



# Non-life Industry Experience 2023

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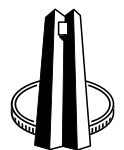


SOUTH AFRICAN RESERVE BANK  
Prudential Authority

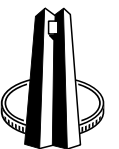
# Agenda



1. Introduction
2. Key Industry Developments
3. Industry Overview and Performance Indicators
4. Balance Sheet
5. SCR
6. Catastrophe Risk
7. Summary
8. Questions



# Introduction



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# Introduction

## Period of analysis

- 2023 annual quantitative reporting templates submitted to the Prudential Authority
- 3-year view covering 2021 to 2023

## Insurers excluded

- Run-off
- Deregistered
- Extended submissions

## Insurers included

- 2023: 51 Primary insurers
- 2023: 5 Captive insurers
- 2023: 5 Cell Captive insurers
- 2023: 6 Reinsurers

## Total insurers

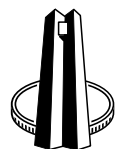
- 2023: 67
- 2022: 67
- 2021: 69

## Challenges encountered

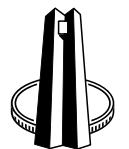
- Poor quality submissions
- Applications for extensions

## Additional information

- SAM reporting basis
- Rounding



# Key Industry Developments



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# Key Industry Developments

## 2022 Period

Covid 19

KZN riots

Adverse weather conditions

Loadshedding

High inflation, rise in interest rates and volatile markets

## 2023 Period

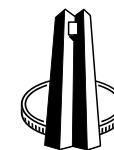
IFRS 17

Cyber risk

Adverse weather conditions

Loadshedding

Higher claims costs for Motor

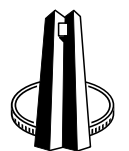
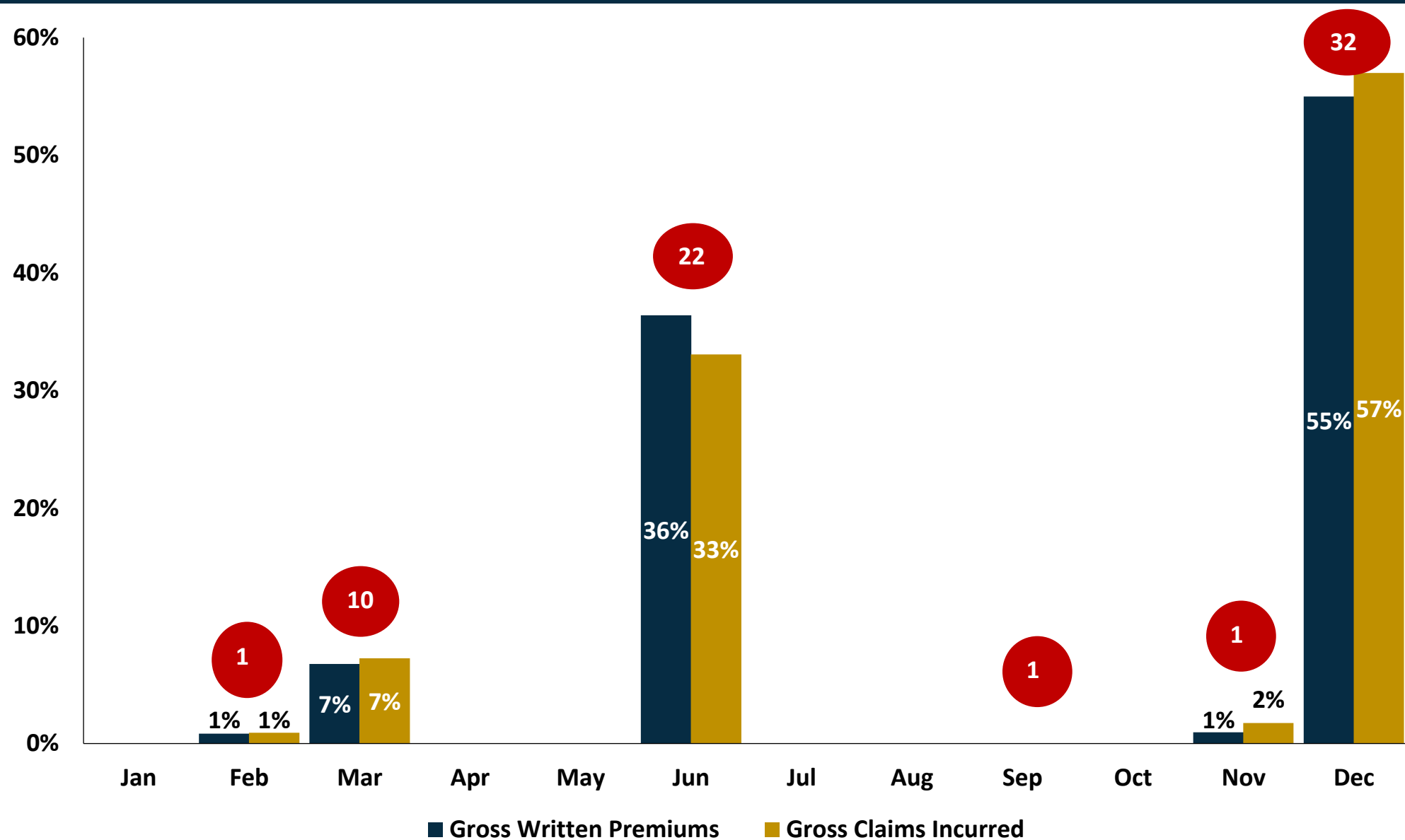




# Industry overview and performance indicators



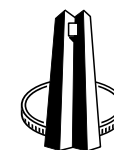
# Distribution of premium and claims by year-end





# Premiums

	2022 (R'bn)	2023 (R'bn)	Change (R'bn)	% Change
Total Industry GWP	195.8	215.7	19.9	10.2%
Reinsurer	23.4	23.8	0.4	1.7%
Inwards Reinsurance	12.3	14.6	2.3	18.7%
Direct Insurer	160.1	177.3	17.2	10.7%
Net Written Premium	121.4	130.3	8.9	7.3%
NWP % of GWP	62.0%	60.4%		
Net Earned Premium	110.8	121.2	10.4	9.4%



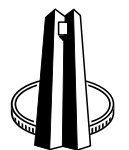
# Gross Written Premiums

	2022	2023
Total Industry GWP (R'bn)	195.8	215.7
Top 10 Insurers Market Share	61.8%	61.6%
1. Santam Limited	17.4%	16.6%
2. Guardrisk Insurance Company Limited	7.8%	8.7%
3. The Hollard Insurance Company Limited (2022: Position 4)	6.6%	8.0%
4. Old Mutual Insure Limited	6.0%	6.0%
5. Munich Reinsurance Company of Africa Limited (2022: Position 3)	6.6%	5.5%
6. Outsurance Insurance Company Limited	5.3%	5.2%
7. Centriq Insurance Company Limited	4.3%	3.3%
8. Bryte Insurance Company Limited	3.0%	3.2%
9. Discovery Insure Limited	2.7%	2.8%
10. OMART Insure	2.2%	2.4%

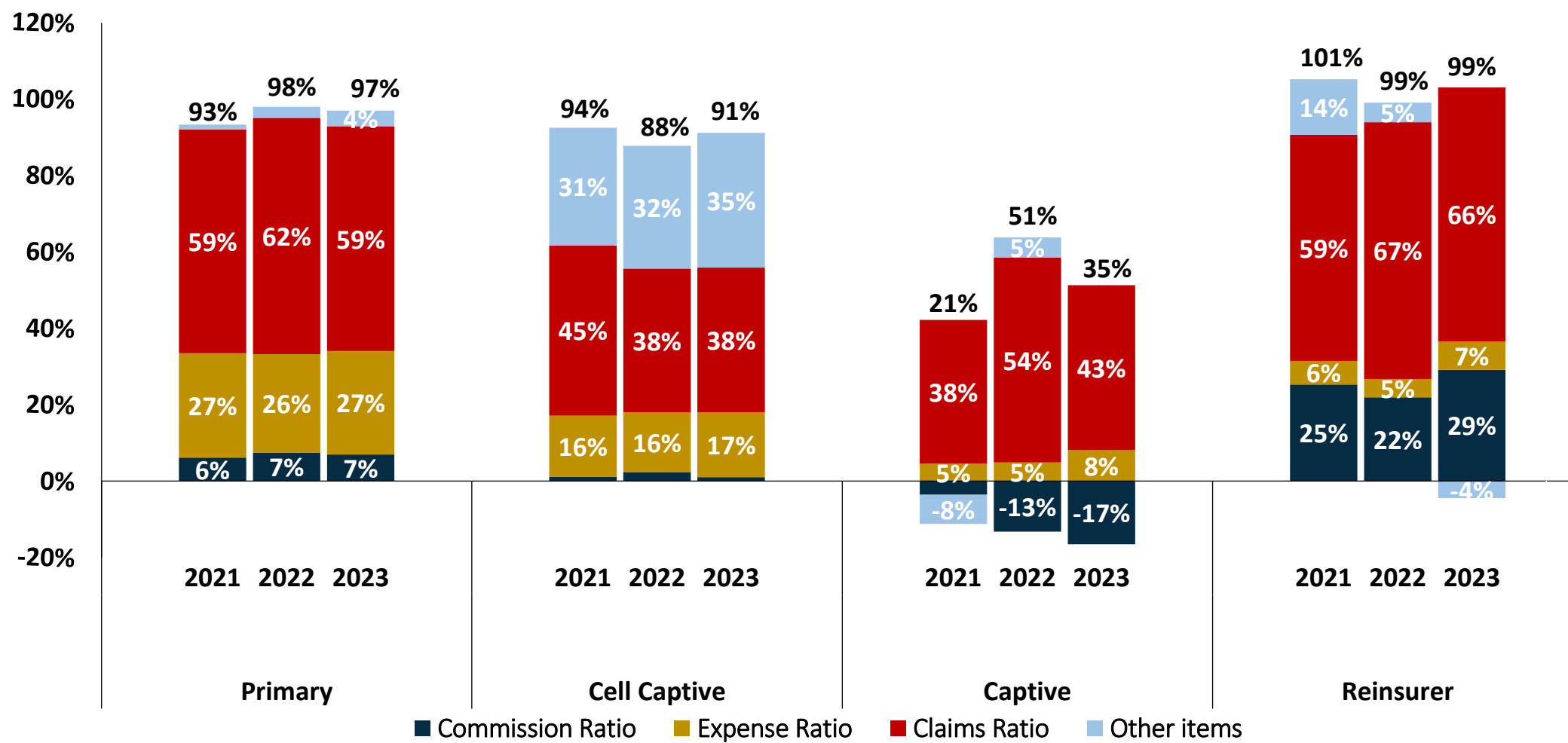


# Gross Written Premiums by Group

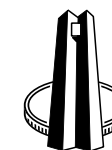
	2022	2023
Total % of GWP	53.0%	53.3%
Santam Group	24.2%	22.2%
Momentum Group	9.3%	10.1%
Old Mutual Group	9.1%	9.2%
Hollard Group	7.1%	8.2%
Telesure Group	3.5%	3.3%



# Key Financial Indicators – Net Combined Ratio by Insurer Type

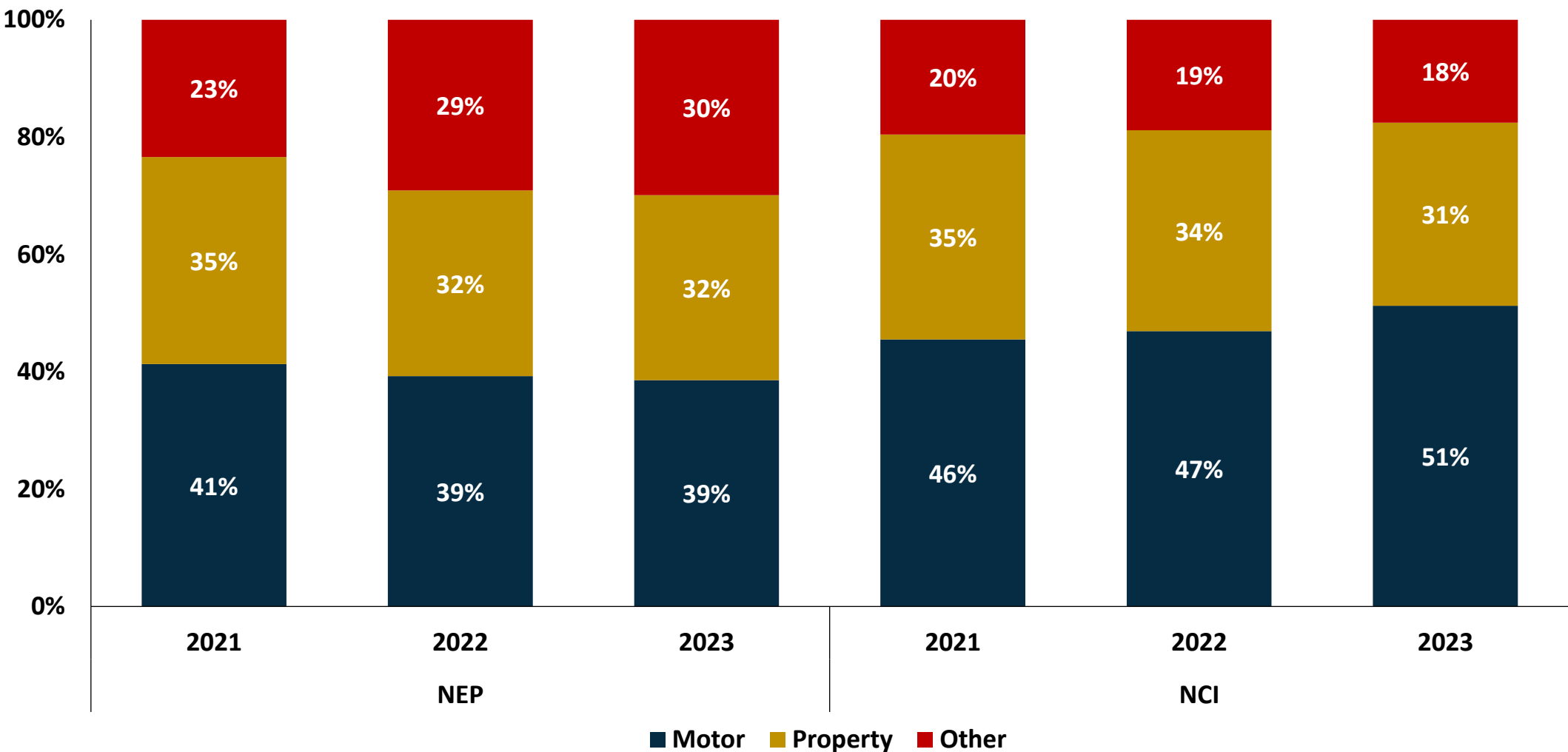


Note: Other items includes Cash back and other loyalty benefits, Other Contingent payments incurred and movement in Risk margin

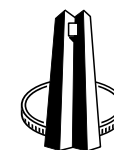
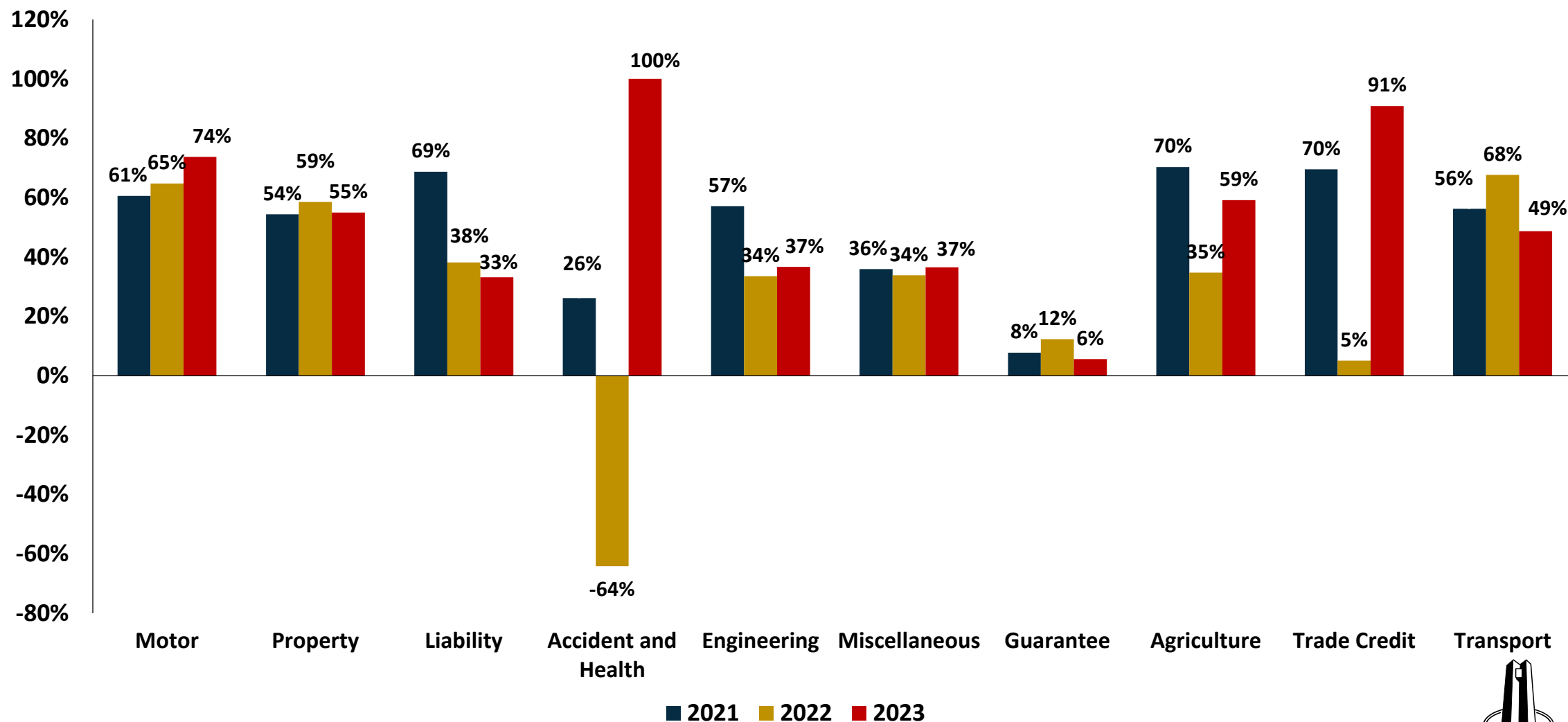




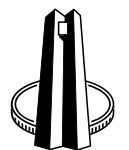
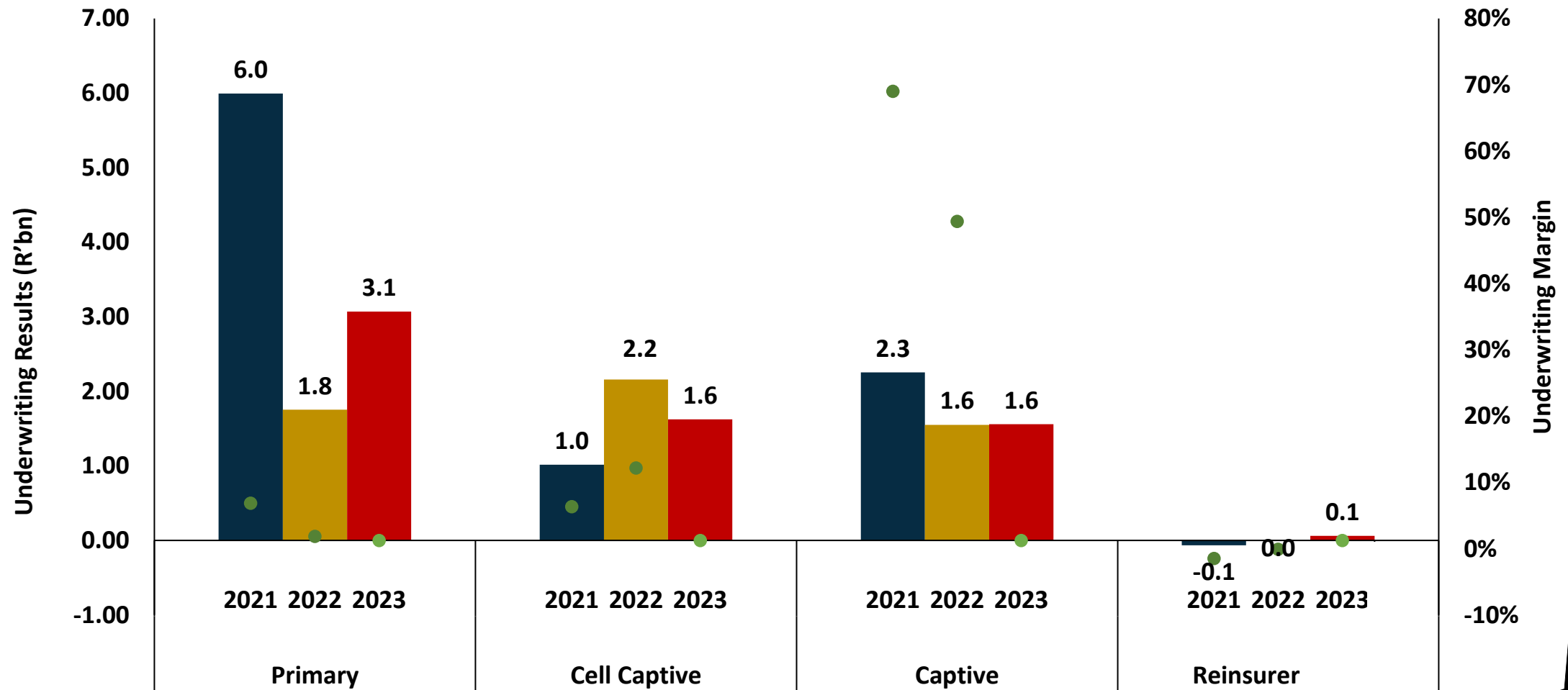
# Key Financial Indicators – Premium and Claims by Largest Line of Business



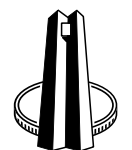
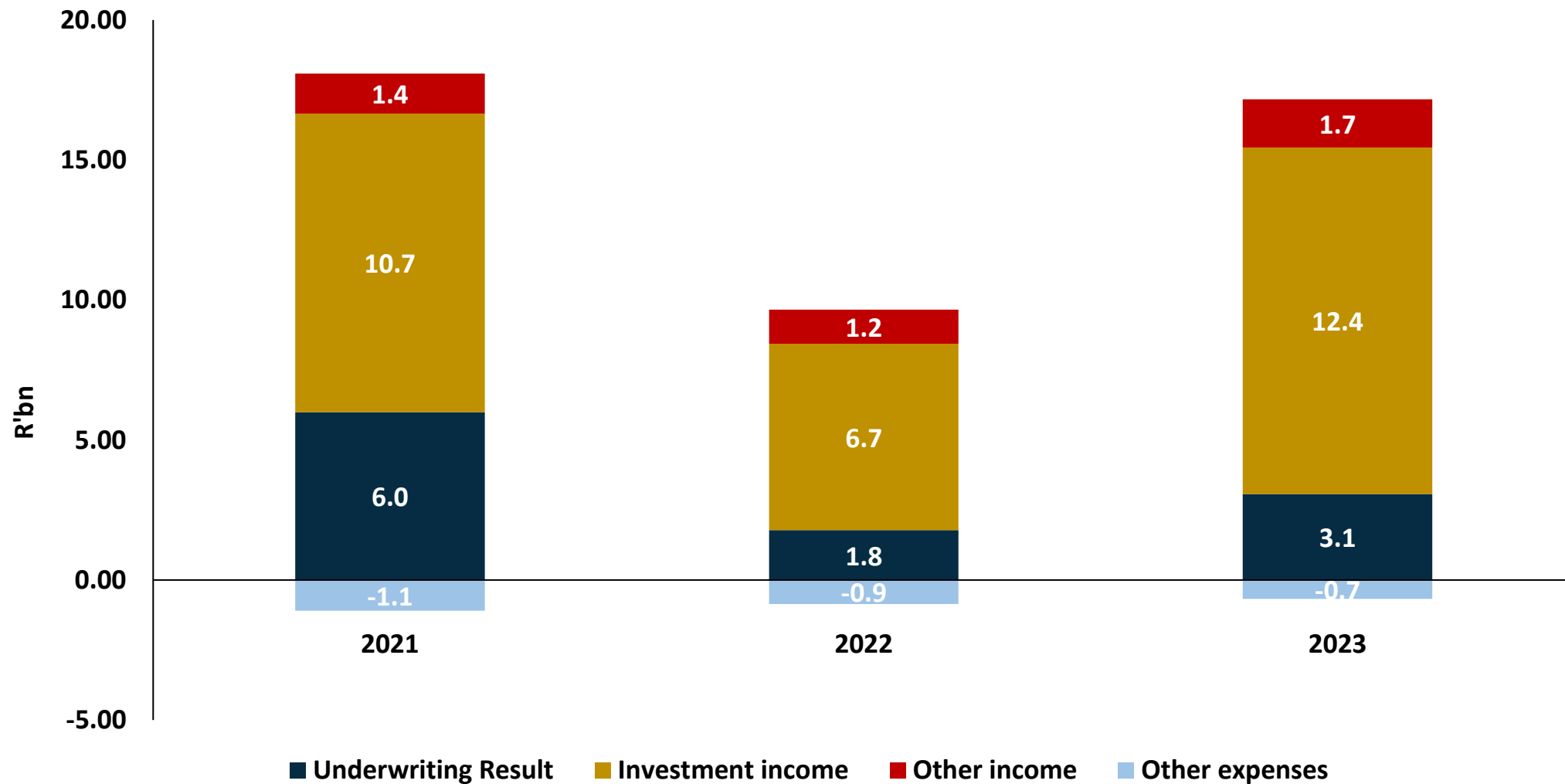
# Key Financial Indicators – Claims Ratio by Larger Line of Business



# Underwriting Result – Insurer Type

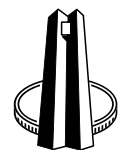
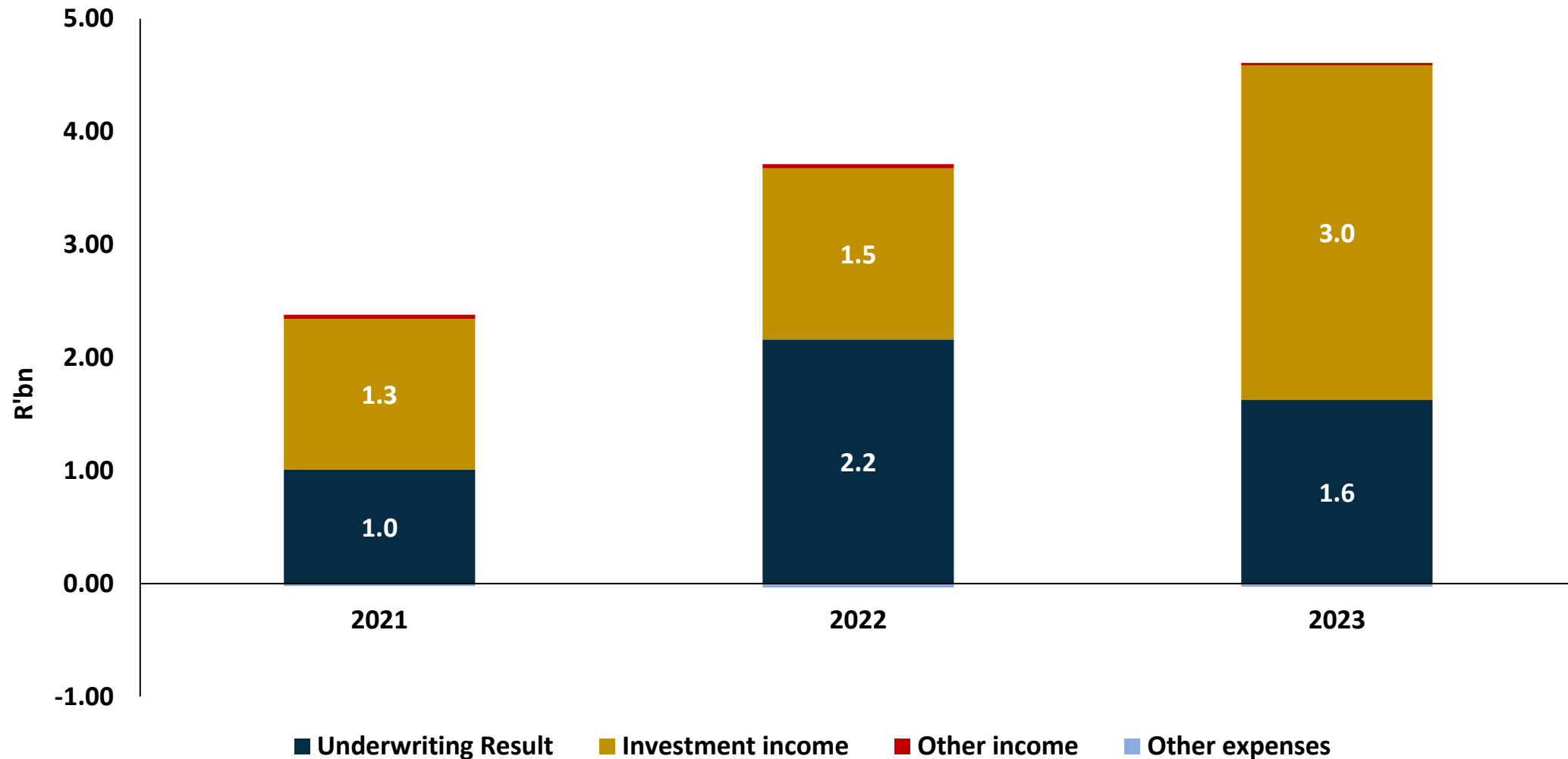


# SAM Excess Income over Outgo (Primary Insurers)

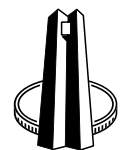
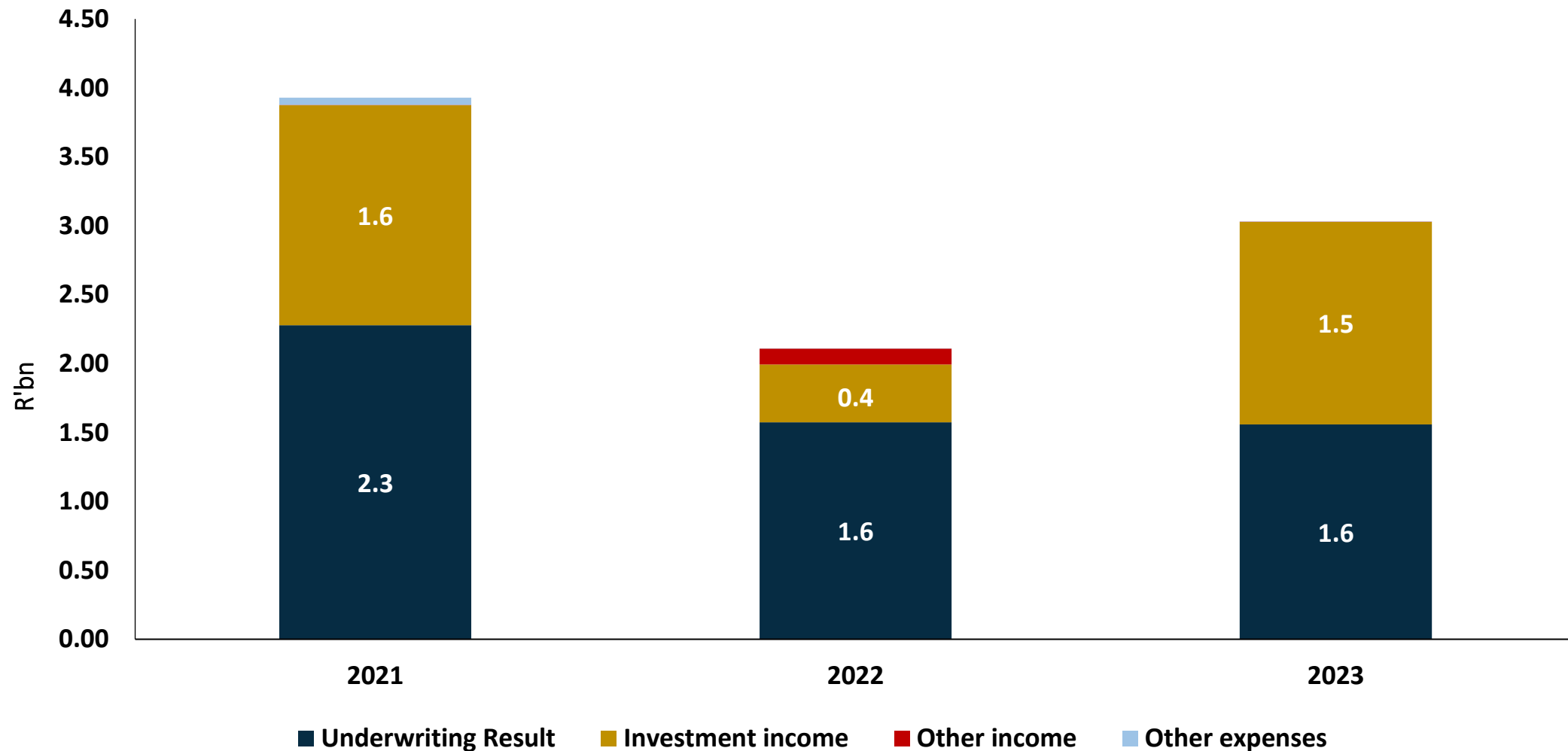




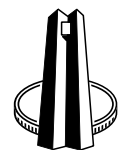
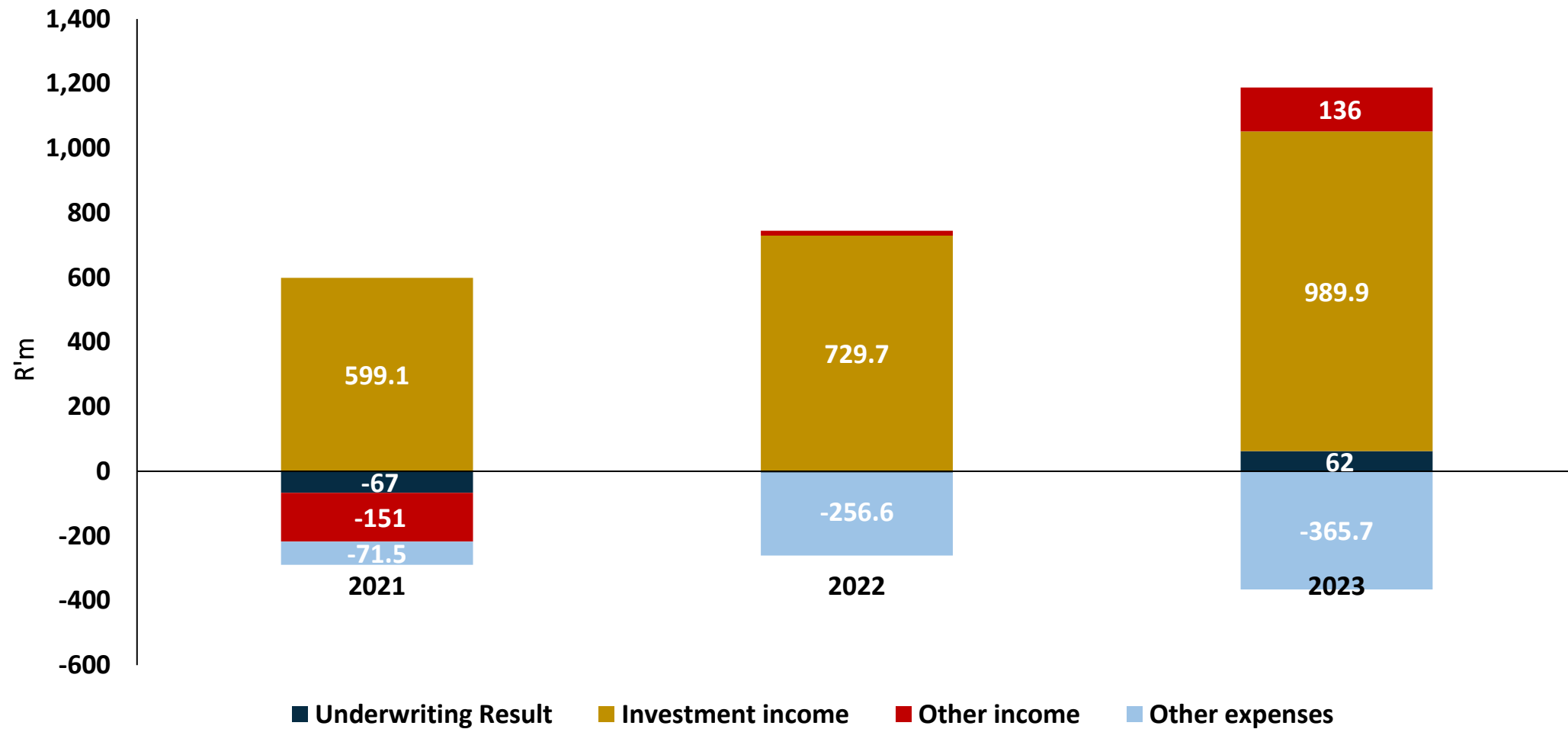
# SAM Excess Income over Outgo (Cell Captives)



# SAM Excess Income over Outgo (Captives)



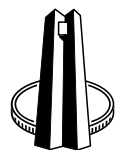
# SAM Excess Income over Outgo (Reinsurers)



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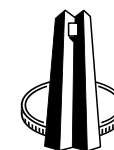
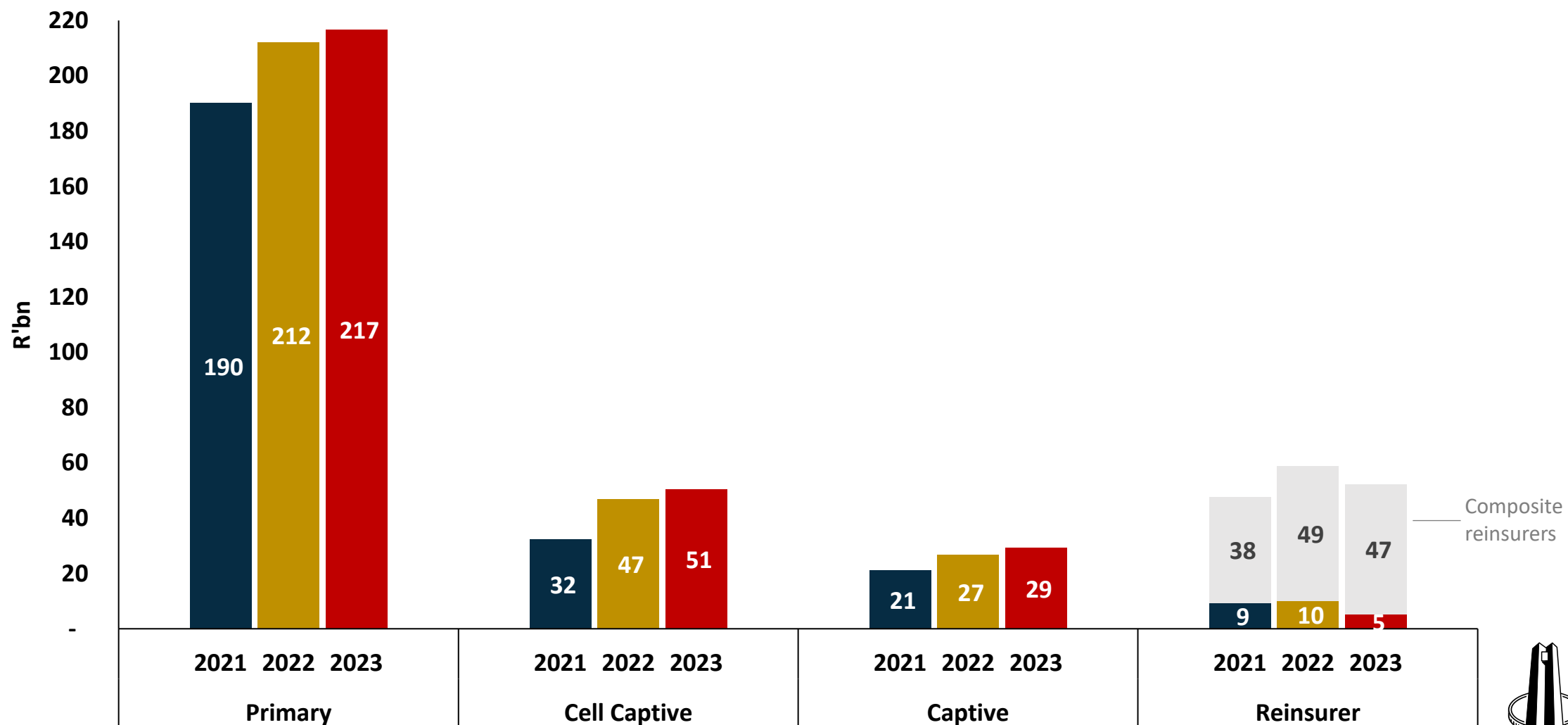




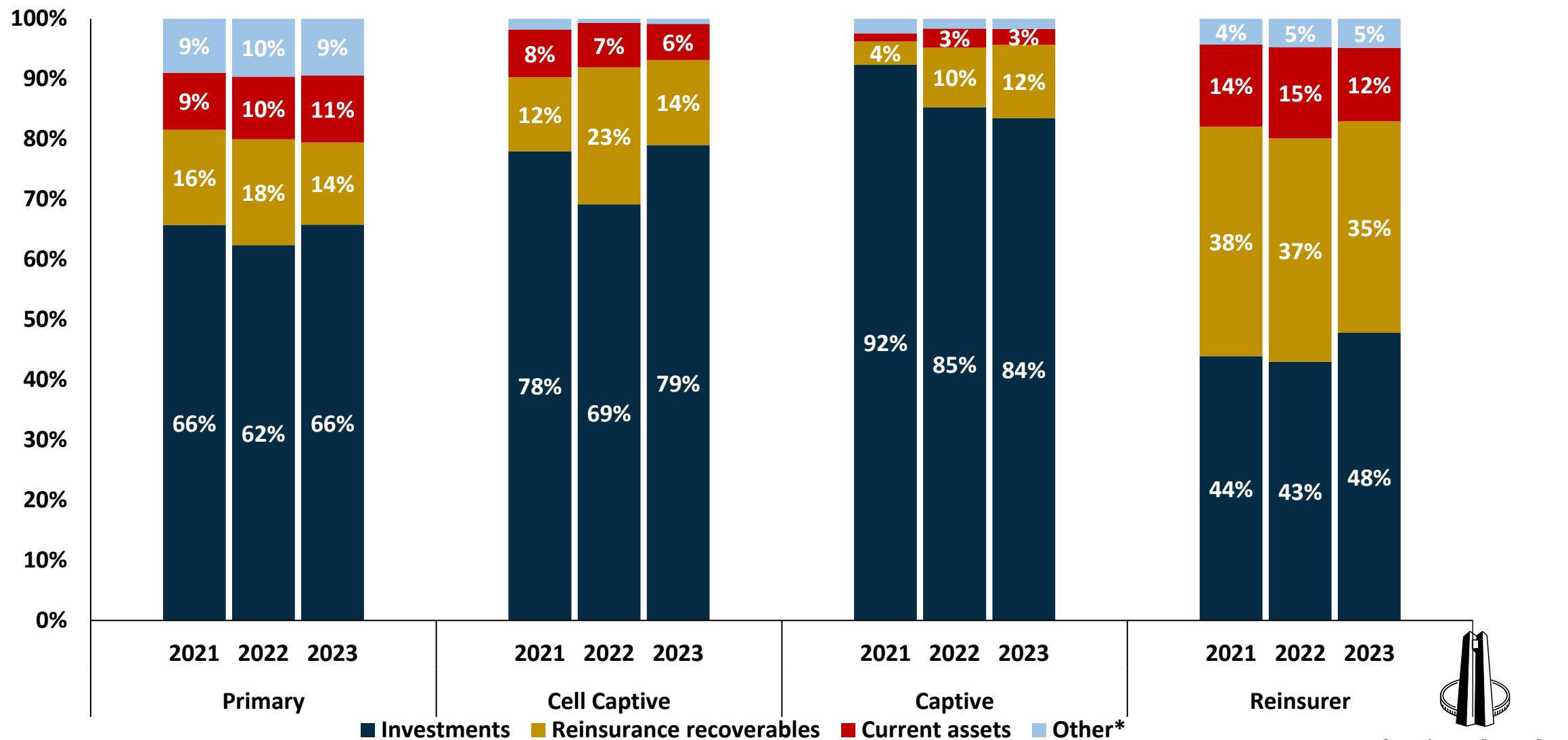
# Assets



# Total Assets by Insurer Type

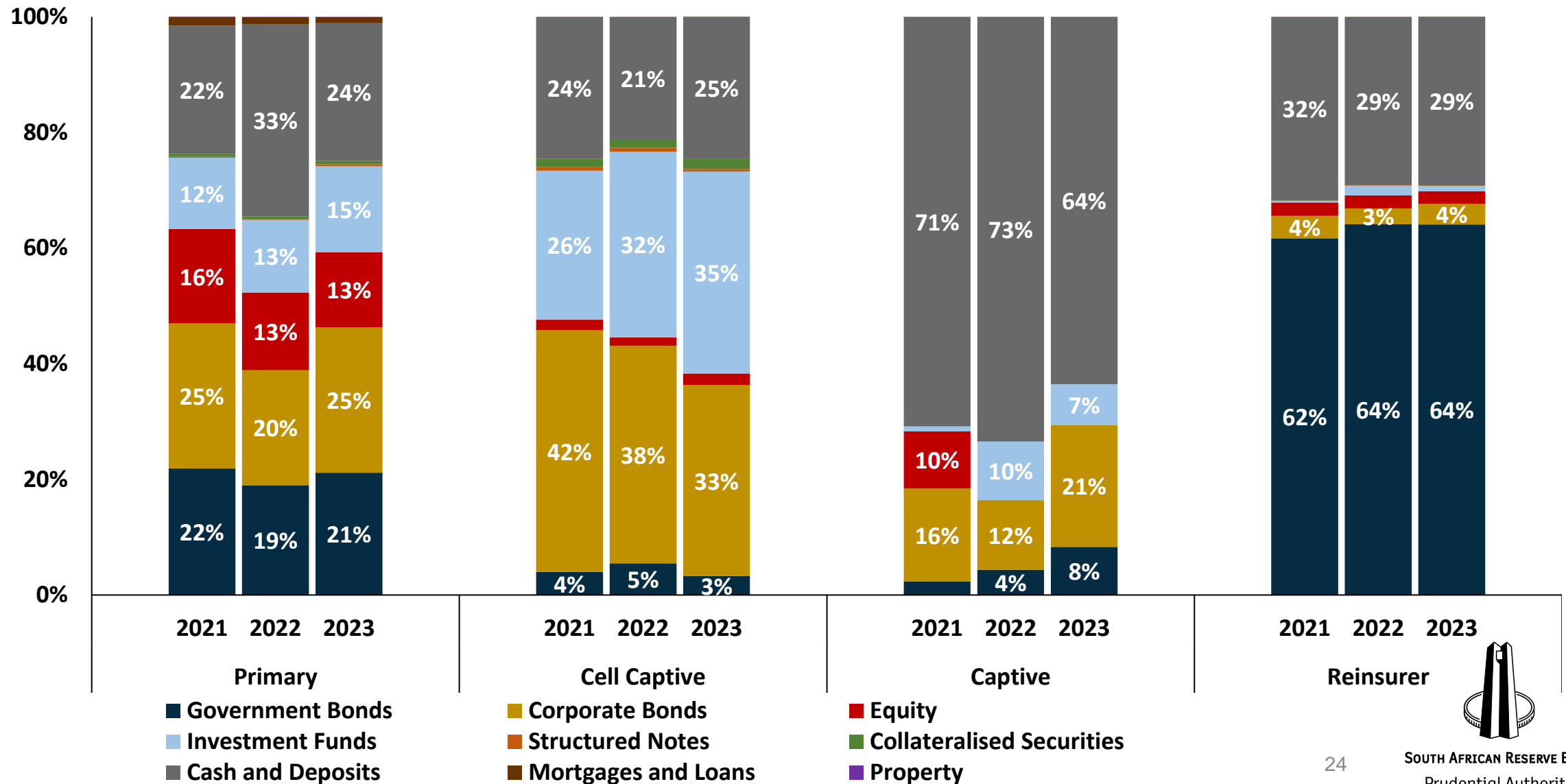


# Asset Composition by Insurer Type



Note: Other includes all the remaining Asset line items

# Investment Composition by Insurer Type



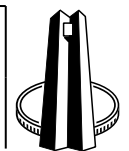
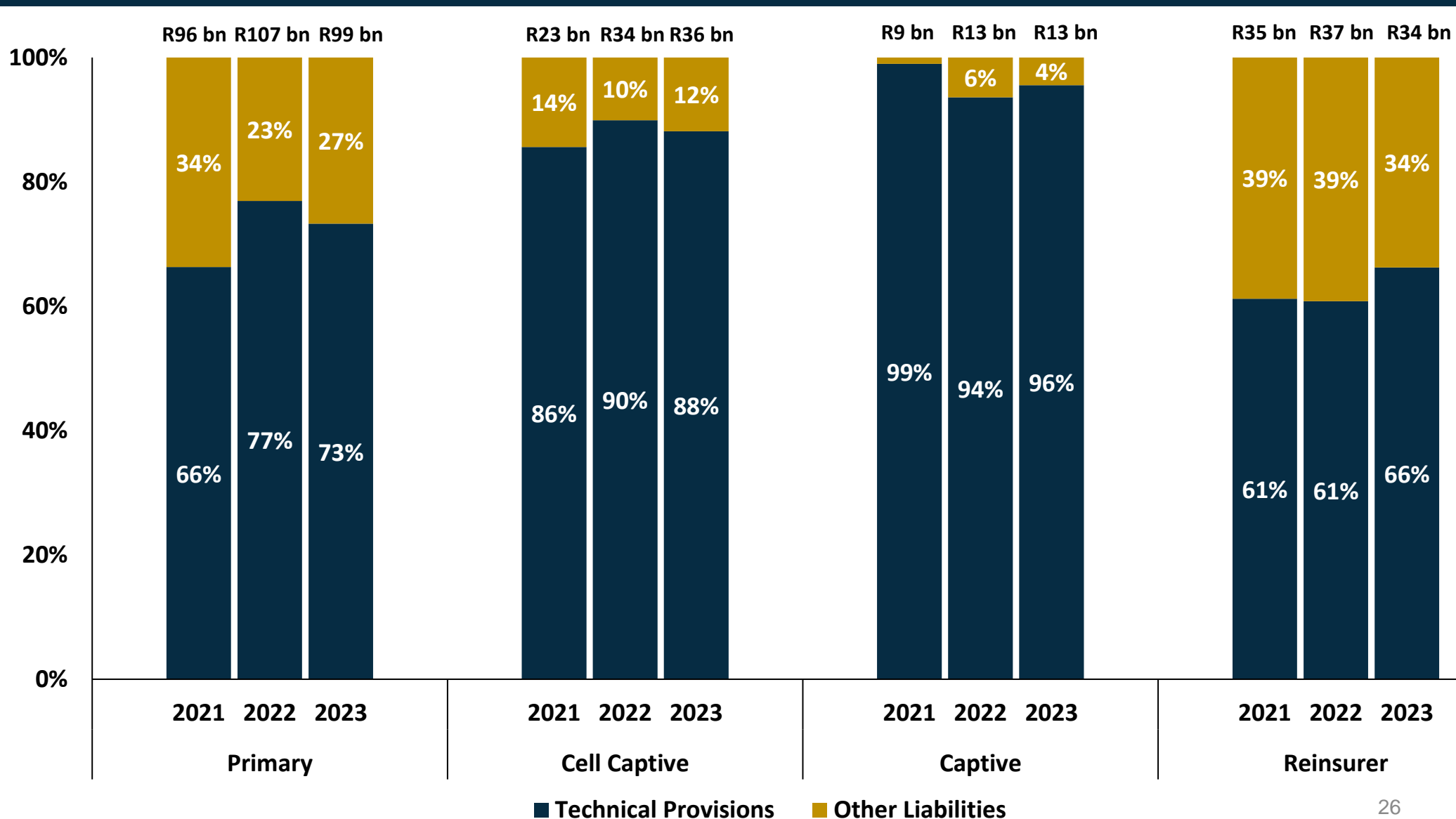




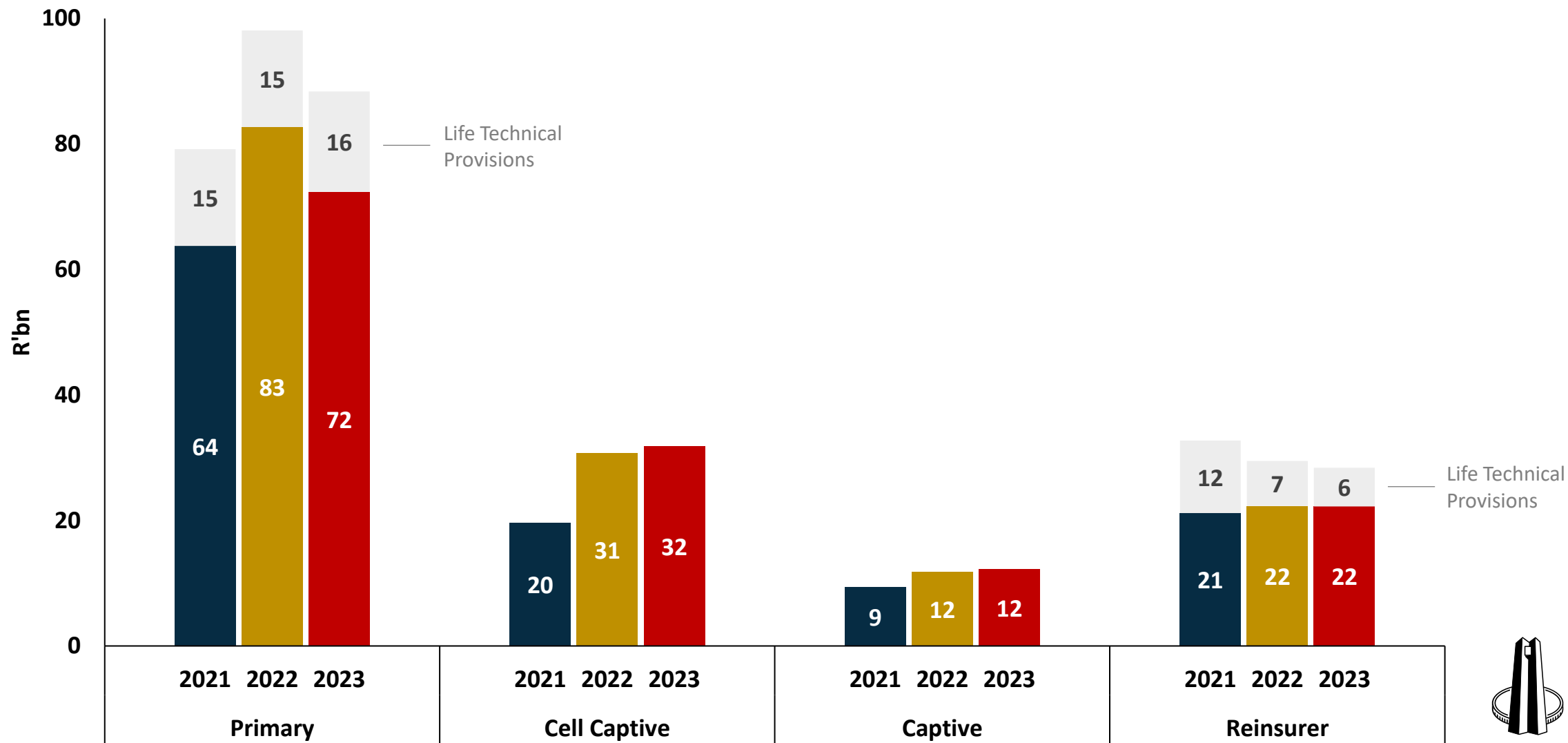
# Liabilities



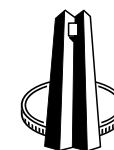
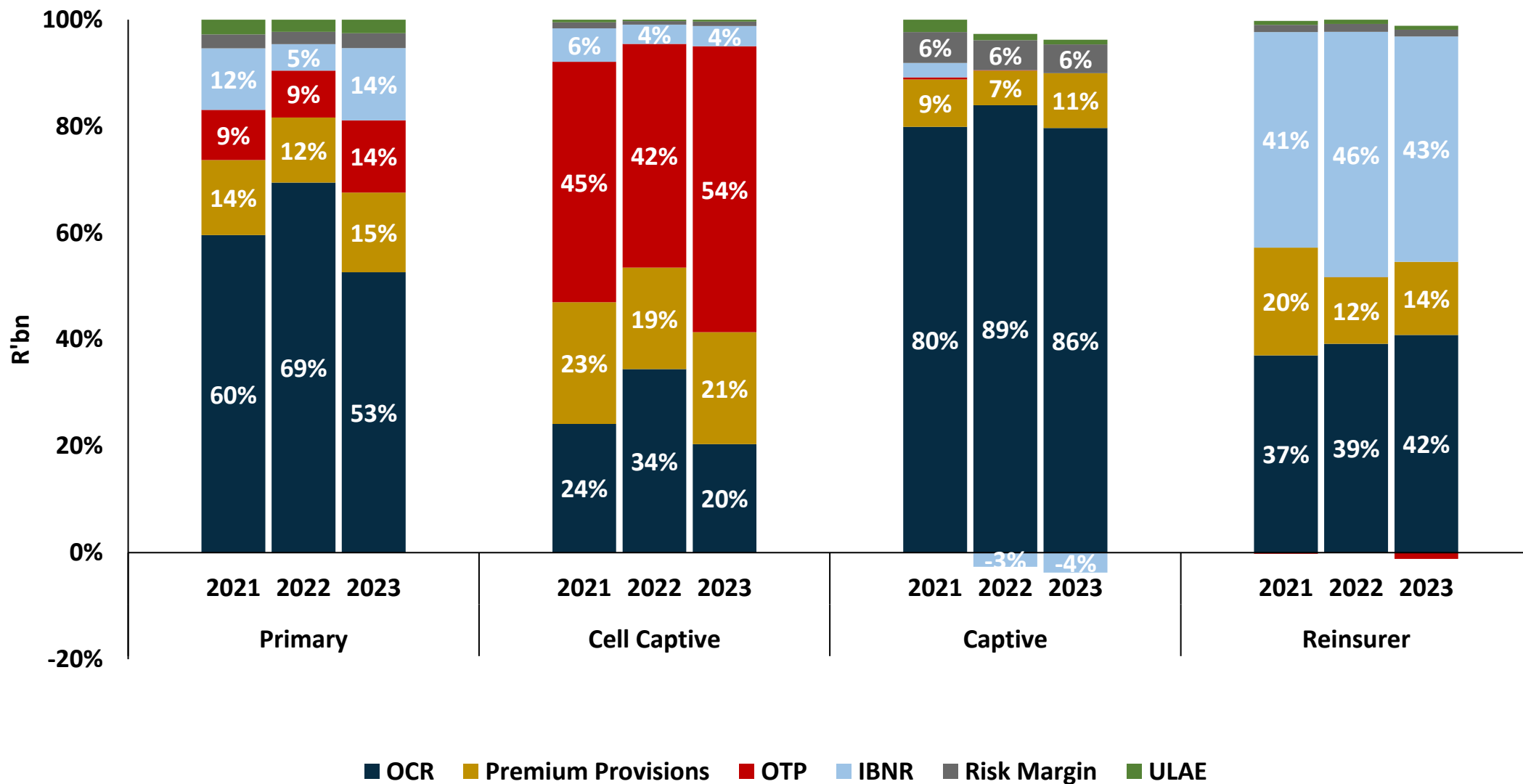
# Non-life Technical Provisions and Other Liabilities



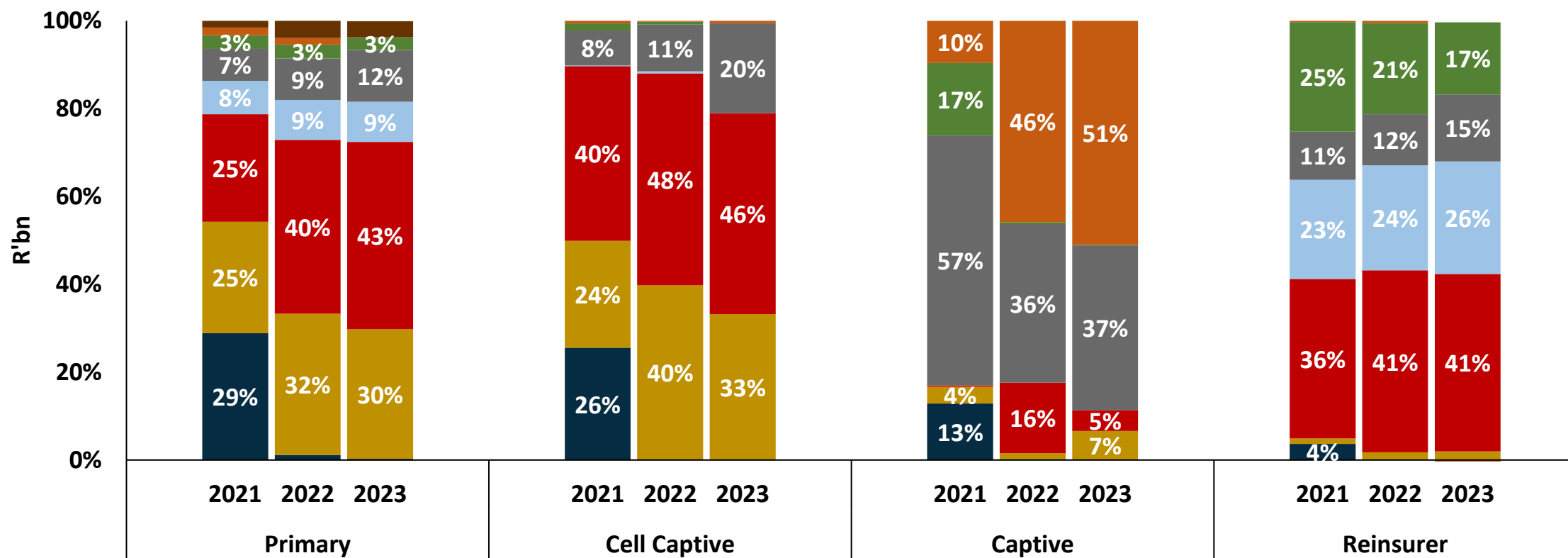
# Total Technical Provisions



# TPs Composition by Insurer Type

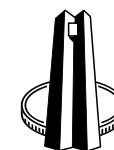


# The breakdown of Other Liabilities



- Other liabilities
- (Re)insurance accounts payable
- Deferred tax liabilities
- Provision for current taxation

- Payables (trade, not insurance)
- Reinsurance deposits
- Amounts due to holding company and subsidiaries
- Subordinated liabilities



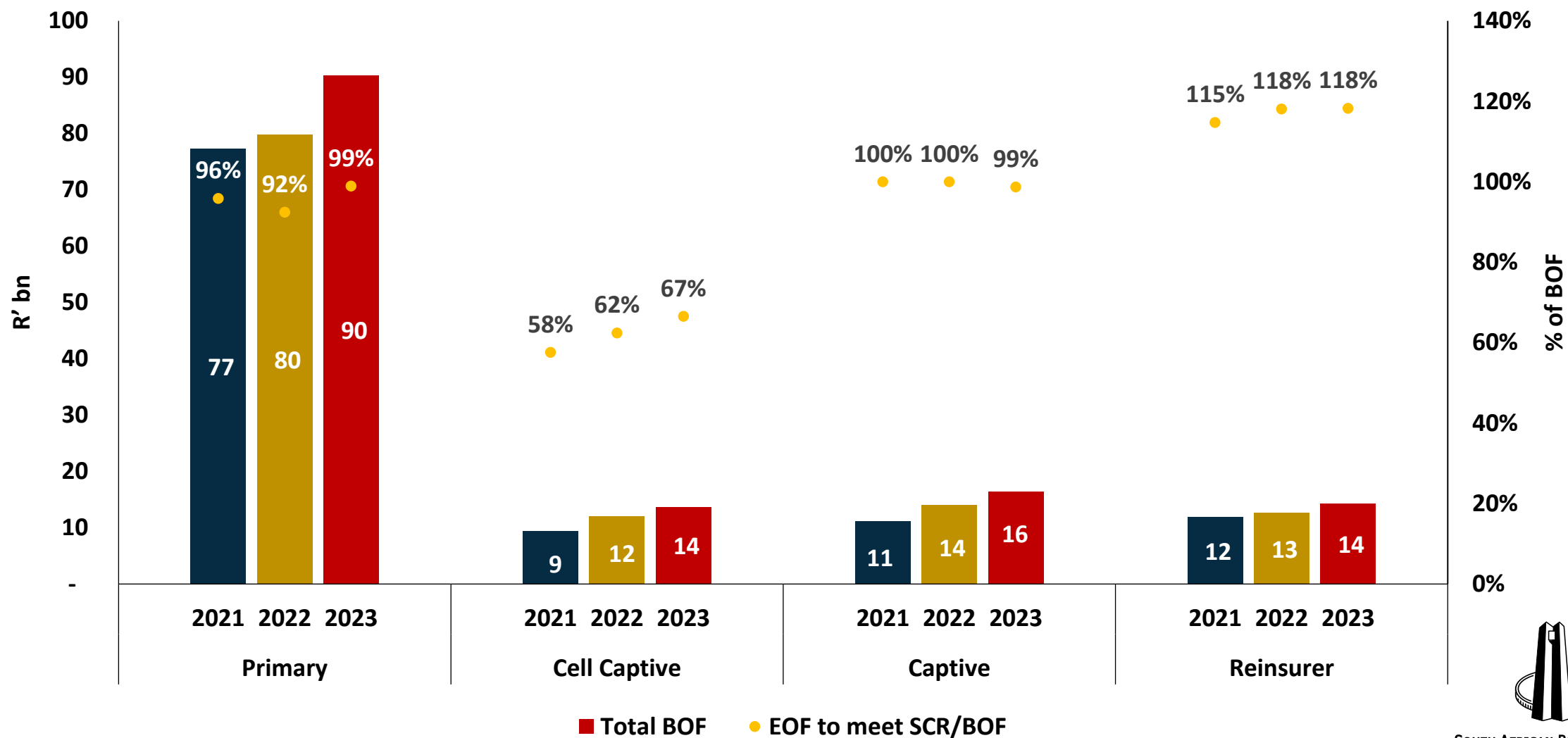


# Basic Own Funds

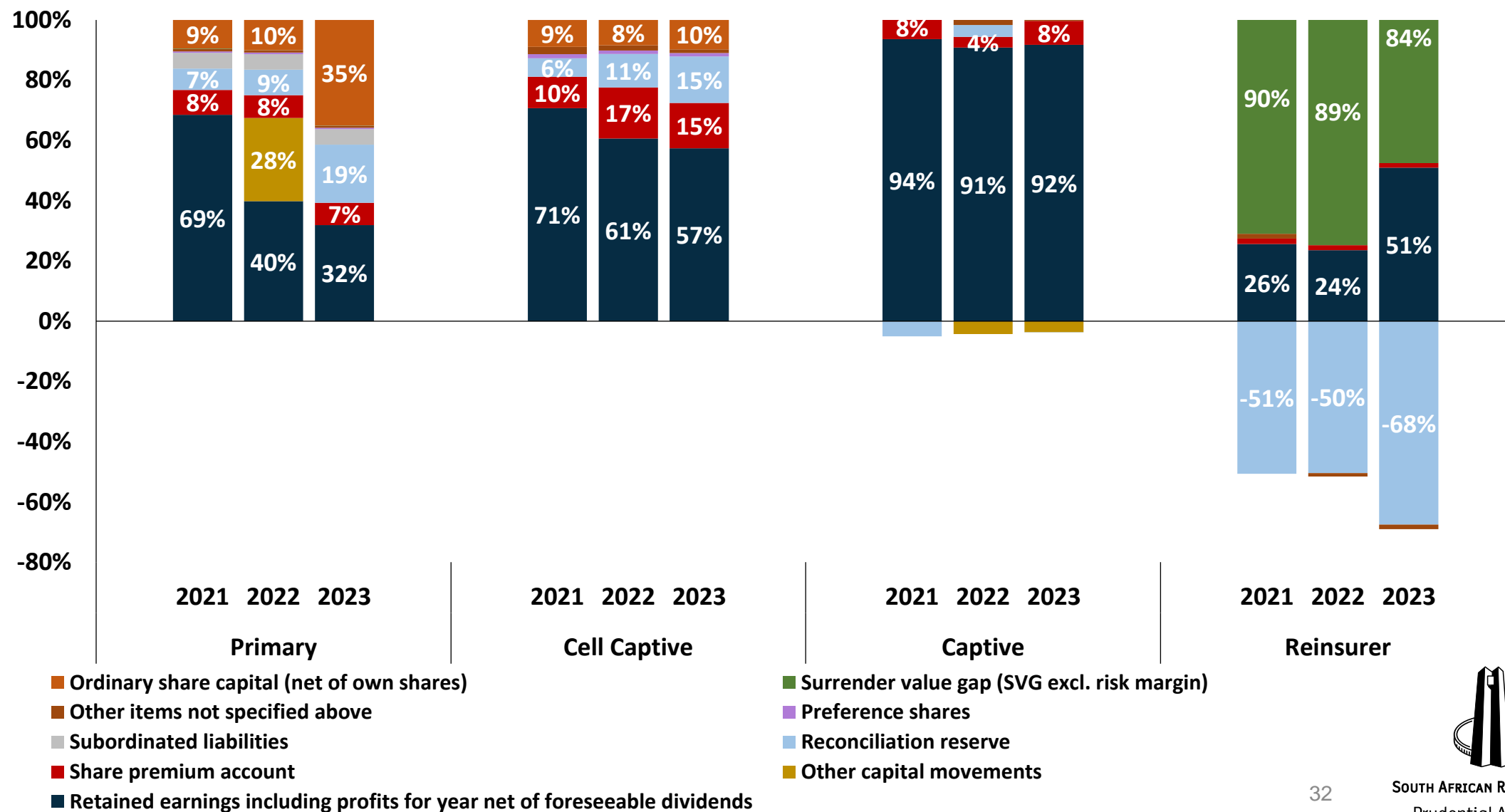




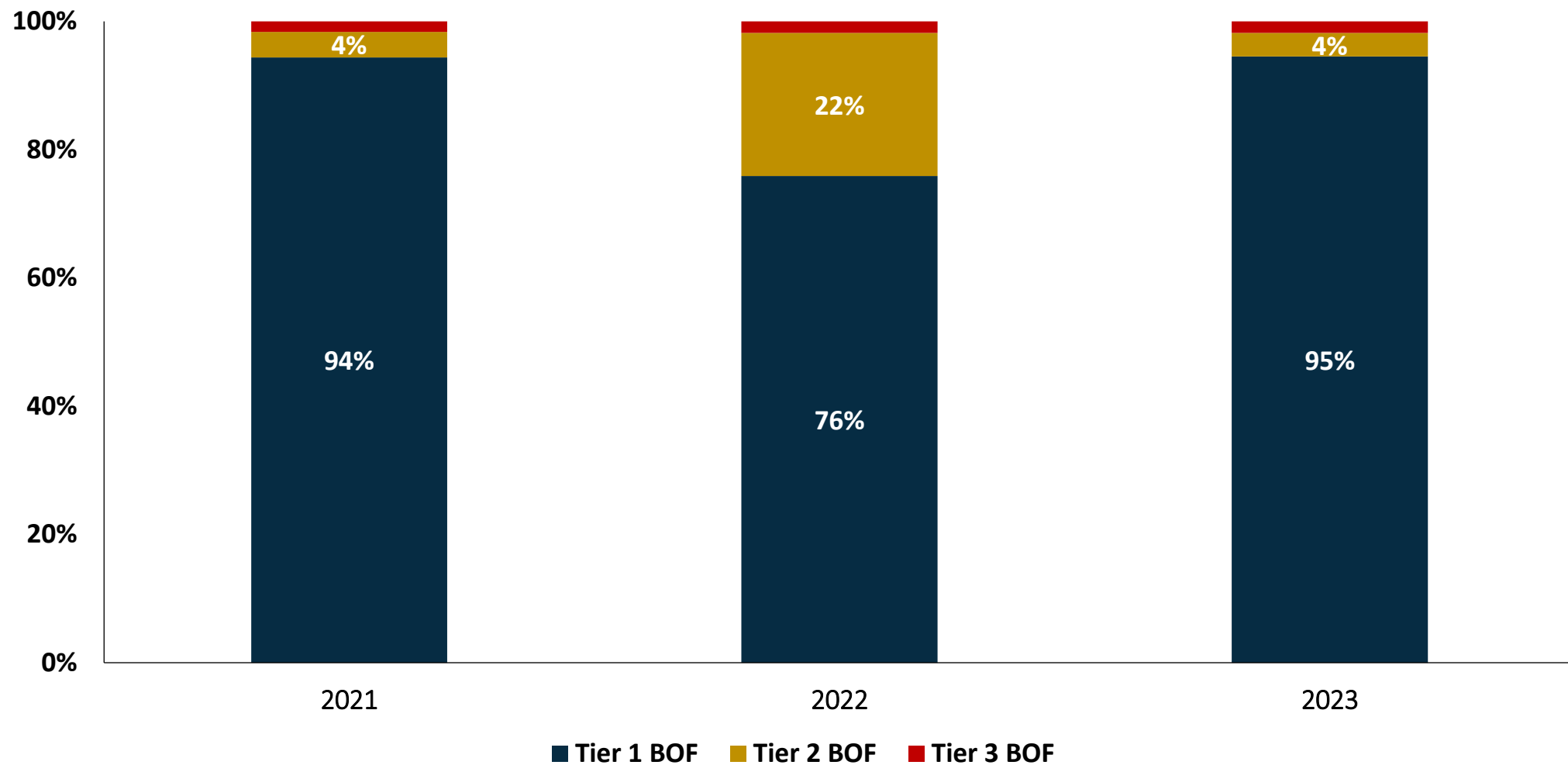
# Own Funds by Insurer Type



# Composition of BOF by Insurer Type

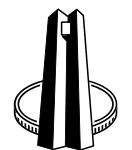


# Tiering of BOF



# Tier 2 and Tier 3 BOF

R'bn	2021	2022	2023
<b>Tier 2</b>			
Total Basic own funds before adjustments	4.3	26.3	4.9
Total Basic own funds after adjustments	4.3	26.3	4.9
# Insurers Holding Tier 2 Funds	7	8	6
<b>Tier 3</b>			
Total Basic own funds after adjustments	1.8	2.0	2.4
# of Insurers Holding Tier 3 Funds	45	44	40



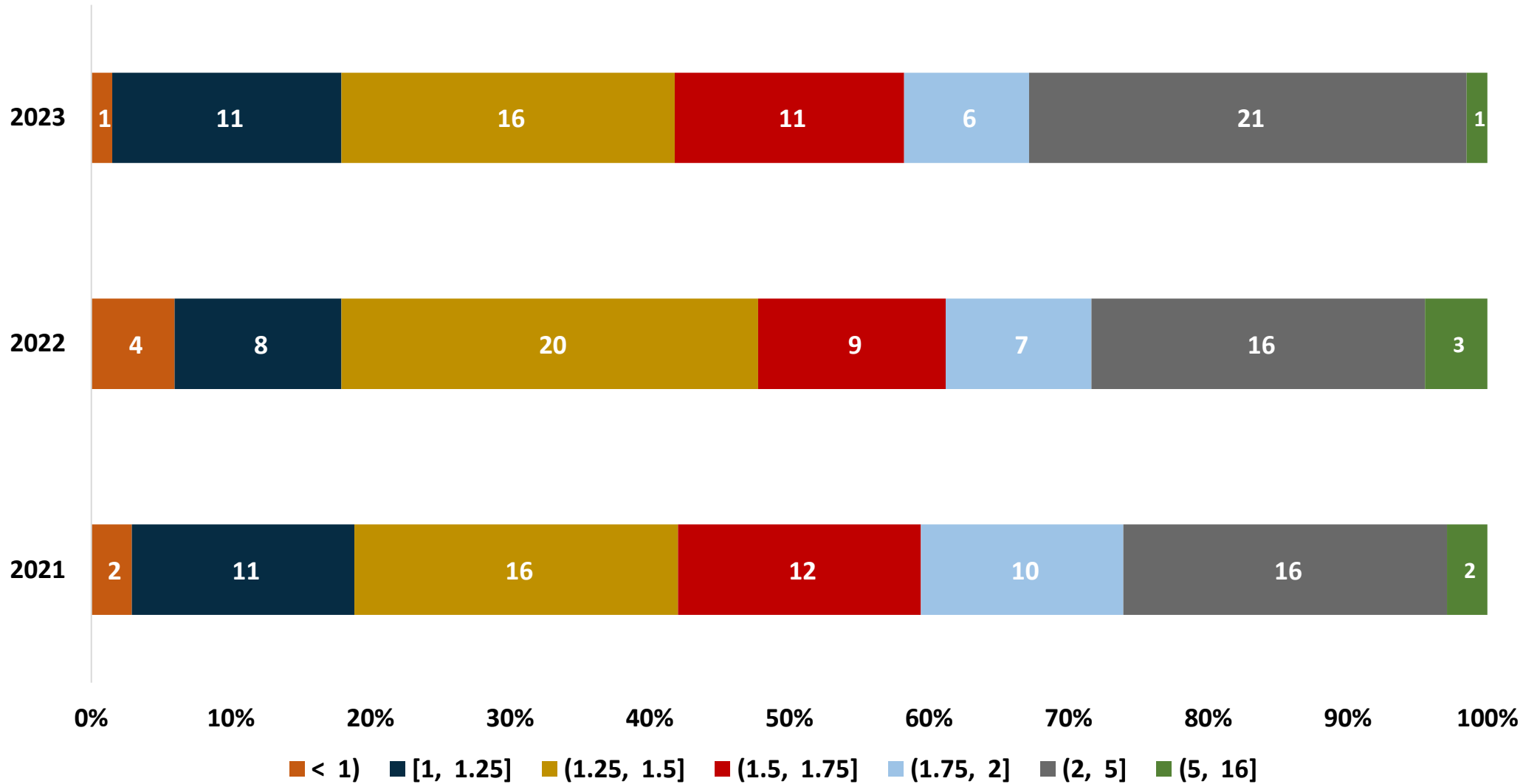


# Solvency Capital Requirements

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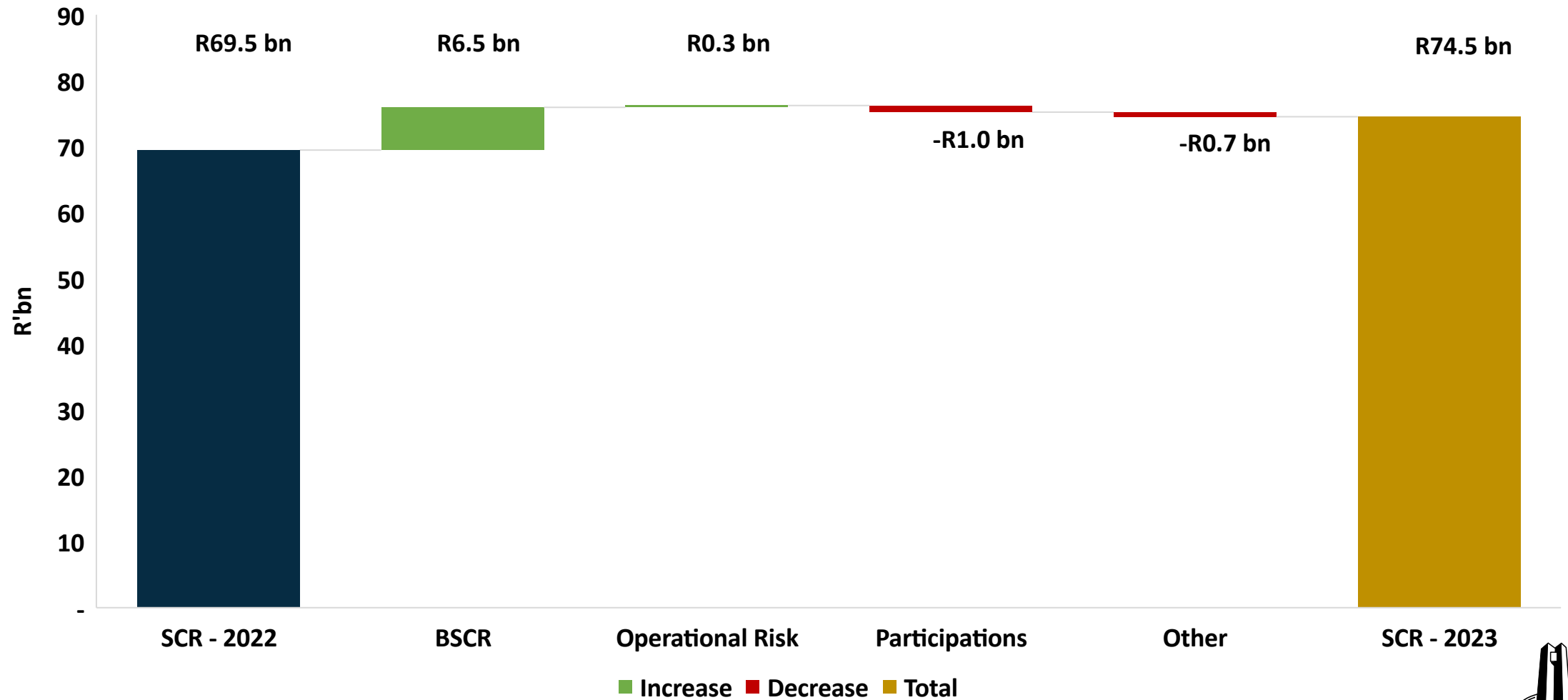


# SCR Cover Ratios



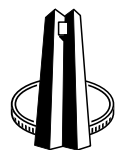


# Movement in SCR (2022-2023)

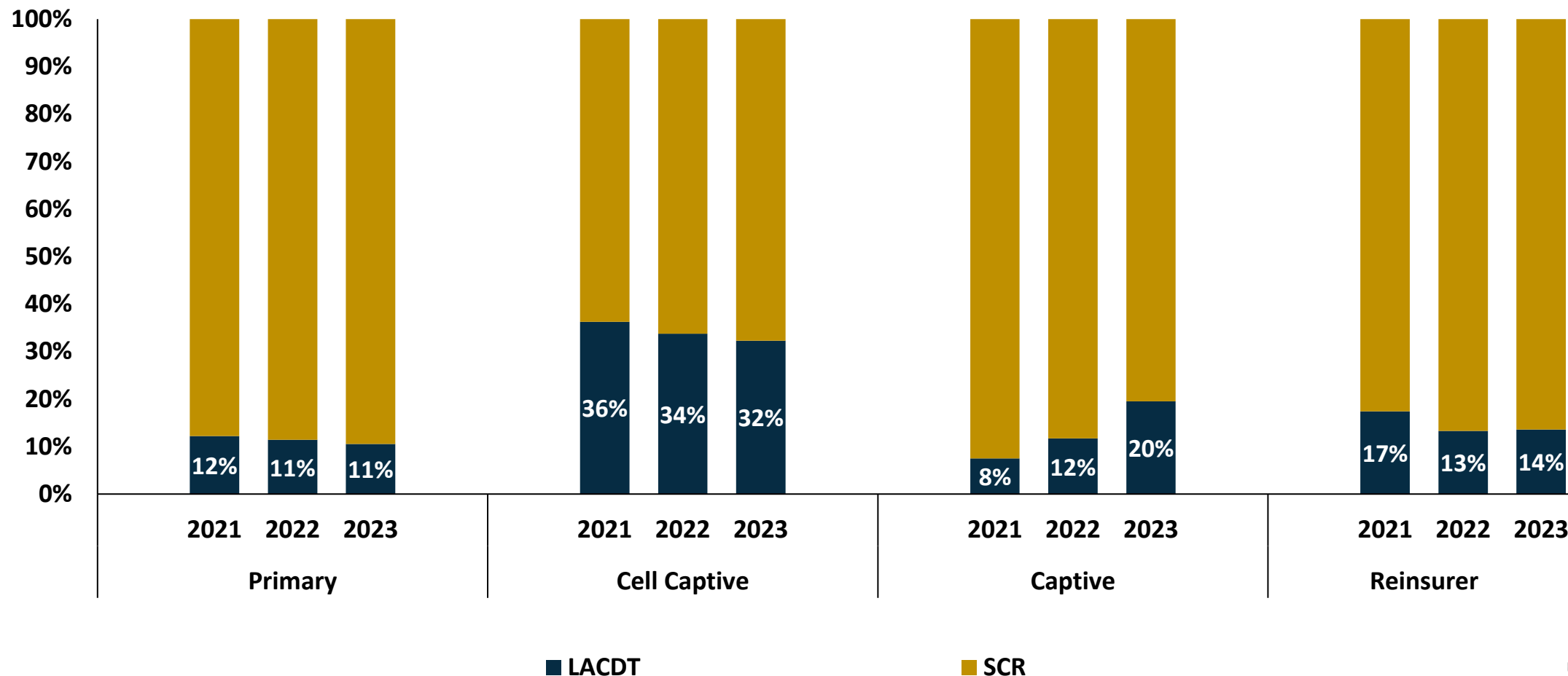


Note:

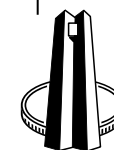
Other = LACDT plus SCR Adjustments: Cells and Ring-Fenced Funds



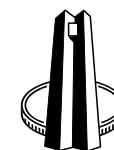
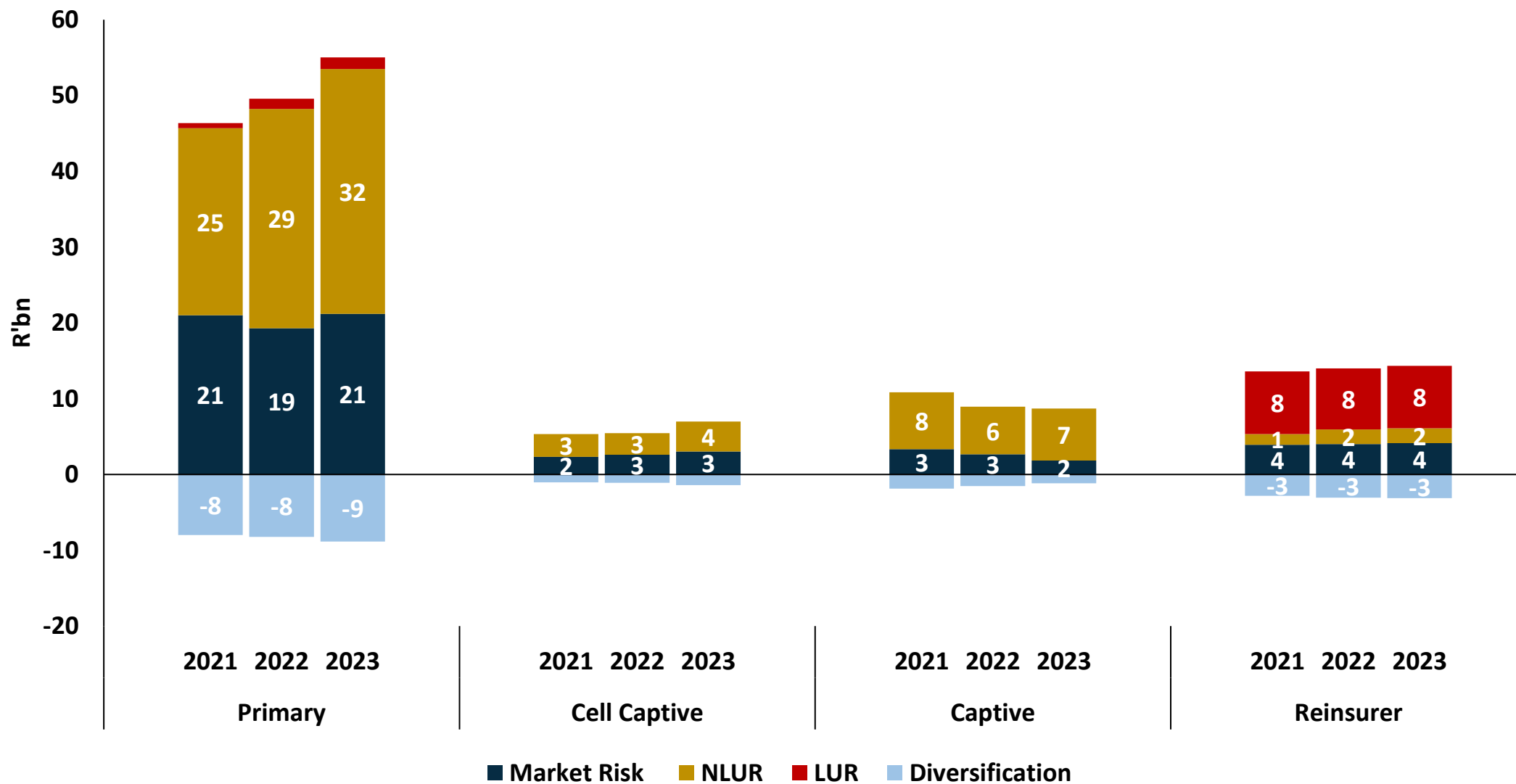
# Loss Absorbing Capacity of Deferred Taxes



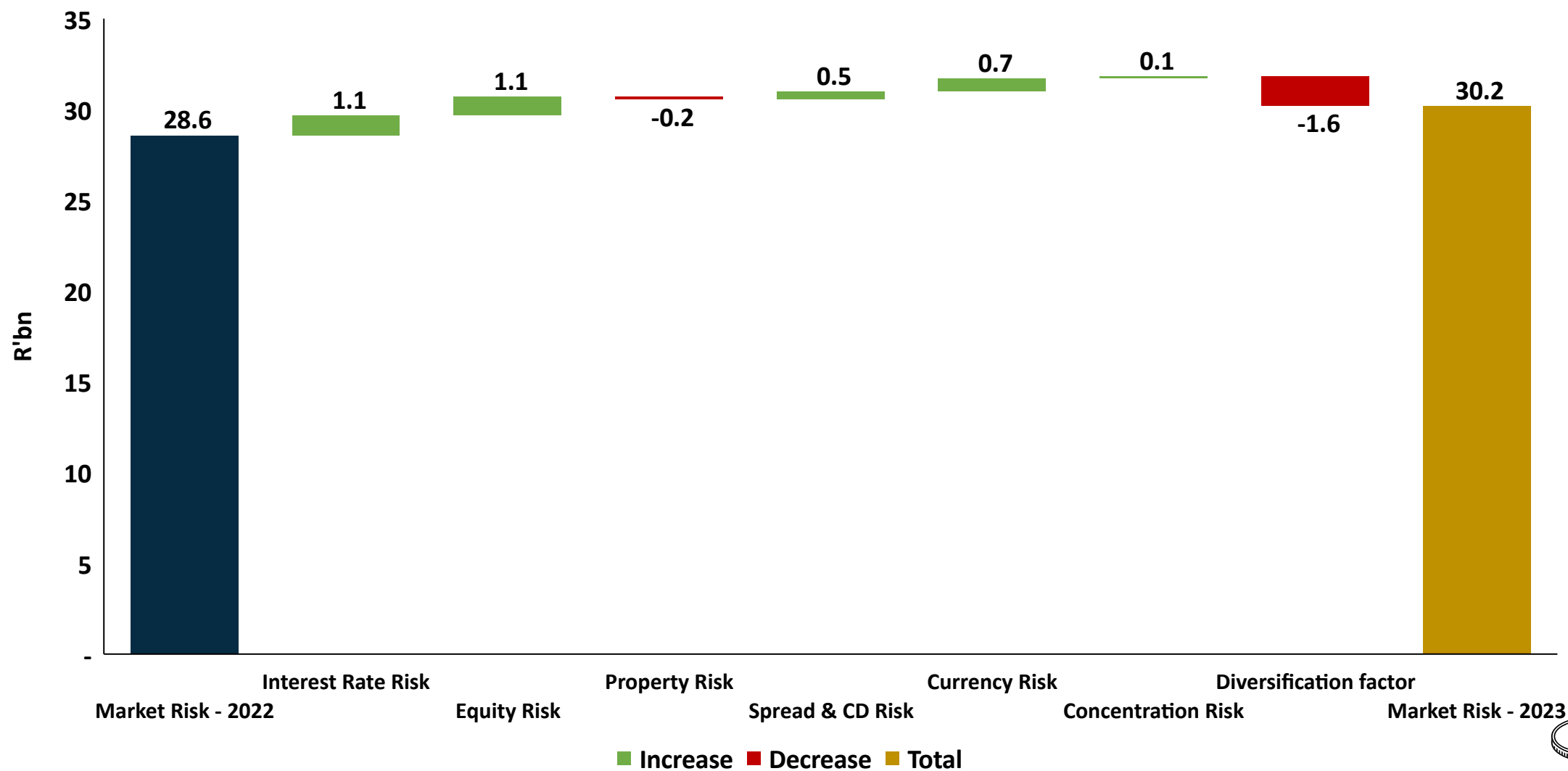
Note:  
LACDT shown as positive to illustrate proportional reduction in SCR



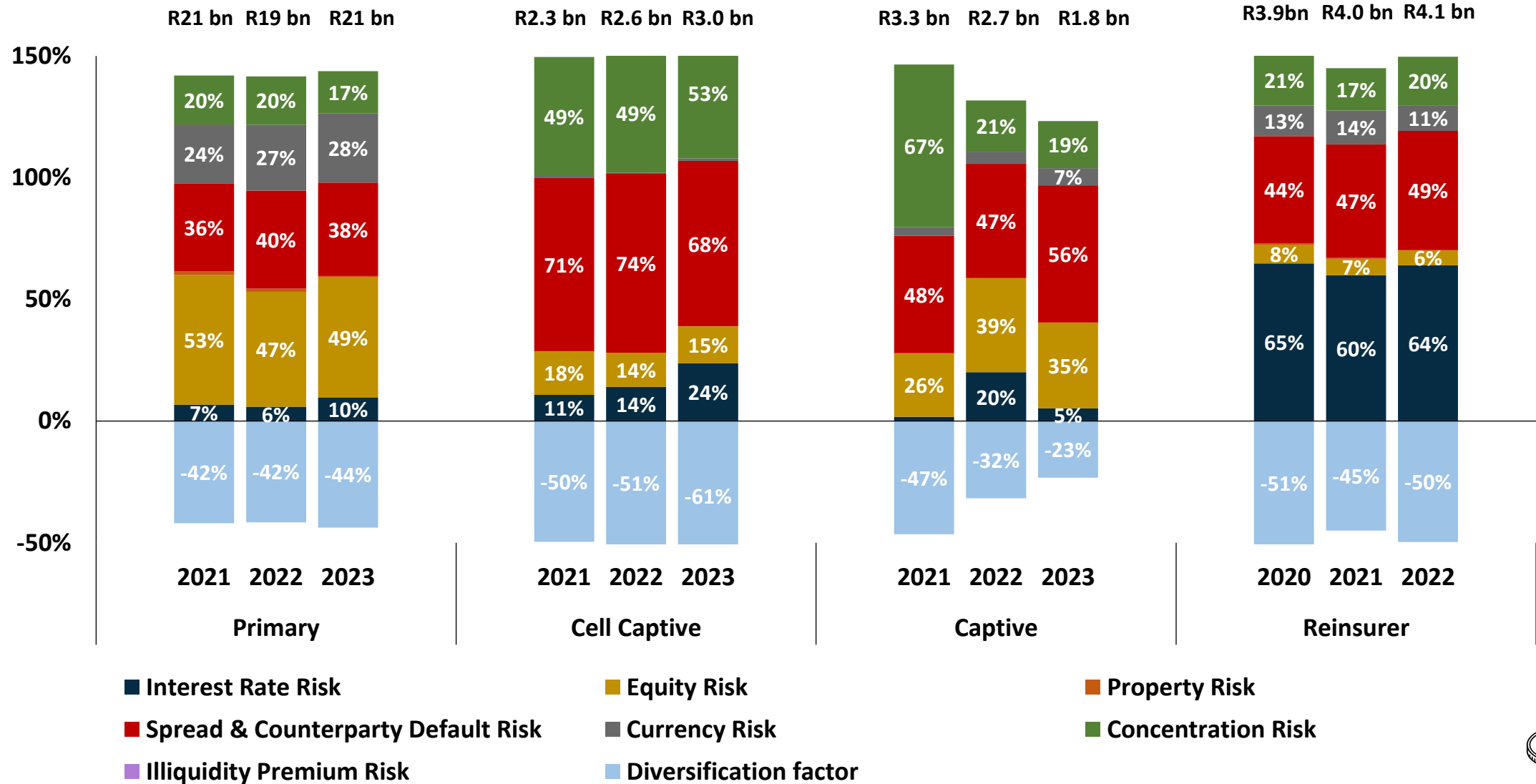
# Breakdown of BSCR by Insurer Type



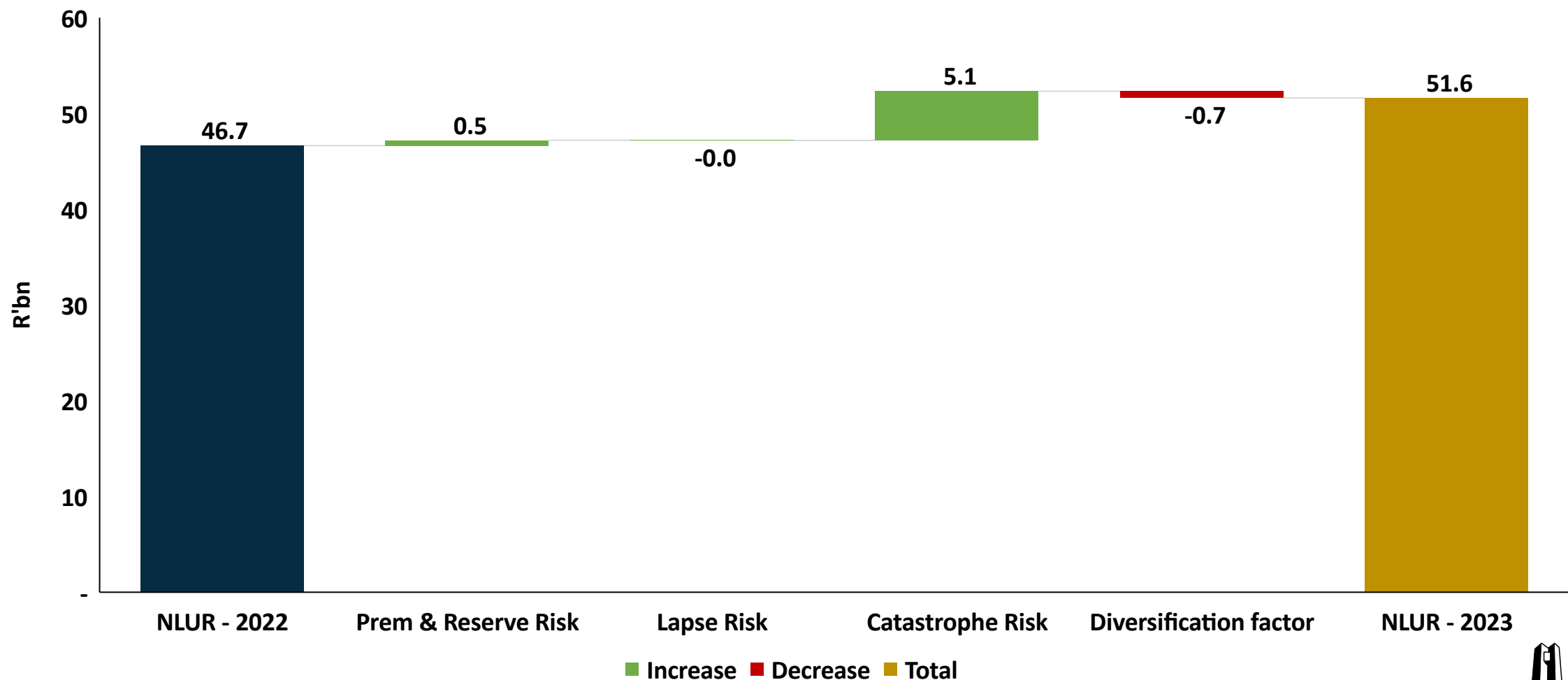
# Movement in Market Risk (2022-2023)



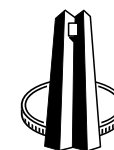
# Market Risk by Insurer Type



# Movement in Non-Life Underwriting Risk (2022-2023)

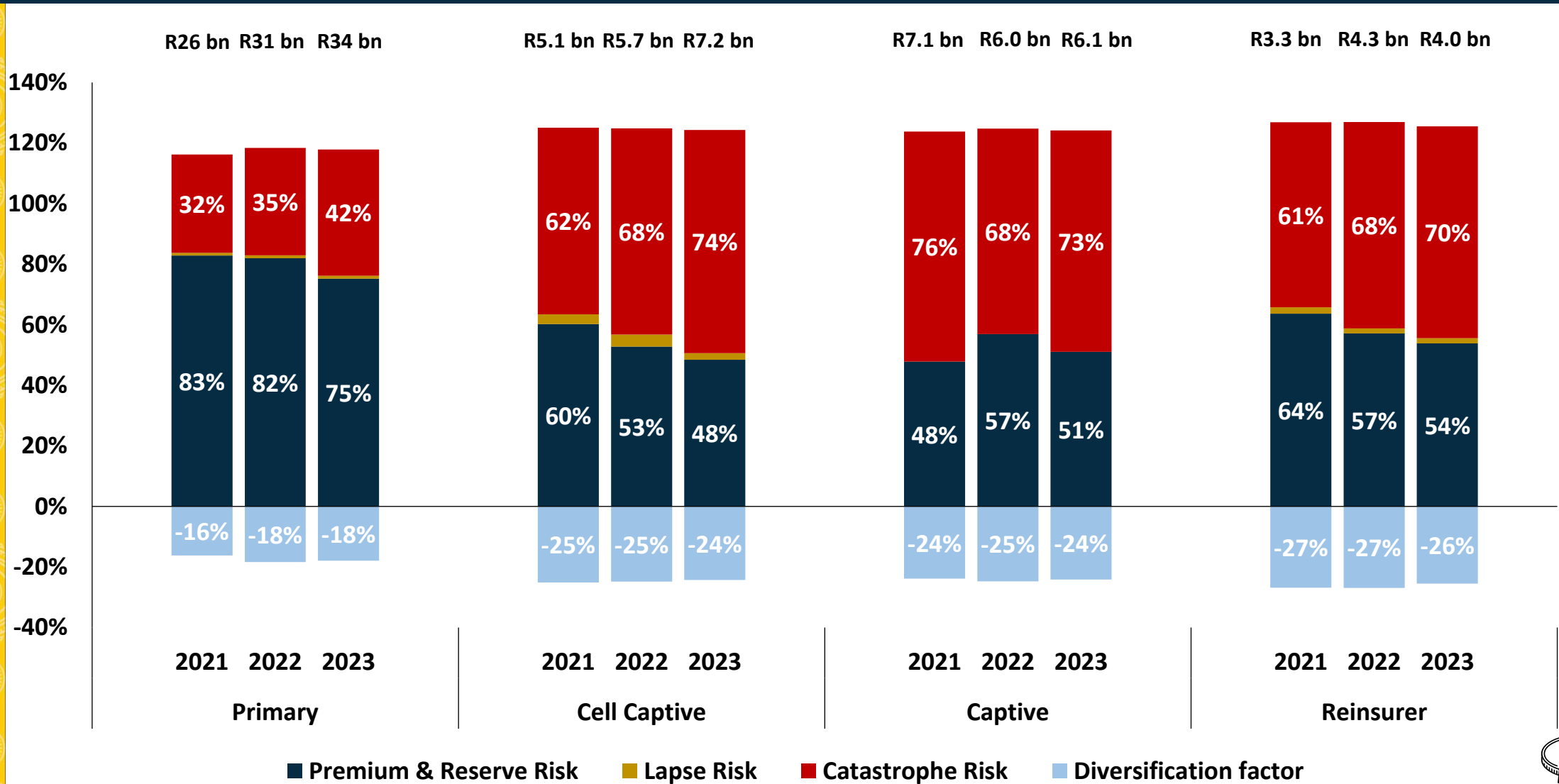


*Note: This slide shows the Diversified capital charge for NLUR*

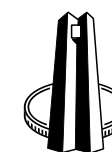
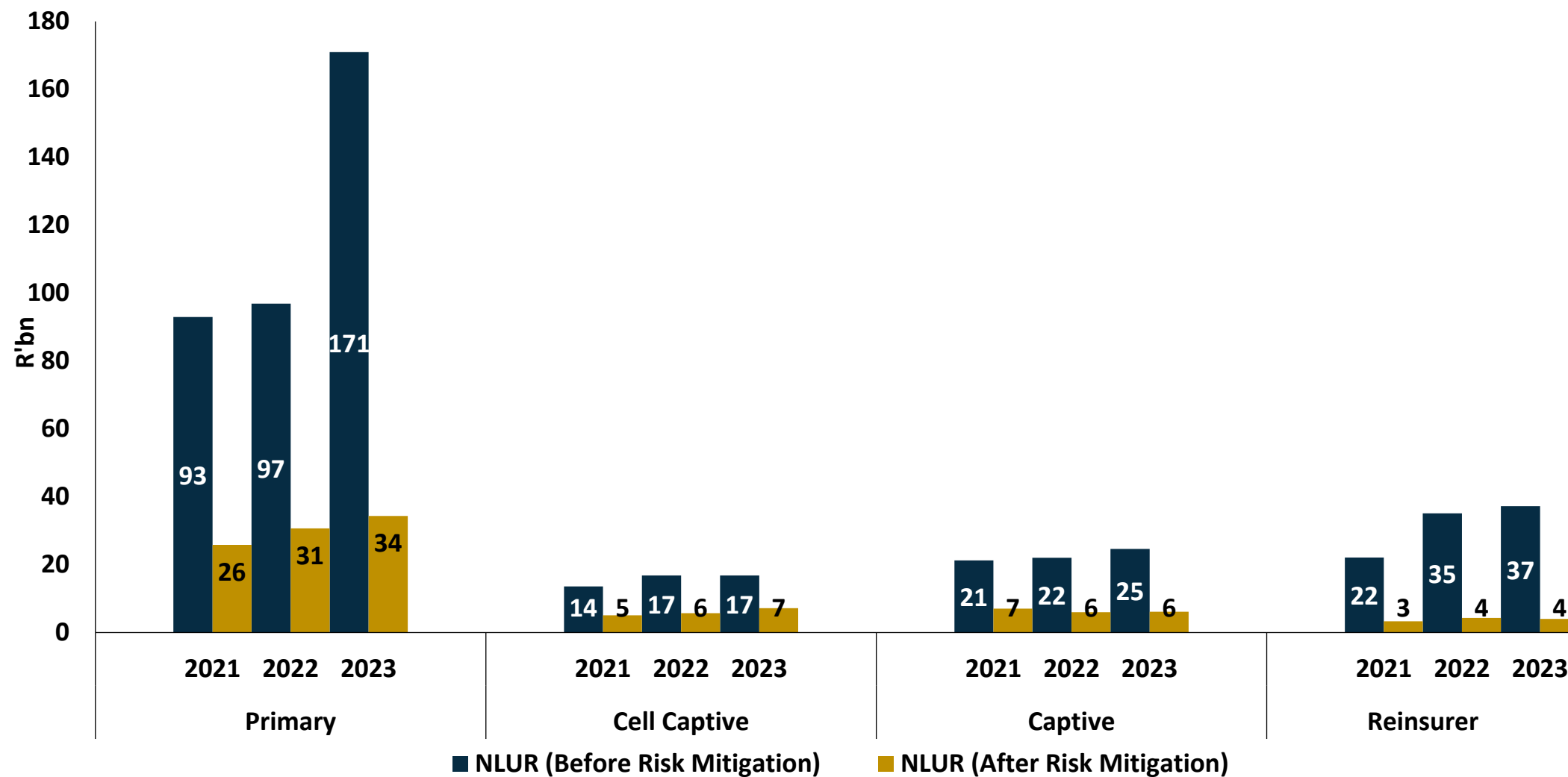




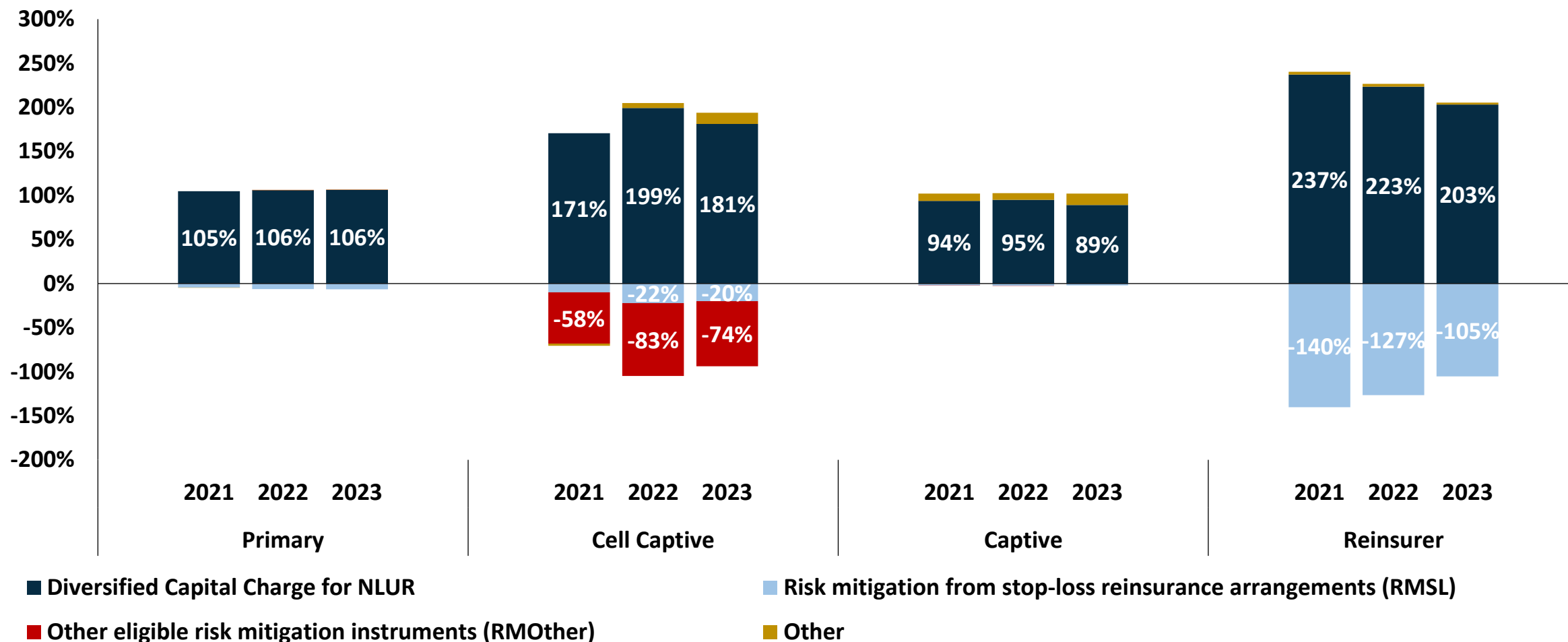
# Non-Life Underwriting Risk Composition



# Effect of Risk Mitigation - NLUR

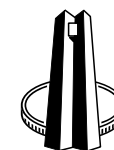


# Overall Non-life Underwriting Risk Composition (SCR<sub>NL</sub>)



Note:

Other = Impairment of Counterparty Default Risk (IMPSL&Other); Optional Adjustment (ADJLossabs) and Simplification for First Party Insurance Structures (SCR<sub>NL\_fp</sub>)

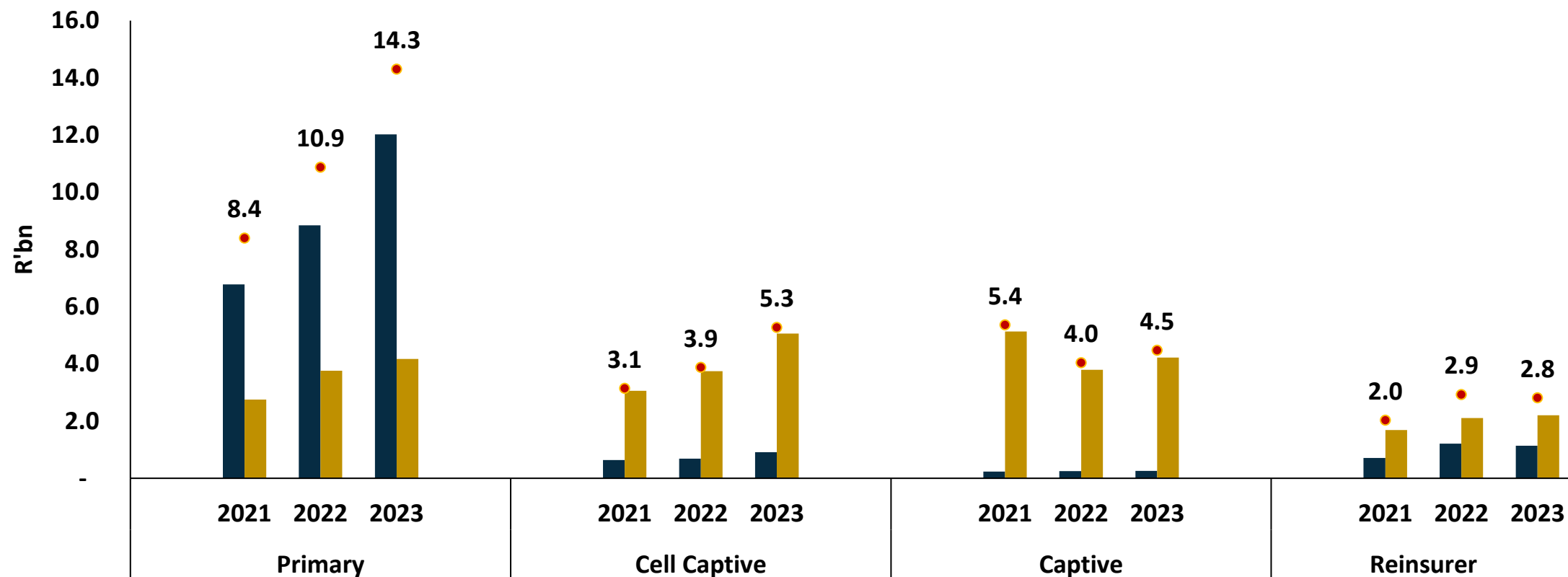




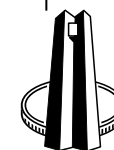
# Catastrophe Risks



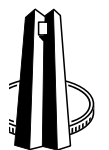
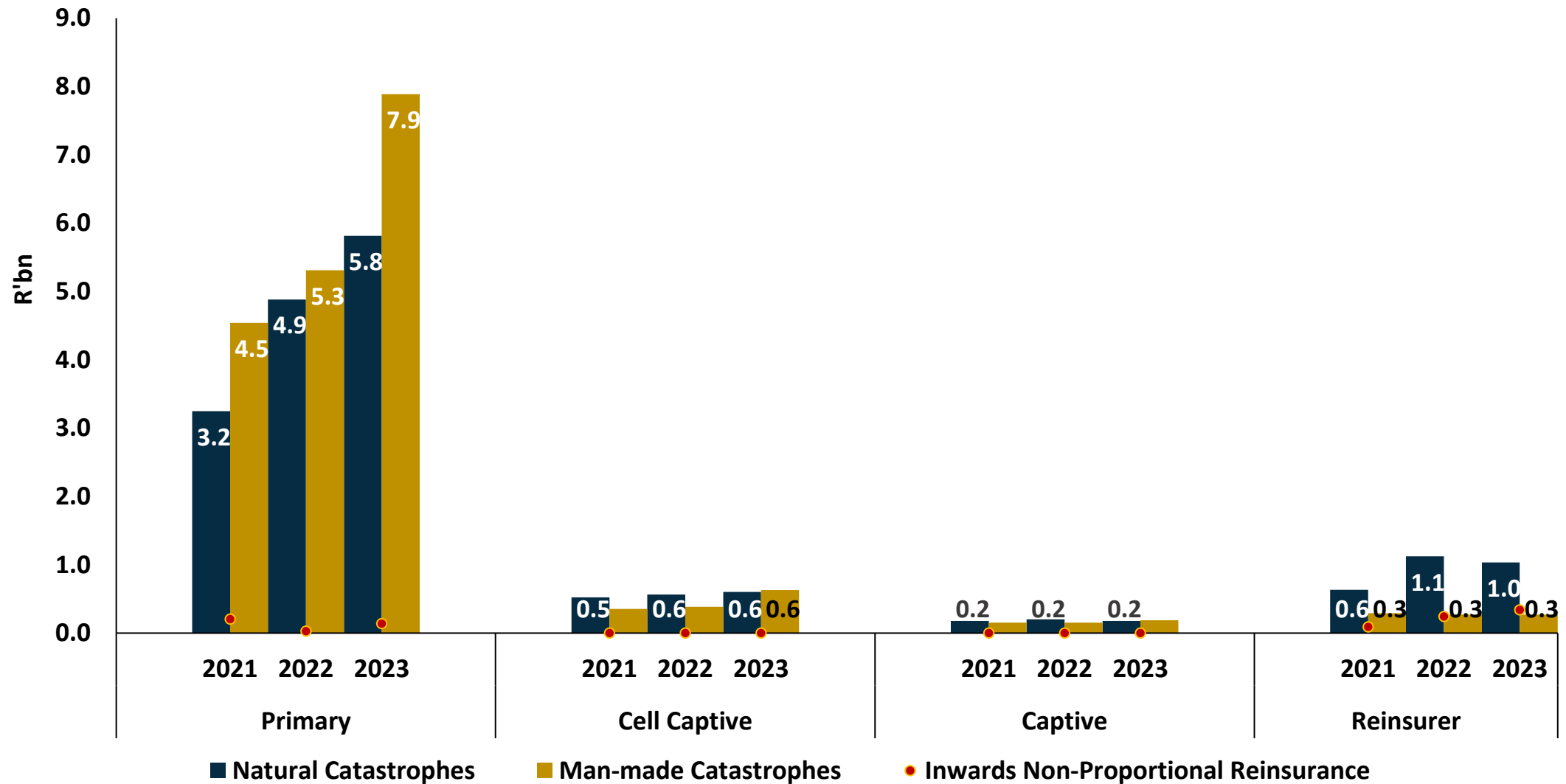
# Catastrophe Risk - Calculation



■ Method 1: Standardised Scenarios ■ Method 2 : Factor Based Method ● Catastrophe Risk



# Catastrophe Risk – Calculation (Method 1)







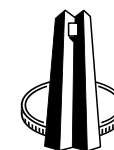
# Summary



# Summary

- ❖ Industry premiums continue to show an upward trend
- ❖ During the reporting period:
  - Incurred claims ratios relatively stable compared to previous year
  - Average premium retention ratios slightly reduced
  - Total industry assets grew 3% on average driven by Total Investments
  - Total industry Technical Provisions reduced by 6%
  - Increase in Man-made Catastrophe charge driven by one insurer

For enquiries, please send an email to [PA-INFO@resbank.co.za](mailto:PA-INFO@resbank.co.za)





# THANK YOU

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