

Selected South African insurance sector data September 2020



SOUTH AFRICAN RESERVE BANK
Prudential Authority

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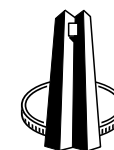


Introduction

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:

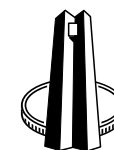
- data is based on reporting by insurance entities and the prudential standard issued in terms of the Insurance Act 18 of 2017 as implemented in South Africa on 1 July 2018;
- this information is subject to change without notice. The data in this report is as at the end of September 2020.



Registered entities in South Africa

	Sep 2019	Sep 2020
Total	171	169
Life primary insurers	70	64
Life cell captives	5	5
Life microinsurer ¹	1	2
Non-life primary insurers	67	67
Non-life cell captives	9	10
Non-life captives	8	8
Non-life microinsurer ¹	0	2
Professional reinsurers	9	9
Composite reinsurers	5	5
Life reinsurers	2	2
Non-life reinsurers	2	2
Other	2	2

¹Microinsurer: No data available as yet.



Life insurance: Primary insurers

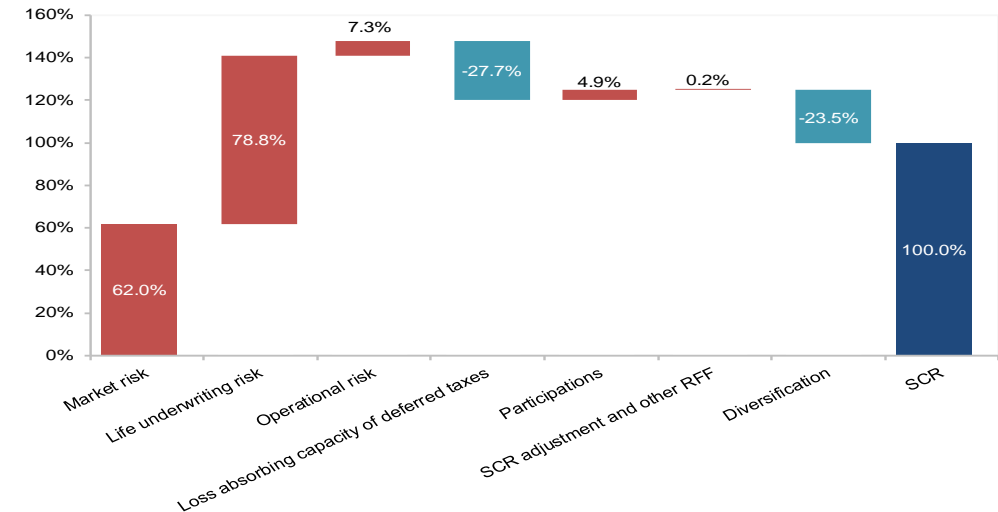
Balance sheet	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	3,181,404	3,121,140	-1.9
<i>Of which:</i>			
Total investments	2,966,141	2,923,342	-1.4
Government bonds	220,864	275,000	24.5
Corporate bonds	238,725	218,650	-8.4
Equity	491,295	444,525	-9.5
Investment funds	1,620,176	1,598,430	-1.3
Structured notes	50,224	60,469	20.4
Collateralised securities	16,521	14,967	-9.4
Cash and deposits	213,865	190,612	-10.9
Mortgages and loans	77,003	86,129	11.9
Property	37,468	34,560	-7.8
Total reinsurance recoverables/ (payable)	7,693	7,712	0.2
Derivatives	4,167	9,371	124.9
Owner occupied property	7,953	8,192	3.0
Other assets	195,450	172,524	-11.7
Total liabilities	2,810,602	2,796,943	-0.5
<i>Of which:</i>			
Gross technical provisions	2,635,882	2,614,373	-0.8
Basic own funds	370,802	324,197	-12.6
Eligible own funds to meet SCR	353,594	321,027	-9.2
Eligible own funds to meet MCR	329,540	307,164	-6.8
Profitability			
Gross premium	137,307	127,933	-6.8
Reinsurance	3,761	3,742	-0.5
Net premiums	133,546	124,191	-7.0
Net claims paid ³	119,603	130,815	9.4
Investment income/ (loss)	33,874	45,079	33.1
Management expenses	13,853	13,621	-1.7
Commission paid/ (received)	5,840	4,901	-16.1
Other expenses	1,588	913	-42.5
Net profit before tax and dividends	7,843	4,944	-37.0
Other			
Number of policies at the end of period	49,930,740	48,972,940	-1.9
Number of schemes at the end of period	82,455	87,815	6.5

Performance indicators	Sep 2019	Sep 2020
Claims ratio ^{1 3}	89.6	105.3
Commission ratio ¹	4.4	3.9
Management expenses ratio ¹	10.4	11.0
Individual lapse ratio ²	79.5	116.4
Individual contractual termination ²	6.5	9.4
Individual expiry ²	2.2	0.9
Surrenders ²	6.6	6.5
Surrenders (in-force policies)	0.5	0.4
Individual lapse ratio (in-force policies)	5.6	7.1

Solvency and capital

SCR cover ratio (Median)	1.9	2.0
MCR cover ratio (Median)	4.2	4.5

SCR risk components



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

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

³ Higher than normal claims ratio was driven by a decline in net premiums and R11.2 billion increase in net claims.

Life insurance: Reinsurers

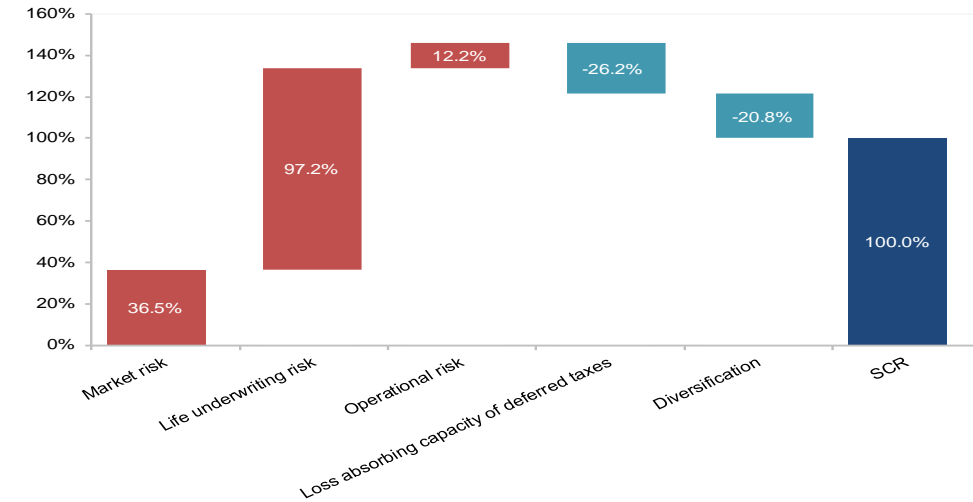
Balance sheet	Sep 2019	Sep 2020	12 Monthly
	R'mil	R'mil	% growth
Total assets	8,221	9,226	12.2
<i>Of which:</i>			
Total investments	5,402	5,268	-2.5
Total reinsurance recoverables/ (payable)	853	1,707	100.1
Current assets	1,833	2,143	16.9
Total liabilities	4,706	5,624	19.5
<i>Of which</i>			
Gross technical provisions	2,073	2,767	33.5
Accounts payable	1,932	2,183	13.0
Reinsurance deposits	4	4	8.1
Basic own funds	3,515	3,602	2.5
Eligible own funds to meet SCR	3,515	3,602	2.5
Eligible own funds to meet MCR	3,515	3,602	2.5
Profitability			
Gross premium	1,713	1,816	6.0
Reinsurance	1,360	1,098	-19.2
Net premiums	354	718	103.1
Net claims paid	531	379	-28.7
Investment income	77	96	24.3
Management expenses	39	110	183.7
Other expenses	36	3	-91.7
Net profit before tax and dividends	128	77	40.0

Performance indicators	Sep 2019	Sep 2020
Claims ratio ¹	150.3	52.8
Management expenses ratio ¹	11.0	15.3

Solvency and capital

SCR cover ratio (Median)	1.7	1.7
MCR cover ratio (Median)	5.8	5.5

SCR risk components



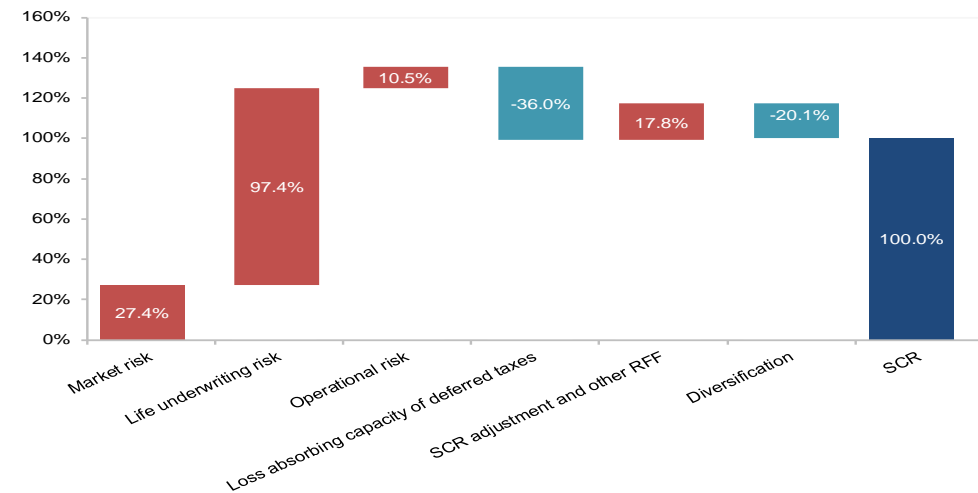
¹ Expressed as a percentage of net written premium during the period.

Life insurance: Cell Captive insurers

Balance sheet	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	14,583	18,955	30.0
<i>Of which:</i>			
Total investments	15,097	21,330	41.3
Government bonds	977	1,023	4.7
Corporate bonds	4,815	7,763	61.2
Equity	8	237	2902.5
Investment funds	5,766	7,839	36.0
Structured notes	5	31	508.5
Collateralised securities	256	215	-16.1
Cash and deposits	2,885	3,849	33.4
Mortgages and loans	386	373	-3.2
Total reinsurance recoverables/ (payable)	-1,361	-3,525	158.9
Derivatives	9	25	168.1
Other assets	838	1,125	34.3
Total liabilities	7,597	8,319	9.5
<i>Of which:</i>			
Gross technical provisions	4,792	4,370	-8.8
Deferred tax liabilities	1,534	2,476	61.4
Basic own funds	6,986	10,637	52.3
Eligible own funds to meet SCR	4,108	6,433	56.6
Eligible own funds to meet MCR	4,092	6,432	57.2
Profitability			
Gross premium	4,495	1,376	-69.4
Reinsurance	648	352	-45.7
Net premiums	3,847	1,025	-73.4
Net claims paid	616	324	-47.5
Investment income	57	159	179.1
Management expenses	387	113	-70.9
Commission paid/ (received)	361	108	-70.0
Other expenses	2	0	-91.3
Net profit before tax and dividends	2,061	765	-62.9
Other			
Number of policies at the end of period	6,324,702	6,778,148	7.2
Number of schemes at the end of period	89,435	80,253	-10.3

Performance indicators	Sep 2019	Sep 2020
Claims ratio ¹	16.0	31.6
Commission ratio ¹	9.4	10.6
Management expenses ratio ¹	10.1	11.0
Individual lapse ratio ²	22.9	33.6
Individual contractual termination ²	0.8	1.9
Individual expiry ²	39.8	48.3
Surrenders ²	0.0	1.4
Surrenders (in-force policies)	0.0	0.2
Individual lapse ratio (in-force policies)	4.4	5.5
Solvency and capital		
SCR cover ratio (Median)	1.2	1.1
MCR cover ratio (Median)	4.3	4.4

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.

Non-Life insurance: Primary insurers

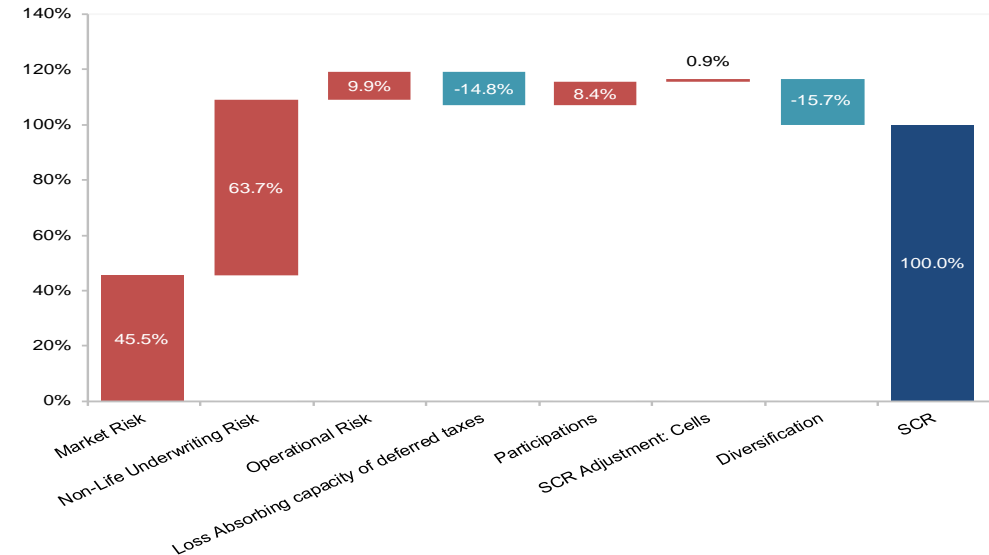
Balance sheet	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	158,644	165,381	4.2
<i>Of which:</i>			
Total investments	108,839	115,622	6.2
Government bonds	20,727	22,710	9.6
Corporate bonds	28,704	29,867	4.0
Equity	16,516	16,180	-2.0
Investment funds	11,522	13,914	20.8
Structured notes	547	265	-51.6
Collateralised securities	848	698	-17.7
Cash and deposits	27,671	29,932	8.2
Mortgages and loans	2,148	2,014	-6.2
Property	155	42	-72.8
Total reinsurance recoverables/ (payable)	18,524	17,696	-4.5
Derivatives	68	92	35.7
Owner occupied property	1,350	1,934	43.3
Other assets	29,864	30,036	0.6
Total liabilities	92,054	93,325	1.4
<i>Of which:</i>			
Gross technical provisions	62,969	63,908	1.5
Accounts payable	9,733	7,935	-18.5
Payables (trade, not insurance)	8,372	7,710	-7.9
Basic own funds	66,591	72,056	8.2
Eligible own funds to meet SCR	65,455	70,423	7.6
Eligible own funds to meet MCR	61,788	66,237	7.2
Profitability			
Gross written premium	31,570	31,270	-1.0
Reinsurance	9,564	9,395	-1.8
Net premiums	22,007	21,875	-0.6
Net earned premium	20,319	19,993	-1.6
Investment income	1,351	1,215	-10.1
Net claims paid	11,543	11,957	3.6
Management expenses	5,688	5,725	0.6
Commission paid/ (received)	1,488	1,351	-9.2
Underwriting profit/(loss)	2,785	2,555	-8.2
Underwriting and investment income	4,136	3,770	-8.8
Net profit before tax and dividends	3,754	3,733	-0.6

Performance indicators	Sep 2019	Sep 2020
Claims ratio ¹	52.5	54.7
Management expenses ratio ¹	25.8	26.2
Commission ratio ¹	6.8	6.2
Combined ratio ²	85.1	87.0
Underwriting profit/(loss) ratio ³	13.7	12.8
Underwriting and investment income ratio ³	20.4	18.9

Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	3.8	4.2

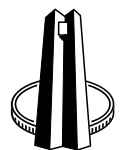
SCR risk components



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.



Non-Life insurance: Reinsurers

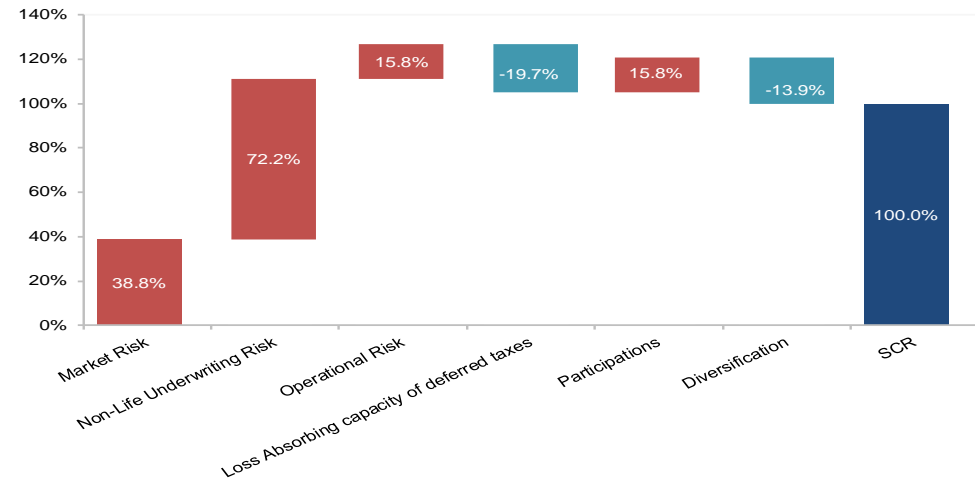
Balance sheet	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	7,282	7,130	-2.1
<i>Of which:</i>			
Total investments	3,878	3,701	-4.6
Total reinsurance recoverables/ (payable)	2,211	2,444	10.5
Total liabilities	5,651	5,462	-3.3
<i>Of which :</i>			
Gross technical provisions	3,275	3,583	9.4
Accounts payable	525	489	-6.8
Reinsurance deposits	1,716	1,325	-22.8
Basic own funds	1,631	1,669	2.3
Eligible own funds to meet SCR	1,631	1,669	2.3
Eligible own funds to meet MCR	1,614	1,644	1.9
Profitability			
Gross premium	2,701	2,312	-14.4
Reinsurance	1,943	1,629	-16.2
Net premiums	758	683	-9.9
Net claims paid	695	370	-46.8
Net earned premiums	662	668	1.0
Investment income	111	30	-72.7
Management expenses	63	107	69.2
Commission paid/ (received)	242	181	-25.2
Other expenses	-0	-4	17234.6
Underwriting profit/(loss)	37	-107	-393.5
Underwriting and investment income	147	-77	-152.2
Net profit before tax and dividends	147	-73	-149.5

Performance indicators	Sep 2019	Sep 2020
Claims ratio ¹	91.7	54.2
Commission ratio ¹	32.0	26.5
Management expenses ratio ¹	8.4	15.7
Combined ratio ²	132.1	96.5
Underwriting profit/(loss) ratio ³	5.5	-16.0
Underwriting and investment income ratio	22.3	-11.5

Solvency and capital

SCR cover ratio (Median)	1.8	2.3
MCR cover ratio (Median)	4.7	6.8

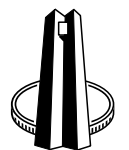
SCR risk components



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

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

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



Non-Life insurance: Cell Captive insurers

Balance sheet	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	42,108	49,874	18.4
<i>Of which:</i>			
<i>Total investments</i>	33,526	39,461	17.7
Government bonds	291	908	212.3
Corporate bonds	9,340	12,366	32.4
Equity	171	1,898	1009.3
Investment funds	17,169	5,418	-68.4
Structured notes	46	216	366.3
Collateralised securities	474	353	-25.4
Cash and deposits	6,017	18,283	203.9
Mortgages and loans	19	18	-2.6
Total reinsurance recoverables/ (payable)	4,490	4,895	9.0
Derivatives	-0	0	168.5
Other assets	4,092	5,517	34.8
Total liabilities	26,377	30,396	15.2
<i>Of which:</i>			
Gross technical provisions	23,488	26,687	13.6
Basic own funds	15,731	19,478	23.8
Eligible own funds to meet SCR	12,080	14,860	23.0
Eligible own funds to meet MCR	12,010	14,778	23.0
Profitability			
Gross written premium	5,368	6,549	22.0
Reinsurance	2,295	3,052	33.0
Net premiums	3,074	3,498	13.8
Net earned premium	3,931	3,240	-17.6
Investment income	504	553	9.6
Net claims paid	2,660	771	-71.0
Management expenses	581	672	15.7
Commission paid/ (received)	-611	72	-88.2
Underwriting profit/(loss)	-636	1,944	205.7
Underwriting and investment income	-132	2,497	1791.5
Net profit before tax and dividends	-66	2,503	3665.0

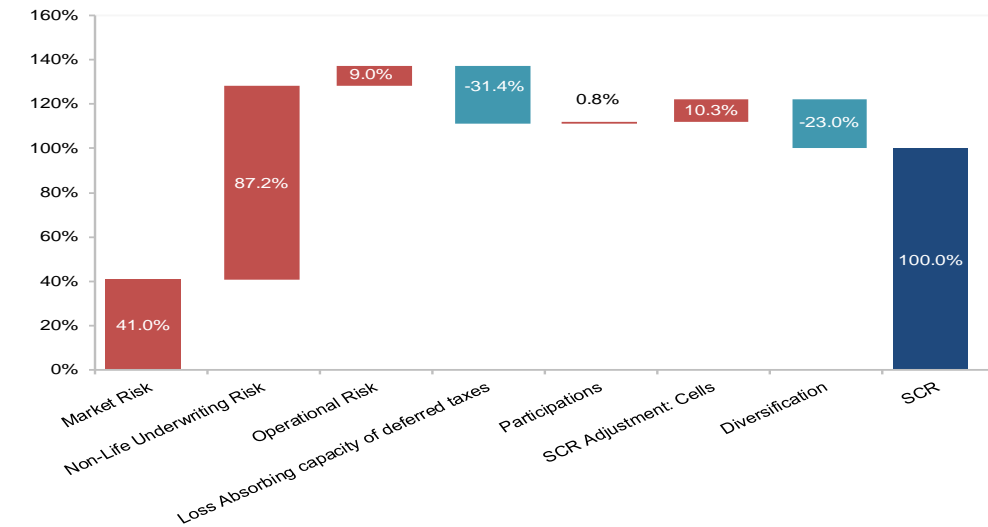
Performance indicators

	Sep 2019	Sep 2020
Claims ratio ¹	86.5	22.0
Management expenses ratio ¹	18.9	19.2
Commission ratio ¹	-19.9	2.1
Combined ratio ²	85.6	43.3
Underwriting profit/(loss) ratio ³	-16.2	60.0
Underwriting and investment income ratio ³	-3.4	77.1

Solvency and capital

	Sep 2019	Sep 2020
SCR cover ratio (Median)	1.5	1.6
MCR cover ratio (Median)	2.6	3.8

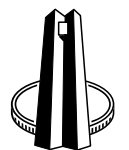
SCR risk components



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

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

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

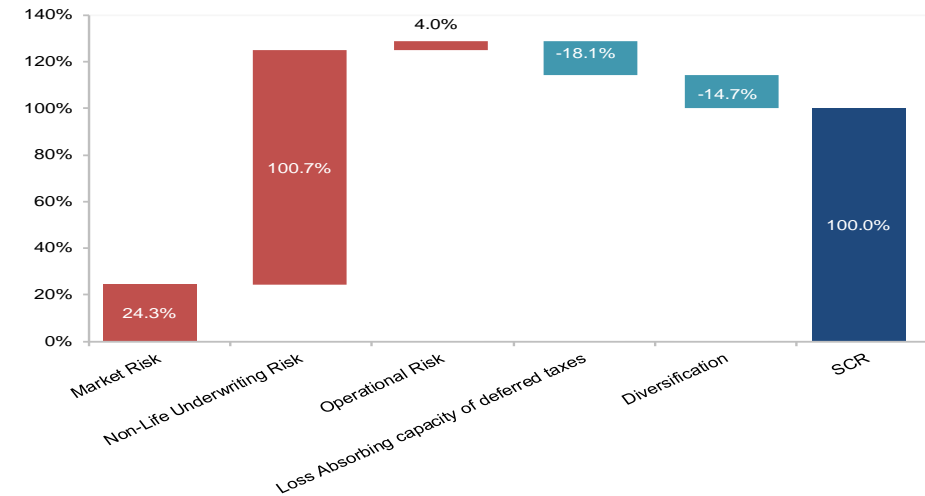


Non-Life insurance: Captive insurers

Balance sheet	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	2,807	2,967	5.7
<i>Of which:</i>			
<i>Total investments</i>	2,044	2,489	21.8
Government bonds	1	4	152.9
Corporate bonds	108	109	1.0
Equity	4	3	-31.0
Investment funds	408	432	5.9
Structured notes	8	10	23.3
Collateralised securities	3	3	1.7
Cash and deposits	1,511	1,928	27.6
Total reinsurance recoverables/ (payable)	442	111	-74.8
Derivatives	-	-	0.0
Other assets	322	368	14.3
Total Liabilities	980	600	-38.8
<i>Of which:</i>			
Gross technical provisions	862	513	-40.4
Basic own funds	1,827	2,367	29.6
Eligible own funds to meet SCR	1,827	2,367	29.5
Eligible own funds to meet MCR	1,813	2,347	29.4
Profitability			
Gross written premium ³	655	649	-1.0
Reinsurance	253	366	45.1
Net premiums	403	282	-29.9
Net earned premium	393	147	-62.6
Investment income	49	26	-48.0
Net claims paid	166	121	-26.8
Management expenses	41	40	-1.8
Commission paid/ (received)	-48	27	-157.1
Underwriting profit/(loss)	201	-7	-103.4
Underwriting and investment income	250	19	-92.6
Net profit before tax and dividends	201	8	-96.2

Performance indicators	Sep 2019	Sep 2020
Claims ratio ¹	41.1	42.9
Management expenses ratio ¹	10.1	14.2
Commission ratio ¹	-12.0	9.7
Combined ratio ²	39.3	66.8
Underwriting profit/(loss) ratio ⁴	51.1	-4.7
Underwriting and investment income ratio ⁴	63.6	12.7
Solvency and capital		
SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	3.8	4.2

SCR risk components

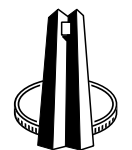


¹Expressed as a percentage of net written premium during the period.

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

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

⁴Expressed as a percentage of net earned premium during the period.



Composite reinsurers

Balance sheet

	Sep 2019 R'mil	Sep 2020 R'mil	12 Monthly % growth
Total assets	36,940	40,456	9.5
Total investments	22,120	24,160	9.2
Total reinsurance recoverables	8,352	9,296	11.3
Current assets	6,006	6,515	8.5
Total liabilities	25,735	27,578	7.2
<i>Of which :</i>			
Gross technical provisions (Life)	5,345	4,869	-8.9
Gross technical provisions (Non-Life)	11,206	12,128	8.2
Reinsurance accounts payable	3,886	4,893	25.9
Reinsurance deposits	2,117	1,715	-19.0
Basic own funds	11,205	12,878	14.9
Eligible own funds to meet SCR	12,831	14,101	9.9
Eligible own funds to meet MCR	11,485	12,909	12.4

Profitability R'mil

	Sep 2019 Life	Sep 2019 Non-life	Sep 2020 Life	Sep 2020 Non-life
Gross premium	3,063	4,012	2,813	3,641
Reinsurance	104	3,216	234	2,884
Net premiums	2,959	796	2,579	758
Net claims paid	2,114	780	2,602	167
Net earned premiums		442		349
Investment Income	224	79	300	130
Management expenses	121	13	160	27
Commission paid/ (received)	246	92	70	139
Other expenses	62	29	156	-0
Underwriting profit/(loss)		-411		58
Underwriting and investment income		-333		188
Net profit before tax and dividends	261	-360	173	65

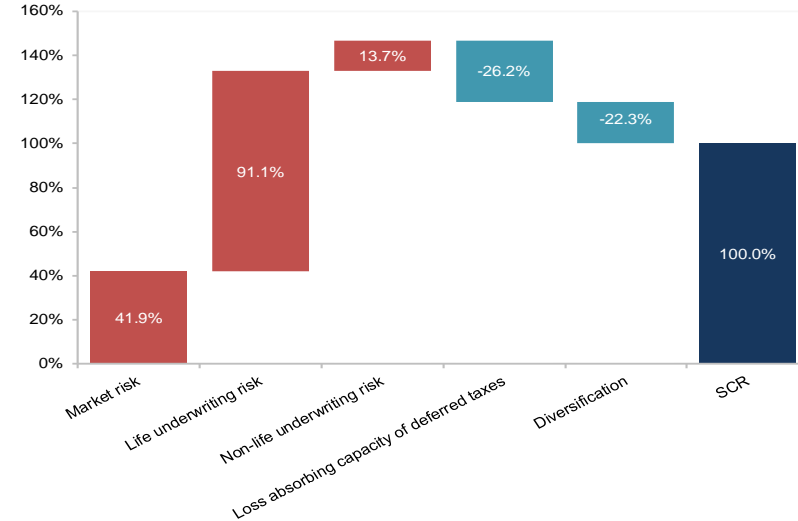
Performance indicators

	Sep 2019 Life (%)	Sep 2019 Non-life (%)	Sep 2020 Life (%)	Sep 2020 Non-life (%)
Claims ratio ¹	71.4	97.9	100.9	22.0
Management Expenses ratio ¹	4.1	1.7	6.2	3.6
Commission ratio ¹	8.3	11.6	2.7	18.3
Combined ratio ²		111.2		43.9
Underwriting profit/(loss) ratio ³		-93.1		16.6
Underwriting and investment income ratio ³		-75.3		53.9

Solvency and capital

	Sep 2019	Sep 2019	Sep 2020	Sep 2020
SCR cover ratio (Median)	1.7	1.7	1.9	1.9
MCR cover ratio (Median)	3.9	3.9	4.5	4.5

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.

