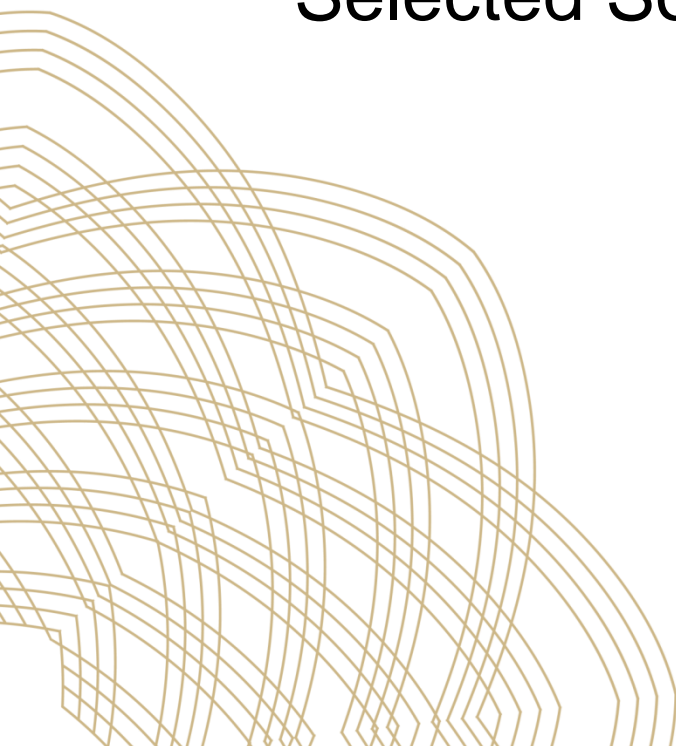


South African Reserve Bank

Prudential Authority

Selected South African insurance sector data

March 2020



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Introduction

This report provides a high level overview of insurers' financial and risk information, compiled by means of the aggregation of data submitted quarterly by individual South African-registered insurers.

The following should be noted with regards to the data contained in this document:

- data is based on reporting by insurance entities and the prudential standard issued in terms of the Insurance Act 18 of 2017 as implemented in South Africa on 1 July 2018;
- this information is subject to change without notice. The data in this report is as at the end of March 2020.

Registered insurance entities in South Africa

	Mar 2019	Mar 2020
Total	171	170
Life primary insurers	66	70
Life cell captives	6	5
Life microinsurer	1	1
Non-life primary insurers	68	65
Non-life cell captives	10	9
Non-life captives	9	8
Non-life microinsurer	0	1
Professional reinsurers	9	9
Composite reinsurers	5	5
Life reinsurers	2	2
Non-life reinsurers	2	2
Other	2	2

Life insurance: Primary insurers

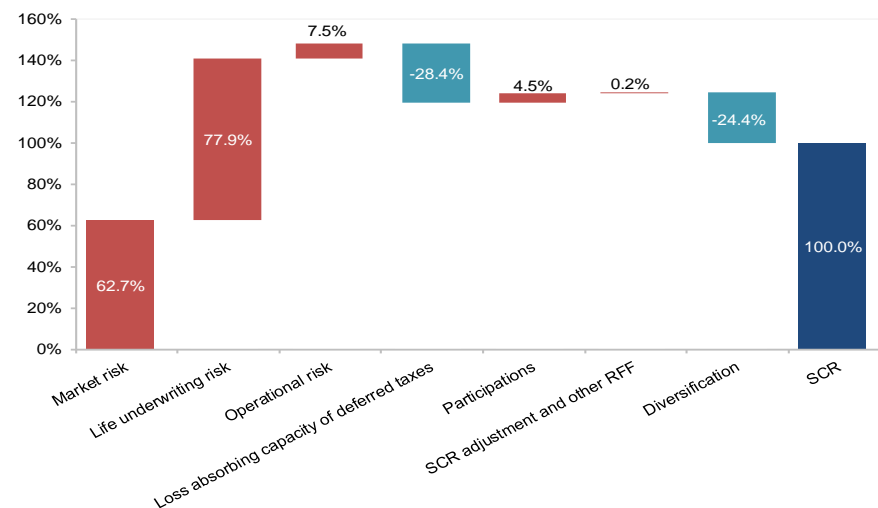
Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets¹	3,124,141	2,844,189	-9.0
<i>Of which:</i>			
Total investments	2,914,914	2,655,491	-8.9
Government bonds	205,049	203,206	-0.9
Corporate bonds	243,936	228,978	-6.1
Equity	505,325	385,035	-23.8
Investment funds	1,579,601	1,428,098	-9.6
Structured notes	44,016	51,537	17.1
Collateralised securities	16,747	16,706	-0.2
Cash and deposits	209,136	229,631	9.8
Mortgages and loans	73,286	78,514	7.1
Property	37,817	33,785	-10.7
Total reinsurance recoverables/ (payable)	6,734	6,150	-8.7
Derivatives	4,642	1,585	-65.8
Owner occupied property	7,411	9,647	30.2
Other assets	190,440	171,315	-10.0
Total liabilities	2,759,121	2,515,362	-8.8
<i>Of which:</i>			
Gross technical provisions	2,597,012	2,337,180	-10.0
Basic own funds	365,020	328,826	-9.9
Eligible own funds to meet SCR	348,845	319,156	-8.5
Eligible own funds to meet MCR	324,415	305,029	-6.0
Profitability			
Gross premium	126,007	136,541	8.4
Reinsurance ⁴	4,896	3,857	-21.2
Net premiums	121,111	132,684	9.6
Net claims paid	110,365	122,589	11.1
Investment income/ (loss) ⁵	142,340	-284,595	-299.9
Management expenses	11,977	13,954	16.5
Commission paid/ (received)	4,871	4,881	0.2
Other expenses	1,374	4,703	242.3
Net profit before tax and dividends ⁵	14,226	-28,771	-302.2
Other			
Number of policies at the end of period	49,053,769	51,173,993	4.3
Number of schemes at the end of period	77,808	83,590	7.4

Performance indicators	Mar 2019 %	Mar 2020 %
Claims ratio ²	91.1	92.4
Commission ratio ²	4.0	3.7
Management expenses ratio ²	9.9	10.5
Individual lapse ratio ³	85.7	69.3
Individual contractual termination ³	6.0	4.2
Individual expiry ³	2.6	1.1
Surrenders ³	8.0	5.3
Surrenders (in-force policies)	0.5	0.5
Individual lapse ratio (in-force policies)	5.7	7.0

Solvency and capital

SCR cover ratio (Median)	1.8	1.9
MCR cover ratio (Median)	4.2	4.3

SCR risk components



¹ The overall decrease in total assets were as a result of deteriorating market condition due to COVID-19 impact.

² Expressed as a percentage of net written premium during the period.

³ Expressed as a percentage of the number of new policies issued during the period.

⁴ One major insurer cancelled its reinsurance arrangement.

⁵ Overall Investment loss recorded for the quarter ending March 2020 due to unfavourable market movements.

Life insurance: Reinsurers

Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	6,495	7,979	22.8
<i>Of which:</i>			
Total investments	5,350	4,792	-10.4
Total reinsurance recoverables/ (payable) ²	-463	1,123	342.6
Current assets	1,475	1,940	31.5
Total liabilities	3,350	4,612	37.7
<i>Of which</i>			
Gross technical provisions	1,195	2,082	74.2
Accounts payable	1,443	1,843	27.7
Reinsurance deposits	3	3	3.0
Basic own funds	3,145	3,368	7.1
Eligible own funds to meet SCR	3,140	3,368	7.2
Eligible own funds to meet MCR	3,140	3,368	7.2
Profitability			
Gross premium	1,727	1,793	3.8
Reinsurance	985	1,166	18.4
Net premiums	743	627	-15.5
Net claims paid	408	440	8.0
Investment income ³	108	-66	-160.8
Management expenses	142	99	-30.3
Other expenses	-9	-60	-571.0
Net profit before tax and dividends ³	-437	-106	75.7

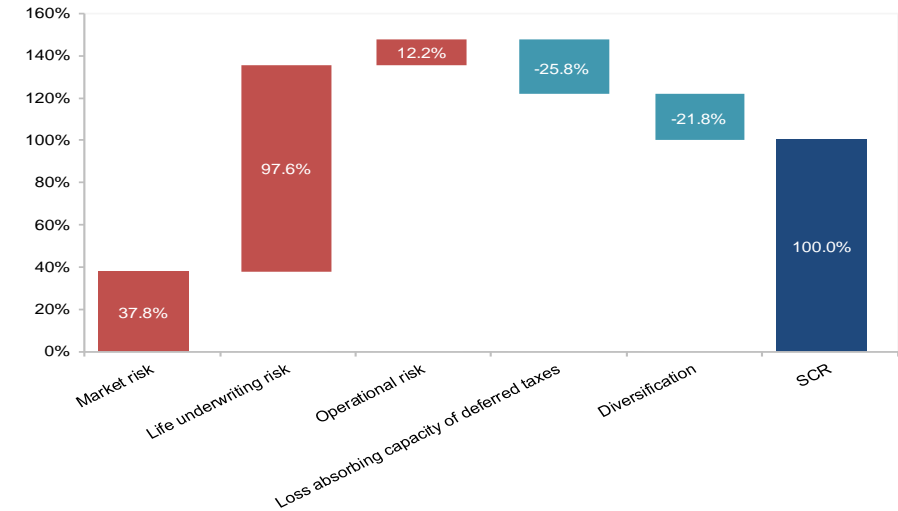
Performance indicators

	Mar 2019 %	Mar 2020 %
Claims ratio ¹	54.9	70.2
Management expenses ratio ¹	19.1	15.7

Solvency and capital

	Mar 2019	Mar 2020
SCR cover ratio (Median)	1.6	1.7
MCR cover ratio (Median)	5.3	5.7

SCR risk components



¹ Expressed as a percentage of net written premium during the period.

² Fluctuation due to payments and recoverables between subsidiary and its parent reinsurer.

³ Overall Investment loss recorded for the quarter ending March 2020 due to market movements.

Life insurance: Cell Captive insurers

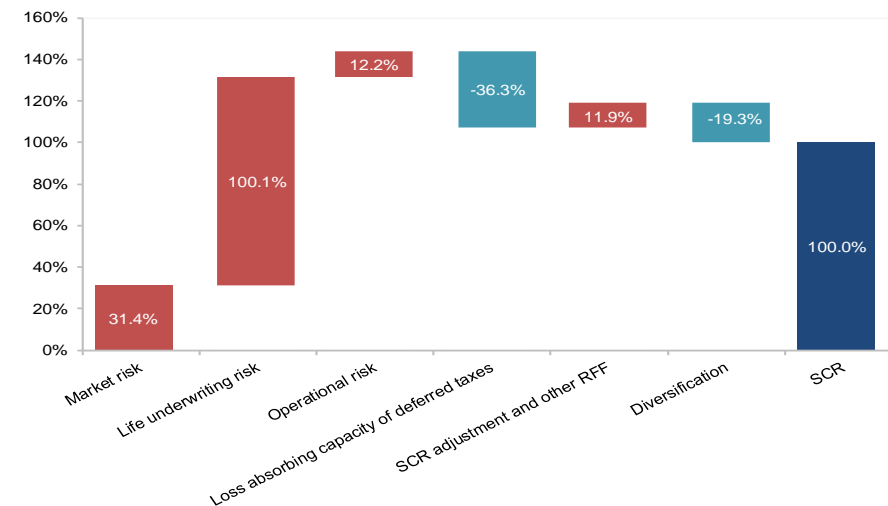
Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	11,552	15,643	35.4
<i>Of which:</i>			
Total investments	12,052	18,089	50.1
Government bonds	1,018	896	-12.0
Corporate bonds	2,935	6,487	121.0
Equity	9	98	1,047.9
Investment funds	5,151	7,171	39.2
Structured notes	2	7	200.9
Collateralised securities	184	146	-21.0
Cash and deposits	2,451	2,920	19.1
Mortgages and loans	301	365	21.1
Total reinsurance recoverables/ (payable)	-1,273	-3,255	-155.7
Derivatives	0	-23	-15,313.8
Other assets	772	831	7.6
Total liabilities	4,403	7,375	67.5
<i>Of which:</i>			
Gross technical provisions	1,495	4,253	184.6
Deferred tax liabilities	1,781	2,035	14.3
Basic own funds	7,148	8,268	15.7
Eligible own funds to meet SCR	4,525	4,892	8.1
Eligible own funds to meet MCR	4,513	4,876	8.1
Profitability			
Gross premium	2,994	3,974	32.7
Reinsurance	667	833	24.9
Net premiums	2,327	3,141	35.0
Net claims paid	495	632	27.6
Investment income ³	351	-298	-184.9
Management expenses	287	325	13.2
Commission paid/ (received)	235	360	53.3
Other expenses	1	1	-52.2
Net profit before tax and dividends	1,390	1,053	-24.3
Other			
Number of policies at the end of period	5,920,233	7,255,485	22.6
Number of schemes at the end of period ⁴	416	85,210	20,383.2

Performance indicators	Mar 2019 %	Mar 2020 %
Claims ratio ¹	21.3	20.1
Commission ratio ¹	10.1	11.5
Management expenses ratio ¹	12.3	10.3
Individual lapse ratio ²	56.1	21.6
Individual contractual termination ²	1.3	0.8
Individual expiry ^{2 5}	13.7	54.2
Surrenders ²	3.5	0.0
Surrenders (in-force policies)	0.4	0.0
Individual lapse ratio (in-force policies)	6.2	3.0

Solvency and capital

SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.3	4.3

SCR risk components



¹ Expressed as a percentage of net written premiums.

² Expressed as a percentage of the number of new policies issued during the period.

³ Overall Investment loss recorded for the quarter ending March 2020 due to market movements.

⁴ During the review period one cell captive insurer increased its number of issued schemes.

⁵ During the review period one cell captive experienced higher than usual expired policies.

Non-Life insurance: Primary insurers

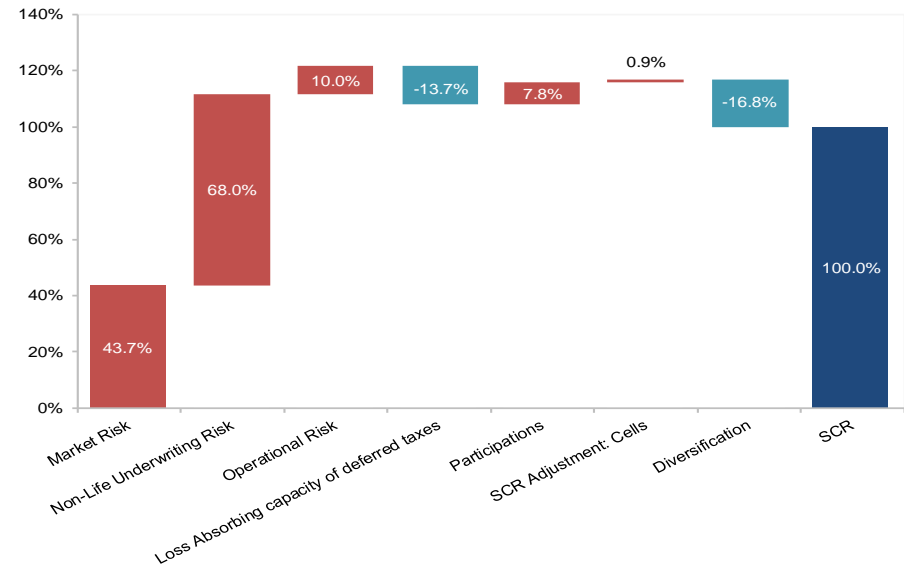
Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	152,250	155,636	2.2
<i>Of which:</i>			
Total investments	102,744	104,341	1.6
Government bonds	19,463	20,049	3.0
Corporate bonds	23,422	26,946	15.0
Equity	16,419	14,833	-9.7
Investment funds	13,987	11,295	-19.2
Structured notes	539	260	-51.8
Collateralised securities	857	789	-8.0
Cash and deposits	25,962	28,038	8.0
Mortgages and loans	2,063	2,077	0.7
Property	32	54	67.8
Total reinsurance recoverables/ (payable)	18,470	16,421	-11.1
Derivatives	-19	184	1,068.9
Owner occupied property	785	1,854	136.1
Other assets	30,270	32,837	8.5
Total liabilities	86,755	86,552	-0.2
<i>Of which:</i>			
Gross technical provisions	61,693	58,334	-5.4
Accounts payable	8,900	6,307	-29.1
Payables (trade, not insurance)	5,241	10,569	101.7
Basic own funds	65,495	69,084	5.5
Eligible own funds to meet SCR	64,418	67,739	5.2
Eligible own funds to meet MCR	60,676	63,948	5.4
Profitability			
Gross written premium	32,150	31,522	-2.0
Reinsurance	10,375	10,336	-0.4
Net premiums	21,775	21,186	-2.7
Net earned premium	19,773	19,929	0.8
Investment income ⁴	1,914	-2,582	-234.9
Net claims paid	10,592	9,868	-6.8
Management expenses	5,174	5,868	13.4
Commission paid/ (received)	1,393	1,247	-10.5
Underwriting profit/(loss)	3,327	3,539	6.4
Underwriting and investment income ⁴	5,241	957	-81.7
Net profit before tax and dividends	4,855	834	-82.8

Performance indicators	Mar 2019 %	Mar 2020 %
Claims ratio ¹	48.6	46.6
Management expenses ratio ¹	23.8	27.7
Commission ratio ¹	6.4	5.9
Combined ratio ²	78.8	80.2
Underwriting profit/(loss) ratio ³	16.8	17.8
Underwriting and investment income ratio ³	26.5	4.8

Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	3.6	3.9

SCR risk components



¹ Expressed as a percentage of net written premium during the period.

² Claims + commission + expenses as a percentage of net written premium.

³ Expressed as a percentage of net earned premium during the period.

⁴ Overall Investment loss recorded for the quarter ending March 2020 due to unfavourable market movements.

Non-Life insurance: Reinsurers

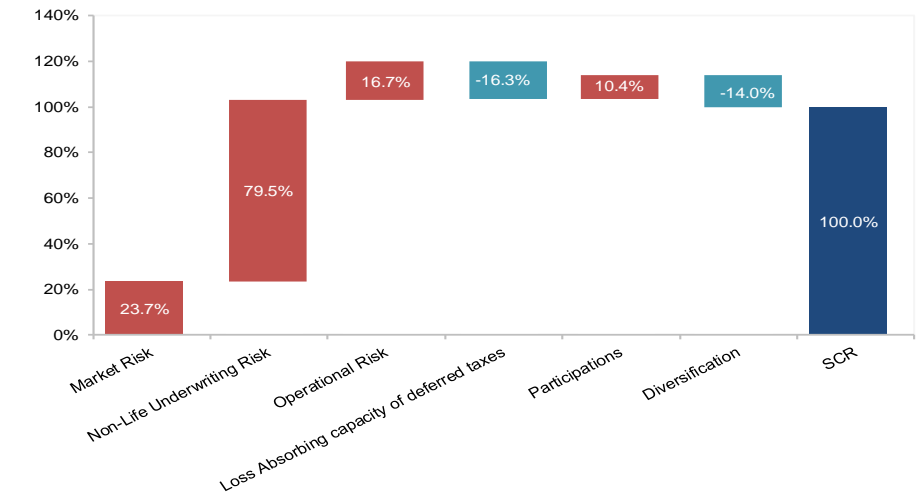
Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	7,031	6,860	-2.4
<i>Of which:</i>			
Total investments	3,521	3,618	2.7
Total reinsurance recoverables/ (payable)	2,379	2,125	-10.7
Total liabilities	5,487	5,242	-4.5
<i>Of which :</i>			
Gross technical provisions	3,403	3,258	-4.3
Accounts payable	256	345	34.8
Reinsurance deposits	1,747	1,432	-18.0
Basic own funds	1,544	1,618	4.8
Eligible own funds to meet SCR	1,544	1,618	4.8
Eligible own funds to meet MCR	1,526	1,607	5.3
Profitability			
Gross premium	1,438	1,218	-15.3
Reinsurance	866	751	-13.3
Net premiums	572	467	-18.3
Net claims paid ⁴	334	405	21.2
Net earned premiums	344	289	-16.0
Investment income ⁵	70	-23	-133.5
Management expenses	37	39	6.8
Commission paid/ (received)	202	116	-42.6
Other expenses	-1	-0	46.3
Underwriting profit/(loss) ⁴	19	-134	-799.1
Underwriting and investment income	89	-157	-277.4
Net profit before tax and dividends	89	-157	-275.9

Performance indicators	Mar 2019 %	Mar 2020 %
Claims ratio ¹	58.4	86.7
Commission ratio ¹	35.3	24.8
Management expenses ratio ¹	6.5	8.5
Combined ratio ²	100.1	119.9
Underwriting profit/(loss) ratio ^{3 4}	5.6	-46.3
Underwriting and investment income ratio ⁴	25.7	-54.4

Solvency and capital

SCR cover ratio (Median)	1.5	1.7
MCR cover ratio (Median)	4.6	5.3

SCR risk components



¹ Expressed as a percentage of net written premium during the period.

² Claims + commission + expenses as a percentage of net written premium.

³ Expressed as a percentage of net earned premium during the period.

⁴ One reinsurer recorded higher than usual claims during the review period.

⁵ Overall Investment loss recorded for the quarter ending March 2020 due to unfavourable market movements.

Non-Life insurance: Cell Captive insurers

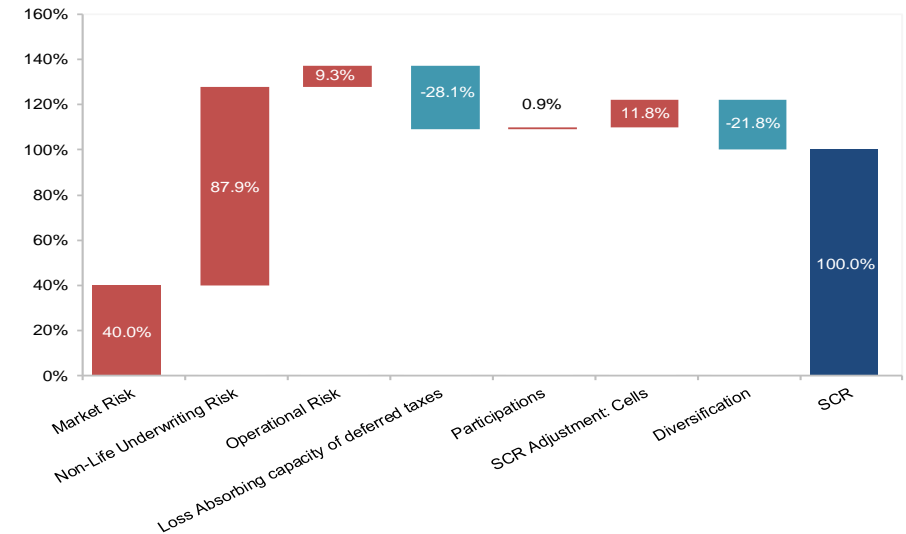
Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	36,950	42,237	14.3
<i>Of which:</i>			
<i>Total investments</i>	31,001	35,975	16.0
Government bonds	401	385	-3.9
Corporate bonds	8,018	12,619	57.4
Equity ⁴	139	1,490	968.5
Investment funds ⁴	15,372	4,111	-73.3
Structured notes	150	118	-20.8
Collateralised securities	287	378	31.6
Cash and deposits ⁴	6,626	16,850	154.3
Mortgages and loans	8	24	195.2
Total reinsurance recoverables/ (payable)	3,508	3,856	9.9
Derivatives	-0	-2	-4,129.6
Other assets	2,442	2,408	-1.4
Total liabilities	21,891	26,286	20.1
<i>Of which:</i>			
Gross technical provisions	18,934	23,857	26.0
Basic own funds	15,059	15,951	5.9
Eligible own funds to meet SCR	11,519	12,365	7.3
Eligible own funds to meet MCR	11,445	12,126	6.0
Profitability			
Gross written premium	4,365	4,710	7.9
Reinsurance	2,011	1,849	-8.1
Net premiums	2,354	2,861	21.6
Net earned premium	2,576	3,532	37.1
Investment income ⁵	333	52	-84.5
Net claims paid ⁶	1,329	2,006	51.0
Management expenses	463	573	23.8
Commission paid/ (received)	53	120	127.7
Underwriting profit/(loss)	305	-28	-109.2
Underwriting and investment income	639	24	-96.3
Net profit before tax and dividends	630	76	-87.9

Performance indicators	Mar 2019 %	Mar 2020 %
Claims ratio ¹	56.4	70.1
Management expenses ratio ¹	19.7	20.0
Commission ratio ¹	2.2	4.2
Combined ratio ²	78.3	94.3
Underwriting profit/(loss) ratio ³	11.8	-0.8
Underwriting and investment income ratio ³	24.8	0.7

Solvency and capital

SCR cover ratio (Median)	2.0	1.5
MCR cover ratio (Median)	2.7	2.4

SCR risk components



¹ Expressed as a percentage of net written premium during the period.

² Claims + commission + expenses as a percentage of net written premium.

³ Expressed as a percentage of net earned premium during the period.

⁴ One insurer reclassified its assets resulting in a move from investment funds to cash & deposits as well as equities.

⁵ Overall Investment loss recorded for the quarter ending March 2020 due to unfavourable market movements.

⁶ Two cell captive insurers recorded higher than usual claims during the review period.

Non-Life insurance: Captive insurers

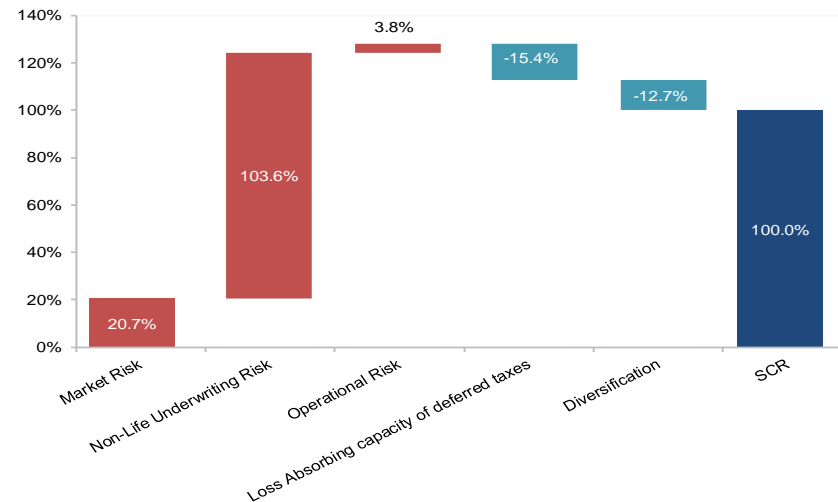
Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	2,579	3,096	20.1
<i>Of which:</i>			
<i>Total investments</i>	2,039	2,632	29.1
Government bonds	3	2	-33.2
Corporate bonds	99	108	8.3
Equity	4	2	-49.7
Investment funds	436	424	-2.9
Structured notes	9	10	9.4
Collateralised securities	3	4	40.3
Cash and deposits	1,484	2,083	40.3
Total reinsurance recoverables/ (payable)	287	259	-10.0
Derivatives	-0	-	-100.0
Other assets	252	206	-18.6
Total Liabilities	748	722	-3.4
<i>Of which:</i>			
Gross technical provisions	639	587	-8.2
Basic own funds	1,831	2,374	29.6
Eligible own funds to meet SCR	1,831	2,394	30.7
Eligible own funds to meet MCR	1,805	2,379	31.8
Profitability			
Gross written premium ³	326	224	-31.3
Reinsurance	17	17	3.5
Net premiums	309	206	-33.2
Net earned premium	404	212	-47.4
Investment income	32	38	18.1
Net claims paid ⁴	63	-91	-244.4
Management expenses	42	39	-7.8
Commission paid/ (received)	6	2	-71.1
Underwriting profit/(loss)	302	265	-12.2
Underwriting and investment income	334	303	-9.3
Net profit before tax and dividends	296	293	-1.0

Performance indicators	Mar 2019 %	Mar 2020 %
Claims ratio ¹	20.3	-43.9
Management expenses ratio ¹	13.5	18.7
Commission ratio ¹	2.0	0.9
Combined ratio ²	35.9	-24.4
Underwriting profit/(loss) ratio	74.7	124.8
Underwriting and investment income ratio	82.7	142.7

Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	3.6	3.8

SCR risk components



¹ Expressed as a percentage of net written premium during the period.

² Claims + commission + expenses as a percentage of net written premium.

³ Most captive insurers receive once off premiums which are spread over the period resulting in fluctuations.

⁴ Negative claims: A major insurer received a refund from its reinsurer.

Composite reinsurers

Balance sheet	Mar 2019 R'mil	Mar 2020 R'mil	12 Monthly % growth
Total assets	35,220	38,666	9.8
Total investments	20,572	21,703	5.5
Total reinsurance recoverables	7,646	8,778	14.8
Current assets	6,578	7,554	14.8
Total liabilities	24,445	26,843	9.8
<i>Of which :</i>			
Gross technical provisions (Life)	5,171	5,226	1.1
Gross technical provisions (Non-Life)	10,268	11,664	13.6
Reinsurance accounts payable	3,679	5,099	38.6
Reinsurance deposits	2,686	1,496	-44.3
Basic own funds	10,775	11,824	9.7
Eligible own funds to meet SCR	10,712	13,334	24.5
Eligible own funds to meet MCR	10,622	11,729	10.4

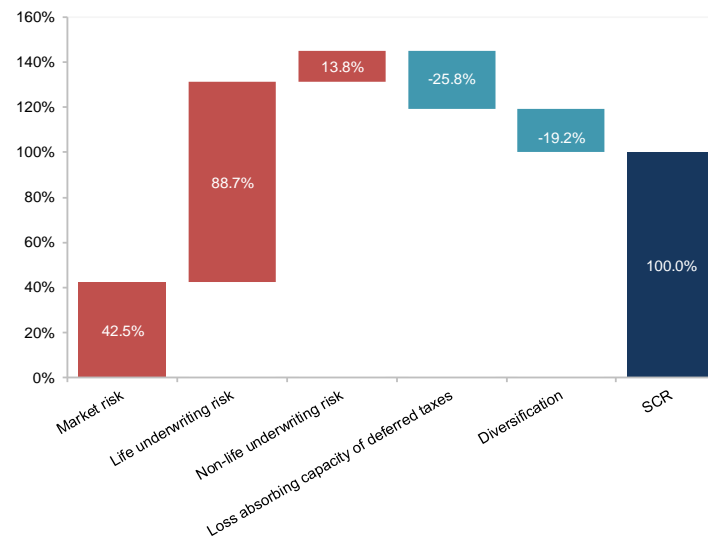
Profitability	Mar 2019		Mar 2020	
	Life	Non-life	Life	Non-life
Gross premium	2,504	3,260	2,969	3,874
Reinsurance	114	2,531	174	3,254
Net premiums	2,390	729	2,795	621
Net claims paid	2,285	445	1,667	477
Net earned premiums		922		584
Investment Income	276	127	60	284
Management expenses	131	34	172	23
Commission paid/ (received)	160	153	234	225
Other expenses	-42	24	51	17
Underwriting profit/(loss)		431		159
Underwriting and investment income		558		443
Net profit before tax and dividends	-315	534	214	427

Performance indicators	Mar 2019	Mar 2019	Mar 2020	Mar 2020
	Life (%)	Non-life (%)	Life (%)	Non-life (%)
Claims ratio ¹	95.6	61.1	59.7	76.9
Management Expenses ratio ¹	5.5	4.7	6.2	3.8
Commission ratio ¹	6.7	20.9	8.4	36.2
Combined ratio ²		86.7		116.9
Underwriting profit/(loss) ratio ³		46.7		27.3
Underwriting and investment income ratio ³		60.5		75.9

Solvency and capital

SCR cover ratio (Median)	1.3	1.3	1.6	1.6
MCR cover ratio (Median)	3.2	3.2	4.2	4.2

SCR risk components



¹ Expressed as a percentage of net written premium during the period.

² Claims + commission + expenses as a percentage of net written premium.

³ Expressed as a percentage of net earned premium during the period.