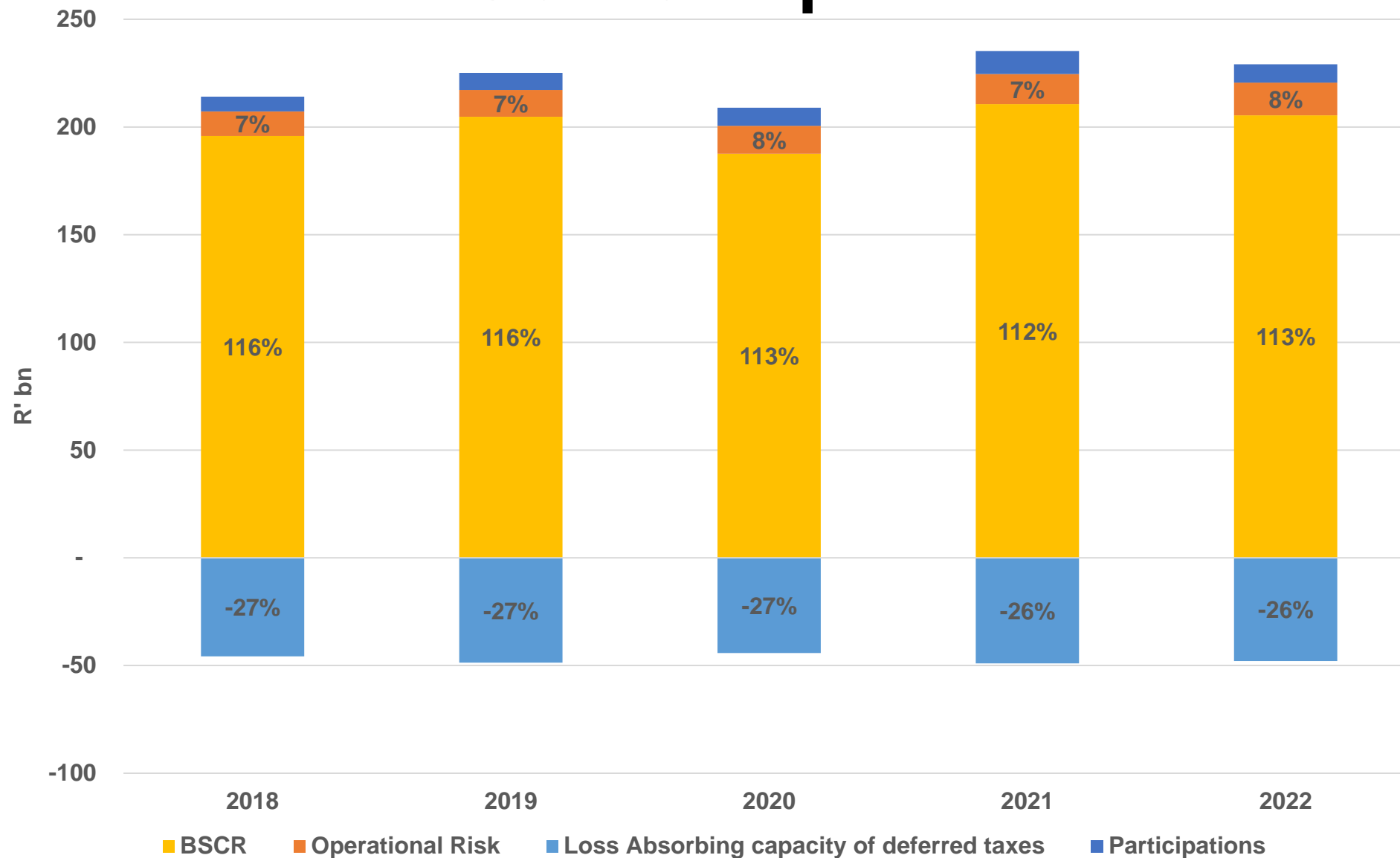


# Solvency Capital Requirement

---

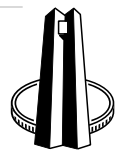
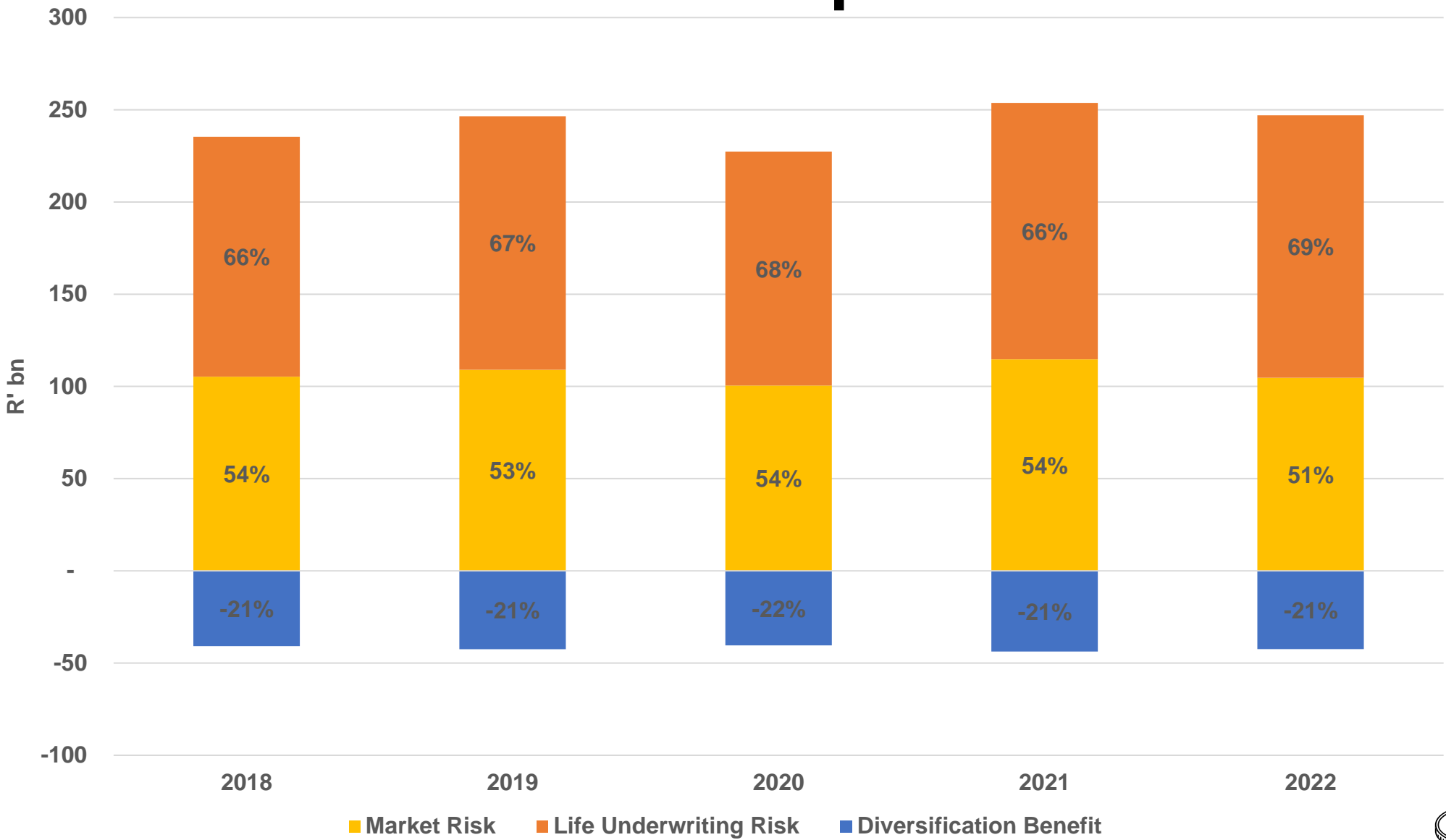


# SCR Components

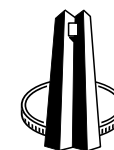
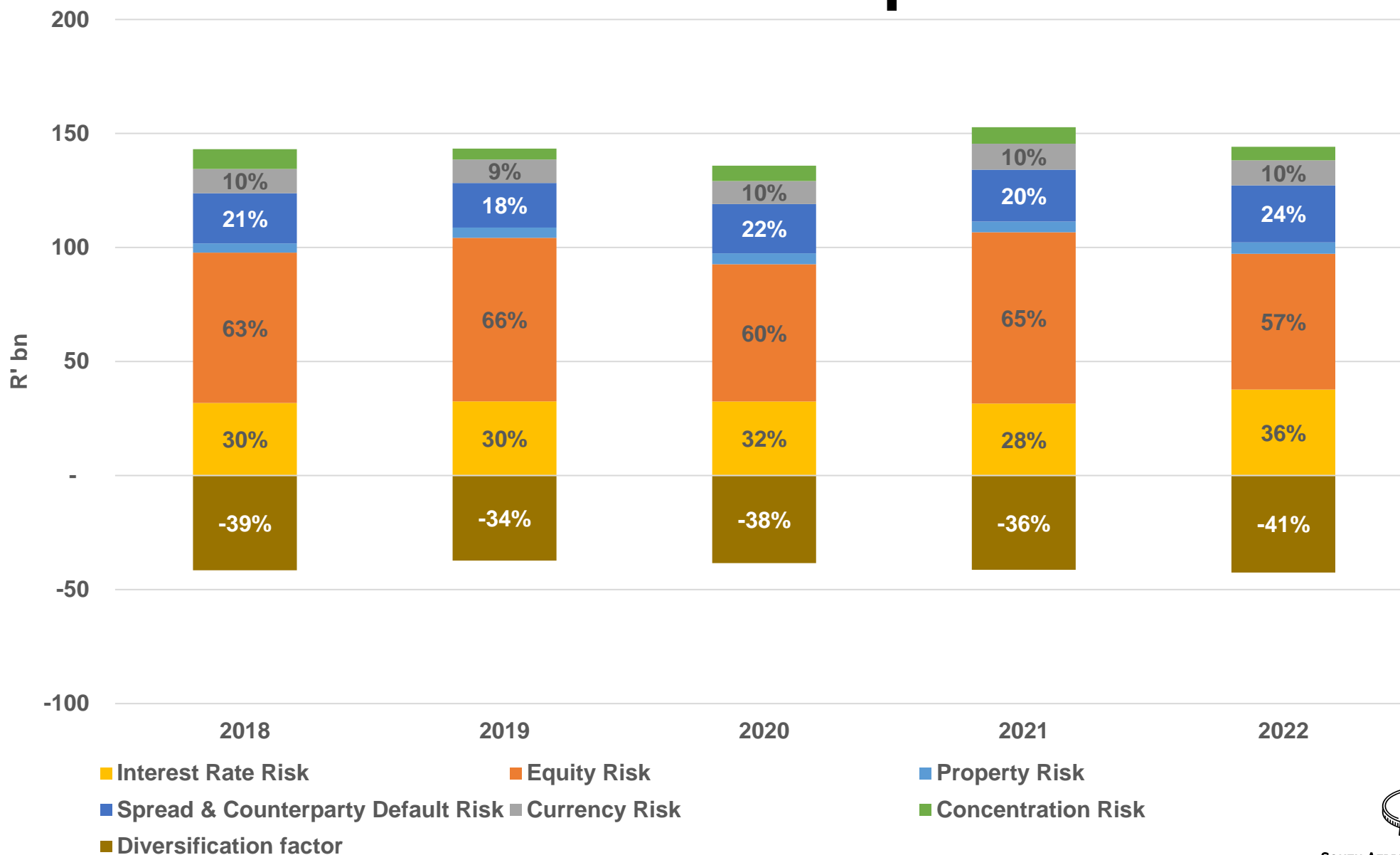




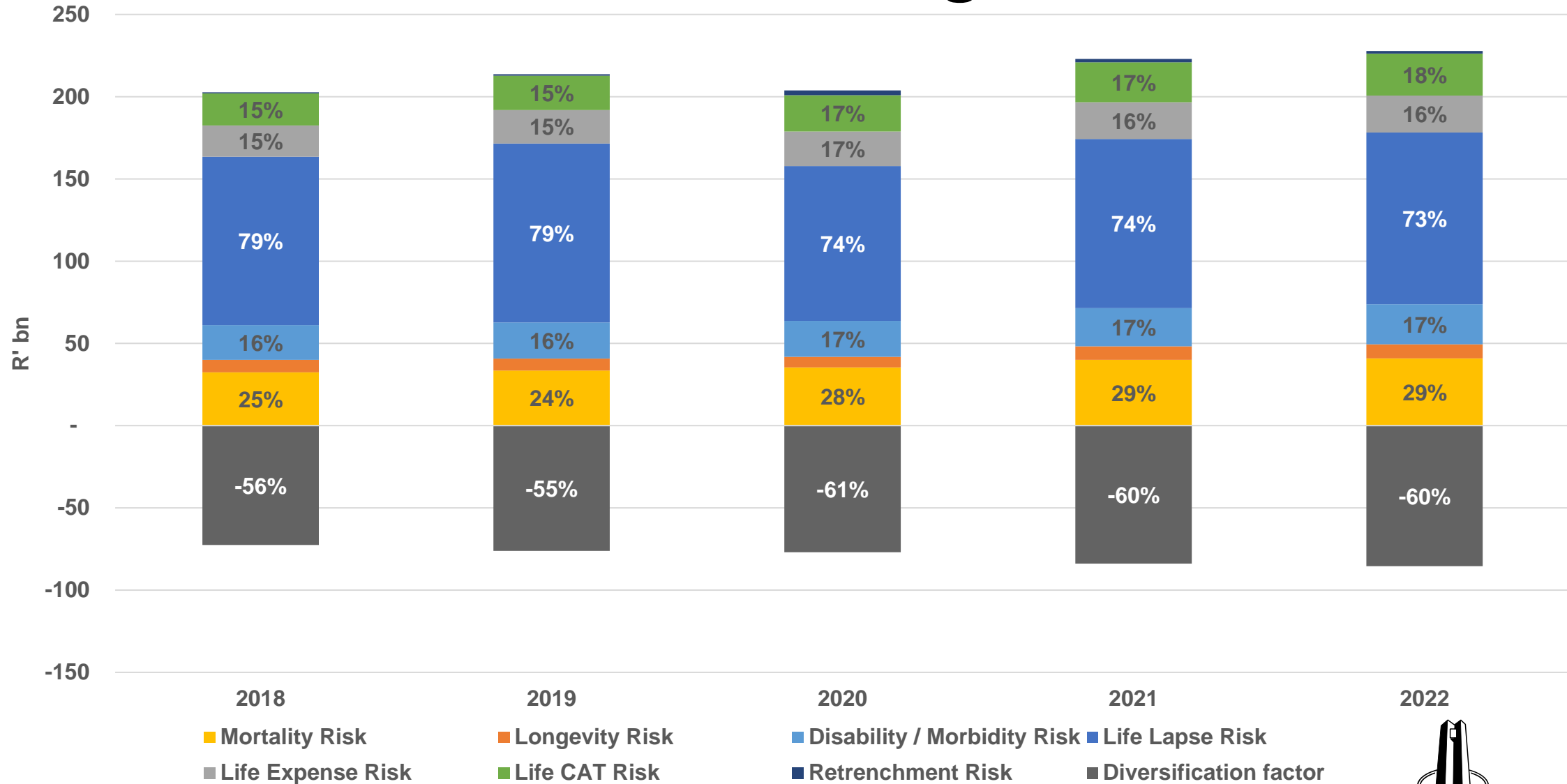
# BSCR Components



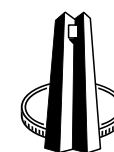
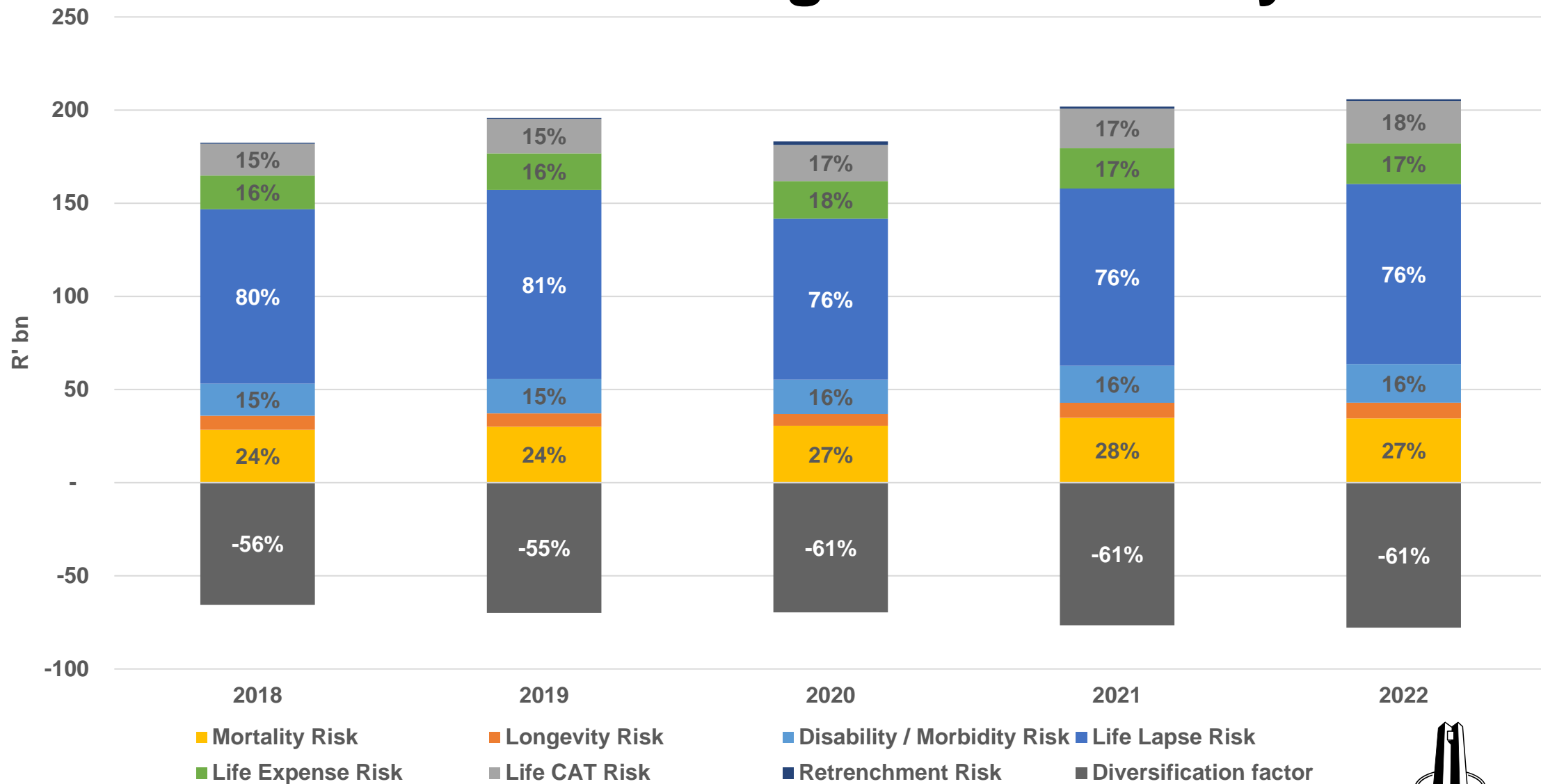
# Market Risk Components



# Life Underwriting Risk

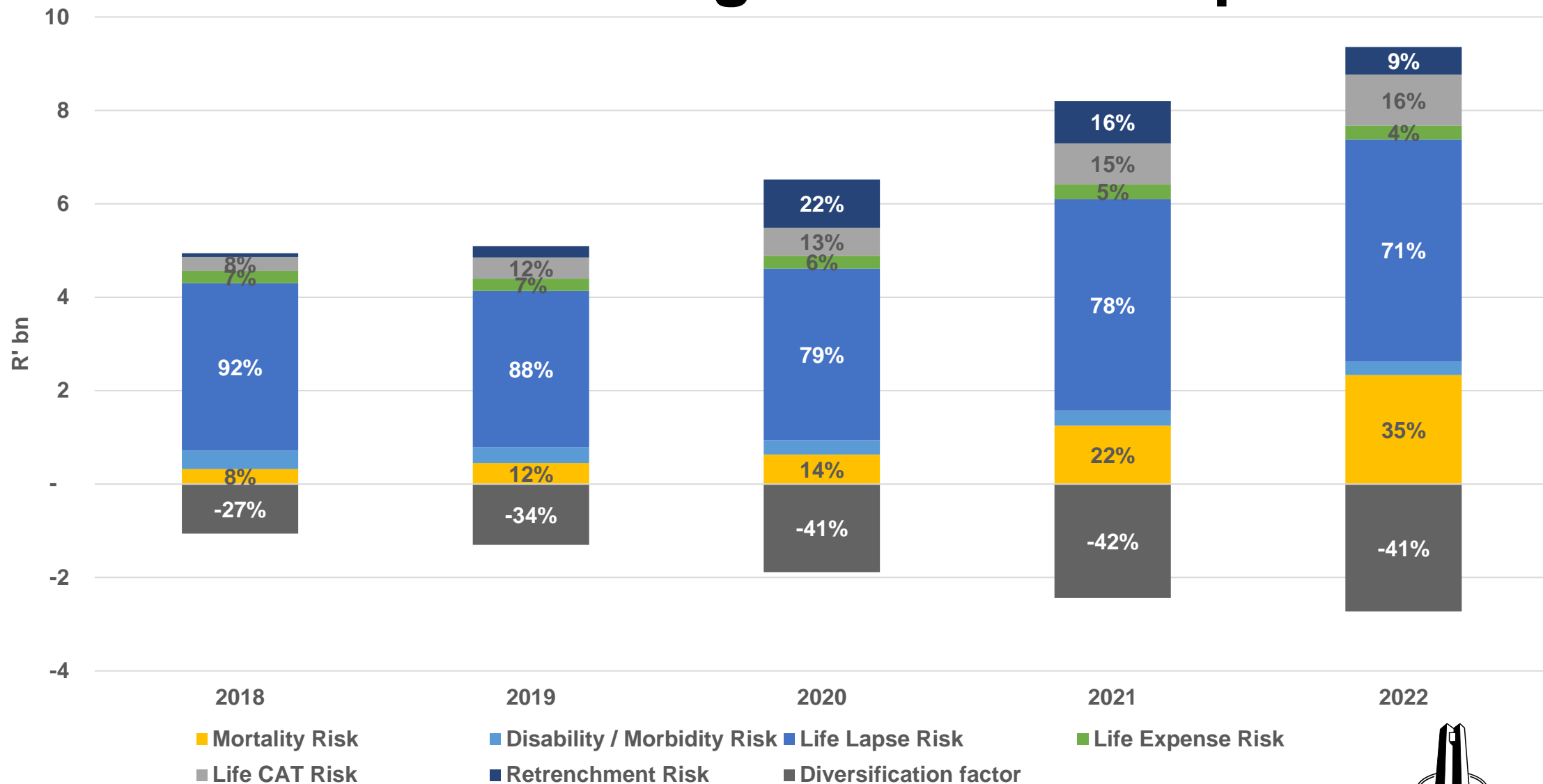


# Life Underwriting Risk - Primary

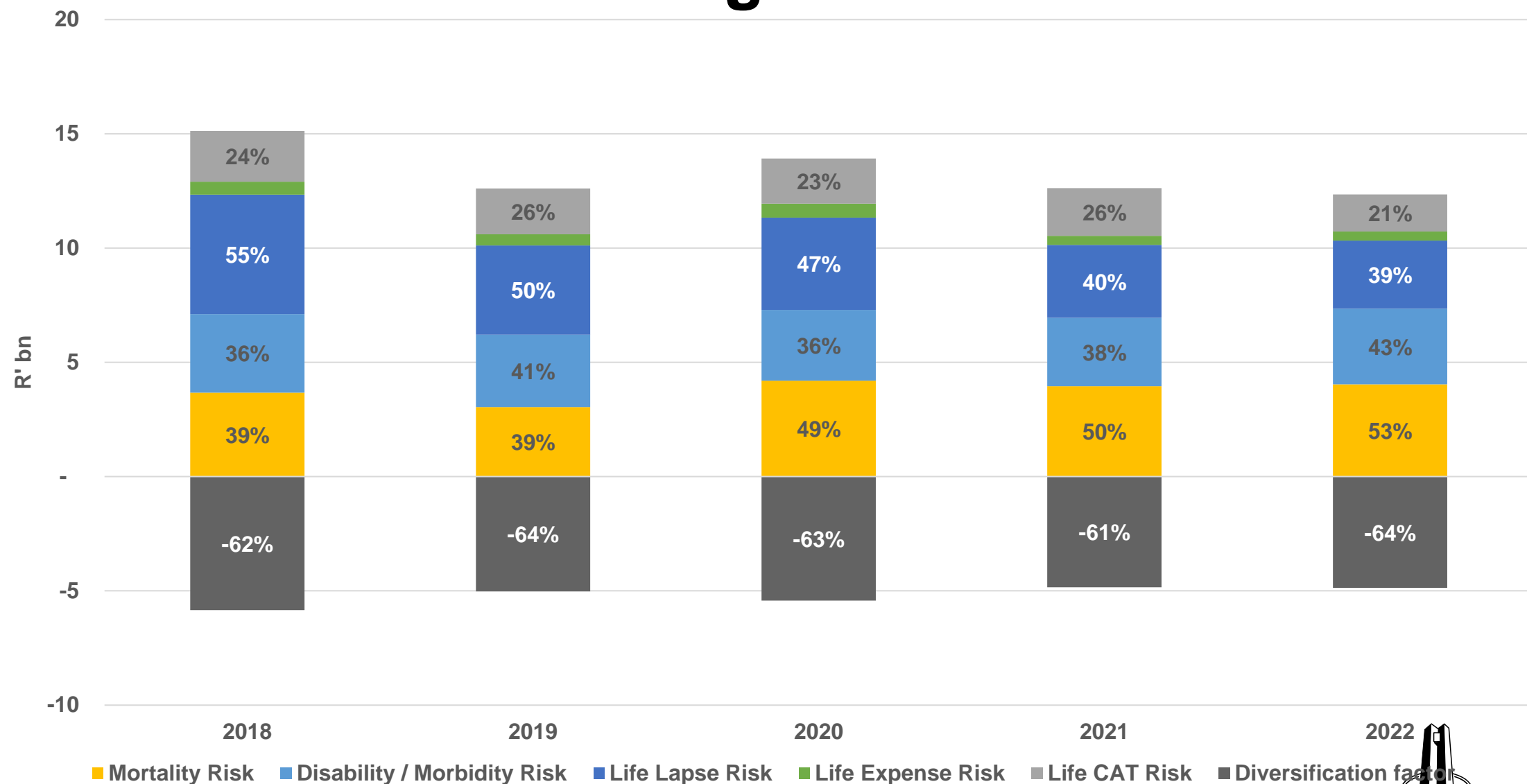




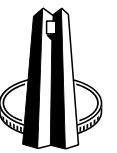
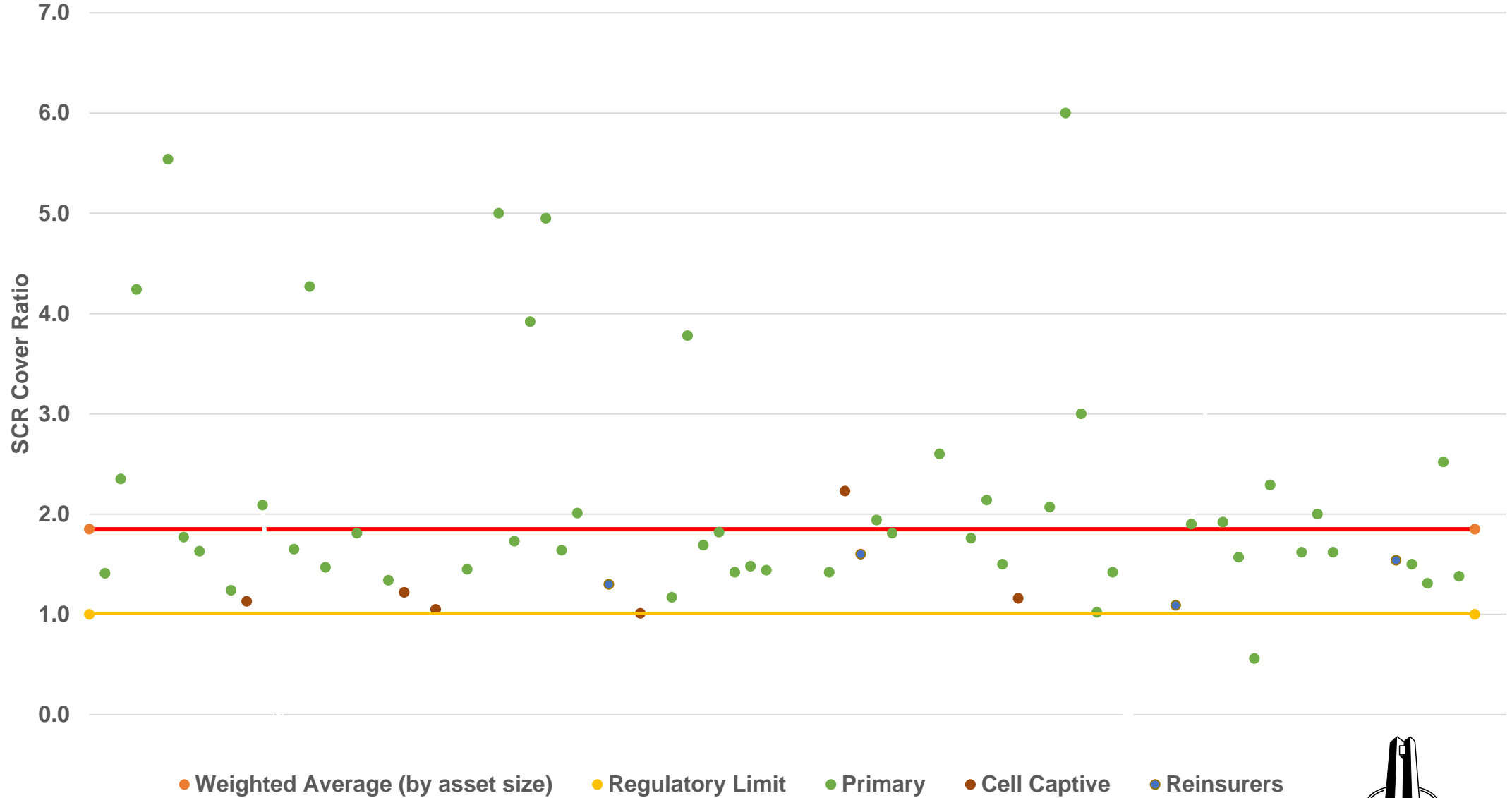
# Life Underwriting Risk – Cell Captive



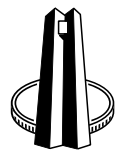
# Life Underwriting Risk - Reinsurers



# SCR Cover Ratio Distribution

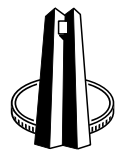
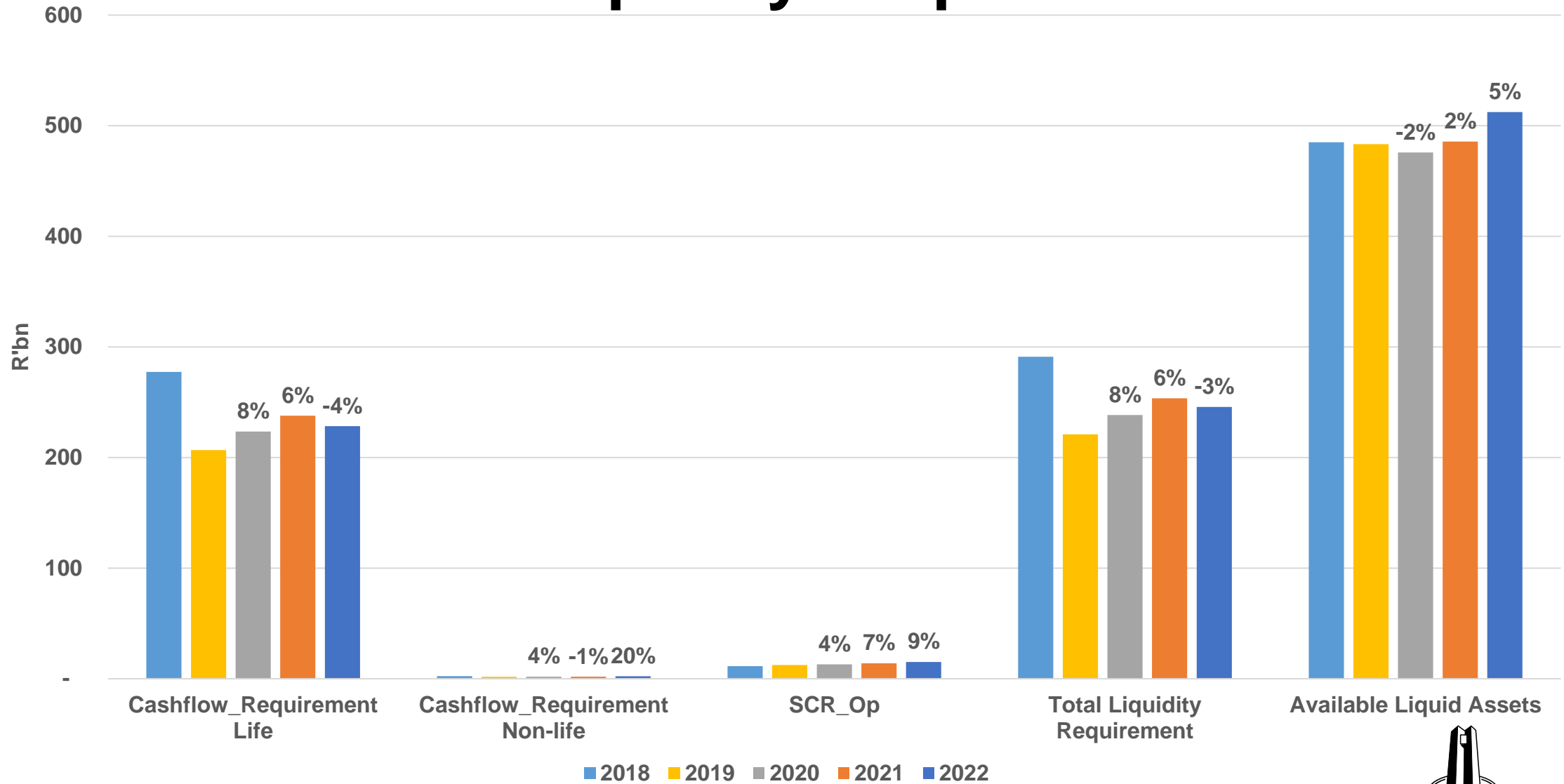


# Liquidity

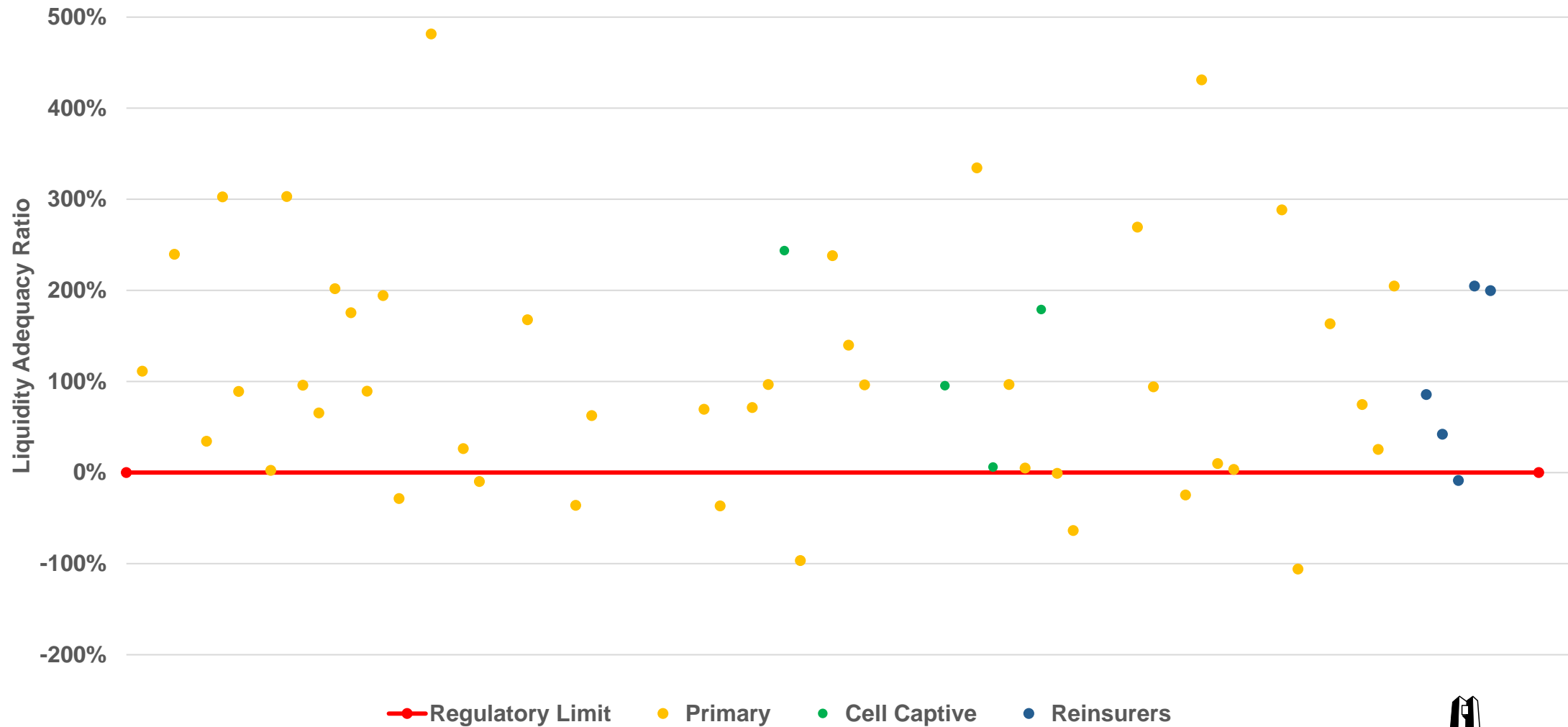




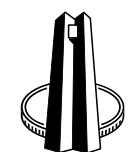
# Total Liquidity Requirement



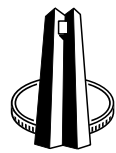
# Liquidity Adequacy Ratio



Liquidity Adequacy Ratio =  $\ln(\text{Total Liquid Assets} / \text{Total Liquidity Requirement})$

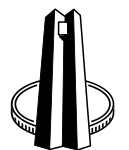


# Microinsurance



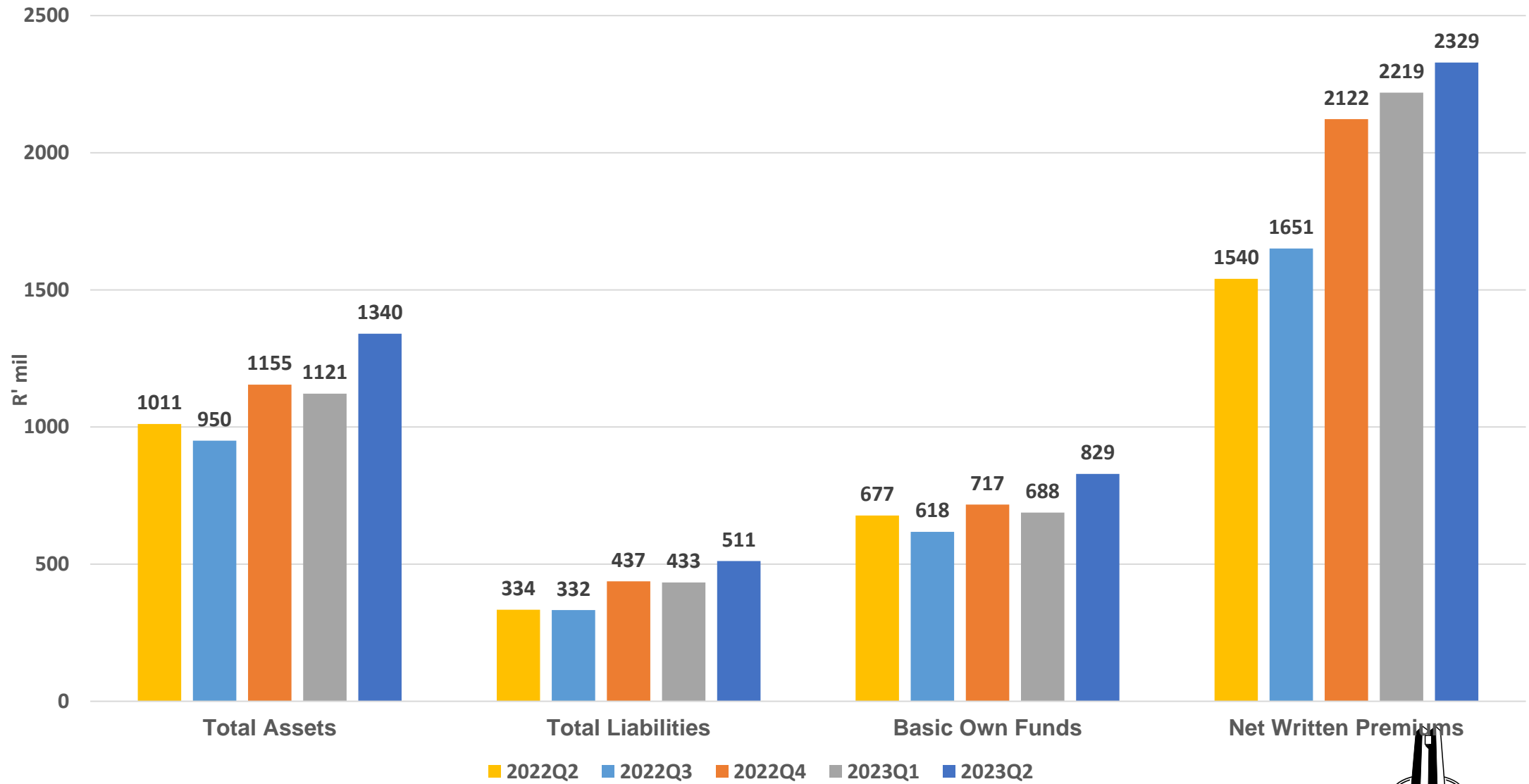
# Data Limitations for Microinsurers

- Lag between microinsurer licensing and reporting.
- Microinsurers, on average, start reporting 3 quarters after being licensed.
- Quality of submissions

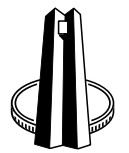
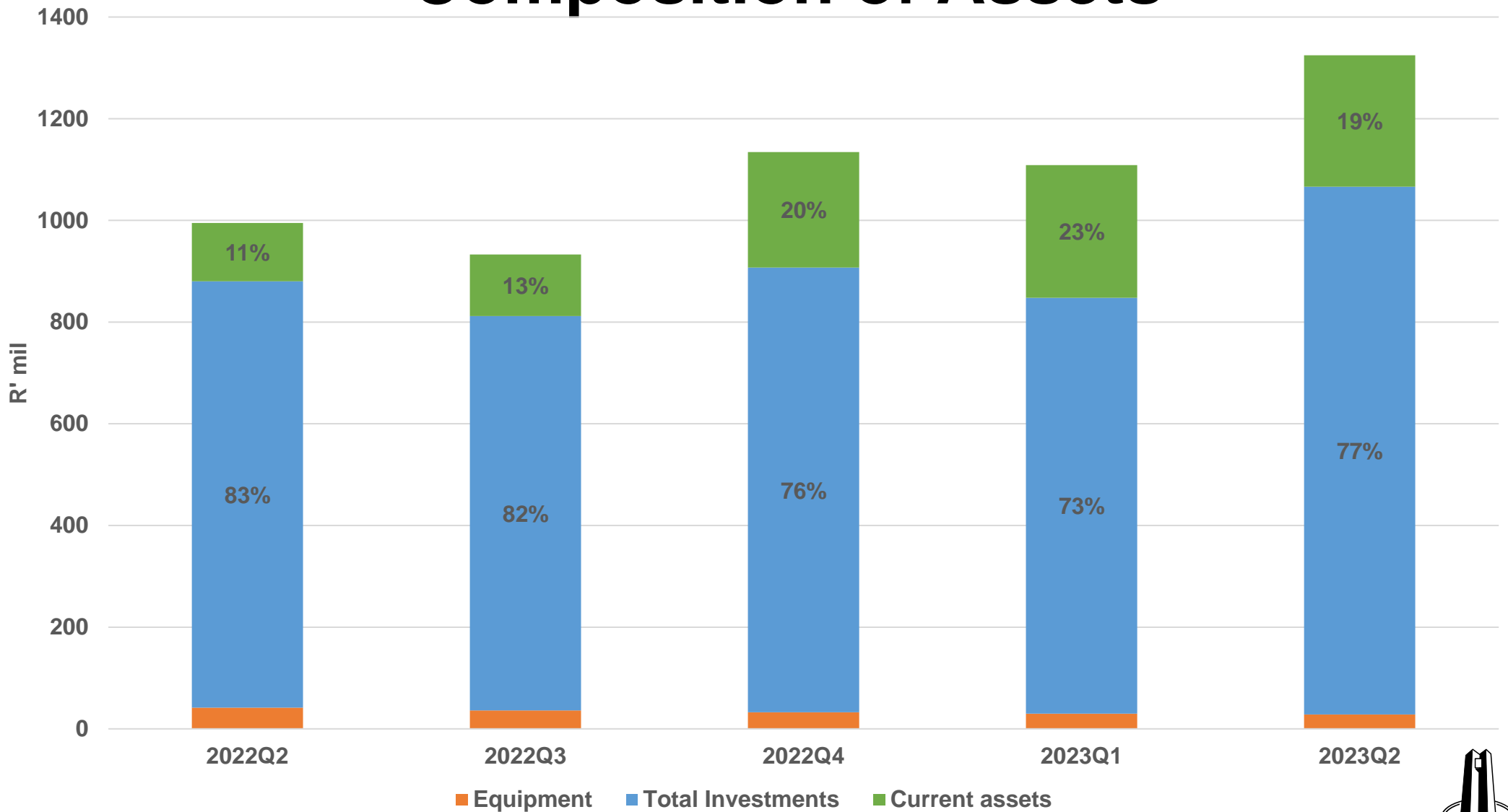




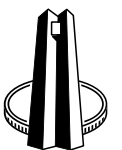
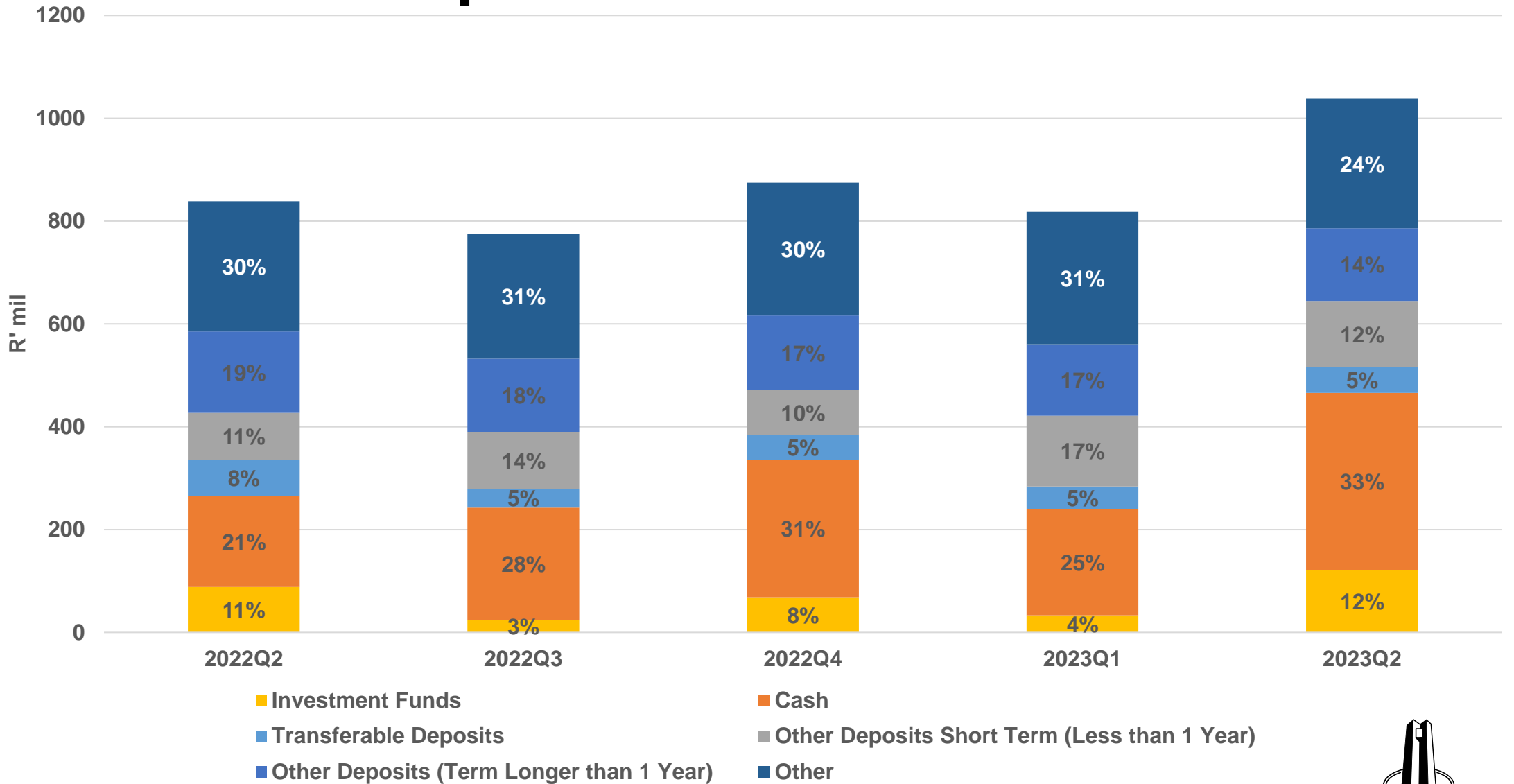
# Overview



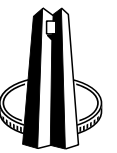
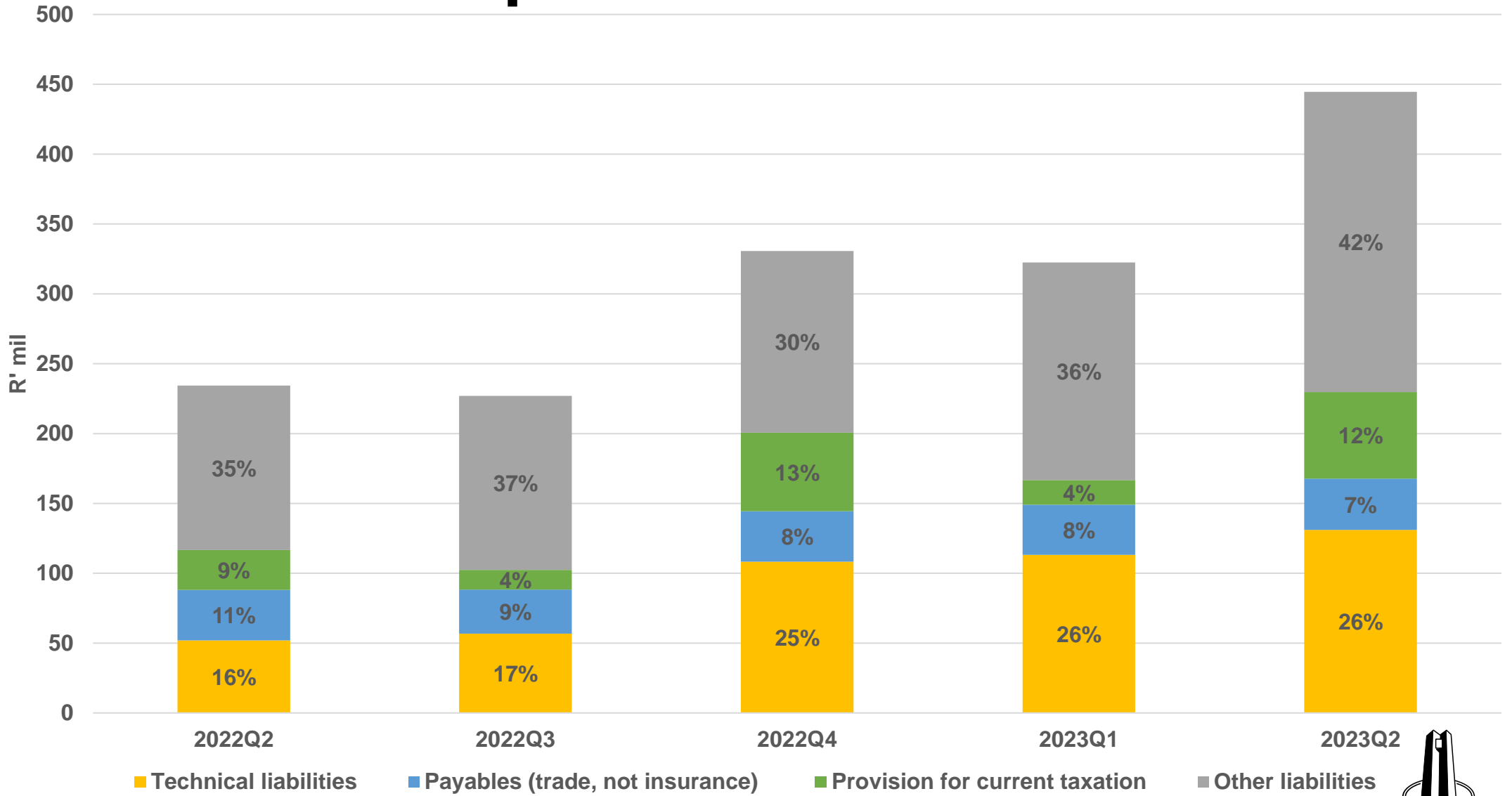
# Composition of Assets



# Composition of Investments

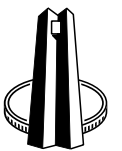
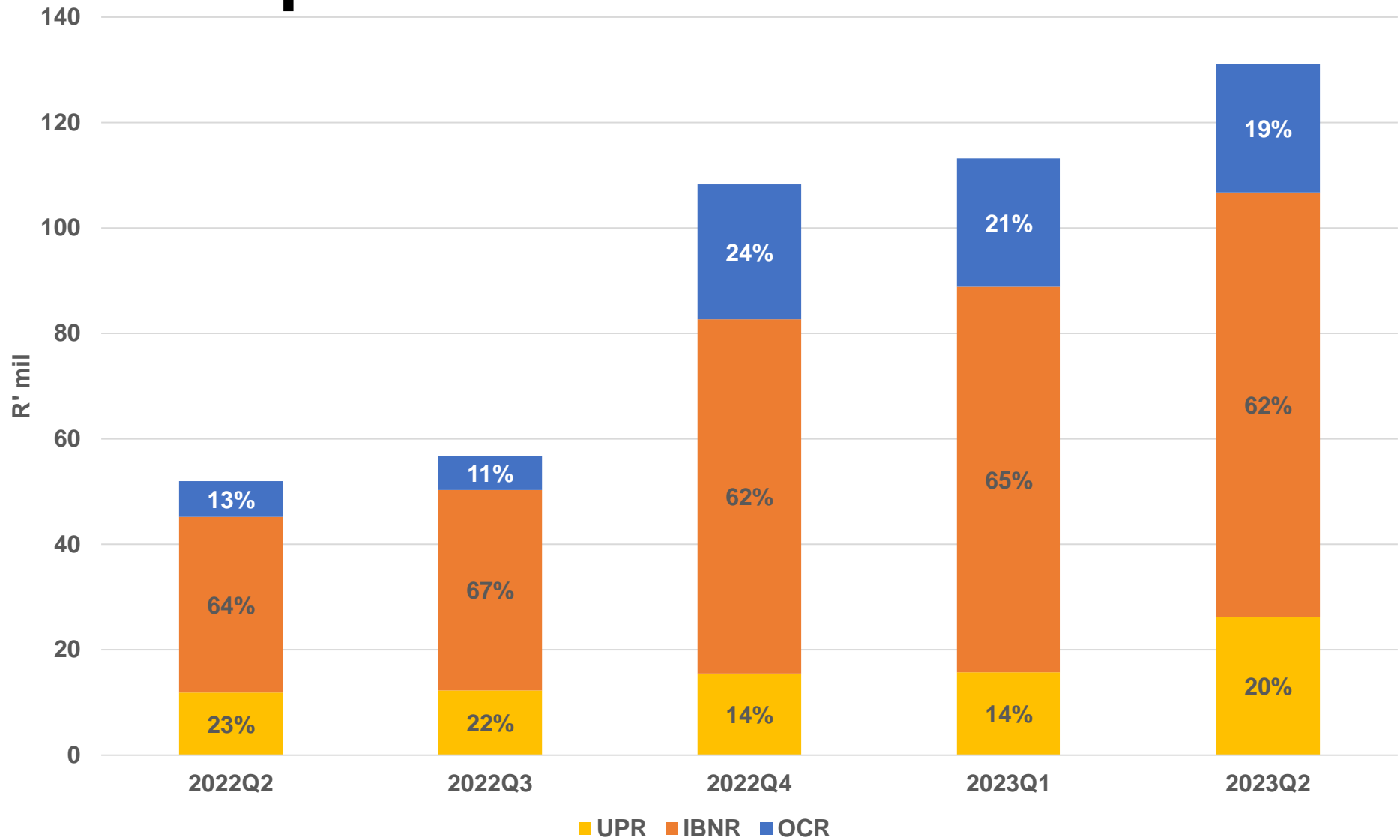


# Composition of Liabilities

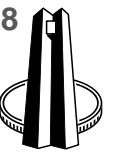
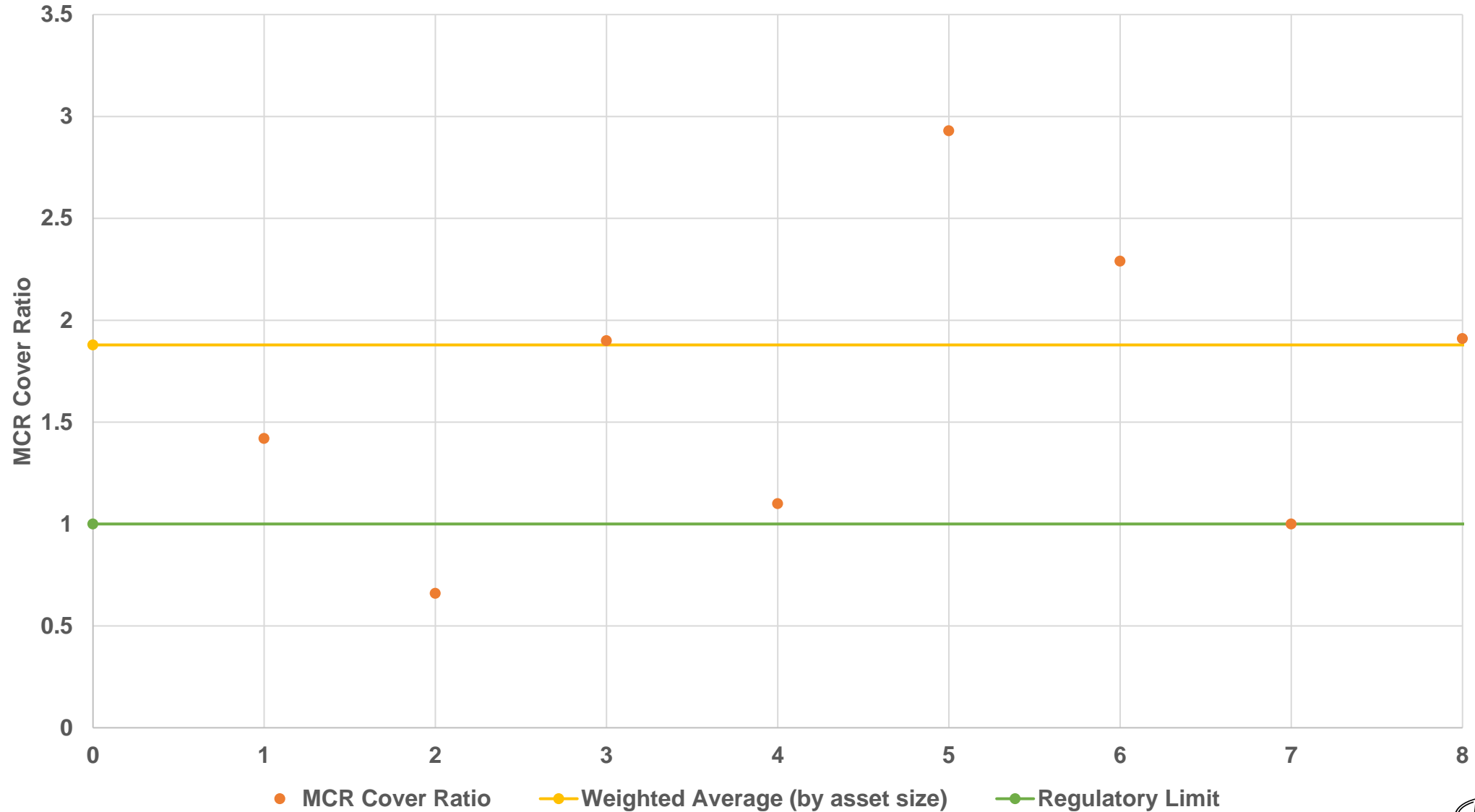




# Composition of Technical Provisions



# MCR Cover Ratio Distribution





# Thank you

---



SOUTH AFRICAN RESERVE BANK  
Prudential Authority