

# Selected South African insurance sector data December 2020

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SOUTH AFRICAN RESERVE BANK



A purposeful journey

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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 December 2020.

# Registered insurance entities in South Africa

	Dec 2019	Dec 2020
<b>Total</b>	<b>170</b>	<b>154</b>
Life primary insurers	70	60
Life cell captives	5	5
Life microinsurer <sup>1</sup>	1	2
Non-life primary insurers	66	59
Non-life cell captives	9	7
Non-life captives	8	8
Non-life microinsurer <sup>1</sup>	0	2
Professional reinsurers	9	9
Composite reinsurers	5	5
Life reinsurers	2	2
Non-life reinsurers	2	2
Other	2	2

<sup>1</sup>Microinsurer: No data available as yet.



## Life insurance: Primary insurers

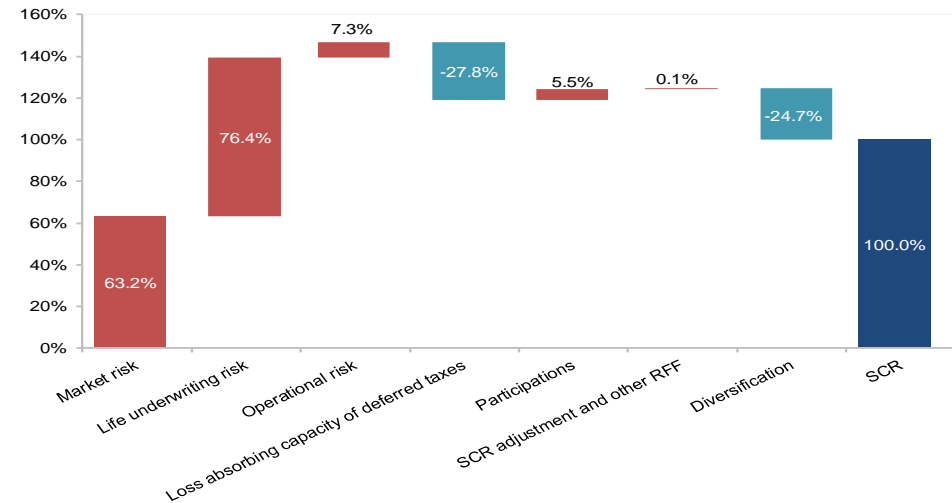
Balance sheet	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>3,121,239</b>	<b>3,226,469</b>	<b>3.4</b>
<i>Of which:</i>			
Total investments	2,913,907	3,034,092	4.1
Government bonds	223,211	296,869	33.0
Corporate bonds	238,328	218,645	-8.3
Equity	496,227	485,148	-2.2
Investment funds	1,554,244	1,666,119	7.2
Structured notes	54,302	55,176	1.6
Collateralised securities	15,761	15,012	-4.8
Cash and deposits	212,930	177,251	-16.8
Mortgages and loans	80,306	86,195	7.3
Property	38,598	33,677	-12.7
Total reinsurance recoverables/ (payable)	8,834	6,991	-20.9
Derivatives	4,734	16,430	247.0
Owner occupied property	8,404	7,224	-14.0
Other assets	185,360	161,733	-12.7
<b>Total liabilities</b>	<b>2,750,140</b>	<b>2,895,803</b>	<b>5.3</b>
<i>Of which:</i>			
Gross technical provisions	2,581,900	2,712,189	5.0
<b>Basic own funds</b>	<b>371,099</b>	<b>330,666</b>	<b>-10.9</b>
Eligible own funds to meet SCR	354,514	326,764	-7.8
Eligible own funds to meet MCR	329,049	311,706	-5.3
<b>Profitability</b>			
Gross premium	134,349	153,917	14.6
Reinsurance	3,942	5,895	49.5
Net premiums	130,406	148,022	13.5
Net claims paid	123,055	151,284	22.9
Investment income/ (loss) <sup>3</sup>	55,368	152,072	171.9
Management expenses	14,240	10,257	-28.0
Commission paid/ (received)	5,050	3,659	-27.5
Other expenses	1,647	1,601	-2.8
Net profit before tax and dividends <sup>4</sup>	3,135	19,578	524.5
<b>Other</b>			
Number of policies at the end of period	50,289,095	50,969,747	1.4
Number of schemes at the end of period	84,860	88,706	4.5

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	94.4	102.2
Commission ratio <sup>1</sup>	3.9	2.5
Management expenses ratio <sup>1</sup>	10.9	6.9
Individual lapse ratio <sup>2</sup>	91.1	66.2
Individual contractual termination <sup>2</sup>	5.5	6.3
Individual expiry <sup>2</sup>	2.9	6.9
Surrenders <sup>2</sup>	5.8	4.7
Surrenders (in-force policies)	0.4	0.4
Individual lapse ratio (in-force policies)	6.6	5.5

### Solvency and capital

SCR cover ratio (Median)	2.0	1.9
MCR cover ratio (Median)	4.2	4.4

### 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.

<sup>3</sup> During 2020 The insurance industry benefited from a strong equity performance.

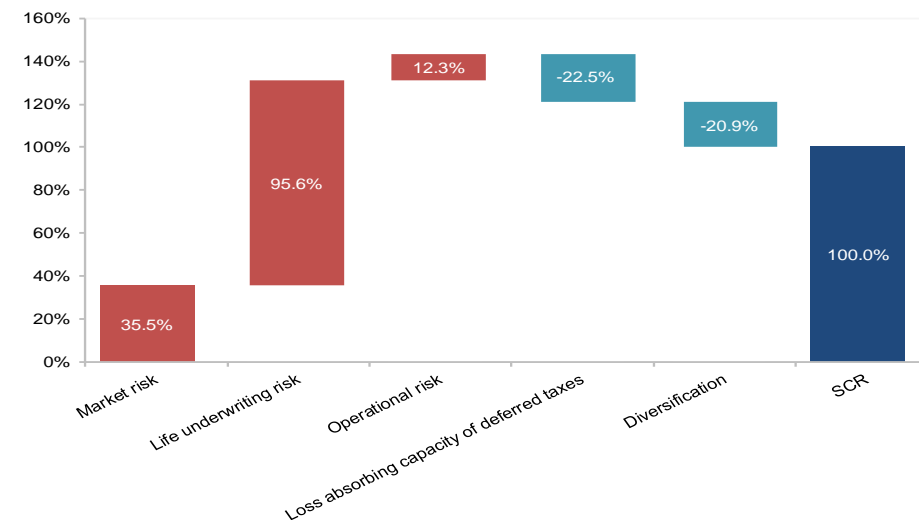
<sup>4</sup> Insurers net profit before tax was mainly affected by change in policy liabilities.

## Life insurance: Reinsurers

Balance sheet	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>7,526</b>	<b>9,007</b>	<b>19.7</b>
<i>Of which:</i>			
Total investments	5,091	4,851	-4.7
Total reinsurance recoverables/ (payable) <sup>2</sup>	649	1,760	171.0
Current assets	1,645	2,273	38.2
<b>Total liabilities</b>	<b>3,990</b>	<b>5,493</b>	<b>37.7</b>
<i>Of which</i>			
Gross technical provisions	1,436	2,634	83.4
Accounts payable	1,921	2,244	16.8
Reinsurance deposits	4	4	-9.7
<b>Basic own funds</b>	<b>3,536</b>	<b>3,514</b>	<b>-0.6</b>
Eligible own funds to meet SCR	3,536	3,514	-0.6
Eligible own funds to meet MCR	3,536	3,514	-0.6
<b>Profitability</b>			
Gross premium	1,508	1,695	12.5
Reinsurance	962	1,150	19.5
Net premiums	545	546	0.1
Net claims paid	864	734	-15.0
Investment income	94	156	65.3
Management expenses	84	83	-1.6
Other expenses	31	25	-18.8
Net profit before tax and dividends <sup>3</sup>	93	-78	-183.8

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	158.4	134.5
Management expenses ratio <sup>1</sup>	15.4	15.2
<b>Solvency and capital</b>		
SCR cover ratio (Median)	1.6	1.6
MCR cover ratio (Median)	5.7	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.

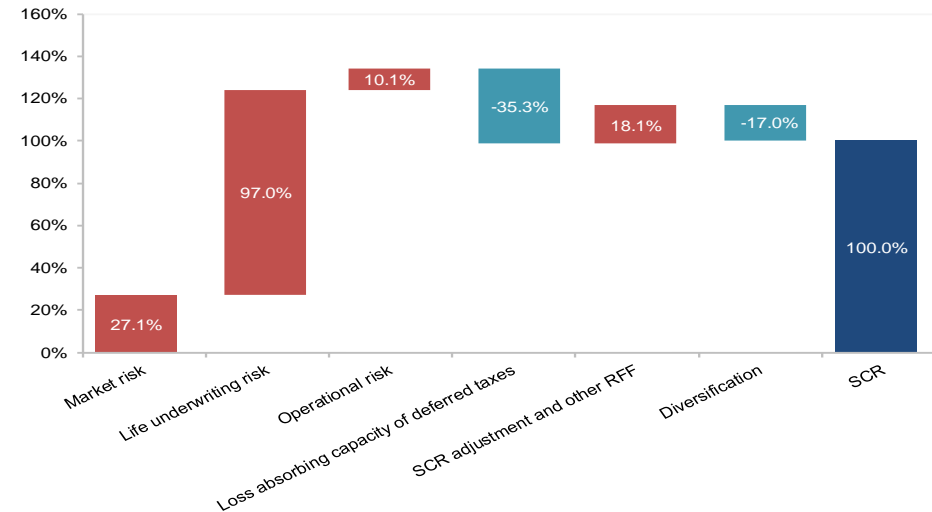
<sup>3</sup> Reinsurers net profit before tax was mainly affected by change in policy liabilities.

# Life insurance: Cell Captive insurers

Balance sheet	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets<sup>3</sup></b>	<b>15,107</b>	<b>19,339</b>	<b>28.0</b>
<i>Of which:</i>			
Total investments	17,729	21,942	23.8
Government bonds	1,000	1,435	43.5
Corporate bonds	5,959	8,412	41.2
Equity	116	253	117.6
Investment funds	6,111	7,540	23.4
Structured notes	5	72	1335.0
Collateralised securities	144	245	69.9
Cash and deposits	4,007	3,601	-10.1
Mortgages and loans	387	384	-0.6
Total reinsurance recoverables/ (payable)	-3,445	-3,896	13.1
Derivatives	8	39	374.5
Other assets	815	1,254	53.8
<b>Total liabilities</b>	<b>6,643</b>	<b>8,265</b>	<b>24.4</b>
<i>Of which:</i>			
Gross technical provisions	3,598	4,504	25.2
Deferred tax liabilities	2,123	2,446	15.3
<b>Basic own funds</b>	<b>8,465</b>	<b>11,074</b>	<b>30.8</b>
Eligible own funds to meet SCR	5,111	6,801	33.1
Eligible own funds to meet MCR	5,095	6,799	33.5
<b>Profitability</b>			
Gross premium <sup>3</sup>	4,707	3,827	-18.7
Reinsurance	950	874	-8.0
Net premiums	3,757	2,953	-21.4
Net claims paid	-593	1,121	289.0
Investment income <sup>3</sup>	412	781	89.5
Management expenses	356	325	-8.8
Commission paid/ (received)	431	386	-10.6
Other expenses	-0	0	265.4
Net profit before tax and dividends	3,434	1,434	-58.2
<b>Other</b>			
Number of policies at the end of period	6,902,067	6,661,250	-3.5
Number of schemes at the end of period	87,865	74,948	-14.7

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	-15.8	38.0
Commission ratio <sup>1</sup>	11.5	13.1
Management expenses ratio <sup>1</sup>	9.5	11.0
Individual lapse ratio <sup>2</sup>	27.1	36.3
Individual contractual termination <sup>2</sup>	1.0	2.0
Individual expiry <sup>2</sup>	41.0	54.0
Surrenders <sup>2</sup>	0.0	9.3
Surrenders (in-force policies)	0.0	1.6
Individual lapse ratio (in-force policies)	5.3	6.1
<b>Solvency and capital</b>		
SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.2	4.4

## 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 2020 The insurance industry benefited from a strong equity performance.

# Non-Life insurance: Primary insurers

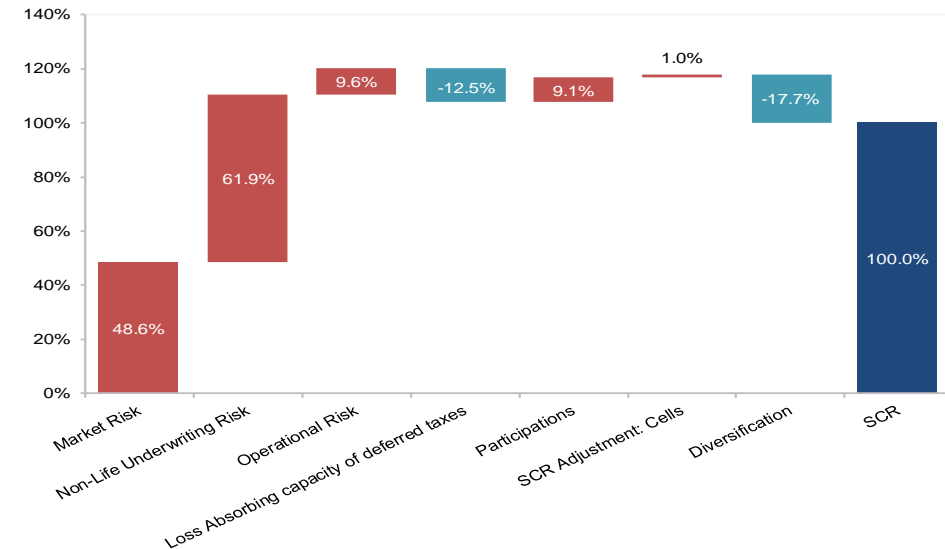
Balance sheet	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>154,320</b>	<b>173,618</b>	<b>12.5</b>
<i>Of which:</i>			
Total investments	107,292	116,704	8.8
Government bonds	21,159	23,206	9.7
Corporate bonds	26,843	28,987	8.0
Equity	17,308	17,594	1.7
Investment funds	11,303	13,612	20.4
Structured notes	567	132	-76.7
Collateralised securities	823	692	-15.9
Cash and deposits	26,993	30,478	12.9
Mortgages and loans	2,148	1,959	-8.8
Property <sup>4</sup>	147	42	-71.5
Total reinsurance recoverables/ (payable)	17,393	25,452	46.3
Derivatives	115	141	23.1
Owner occupied property	1,204	1,779	47.8
Other assets	28,317	29,543	4.3
<b>Total liabilities</b>	<b>84,921</b>	<b>100,425</b>	<b>18.3</b>
<i>Of which:</i>			
Gross technical provisions	60,023	72,531	20.8
Accounts payable	8,218	8,381	2.0
Payables (trade, not insurance)	7,231	6,262	-13.4
<b>Basic own funds</b>	<b>69,400</b>	<b>73,193</b>	<b>5.5</b>
Eligible own funds to meet SCR	68,069	71,970	5.7
Eligible own funds to meet MCR	64,442	67,453	4.7
<b>Profitability</b>			
Gross written premium	31,704	30,333	-4.3
Reinsurance	10,588	9,059	-14.4
Net premiums	21,115	21,273	0.7
Net earned premium	20,872	20,505	-1.8
Investment income	2,541	2,875	13.1
Net claims paid	13,189	15,921	20.7
Management expenses	6,493	6,653	2.5
Commission paid/ (received)	807	1,400	73.5
Underwriting profit/(loss) <sup>4</sup>	831	-2,187	-363.3
Underwriting and investment income	3,372	688	-79.6
Net profit before tax and dividends	3,746	690	-81.6

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	62.5	74.8
Management expenses ratio <sup>1</sup>	30.8	31.3
Commission ratio <sup>1</sup>	3.8	6.6
Combined ratio <sup>2</sup>	97.0	112.7
Underwriting profit/(loss) ratio <sup>3</sup>	4.0	-10.7
Underwriting and investment income ratio <sup>3</sup>	16.2	3.4

## Solvency and capital

SCR cover ratio (Median)	1.7	1.8
MCR cover ratio (Median)	4.0	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 written premium.

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

<sup>4</sup> Underwriting losses were as a result of higher than normal business interruption claims.



# Non-Life insurance: Reinsurers

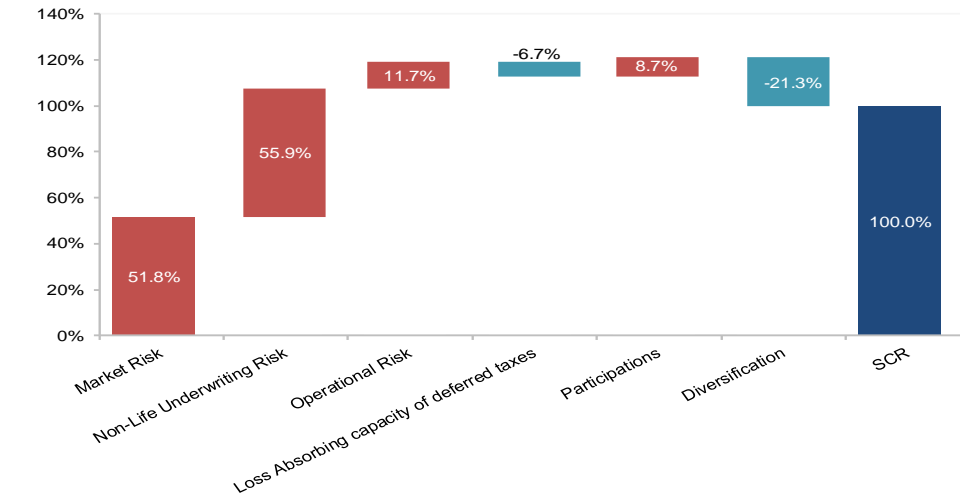
Balance sheet	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets<sup>4</sup></b>	<b>6,902</b>	<b>12,651</b>	<b>83.3</b>
<i>Of which:</i>			
Total investments	3,818	7,133	86.8
Total reinsurance recoverables/ (payable)	2,082	3,911	87.9
<b>Total liabilities<sup>4</sup></b>	<b>5,256</b>	<b>9,803</b>	<b>86.5</b>
<i>Of which :</i>			
Gross technical provisions	3,135	6,195	97.6
Accounts payable	366	619	69.2
Reinsurance deposits	1,554	2,819	81.4
<b>Basic own funds</b>	<b>1,646</b>	<b>2,848</b>	<b>73.0</b>
Eligible own funds to meet SCR	1,646	2,848	73.0
Eligible own funds to meet MCR	1,629	2,788	71.2
<b>Profitability</b>			
Gross premium <sup>4</sup>	3,517	3,240	-7.9
Reinsurance	2,249	2,227	-1.0
Net premiums	1,268	1,012	-20.1
Net earned premiums	773	807	4.3
Investment income	271	269	-1.0
Net claims paid <sup>4</sup>	593	879	48.1
Management expenses	145	164	12.7
Commission paid/ (received)	544	292	-46.3
Other expenses	-2	-0	-91.3
Underwriting profit/(loss)	157	-333	-312.5
Underwriting and investment income	428	-65	-115.1
Net profit before tax and dividends	430	-123	-128.5

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	46.8	86.8
Commission ratio <sup>1</sup>	42.9	28.9
Management expenses ratio <sup>1</sup>	11.5	16.2
Combined ratio <sup>2</sup>	101.2	131.9
Underwriting profit/(loss) ratio <sup>3</sup>	20.3	-41.3
Underwriting and investment income ratio	55.4	-8.0

## Solvency and capital

SCR cover ratio (Median)	1.8	1.7
MCR cover ratio (Median)	4.7	5.0

## 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.

<sup>4</sup> An increase in balance sheet items was as a result of reclassification of insurers.

# Non-Life insurance: Cell Captive insurers

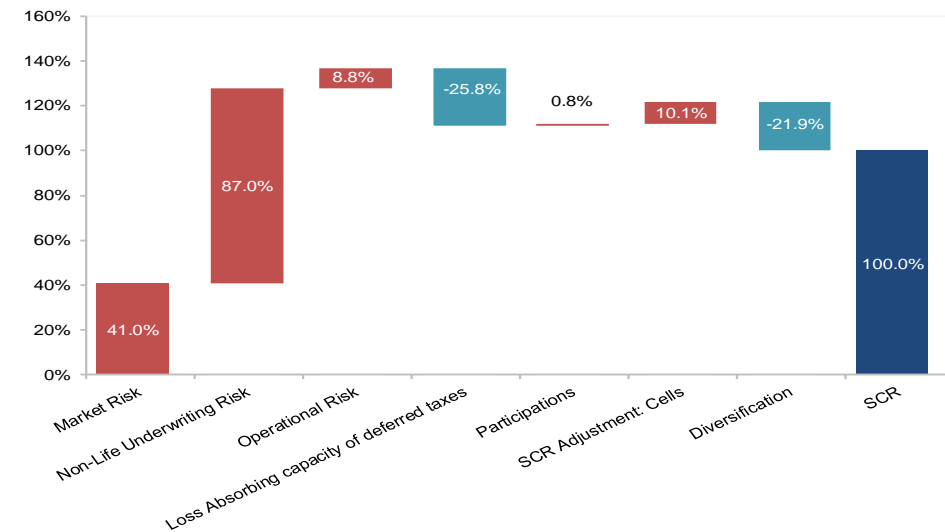
Balance sheet	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>42,803</b>	<b>49,960</b>	<b>16.7</b>
<i>Of which:</i>			
<i>Total investments</i>	35,326	40,777	15.4
Government bonds	413	1,598	287.3
Corporate bonds	9,589	13,290	38.6
Equity <sup>4</sup>	186	2,107	1033.3
Investment funds <sup>4</sup>	18,404	5,432	-70.5
Structured notes	63	229	264.1
Collateralised securities	364	442	21.5
Cash and deposits <sup>4</sup>	6,289	17,661	180.8
Mortgages and loans	19	18	-3.5
Total reinsurance recoverables/ (payable)	4,092	4,832	18.1
Derivatives	-1	-0	-96.3
Other assets	3,386	4,351	28.5
<b>Total liabilities</b>	<b>26,477</b>	<b>30,686</b>	<b>15.9</b>
<i>Of which:</i>			
Gross technical provisions	23,616	27,247	15.4
<b>Basic own funds</b>	<b>16,325</b>	<b>19,273</b>	<b>18.1</b>
Eligible own funds to meet SCR	12,472	15,473	24.1
Eligible own funds to meet MCR	12,395	15,331	23.7
<b>Profitability</b>			
Gross written premium	5,075	5,303	4.5
Reinsurance	2,050	1,943	-5.2
Net premiums	3,025	3,361	11.1
Net earned premium	2,508	3,039	21.2
Investment income	740	684	-7.6
Net claims paid <sup>5</sup>	727	2,411	231.9
Management expenses	535	668	25.0
Commission paid/ (received)	705	141	-80.0
Underwriting profit/(loss) <sup>5</sup>	991	-130	-113.1
Underwriting and investment income	1,732	555	-68.0
Net profit before tax and dividends	1,713	569	-66.8

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	24.0	71.8
Management expenses ratio <sup>1</sup>	17.7	19.9
Commission ratio <sup>1</sup>	23.3	4.2
Combined ratio <sup>2</sup>	65.0	95.8
Underwriting profit/(loss) ratio <sup>3</sup>	39.5	-4.3
Underwriting and investment income ratio <sup>3</sup>	69.0	18.2

## Solvency and capital

SCR cover ratio (Median)	1.6	1.6
MCR cover ratio (Median)	2.5	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.

<sup>4</sup> During the review period there was a switch between investment funds and cash and deposit as well as equities.

<sup>5</sup> During review period one insurer experienced higher than usual claims.

# Non-Life insurance: Captive insurers

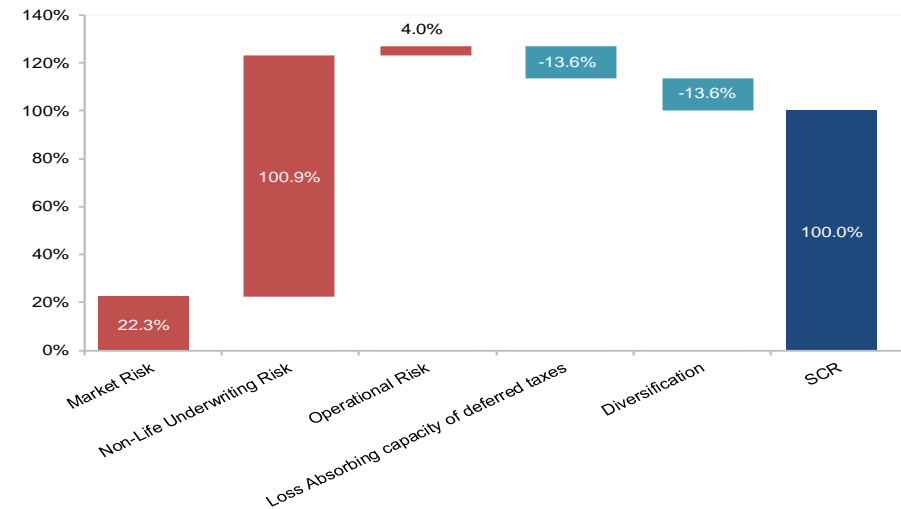
Balance sheet	Dec 2019	Dec 2020	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets</b>	<b>2,806</b>	<b>2,904</b>	<b>3.5</b>
<i>Of which:</i>			
<i>Total investments</i>	2,234	2,459	10.1
Government bonds	3	6	84.4
Corporate bonds	107	104	-2.7
Equity	4	3	-15.1
Investment funds	415	411	-1.1
Structured notes	9	9	-1.8
Collateralised securities	4	3	-12.6
Cash and deposits	1,691	1,922	13.7
Total reinsurance recoverables/ (payable)	290	89	-69.5
Derivatives	-	-	0.0
Other assets	283	356	25.8
<b>Total Liabilities</b>	<b>723</b>	<b>508</b>	<b>-29.8</b>
<i>Of which:</i>			
Gross technical provisions	635	423	-33.5
<b>Basic own funds</b>	<b>2,083</b>	<b>2,396</b>	<b>15.0</b>
Eligible own funds to meet SCR	2,083	2,391	14.8
Eligible own funds to meet MCR	2,068	2,366	14.4
<b>Profitability</b>			
Gross written premium <sup>3</sup>	454	167	-63.2
Reinsurance <sup>5</sup>	250	-17	-106.6
Net premiums	204	184	-10.0
Net earned premium	231	231	0.1
Investment income	51	21	-58.4
Net claims paid	98	105	7.6
Management expenses	47	33	-29.1
Commission paid/ (received)	-1	6	910.4
Underwriting profit/(loss)	100	99	-1.7
Underwriting and investment income	151	120	-20.7
Net profit before tax and dividends	140	107	-23.5

Performance indicators	Dec 2019	Dec 2020
Claims ratio <sup>1</sup>	47.8	57.1
Management expenses ratio <sup>1</sup>	22.8	17.9
Commission ratio <sup>1</sup>	-0.4	3.2
Combined ratio <sup>2</sup>	70.2	78.3
Underwriting profit/(loss) ratio <sup>4</sup>	43.4	42.6
Underwriting and investment income ratio <sup>4</sup>	65.3	51.7

## Solvency and capital

SCR cover ratio (Median)	1.7	3.2
MCR cover ratio (Median)	4.0	11.9

## 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> 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.

<sup>5</sup> Negative reinsurance was as a result of refund received by one captive insurer.

## Composite reinsurers

### Balance sheet

	Dec 2019 R'mil	Dec 2020 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>37,750</b>	<b>36,801</b>	<b>-2.5</b>
Total investments	22,338	21,048	-5.8
Total reinsurance recoverables	7,865	9,373	19.2
Current assets	6,870	5,897	-14.2
<b>Total liabilities</b>	<b>25,577</b>	<b>25,464</b>	<b>-0.4</b>
<i>Of which :</i>			
Gross technical provisions (Life)	5,196	5,676	9.2
Gross technical provisions (Non-Life)	10,472	11,402	8.9
Reinsurance accounts payable	5,222	3,760	-28.0
Reinsurance deposits	1,555	923	-40.7
<b>Basic own funds</b>	<b>12,174</b>	<b>11,337</b>	<b>-6.9</b>
Eligible own funds to meet SCR	13,560	12,512	-7.7
Eligible own funds to meet MCR	12,085	11,397	-5.7

### Profitability

	Dec 2019 Life	Dec 2019 Non-life	Dec 2020 Life	Dec 2020 Non-life
Gross premium	2,613	3,390	3,117	3,389
Reinsurance	248	2,769	239	2,962
Net premiums	2,366	621	2,878	426
Net earned premiums		728		392
Investment Income	272	67	367	53
Net claims paid	1,993	304	3,117	477
Management expenses	208	16	145	24
Commission paid/ (received)	78	57	24	111
Other expenses	174	10	152	1
Underwriting profit/(loss) <sup>4</sup>		344		-184
Underwriting and investment income		411		-130
Net profit before tax and dividends	1,219	402	4,464	-132

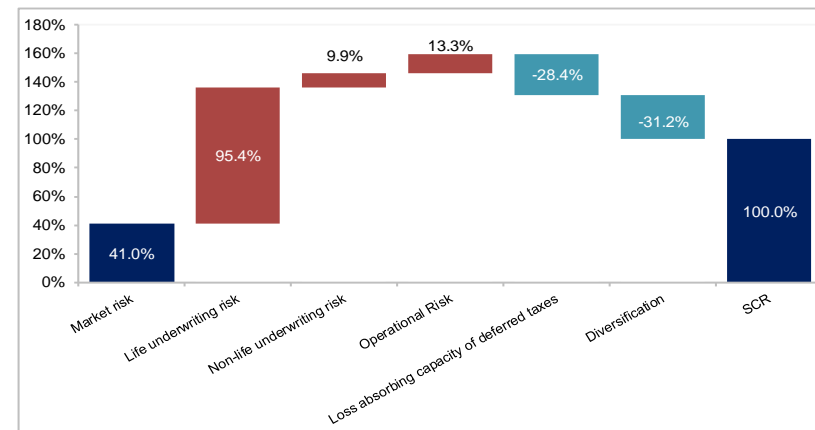
### Performance indicators

	Dec 2019 Life (%)	Dec 2019 Non-life (%)	Dec 2020 Life (%)	Dec 2020 Non-life (%)
Claims ratio <sup>1 4</sup>	84.2	48.9	108.3	111.8
Management Expenses ratio <sup>1</sup>	8.8	2.6	5.0	5.7
Commission ratio <sup>1</sup>	3.3	9.1	0.8	26.0
Combined ratio <sup>2</sup>		60.7		143.5
Underwriting profit/(loss) ratio <sup>3</sup>		47.2		-46.9
Underwriting and investment income ratio <sup>3</sup>		56.4		-33.3

### Solvency and capital

	Dec 2019	Dec 2019	Dec 2020	Dec 2020
SCR cover ratio (Median)	1.5	1.5	1.7	1.7
MCR cover ratio (Median)	4.6	4.6	4.0	4.0

### 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.

<sup>4</sup> Two composite reinsurers experienced higher than usual claims during the review period.