



Non-life Industry Experience 2024

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Novhe Mangoma

Date: 18 November 2025

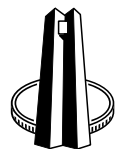


SOUTH AFRICAN RESERVE BANK
Prudential Authority

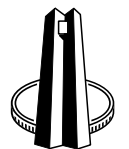
Agenda



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



SOUTH AFRICAN RESERVE BANK
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Introduction

Period of analysis

- 2024 annual quantitative reporting templates submitted to the Prudential Authority
- 5-year view covering 2020 to 2024

Insurers excluded

- Late submissions
- Microinsurers, Branches, Lloyd's, RAF

Insurers included (2024)

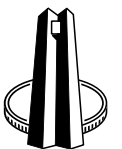
- 51 Primary insurers
- 6 Captive insurers
- 5 Cell Captive insurers
- 5 Reinsurers

Challenges encountered

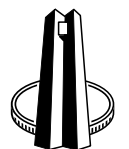
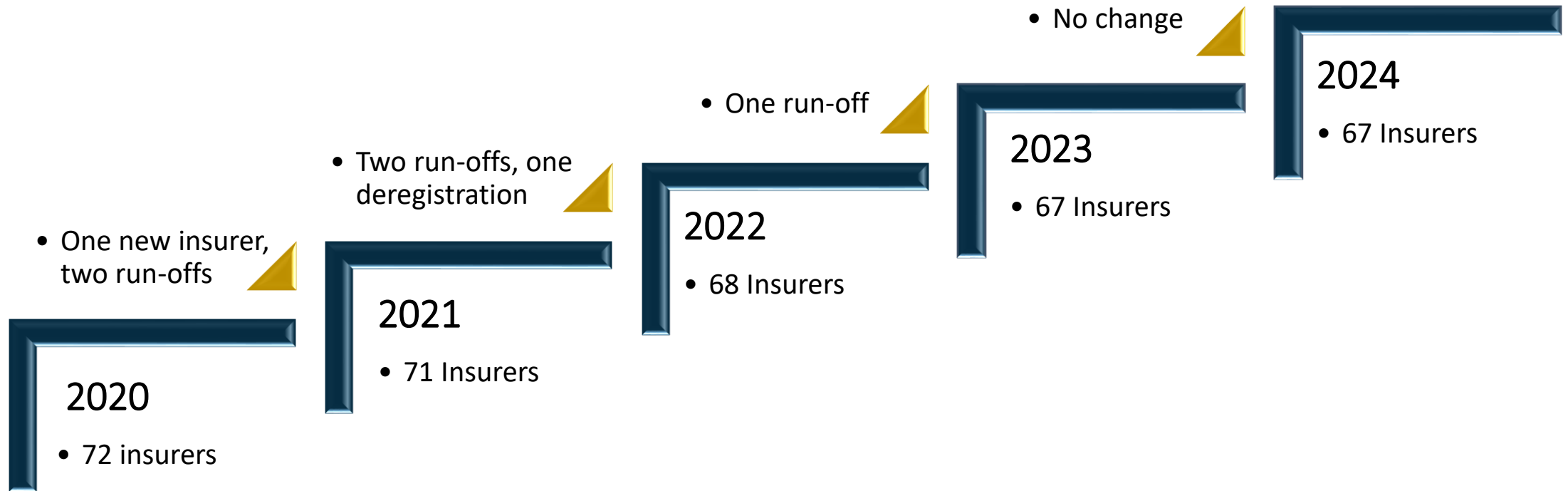
- Poor quality submissions
- Applications for extensions

Additional information

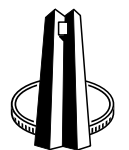
- SAM reporting basis
- Rounding



Total insurers included (2020 - 2024)



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

2024 Period

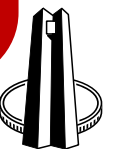
UW Results

AI

Climate Risk & Protection Gaps

Macroeconomic uncertainty

Technical Provision Reviews

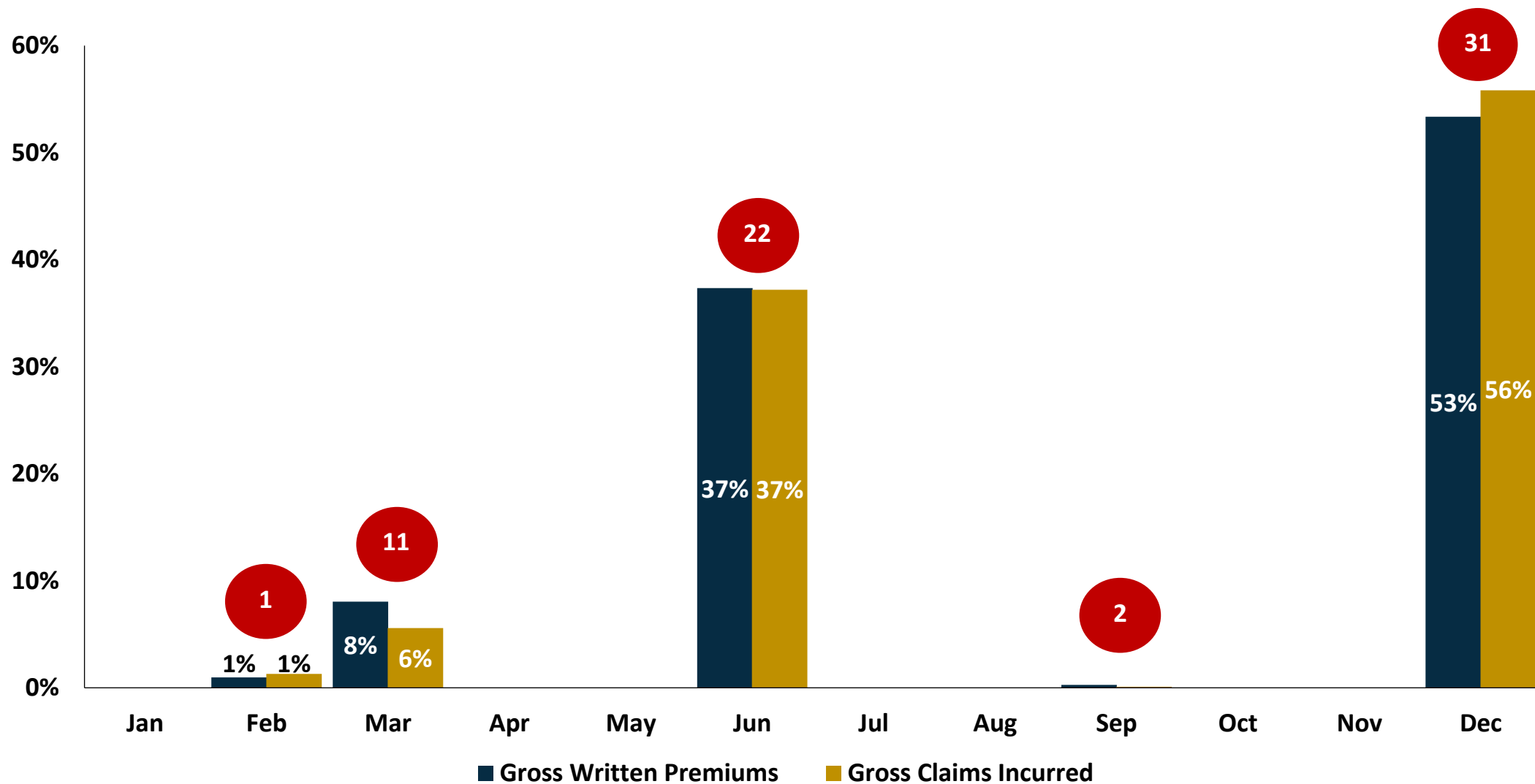




Industry overview and performance indicators

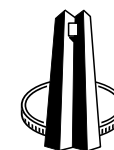


Distribution of premiums and claims by year-end



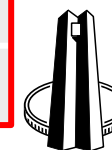
Premiums

	2020 (R'bn)	2021 (R'bn)	2022 (R'bn)	2023 (R'bn)	2024 (R'bn)	Change (R'bn)	% Change
Total Industry GWP	156.7	168.7	183.0	204.0	224.6	20.7	10.1%
Reinsurer	9.2	18.7	10.6	11.9	13.8	1.9	15.8%
Inwards Reinsurance	11.1	11.4	12.3	14.6	15.9	1.3	8.9%
Direct Insurer	136.4	138.5	160.2	177.5	195.0	17.5	9.9%
Net Written Premium	103.2	109.4	119.8	128.7	144.8	16.1	12.5%
NWP % of GWP	65.9%	64.9%	65.4%	63.1%	64.5%		
Net Earned Premium	95.6	103.6	109.3	120.1	131.0	10.9	9.1%



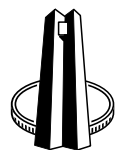
Gross Written Premiums

	2020	2021	2022	2023	2024
Total Industry GWP (R'bn)	156.7	168.7	183.0	204.0	224.6
Top 10 Insurers Market Share	58.9%	58.8%	60.8%	61.6%	61.6%
1. Santam Limited	19.3%	18.7%	18.6%	17.6%	17.6%
2. The Hollard Insurance Company	7.5%	7.1%	7.0%	8.4%	8.5%
3. Guardrisk Insurance Company Limited	7.8%	8.1%	8.3%	9.1%	8.5%
4. Old Mutual Insure Limited	6.8%	6.5%	6.4%	6.3%	6.1%
5. Outsurance Insurance Company Limited	5.7%	5.6%	5.6%	5.5%	5.5%
6. Centriq Insurance Company Limited	2.7%	3.0%	4.6%	3.5%	4.0%
7. Bryte Insurance Company Limited	3.0%	3.2%	3.2%	3.4%	3.2%
8. Discovery Insure Limited	2.4%	2.6%	2.9%	2.9%	2.9%
9. OMART Insure	2.1%	2.2%	2.4%	2.5%	2.8%
10. Sasria Limited	1.5%	1.6%	1.7%	2.2%	2.4%

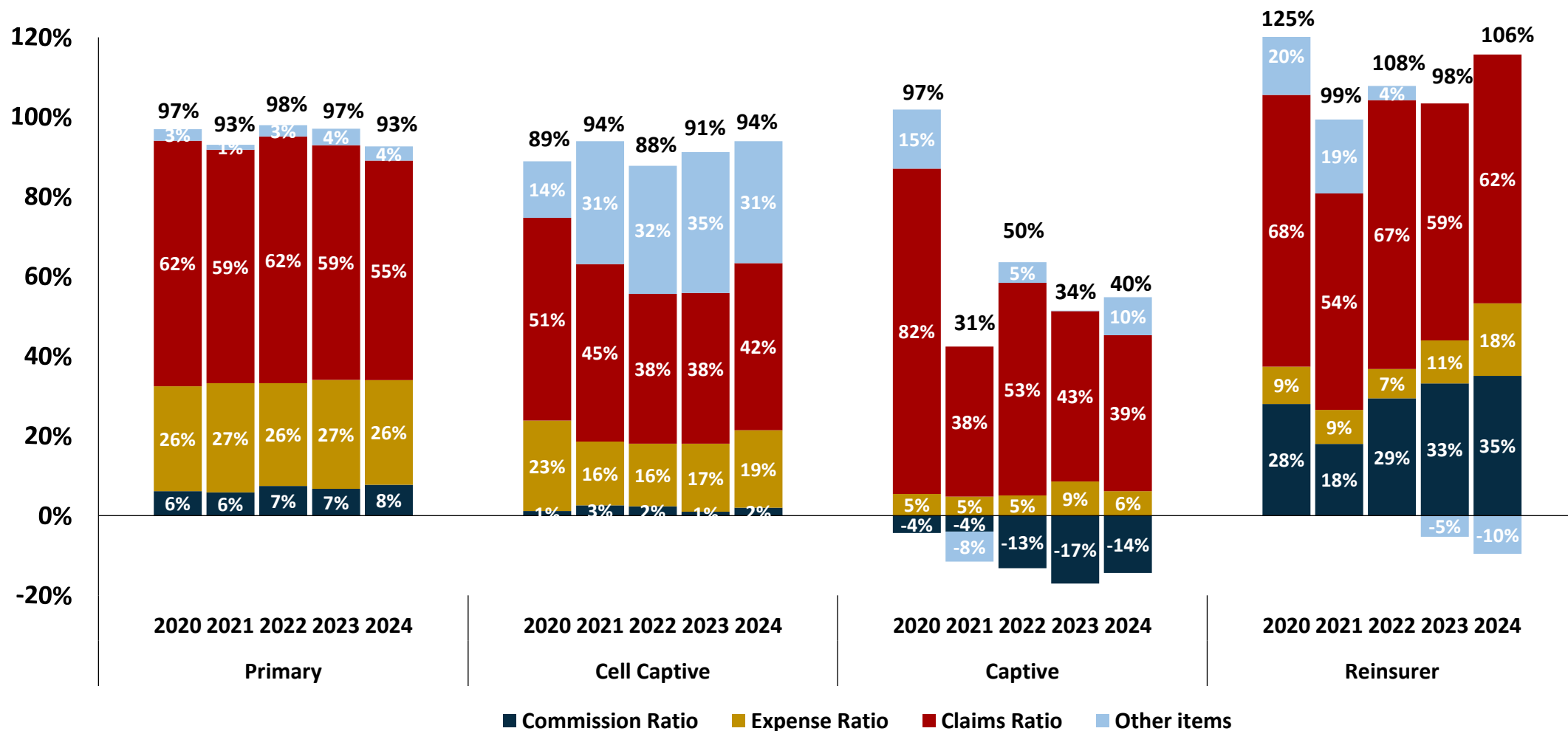


Gross Written Premiums by Group

	2020	2021	2022	2023	2024
Total % of GWP	56.5%	55.3%	57.1%	57.5%	57.3%
Santam Group	24.4%	24.3%	25.9%	23.5%	24.2%
Old Mutual Group	9.8%	9.7%	10.1%	10.1%	10.1%
Momentum Group	9.9%	9.7%	9.9%	10.7%	9.9%
Hollard Group	8.0%	7.6%	7.6%	8.7%	8.7%
Telesure Group	4.4%	4.0%	3.7%	4.6%	4.5%



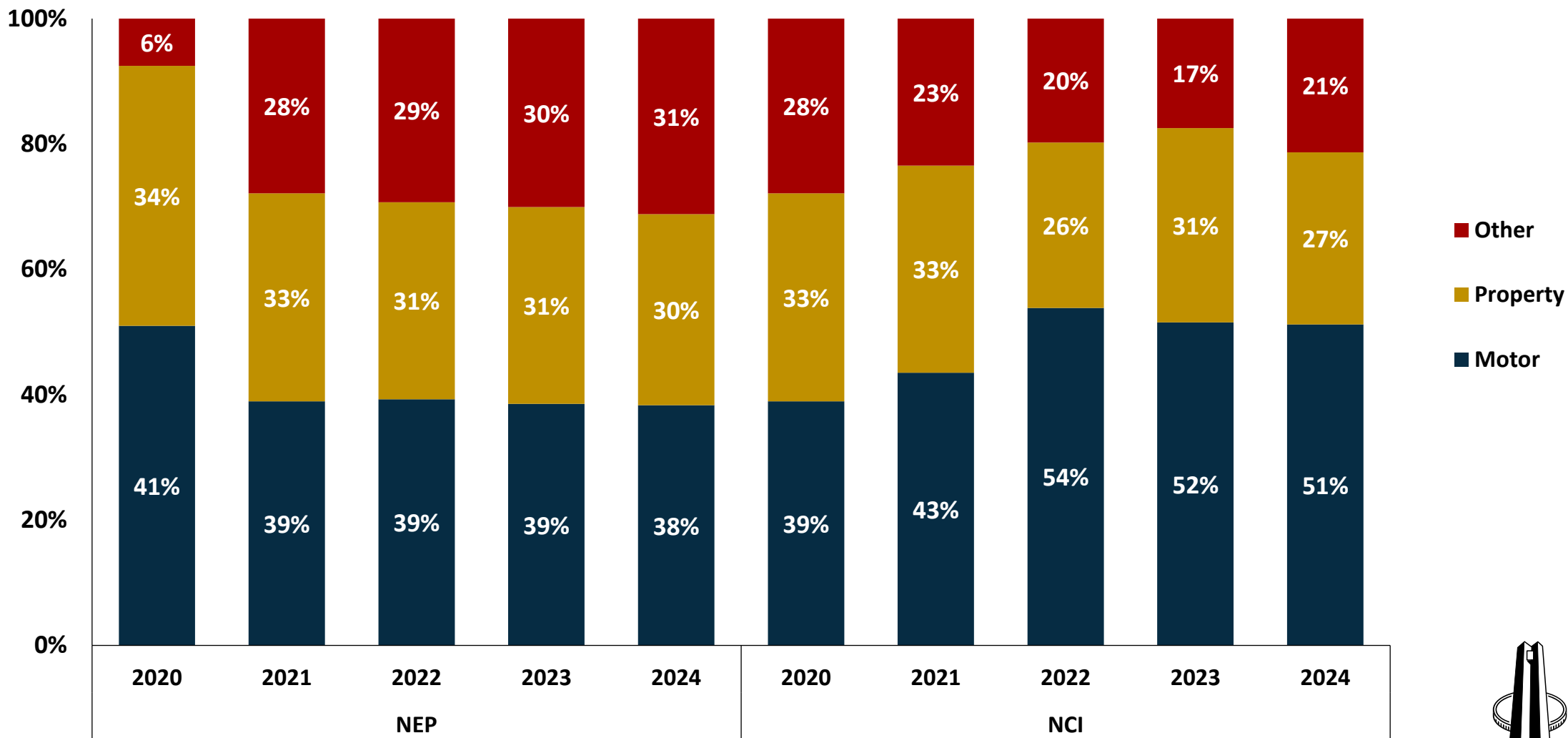
Key Financial Indicators – Net Combined Ratio by Insurer Type



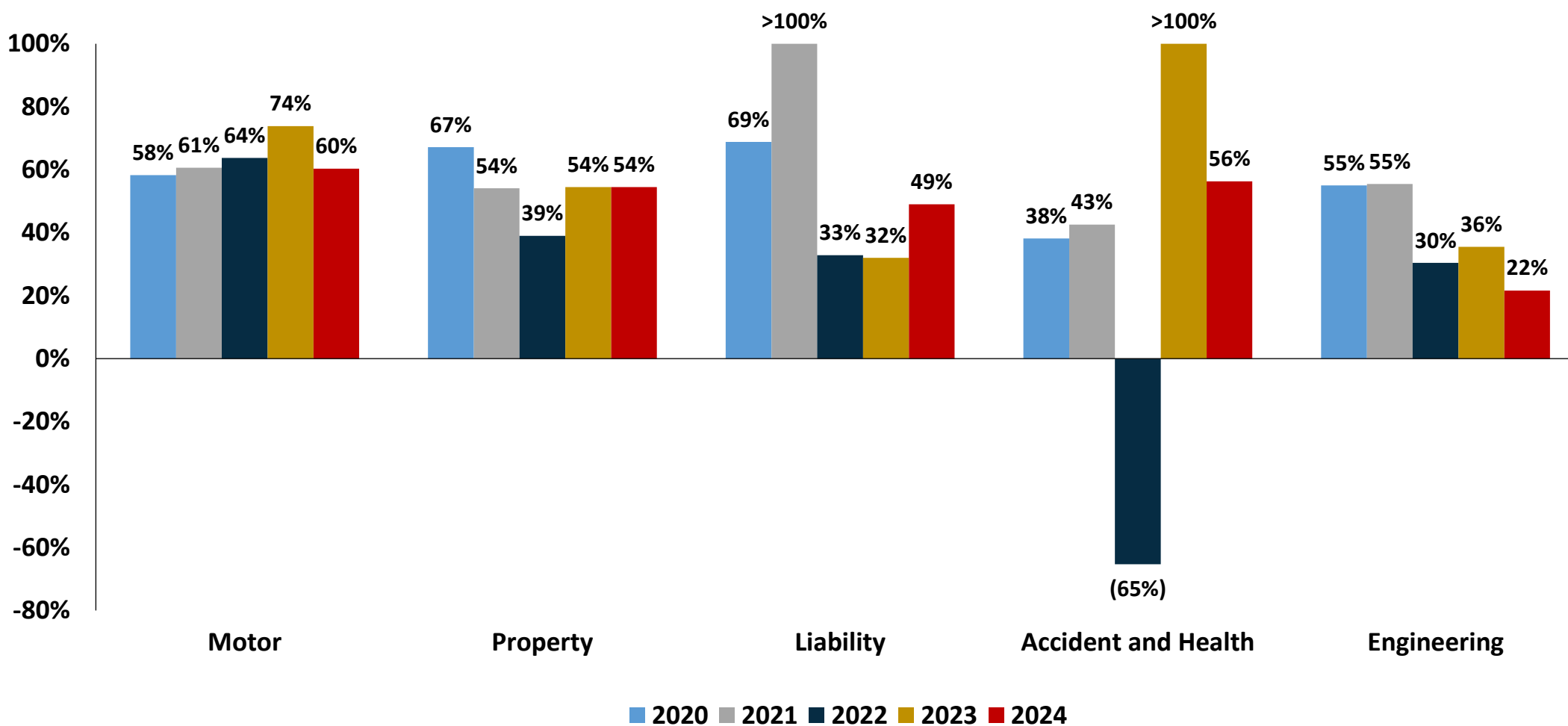
Note: Other items includes Cash back and other loyalty benefits, Other Contingent payments incurred and movement in Risk margin



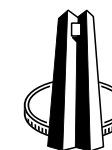
Key Financial Indicators – Premium and Claims by Largest Line of Business



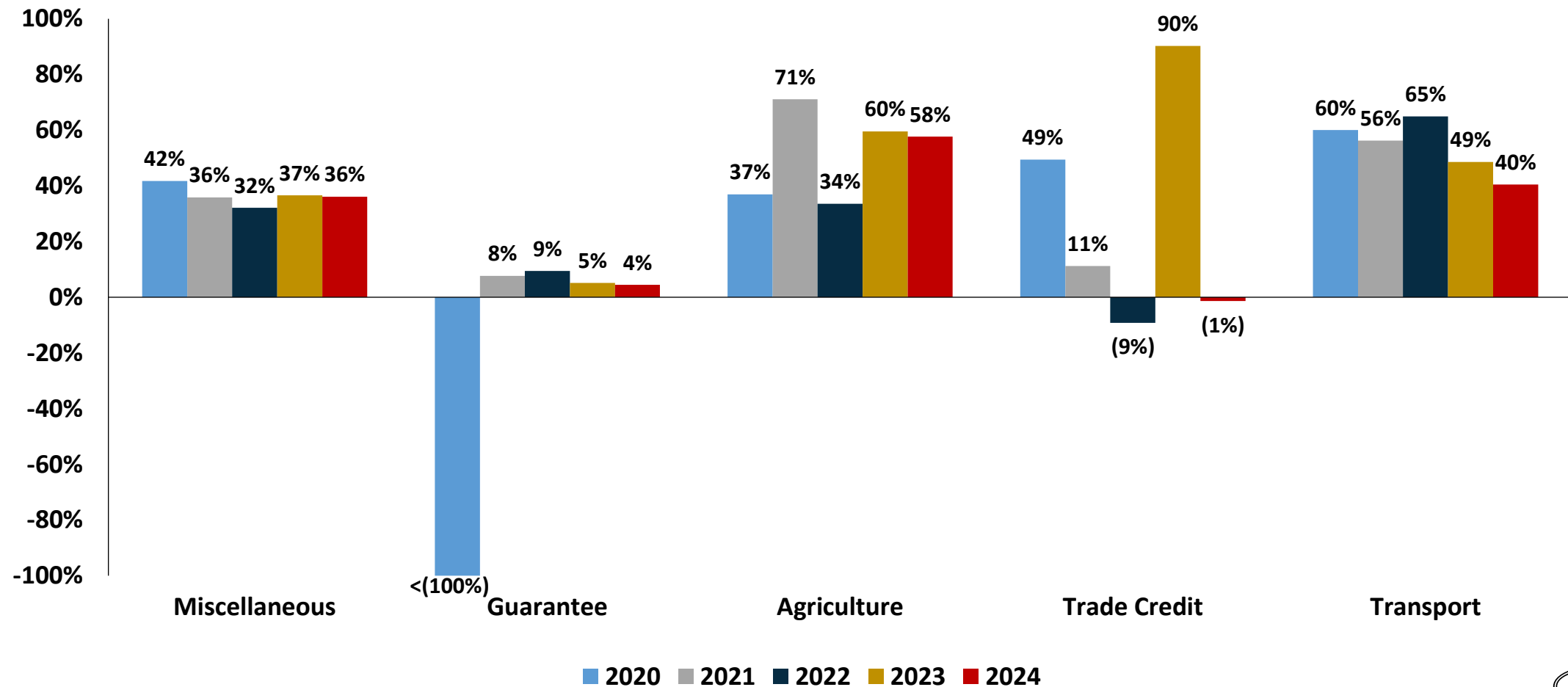
Key Financial Indicators – Claims Ratio by Larger Line of Business



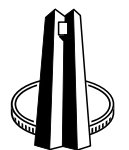
Note: Maximum claims ratio capped at 100% for presentation purposes



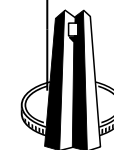
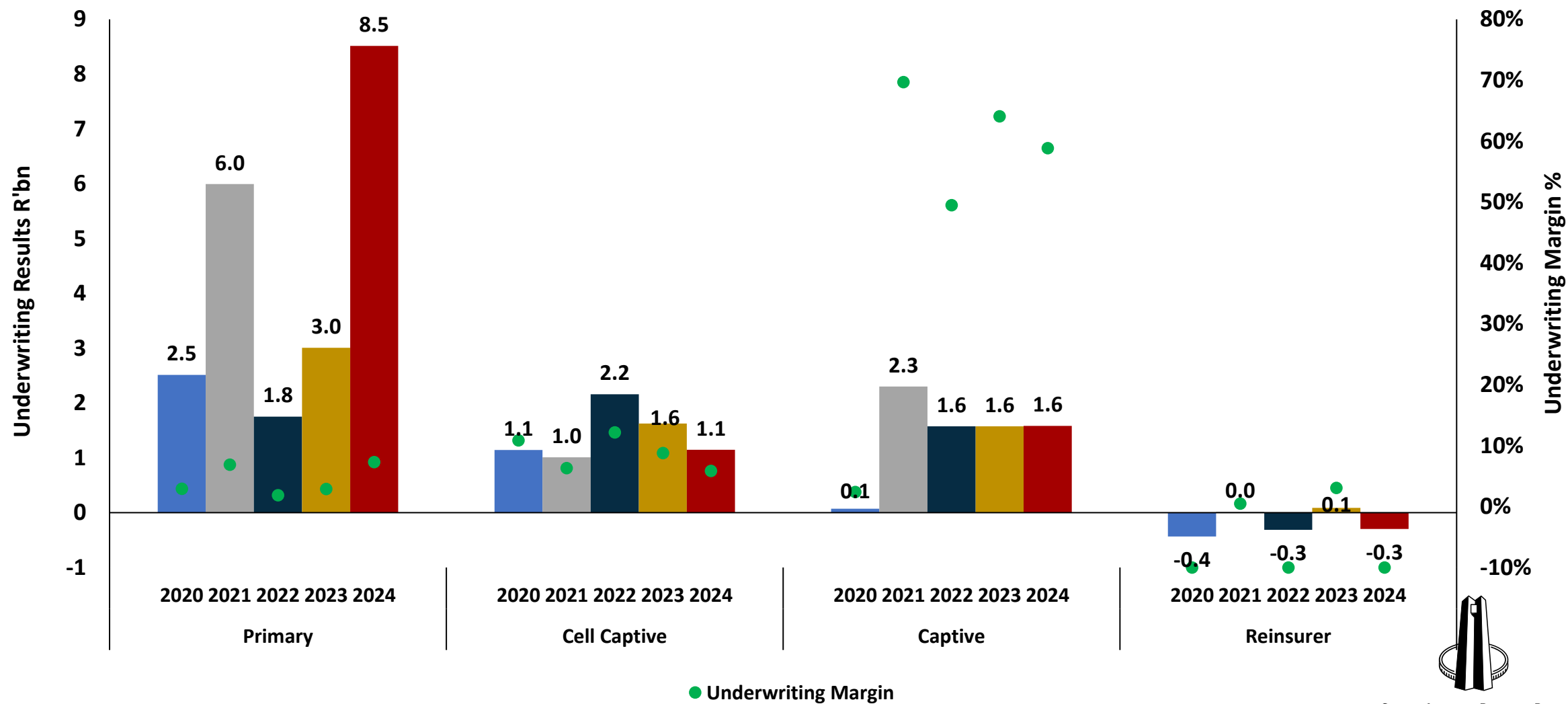
Key Financial Indicators – Claims Ratio by Smaller Line of Business



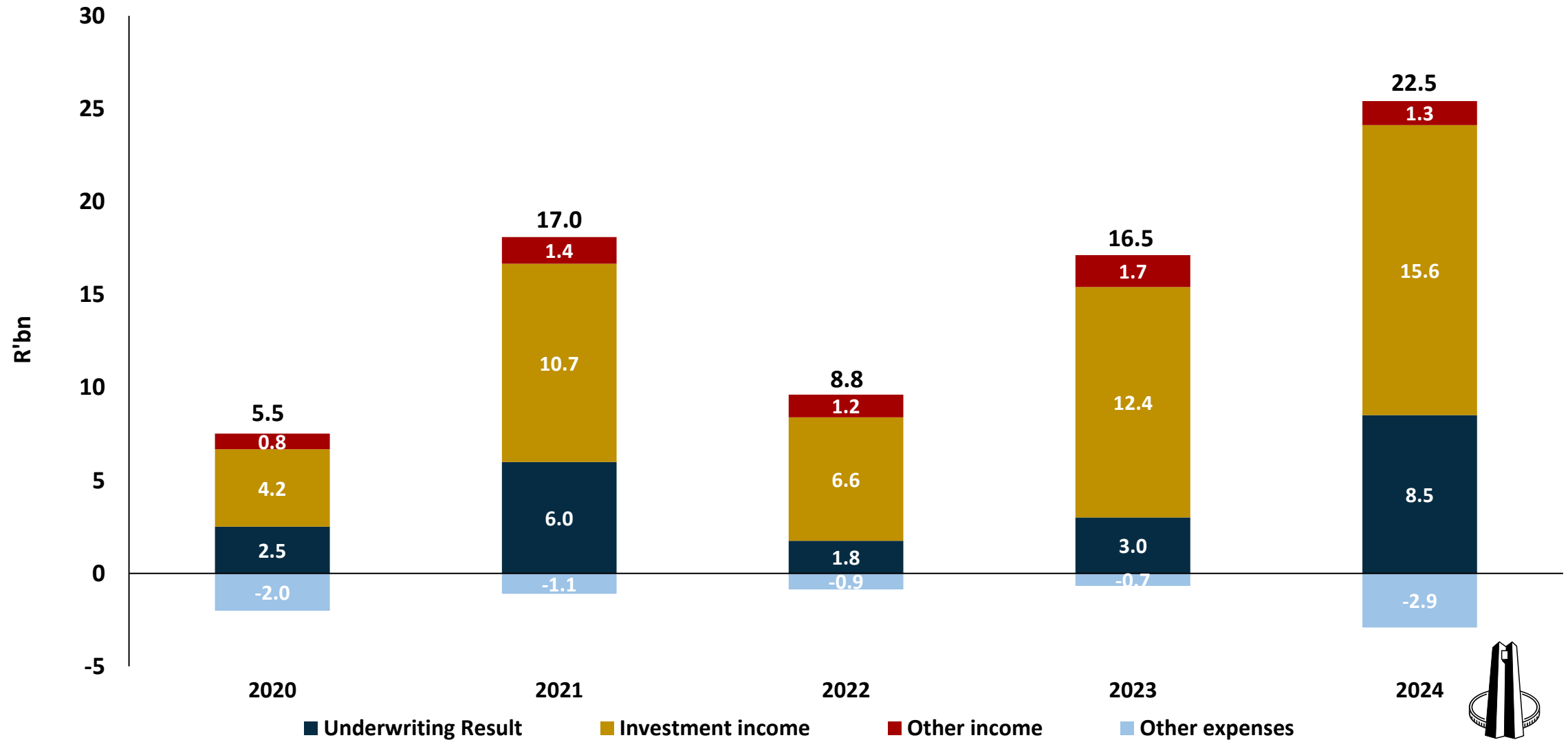
Note: Maximum claims ratio capped at 100% for presentation purposes



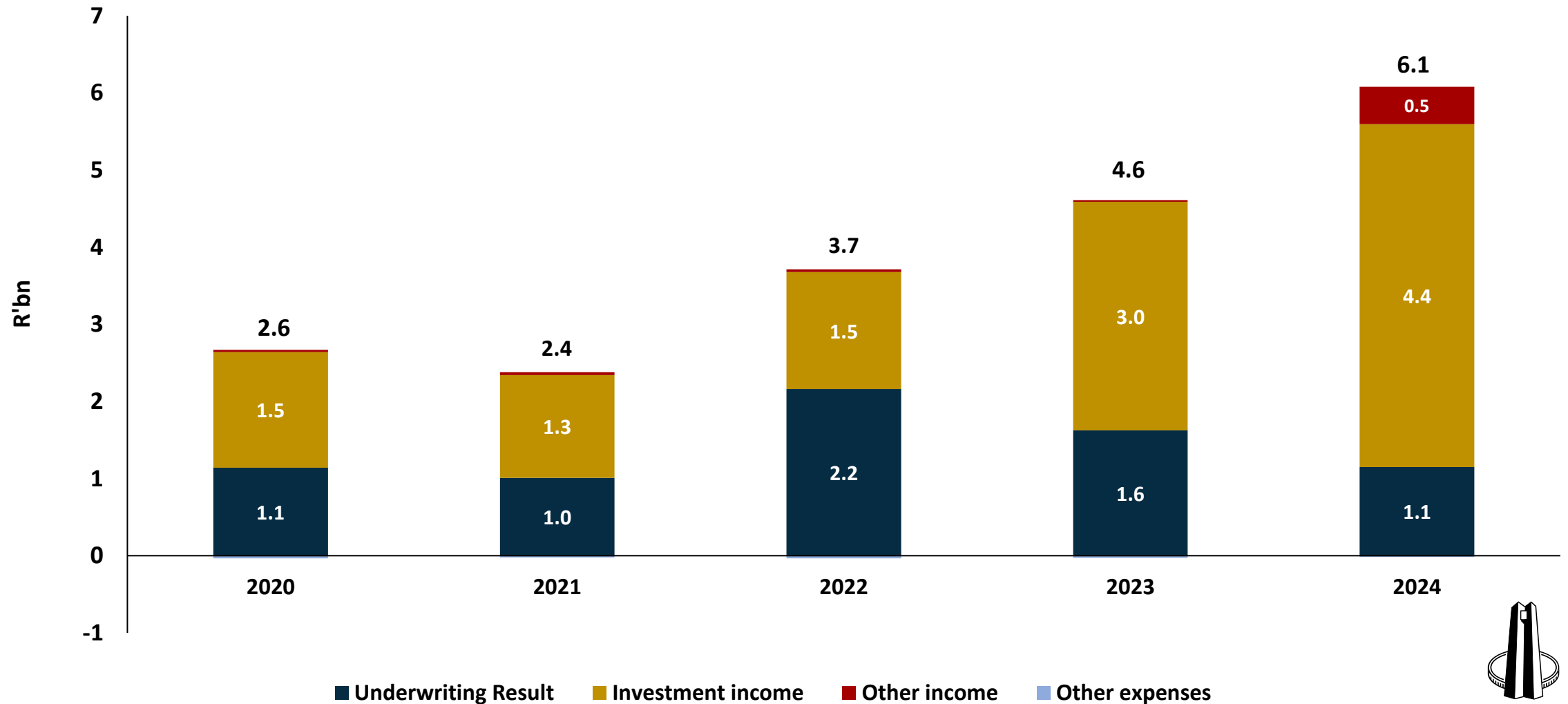
Underwriting Result – Insurer Type



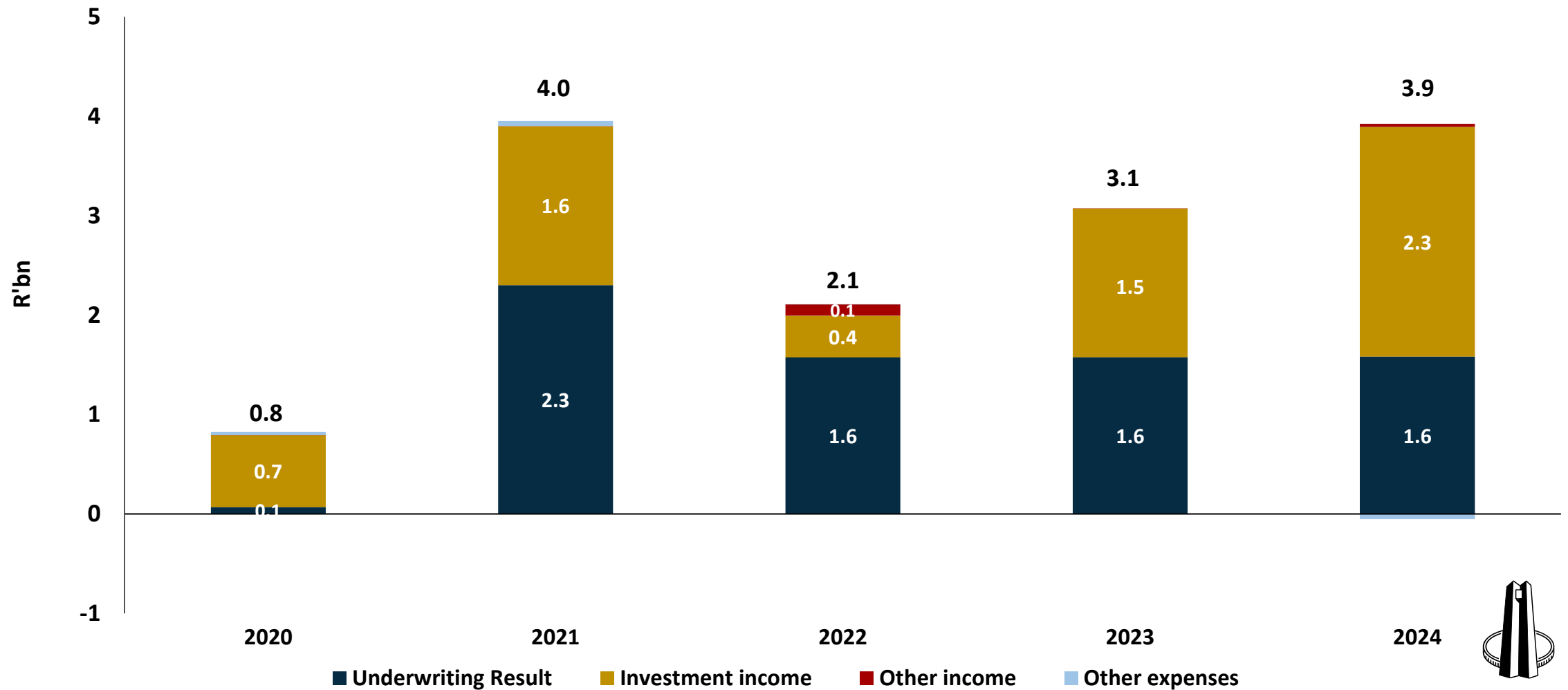
SAM Excess Income over Outgo (Primary Insurers)



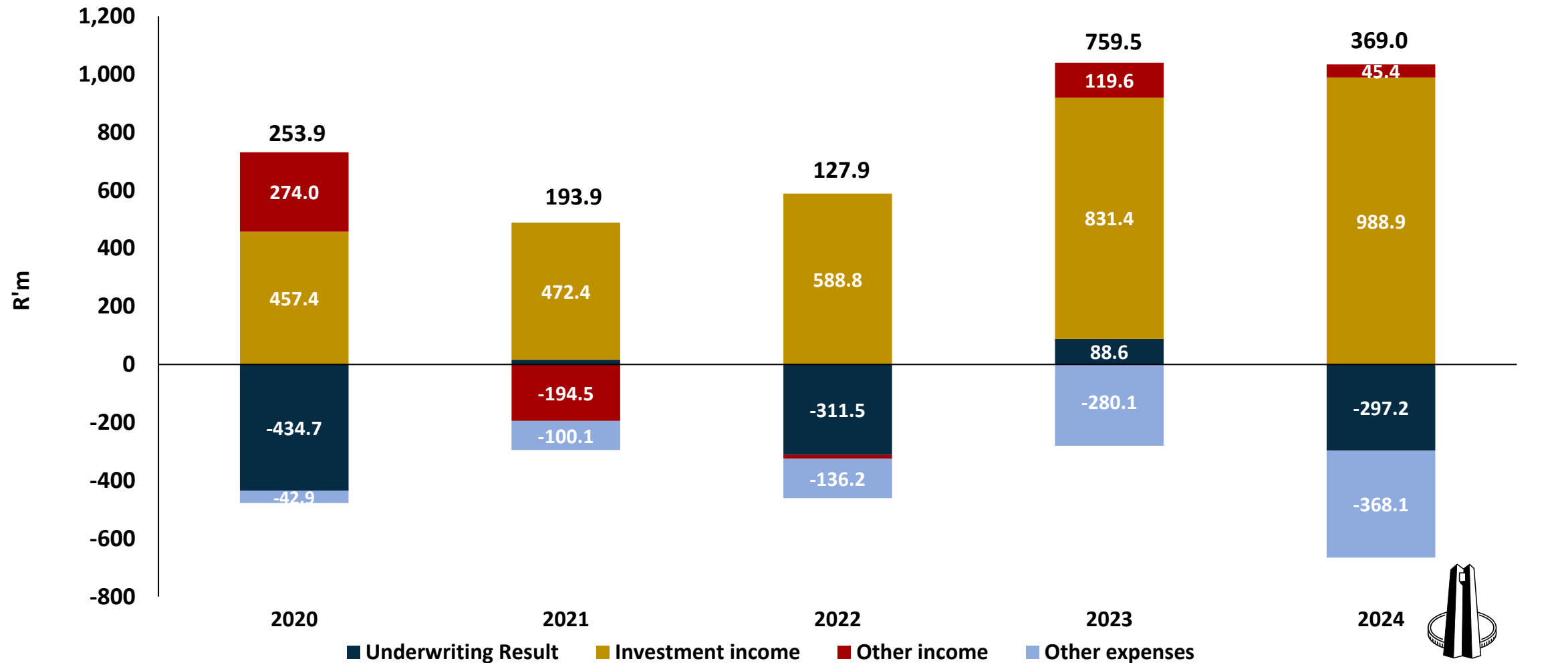
SAM Excess Income over Outgo (Cell Captives)



SAM Excess Income over Outgo (Captives)



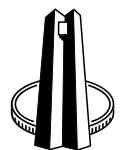
SAM Excess Income over Outgo (Reinsurers)



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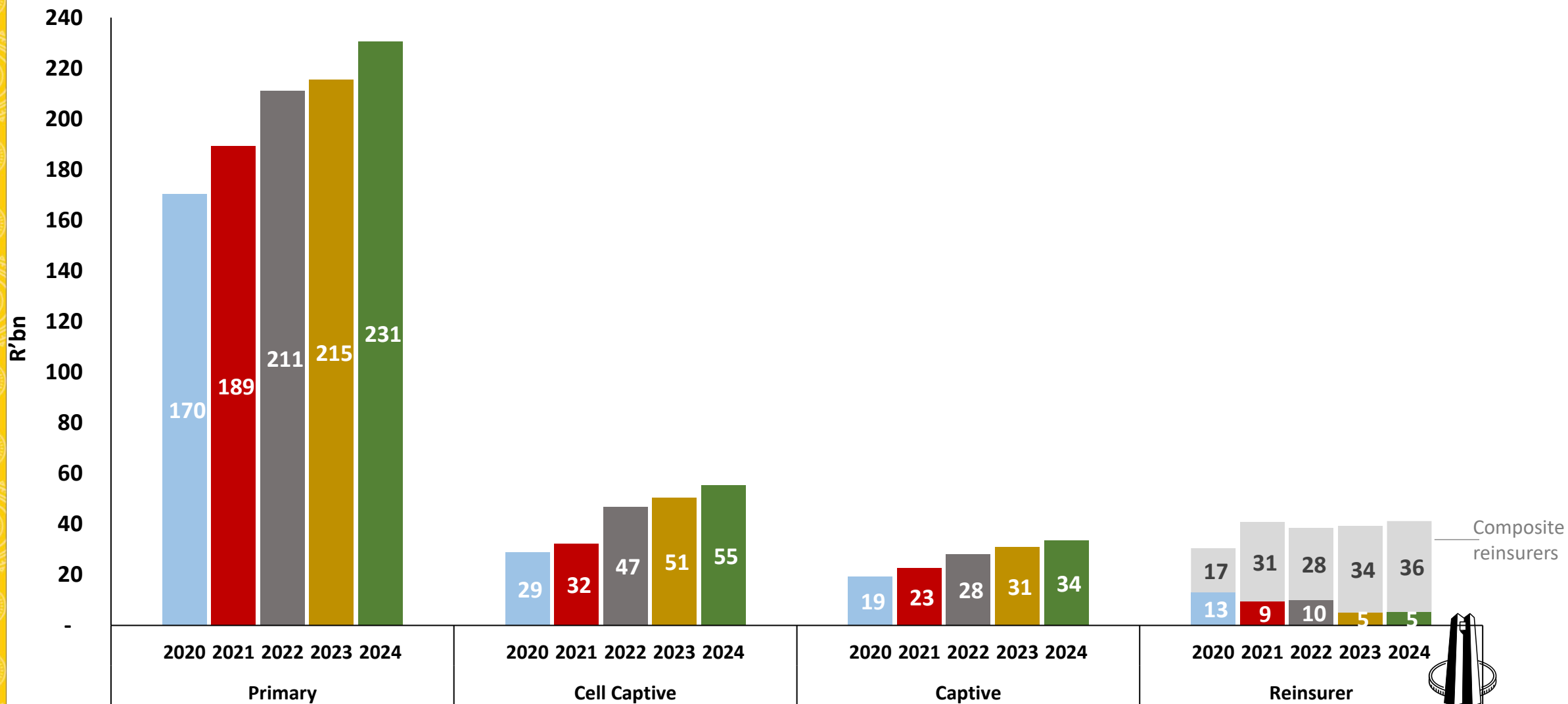




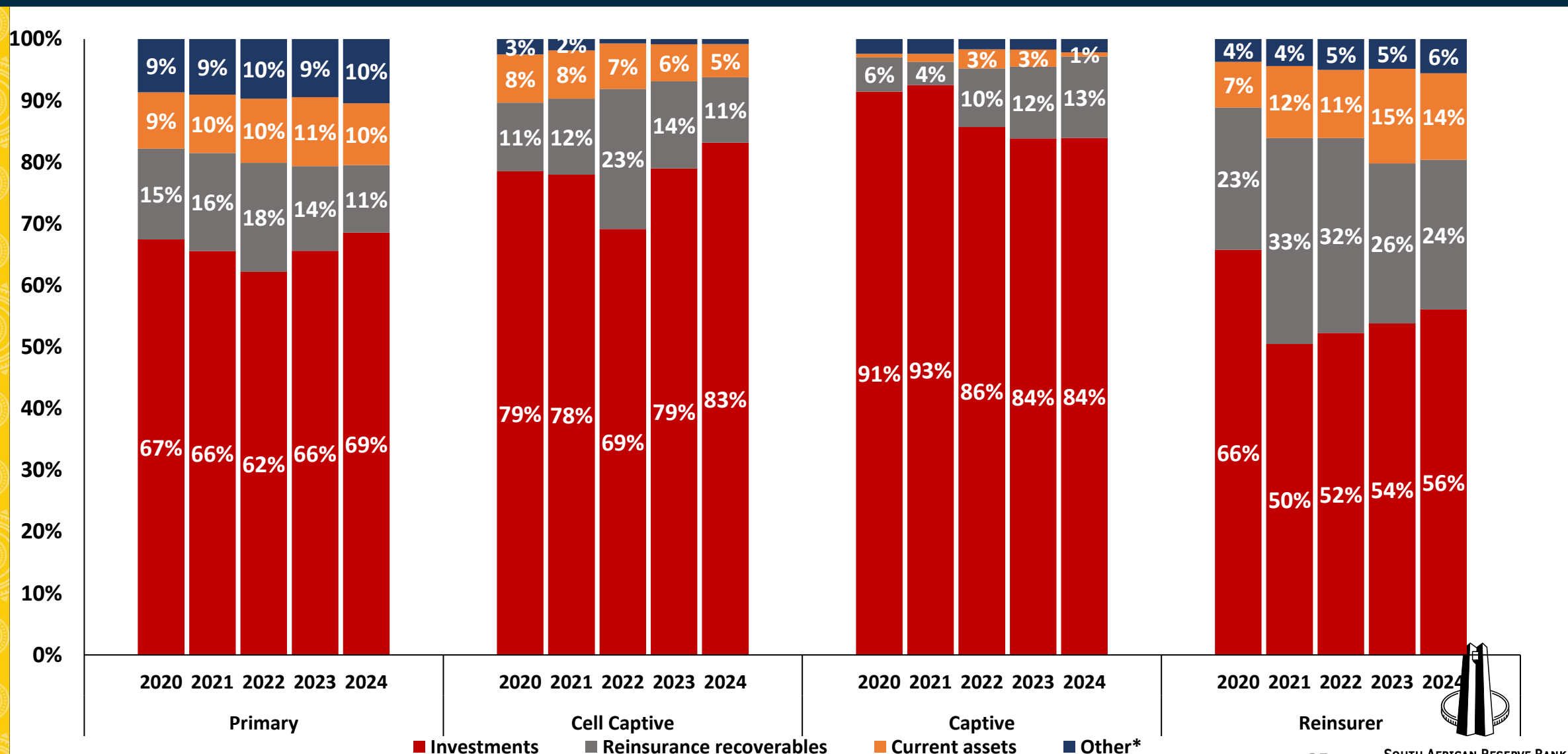
Assets



Total Assets by Insurer Type

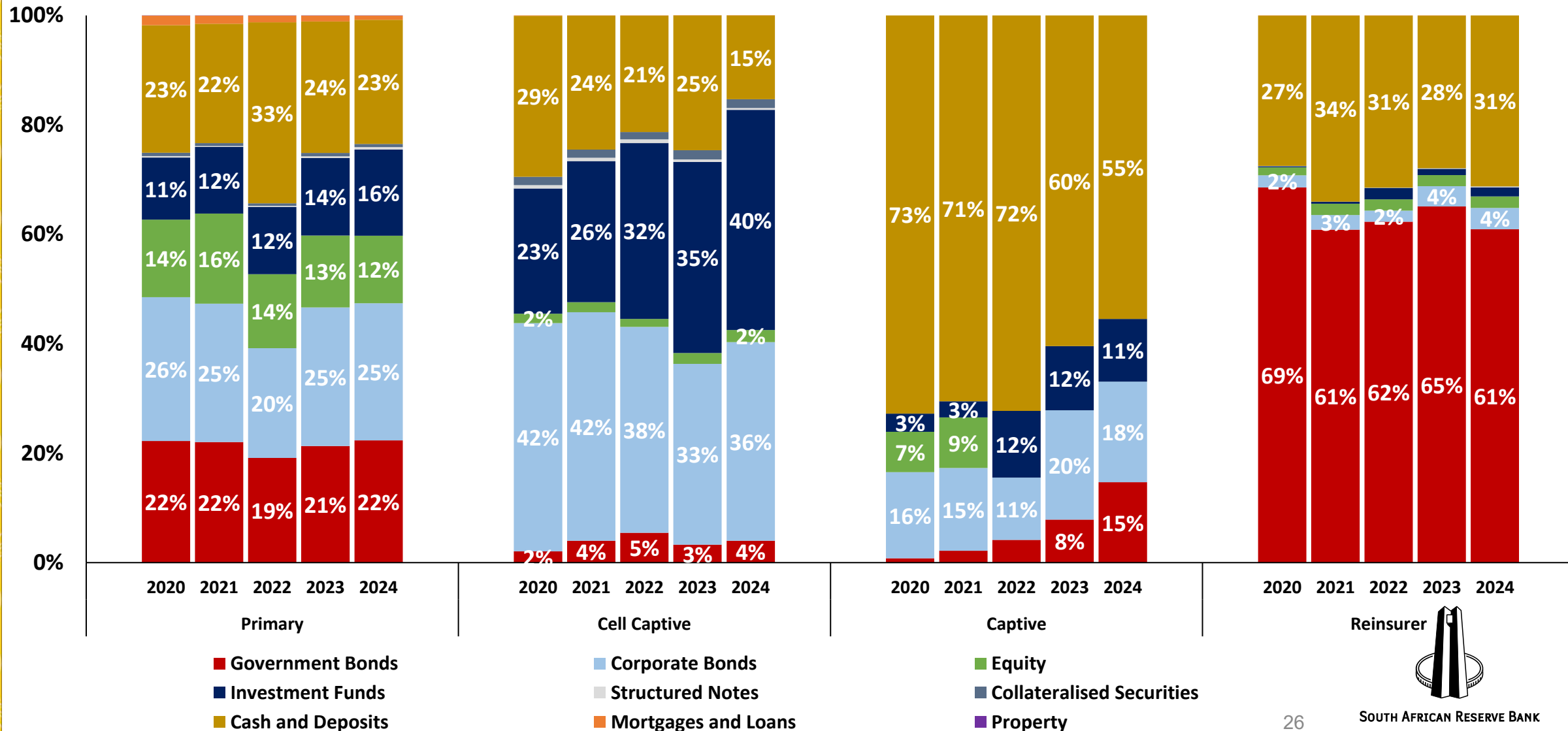


Asset Composition by Insurer Type



Note: Other includes all the remaining Asset line items

Investment Composition by Insurer Type

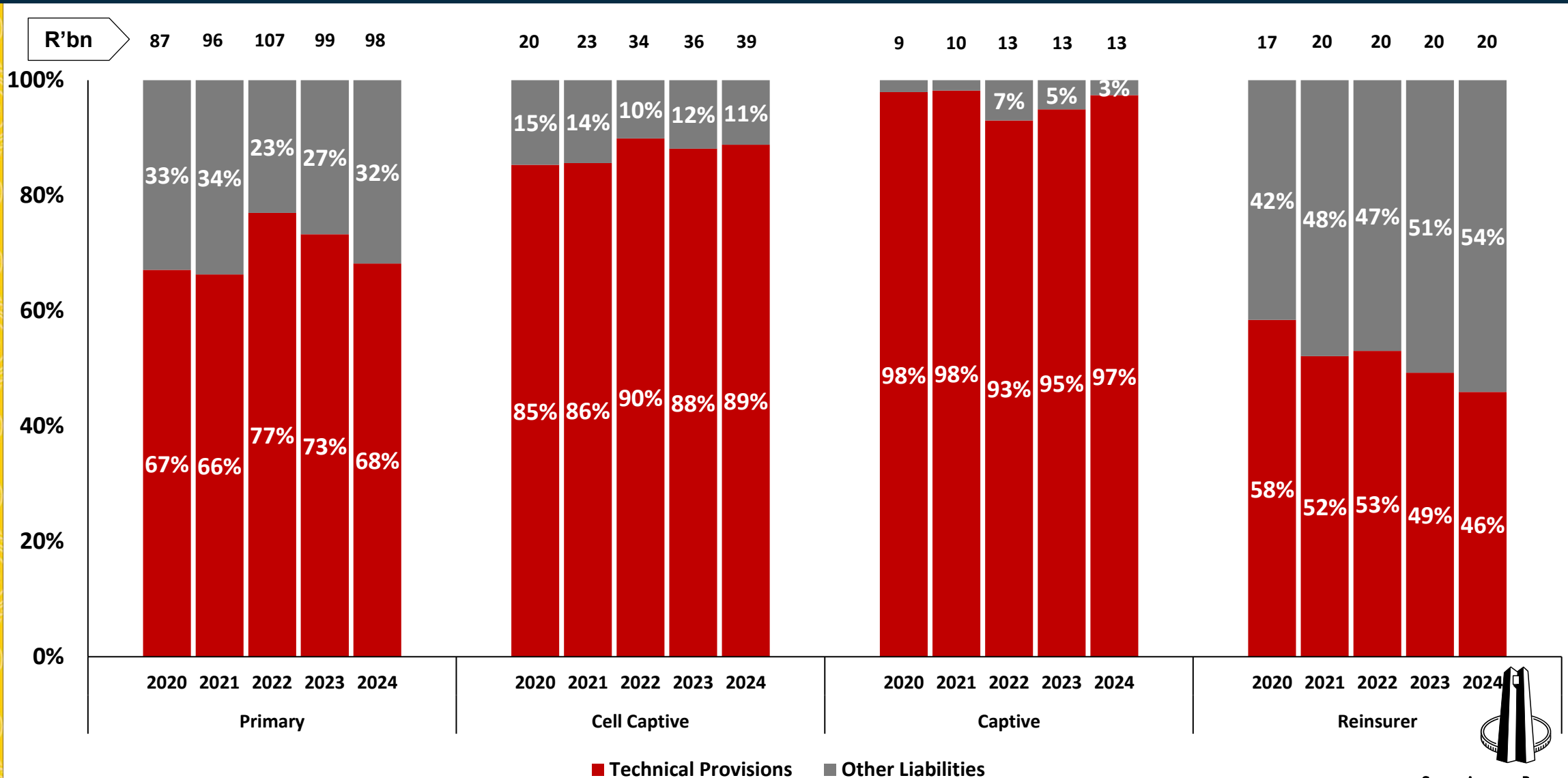




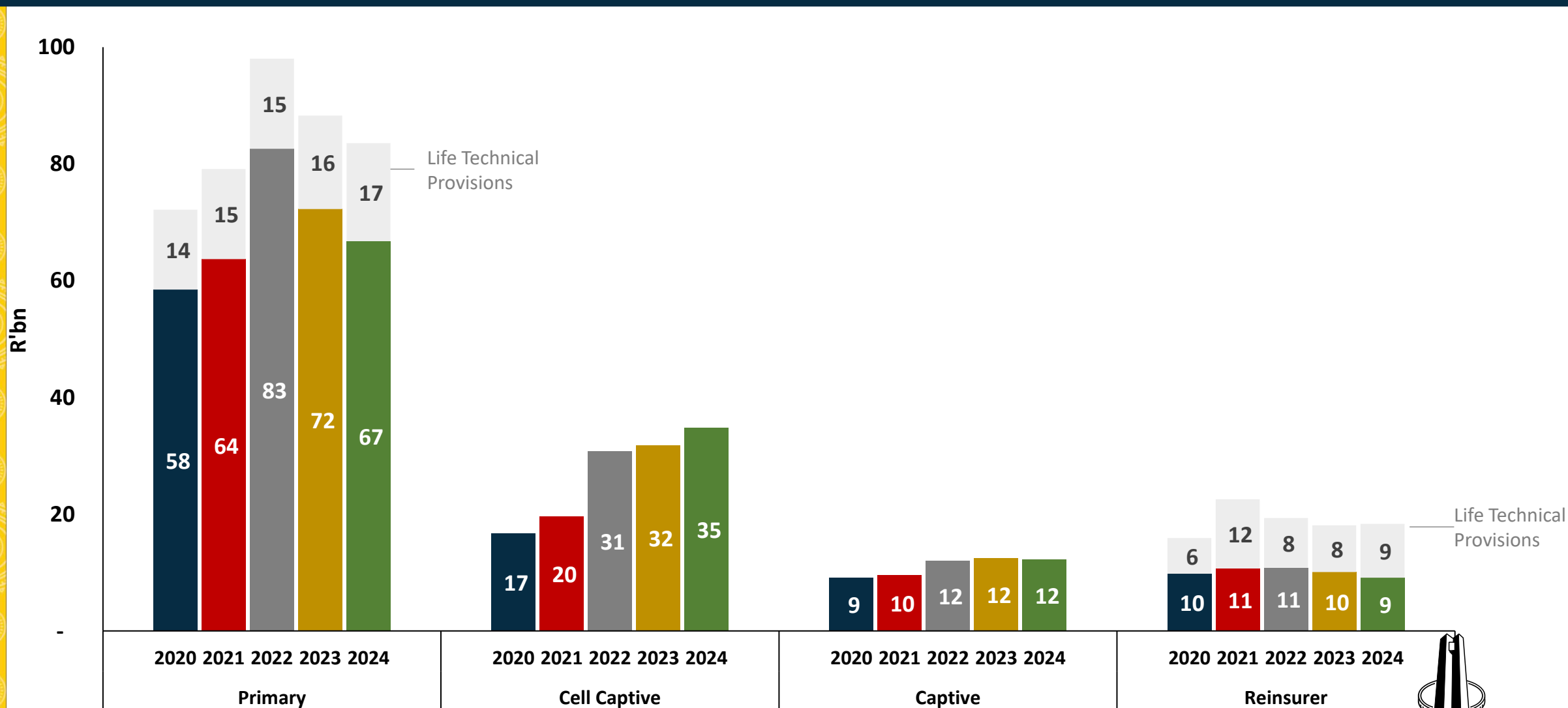
Liabilities



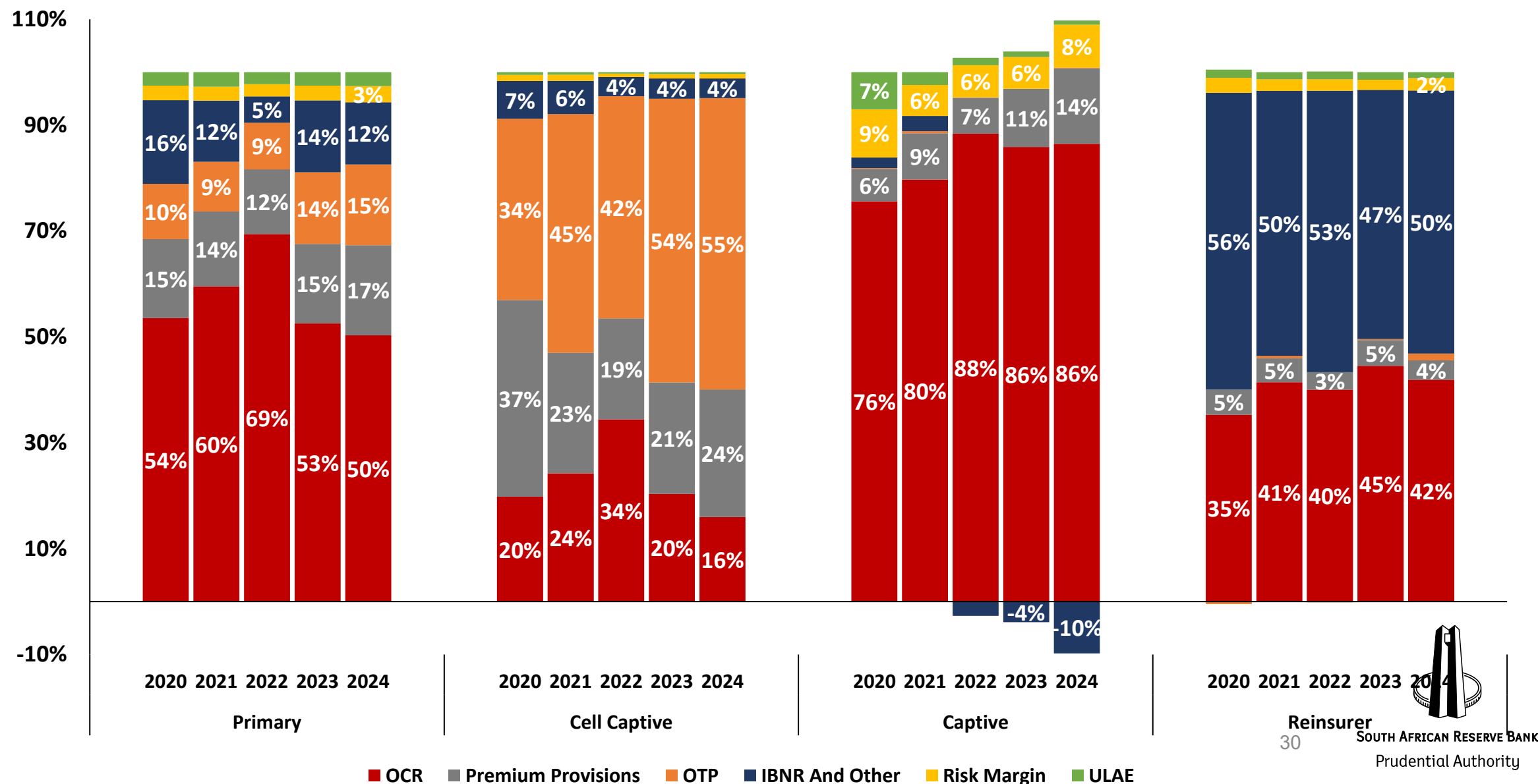
Non-life Technical Provisions and Other Liabilities



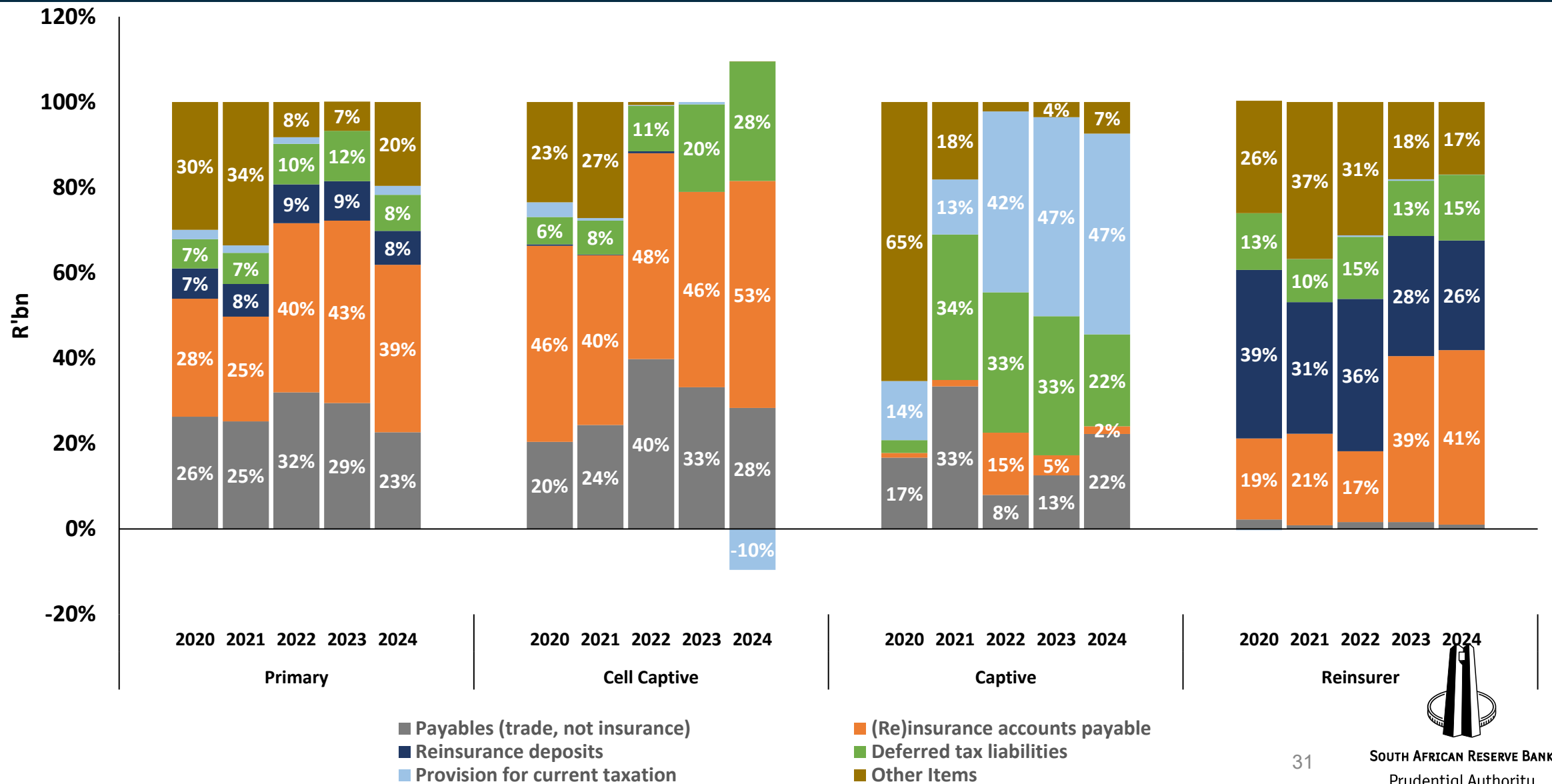
Total Technical Provisions



TPs Composition by Insurer Type



The breakdown of Other Liabilities

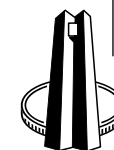
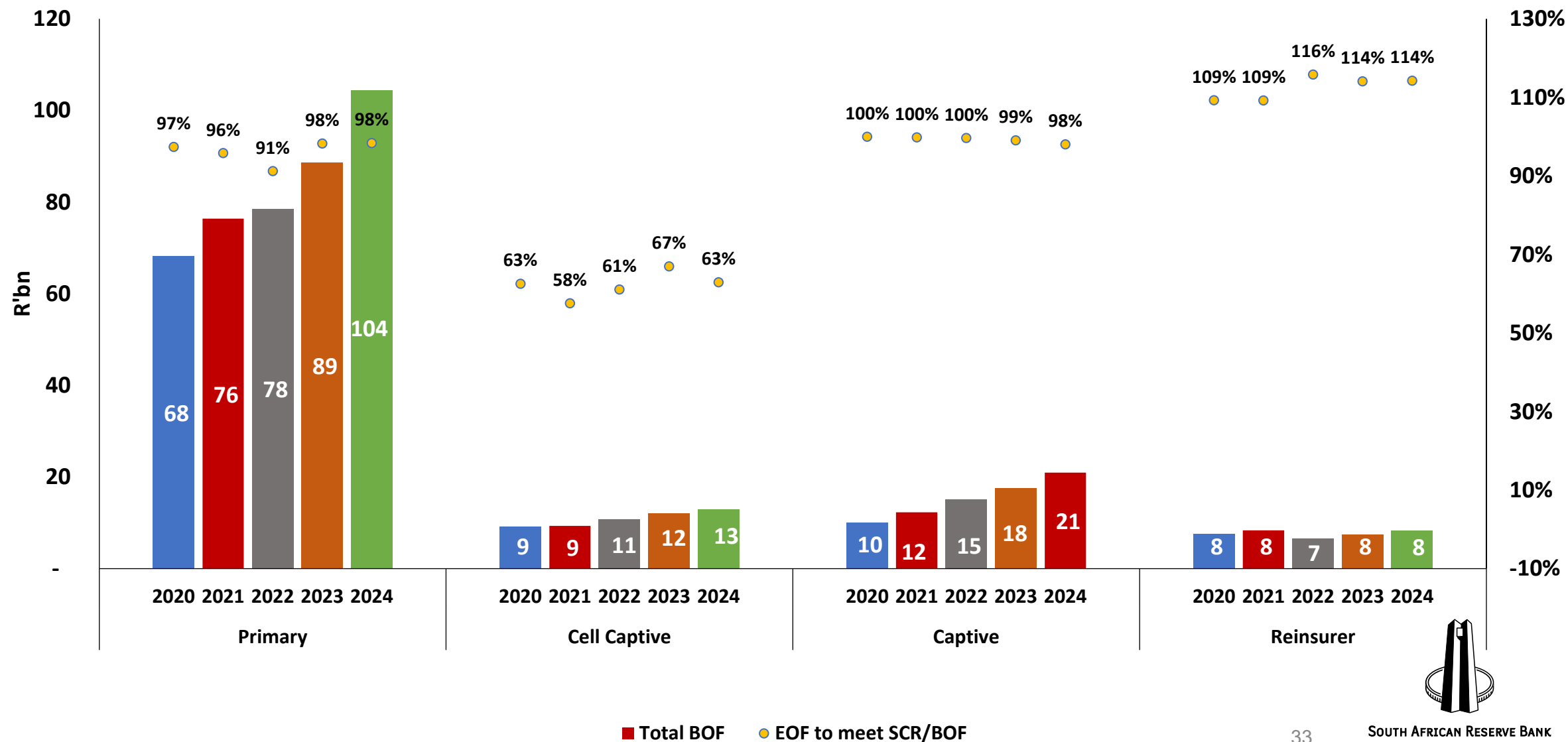




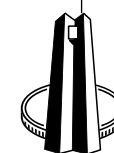
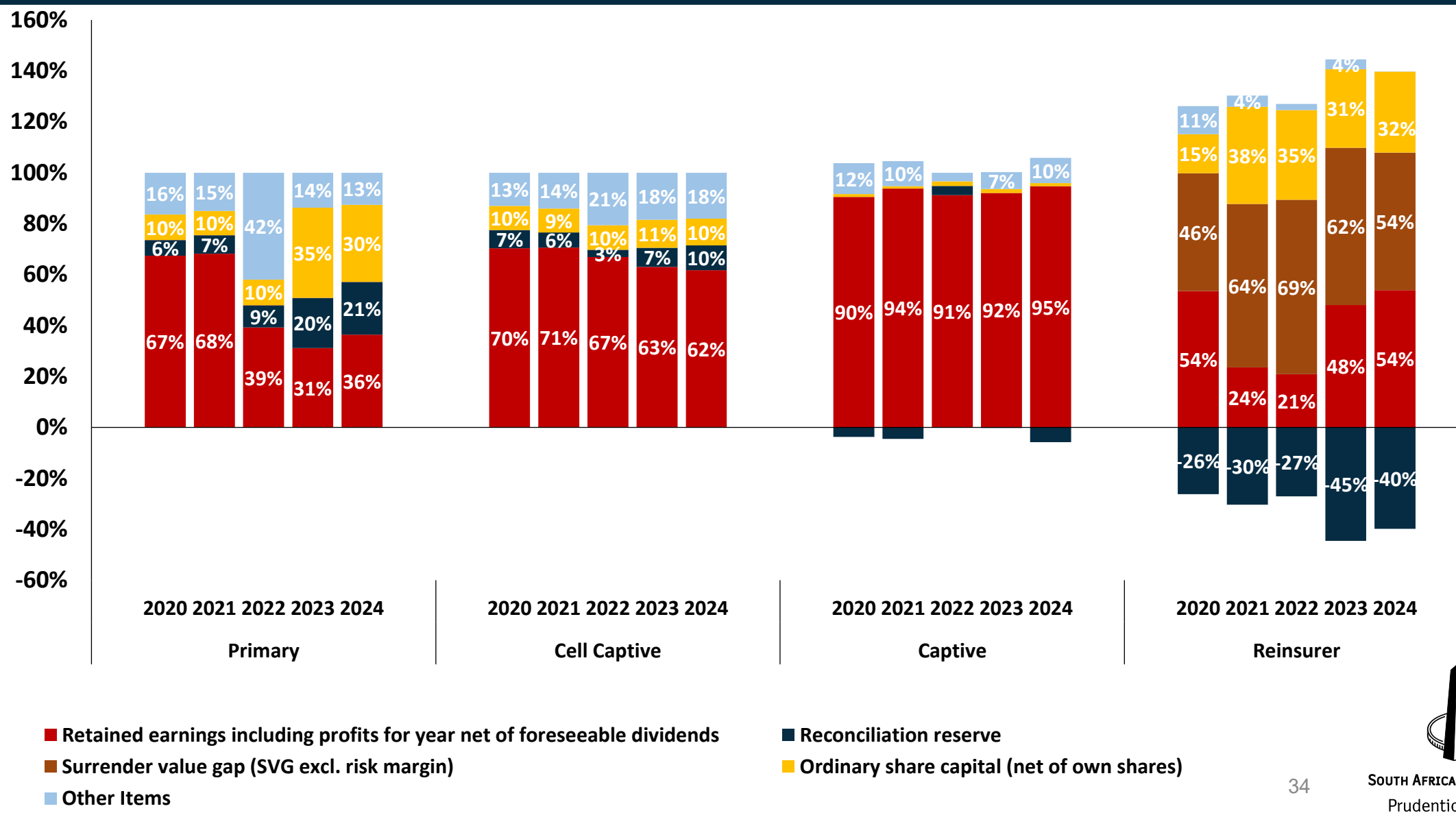
Basic Own Funds



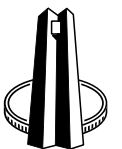
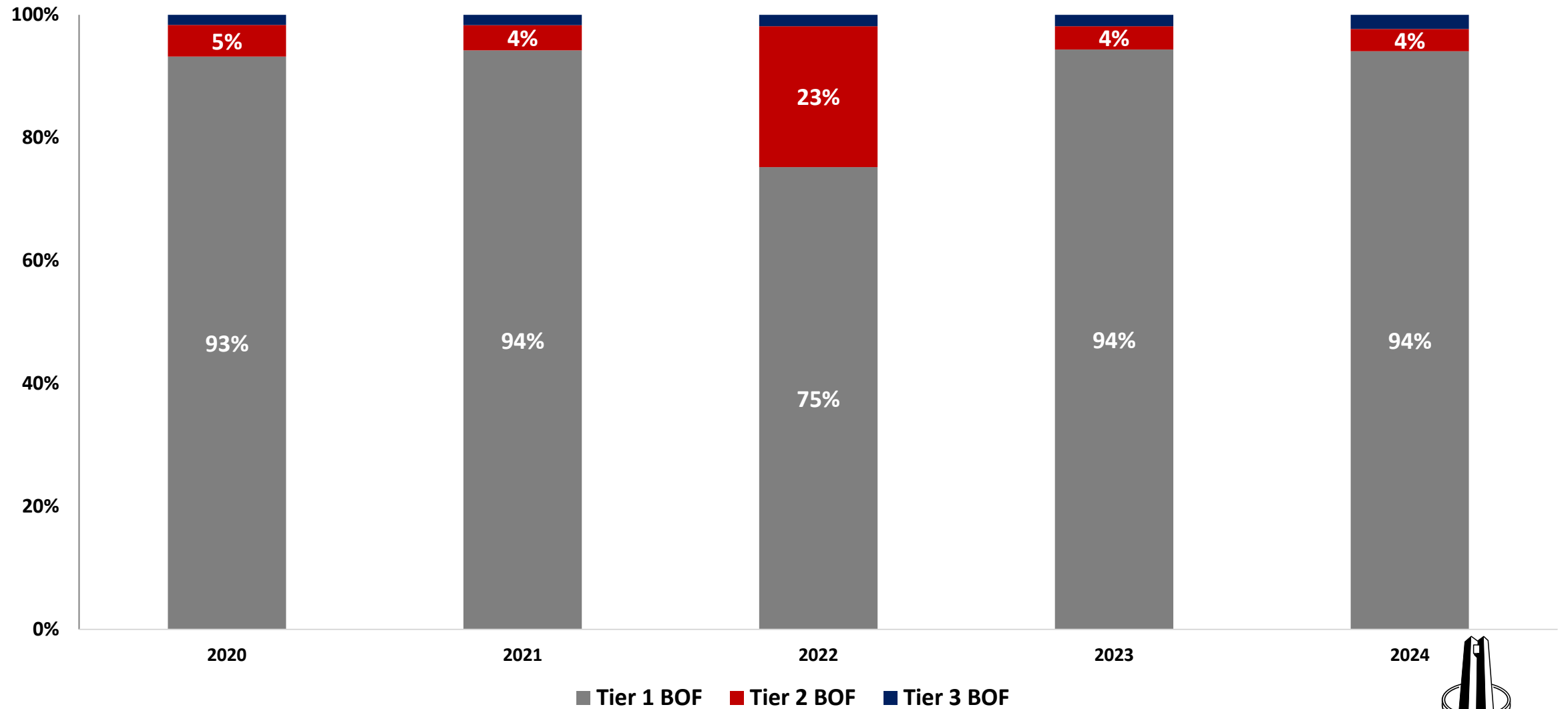
Own Funds by Insurer Type



Composition of BOF by Insurer Type

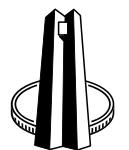


Tiering of BOF



Quality of BOF

R'bn	2020	2021	2022	2023	2024
Tier 2					
Total Basic own funds after adjustments	4.9	4.3	26.3	4.9	5.5
# Insurers Holding Tier 2 Funds	9	7	8	6	6
Tier 3					
Total Basic own funds after adjustments	1.6	1.8	2.0	2.4	3.5
# of Insurers Holding Tier 3 Funds	52	45	44	40	37

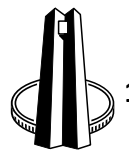
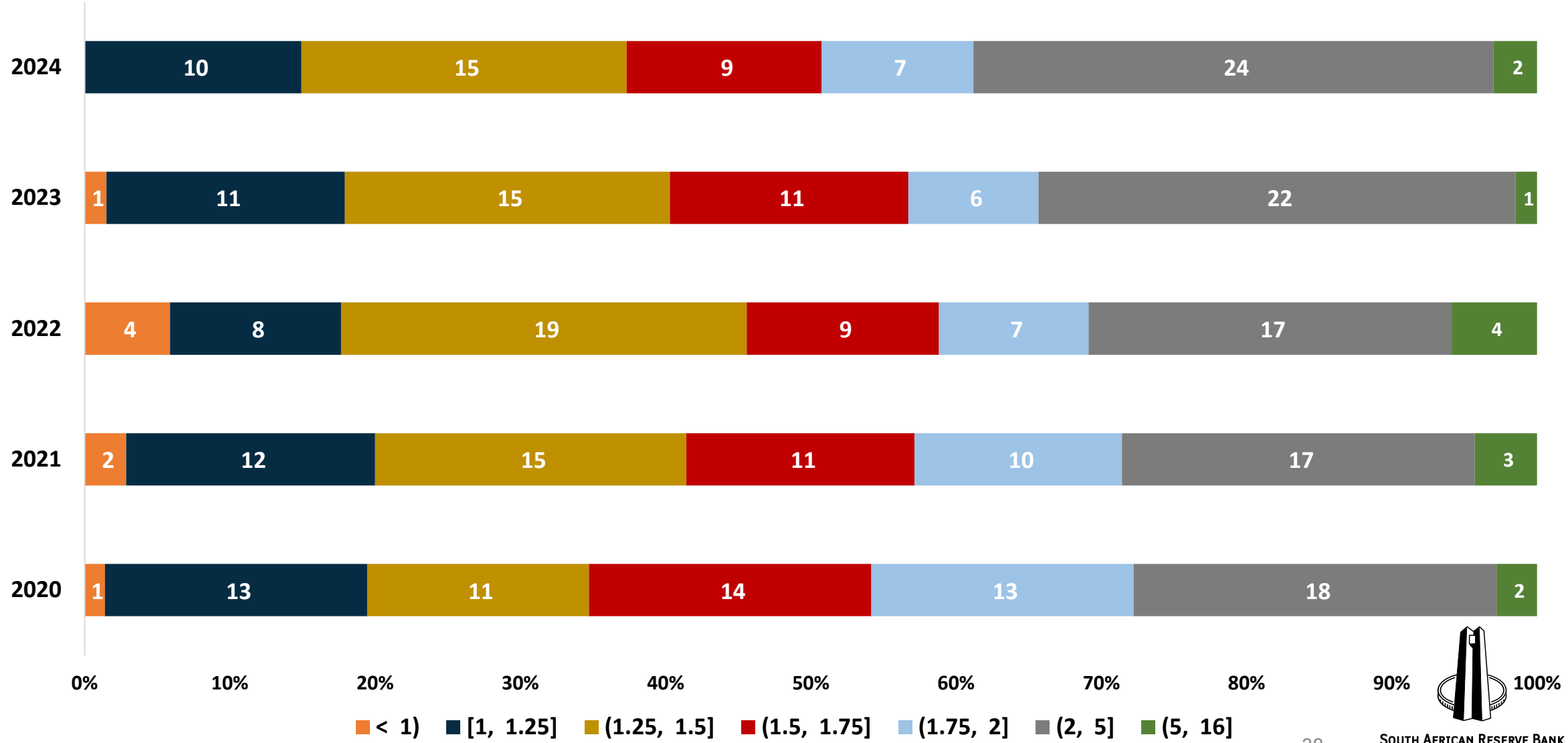




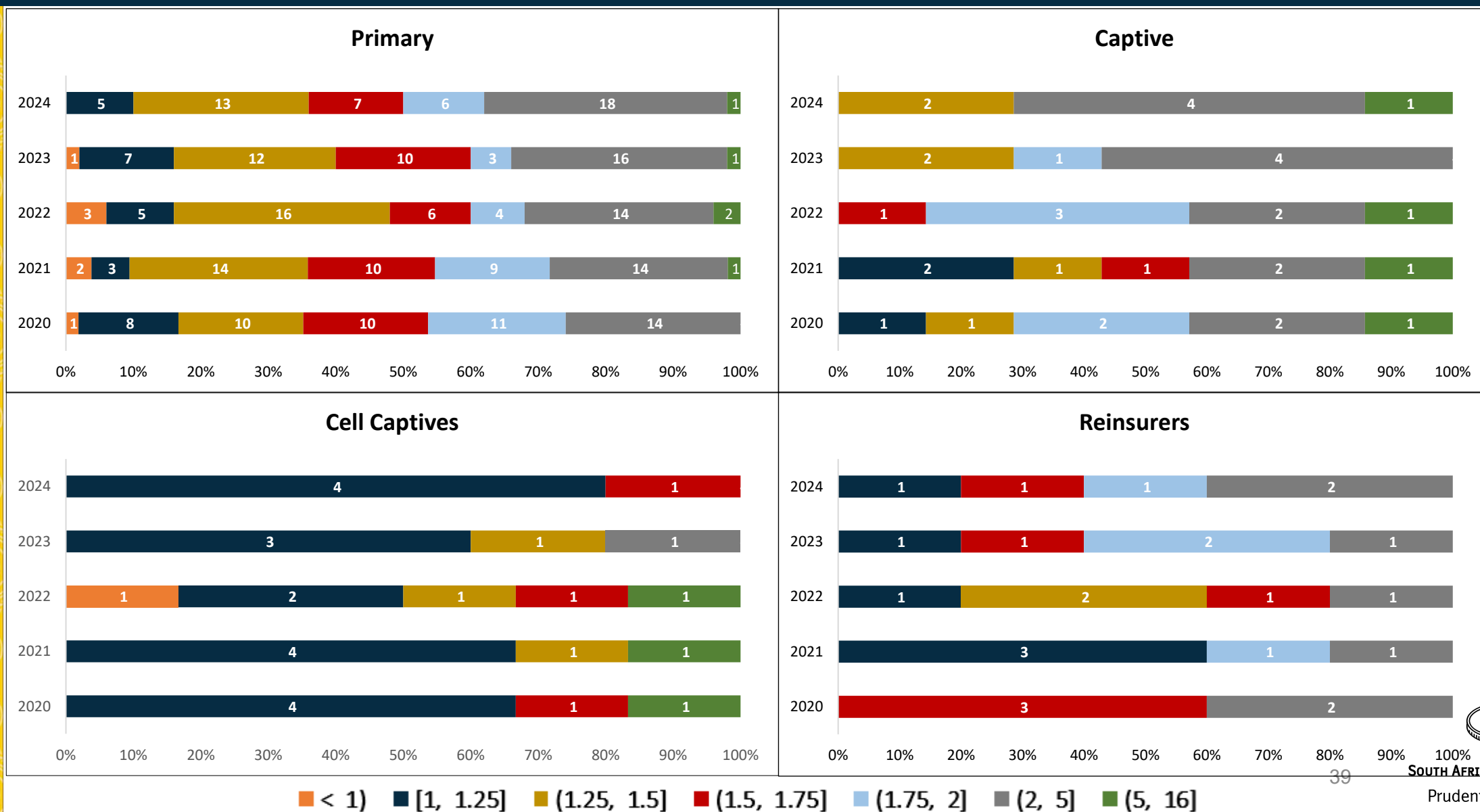
Solvency Capital Requirements



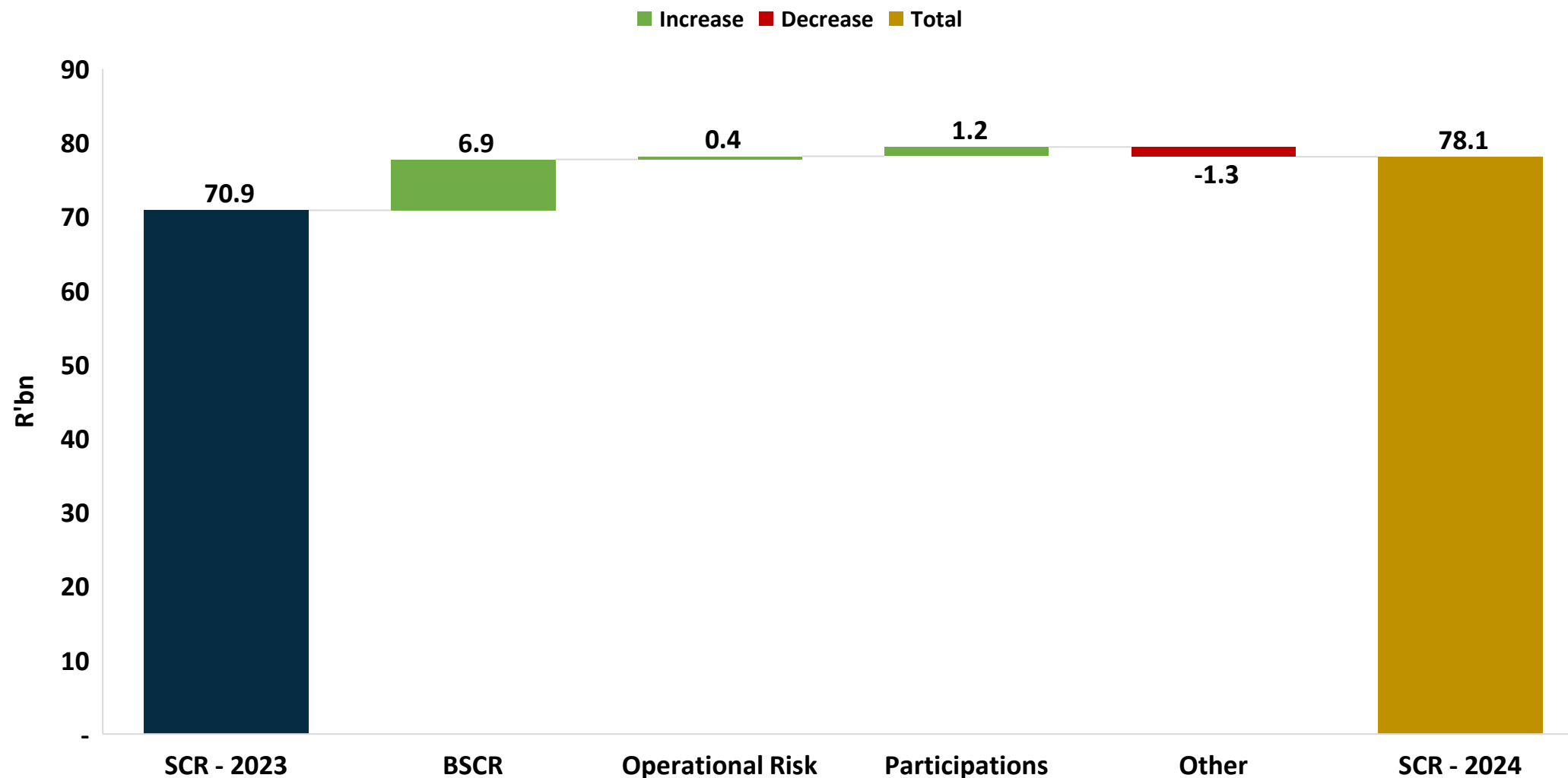
SCR Cover Ratios



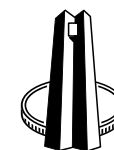
SCR Cover Ratios by Insurer Type



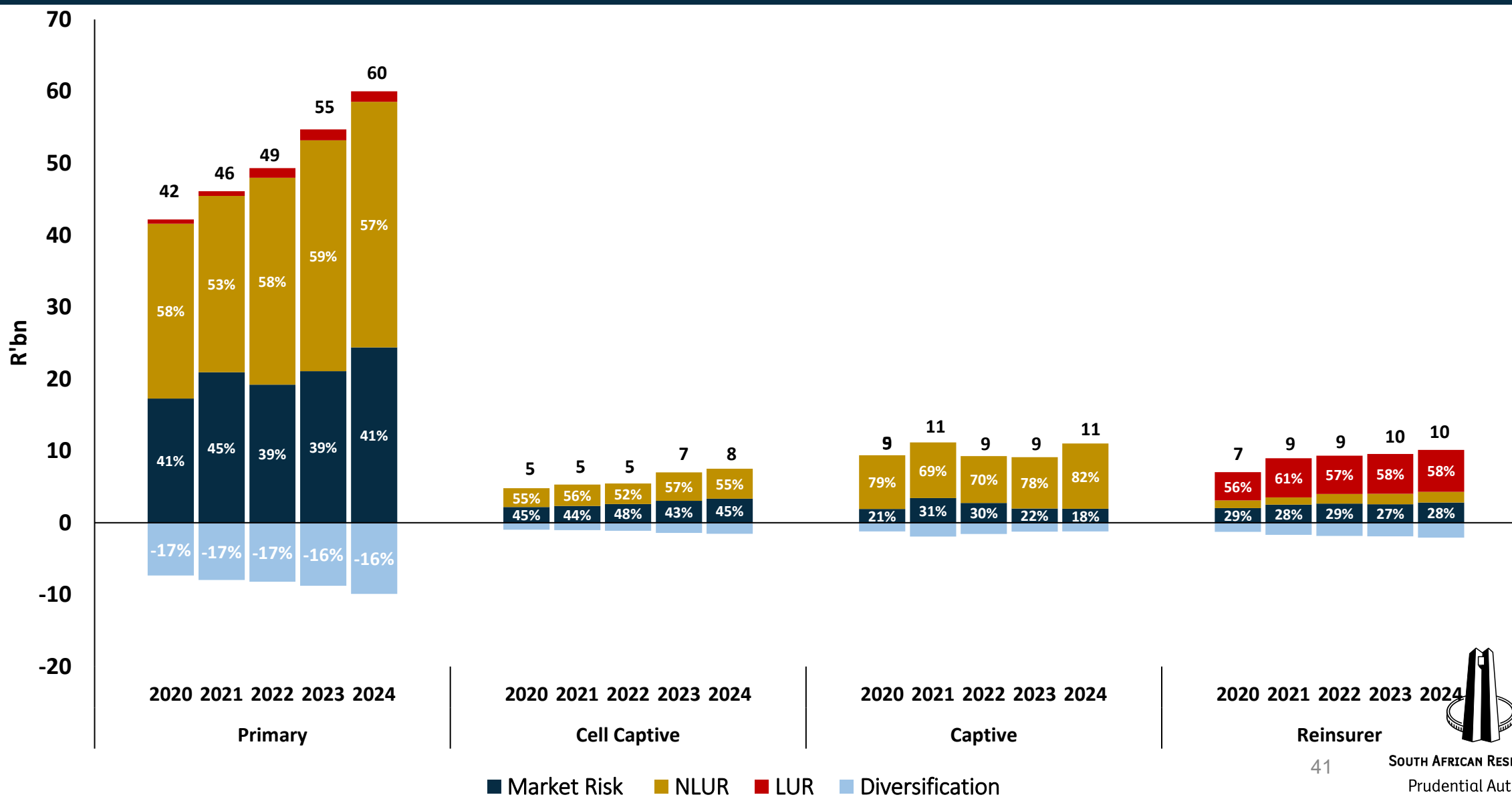
Movement in SCR (2023-2024)



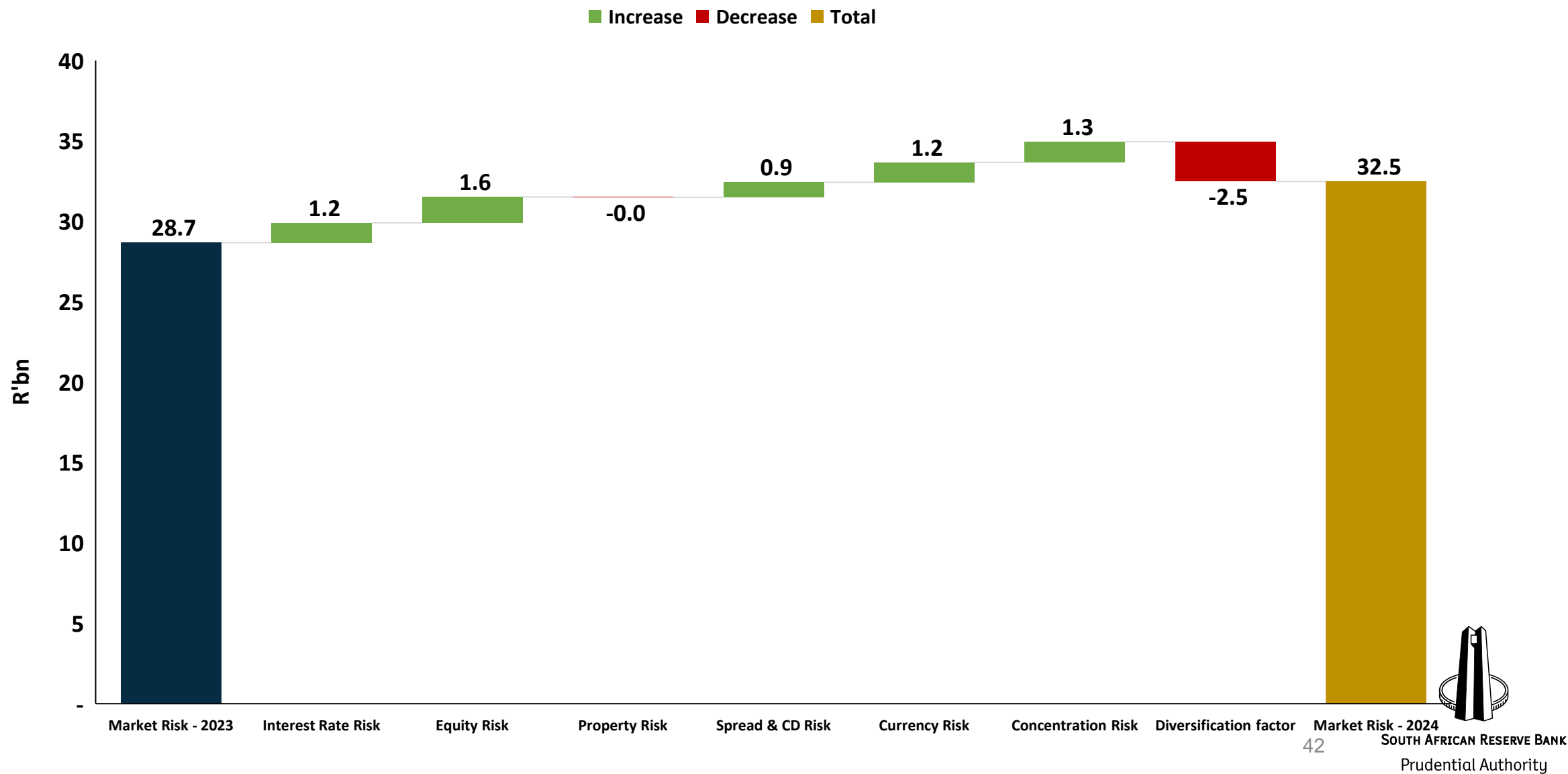
Note: Other = LACDT plus SCR Adjustments: Cells and Ring-Fenced Funds



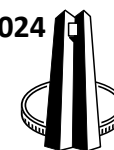
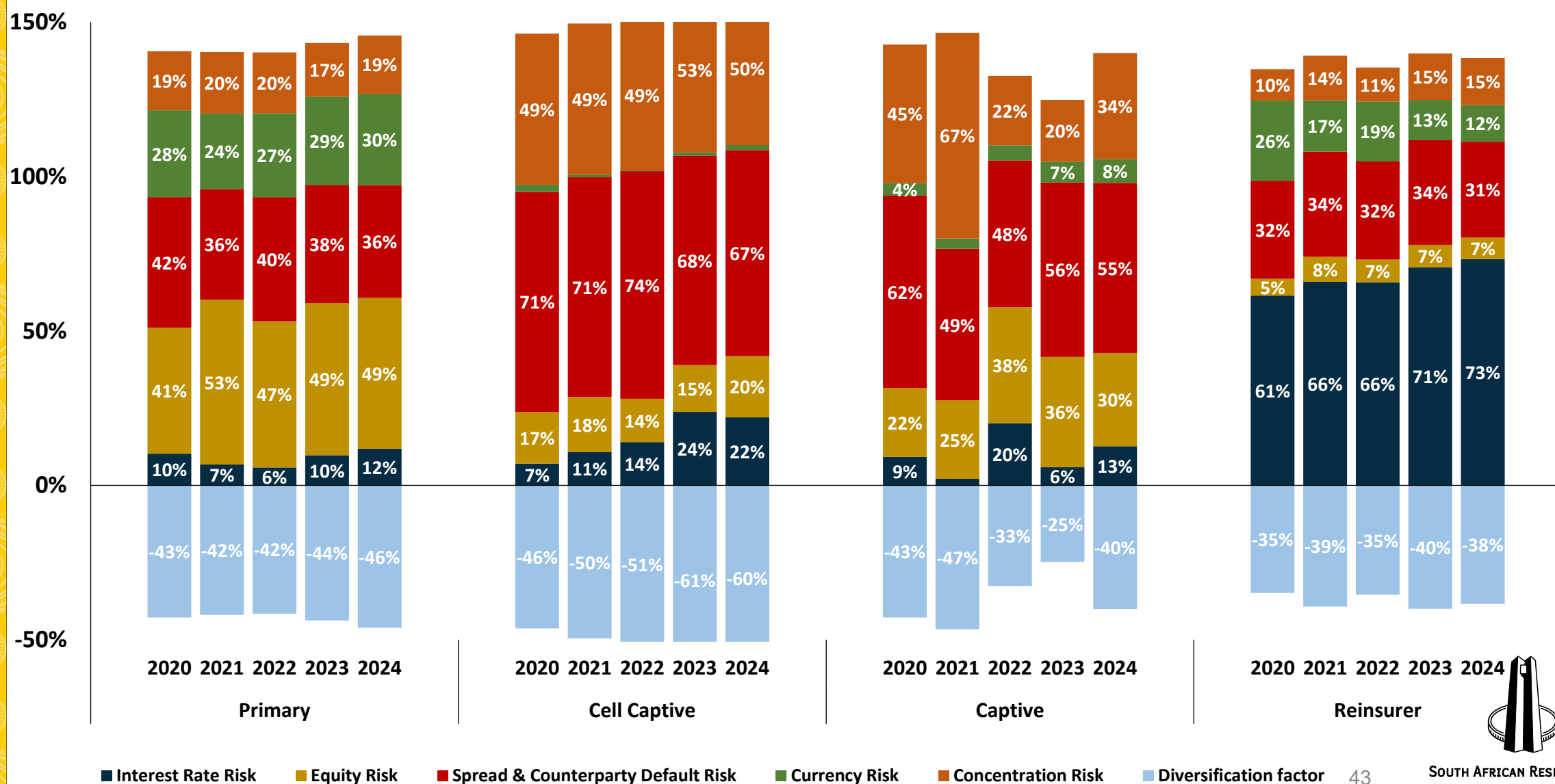
Breakdown of BSCR by Insurer Type



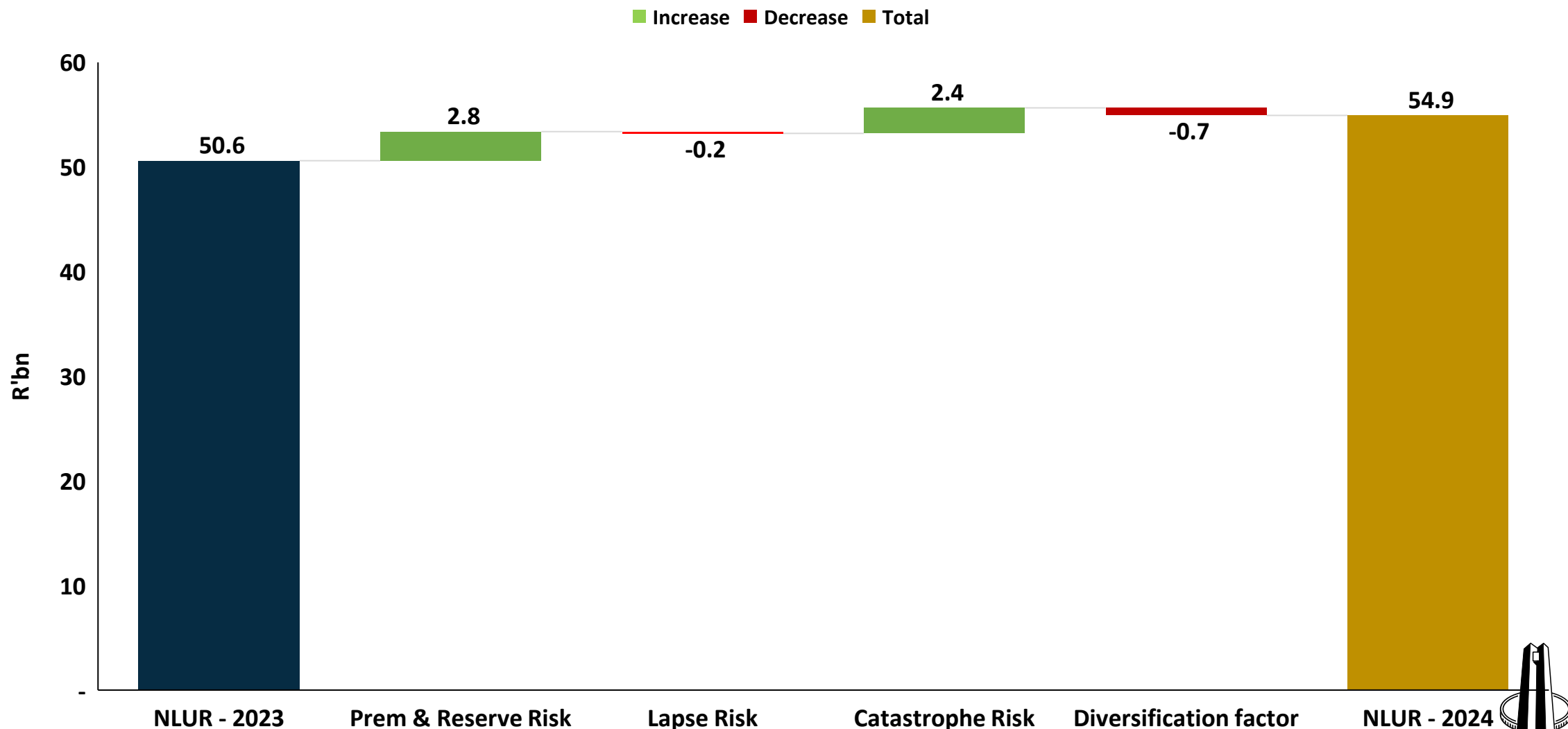
Movement in Market Risk (2023-2024)



Market Risk by Insurer Type

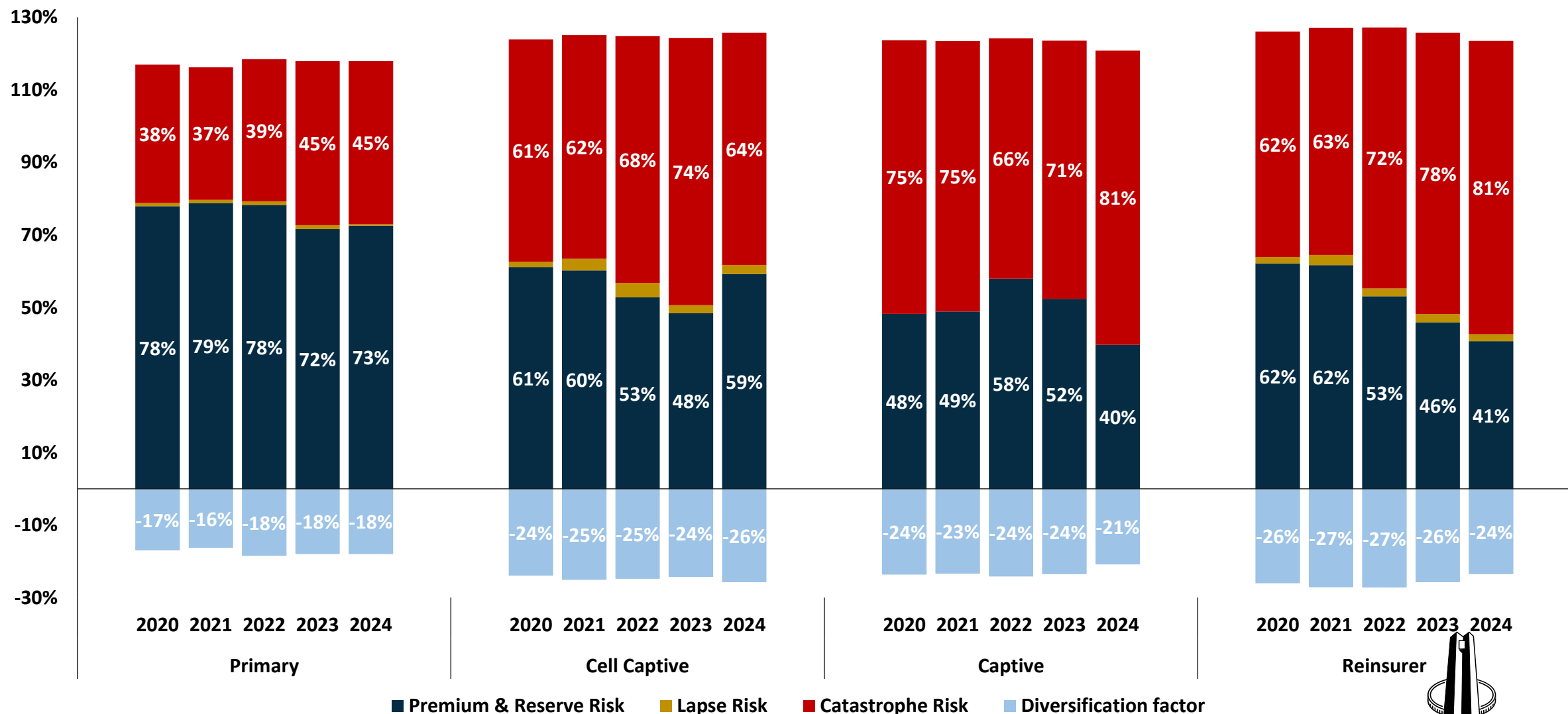


Movement in Non-Life Underwriting Risk (2023-2024)

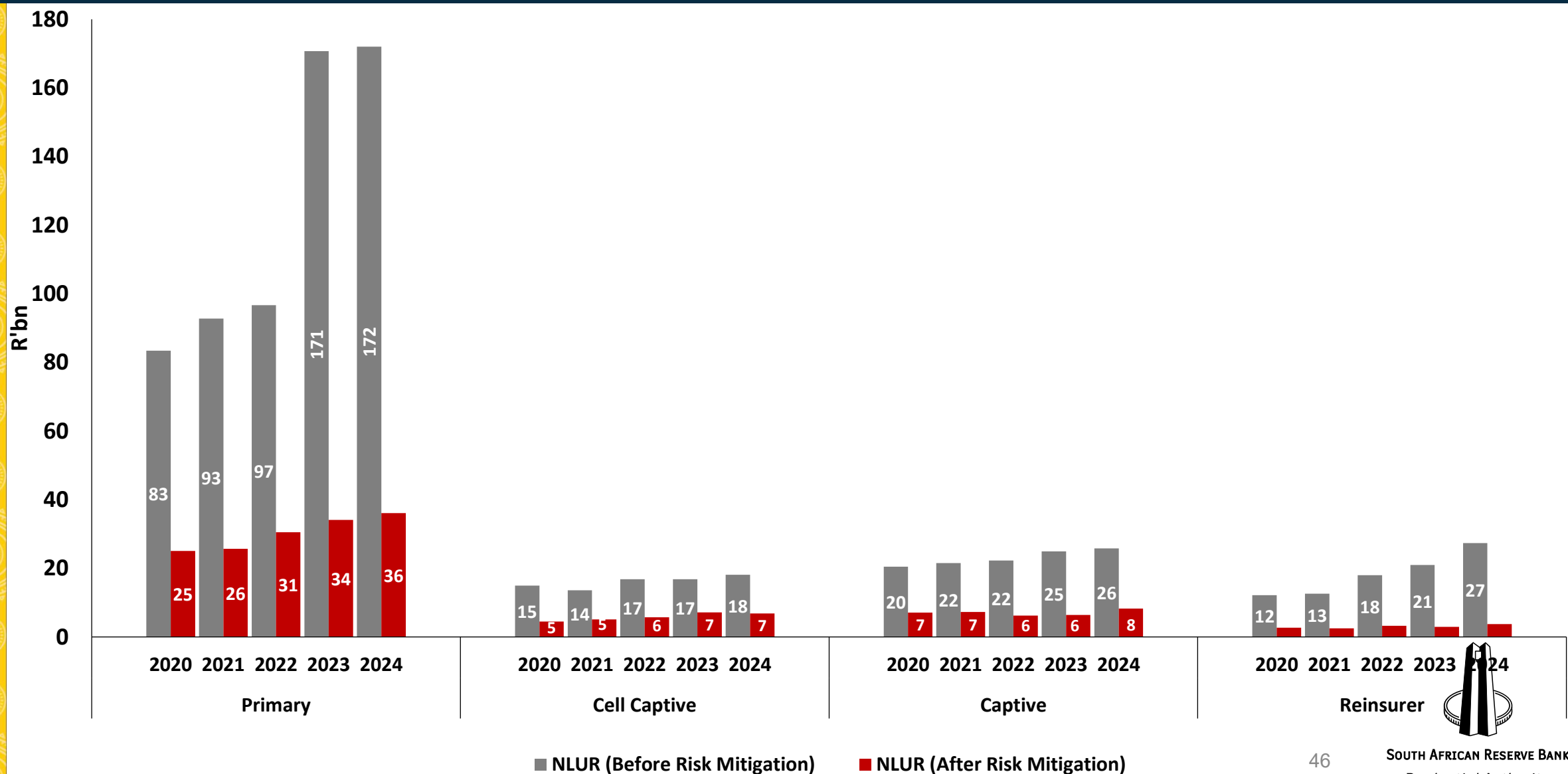


Note: This slide shows the Diversified capital charge for NLUR

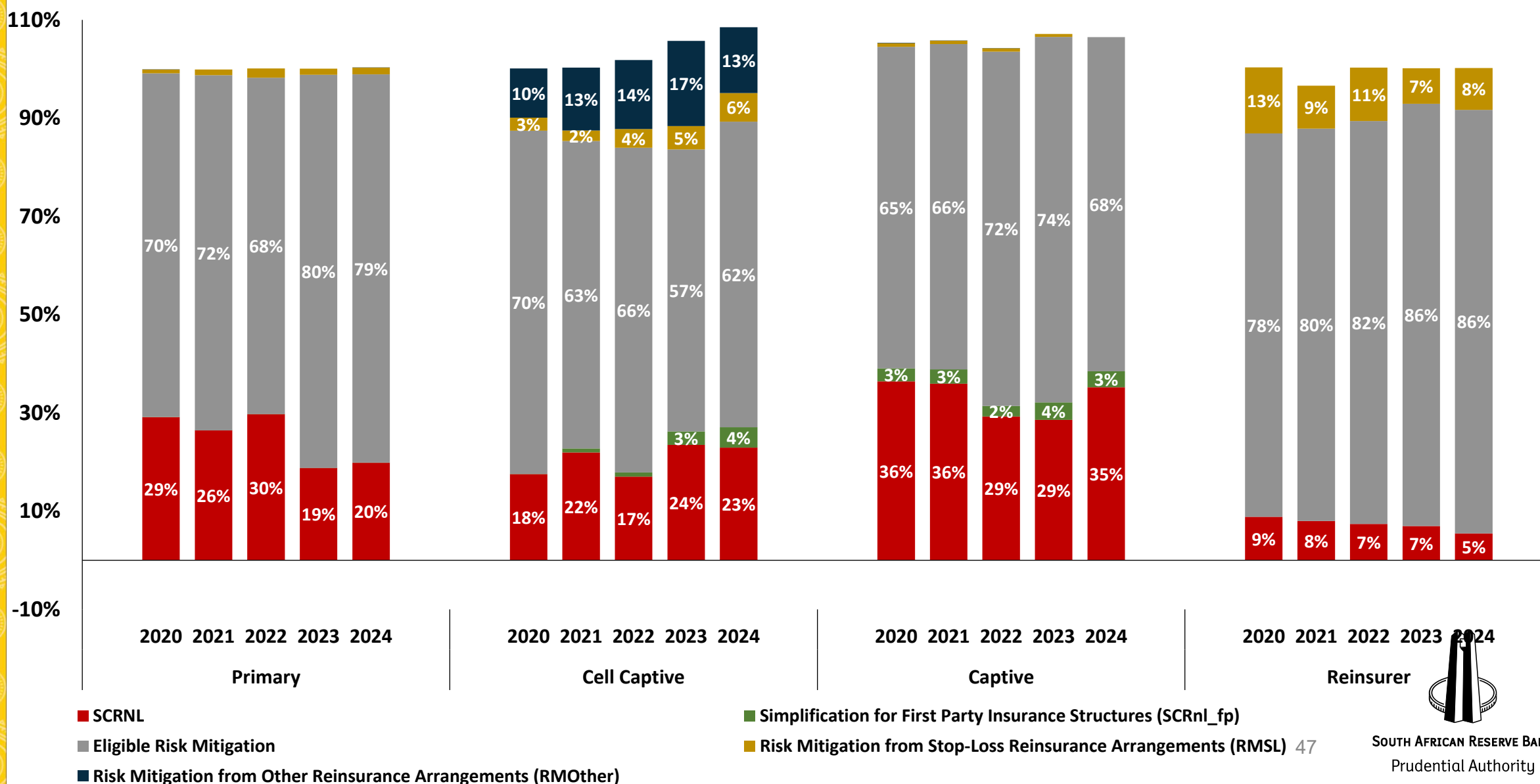
Non-Life Underwriting Risk Composition



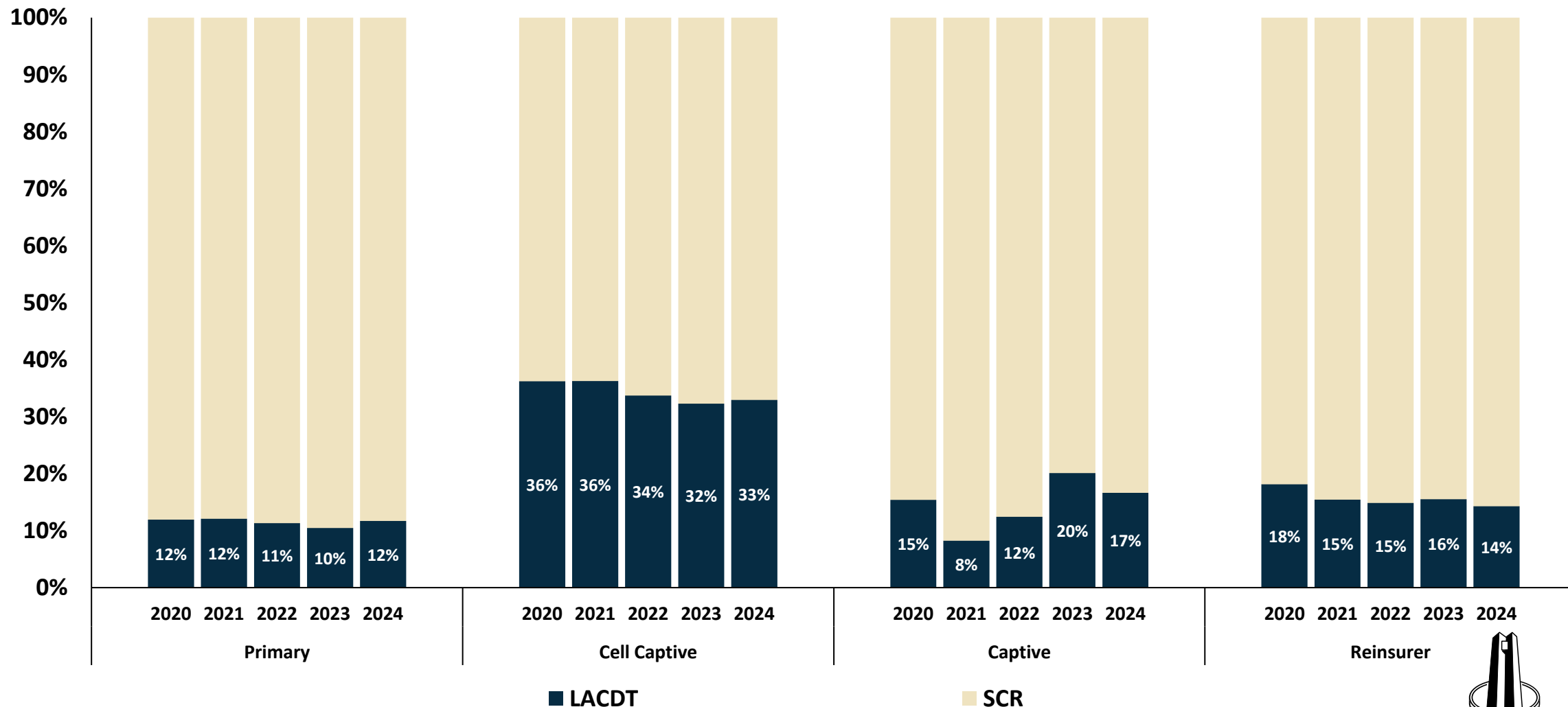
Effect of Risk Mitigation - NLUR



Effect of Risk Mitigation - NLUR

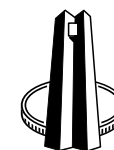


Loss Absorbing Capacity of Deferred Taxes



Note:

LACDT shown as positive to illustrate proportional reduction in SCR

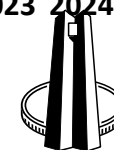
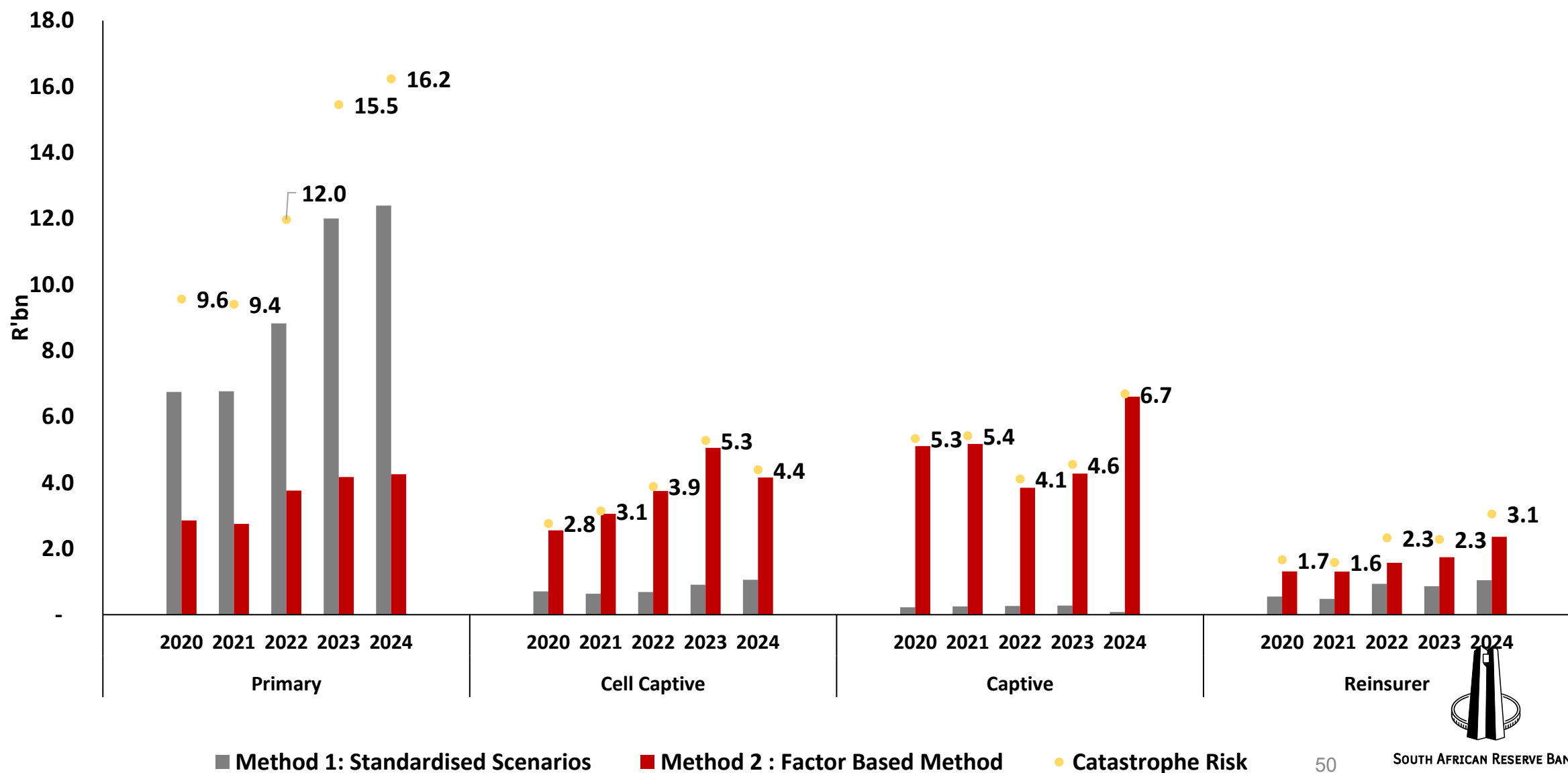




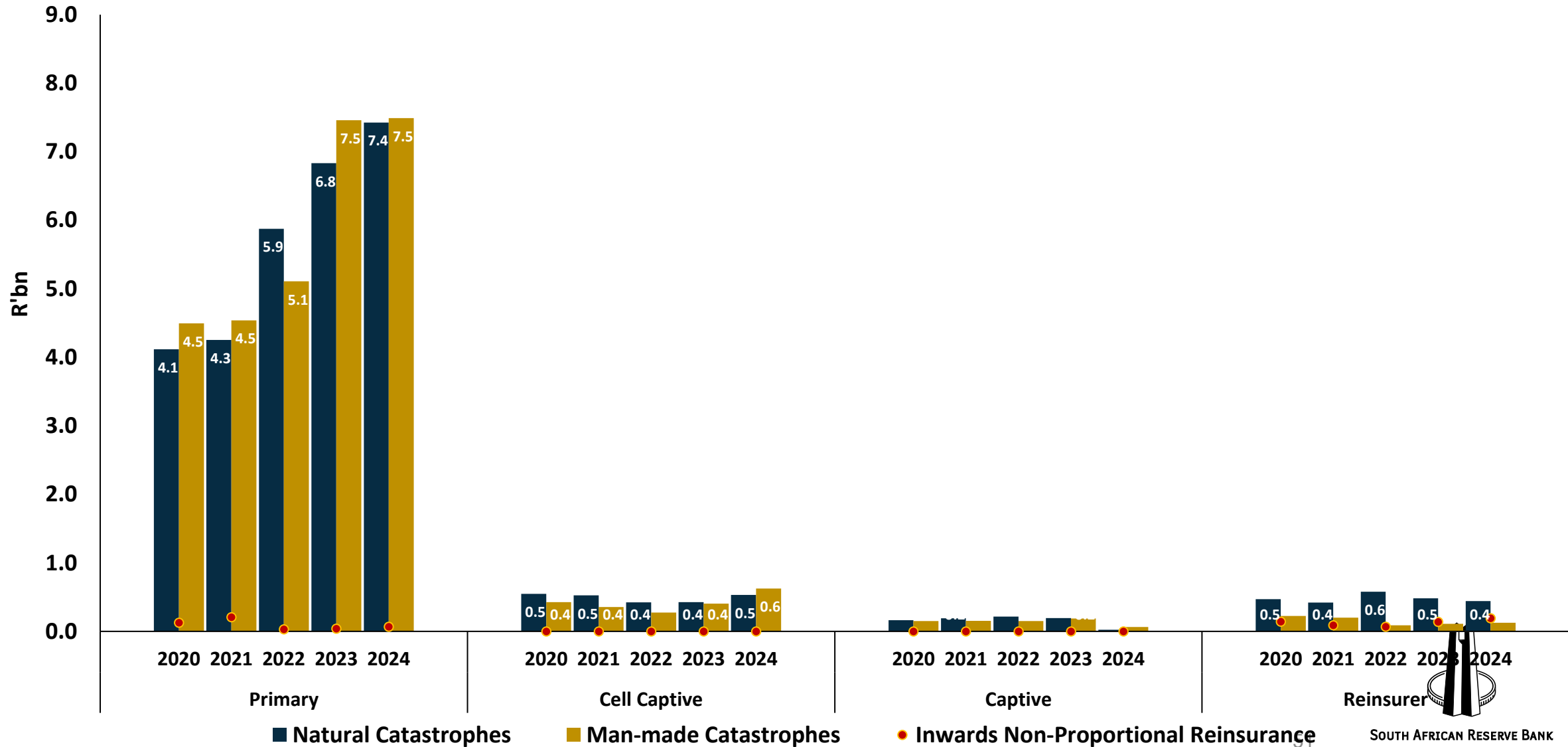
Catastrophe Risks



Catastrophe Risk - Calculation



Catastrophe Risk – Calculation (Method 1)





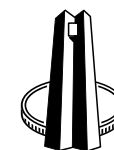
Summary



Summary

- ❖ Industry premiums continue to show an upward trend
- ❖ During the reporting period:
 - Primary Insurers' underwriting results have improved over the period
 - Increased investment income observed across all insurer types
 - Total industry assets grew 7% on average driven by Total Investments
 - Total industry Technical Provisions reduced by 8%
 - High Man-made Catastrophe charge driven by one insurer

For enquiries, please send an email to PA-INFO@resbank.co.za





THANK YOU



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