



2023 Life Insurance Industry Experience

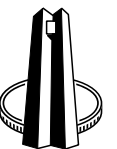
Date: 14 November 2024



SOUTH AFRICAN RESERVE BANK
Prudential Authority

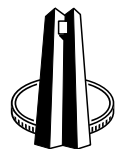
Presentation Scope and Data

- The presentation is based on the 2019 – 2023 Annual QRTs submitted to the PA
- Total number of insurers considered: 70
- Total number of microinsurers considered as at 2024 Q2: 15 licensed and active, 11 are life microinsurers.
- Data limitations for microinsurers to be discussed in the relevant section.

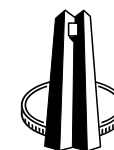


Agenda

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

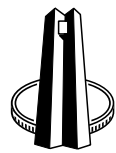
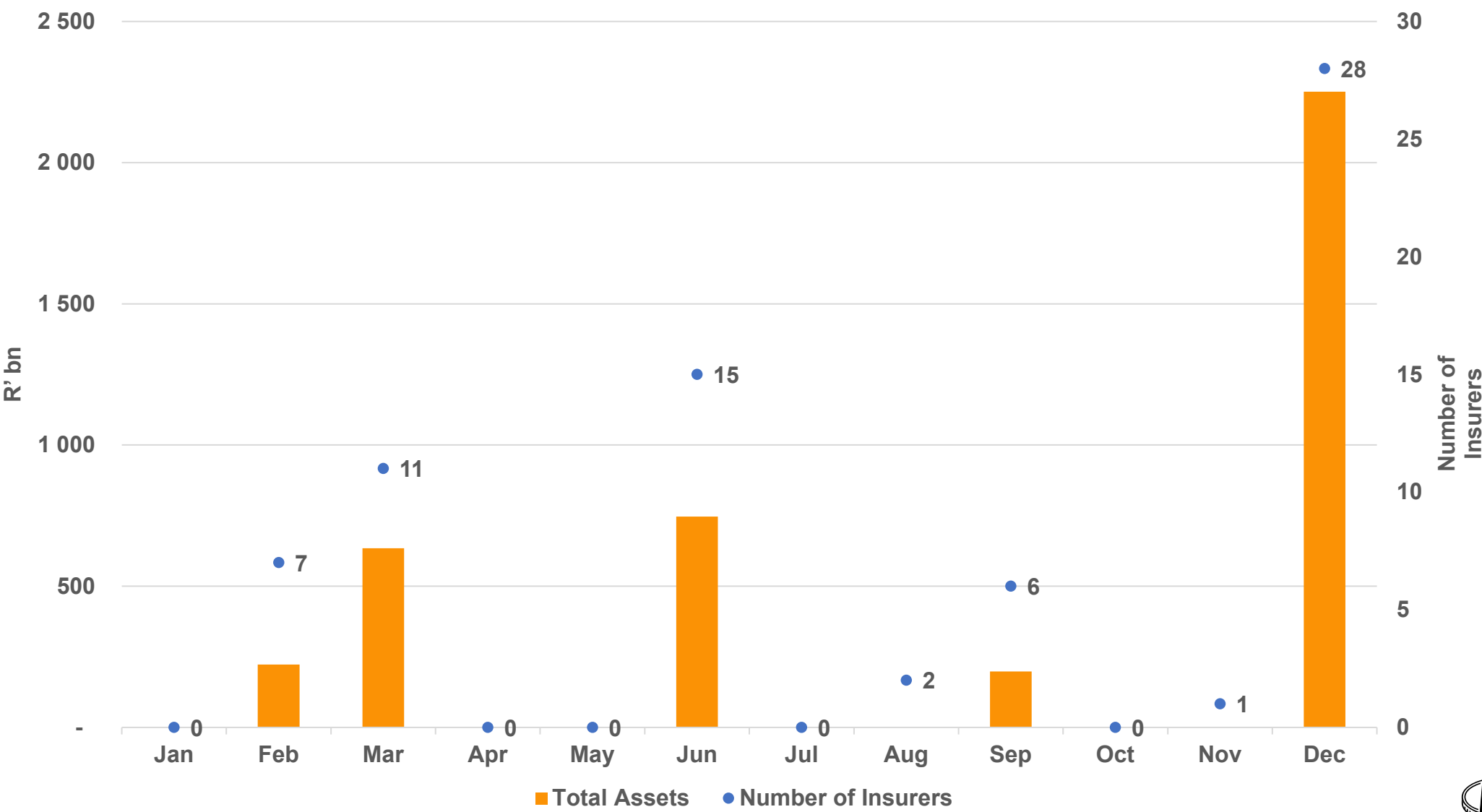


General Overview

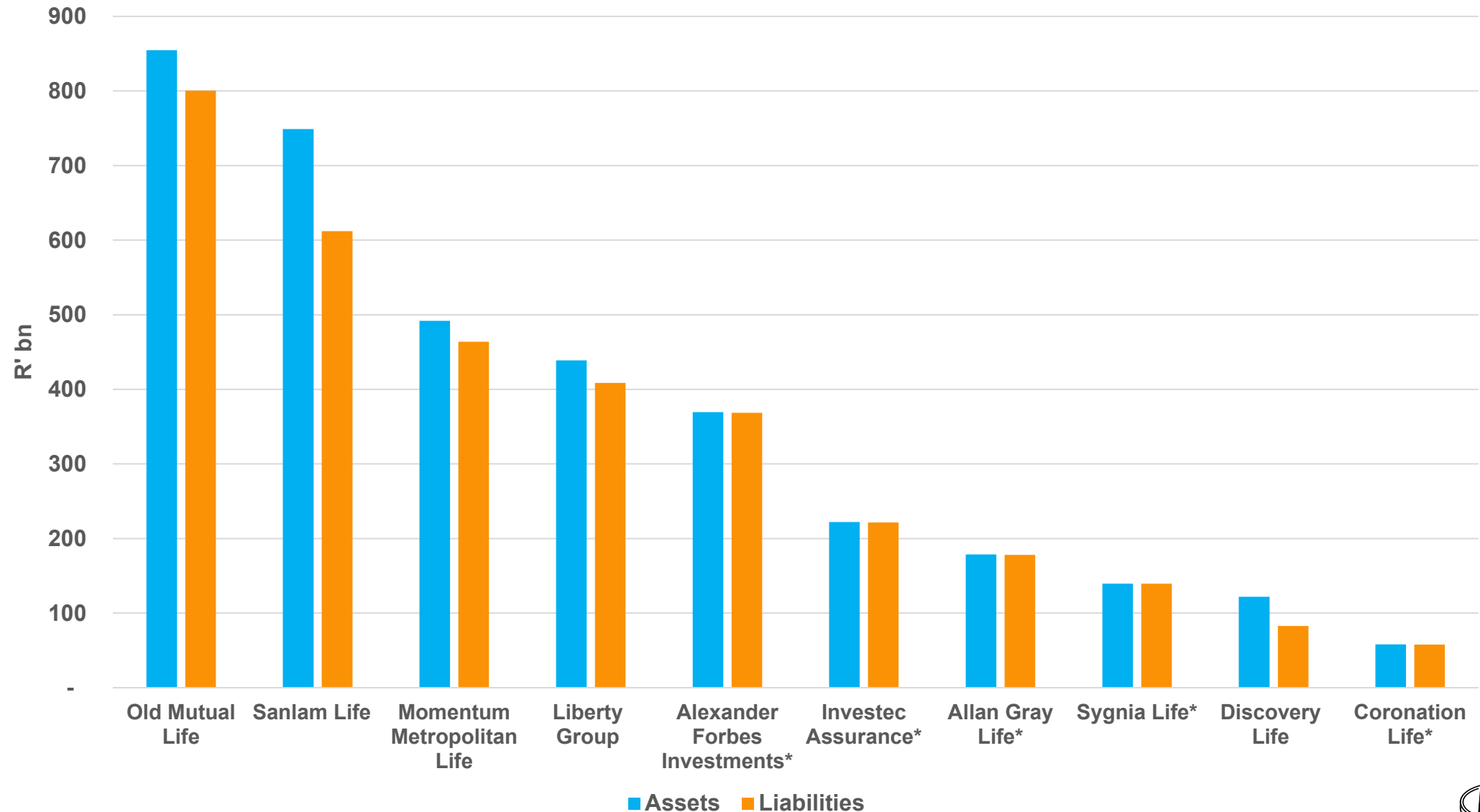


SOUTH AFRICAN RESERVE BANK
Prudential Authority

Number of active insurers per year-end

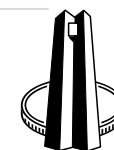
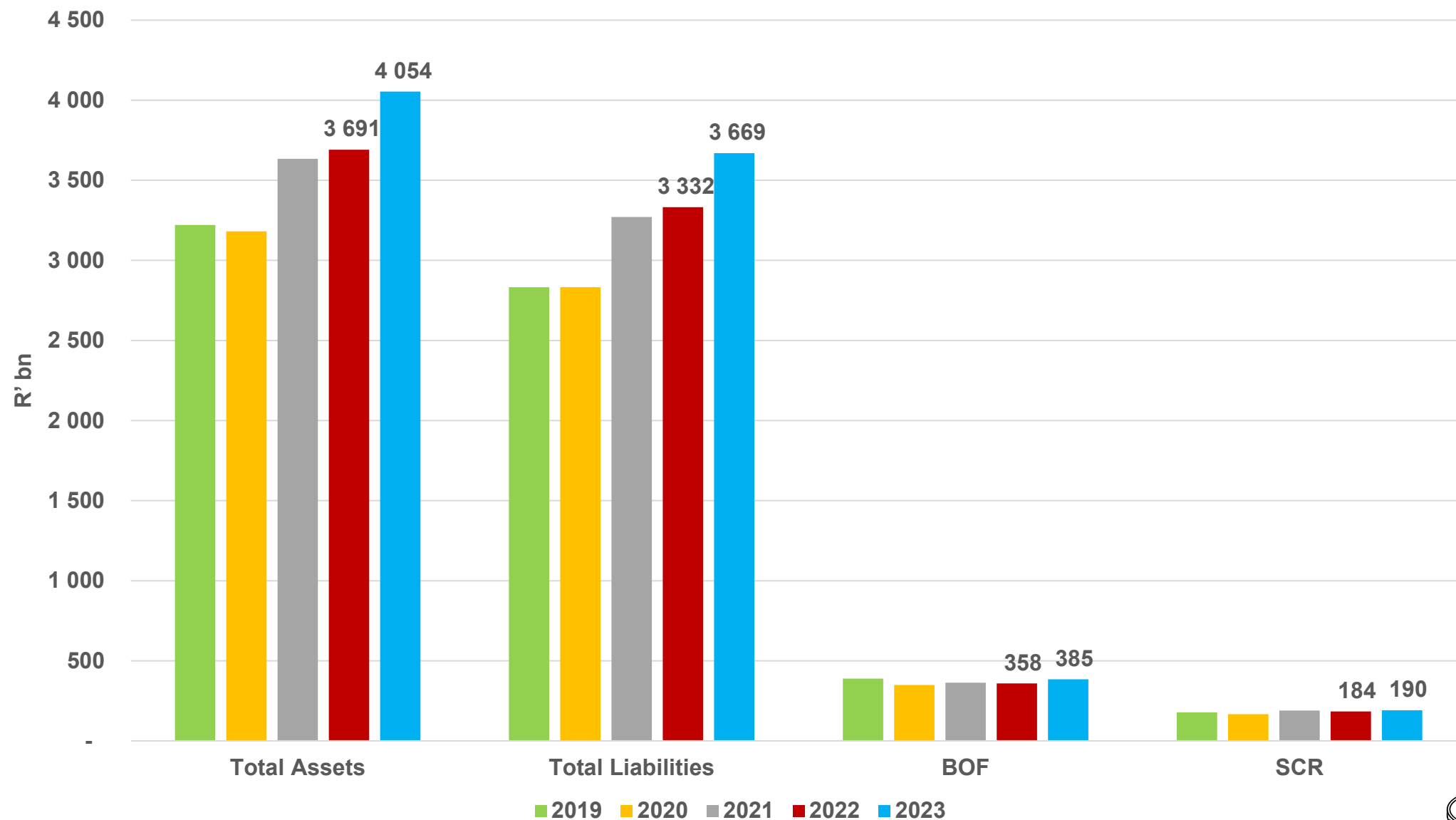


Top 10 insurer rankings by assets



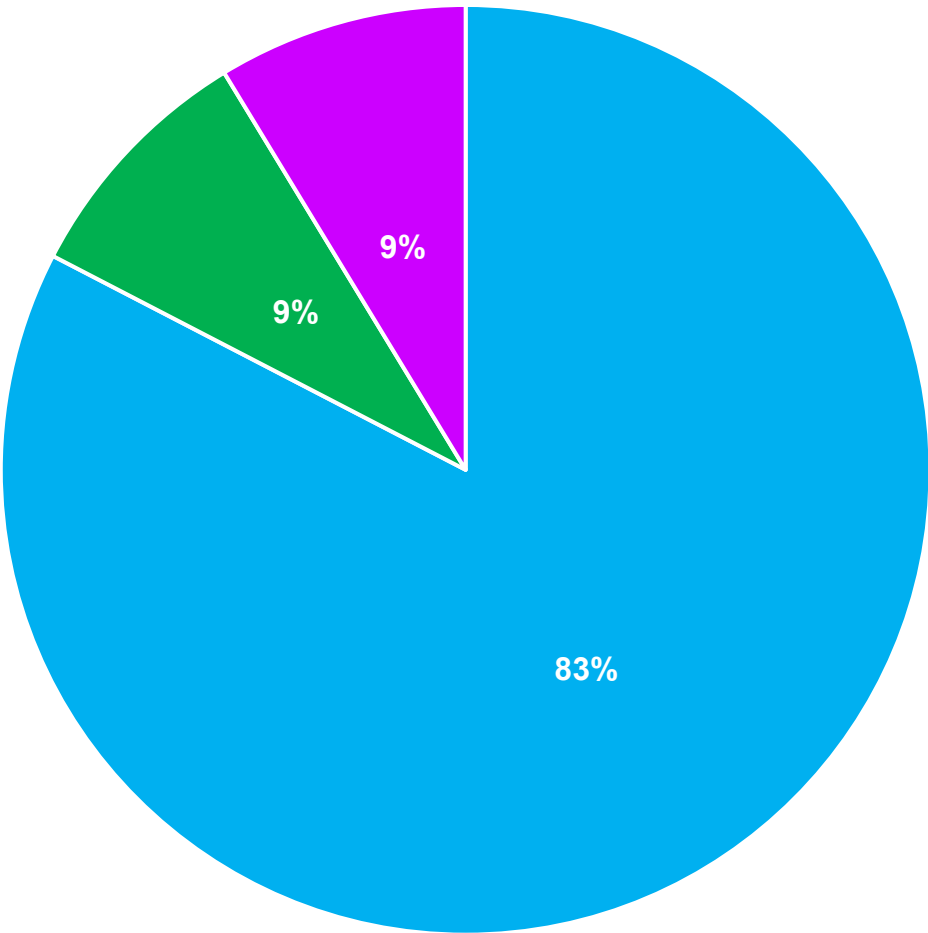
* Linked Investment Insurer

Overview



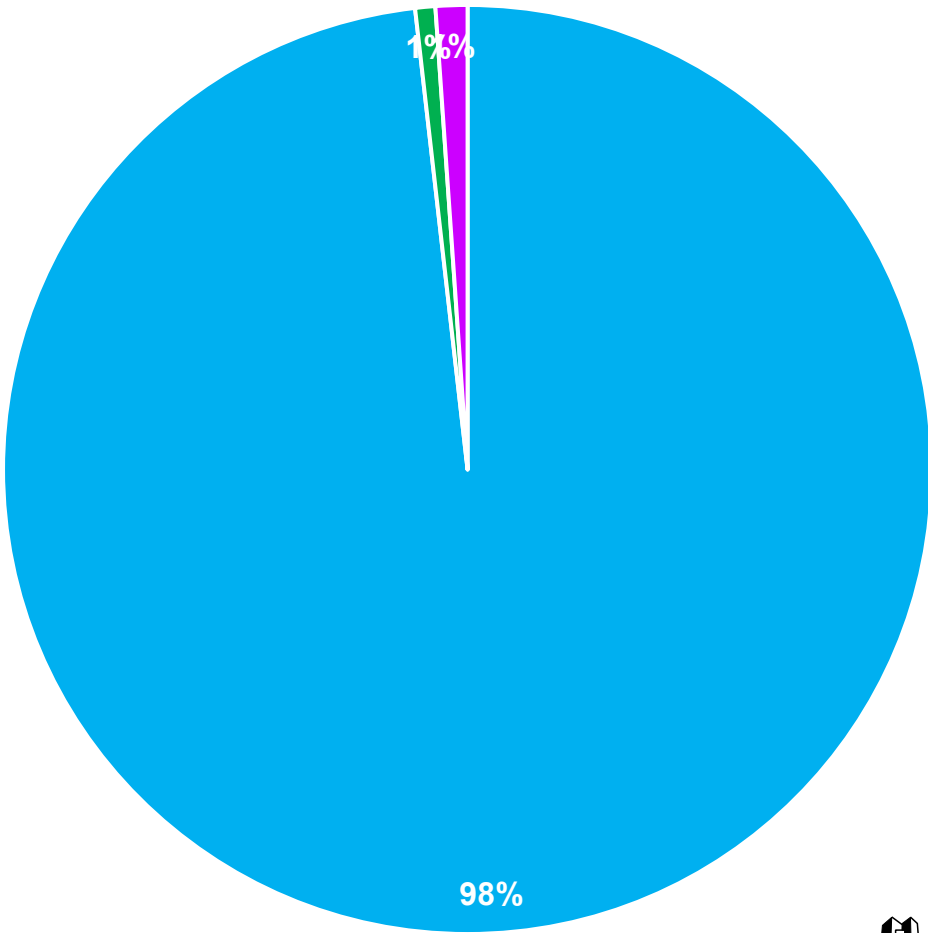
Proportion by insurer type

Proportion by count

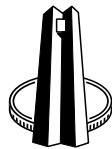


■ Primary ■ Cell Captive ■ Reinsurer

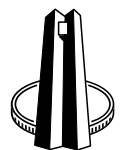
Proportion by asset size



■ Primary ■ Cell Captive ■ Reinsurer

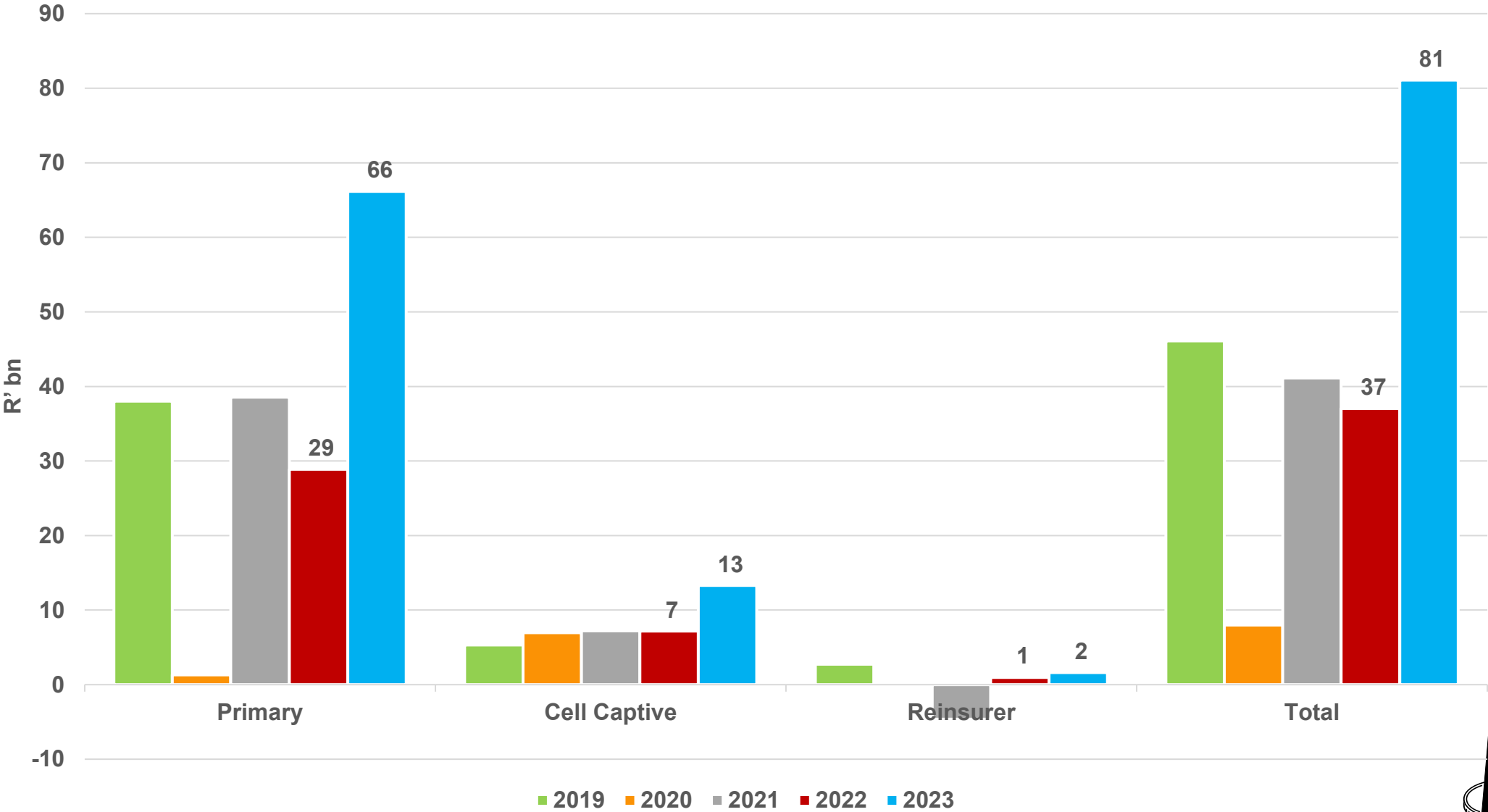


Profitability



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Excess of Income Over Outgo by insurer type



Profits refer to excess income over outgo before taxation and dividends

Premiums and Benefits



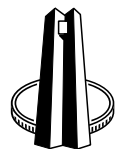
Gross Premiums and Claims

Gross Premiums					
(R'bn)	2019	2020	2021	2022	2023
Primary	525	512	584	579	642
Cell Captive	13	17	17	21	26
Reinsurer	18	19	20	22	17
Total	556	548	620	622	685

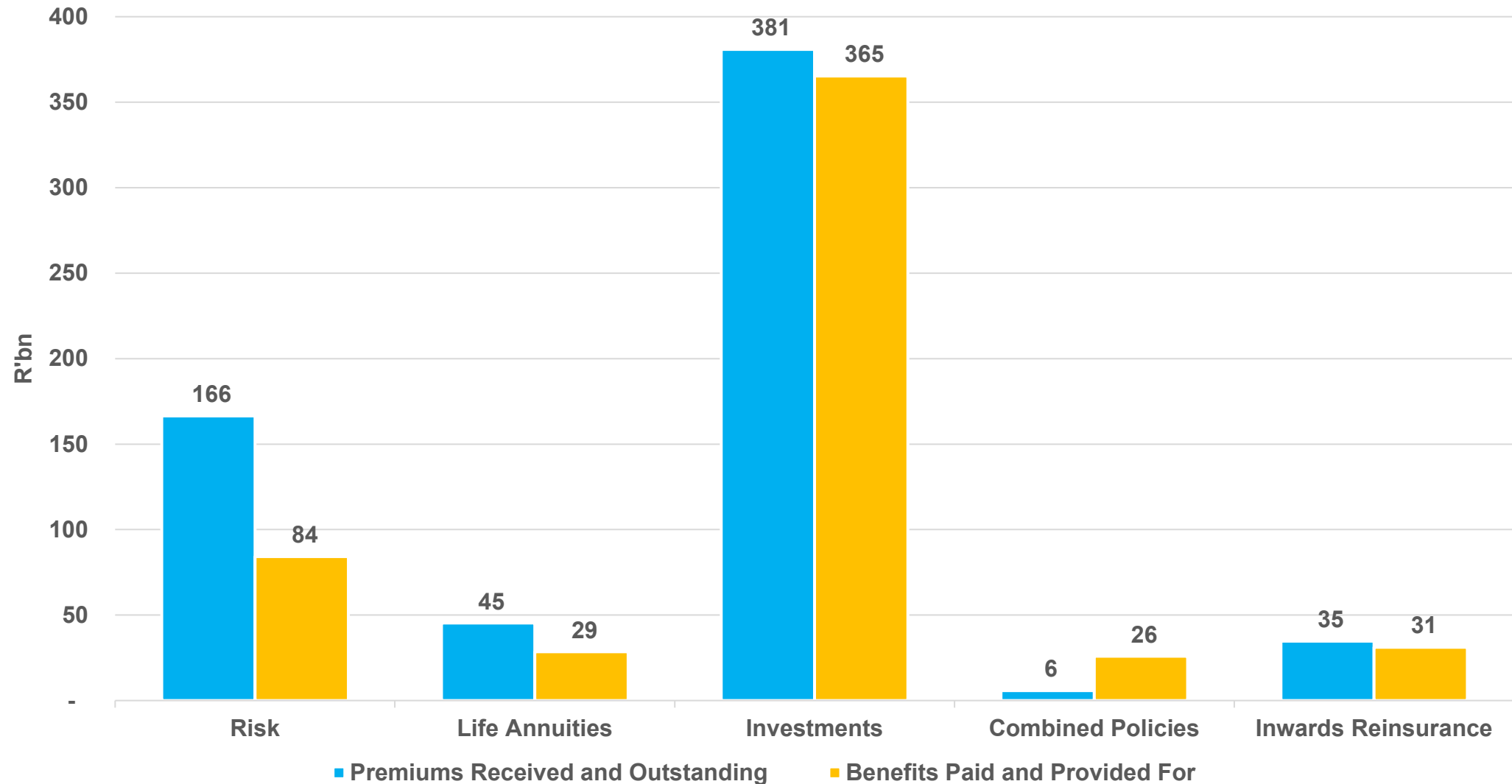
Gross Claims					
(R'bn)	2019	2020	2021	2022	2023
Primary	480	486	585	554	571
Cell Captive	4	6	8	8	9
Reinsurer	14	16	27	23	14
Total	498	508	620	585	594

Gross Premiums = gross earned premiums during the reporting period

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

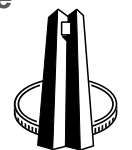


Gross Premiums and Benefits per class of business

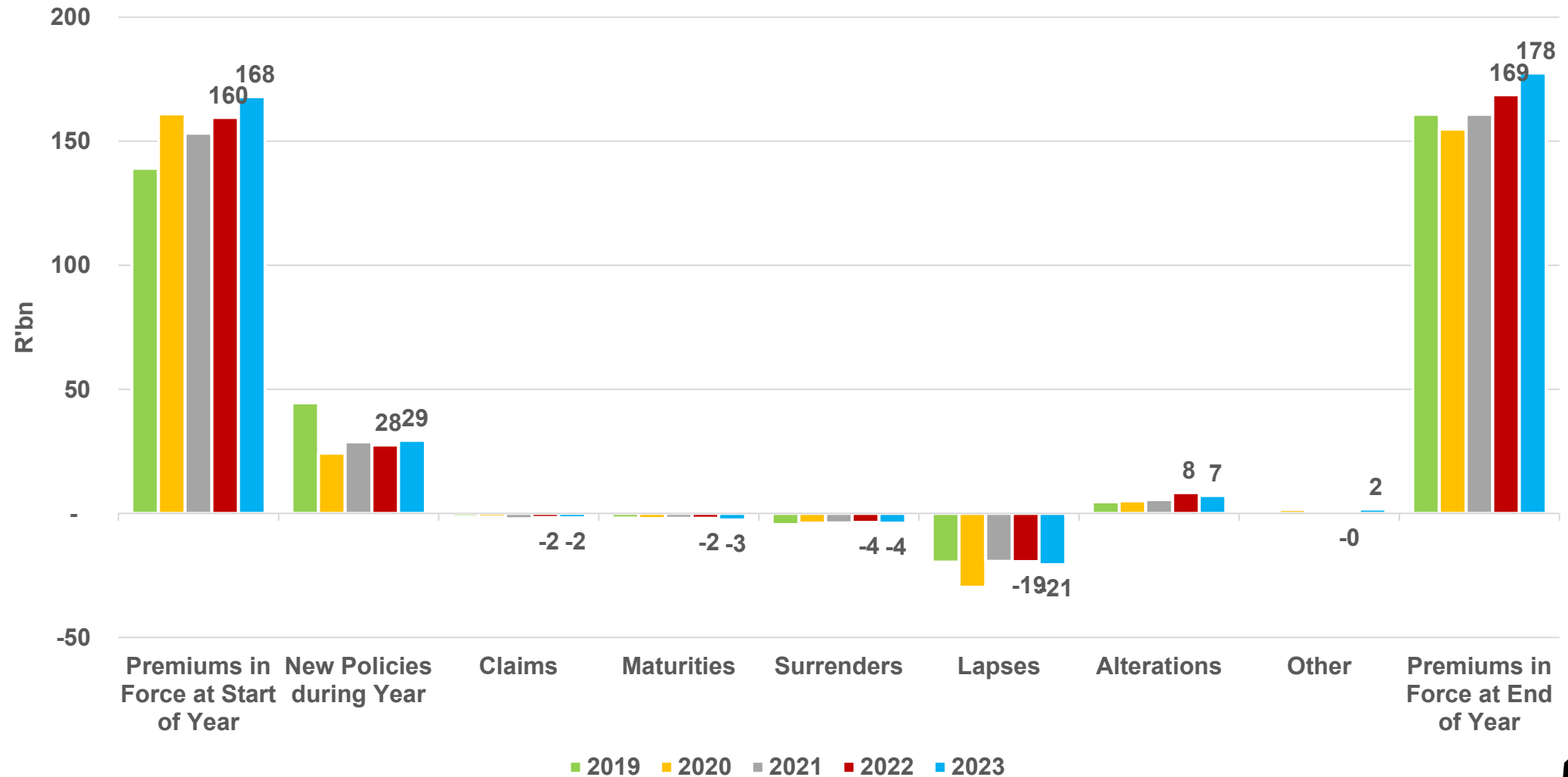


Gross Premiums = Premiums Received and Outstanding

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

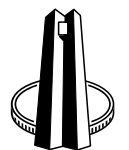


Primary - Individual business movements

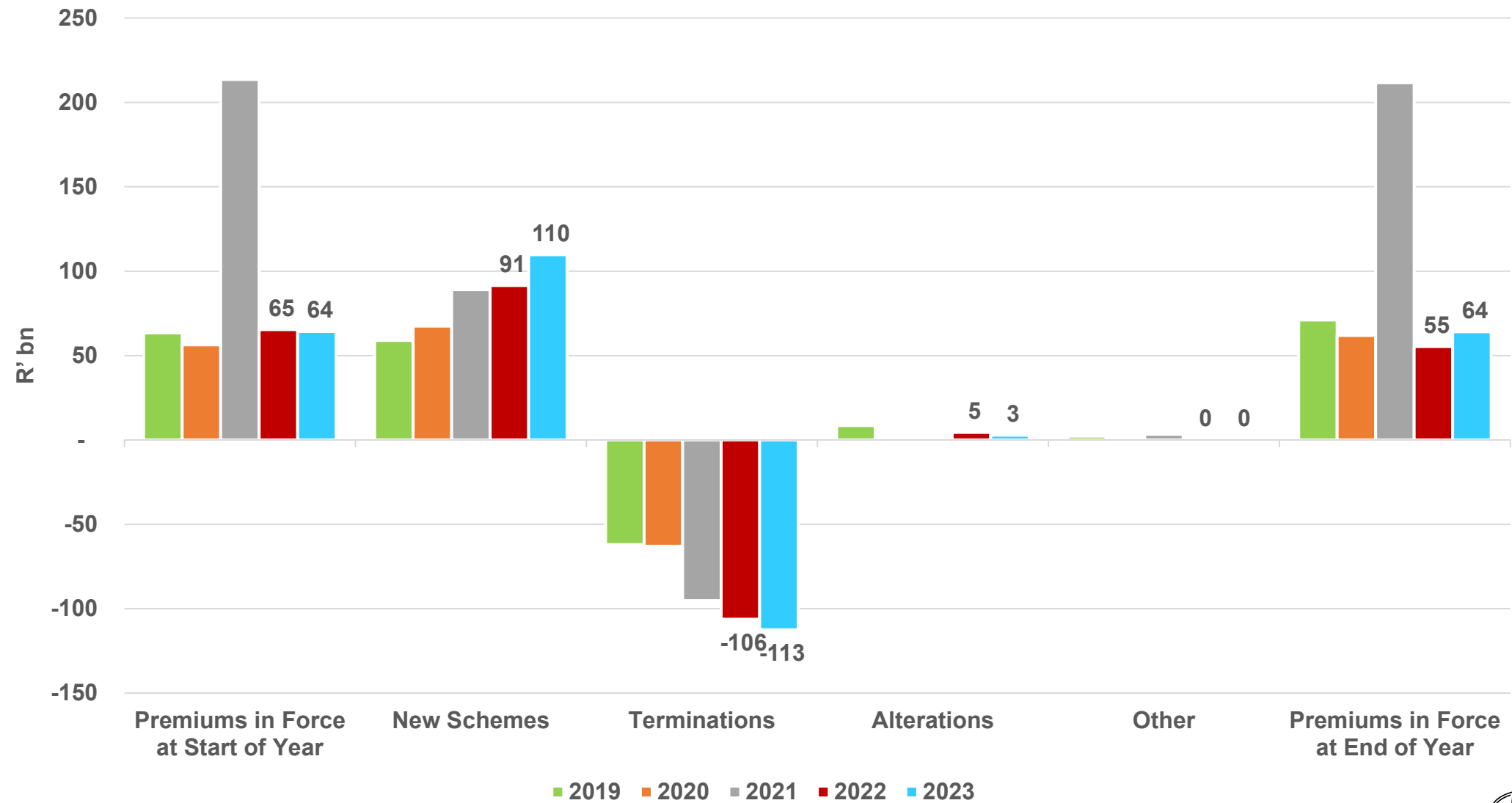


*Claims include death claims, health terminations and disability terminations

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

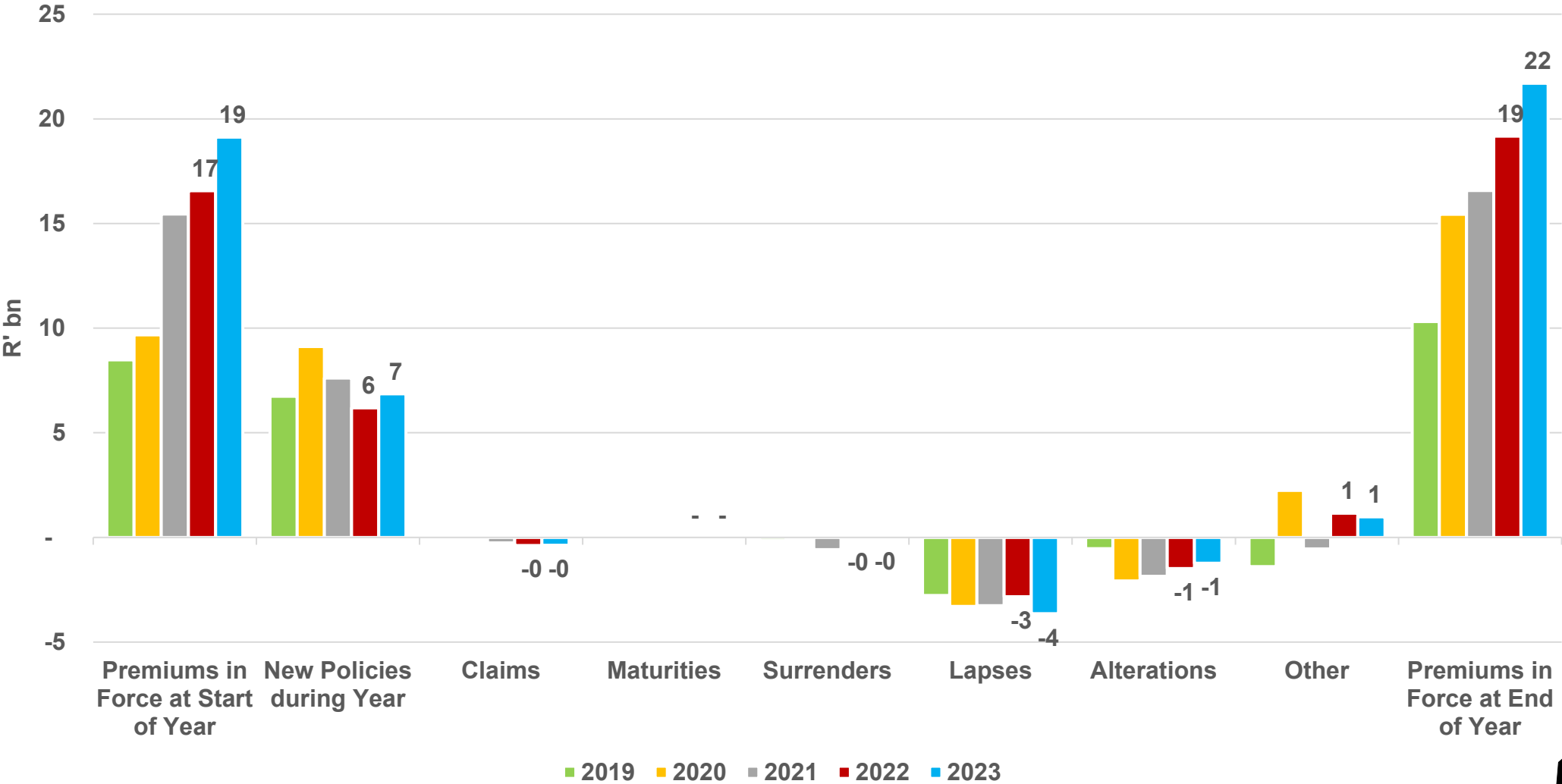


Primary - Group business movements



*Other includes transfers in terms of the Act or premium increases/decreases

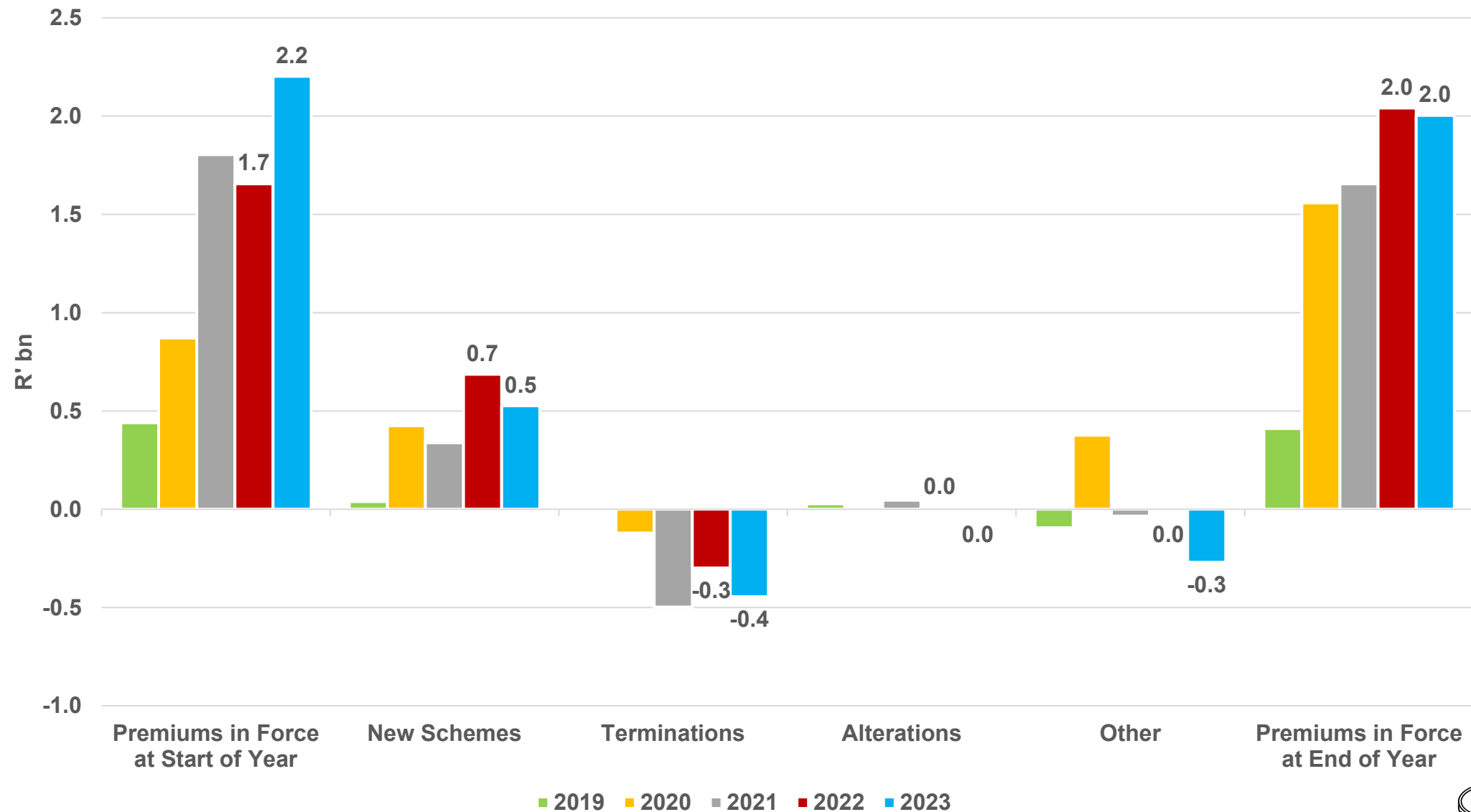
Cell Captives - Individual business movements



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

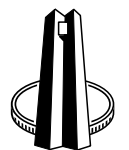
***Other includes expired policies, paid-up and premium increases/decreases, and transfers in terms of the Act**

Cell Captives – Group business movements

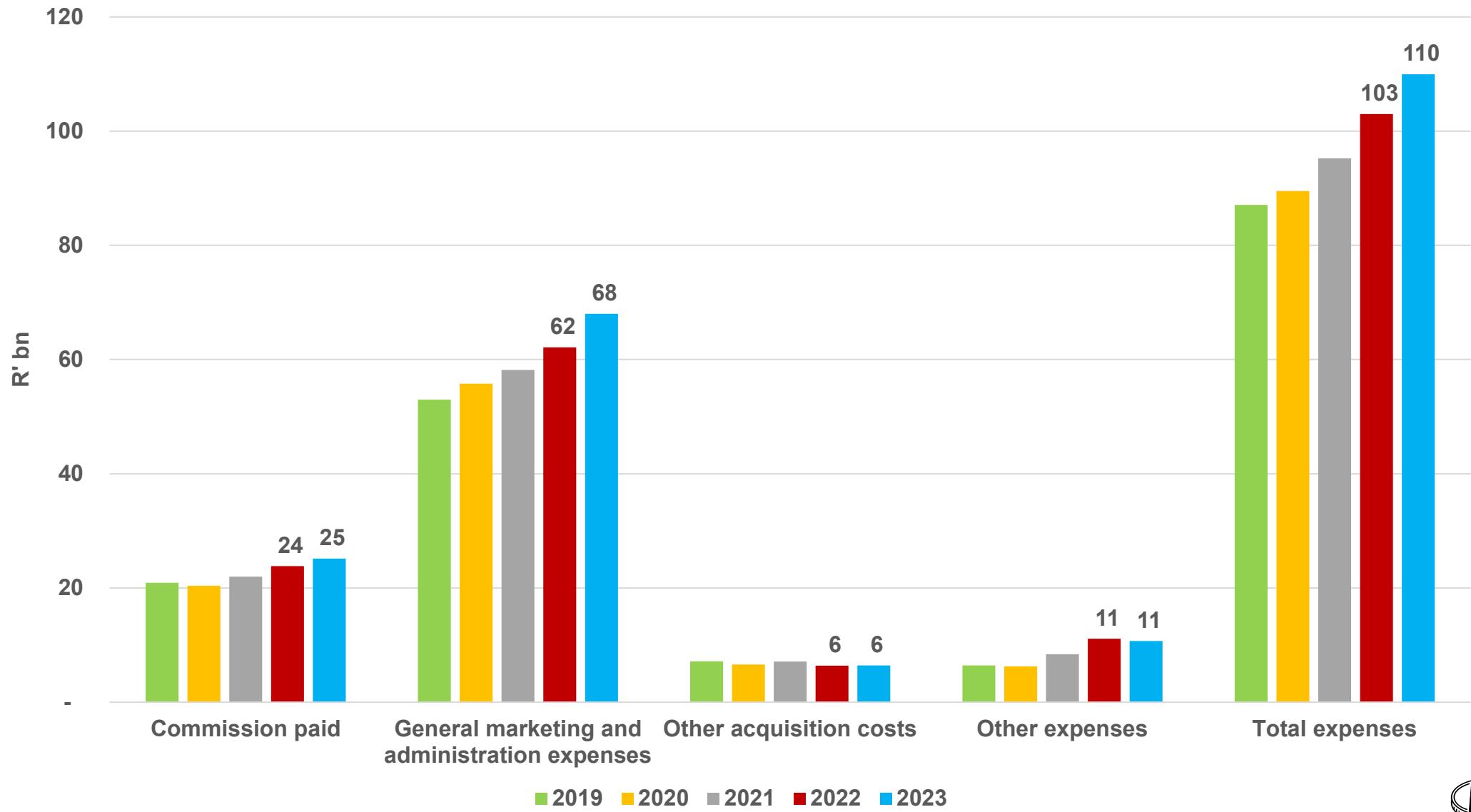


*Other includes transfers in terms of the Act or premium increases/decreases

Expenses

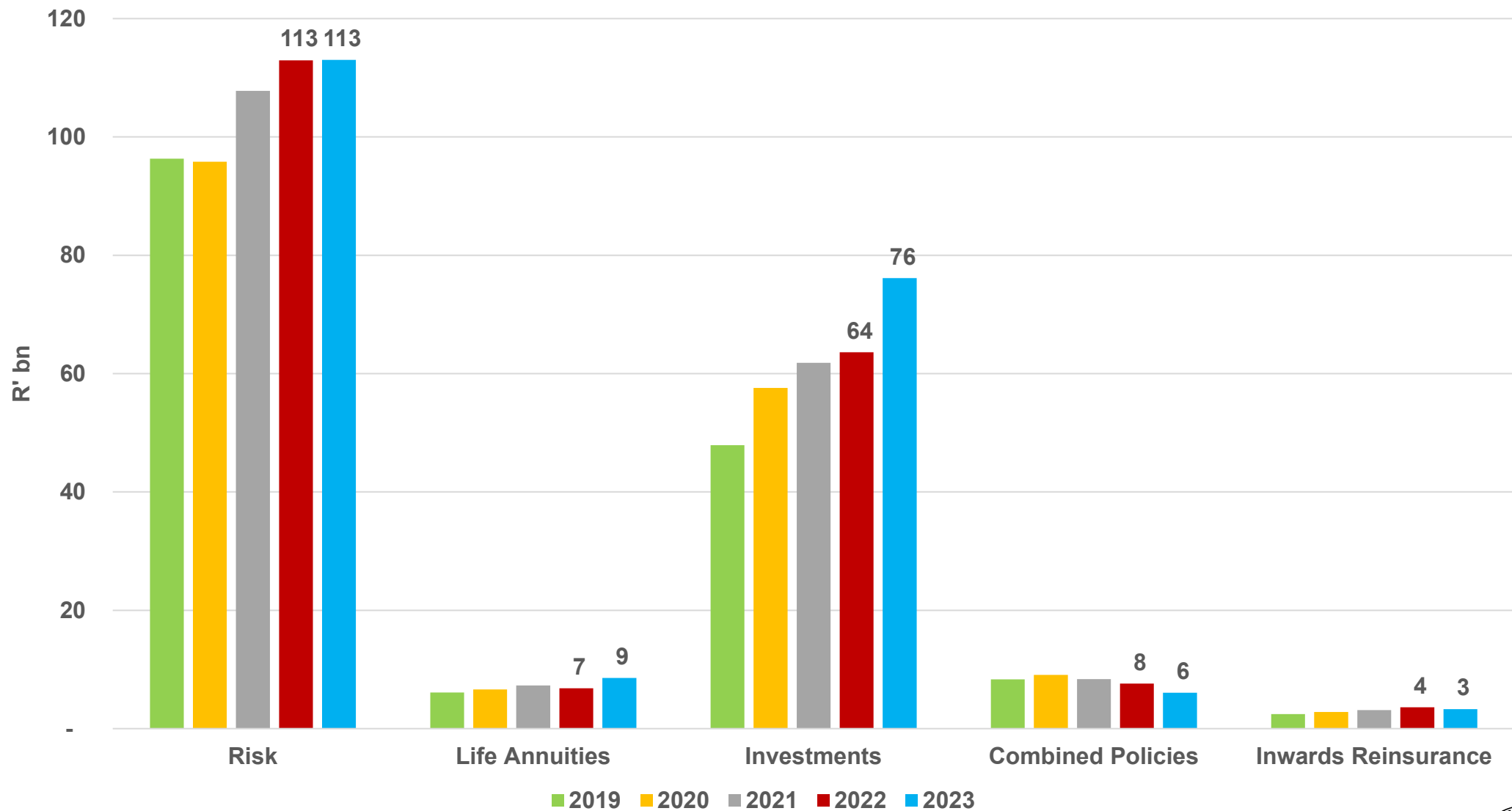


Trends in Expenses



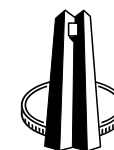
Expenses relates to actual outgo during the reporting period

Total expenses by class of business



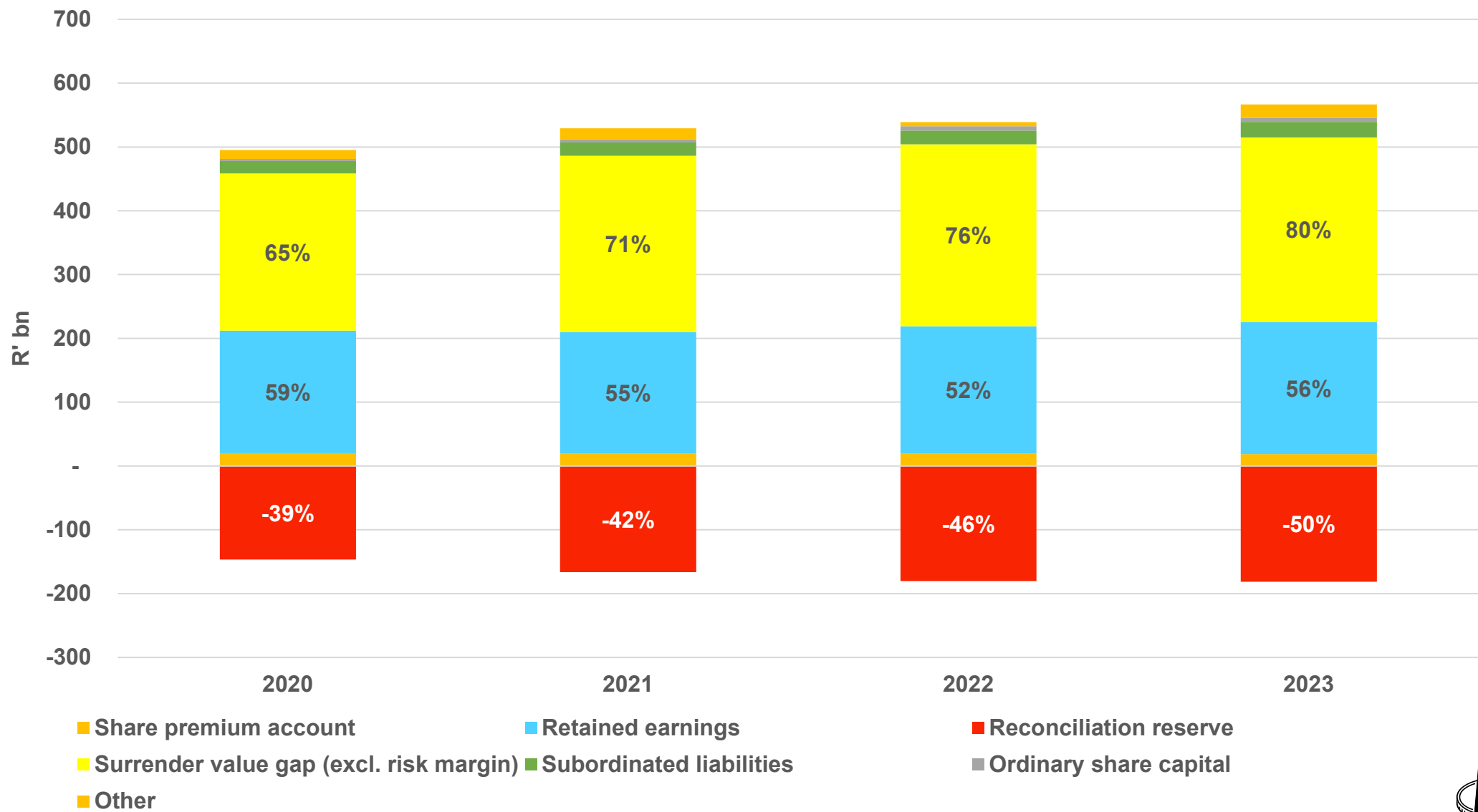
Total expenses represent the present value of all expense cashflows used in the calculation of the BEL

Basic Own Funds

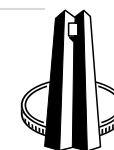
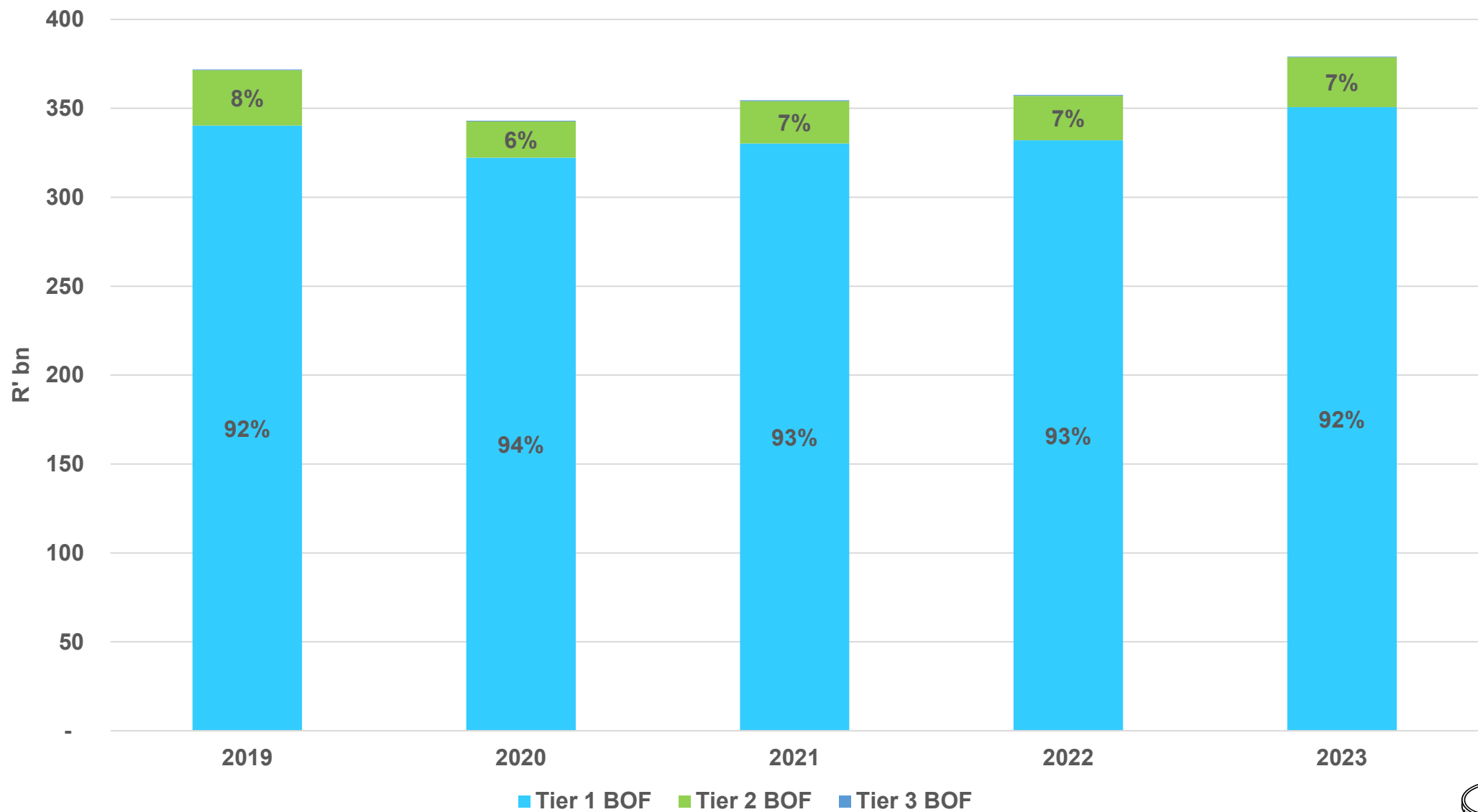


SOUTH AFRICAN RESERVE BANK
Prudential Authority

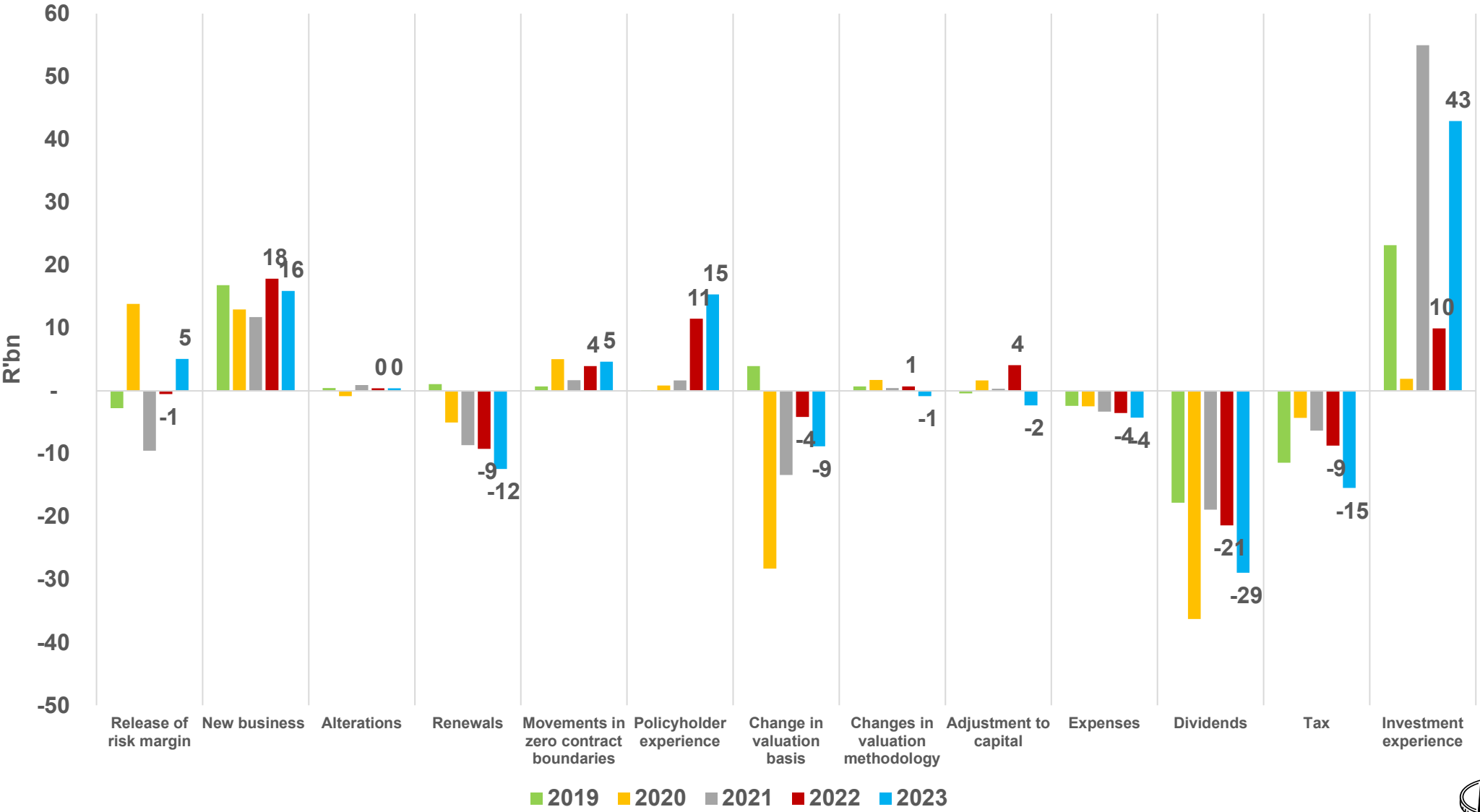
Composition of BOF



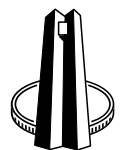
Tiering of BOF



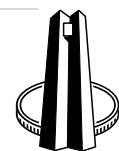
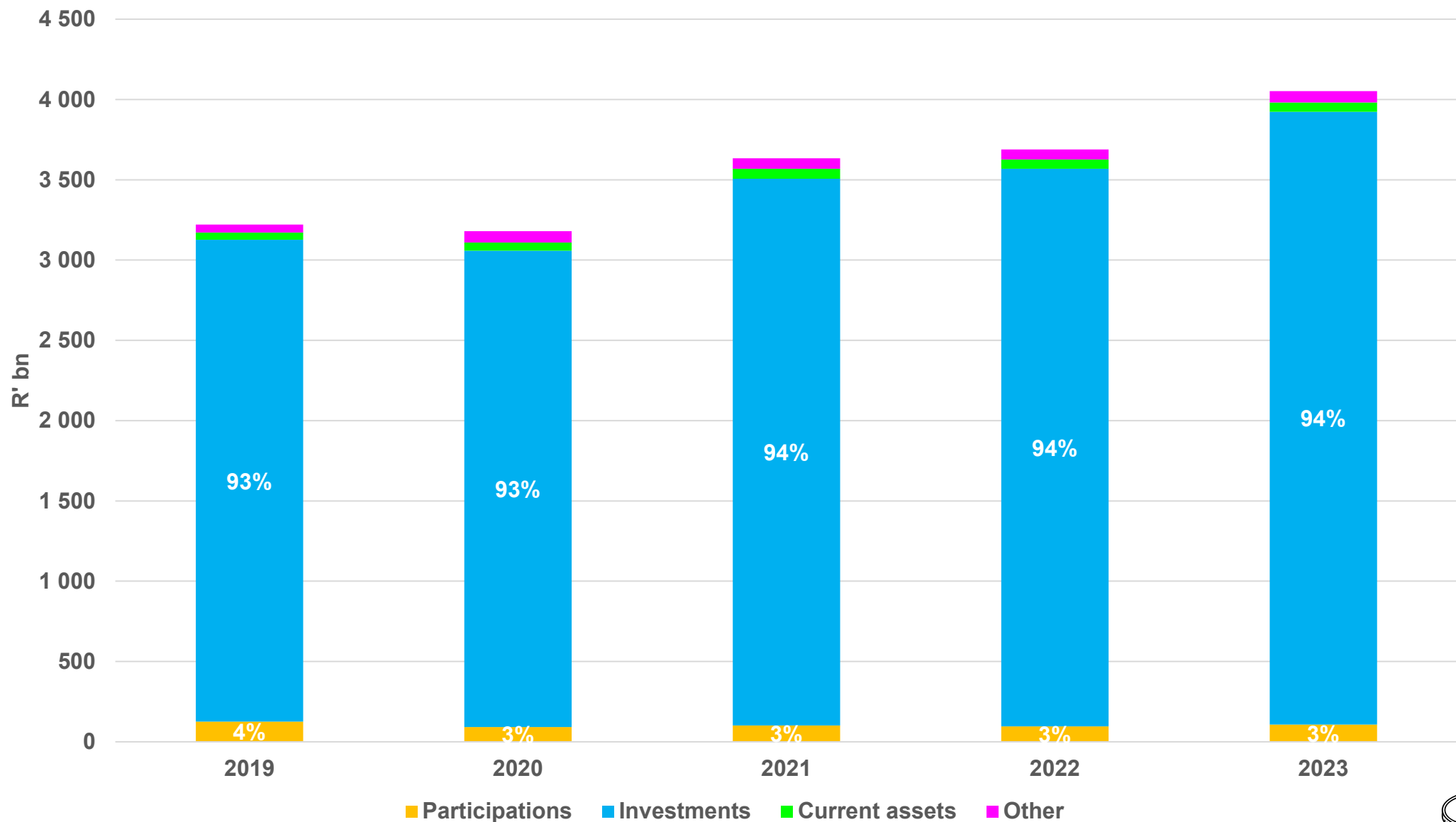
Analysis of Movements in BOF



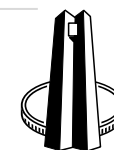
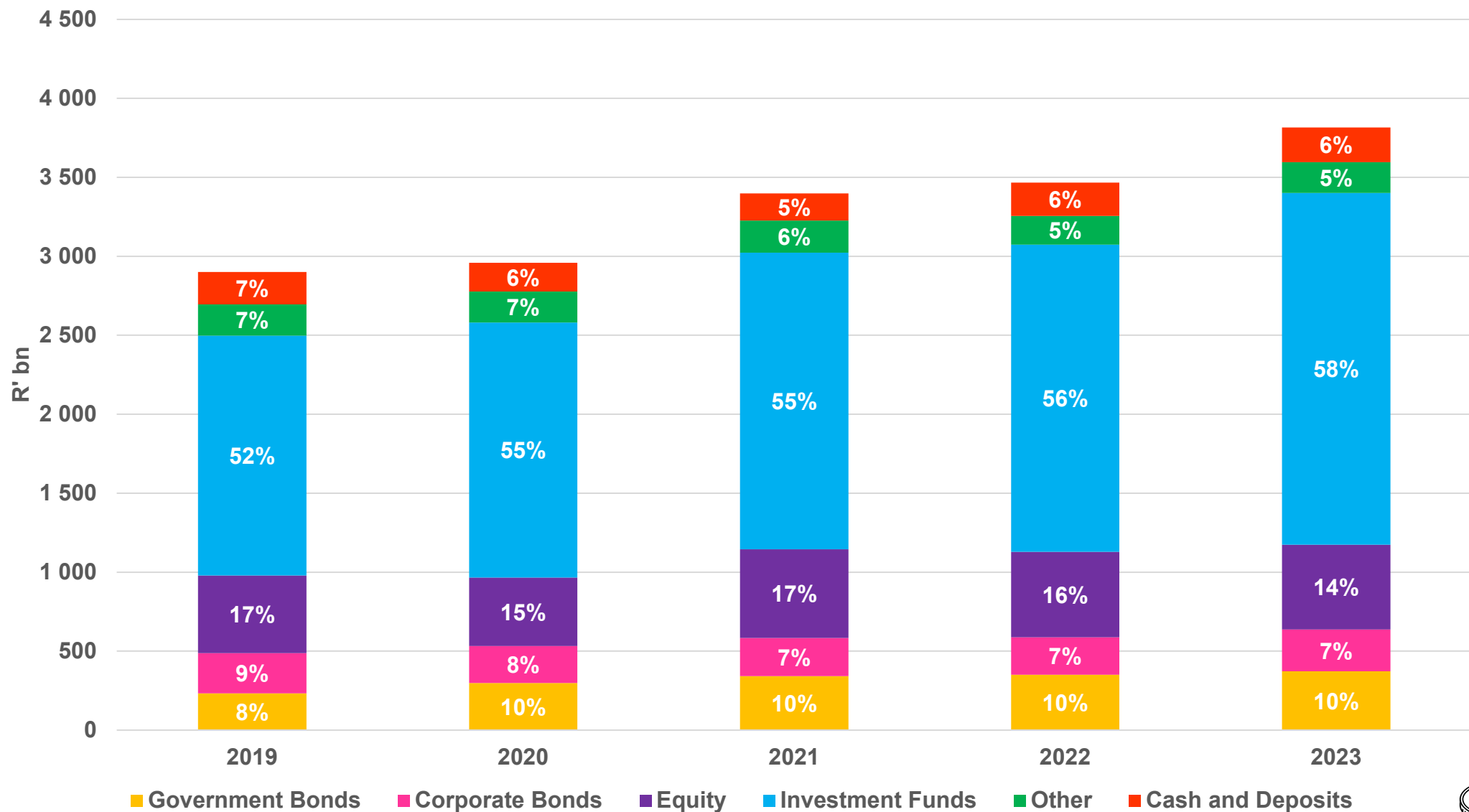
Assets



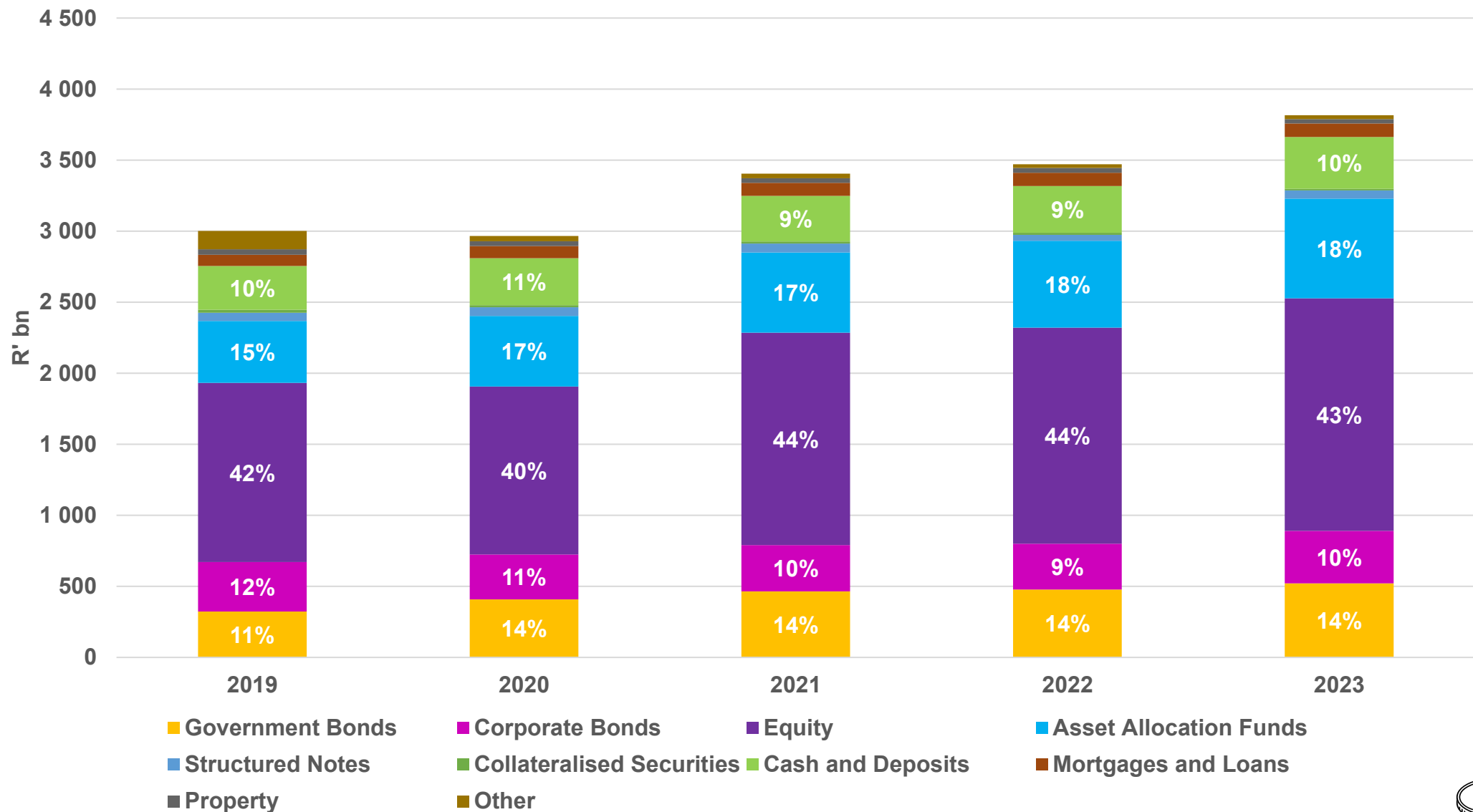
Composition of Assets



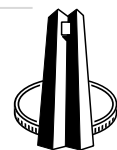
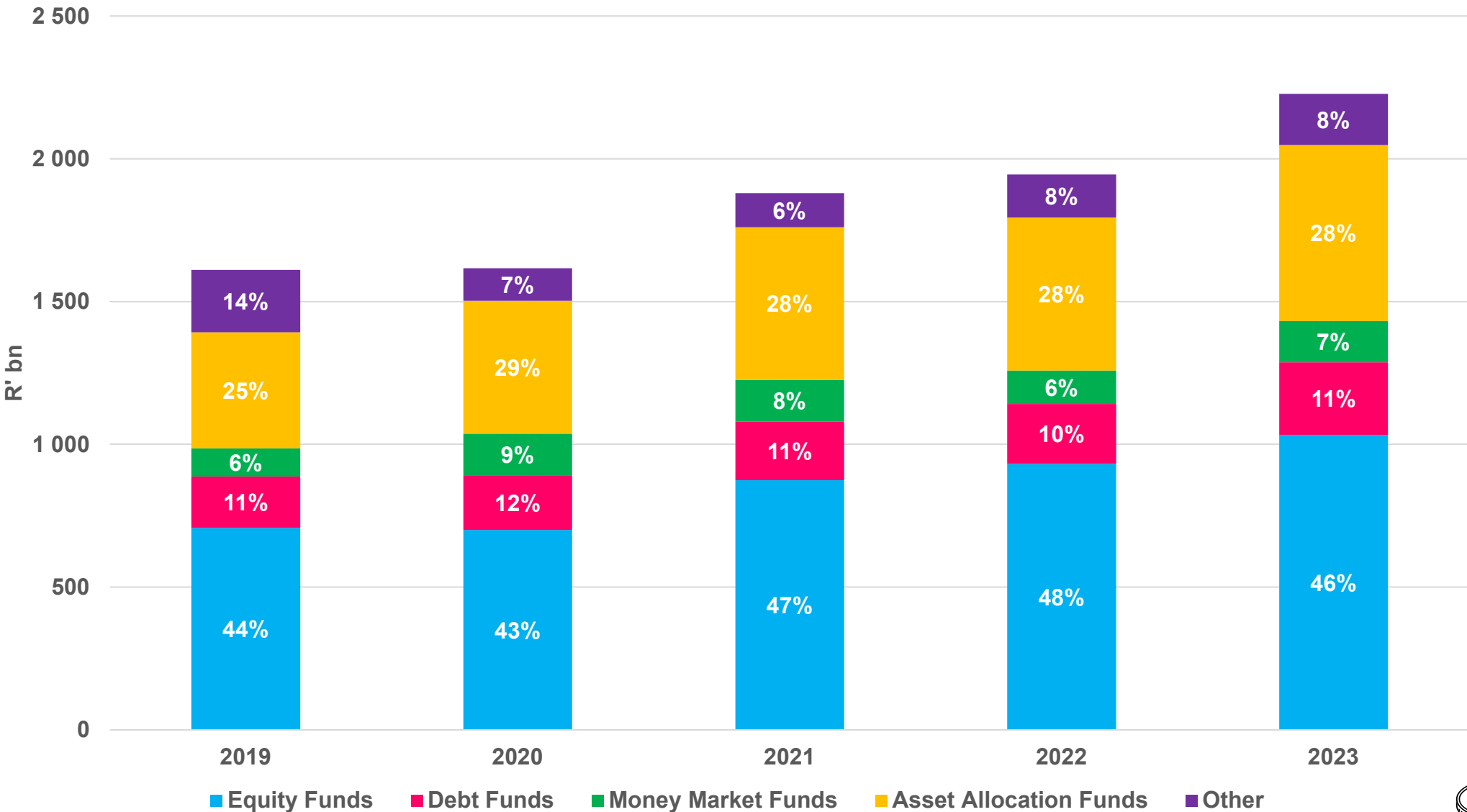
Composition of Investments



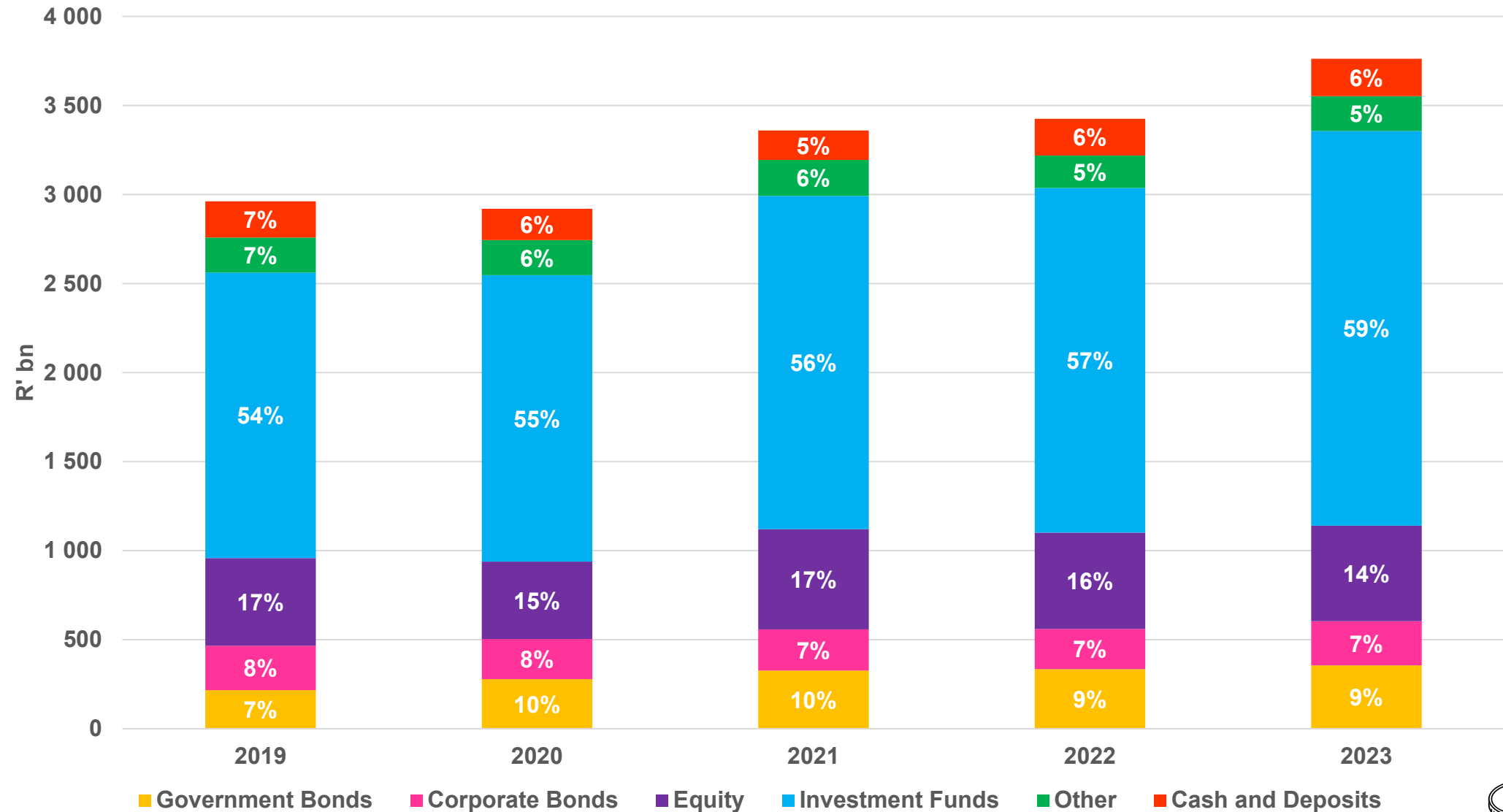
Composition of Investments



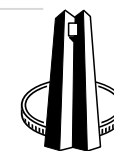
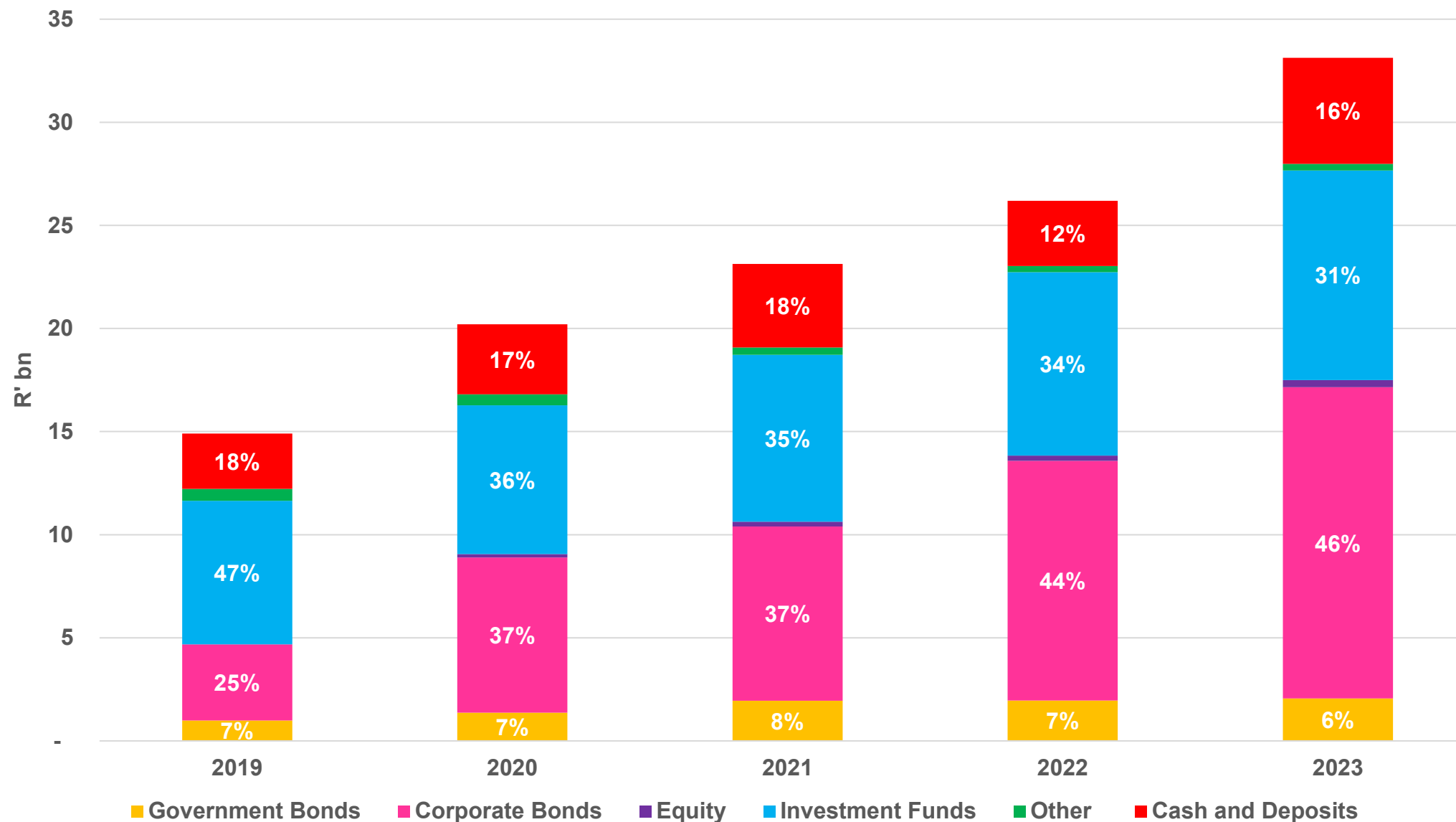
Composition of Investment Funds



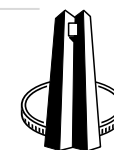
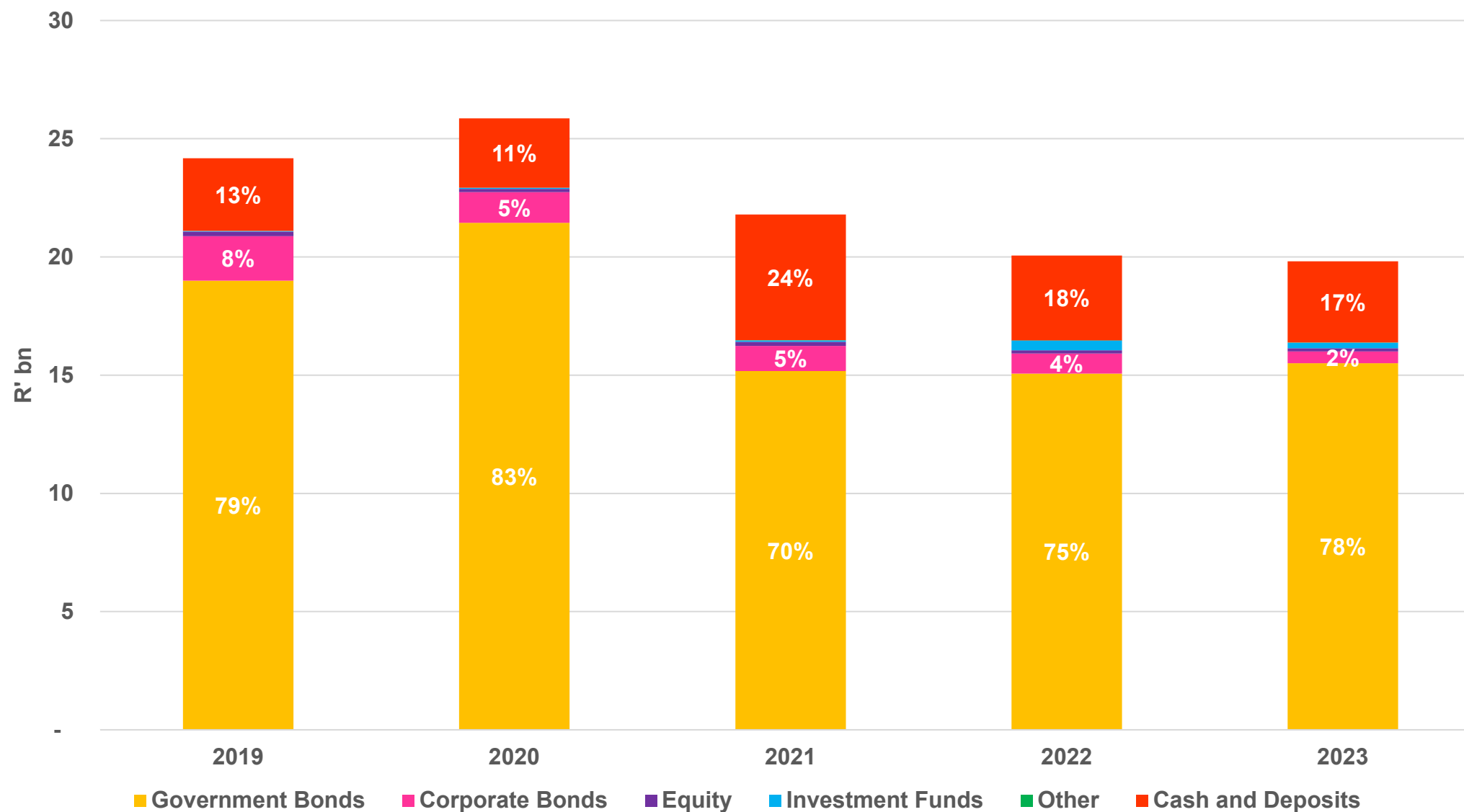
Composition of Investments - Primary



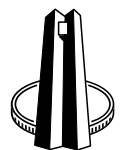
Composition of Investments – Cell Captives



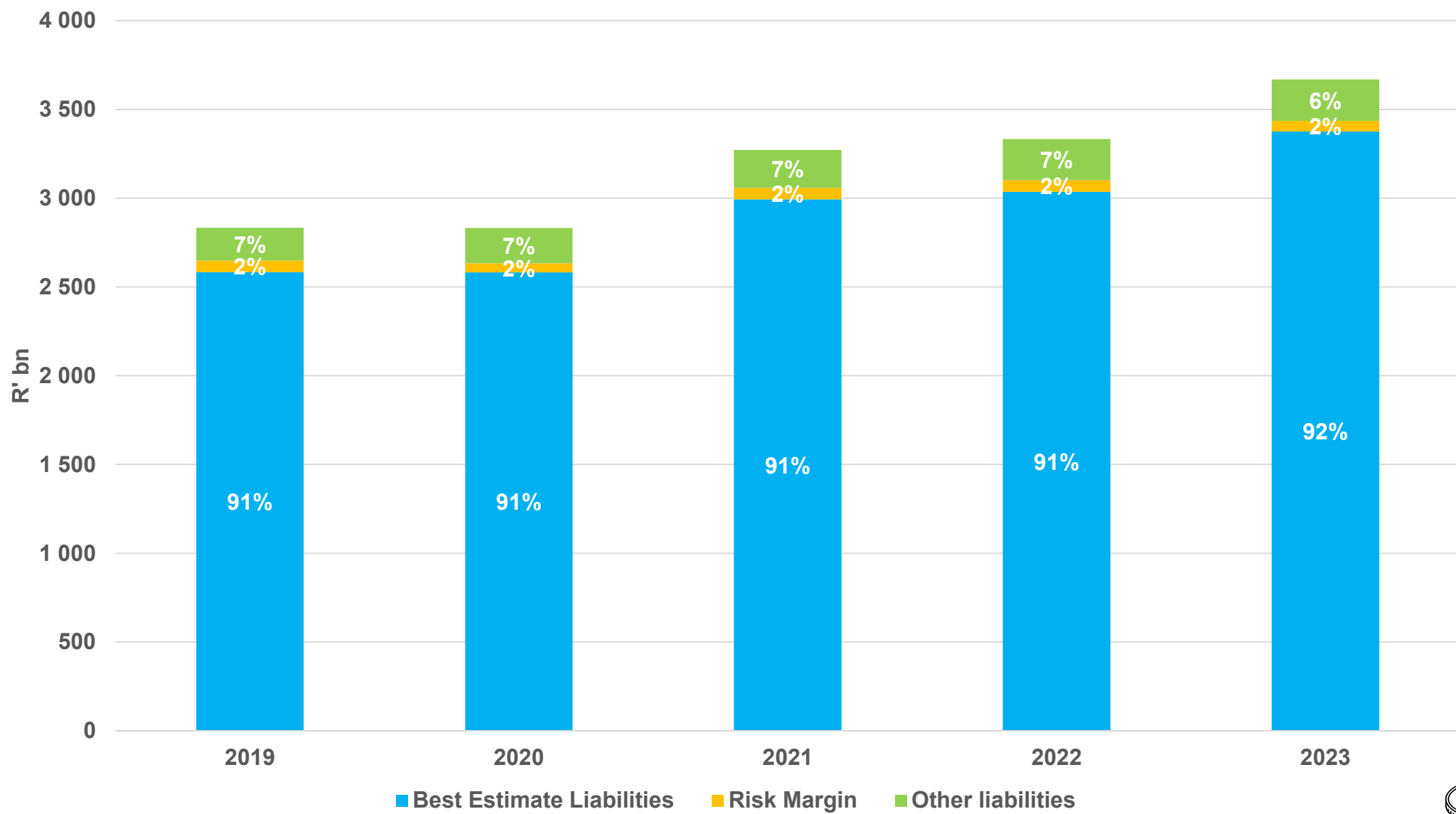
Composition of Investments - Reinsurers



Liabilities

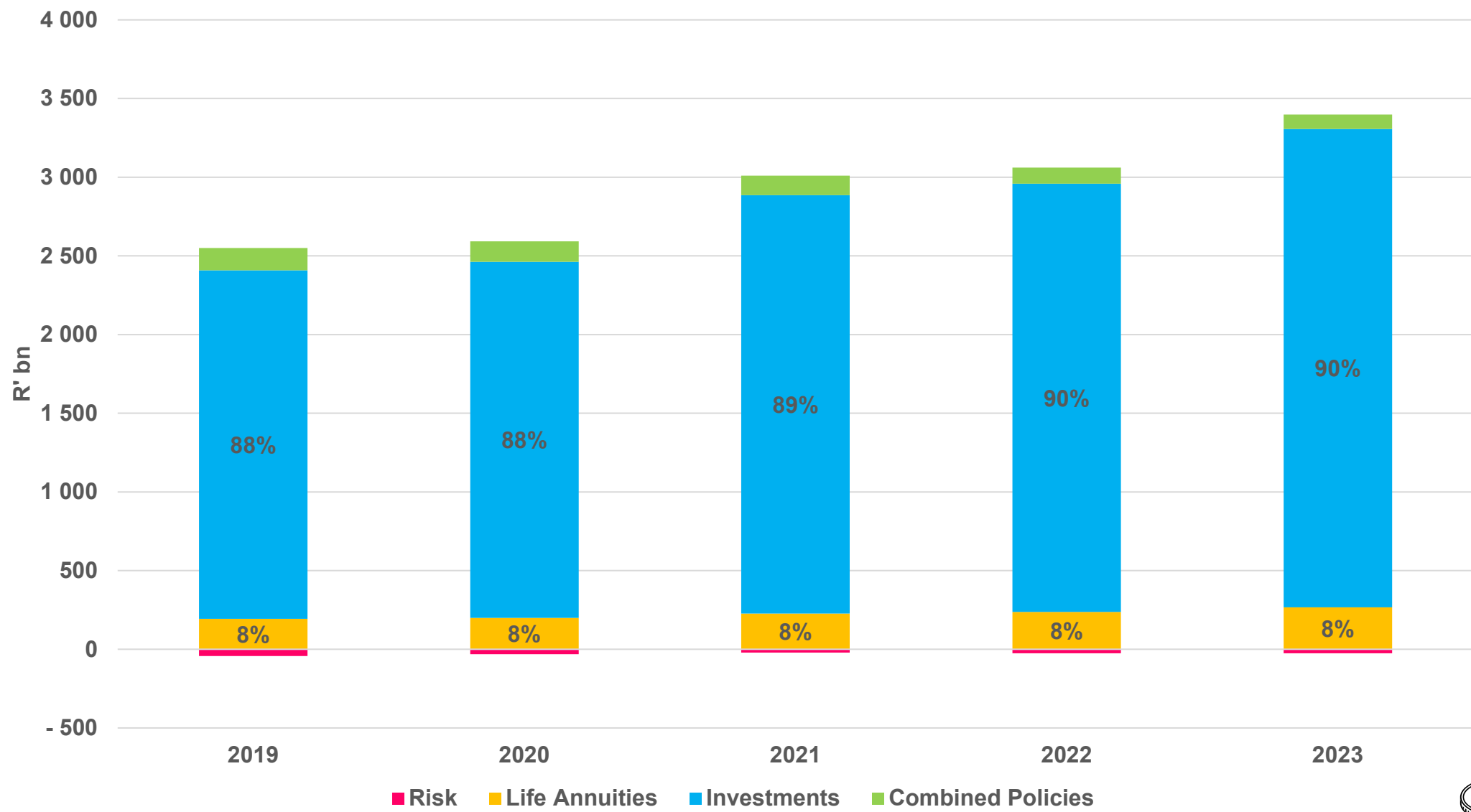


Total Liabilities



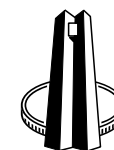
Best Estimate Liabilities are gross of reinsurance

Technical Provisions by class of business

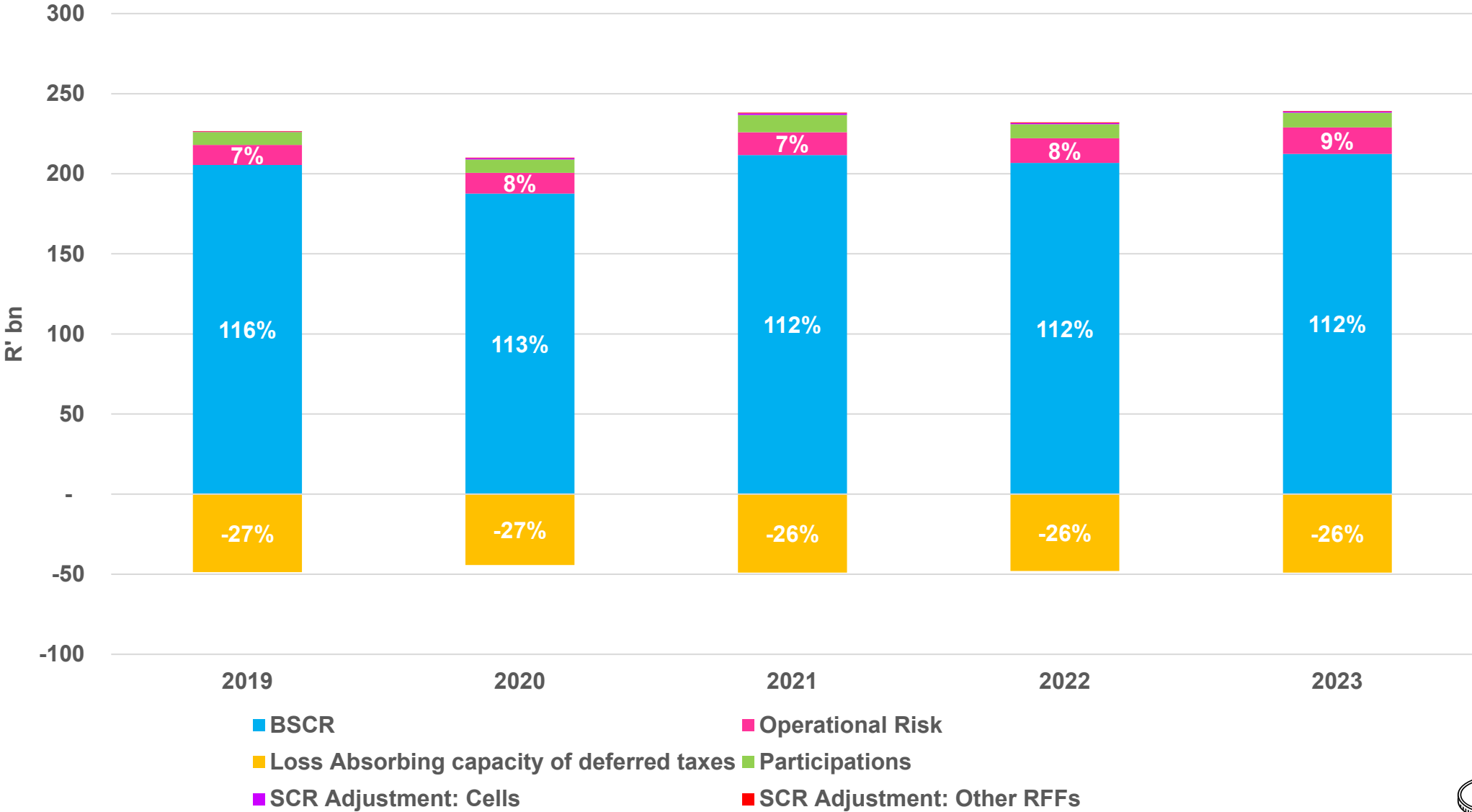


Technical provisions are net of reinsurance

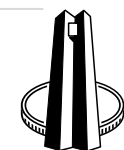
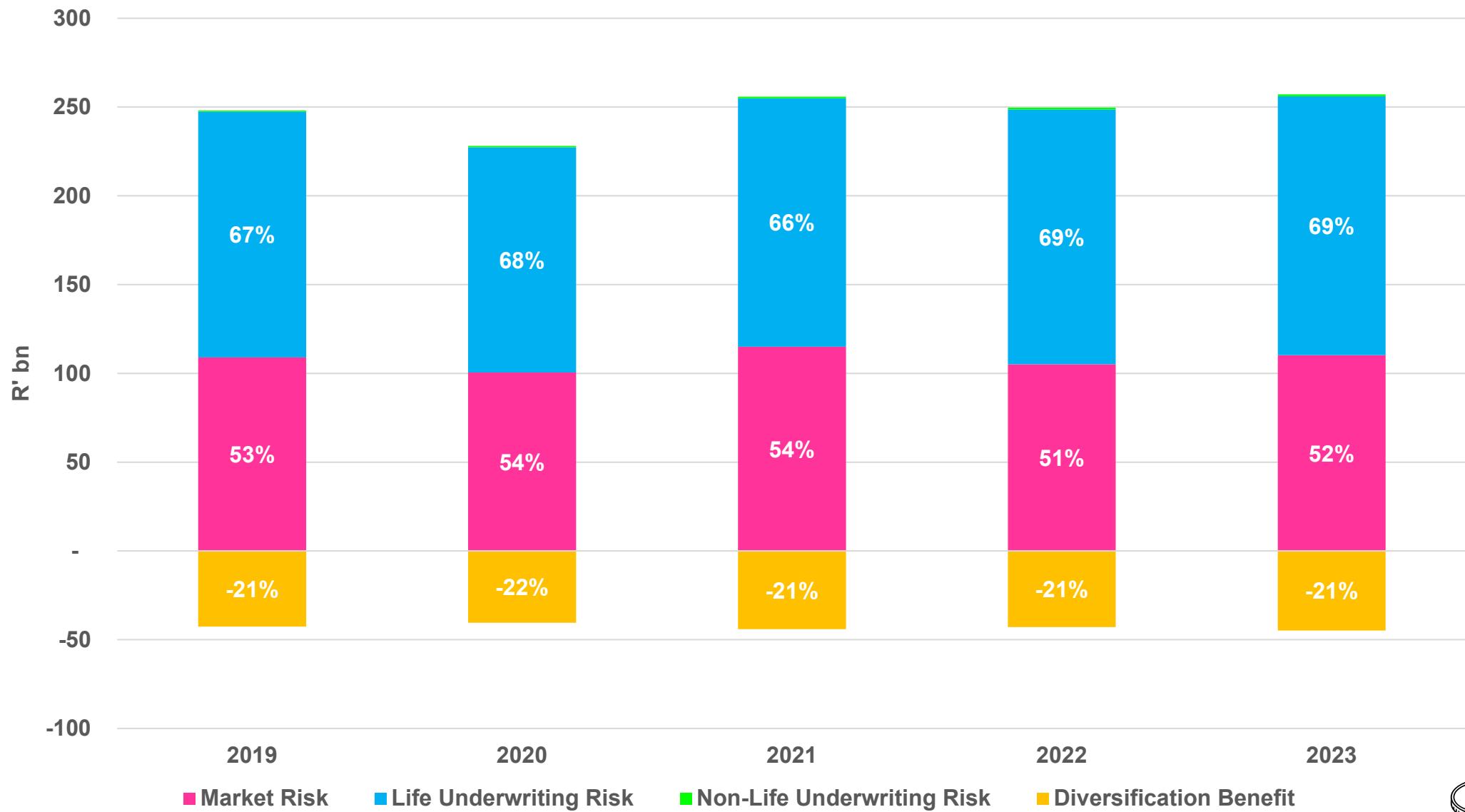
Solvency Capital Requirement



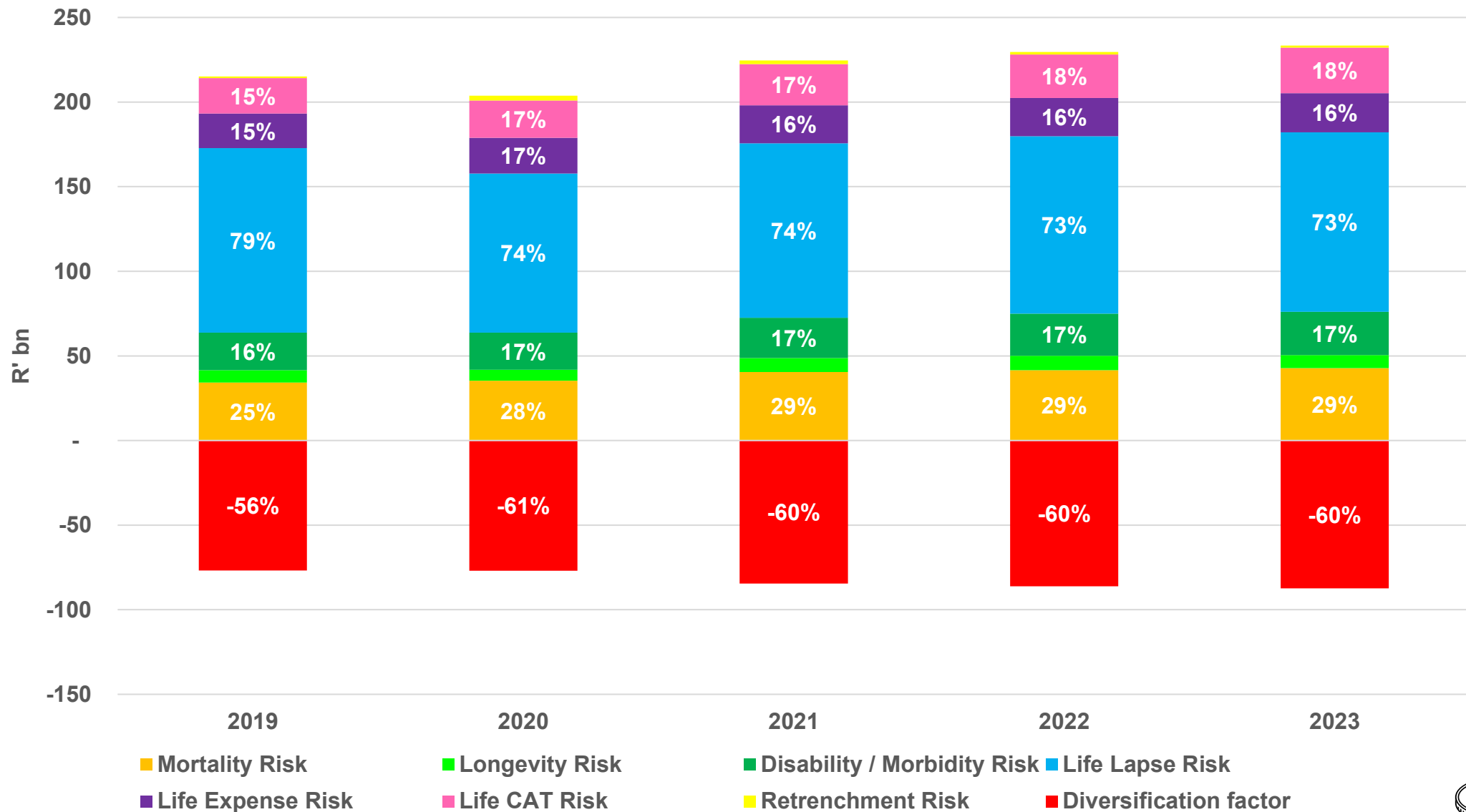
SCR Components



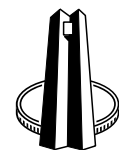
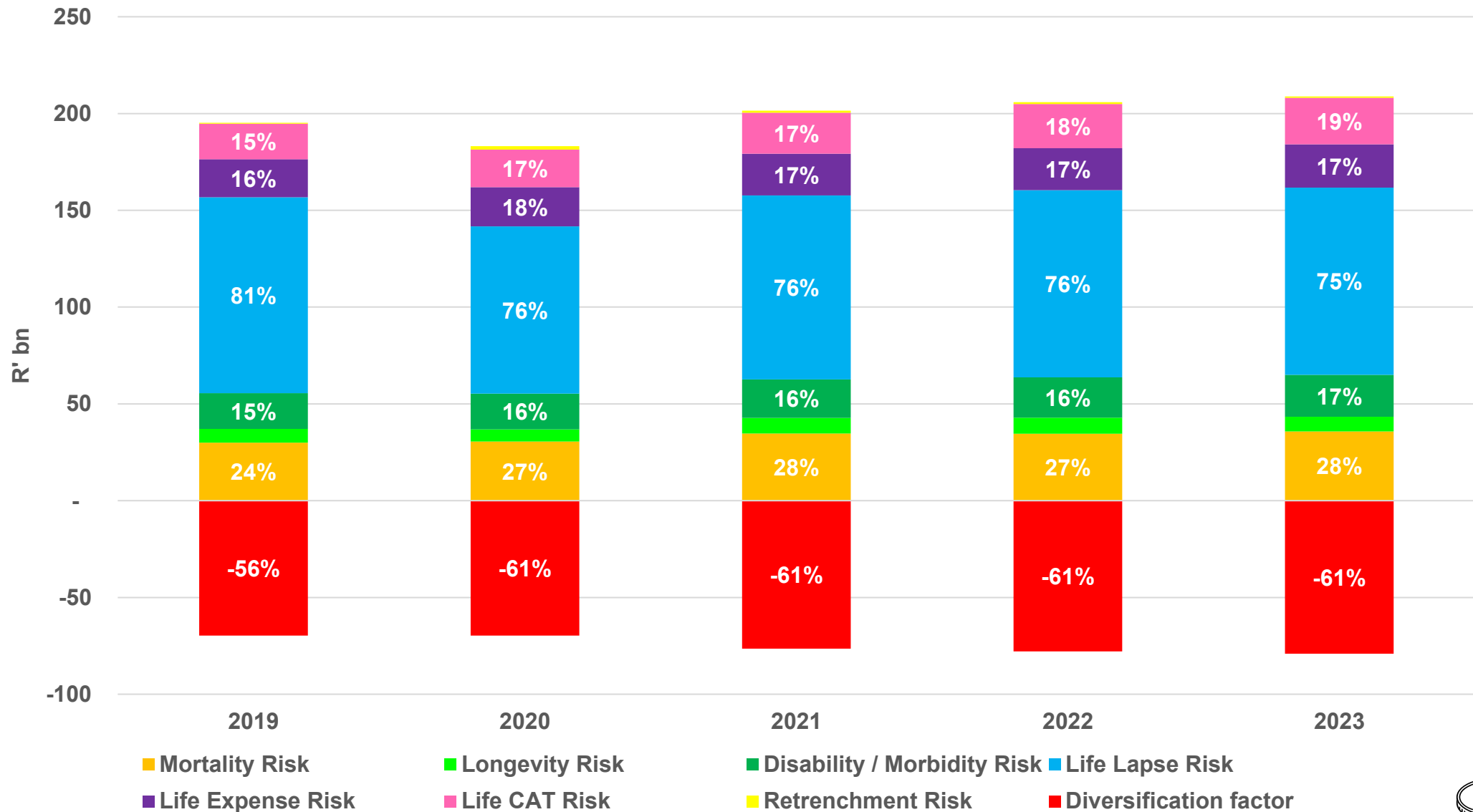
BSCR Components



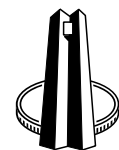
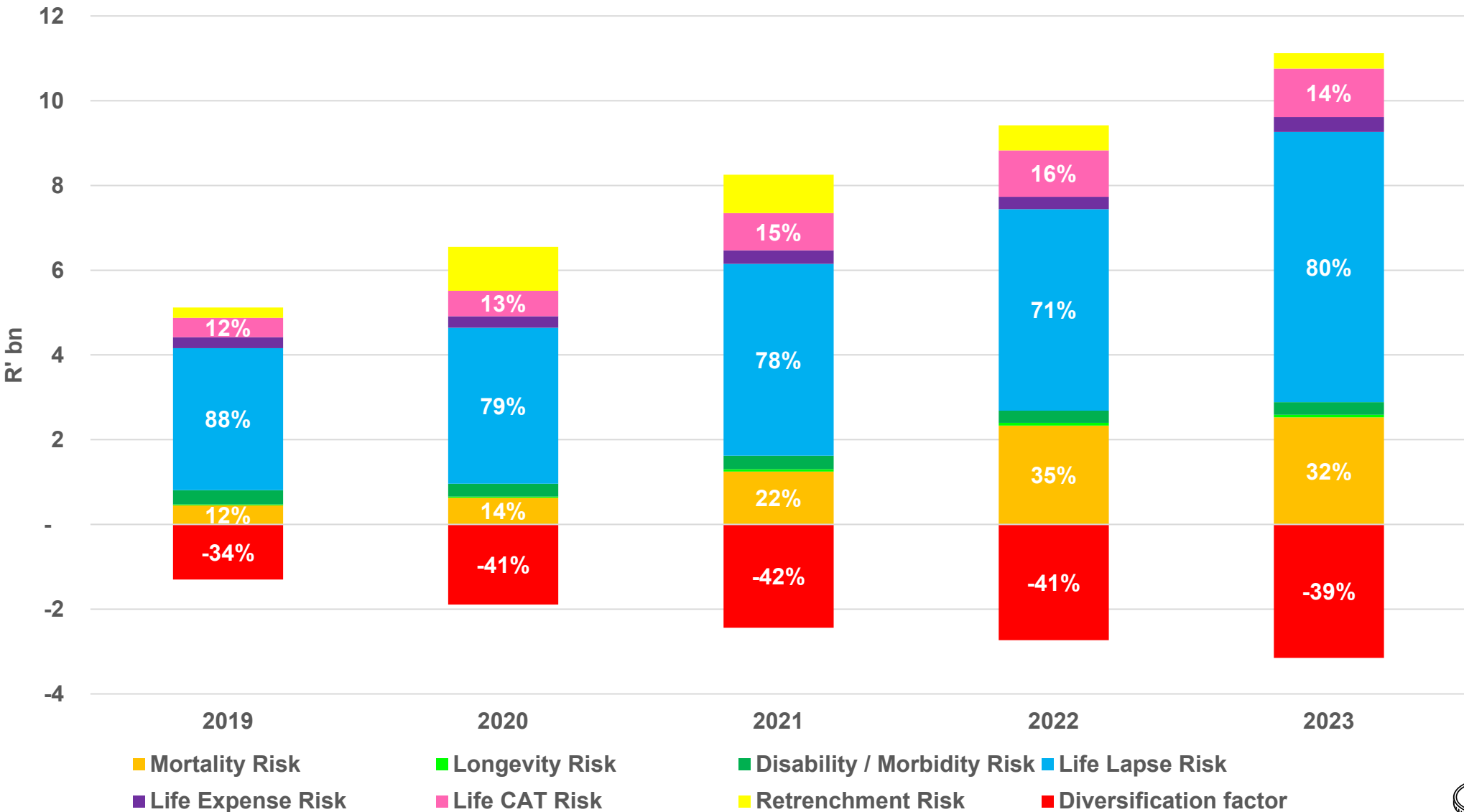
Life Underwriting Risk



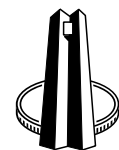
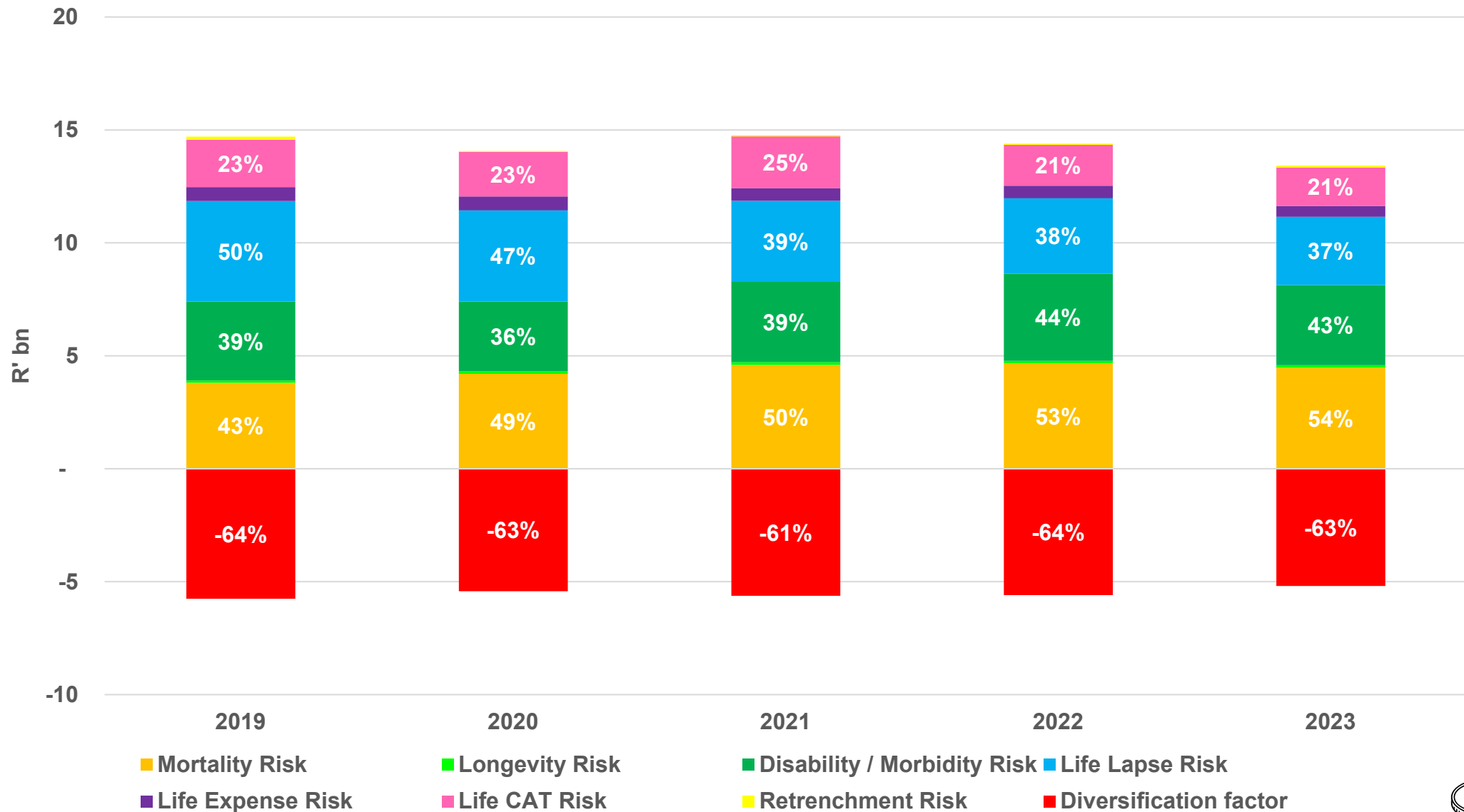
Life Underwriting Risk - Primary



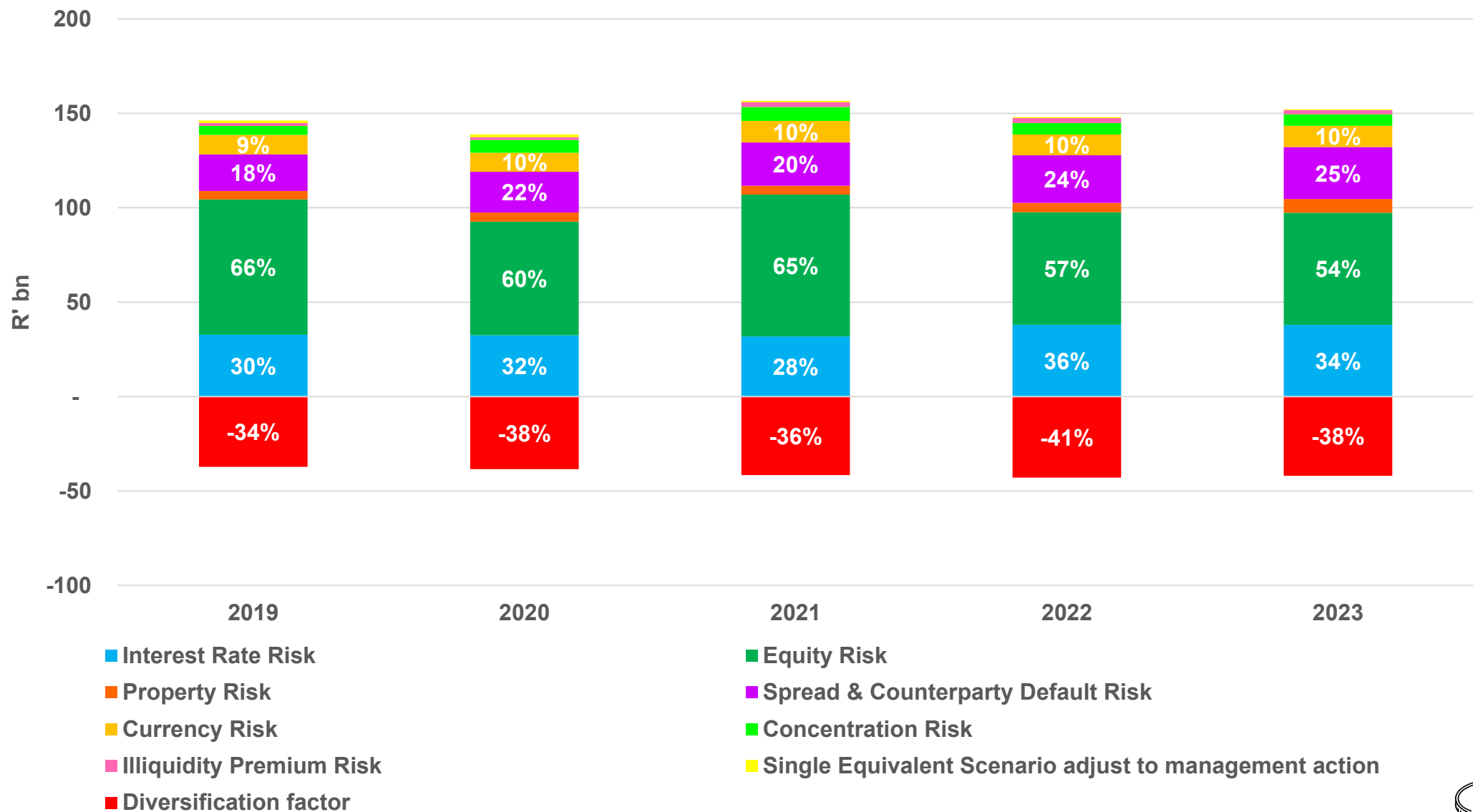
Life Underwriting Risk – Cell Captive



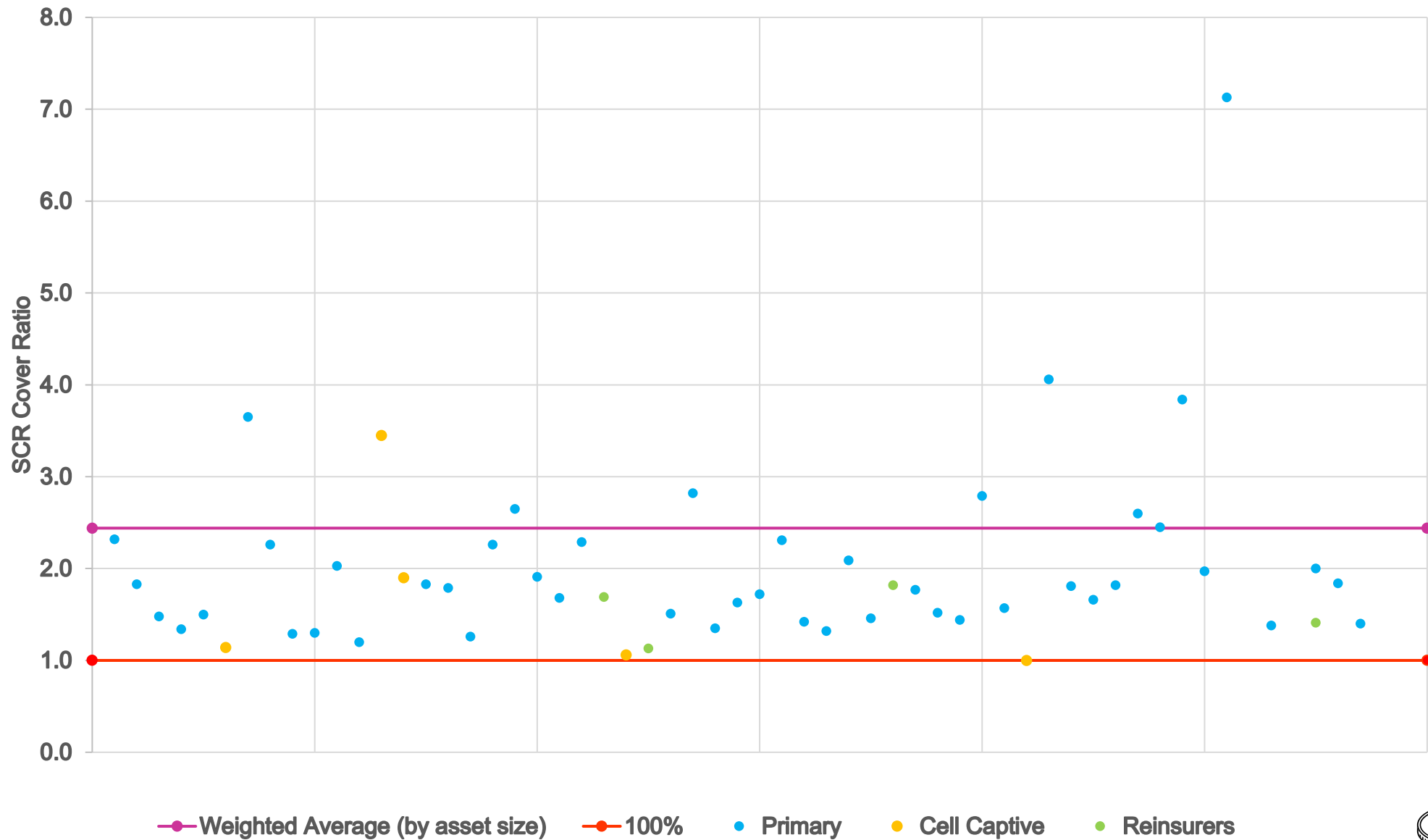
Life Underwriting Risk - Reinsurers



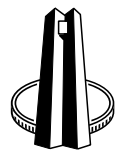
Market Risk Components



SCR Cover Ratio Distribution



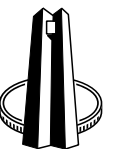
Microinsurance



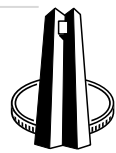
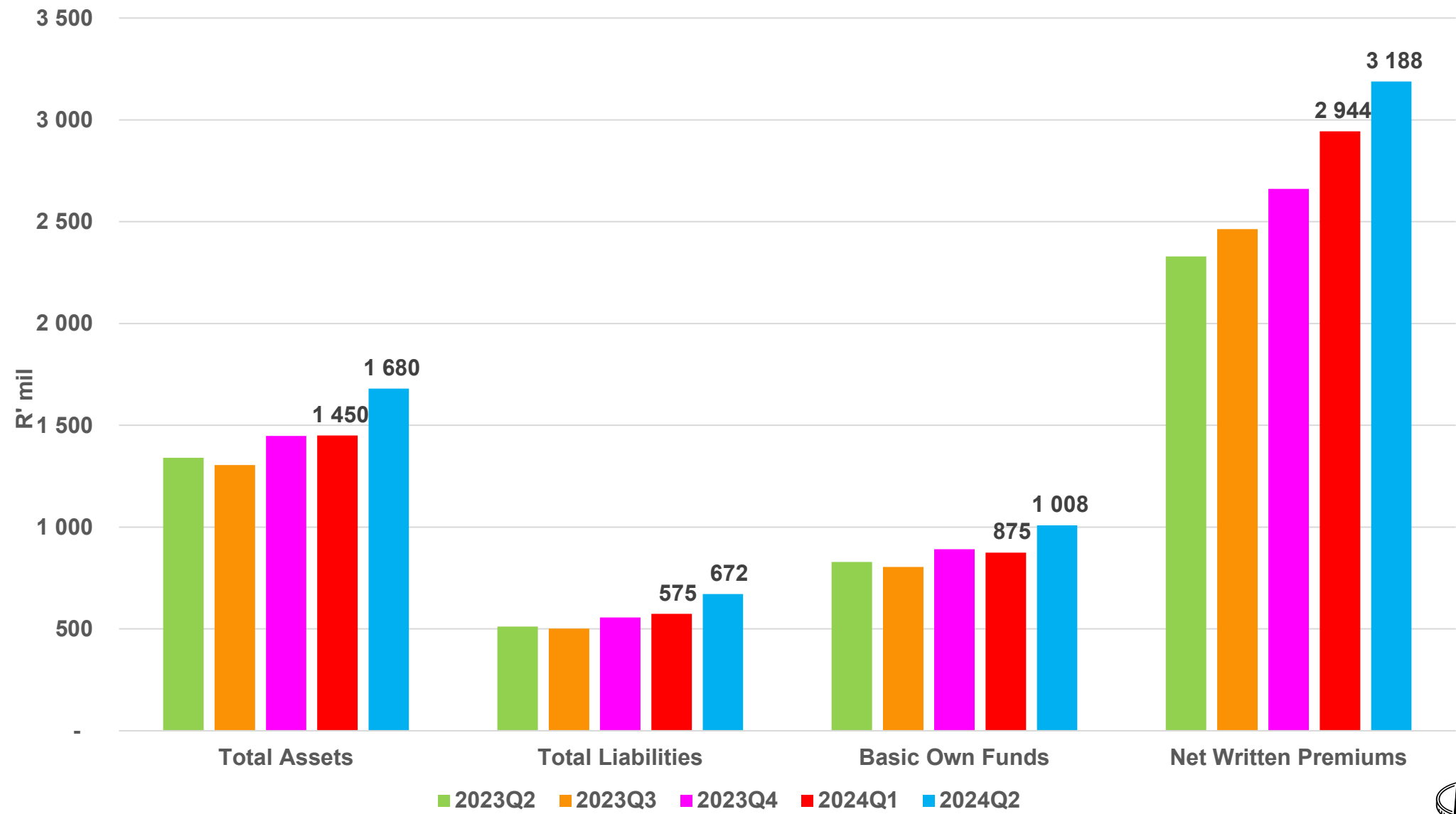
SOUTH AFRICAN RESERVE BANK
Prudential Authority

Data Limitations for Microinsurers

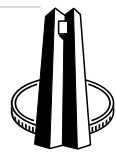
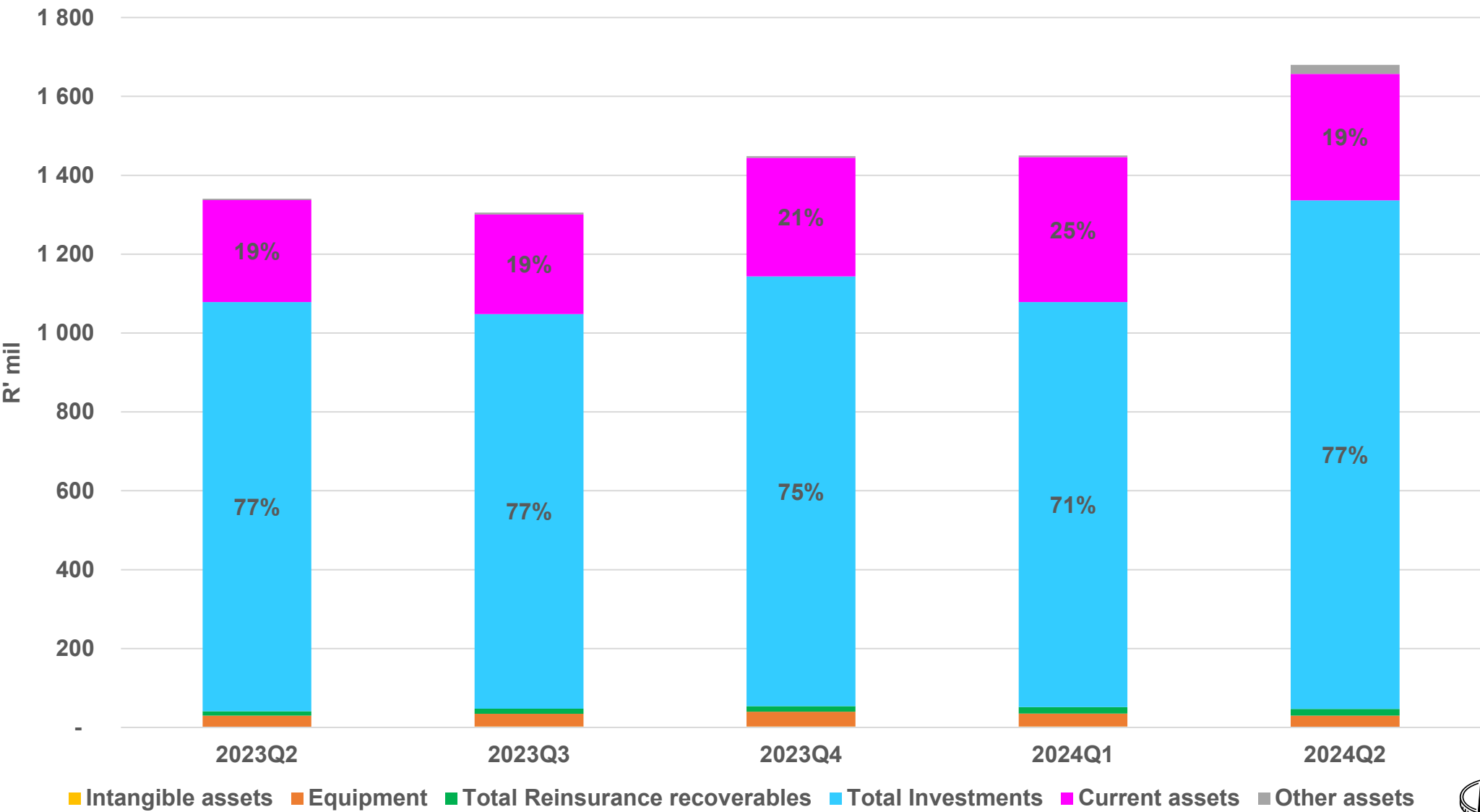
- Lag between microinsurer licensing and reporting.
- Microinsurers, on average, start reporting 3 quarters after being licensed.
- Quality of submissions



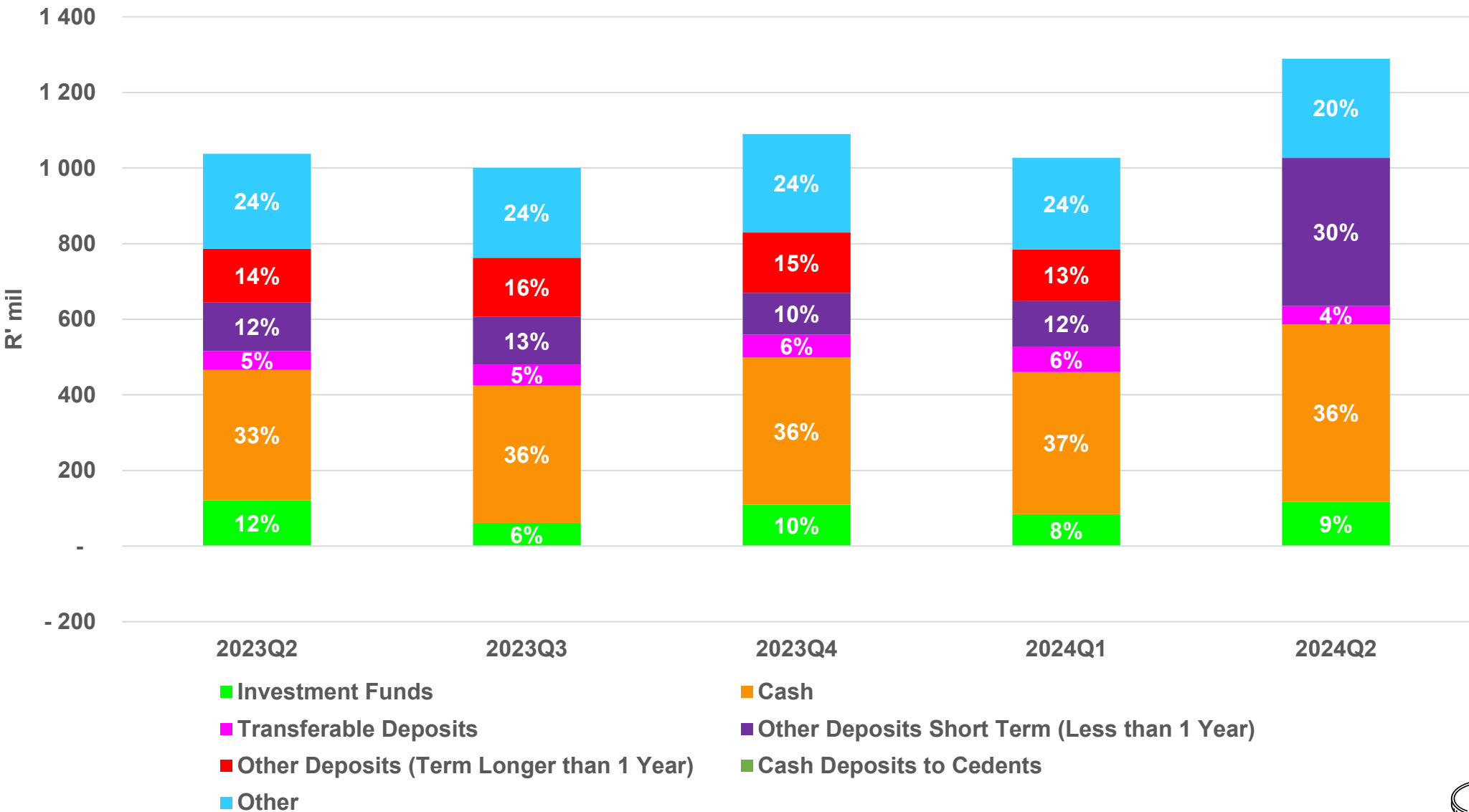
Overview



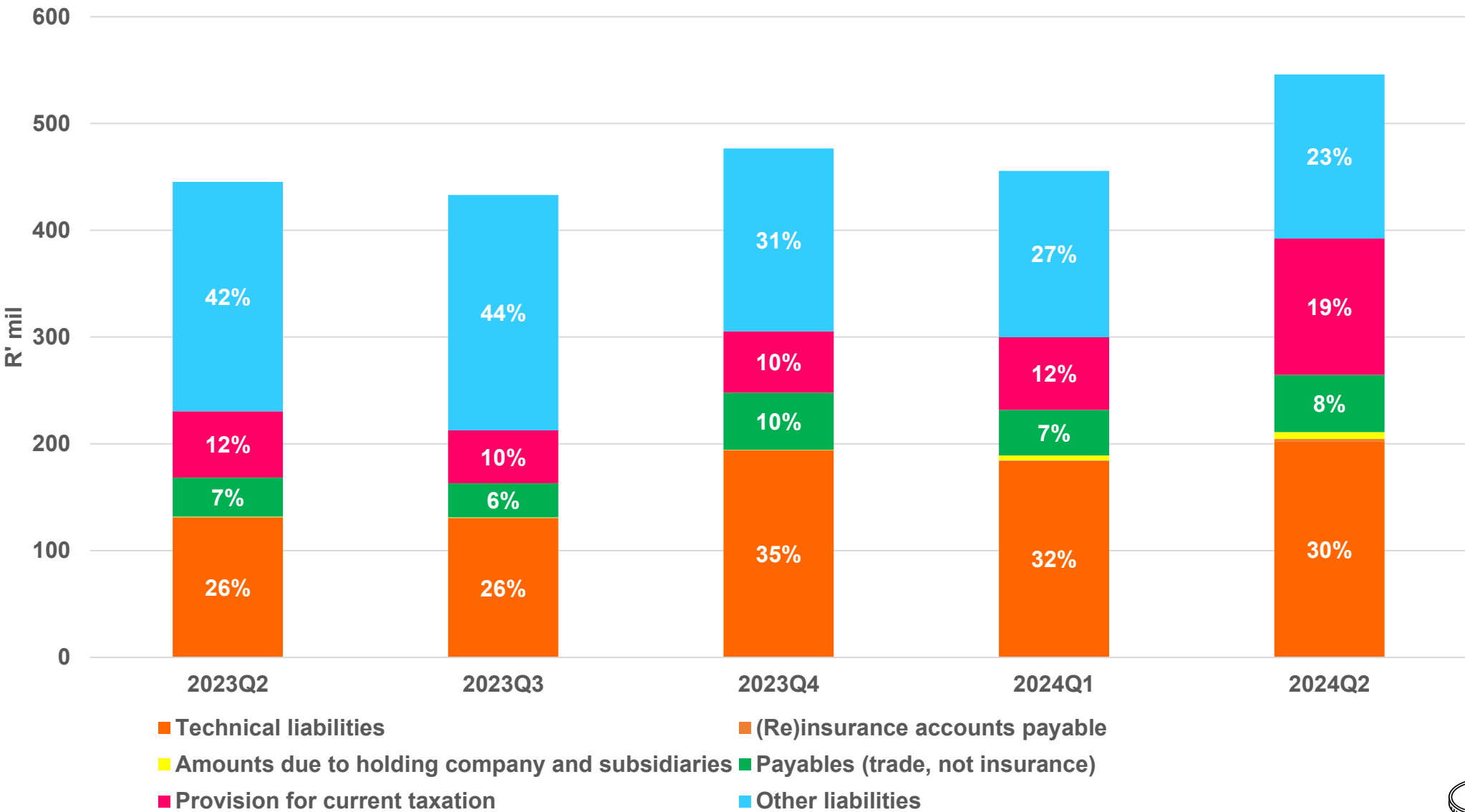
Composition of Assets



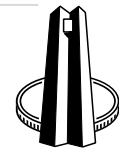
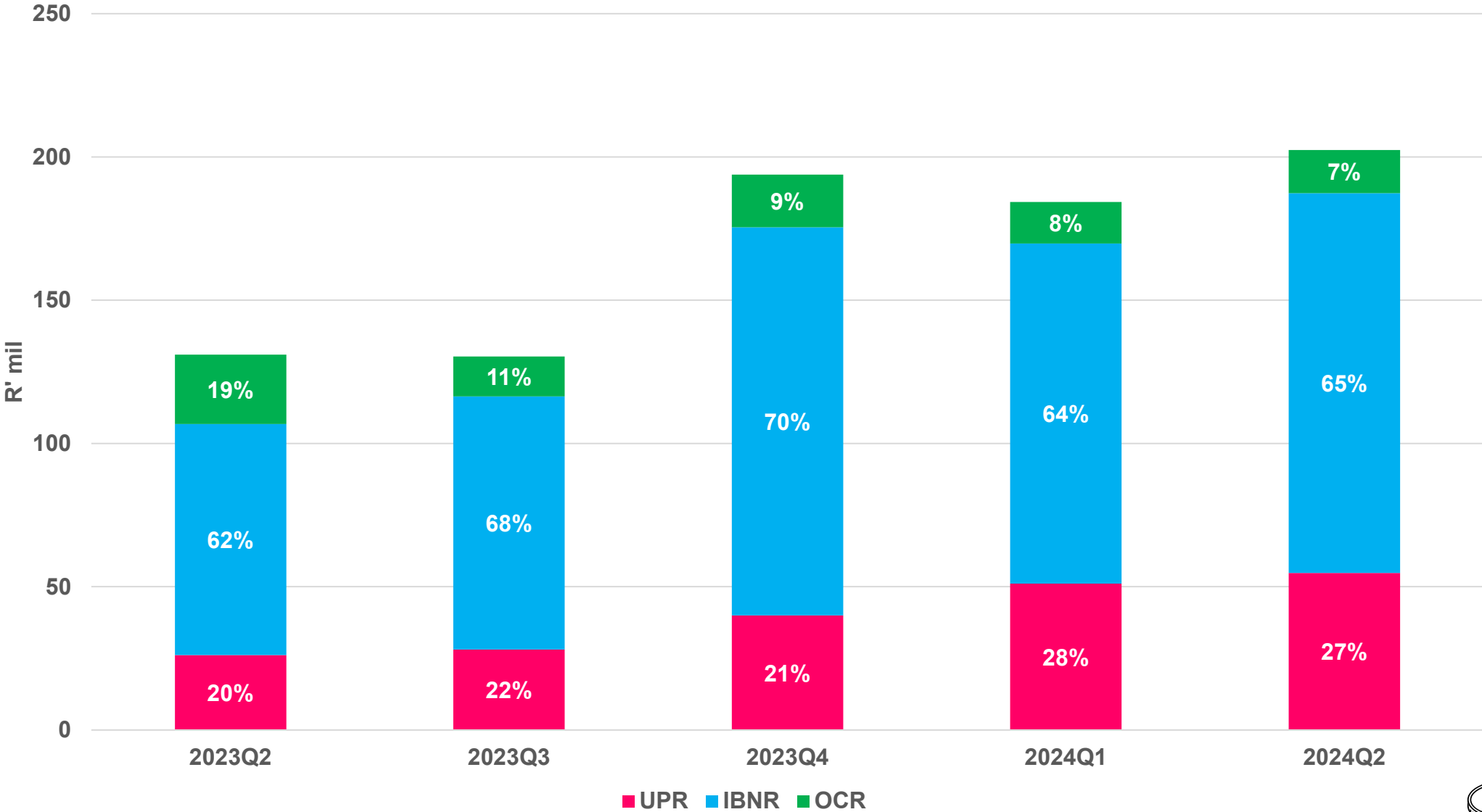
Composition of Investments



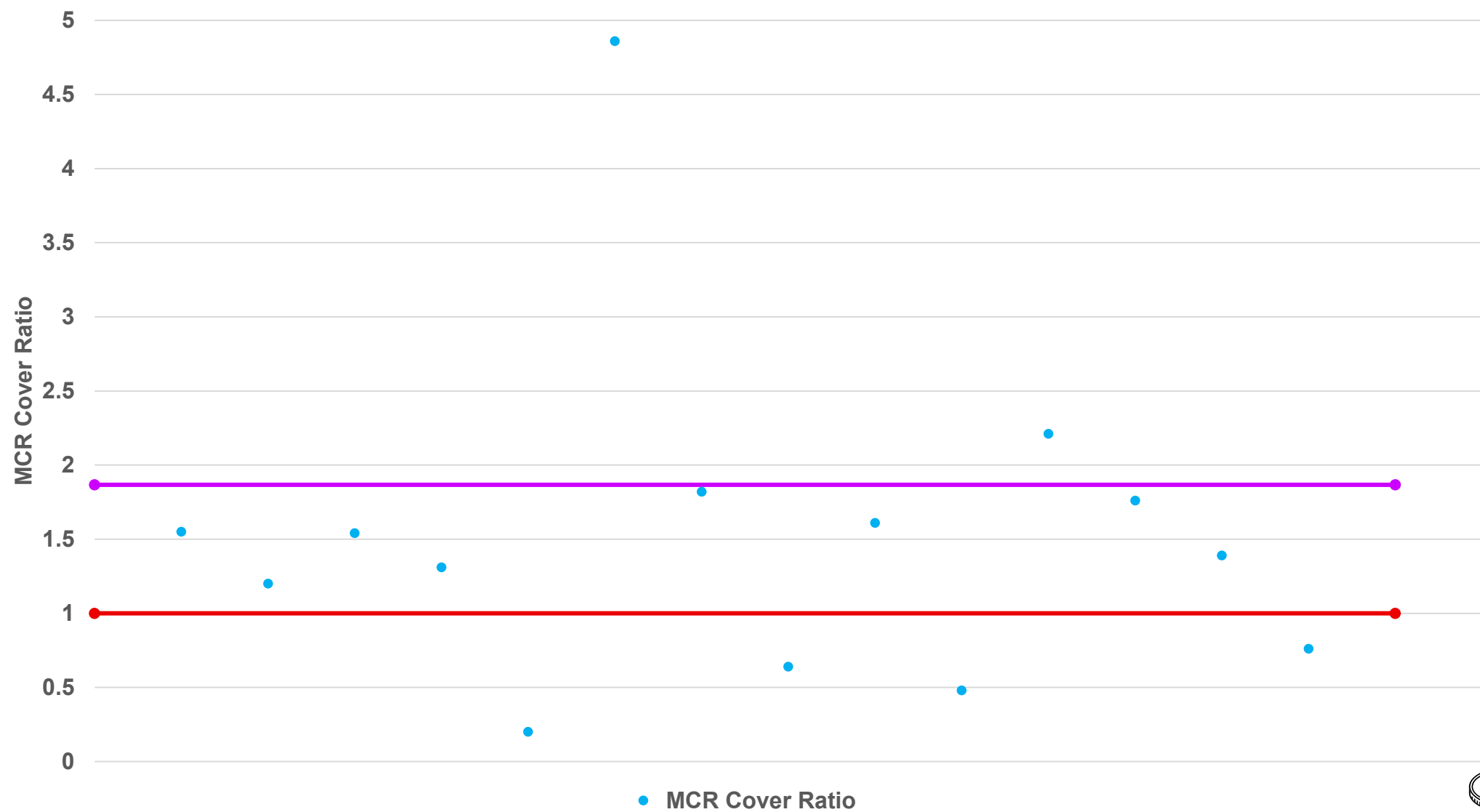
Composition of Liabilities



Composition of Technical Provisions



MCR Cover Ratio Distribution





Thank you



SOUTH AFRICAN RESERVE BANK
Prudential Authority