



South African Reserve Bank

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**Prudential Authority**

# Selected South African insurance sector data

## September 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 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 September 2019.

# Registered insurance entities in South Africa

	Sep 2018	Sep 2019
<b>Total</b>	<b>171</b>	<b>171</b>
Life primary insurers	68	70
Life cell captives	5	5
Life microinsurer	0	1
Non-life primary insurers	73	67
Non-life cell captives	5	9
Non-life captives	8	8
Professional reinsurers	10	9
Composite reinsurers	4	5
Life reinsurers	3	2
Non-life reinsurers	3	2
Other	2	2

# Life insurance: Primary insurers

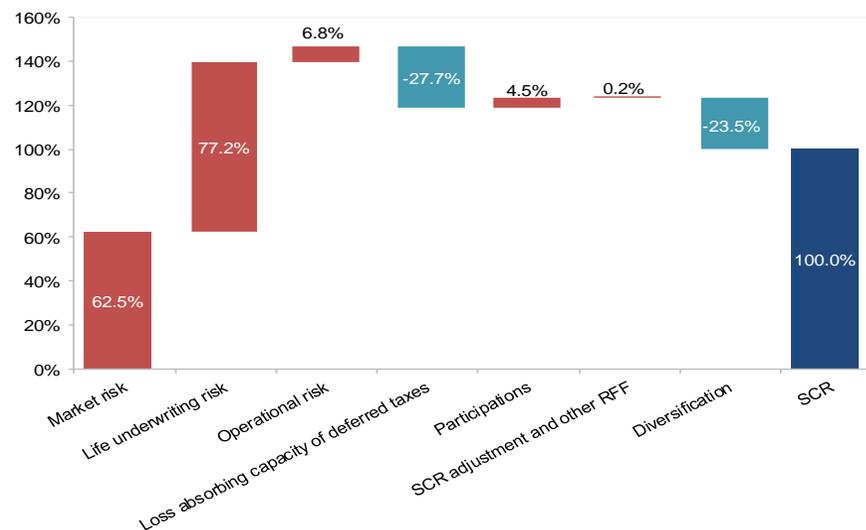
Balance sheet	*Sep 2018 R'mil	Sep 2019 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>3,088,391</b>	<b>3,181,404</b>	<b>3.0</b>
<i>Of which:</i>			
Total investments	2,903,198	2,966,141	2.2
Government bonds	204,315	220,864	8.1
Corporate bonds	238,760	238,725	0.0
Equity	513,071	491,295	-4.2
Investment funds	1,561,219	1,620,176	3.8
Structured notes	37,842	50,224	32.7
Collateralised securities	17,498	16,521	-5.6
Cash and deposits	217,007	213,865	-1.4
Mortgages and loans	76,176	77,003	1.1
Property	37,310	37,468	0.4
Total reinsurance recoverables/ (payable)	11,254	7,693	-31.6
Derivatives	2,552	4,167	63.3
Owner occupied property	7,632	7,953	4.2
Other assets	163,756	195,450	19.4
<b>Total liabilities</b>	<b>2,737,719</b>	<b>2,810,602</b>	<b>2.7</b>
<i>Of which:</i>			
Gross technical provisions	2,565,351	2,635,882	2.7
<b>Basic own funds</b>	<b>350,672</b>	<b>370,802</b>	<b>5.7</b>
Eligible own funds to meet SCR	339,144	353,594	4.3
Eligible own funds to meet MCR	321,449	329,540	2.5
<b>Profitability</b>			
Gross premium	149,036	137,307	-7.9
Reinsurance	3,796	3,761	-0.9
Net premiums	145,240	133,546	-8.1
Net claims paid	117,034	119,603	2.2
Investment income/ (loss)	50,150	33,874	-32.5
Management expenses	12,046	13,853	15.0
Commission paid/ (received)	4,909	5,840	19.0
Other expenses	2,201	1,588	-27.9
Net profit before tax and dividends	16,887	7,843	-53.6
<b>Other</b>			
Number of policies at the end of period	48,132,967	49,930,740	3.7
Number of schemes at the end of period	58,825	82,455	40.2

Performance indicators	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	80.6	89.6
Commission ratio <sup>1</sup>	3.4	4.4
Management expenses ratio <sup>1</sup>	8.3	10.4
Individual lapse ratio <sup>2</sup>	77.3	79.5
Individual contractual termination <sup>2</sup>	6.0	6.5
Individual expiry <sup>2</sup>	0.9	2.2
Surrenders <sup>2</sup>	5.9	6.6
Surrenders (in-force policies)	0.4	0.5
Individual lapse ratio (in-force policies)	5.7	5.6

## Solvency and capital

SCR cover ratio (Median)	1.9	1.9
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

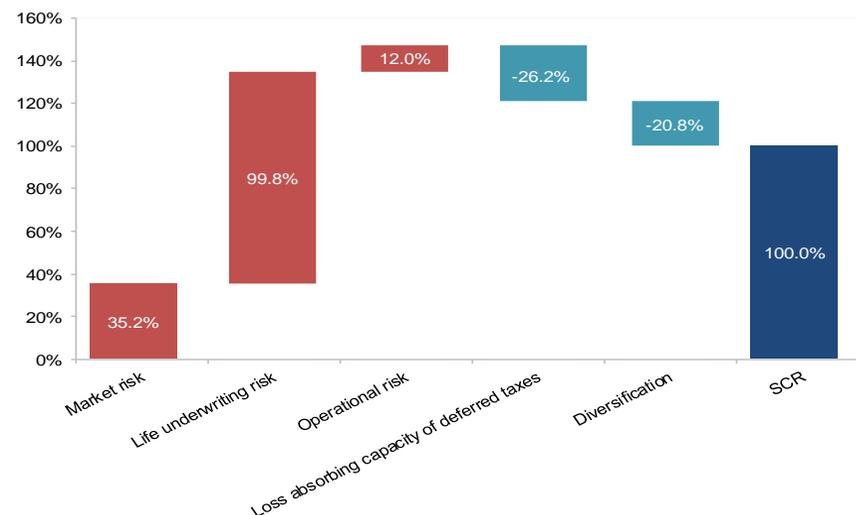
Balance sheet	*Sep 2018 R'mil	Sep 2019 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>7,721</b>	<b>8,221</b>	<b>6.5</b>
<i>Of which:</i>			
Total investments	5,943	5,402	-9.1
Total reinsurance recoverables/ (payable)	80	853	961.2
Current assets	1,576	1,833	16.3
<b>Total liabilities</b>	<b>4,552</b>	<b>4,706</b>	<b>3.4</b>
<i>Of which</i>			
Gross technical provisions	1,341	2,073	54.6
Accounts payable	1,185	1,932	63.0
Reinsurance deposits <sup>2</sup>	1,300	4	-99.7
<b>Basic own funds</b>	<b>3,169</b>	<b>3,515</b>	<b>10.9</b>
Eligible own funds to meet SCR	3,169	3,515	10.9
Eligible own funds to meet MCR	3,169	3,515	10.9
<b>Profitability</b>			
Gross premium	1,592	1,713	7.6
Reinsurance	784	1,360	73.4
Net premiums	808	354	-56.2
Net claims paid	335	531	58.4
Investment income	104	77	-25.9
Management expenses	89	39	-56.5
Other expenses	40	36	-9.9
Net profit before tax and dividends	-145	128	188.4

Performance indicators	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	41.5	150.3
Management expenses ratio <sup>1</sup>	11.0	11.0

### Solvency and capital

SCR cover ratio (Median)	1.6	1.7
MCR cover ratio (Median)	5.4	5.8

### 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

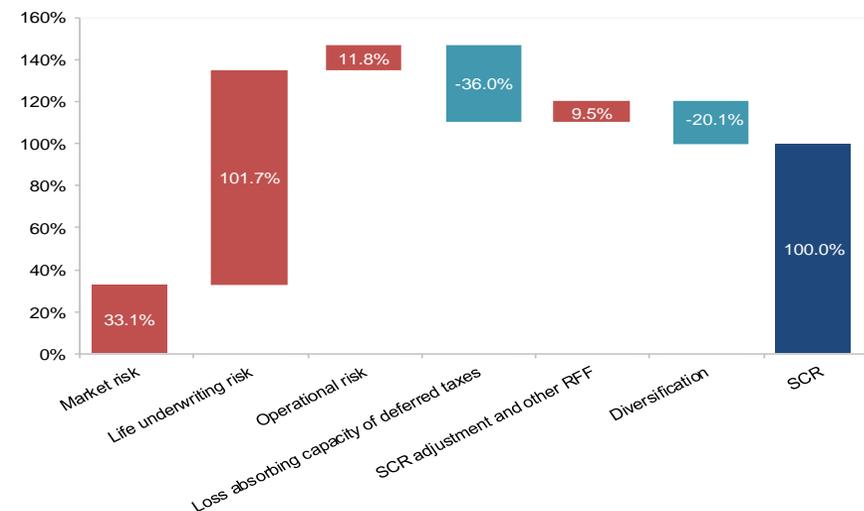
Balance sheet	*Sep 2018 R'mil	Sep 2019 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>10,661</b>	<b>14,583</b>	<b>36.8</b>
<i>Of which:</i>			
Total investments	11,127	15,097	35.7
Government bonds	1,118	977	-12.6
Corporate bonds	2,952	4,815	63.1
Equity	566	8	-98.6
Investment funds	3,982	5,766	44.8
Structured notes	2	5	111.9
Collateralised securities	200	256	28.2
Cash and deposits	2,307	2,885	25.0
Mortgages and loans	-	386	100.0
Total reinsurance recoverables/ (payable)	-1,089	-1,361	-25.0
Derivatives	-17	9	156.1
Other assets	640	838	30.9
<b>Total liabilities</b>	<b>3,873</b>	<b>7,597</b>	<b>96.2</b>
<i>Of which:</i>			
Gross technical provisions	1,421	4,792	237.1
Deferred tax liabilities	1,668	1,534	-8.0
<b>Basic own funds</b>	<b>6,789</b>	<b>6,986</b>	<b>2.9</b>
Eligible own funds to meet SCR	4,216	4,108	-2.6
Eligible own funds to meet MCR	4,141	4,092	-1.2
<b>Profitability</b>			
Gross premium	2,582	4,495	74.1
Reinsurance	642	648	0.8
Net premiums	1,940	3,847	98.3
Net claims paid	495	616	24.5
Investment income	165	57	-65.6
Management expenses	289	387	33.8
Commission paid/ (received)	235	361	53.6
Other expenses	1	2	83.6
Net profit before tax and dividends	1,509	2,061	36.6
<b>Other</b>			
Number of policies at the end of period	5,450,060	6,324,702	16.0
Number of schemes at the end of period <sup>3</sup>	376	89,435	23,685.9

Performance indicators	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	25.5	16.0
Commission ratio <sup>1</sup>	12.1	9.4
Management expenses ratio <sup>1</sup>	14.9	10.1
Individual lapse ratio <sup>2</sup>	33.7	22.9
Individual contractual termination <sup>2</sup>	0.9	0.8
Individual expiry <sup>2</sup>	5.6	39.8
Surrenders <sup>2</sup>	3.6	0.0
Surrenders (in-force policies)	0.5	0.0
Individual lapse ratio (in-force policies)	4.6	4.4

## Solvency and capital

SCR cover ratio (Median)	1.2	1.2
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.

<sup>3</sup> During the review period one cell captive insurer increased its number of issued schemes.

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

# Non-Life insurance: Primary insurers

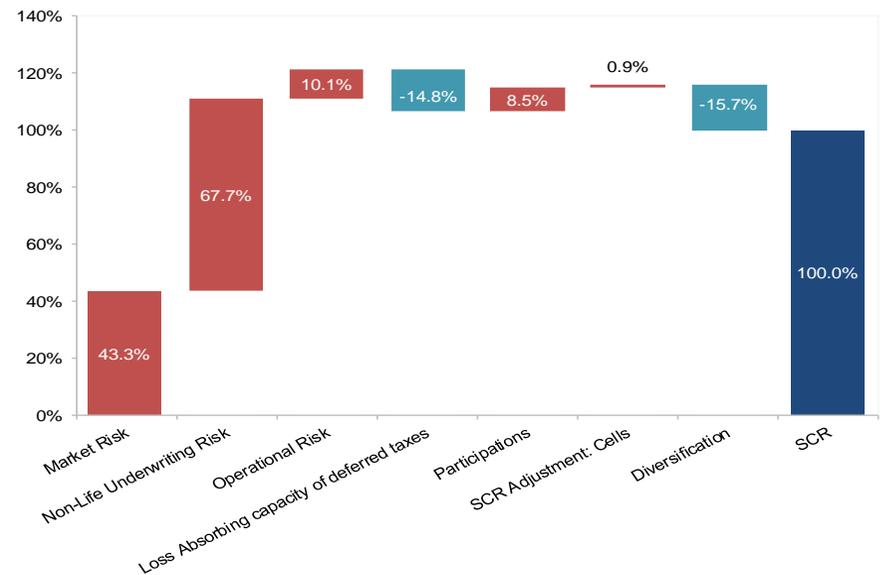
Balance sheet	*Sep 2018 R'mil	Sep 2019 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>155,265</b>	<b>158,644</b>	<b>2.2</b>
<i>Of which:</i>			
Total investments	104,568	108,839	4.1
Government bonds	21,141	20,727	-2.0
Corporate bonds	23,143	28,704	24.0
Equity	17,190	16,516	-3.9
Investment funds	12,374	11,522	-6.9
Structured notes	295	547	85.5
Collateralised securities	897	848	-5.4
Cash and deposits	27,716	27,671	-0.2
Mortgages and loans	1,778	2,148	20.8
Property	35	155	337.7
Total reinsurance recoverables/ (payable)	18,511	18,524	0.1
Derivatives	89	68	-23.9
Owner occupied property	442	1,350	205.4
Other assets	31,654	29,864	-5.7
<b>Total liabilities</b>	<b>89,853</b>	<b>92,054</b>	<b>2.4</b>
<i>Of which:</i>			
Gross technical provisions	62,332	62,969	1.0
Accounts payable	8,836	9,733	10.2
Payables (trade, not insurance)	6,904	8,372	21.3
<b>Basic own funds</b>	<b>65,412</b>	<b>66,591</b>	<b>1.8</b>
Eligible own funds to meet SCR	63,979	65,455	2.3
Eligible own funds to meet MCR	60,644	61,788	1.9
<b>Profitability</b>			
Gross written premium	30,609	31,570	3.1
Reinsurance	8,722	9,564	9.6
Net premiums	21,887	22,007	0.5
Net earned premium	19,716	20,319	3.1
Investment income	1,676	1,351	-19.4
Net claims paid	11,382	11,543	1.4
Management expenses	5,113	5,688	11.2
Commission paid/ (received)	1,678	1,488	-11.3
Underwriting profit/(loss)	2,907	2,785	-4.2
Underwriting and investment income	4,583	4,136	-9.8
Net profit before tax and dividends	3,933	3,754	-4.6

Performance indicators	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	52.0	52.5
Management expenses ratio <sup>1</sup>	23.4	25.8
Commission ratio <sup>1</sup>	7.7	6.8
Combined ratio <sup>2</sup>	83.0	85.1
Underwriting profit/(loss) ratio <sup>3</sup>	14.7	13.7
Underwriting and investment income ratio <sup>3</sup>	23.2	20.4

## Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	4.1	3.8

## 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

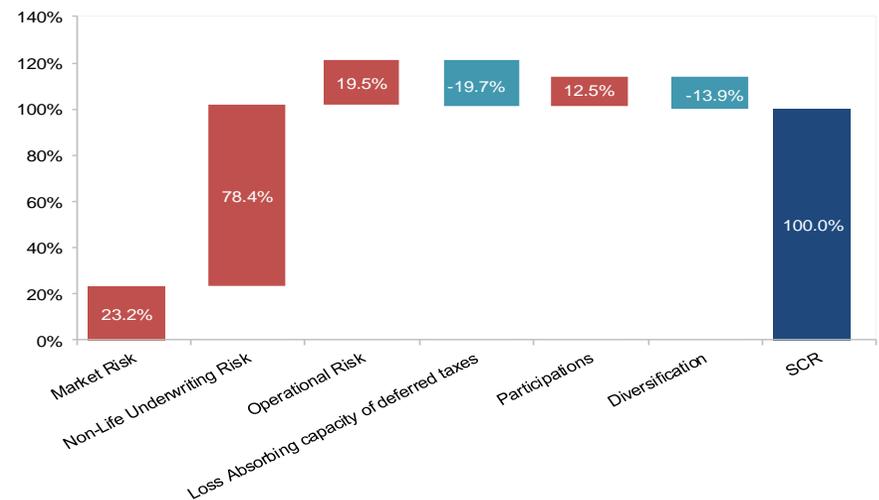
Balance sheet	*Sep 2018	Sep 2019	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets</b>	<b>7,332</b>	<b>7,282</b>	<b>-0.7</b>
<i>Of which:</i>			
Total investments	3,995	3,878	-2.9
Total reinsurance recoverables/ (payable)	2,280	2,211	-3.0
<b>Total liabilities</b>	<b>5,815</b>	<b>5,651</b>	<b>-2.8</b>
<i>Of which :</i>			
Gross technical provisions	3,218	3,275	1.8
Accounts payable	295	525	77.6
Reinsurance deposits	2,246	1,716	-23.6
<b>Basic own funds</b>	<b>1,517</b>	<b>1,631</b>	<b>7.5</b>
Eligible own funds to meet SCR	1,517	1,631	7.5
Eligible own funds to meet MCR	1,507	1,614	7.1
<b>Profitability</b>			
Gross premium	2,768	2,701	-2.4
Reinsurance	1,892	1,943	2.7
Net premiums	876	758	-13.5
Net claims paid	596	695	16.7
Net earned premiums	902	662	-26.6
Investment income	33	111	239.7
Management expenses	69	63	-8.2
Commission paid/ (received)	288	242	-15.9
Other expenses	11	-0	-100.2
Underwriting profit/(loss)	-55	37	166.3
Underwriting and investment income	-22	147	755.8
Net profit before tax and dividends	-34	147	538.7

Performance indicators	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	68.0	91.7
Commission ratio <sup>1</sup>	32.9	32.0
Management expenses ratio <sup>1</sup>	7.9	8.4
Combined ratio <sup>2</sup>	108.8	132.1
Underwriting profit/(loss) ratio <sup>3</sup>	-6.1	5.5
Underwriting and investment income ratio	-2.5	22.3

## Solvency and capital

SCR cover ratio (Median)	1.4	1.8
MCR cover ratio (Median)	4.8	4.7

## 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: Cell Captive insurers

Balance sheet	*Sep 2018 R'mil	Sep 2019 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>37,443</b>	<b>42,108</b>	<b>12.5</b>
<i>Of which:</i>			
<i>Total investments</i>	29,664	33,526	13.0
Government bonds	459	291	-36.6
Corporate bonds	8,551	9,340	9.2
Equity	185	171	-7.3
Investment funds	13,907	17,169	23.5
Structured notes	35	46	32.0
Collateralised securities	561	474	-15.6
Cash and deposits	5,959	6,017	1.0
Mortgages and loans	8	19	130.4
Total reinsurance recoverables/ (payable)	4,116	4,490	9.1
Derivatives	0	-0	-256.7
Other assets	3,662	4,092	11.7
<b>Total liabilities</b>	<b>22,936</b>	<b>26,377</b>	<b>15.0</b>
<i>Of which:</i>			
Gross technical provisions	19,755	23,488	18.9
<b>Basic own funds</b>	<b>14,506</b>	<b>15,731</b>	<b>8.4</b>
Eligible own funds to meet SCR	11,867	12,080	1.8
Eligible own funds to meet MCR	11,466	12,010	4.7
<b>Profitability</b>			
Gross written premium	4,878	5,368	10.0
Reinsurance	1,865	2,295	23.0
Net premiums	3,013	3,074	2.0
Net earned premium	3,125	3,931	25.8
Investment income	504	504	0.0
Net claims paid	1,875	2,660	41.8
Management expenses	495	581	17.4
Commission paid/ (received)	72	-611	954.1
Underwriting profit/(loss)	551	-636	-215.5
Underwriting and investment income	1,055	-132	-112.5
Net profit before tax and dividends	1,047	-66	-106.3

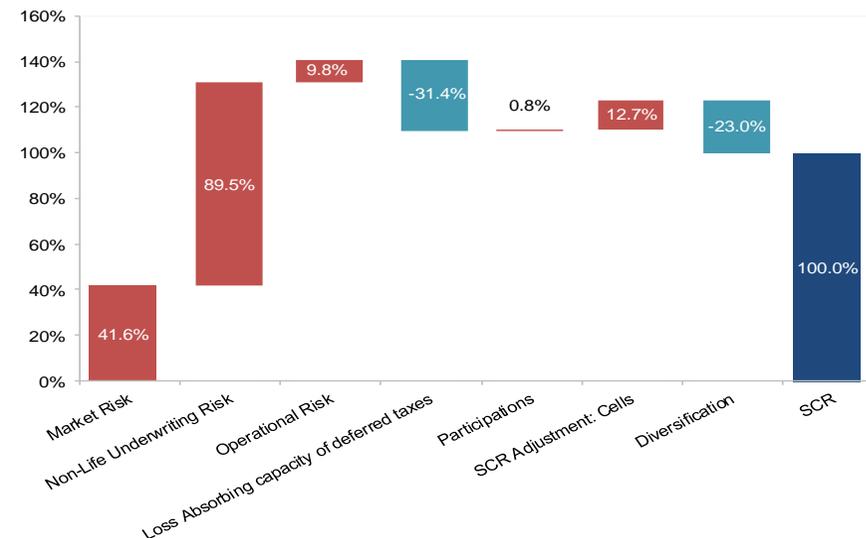
## Performance indicators

	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	62.2	86.5
Management expenses ratio <sup>1</sup>	16.4	18.9
Commission ratio <sup>1</sup>	2.4	-19.9
Combined ratio <sup>2</sup>	81.0	85.6
Underwriting profit/(loss) ratio <sup>3</sup>	17.6	-16.2
Underwriting and investment income ratio <sup>3</sup>	33.8	-3.4

## Solvency and capital

	Sep 2018	Sep 2019
SCR cover ratio (Median)	2.0	1.5
MCR cover ratio (Median)	2.5	2.6

## 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: Captive insurers

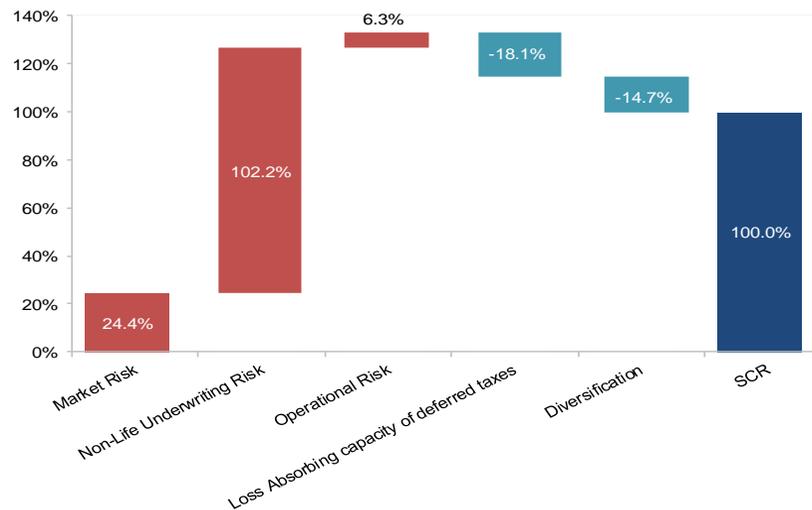
Balance sheet	*Sep 2018 R'mil	Sep 2019 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>2,625</b>	<b>2,807</b>	<b>6.9</b>
<i>Of which:</i>			
<i>Total investments</i>	2,047	2,044	-0.2
Government bonds	4	1	-65.5
Corporate bonds	96	108	13.0
Equity	4	4	-3.4
Investment funds	359	408	13.6
Structured notes	8	8	-4.0
Collateralised securities	3	3	2.3
Cash and deposits	1,573	1,511	-3.9
Total reinsurance recoverables/ (payable)	286	442	54.4
Derivatives	-0	-	100.0
Other assets	292	322	10.0
<b>Total Liabilities</b>	<b>925</b>	<b>980</b>	<b>5.9</b>
<i>Of which:</i>			
Gross technical provisions	823	862	4.7
<b>Basic own funds</b>	<b>1,700</b>	<b>1,827</b>	<b>7.5</b>
Eligible own funds to meet SCR	1,687	1,827	8.3
Eligible own funds to meet MCR	1,659	1,813	9.3
<b>Profitability</b>			
Gross written premium <sup>3</sup>	596	655	10.0
Reinsurance	242	253	4.6
Net premiums	354	403	13.7
Net earned premium	268	393	46.5
Investment income	34	49	44.7
Net claims paid	83	166	100.0
Management expenses	49	41	-16.6
Commission paid/ (received)	-44	-48	10.5
Underwriting profit/(loss)	153	201	31.5
Underwriting and investment income	187	250	33.9
Net profit before tax and dividends	147	201	36.7

Performance indicators	Sep 2018	Sep 2019
Claims ratio <sup>1</sup>	23.4	41.1
Management expenses ratio <sup>1</sup>	13.8	10.1
Commission ratio <sup>1</sup>	-12.3	-12.0
Combined ratio <sup>2</sup>	24.9	39.3
Underwriting profit/(loss) ratio <sup>4</sup>	57.0	51.1
Underwriting and investment income ratio <sup>4</sup>	69.6	63.6

## Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	4.1	3.8

## 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	Sep 2019	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets</b>	<b>32,887</b>	<b>36,940</b>	<b>12.3</b>
Total investments	18,929	22,120	16.9
Total reinsurance recoverables	7,612	8,352	9.7
Current assets	5,876	6,006	2.2
<b>Total liabilities</b>	<b>22,771</b>	<b>25,735</b>	<b>13.0</b>
<i>Of which :</i>			
Gross technical provisions (Life)	5,158	5,345	3.6
Gross technical provisions (Non-Life)	10,146	11,206	10.4
Reinsurance accounts payable	3,056	3,886	27.1
Reinsurance deposits	2,671	2,117	-20.7
<b>Basic own funds</b>	<b>10,116</b>	<b>11,205</b>	<b>10.8</b>
Eligible own funds to meet SCR	10,116	12,831	26.8
Eligible own funds to meet MCR	10,008	11,485	14.8

## Profitability R'mil

	Sep 2018	Sep 2018	Sep 2019	Sep 2019
	Life	Non-life	Life	Non-life
Gross premium	2,356	3,139	3,063	4,012
Reinsurance	102	2,434	104	3,216
Net premiums	2,254	706	2,959	796
Net claims paid	1,743	619	2,114	780
Net earned premiums		448		442
Investment Income	199	117	224	79
Management expenses	79	12	121	13
Commission paid/ (received)	311	153	246	92
Other expenses	49	446	62	29
Underwriting profit/(loss)		-221		-411
Underwriting and investment income		-104		-333
Net profit before tax and dividends	218	-193	261	-360

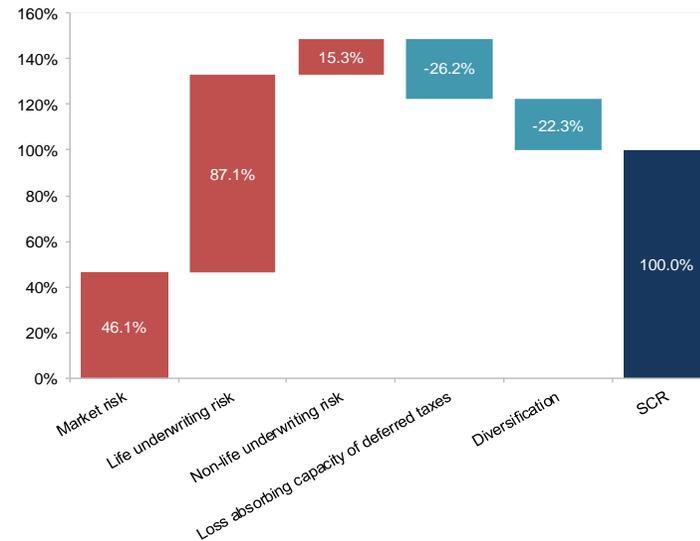
## Performance indicators

	Sep 2018	Sep 2018	Sep 2019	Sep 2019
	Life (%)	Non-life (%)	Life (%)	Non-life (%)
Claims ratio <sup>1</sup>	77.3	87.8	71.4	97.9
Management Expenses ratio <sup>1</sup>	3.5	1.7	4.1	1.7
Commission ratio <sup>1</sup>	13.8	21.6	8.3	11.6
Combined ratio <sup>2</sup>		111.1		111.2
Underwriting profit/(loss) ratio <sup>3</sup>		-49.4		-93.1
Underwriting and investment income ratio <sup>3</sup>		-23.2		-75.3

## Solvency and capital

	Sep 2018	Sep 2018	Sep 2019	Sep 2019
	Life (%)	Non-life (%)	Life (%)	Non-life (%)
SCR cover ratio (Median)	1.6	1.6	1.7	1.7
MCR cover ratio (Median)	4.5	4.5	3.9	3.9

## 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.