



South African Reserve Bank

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**Prudential Authority**

# Selected South African insurance sector data

## March 2019



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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 in terms of the Insurance Act 18 of 2017 and the prudential standards 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 2019.

# Registered insurance entities in South Africa

	Sep 2018	Mar 2019
<b>Total</b>	<b>171</b>	<b>171</b>
Life primary insurers	68	66
Life cell captives	5	6
Life microinsurer	0	1
Non-life primary insurers	73	68
Non-life cell captives	5	10
Non-life captives	8	9
Professional reinsurers	10	9
Composite reinsurers	4	5
Life reinsurers	3	2
Non-life reinsurers	3	2
Other	2	2

# Life insurance: Primary insurers

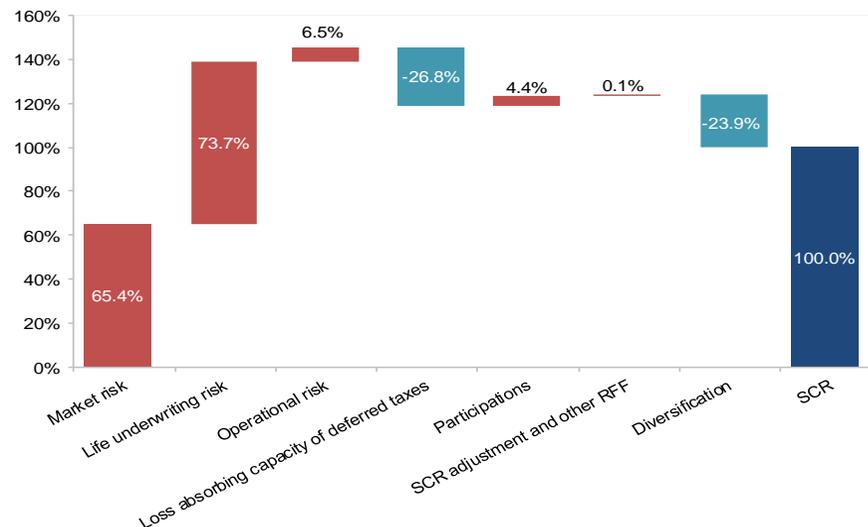
Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>3,088,391</b>	<b>3,124,141</b>	<b>1.2</b>
<i>Of which:</i>			
Total investments	2,903,198	2,914,914	0.4
Government bonds	204,315	205,049	0.4
Corporate bonds	238,760	243,936	2.2
Equity	513,071	505,325	-1.5
Investment funds	1,561,219	1,579,601	1.2
Structured notes	37,842	44,016	16.3
Collateralised securities	17,498	16,747	-4.3
Cash and deposits	217,007	209,136	-3.6
Mortgages and loans	76,176	73,286	-3.8
Property	37,310	37,817	1.4
Total reinsurance recoverables/ (payable)	11,254	6,734	-40.2
Derivatives	2,552	4,642	81.9
Owner occupied property	7,632	7,411	-2.9
Other assets	163,756	190,440	16.3
<b>Total liabilities</b>	<b>2,737,719</b>	<b>2,759,121</b>	<b>0.8</b>
<i>Of which:</i>			
Gross technical provisions	2,565,351	2,597,012	1.2
<b>Basic own funds</b>	<b>350,672</b>	<b>365,020</b>	<b>4.1</b>
Eligible own funds to meet SCR	339,144	348,845	2.9
Eligible own funds to meet MCR	321,449	324,415	0.9
<b>Profitability</b>			
Gross premium	149,036	126,007	-15.5
Reinsurance	3,796	4,896	29.0
Net premiums	145,240	121,111	-16.6
Net claims paid	117,034	110,365	-5.7
Investment income/ (loss)	50,150	142,340	183.8
Management expenses	12,046	11,977	-0.6
Commission paid/ (received)	4,909	4,871	-0.8
Other expenses	2,201	1,374	-37.6
Net profit before tax and dividends	16,887	14,226	-15.8
<b>Other</b>			
Number of policies at the end of period	48,132,967	49,053,769	1.9
Number of schemes at the end of period	58,825	77,808	32.3

Performance indicators	Sep 2018	Mar 2019
Claims ratio <sup>1</sup>	80.6	91.1
Commission ratio <sup>1</sup>	3.4	4.0
Management expenses ratio <sup>1</sup>	8.3	9.9
Individual lapse ratio <sup>2</sup>	77.3	85.7
Individual contractual termination <sup>2</sup>	6.0	6.0
Individual expiry <sup>2</sup>	0.9	2.6
Surrenders <sup>2</sup>	5.9	8.0
Surrenders (in-force policies)	0.4	0.5
Individual lapse ratio (in-force policies)	5.7	5.7

## Solvency and capital

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

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Expressed as a percentage of the number of new policies issued during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Life insurance: Reinsurers

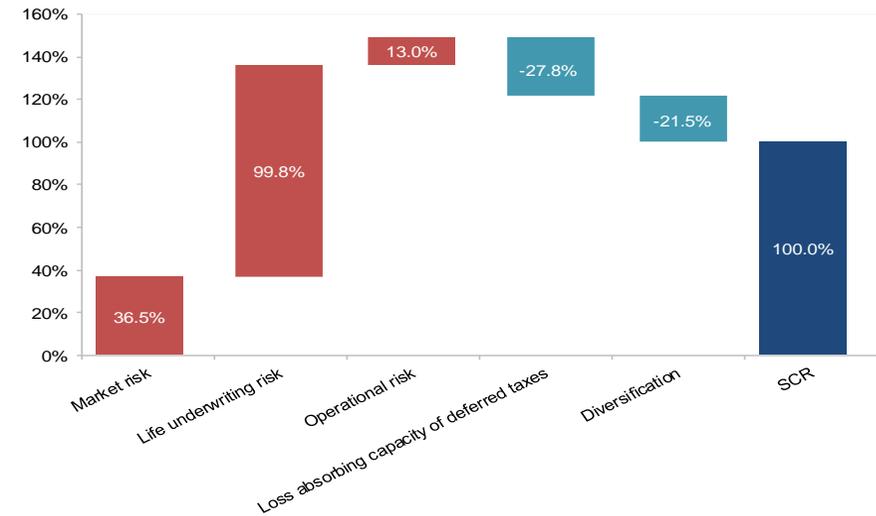
Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>7,721</b>	<b>6,495</b>	<b>-15.9</b>
<i>Of which:</i>			
Total investments	5,943	5,350	-10.0
Total reinsurance recoverables/ (payable)	80	-463	-675.8
Current assets	1,576	1,475	-6.4
<b>Total liabilities</b>	<b>4,552</b>	<b>3,350</b>	<b>-26.4</b>
<i>Of which</i>			
Gross technical provisions	1,341	1,195	-10.8
Accounts payable	1,185	1,443	21.8
Reinsurance deposits <sup>2</sup>	1,300	3	-99.8
<b>Basic own funds</b>	<b>3,169</b>	<b>3,145</b>	<b>-0.8</b>
Eligible own funds to meet SCR	3,169	3,140	-0.9
Eligible own funds to meet MCR	3,169	3,140	-0.9
<b>Profitability</b>			
Gross premium	1,592	1,727	8.5
Reinsurance	784	985	25.6
Net premiums	808	743	-8.1
Net claims paid	335	408	21.6
Investment income	104	108	3.9
Management expenses	89	142	59.1
Other expenses	40	-9	-122.1
Net profit before tax and dividends	-145	-437	-201.5

Performance indicators	Sep 2018	Mar 2018
Claims ratio <sup>1</sup>	41.5	54.9
Management expenses ratio <sup>1</sup>	11.0	19.1

## Solvency and capital

SCR cover ratio (Median)	1.6	1.6
MCR cover ratio (Median)	5.4	5.3

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Fluctuation due to change in reinsurance arrangement between subsidiary and its parent reinsurer.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Life insurance: Cell Captive insurers

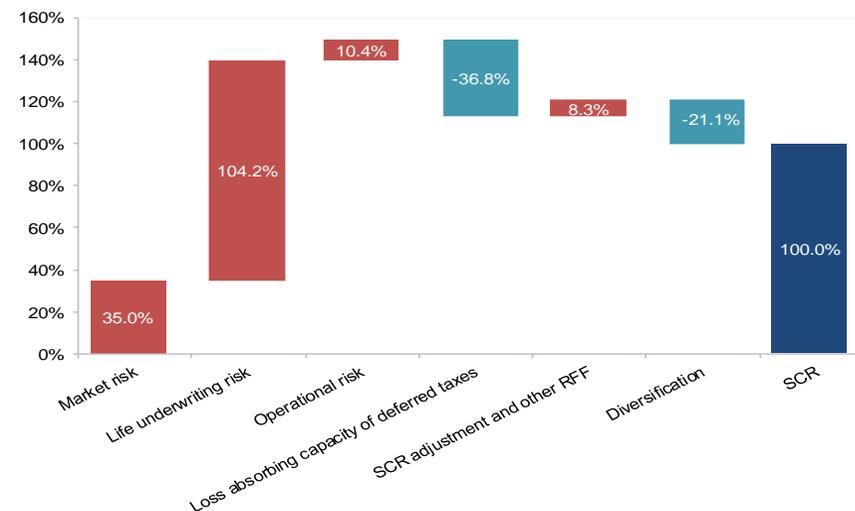
Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>10,661</b>	<b>11,552</b>	<b>8.4</b>
<i>Of which:</i>			
Total investments	11,127	12,052	8.3
Government bonds	1,118	1,018	-8.9
Corporate bonds	2,952	2,935	-0.6
Equity	566	9	-98.5
Investment funds	3,982	5,151	29.4
Structured notes	2	2	-8.4
Collateralised securities	200	184	-7.7
Cash and deposits	2,307	2,451	6.2
Mortgages and loans		301	
Total reinsurance recoverables/ (payable)	-1,089	-1,273	16.9
Derivatives	-17	0	-100.9
Other assets	640	772	20.7
<b>Total liabilities</b>	<b>3,873</b>	<b>4,403</b>	<b>13.7</b>
<i>Of which:</i>			
Gross technical provisions	1,421	1,495	5.2
Deferred tax liabilities	1,668	1,781	6.8
<b>Basic own funds</b>	<b>6,789</b>	<b>7,148</b>	<b>5.3</b>
Eligible own funds to meet SCR	4,216	4,525	7.3
Eligible own funds to meet MCR	4,141	4,513	9.0
<b>Profitability</b>			
Gross premium	2,582	2,994	16.0
Reinsurance	642	667	3.8
Net premiums	1,940	2,327	20.0
Net claims paid	495	495	0.0
Investment income	165	351	112.1
Management expenses	289	287	-0.7
Commission paid/ (received)	235	235	0.0
Other expenses	1	1	-5.2
Net profit before tax and dividends	1,509	1,390	-7.9
<b>Other</b>			
Number of policies at the end of period	5,450,060	5,920,233	8.6
Number of schemes at the end of period	376	416	10.6

Performance indicators	Sep 2018	Mar 2019
Claims ratio <sup>1</sup>	25.5	21.3
Commission ratio <sup>1</sup>	12.1	10.1
Management expenses ratio <sup>1</sup>	14.9	12.3
Individual lapse ratio <sup>2</sup>	33.7	56.1
Individual contractual termination <sup>2</sup>	0.9	1.3
Individual expiry <sup>2</sup>	5.6	13.7
Surrenders <sup>2</sup>	3.6	3.5
Surrenders (in-force policies)	0.5	0.4
Individual lapse ratio (in-force policies)	4.6	6.2

## Solvency and capital

SCR cover ratio (Median)	1.2	1.1
MCR cover ratio (Median)	4.1	4.3

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premiums.

<sup>2</sup> Expressed as a percentage of the number of new policies issued during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Primary insurers

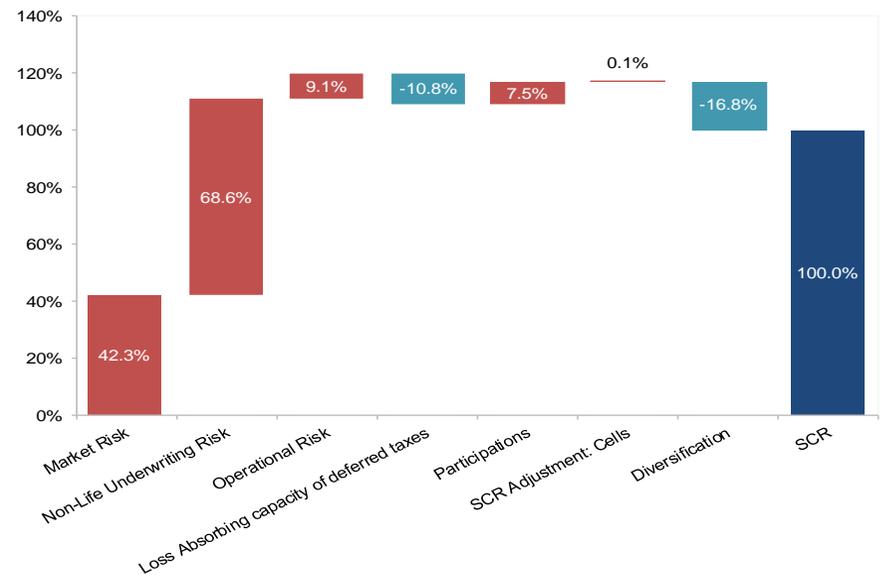
Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>155,265</b>	<b>152,250</b>	<b>-1.9</b>
<i>Of which:</i>			
Total investments	104,568	102,744	-1.7
Government bonds	21,141	19,463	-7.9
Corporate bonds	23,143	23,422	1.2
Equity	17,190	16,419	-4.5
Investment funds	12,374	13,987	13.0
Structured notes	295	539	82.8
Collateralised securities	897	857	-4.4
Cash and deposits	27,716	25,962	-6.3
Mortgages and loans	1,778	2,063	16.0
Property	35	32	-9.7
Total reinsurance recoverables/ (payable)	18,511	18,470	-0.2
Derivatives	89	-19	-121.2
Owner occupied property	442	785	77.7
Other assets	31,654	30,270	-4.4
<b>Total liabilities</b>	<b>89,853</b>	<b>86,755</b>	<b>-3.4</b>
<i>Of which:</i>			
Gross technical provisions	62,332	61,693	-1.0
Accounts payable	8,836	8,900	0.7
Payables (trade, not insurance)	6,904	5,241	-24.1
<b>Basic own funds</b>	<b>65,412</b>	<b>65,495</b>	<b>0.1</b>
Eligible own funds to meet SCR	63,979	64,418	0.7
Eligible own funds to meet MCR	60,644	60,676	0.1
<b>Profitability</b>			
Gross written premium	30,609	32,150	5.0
Reinsurance	8,722	10,375	19.0
Net premiums	21,887	21,775	-0.5
Net earned premium	19,716	19,773	0.3
Investment income	1,676	1,914	14.2
Net claims paid	11,382	10,592	-6.9
Management expenses	5,113	5,174	1.2
Commission paid/ (received)	1,678	1,393	-17.0
Underwriting profit/(loss)	2,907	3,327	14.5
Underwriting and investment income	4,583	5,241	14.4
Net profit before tax and dividends	3,933	4,855	23.5

Performance indicators	Sep 2018	Mar 2019
Claims ratio <sup>1</sup>	52.0	48.6
Management expenses ratio <sup>1</sup>	23.4	23.8
Commission ratio <sup>1</sup>	7.7	6.4
Combined ratio <sup>2</sup>	83.0	78.8
Underwriting profit/(loss) ratio <sup>3</sup>	14.7	16.8
Underwriting and investment income ratio <sup>3</sup>	23.2	26.5

## Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	4.1	3.6

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Expressed as a percentage of net earned premium during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Reinsurers

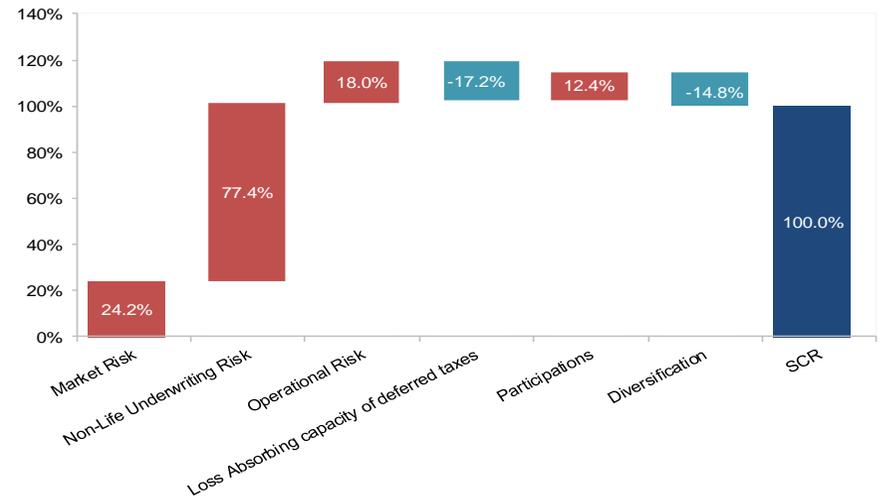
Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>7,332</b>	<b>7,031</b>	<b>-4.1</b>
<i>Of which:</i>			
Total investments	3,995	3,521	-11.9
Total reinsurance recoverables/ (payable)	2,280	2,379	4.4
<b>Total liabilities</b>	<b>5,815</b>	<b>5,487</b>	<b>-5.6</b>
<i>Of which :</i>			
Gross technical provisions	3,218	3,403	5.7
Accounts payable	295	256	-13.3
Reinsurance deposits	2,246	1,747	-22.2
<b>Basic own funds</b>	<b>1,517</b>	<b>1,544</b>	<b>1.8</b>
Eligible own funds to meet SCR	1,517	1,544	1.8
Eligible own funds to meet MCR	1,507	1,526	1.3
<b>Profitability</b>			
Gross premium	2,768	1,438	-48.0
Reinsurance	1,892	866	-54.2
Net premiums	876	572	-34.7
Net claims paid	596	334	-44.0
Net earned premiums	902	344	-61.8
Investment income	33	70	113.0
Management expenses	69	37	-46.5
Commission paid/ (received)	288	202	-30.0
Other expenses	11	-1	-105.2
Underwriting profit/(loss) <sup>3</sup>	-55	19	134.8
Underwriting and investment income	-22	89	494.7
Net profit before tax and dividends	-34	89	365.7

Performance indicators	Sep 2018	Mar 2019
Claims ratio <sup>1</sup>	68.0	58.4
Commission ratio <sup>1</sup>	32.9	35.3
Management expenses ratio <sup>1</sup>	7.9	6.5
Combined ratio <sup>2</sup>	108.8	100.1
Underwriting profit/(loss) ratio <sup>3 4</sup>	-6.1	5.6
Underwriting and investment income ratio <sup>4</sup>	-2.5	25.7

## Solvency and capital

SCR cover ratio (Median)	1.4	1.5
MCR cover ratio (Median)	4.8	4.6

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Underwriting profit higher than normal due to release of the reserves.

<sup>4</sup> Expressed as a percentage of net earned premium during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Cell Captive insurers

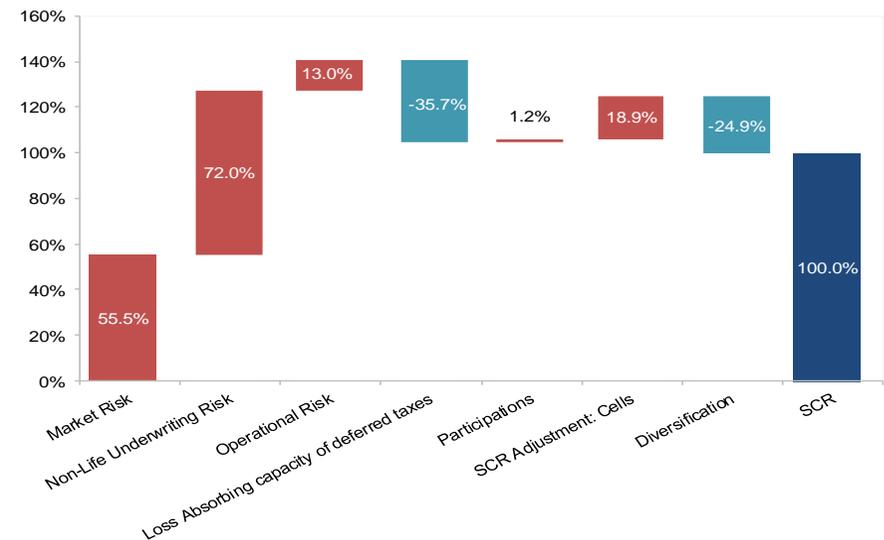
Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>37,443</b>	<b>36,950</b>	<b>-1.3</b>
<i>Of which:</i>			
<i>Total investments</i>	29,664	31,001	4.5
Government bonds	459	401	-12.6
Corporate bonds	8,551	8,018	-6.2
Equity	185	139	-24.5
Investment funds	13,907	15,372	10.5
Structured notes	35	150	325.9
Collateralised securities	561	287	-48.8
Cash and deposits	5,959	6,626	11.2
Mortgages and loans	8	8	-0.1
Total reinsurance recoverables/ (payable)	4,116	3,508	-14.8
Derivatives	0	-0	-113.2
Other assets	3,662	2,442	-33.3
<b>Total liabilities</b>	<b>22,936</b>	<b>21,891</b>	<b>-4.6</b>
<i>Of which:</i>			
Gross technical provisions	19,755	18,934	-4.2
<b>Basic own funds</b>	<b>14,506</b>	<b>15,059</b>	<b>3.8</b>
Eligible own funds to meet SCR	11,867	11,519	-2.9
Eligible own funds to meet MCR	11,466	11,445	-0.2
<b>Profitability</b>			
Gross written premium	4,878	4,365	-10.5
Reinsurance	1,865	2,011	7.8
Net premiums	3,013	2,354	-21.9
Net earned premium	3,125	2,576	-17.5
Investment income	504	333	-33.9
Net claims paid	1,875	1,329	-29.1
Management expenses	495	463	-6.5
Commission paid/ (received)	72	53	-26.2
Underwriting profit/(loss)	551	305	-44.6
Underwriting and investment income	1,055	639	-39.5
Net profit before tax and dividends	1,047	630	-39.9

Performance indicators	Sep 2018	Mar 2019
Claims ratio <sup>1</sup>	62.2	56.4
Management expenses ratio <sup>1</sup>	16.4	19.7
Commission ratio <sup>1</sup>	2.4	2.2
Combined ratio <sup>2</sup>	81.0	78.3
Underwriting profit/(loss) ratio <sup>3</sup>	17.6	11.8
Underwriting and investment income ratio <sup>3</sup>	33.8	24.8

## Solvency and capital

SCR cover ratio (Median)	2.0	2.0
MCR cover ratio (Median)	2.5	2.7

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Expressed as a percentage of net earned premium during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Captive insurers

Balance sheet	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>2,625</b>	<b>2,579</b>	<b>-1.8</b>
<i>Of which:</i>			
<i>Total investments</i>	2,047	2,039	-0.4
Government bonds	4	3	-15.8
Corporate bonds	96	99	3.7
Equity	4	4	7.6
Investment funds	359	436	21.5
Structured notes	8	9	5.1
Collateralised securities	3	3	-12.2
Cash and deposits	1,573	1,484	-5.6
Total reinsurance recoverables/ (payable)	286	287	0.5
Derivatives	-0	-0	16.6
Other assets	292	252	-13.6
<b>Total Liabilities</b>	<b>925</b>	<b>748</b>	<b>-19.2</b>
<i>Of which:</i>			
Gross technical provisions	823	639	-22.4
<b>Basic own funds</b>	<b>1,700</b>	<b>1,831</b>	<b>7.7</b>
Eligible own funds to meet SCR	1,687	1,831	8.6
Eligible own funds to meet MCR	1,659	1,805	8.8
<b>Profitability</b>			
Gross written premium <sup>3</sup>	596	326	-45.3
Reinsurance	242	17	-93.0
Net premiums	354	309	-12.8
Net earned premium	268	404	50.6
Investment income	34	32	-5.1
Net claims paid	83	63	-24.1
Management expenses	49	42	-14.8
Commission paid/ (received)	-44	6	-114.2
Underwriting profit/(loss)	153	302	97.5
Underwriting and investment income	187	334	78.9
Net profit before tax and dividends	147	296	100.9

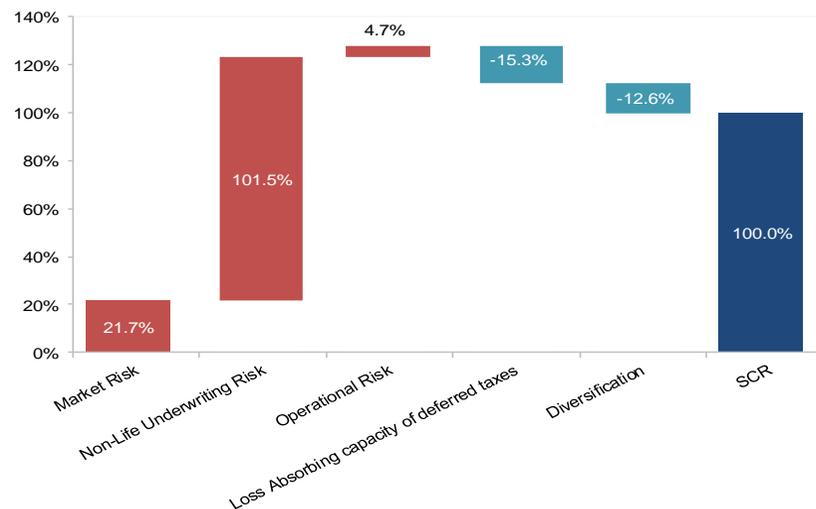
## Performance indicators

	Sep 2018	Mar 2019
Claims ratio <sup>1</sup>	23.4	20.3
Management expenses ratio <sup>1</sup>	13.8	13.5
Commission ratio <sup>1</sup>	-12.3	2.0
Combined ratio <sup>2</sup>	24.9	35.9
Underwriting profit/(loss) ratio <sup>4</sup>	57.0	74.7
Underwriting and investment income ratio <sup>4</sup>	69.6	82.7

## Solvency and capital

	Sep 2018	Mar 2019
SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	4.1	3.6

## SCR risk components



<sup>1</sup>Expressed as a percentage of net written premium during the period.

<sup>2</sup>Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup>Most captive insurers receives once off premiums which are spread over the period resulting in fluctuations.

<sup>4</sup>Expressed as a percentage of net earned premium during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.

# Composite reinsurers

## Balance sheet

	*Sep 2018	Mar 2019	6 Monthly % growth
<b>Total assets</b>	<b>32,887</b>	<b>35,220</b>	<b>7.1</b>
Total investments	18,929	20,572	8.7
Total reinsurance recoverables	7,612	7,646	0.4
Current assets	5,876	6,578	11.9
<b>Total liabilities</b>	<b>22,771</b>	<b>24,445</b>	<b>7.4</b>
<i>Of which :</i>			
Gross technical provisions (Life)	5,158	5,171	0.3
Gross technical provisions (Non-Life)	10,146	10,268	1.2
Reinsurance accounts payable	3,056	3,679	20.4
Reinsurance deposits	2,671	2,686	0.6
<b>Basic own funds</b>	<b>10,116</b>	<b>10,775</b>	<b>6.5</b>
Eligible own funds to meet SCR	10,116	10,712	5.9
Eligible own funds to meet MCR	10,008	10,622	6.1

## Profitability

	Sep 2018 Life	Sep 2018 Non-life	Mar 2019 Life	Mar 2019 Non-life
Gross premium	2,356	3,139	2,504	3,260
Reinsurance	102	2,434	114	2,531
Net premiums	2,254	706	2,390	729
Net claims paid	1,743	619	2,285	445
Net earned premiums		448		922
Investment Income	199	117	276	127
Management expenses	79	12	131	34
Commission paid/ (received)	311	153	160	153
Other expenses	49	446	-42	24
Underwriting profit/(loss)		-221		431
Underwriting and investment income		-104		558
Net profit before tax and dividends	218	-193	-315	534

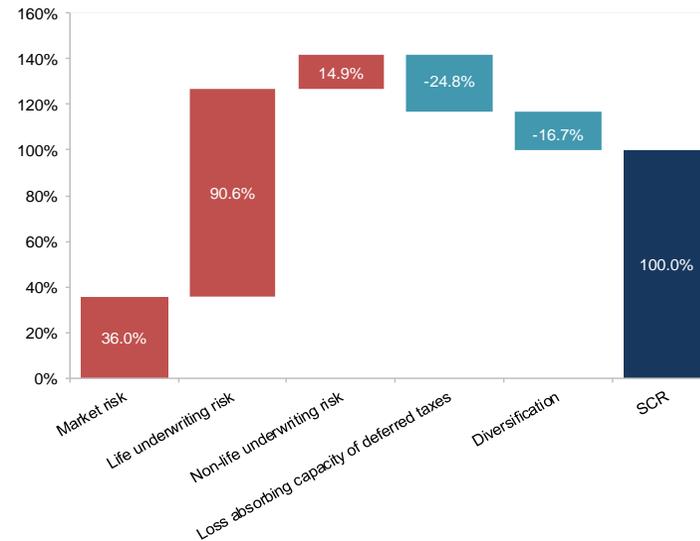
## Performance indicators

	Sep 2018 Life (%)	Sep 2018 Non-life (%)	Mar 2019 Life (%)	Mar 2019 Non-life (%)
Claims ratio <sup>1</sup>	77.3	87.8	95.6	61.1
Management Expenses ratio <sup>1</sup>	3.5	1.7	5.5	4.7
Commission ratio <sup>1</sup>	13.8	21.6	6.7	20.9
Combined ratio <sup>2</sup>		111.1		86.7
Underwriting profit/(loss) ratio <sup>3</sup>		-49.4		46.7
Underwriting and investment income ratio <sup>3</sup>		-23.2		60.5

## Solvency and capital

	Sep 2018	Sep 2018	Mar 2019	Mar 2019
SCR cover ratio (Median)	1.6	1.6	1.3	1.3
MCR cover ratio (Median)	4.5	4.5	3.2	3.2

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Expressed as a percentage of net earned premium during the period.

\*September 2018 figures were restated as a result of a reclassification of some insurers.