



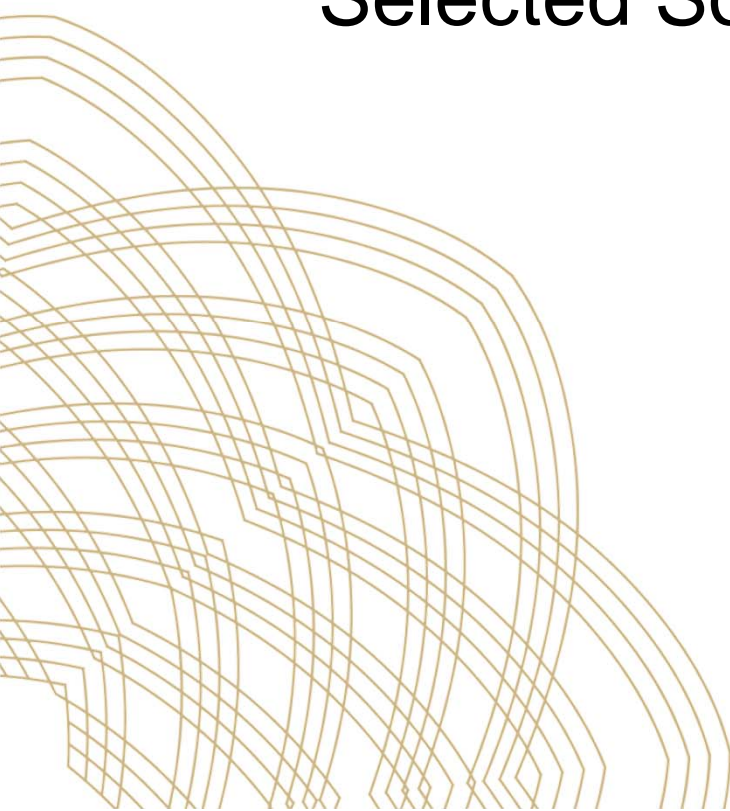
South African Reserve Bank

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Prudential Authority

# Selected South African insurance sector data

## September 2018



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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 and
- relates to the quarter ending September 2018.

# Registered insurance entities in South Africa

<b>Total</b>	<b>171</b>
Life primary insurers	66
Life cell captives	7
Non-life primary insurers	73
Non-life cell captives	5
Non-life captives	8
Professional reinsurers	10
Composite reinsurers	4
Life reinsurers	3
Non-life reinsurers	3
Other	2

# Life insurance: Primary insurers

## Balance sheet

### Total assets

Of which:

	Sep 2018 R'mil
Total assets	3,087,155
Total investments	2,902,209
Government bonds	204,268
Corporate bonds	238,760
Equity	513,071
Investment funds	1,560,757
Structured notes	37,842
Collateralised securities	17,498
Cash and deposits	216,528
Mortgages and loans	76,176
Property	37,310
Total reinsurance recoverables	11,162
Derivatives	2,552
Owner occupied property	7,632
Other assets	163,600

### Total liabilities

Of which:

Gross technical provisions	2,566,308
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### Basic own funds

Eligible own funds to meet solvency capital requirements	337,541
Eligible own funds to meet minimum capital requirements	319,847

### Profitability

Gross premium	148,685
Reinsurance	3,755
Net premiums	144,930
Net claims paid	116,926
Investment income	50,141
Management expenses	11,884
Commission	1,556
Other expenses	2,201
Net profit before tax and dividends	16,890

### Other

Number of policies at the end of period	47,548,841
Number of schemes at the end of period	58,814

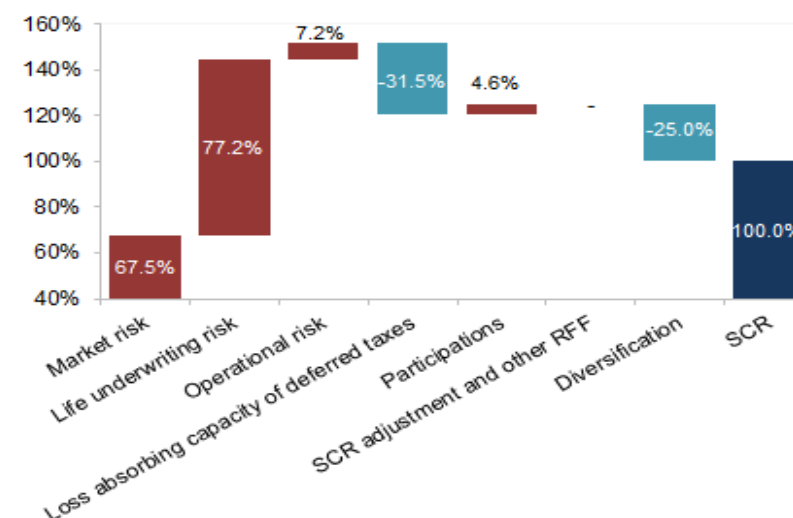
## Performance indicators

	Sep 2018 %
Claims ratio <sup>1</sup>	80.7
Commission ratio <sup>1</sup>	1.1
Management expenses ratio <sup>1</sup>	8.2
Individual lapse ratio <sup>2</sup>	77.0
Individual contractual termination <sup>2</sup>	5.9
Individual expiry <sup>2</sup>	0.9
Surrenders <sup>2</sup>	5.9
Surrenders (in-force policies)	0.4
Individual lapse ratio (in-force policies)	5.7

## Solvency and capital

Solvency capital requirement cover ratio (Median)	1.9
Minimum capital requirement cover ratio (Median)	4.1

## 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.

# Life insurance: Reinsurers

## Balance sheet

### Total assets

Of which:

Total investments

Total reinsurance recoverables

Current assets

### Total liabilities

Of which

Gross technical provisions

Reinsurance accounts payable

Reinsurance deposits

### Basic own funds

Eligible own funds to meet solvency capital requirements

Eligible own funds to meet minimum capital requirements

## Profitability

Gross premium

Reinsurance

Net premiums

Net claims paid

Investment income

Management expenses

Commission

Other expenses

Net profit before tax and dividends

Sep 2018  
R'mil

12,173

9,873

-75

2,232

6,492

2,492

1,185

1,300

5,681

5,681

5,681

2,315

827

1,488

955

161

85

90

87

-154

## Performance indicators

Claims ratio<sup>1</sup>

Commission ratio<sup>1</sup>

Management expenses ratio<sup>1</sup>

## Solvency and capital

Solvency capital requirement cover ratio (Median)

Minimum capital requirement cover ratio (Median)

Sep 2018  
%

64.2

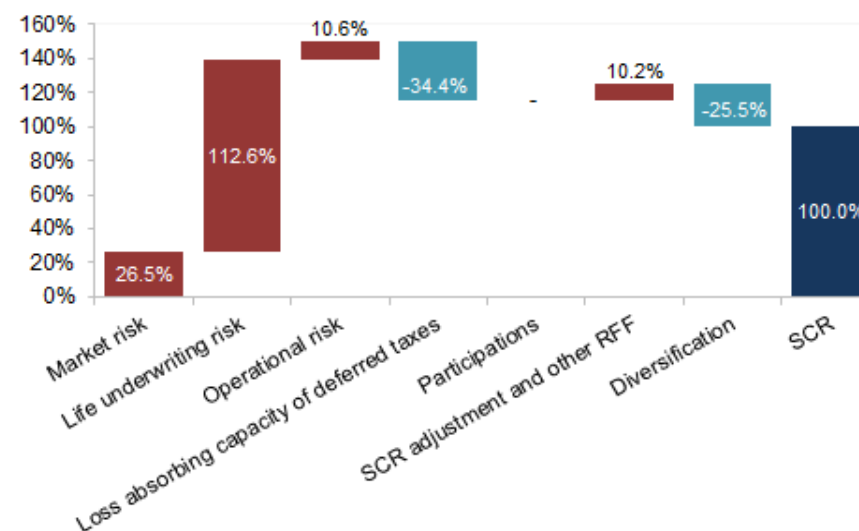
6.0

5.7

2.0

4.9

## SCR risk components



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

# Life insurance: Cell Captive insurers

## Balance sheet

	Sep 2018 R'mil
<b>Total assets</b>	<b>10,661</b>
<i>Of which:</i>	
Total investments	11,127
Government bonds	1,118
Corporate bonds	2,952
Equity	566
Investment funds	3,982
Structured notes	2
Collateralised securities	200
Cash and deposits	2,307
Mortgages and loans	-
Property	-
Total reinsurance recoverables	-1,089
Derivatives	-17
Owner occupied property	-
Other assets	640
<b>Total liabilities</b>	<b>3,873</b>
<i>Of which:</i>	
Gross technical provisions	1,421
Deferred tax liabilities	1,668
<b>Basic own funds</b>	<b>6,789</b>
Eligible own funds to meet solvency capital requirements	4,216
Eligible own funds to meet minimum capital requirements	4,141
<b>Profitability</b>	
Gross premium	2,582
Reinsurance	642
Net premiums	1,940
Net claims paid	495
Investment income	165
Management expenses	289
Commission	-
Other expenses	1
Net profit before tax and dividends	1,509
<b>Other</b>	
Number of policies at the end of period	5,450,060
Number of schemes at the end of period	376

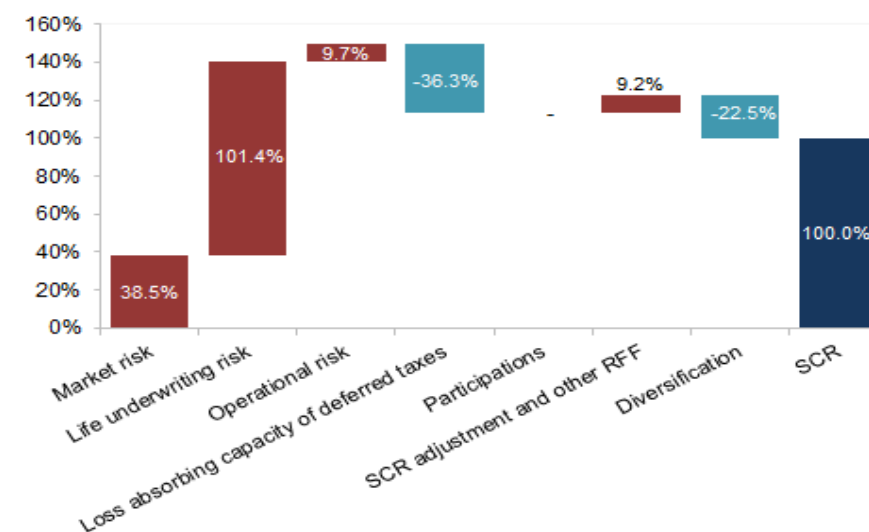
## Performance indicators

	Sep 2018 %
Claims ratio <sup>1</sup>	25.5
Commission ratio <sup>1</sup>	0.0
Management expenses ratio <sup>1</sup>	14.9
Individual lapse ratio <sup>2</sup>	33.7
Individual contractual termination <sup>2</sup>	0.9
Individual expiry <sup>2</sup>	5.6
Surrenders <sup>2</sup>	3.6
Surrenders (in-force policies)	0.5
Individual lapse ratio (in-force policies)	4.6

## Solvency and capital

Solvency capital requirement cover ratio (Median)	1.2
Minimum capital requirement cover ratio (Median)	4.1

## SCR 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.

# Non-Life insurance: Primary insurers

## Balance sheet

### Total assets

Of which:

Total investments	111,243
Government bonds	22,423
Corporate bonds	23,893
Equity	20,391
Investment funds	12,366
Structured notes	324
Collateralised securities	919
Cash and deposits	29,105
Mortgages and loans	1,786
Property	35

Total reinsurance recoverables	18,300
Derivatives	99
Owner occupied property	498
Other assets	49,883

### Total liabilities

Of which:

Gross technical provisions	65,406
Reinsurance accounts payable	8,692
Payables (trade, not insurance)	6,994

### Basic own funds

Eligible own funds to meet solvency capital requirements	67,410
Eligible own funds to meet minimum capital requirements	64,068

## Profitability

Gross written premium	32,144
Reinsurance	8,760
Net premiums	23,383
Net earned premium	20,875
Net claims paid	11,809
Underwriting profit/(loss)	-786
Underwriting and investment income	1,127
Net profit before tax and dividends	1,274

Sep 2018  
R'mil

## Performance indicators

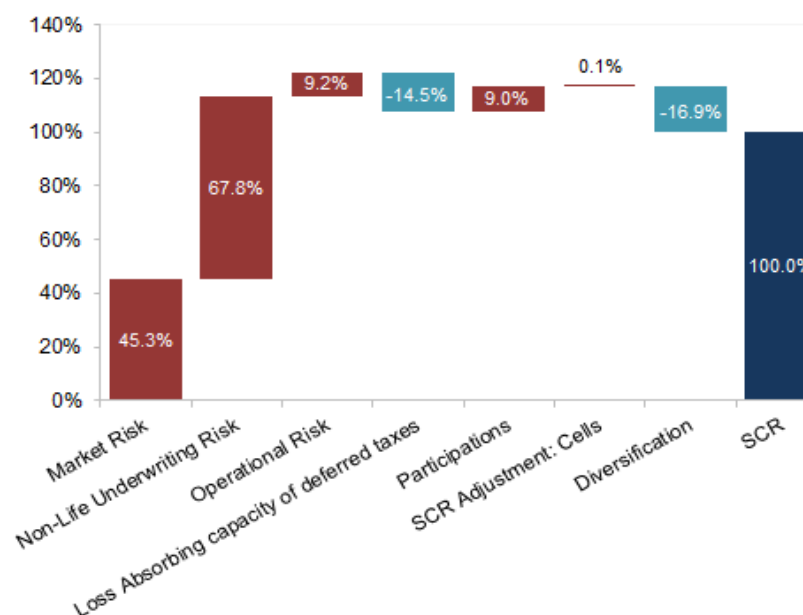
Sep 2018  
%

Claims ratio <sup>1</sup>	50.5
Combined ratio <sup>2</sup>	103.8
Management expenses ratio <sup>1</sup>	36.5
Commission ratio <sup>1</sup>	5.7
Underwriting profit/(loss) ratio <sup>3</sup>	-3.8
Underwriting and investment income ratio <sup>3</sup>	5.4

## Solvency and capital

Solvency capital requirement cover ratio (Median)	1.8
Minimum capital requirement cover ratio (Median)	4.2

## SCR components



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

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

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



# Non-Life insurance: Reinsurers

## Balance sheet

### Total assets

Of which:

Total investments

Total reinsurance recoverables

### Total liabilities

Of which :

Gross technical provisions

Reinsurance accounts payable

Reinsurance deposits

### Basic own funds

Eligible own funds to meet solvency capital requirements

Eligible own funds to meet minimum capital requirements

## Profitability

Gross premium

Reinsurance

Net premiums

Net claims paid

Net earned premiums

Investment income

Management expenses

Commission

Other expenses

Underwriting profit/(loss)

Underwriting and investment income

Net profit before tax and dividends

Sep 2018  
R'mil

## Performance indicators

Sep 2018  
%

Claims ratio<sup>1</sup>

Commission ratio<sup>1</sup>

Management expenses ratio<sup>1</sup>

Combined ratio<sup>2</sup>

Underwriting profit/(loss) ratio<sup>3</sup>

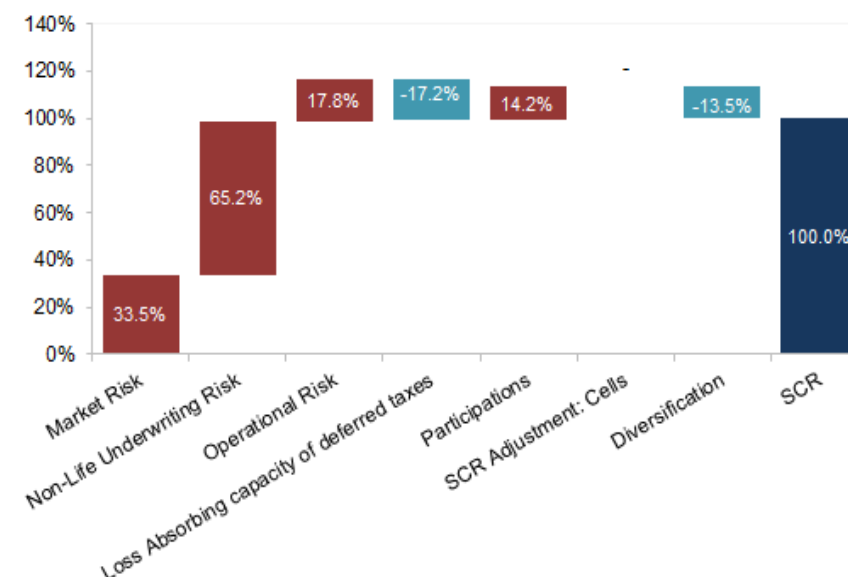
Underwriting and investment income ratio<sup>3</sup>

## Solvency and capital

Solvency capital requirement cover ratio (Median)

Minimum capital requirement cover ratio (Median)

## SCR risk components



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

<sup>2</sup> Claims + commission + expenses less total investment income as a percentage of net earned premium.

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

# Non-Life insurance: Cell Captive insurers

## Balance sheet

Sep 2018  
R'mil

### Total assets

36,806

Of which:

#### Total investments

29,095

Government bonds

357

Corporate bonds

8,228

Equity

176

Investment funds

14,138

Structured notes

35

Collateralised securities

561

Cash and deposits

5,593

Mortgages and loans

8

Property

-

Total reinsurance recoverables

4,030

Derivatives

0

Owner occupied property

-

Other assets

3,680

### Total liabilities

22,382

Of which:

Gross technical provisions

19,199

### Basic own funds

14,424

Eligible own funds to meet solvency capital requirements

11,803

Eligible own funds to meet minimum capital requirements

11,405

## Profitability

Gross written premium

4,764

Reinsurance

1,888

Net premiums

2,876

Net earned premium

3,101

Net claims paid

1,898

Underwriting profit/(loss)

646

Underwriting and investment income

1,142

Net profit before tax and dividends

996

## Performance indicators

Sep 2018  
%

Claims ratio<sup>1</sup>

66.0

Combined ratio<sup>2</sup>

79.2

Management expenses ratio<sup>1</sup>

17.1

Commission ratio<sup>1</sup>

2.2

Underwriting profit/(loss) ratio<sup>3</sup>

20.8

Underwriting and investment income ratio<sup>3</sup>

36.8

## Solvency and capital

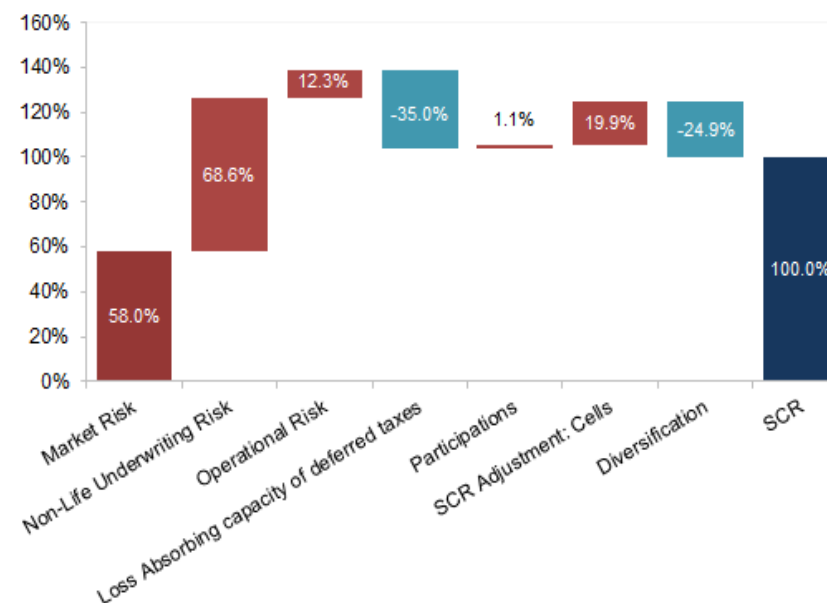
Solvency capital requirement cover ratio (Median)

1.2

Minimum capital requirement cover ratio (Median)

3.1

## 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 earned premium.

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

# Non-Life insurance: Captive insurers

## Balance sheet

### Total assets

Of which:

Total investments

Government bonds	98
Corporate bonds	368
Equity	4
Investment funds	135
Structured notes	8
Collateralised securities	3
Cash and deposits	1,631
Mortgages and loans	-
Property	-

Total reinsurance recoverables	365
Derivatives	-0
Owner occupied property	-
Other assets	273

### Total Liabilities

Of which:

Gross technical provisions	1,378
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### Basic own funds

Eligible own funds to meet solvency capital requirements	1,436
Eligible own funds to meet minimum capital requirements	1,416

## Profitability

Gross written premium	601
Reinsurance	307
Net premiums	294
Net earned premium	54
Net claims paid	-26
Underwriting profit/(loss)	111
Underwriting and investment income	150
Net profit before tax and dividends	127

Sep 2018  
R'mil

## Performance indicators

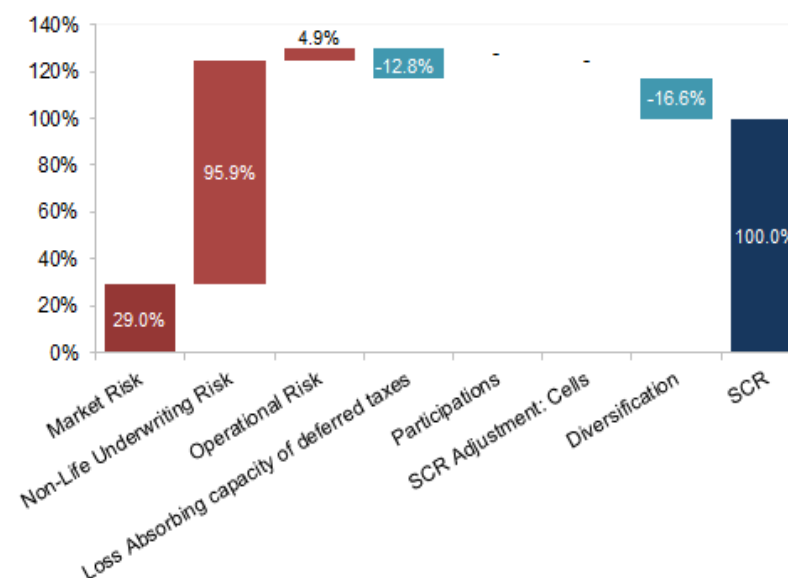
Claims ratio <sup>1</sup>	-8.8
Combined ratio <sup>2</sup>	-104.9
Management Expenses ratio <sup>1</sup>	3.5
Commission ratio <sup>1</sup>	-14.1
Underwriting profit/(loss) ratio <sup>3</sup>	204.9
Underwriting and investment income ratio <sup>3</sup>	276.1

Sep 2018  
%

## Solvency and capital

Solvency capital requirement cover ratio (Median)	1.8
Minimum capital requirement cover ratio (Median)	4.2

## 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 earned premium.

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

# Composite reinsurers

## Balance sheet

### Total assets

Of which :

Total investments

Total reinsurance recoverables

### Total liabilities

Of which :

Gross technical provisions (Life)

Gross technical provisions (Non-Life)

Reinsurance accounts payable

Reinsurance deposits

### Basic own funds

Eligible own funds to meet solvency capital requirements

Eligible own funds to meet minimum capital requirements

## Profitability

Gross premium

Reinsurance

Net premiums

Net claims paid

Net earned premiums

Investment income

Management expenses

Commission

Other expenses

Underwriting profit/(loss)

Underwriting and investment income

Net profit before tax and dividends

Sep 2018  
R'mil

28,435

14,998

7,768

20,831

3,996

10,156

3,056

2,671

7,604

7,604

7,496

Sep 2018  
Non-life

2,674

2,097

577

603

421

111

12

-

440

-224

-113

-196

Sep 2018  
Life

1,633

59

1,574

1,124

143

83

99

2

-

227

## Performance indicators

Sep 2018  
Life (%)

Sep 2018  
Non-life (%)

Claims ratio<sup>1</sup>

71.4

104.5

Combined ratio<sup>2</sup>

146.3

146.3

Management Expenses ratio<sup>1</sup>

5.3

2.1

Commission ratio<sup>1</sup>

6.3

0.0

Underwriting profit/(loss) ratio<sup>3</sup>

-53.3

-53.3

Underwriting and investment income ratio<sup>3</sup>

-26.9

-26.9

## Solvency and capital

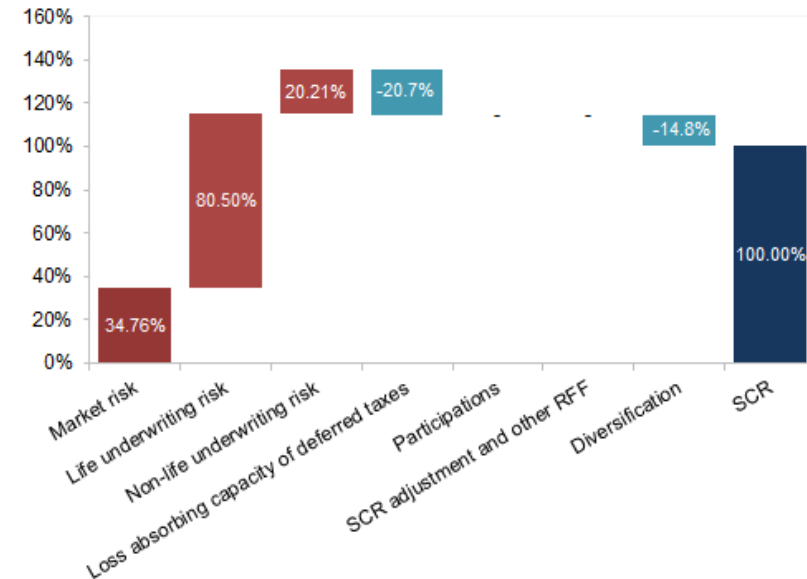
Solvency capital requirement cover ratio (Median)

1.3

Minimum capital requirement cover ratio (Median)

3.4

## 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 earned premium.

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