

Selected South African insurance sector data December 2021



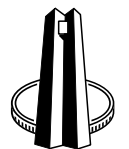
SOUTH AFRICAN RESERVE BANK
Prudential Authority

Contents

Introduction	3
Registered insurance entities in South Africa	4
Life insurance – Primary insurers	5
Life insurance – Reinsurers	6
Life insurance – Cell Captive insurers	7
Non-life insurance – Primary insurers	8
Non-life insurance – Reinsurers	9
Non-life insurance – Cell Captive insurers	10
Non-life insurance – Captive insurers	11
Composite reinsurers	12

© South African Reserve Bank

All rights reserved. No part of this report may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without fully acknowledging the Prudential Authority as the source. The contents of this report are intended for general information only and are not intended to serve as financial or other advice. While every precaution is taken to ensure the accuracy of information, the Prudential Authority/ South African Reserve Bank shall not be liable to any person for inaccurate information or opinions contained in this report.

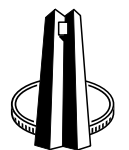


Introduction

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 calculation of ratios and annual growth is based on actual data and not the rounded figures as indicated in this report;
- the data in this report is as at the end of December 2021.



Registered insurance entities in South Africa

	December 2020	December 2021
Total	154	150
Life primary insurers	60	60
Life cell captives	5	5
Life microinsurer ¹	2	4
Non-life primary insurers	59	55
Non-life cell captives	9	7
Non-life captives	8	5
Non-life microinsurer ¹	0	3
Composite microinsurer ¹	0	1
Professional reinsurers	9	8
Composite reinsurers	5	5
Life reinsurers	2	1
Non-life reinsurers	2	2
Other	2	2

¹Microinsurer: No data available as yet.



Life insurance: Primary insurers

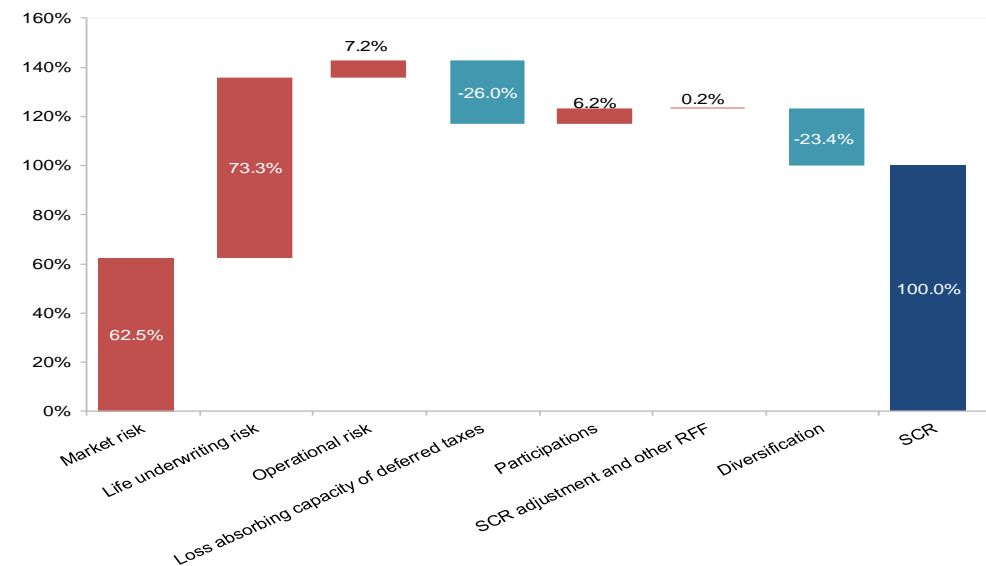
Balance sheet	Dec 2020 R'mil	Dec 2021 R'mil	12 Monthly % growth
Total assets	3,226,469	3,695,178	14.5
<i>Of which:</i>			
Total investments	3,034,092	3,495,286	15.2
Government bonds	296,869	330,391	11.3
Corporate bonds	218,645	218,751	0.0
Equity	485,148	598,099	23.3
Investment funds	1,666,119	1,973,519	18.5
Structured notes	55,176	61,050	10.6
Collateralised securities	15,012	13,052	-13.1
Cash and deposits	177,251	181,454	2.4
Mortgages and loans	86,195	86,715	0.6
Property	33,677	32,254	-4.2
Total reinsurance recoverables/ (payable)	6,991	-1,156	-116.5
Derivatives	16,430	9,032	-45.0
Owner occupied property	7,224	6,350	-12.1
Other assets	161,733	185,668	14.8
Total liabilities	2,895,803	3,343,586	15.5
<i>Of which:</i>			
Gross technical provisions	2,712,189	3,151,029	16.2
Basic own funds	330,666	351,592	6.3
Eligible own funds to meet SCR	326,764	344,056	5.3
Eligible own funds to meet MCR	311,706	328,471	5.4
Profitability			
Gross premium	153,917	145,291	-5.6
Reinsurance	5,895	5,051	-14.3
Net premiums	148,022	140,239	-5.3
Net claims paid	151,284	128,470	-15.1
Investment income/ (loss) ³	152,072	203,479	33.8
Management expenses	10,257	15,978	55.8
Commission paid/ (received)	3,659	5,957	62.8
Other expenses	1,601	1,923	20.2
Net profit before tax and dividends	19,578	20,303	3.7
Other			
Number of policies at the end of period	50,969,747	51,961,252	1.9
Number of schemes at the end of period	88,706	93,968	5.9

Performance indicators	Dec 2020	Dec 2021
Claims ratio ¹	102.2	91.6
Commission ratio ¹	2.5	4.2
Management expenses ratio ¹	6.9	11.4
Individual lapse ratio ²	66.2	77.0
Individual contractual termination ²	6.3	11.5
Individual expiry ²	6.9	8.8
Surrenders ²	4.7	4.8
Surrenders (in-force policies)	0.4	0.3
Individual lapse ratio (in-force policies)	5.5	4.9

Solvency and capital

SCR cover ratio (Median)	1.9	1.7
MCR cover ratio (Median)	4.4	4.2

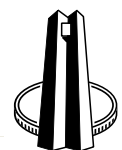
SCR risk components



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 An increase of investment income was as a result of an adjustment of fair value of investments.

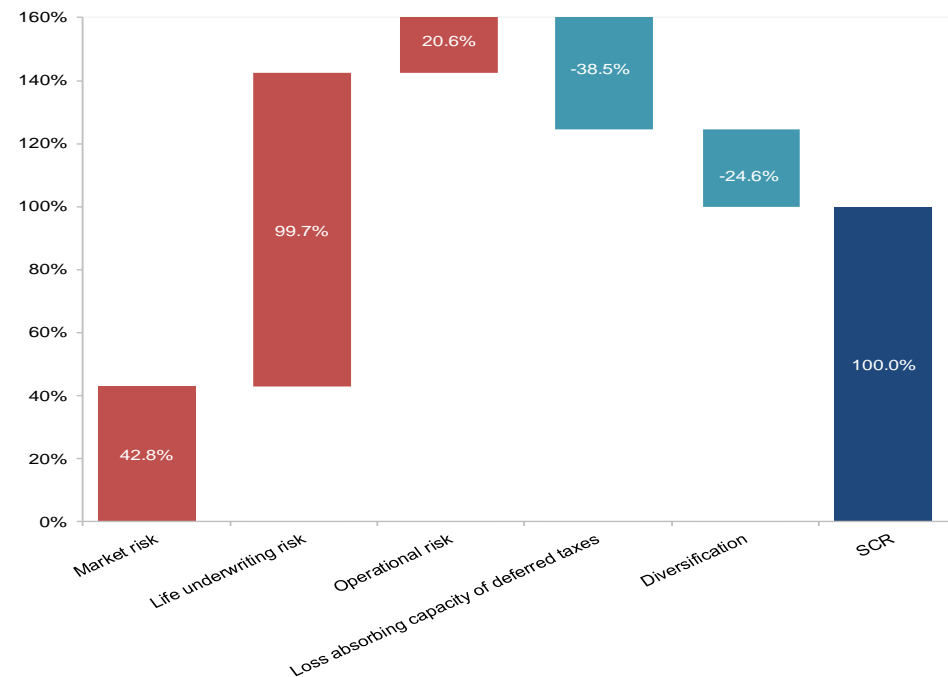


Life insurance: Reinsurers

Balance sheet	Dec 2020	Dec 2021	12 Monthly
	R'mil	R'mil	% growth
Total assets²	9,007	7,157	-20.5
<i>Of which:</i>			
Total investments	4,851	2,093	-56.9
Total reinsurance recoverables/ (payable) ²	1,760	1,354	-23.1
Current assets	2,273	3,703	62.9
Total liabilities	5,493	6,032	9.8
<i>Of which</i>			
Gross technical provisions	2,634	2,156	-18.2
Accounts payable	2,244	3,486	55.3
Reinsurance deposits	4	-	-100.0
Basic own funds	3,514	1,124	-68.0
Eligible own funds to meet SCR	3,514	1,124	-68.0
Eligible own funds to meet MCR	3,514	1,124	-68.0
Profitability²			
Gross premium	1,695	1,200	-29.2
Reinsurance	1,150	803	-30.2
Net premiums	546	398	-27.1
Net claims paid	734	635	-13.5
Investment income	156	21	-86.3
Management expenses	83	42	-49.4
Other expenses	25	1	-97.5
Net loss before tax and dividends ³	-78	-136	74.2

Performance indicators	Dec 2020	Dec 2021
Claims ratio ¹	134.5	159.7
Management expenses ratio ¹	15.2	10.5
Solvency and capital		
SCR cover ratio (Median)	1.6	1.3
MCR cover ratio (Median)	5.3	3.6

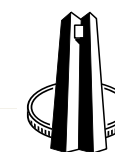
SCR risk components



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

² General decline between 2020 and 2021 was as a result of reclassifications of reinsurers.

³ Reinsurers net profit before tax was mainly affected by a decline in premiums and investment income.



Life insurance: Cell Captive insurers

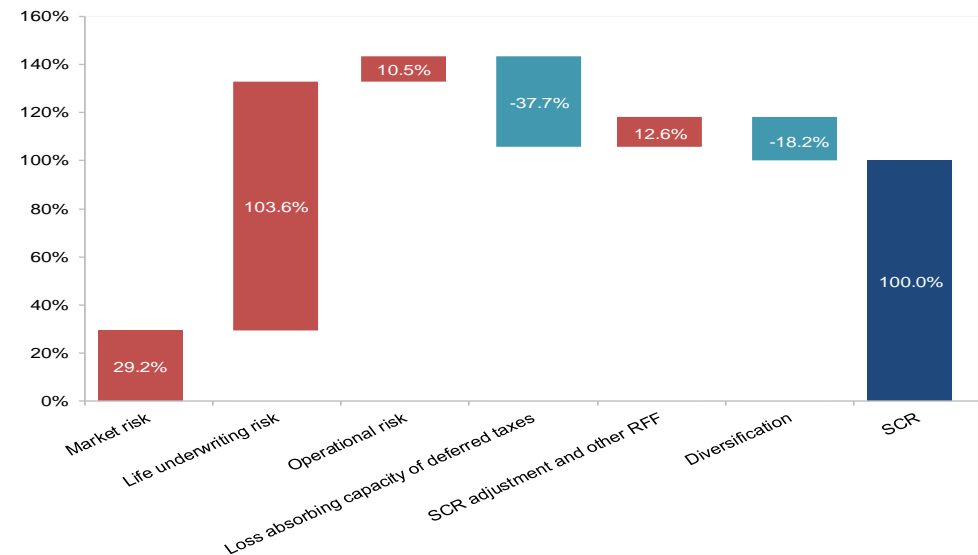
Balance sheet	Dec 2020 R'mil	Dec 2021 R'mil	12 Monthly % growth
Total assets	19,339	21,922	13.4
<i>Of which:</i>			
Total investments	21,942	24,625	12.2
Government bonds	1,435	2,477	72.6
Corporate bonds	8,412	9,737	15.7
Equity	253	454	79.8
Investment funds	7,540	8,351	10.8
Structured notes	72	62	-14.6
Collateralised securities	245	191	-22.0
Cash and deposits	3,601	3,352	-6.9
Mortgages and loans	384	-	-100.0
Total reinsurance recoverables/ (payable)	-3,896	-4,297	10.3
Derivatives	39	0	-99.8
Other assets	1,254	1,595	27.2
Total liabilities	8,265	9,945	20.3
<i>Of which:</i>			
Gross technical provisions	4,504	5,840	29.7
Deferred tax liabilities	2,446	2,777	13.5
Basic own funds	11,074	11,977	8.2
Eligible own funds to meet SCR	6,801	7,658	12.6
Eligible own funds to meet MCR	6,799	7,658	12.6
Profitability			
Gross premium ³	3,827	4,881	27.5
Reinsurance	874	998	14.1
Net premiums	2,953	3,883	31.5
Net claims paid	1,121	956	-14.7
Investment income	781	789	1.0
Management expenses	325	379	16.6
Commission paid/ (received)	386	440	14.1
Other expenses	0	0	23.7
Net profit before tax and dividends	1,434	2,026	41.3
Other			
Number of policies at the end of period	6,661,250	7,634,461	14.6
Number of schemes at the end of period	74,948	77,717	3.7

Performance indicators	Dec 2020	Dec 2021
Claims ratio ¹	38.0	24.6
Commission ratio ¹	13.1	11.3
Management expenses ratio ¹	11.0	9.8
Individual lapse ratio ²	36.3	14.2
Individual contractual termination ²	2.0	1.9
Individual expiry ²	54.0	45.6
Surrenders ²	9.3	5.0
Surrenders (in-force policies)	1.6	1.1
Individual lapse ratio (in-force policies)	6.1	3.1

Solvency and capital

SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.4	4.2

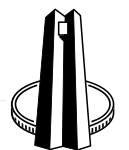
SCR risk components



¹ Expressed as a percentage of net written premiums.

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

³ Two cell captive insurers recorded higher than normal premiums during the review period.



Non-Life insurance: Primary insurers

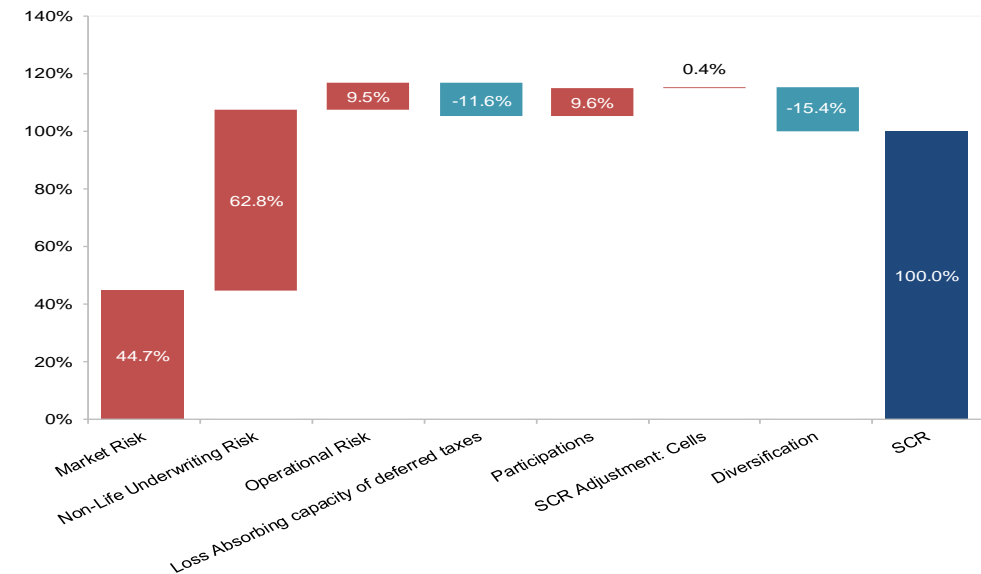
Balance sheet	Dec 2020 R'mil	Dec 2021 R'mil	12 Monthly % growth
Total assets	173,618	190,542	9.7
<i>Of which:</i>			
Total investments	116,704	119,489	2.4
Government bonds	23,206	27,250	17.4
Corporate bonds	28,987	26,479	-8.7
Equity	17,594	17,877	1.6
Investment funds	13,612	14,124	3.8
Structured notes	132	65	-51.1
Collateralised securities	692	607	-12.4
Cash and deposits	30,478	31,257	2.6
Mortgages and loans	1,959	1,789	-8.7
Property	42	41	-2.8
Total reinsurance recoverables/ (payable)	25,452	35,144	38.1
Derivatives	141	16	-88.5
Owner occupied property	1,779	1,498	-15.8
Other assets	29,543	34,395	16.4
Total liabilities	100,425	132,695	32.1
<i>Of which:</i>			
Gross technical provisions	72,531	102,814	41.8
Accounts payable	8,381	9,023	7.7
Payables (trade, not insurance)	6,262	9,248	47.7
Basic own funds	73,193	57,847	-21.0
Eligible own funds to meet SCR	71,970	56,989	-20.8
Eligible own funds to meet MCR	67,453	50,428	-25.2
Profitability			
Gross written premium	30,333	33,004	8.8
Reinsurance	9,059	11,238	24.1
Net premiums	21,273	21,765	2.3
Net earned premium	20,505	21,434	4.5
Investment income ⁴	2,875	3,755	30.6
Net claims paid ⁵	15,921	18,523	16.3
Management expenses	6,653	6,132	-7.8
Commission paid/ (received)	1,400	1,210	-13.5
Underwriting profit ⁵	-2,187	-3,684	-68.4
Underwriting and investment income ⁵	688	71	-89.7
Net profit before tax and dividends ⁵	690	-13	-101.9

Performance indicators	Dec 2020	Dec 2021
Claims ratio ^{1 5}	74.8	85.1
Management expenses ratio ¹	31.3	28.2
Commission ratio ¹	6.6	5.6
Combined ratio ^{2 5}	112.7	118.8
Underwriting profit/(loss) ratio ^{3 5}	-10.7	-17.2
Underwriting and investment income ratio ^{3 5}	3.4	0.3

Solvency and capital

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

SCR risk components



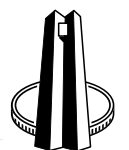
¹ Expressed as a percentage of net written premium during the period.

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

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

⁴ An increase in investment income was as a result of an adjustment of fair value of investments.

⁵ Higher than normal claims and lower profits were as result of social unrest riots experienced during third quarter of 2021.



Non-Life insurance: Reinsurers

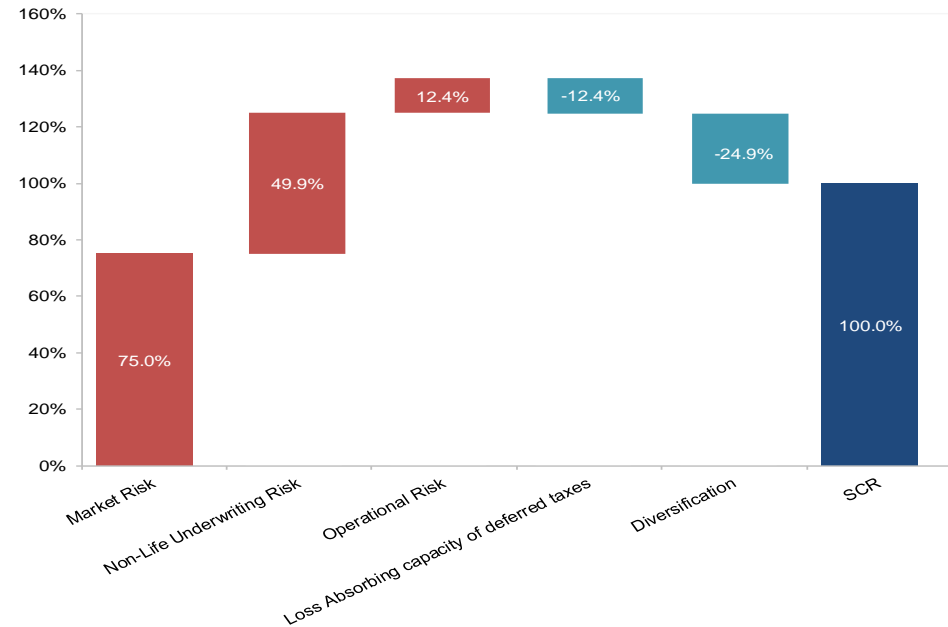
Balance sheet	Dec 2020 R'mil	Dec 2021 R'mil	12 Monthly % growth
Total assets⁴	12,651	9,847	-22.2
<i>Of which:</i>			
Total investments	7,133	6,191	-13.2
Total reinsurance recoverables/ (payable)	3,911	2,993	-23.5
Total liabilities⁴	9,803	7,438	-24.1
<i>Of which :</i>			
Gross technical provisions	6,195	3,977	-35.8
Accounts payable	619	-19	-103.1
Reinsurance deposits	2,819	3,204	13.6
Basic own funds	2,848	2,409	-15.4
Eligible own funds to meet SCR	2,848	2,409	-15.4
Eligible own funds to meet MCR	2,788	2,379	-14.7
Profitability			
Gross premium ⁵	3,240	732	-77.4
Reinsurance	2,227	522	-76.5
Net premiums ⁵	1,012	210	-79.3
Net earned premiums	807	101	-87.5
Investment income	269	104	-61.3
Net claims paid	879	47	-94.7
Management expenses	164	54	-66.7
Commission paid/ (received)	292	123	-57.9
Other expenses	-0	-11	6570.3
Underwriting profit	-333	25	107.4
Underwriting and investment income	-65	129	188.7
Net profit before tax and dividends	-123	160	221.4

Performance indicators	Dec 2020	Dec 2021
Claims ratio ¹	86.8	22.2
Commission ratio ¹	28.9	58.7
Management expenses ratio ¹	16.2	26.0
Combined ratio ²	131.9	106.9
Underwriting profit/(loss) ratio ³	-41.3	24.6
Underwriting and investment income ratio	-8.0	128.0

Solvency and capital

SCR cover ratio (Median)	1.7	2.1
MCR cover ratio (Median)	5.0	8.4

SCR risk components



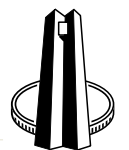
¹ Expressed as a percentage of net written premium during the period.

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

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

⁴ A decrease in balance sheet items was as a result of reclassification of insurers.

⁵ A decline in profitability items was as a result of lower than usual written premiums by a particular reinsurer.



Non-Life insurance: Cell Captive insurers

Balance sheet

	Dec 2020	Dec 2021	12 Monthly
	R'mil	R'mil	% growth
Total assets⁴	49,960	33,324	-33.3
<i>Of which:</i>			
<i>Total investments</i>	40,777	26,214	-35.7
Government bonds	1,598	1,539	-3.7
Corporate bonds	13,290	11,333	-14.7
Equity	2,107	457	-78.3
Investment funds	5,432	6,390	17.6
Structured notes	229	187	-18.2
Collateralised securities	442	359	-18.7
Cash and deposits	17,661	5,940	-66.4
Mortgages and loans	18	8	-55.5
Total reinsurance recoverables/ (payable)	4,832	4,390	-9.2
Derivatives	-0	0	879.8
Other assets	4,351	2,720	-37.5
Total liabilities	30,686	23,267	-24.2
<i>Of which:</i>			
Gross technical provisions	27,247	20,268	-25.6
Basic own funds	19,273	10,057	-47.8
Eligible own funds to meet SCR	15,473	5,507	-64.4
Eligible own funds to meet MCR	15,331	5,428	-64.6
Profitability			
Gross written premium	5,303	5,803	9.4
Reinsurance	1,943	2,352	21.1
Net premiums	3,361	3,451	2.7
Net earned premium	3,039	3,047	0.3
Investment income	684	411	-39.9
Net claims paid	2,411	1,702	-29.4
Management expenses	668	680	1.7
Commission paid/ (received)	141	75	-46.9
Underwriting profit	-130	828	738.4
Underwriting and investment income	555	1,239	123.3
Net profit before tax and dividends	569	1,228	115.9

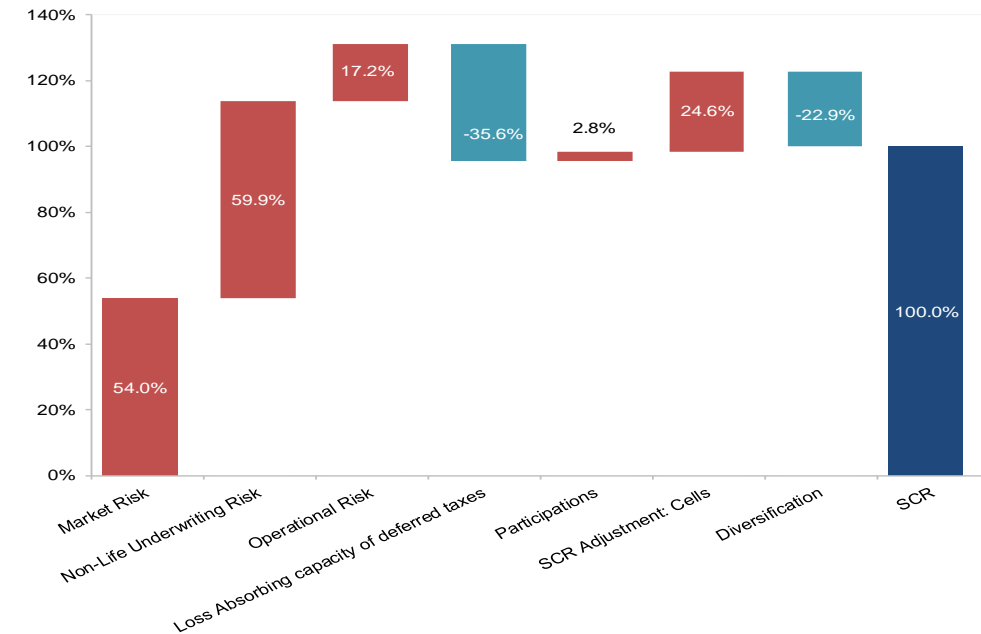
Performance indicators

	Dec 2020	Dec 2021
Claims ratio ¹	71.8	49.3
Management expenses ratio ¹	19.9	19.7
Commission ratio ¹	4.2	2.2
Combined ratio ²	95.8	71.2
Underwriting profit/(loss) ratio ³	-4.3	27.2
Underwriting and investment income ratio ³	18.2	40.7

Solvency and capital

	Dec 2020	Dec 2021
SCR cover ratio (Median)	1.6	1.3
MCR cover ratio (Median)	3.2	2.9

SCR risk components

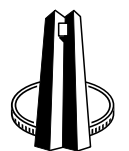


¹ Expressed as a percentage of net written premium during the period.

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

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

⁴ General decrease in assets was as a result of reclassification of insurers from cell captive to captive insurer.



Non-Life insurance: Captive insurers

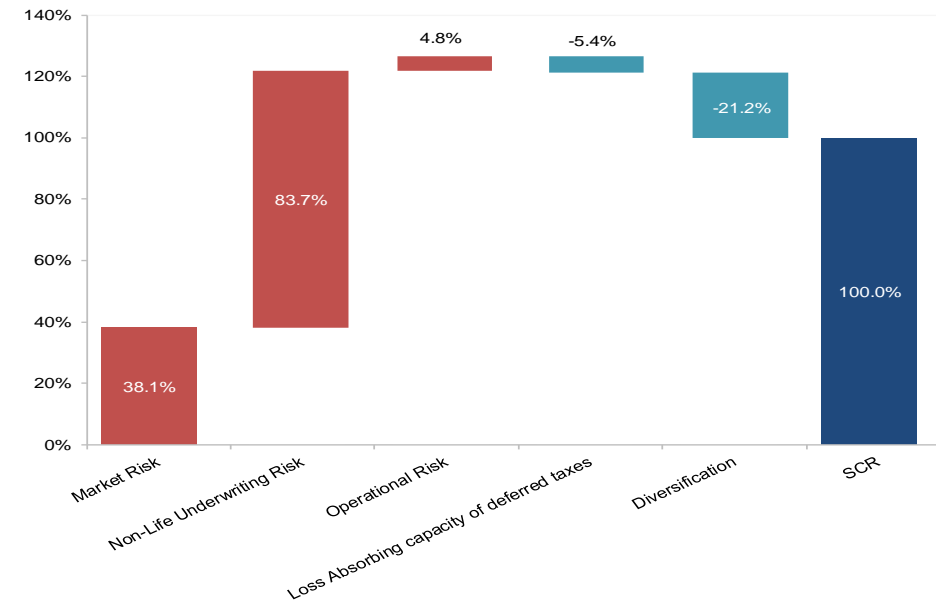
Balance sheet	Dec 2020 R'mil	Dec 2021 R'mil	12 Monthly % growth
Total assets³	2,904	26,777	822.1
<i>Of which:</i>			
<i>Total investments</i>	2,459	21,632	779.6
Government bonds ⁵	6	760	12510.1
Corporate bonds ⁵	104	2,201	2007.9
Equity	3	2,060	67303.6
Investment funds ⁵	411	99	-75.8
Structured notes	9	10	7.2
Collateralised securities	3	7	102.2
Cash and deposits	1,922	16,496	758.1
Total reinsurance recoverables/ (payable)	89	3,386	3725.4
Derivatives	-	-	0.0
Other assets	356	1,759	394.1
Total Liabilities	508	15,088	2872.2
<i>Of which:</i>			
Gross technical provisions	423	14,602	3356.0
Basic own funds	2,396	11,688	387.8
Eligible own funds to meet SCR	2,391	11,686	388.7
Eligible own funds to meet MCR	2,366	11,642	392.1
Profitability			
Gross written premium ³	167	22	-86.8
Reinsurance	-17	14	-182.8
Net premiums	184	8	-95.4
Net earned premium	231	-421	-282.0
Investment income	21	359	1606.3
Net claims paid	105	211	101.0
Management expenses	33	19	-41.5
Commission paid/ (received)	6	-102	-1828.2
Underwriting profit	99	-690	-799.9
Underwriting and investment income	120	-331	-376.5
Net profit before tax and dividends	107	-329	-406.8

Performance indicators	Dec 2020	Dec 2021
Claims ratio ¹	57.1	2510.1
Management expenses ratio ¹	17.9	229.6
Commission ratio ¹	3.2	-1214.2
Combined ratio ²	78.3	1525.5
Underwriting profit/(loss) ratio ⁴	42.6	163.9
Underwriting and investment income ratio ⁴	51.7	78.6

Solvency and capital

SCR cover ratio (Median)	3.2	1.7
MCR cover ratio (Median)	11.9	6.0

SCR risk components



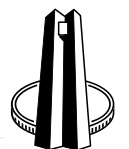
¹Expressed as a percentage of net written premium during the period.

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

³Most fluctuations between reporting periods were as a result of a move of one insurer from cell captive to captive insurance.

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

⁵An increase in bonds was as a result of a switch from Investment funds to Corporate and Governments bonds.



Composite reinsurers

Balance sheet

	Dec 2020 R'mil	Dec 2021 R'mil	12 Monthly % growth
Total assets⁴	36,801	51,396	39.7
Total investments	21,048	20,525	-2.5
Total reinsurance recoverables	9,373	19,325	106.2
Current assets	5,897	9,358	58.7
Total liabilities	25,464	41,747	63.9
<i>Of which :</i>			
Gross technical provisions (Life)	5,676	13,391	135.9
Gross technical provisions (Non-Life)	11,402	17,396	52.6
Reinsurance accounts payable	3,760	5,837	55.2
Reinsurance deposits	923	12	-98.7
Basic own funds	11,337	9,650	-14.9
Eligible own funds to meet SCR	12,512	10,586	-15.4
Eligible own funds to meet MCR	11,397	9,216	-19.1

Profitability

	Dec 2020 Life	Dec 2020 Non-life	Dec 2021 Life	Dec 2021 Non-life
Gross premium	3,117	3,389	4,020	3,845
Reinsurance	239	2,962	1,140	2,614
Net premiums	2,878	426	2,880	1230
Net earned premiums		392		970
Investment Income	367	53	171	116
Net claims paid	3,117	477	3,717	590
Management expenses	145	24	196	6
Commission paid/ (received)	24	111	-97	156
Other expenses	152	1	17	-16
Underwriting profit		-184		-41
Underwriting and investment income		-130		75
Net profit before tax and dividends ⁵	4,464	-132	-1,512	91

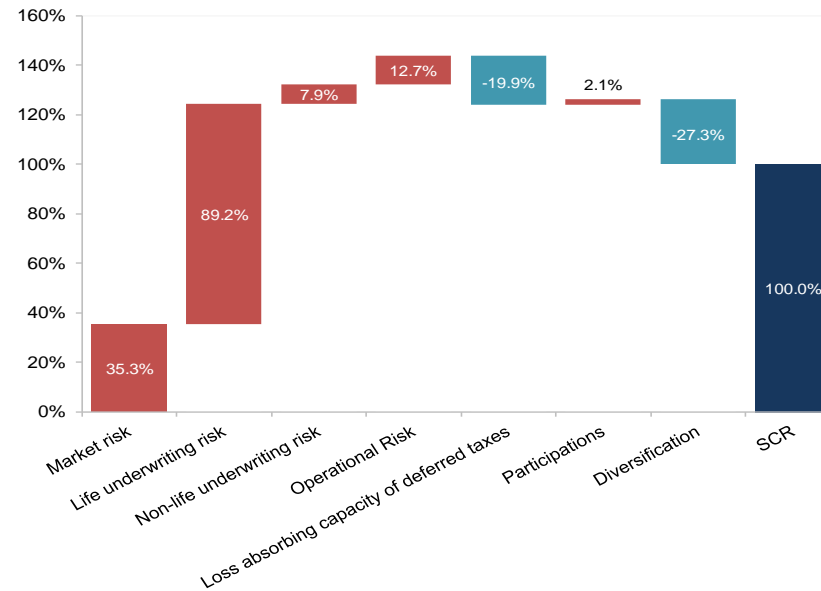
Performance indicators

	Dec 2020 Life (%)	Dec 2020 Non-life (%)	Dec 2021 Life (%)	Dec 2021 Non-life (%)
Claims ratio ¹	108.3	111.8	129.1	47.9
Management Expenses ratio ¹	5.0	5.7	6.8	0.5
Commission ratio ¹	0.8	26.0	-3.4	12.7
Combined ratio ²		143.5		61.1
Underwriting profit/(loss) ratio ³		-46.9		-4.2
Underwriting and investment income ratio ³		-33.3		7.8

Solvency and capital

	Dec 2020	Dec 2020	Dec 2021	Dec 2021
SCR cover ratio (Median)	1.7	1.7	1.2	1.2
MCR cover ratio (Median)	4.0	4.0	2.7	2.7

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 General increase between 2020 and 2021 was as a result of reclassifications of reinsurers.

⁵ Net loss before tax in respect of life insurers was due to an increase in the third wave COVID-19 claim provisions as well as reserves.

