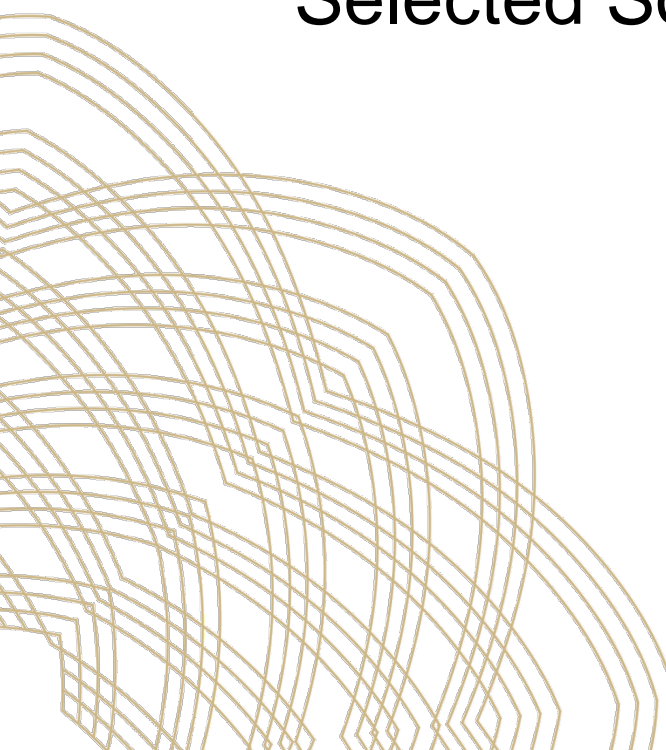


South African Reserve Bank

Prudential Authority

Selected South African insurance sector data

June 2020



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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 June 2020.

Registered insurance entities in South Africa

	Jun 2019	Jun 2020
Total	170	161
Life primary insurers	66	65
Life cell captives	6	5
Life microinsurer ¹	1	1
Non-life primary insurers	68	65
Non-life cell captives	10	7
Non-life captives	8	6
Non-life microinsurer ¹	0	1
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

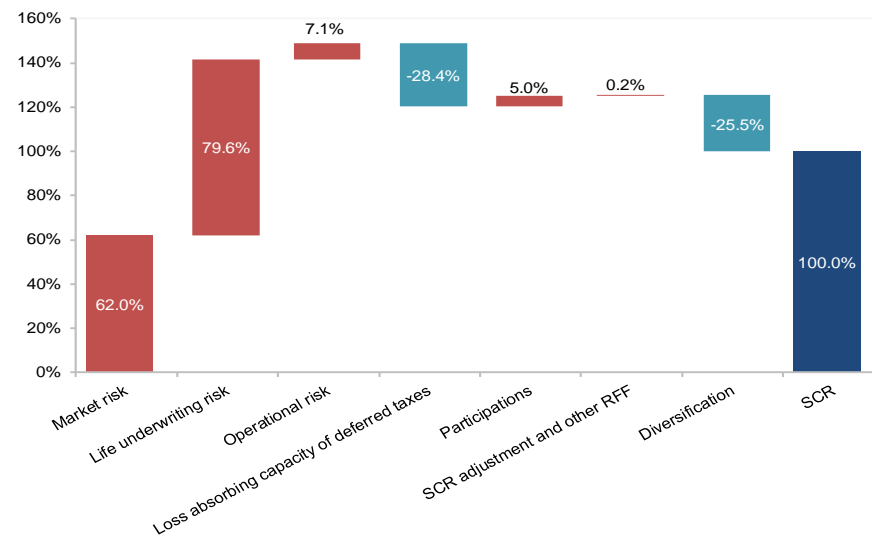
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	3,146,949	3,078,470	-2.2
<i>Of which:</i>			
Total investments	2,929,260	2,883,463	-1.6
Government bonds	214,808	246,282	14.7
Corporate bonds	240,017	228,135	-5.0
Equity	505,510	439,256	-13.1
Investment funds	1,576,878	1,572,657	-0.3
Structured notes	46,940	59,830	27.5
Collateralised securities	16,427	16,433	0.0
Cash and deposits	215,160	206,156	-4.2
Mortgages and loans	75,881	80,275	5.8
Property	37,640	34,440	-8.5
Total reinsurance recoverables/ (payable)	6,892	6,919	0.4
Derivatives	5,462	10,262	87.9
Owner occupied property	7,913	8,119	2.6
Other assets	197,422	169,707	-14.0
Total liabilities	2,776,545	2,757,539	-0.7
<i>Of which:</i>			
Gross technical provisions	2,612,653	2,580,469	-1.2
Basic own funds	370,404	320,931	-13.4
Eligible own funds to meet SCR	350,247	317,594	-9.3
Eligible own funds to meet MCR	325,708	303,051	-7.0
Profitability			
Gross premium	132,750	123,749	-6.8
Reinsurance	3,995	4,022	0.7
Net premiums	128,754	119,727	-7.0
Net claims paid	124,606	100,860	-19.1
Investment income/ (loss) ³	43,122	268,684	523.1
Management expenses	12,526	14,301	14.2
Commission paid/ (received)	4,857	5,968	22.9
Other expenses	693	1,177	70.0
Net profit before tax and dividends	12,116	10,580	-12.7
Other			
Number of policies at the end of period	49,477,116	47,842,705	-3.3
Number of schemes at the end of period	80,884	87,800	8.6

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	96.8	84.2
Commission ratio ¹	3.8	5.0
Management expenses ratio ¹	9.7	11.9
Individual lapse ratio ²	74.9	126.1
Individual contractual termination ²	6.1	8.5
Individual expiry ²	3.0	2.7
Surrenders ²	6.2	7.9
Surrenders (in-force policies)	0.4	0.4
Individual lapse ratio (in-force policies)	5.4	5.7

Solvency and capital

SCR cover ratio (Median)	1.9	1.9
MCR cover ratio (Median)	4.3	4.3

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 Rebound on investment income after first quarter losses.

Life insurance: Reinsurers

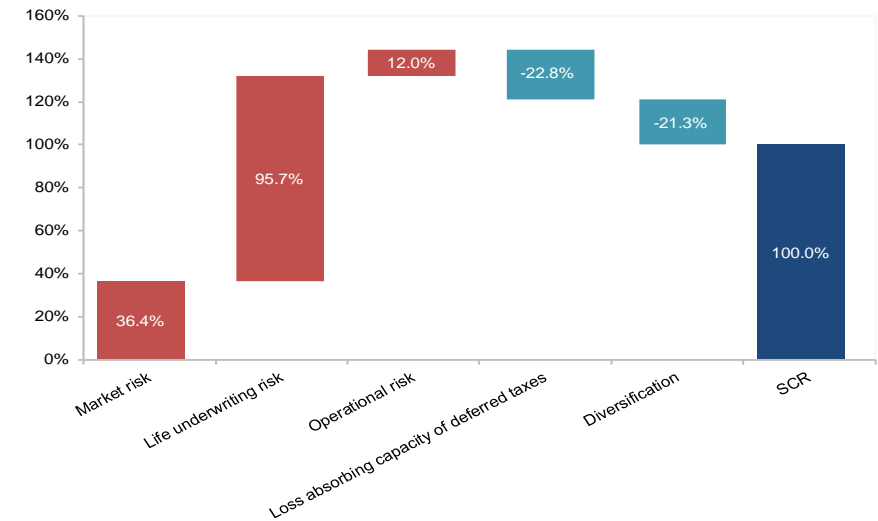
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	7,275	8,042	10.5
<i>Of which:</i>			
Total investments	5,282	5,123	-3.0
Total reinsurance recoverables/ (payable) ²	99	1,200	1116.3
Current assets	1,713	1,596	-6.8
Total liabilities	3,919	4,497	14.7
<i>Of which</i>			
Gross technical provisions	1,598	2,098	31.3
Accounts payable	1,543	1,713	11.0
Reinsurance deposits	3	4	17.1
Basic own funds	3,356	3,546	5.6
Eligible own funds to meet SCR	3,356	3,546	5.6
Eligible own funds to meet MCR	3,356	3,546	5.6
Profitability			
Gross premium	1,416	1,621	14.5
Reinsurance	708	1,091	54.0
Net premiums	708	530	-25.1
Net claims paid	574	471	-18.0
Investment income ³	137	253	83.9
Management expenses	156	102	-34.7
Other expenses	-35	11	131.9
Net profit before tax and dividends	93	263	183.2

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	81.1	88.8
Management expenses ratio ¹	22.0	19.2

Solvency and capital

SCR cover ratio (Median)	1.6	1.6
MCR cover ratio (Median)	5.8	5.9

SCR risk components



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

² Fluctuation due to change in reinsurance arrangement between subsidiary and its parent reinsurer.

³ Rebound on investment income after first quarter losses.

Life insurance: Cell Captive insurers

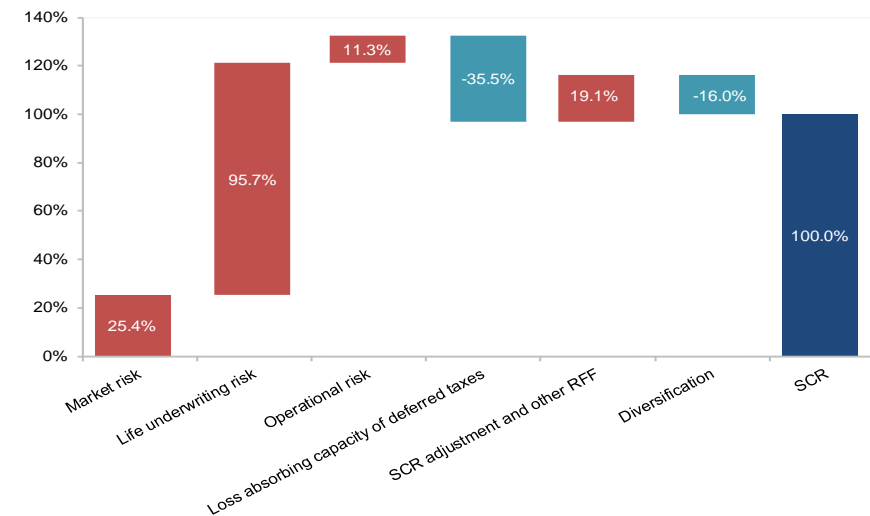
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	12,771	17,124	34.1
<i>Of which:</i>			
Total investments	13,126	20,152	53.5
Government bonds	999	945	-5.4
Corporate bonds	3,593	7,407	106.2
Equity	9	171	1730.2
Investment funds	5,606	7,723	37.8
Structured notes	2	7	200.8
Collateralised securities	200	142	-28.7
Cash and deposits	2,342	3,395	45.0
Mortgages and loans	375	362	-3.5
Total reinsurance recoverables/ (payable)	-1,139	-3,683	223.4
Derivatives	9	28	213.6
Other assets	774	627	-19.1
Total liabilities	5,086	7,956	56.4
<i>Of which:</i>			
Gross technical provisions	2,781	4,779	71.8
Deferred tax liabilities	1,853	2,086	12.6
Basic own funds	7,684	9,168	19.3
Eligible own funds to meet SCR	4,606	5,409	17.4
Eligible own funds to meet MCR	4,595	5,392	17.4
Profitability			
Gross premium	4,074	3,495	-14.2
Reinsurance	700	850	21.3
Net premiums	3,374	2,645	-21.6
Net claims paid	582	745	27.8
Investment income ³	263	1,106	321.5
Management expenses	341	264	-22.7
Commission paid/ (received)	312	373	19.7
Other expenses	1	0	-86.4
Net profit before tax and dividends	1,312	1,424	8.5
Other			
Number of policies at the end of period	6,001,831	6,771,574	12.8
Number of schemes at the end of period ⁴	428	81,834	19,020.1

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	17.3	28.1
Commission ratio ¹	9.2	14.1
Management expenses ratio ¹	10.1	10.0
Individual lapse ratio ²	46.8	32.7
Individual contractual termination ²	1.4	1.3
Individual expiry ²	17.5	35.4
Surrenders ²	0.0	1.7
Surrenders (in-force policies)	0.0	0.3
Individual lapse ratio (in-force policies)	5.2	6.3

Solvency and capital

SCR cover ratio (Median)	1.2	1.1
MCR cover ratio (Median)	4.5	4.3

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.

³ Rebound on investment income after first quarter losses.

⁴ During the review period one cell captive insurer increased its number of issued schemes.

Non-Life insurance: Primary insurers

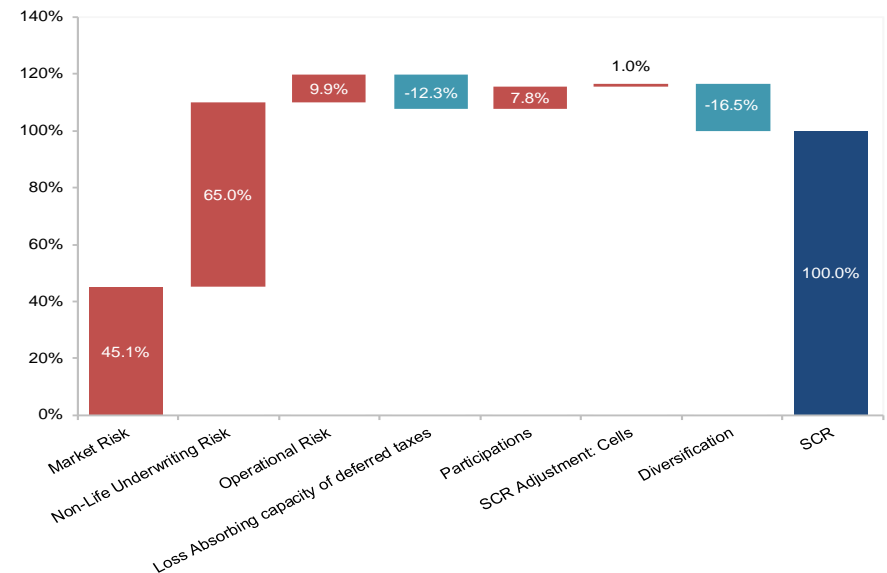
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	152,699	164,294	7.6
<i>Of which:</i>			
Total investments	105,389	114,659	8.8
Government bonds	20,112	21,056	4.7
Corporate bonds	25,486	28,687	12.6
Equity	16,544	16,413	-0.8
Investment funds	12,302	14,203	15.5
Structured notes	489	246	-49.8
Collateralised securities	916	708	-22.7
Cash and deposits	27,238	31,252	14.7
Mortgages and loans	2,139	2,040	-4.6
Property	162	53	-67.0
Total reinsurance recoverables/ (payable)	17,823	17,197	-3.5
Derivatives	17	102	490.2
Owner occupied property	1,324	1,869	41.2
Other assets	28,147	30,468	8.2
Total liabilities	87,035	92,215	6.0
<i>Of which:</i>			
Gross technical provisions	62,308	63,743	2.3
Accounts payable	6,893	7,232	4.9
Payables (trade, not insurance)	7,543	7,286	-3.4
Basic own funds	65,665	72,079	9.8
Eligible own funds to meet SCR	64,487	70,312	9.0
Eligible own funds to meet MCR	61,188	65,740	7.4
Profitability			
Gross written premium	29,783	29,968	0.6
Reinsurance	8,969	9,766	8.9
Net premiums	20,814	20,203	-2.9
Net earned premium	20,328	19,861	-2.3
Investment income	2,284	3,487	52.7
Net claims paid	13,225	11,344	-14.2
Management expenses	6,122	7,164	17.0
Commission paid/ (received)	1,061	558	-47.4
Underwriting profit/(loss)	616	373	-39.4
Underwriting and investment income	2,899	3,861	33.2
Net profit before tax and dividends	2,913	3,599	23.5

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	63.5	56.2
Management expenses ratio ¹	29.4	35.5
Commission ratio ¹	5.1	2.8
Combined ratio ²	98.1	94.4
Underwriting profit/(loss) ratio ³	3.0	1.9
Underwriting and investment income ratio ³	14.3	19.4

Solvency and capital

SCR cover ratio (Median)	1.7	1.8
MCR cover ratio (Median)	3.7	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: Reinsurers

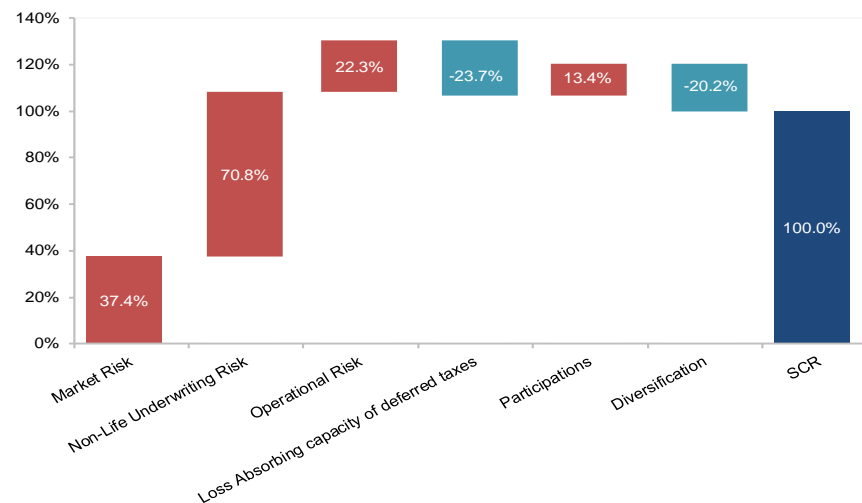
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	6,978	6,803	-2.5
<i>Of which:</i>			
Total investments	3,691	3,746	1.5
Total reinsurance recoverables/ (payable)	2,102	2,148	2.2
Total liabilities	5,424	5,140	-5.2
<i>Of which :</i>			
Gross technical provisions	3,251	3,214	-1.1
Accounts payable	330	359	8.7
Reinsurance deposits	1,764	1,393	-21.0
Basic own funds	1,554	1,663	7.0
Eligible own funds to meet SCR	1,554	1,663	7.0
Eligible own funds to meet MCR	1,537	1,663	8.2
Profitability			
Gross premium	2,018	1,591	-21.2
Reinsurance	1,332	1,179	-11.5
Net premiums	686	413	-39.9
Net earned premiums	340	422	24.1
Investment income	106	213	101.3
Net claims paid	275	359	30.8
Management expenses	69	79	13.8
Commission paid/ (received)	275	88	-68.1
Other expenses	-0	-0	-75.4
Underwriting profit/(loss)	-13	5	136.0
Underwriting and investment income ³	93	218	135.8
Net profit before tax and dividends	93	218	134.7

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	40.0	87.1
Commission ratio ¹	40.1	21.3
Management expenses ratio ¹	10.1	19.1
Combined ratio ^{2 3}	90.2	127.5
Underwriting profit/(loss) ratio ^{3 4}	-3.9	1.1
Underwriting and investment income ratio	27.2	51.7

Solvency and capital

SCR cover ratio (Median)	1.6	2.2
MCR cover ratio (Median)	4.6	6.4

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 Profit higher than normal due to release of reserves and rebound on investment income.

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

Non-Life insurance: Cell Captive insurers

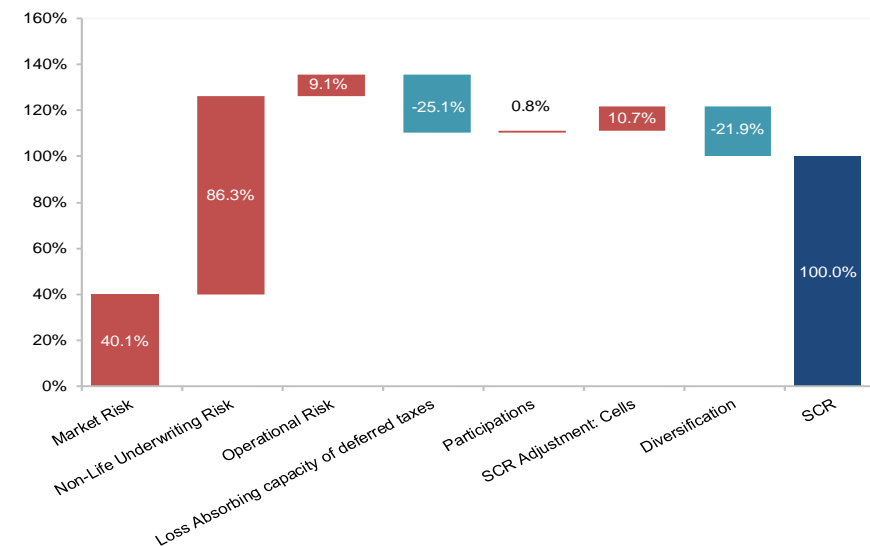
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	41,143	47,530	15.5
<i>Of which:</i>			
<i>Total investments</i>	30,837	37,406	21.3
Government bonds	359	484	34.7
Corporate bonds	8,362	12,399	48.3
Equity	156	1,775	1039.3
Investment funds	15,468	4,445	-71.3
Structured notes	44	136	209.3
Collateralised securities	712	350	-50.8
Cash and deposits	5,718	17,798	211.3
Mortgages and loans	18	19	3.5
Total reinsurance recoverables/ (payable)	4,452	4,437	-0.3
Derivatives	-0	0	183.3
Other assets	5,854	5,687	-2.9
Total liabilities	25,268	30,080	19.0
<i>Of which:</i>			
Gross technical provisions	22,129	27,124	22.6
Basic own funds	15,875	17,451	9.9
Eligible own funds to meet SCR	12,522	13,545	8.2
Eligible own funds to meet MCR	12,446	13,464	8.2
Profitability			
Gross written premium	7,938	8,828	11.2
Reinsurance	2,741	3,025	10.3
Net premiums	5,197	5,803	11.7
Net earned premium	3,727	3,998	7.3
Investment income	623	1,068	71.5
Net claims paid	1,586	1,325	-16.5
Management expenses	541	536	-1.0
Commission paid/ (received)	-53	-395	644.2
Underwriting profit/(loss) ⁴	489	1,315	168.8
Underwriting and investment income ⁴	1,112	2,383	114.3
Net profit before tax and dividends	1,102	2,377	115.6

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	30.5	22.8
Management expenses ratio ¹	10.4	9.2
Commission ratio ¹	-1.0	-6.8
Combined ratio ²	39.9	25.3
Underwriting profit/(loss) ratio ³	13.1	32.9
Underwriting and investment income ratio ³	29.8	59.6

Solvency and capital

SCR cover ratio (Median)	1.7	1.3
MCR cover ratio (Median)	2.8	3.7

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.

⁴ Rebound on investment income after first quarter losses.

Non-Life insurance: Captive insurers

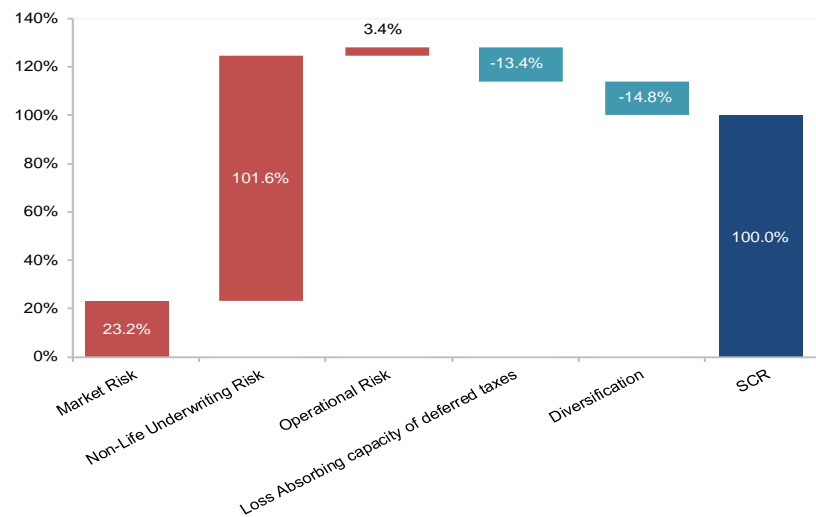
Balance sheet	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	2,628	2,769	5.4
<i>Of which:</i>			
<i>Total investments</i>	1,926	2,361	22.6
Government bonds	1	2	55.4
Corporate bonds	106	105	-0.3
Equity	5	3	-35.3
Investment funds	444	454	2.2
Structured notes	8	11	38.3
Collateralised securities	3	4	35.8
Cash and deposits	1,359	1,782	31.1
Total reinsurance recoverables/ (payable)	310	42	-86.4
Derivatives	-0	-	100.0
Other assets	392	365	-6.7
Total Liabilities	811	451	-44.3
<i>Of which:</i>			
Gross technical provisions	599	339	-43.3
Basic own funds	1,817	2,317	27.6
Eligible own funds to meet SCR	1,817	2,317	27.6
Eligible own funds to meet MCR	1,792	2,300	28.3
Profitability			
Gross written premium ³	486	395	-18.7
Reinsurance	149	184	23.0
Net premiums	336	211	-37.3
Net earned premium	351	250	-28.8
Investment income	43	32	-26.7
Net claims paid	111	251	125.8
Management expenses	34	33	-3.5
Commission paid/ (received)	0	-6	-100.0
Underwriting profit/(loss) ⁵	171	-54	-131.3
Underwriting and investment income	214	-22	-110.2
Net profit before tax and dividends	160	-27	-116.7

Performance indicators	Jun 2019	Jun 2020
Claims ratio ¹	33.0	118.9
Management expenses ratio ¹	10.2	15.7
Commission ratio ¹	0.0	-2.7
Combined ratio ²	43.3	131.9
Underwriting profit/(loss) ratio ^{4,5}	48.7	-21.4
Underwriting and investment income ratio ^{4,5}	61.0	-8.8

Solvency and capital

SCR cover ratio (Median)	1.7	1.8
MCR cover ratio (Median)	3.7	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 Most captive insurers receives once off premiums which are spread over the period resulting in fluctuations.

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

⁵ One captive insurer recorded higher than normal underwriting loss.

Composite reinsurers

Balance sheet

	Jun 2019 R'mil	Jun 2020 R'mil	12 Monthly % growth
Total assets	35,614	39,894	12.0
Total investments	21,263	22,835	7.4
Total reinsurance recoverables	7,693	9,190	19.5
Current assets	6,241	7,330	17.5
Total liabilities	24,089	27,165	12.8
<i>Of which :</i>			
Gross technical provisions (Life)	4,830	5,520	14.3
Gross technical provisions (Non-Life)	10,227	12,164	18.9
Reinsurance accounts payable	4,177	4,414	5.7
Reinsurance deposits	2,147	1,638	-23.7
Basic own funds	11,525	12,729	10.4
Eligible own funds to meet SCR	11,525	13,966	21.2
Eligible own funds to meet MCR	11,463	12,755	11.3

Profitability

	Jun 2019 Life	Jun 2019 Non-life	Jun 2020 Life	Jun 2020 Non-life
Gross premium	2,960	2,751	2,755	3,750
Reinsurance	133	2,213	198	3,135
Net premiums	2,827	538	2,556	615
Net earned premiums		1,075		619
Investment Income	360	45	623	158
Net claims paid	2,120	-193	2,140	433
Management expenses	146	11	170	15
Commission paid/ (received)	189	97	274	6
Other expenses	227	48	174	57
Underwriting profit/(loss)		1,244		113
Underwriting and investment income		1,289		272
Net profit before tax and dividends	874	1,243	239	297

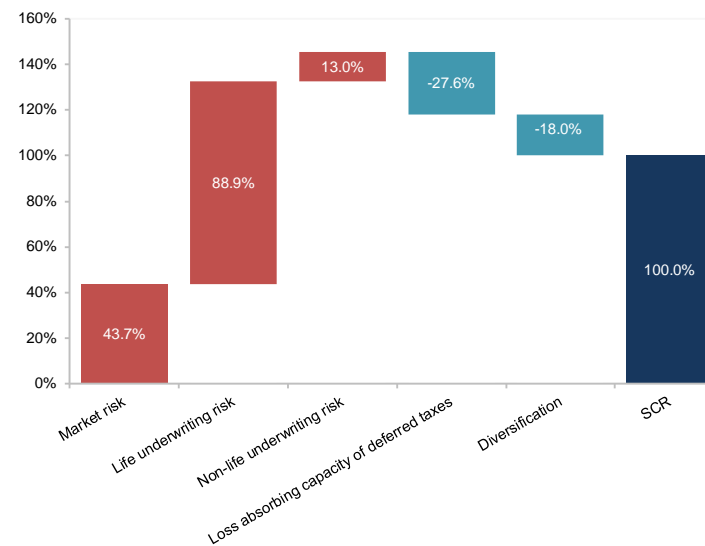
Performance indicators

	Jun 2019 Life (%)	Jun 2019 Non-life (%)	Jun 2020 Life (%)	Jun 2020 Non-life (%)
Claims ratio ¹	75.0	-35.9	83.7	70.3
Management Expenses ratio ¹	5.2	2.0	6.7	2.4
Commission ratio ¹	6.7	18.1	10.7	1.0
Combined ratio ²		-15.9		73.7
Underwriting profit/(loss) ratio ³		115.7		18.3
Underwriting and investment income ratio ³		119.9		43.9

Solvency and capital

	Jun 2019	Jun 2019	Jun 2020	Jun 2020
SCR cover ratio (Median)	1.3	1.3	1.9	1.9
MCR cover ratio (Median)	3.2	3.2	4.6	4.6

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.