

# Selected South African insurance sector data

## September 2021



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 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 September 2021.

# Registered insurance entities in South Africa

	September 2020	September 2021
<b>Total</b>	<b>169</b>	<b>149</b>
Life primary insurers	64	60
Life cell captives	5	5
Life microinsurer <sup>1</sup>	2	4
Non-life primary insurers	67	55
Non-life cell captives	10	7
Non-life captives	8	5
Non-life microinsurer <sup>1</sup>	2	3
Professional reinsurers	9	8
Composite reinsurers	5	5
Life reinsurers	2	1
Non-life reinsurers	2	2
Other	2	2

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



# Life insurance: Primary insurers

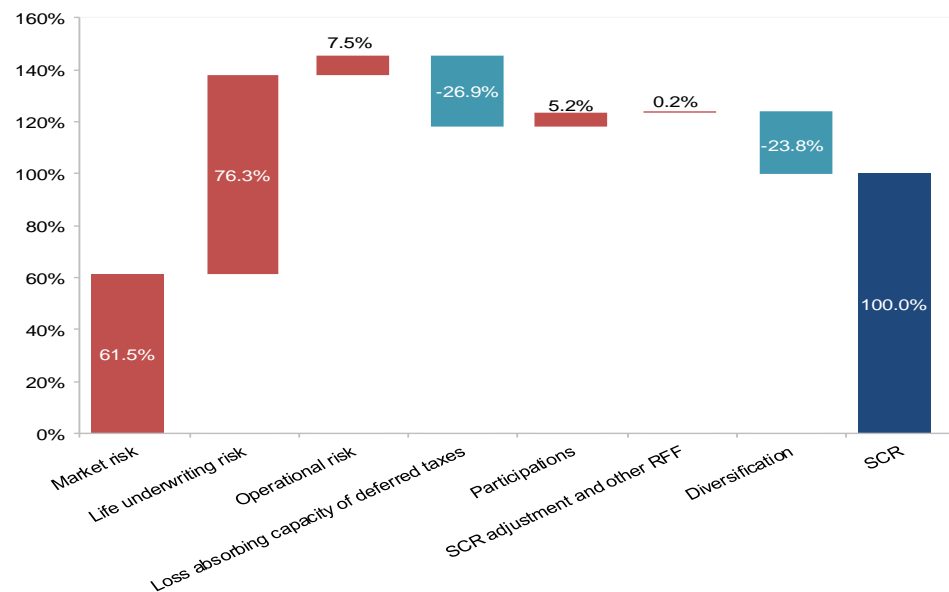
Balance sheet	Sep 2020 R'mil	Sep 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>3,121,140</b>	<b>3,500,651</b>	<b>12.2</b>
<i>Of which:</i>			
Total investments	2,923,342	3,311,362	13.3
Government bonds	275,000	323,533	17.6
Corporate bonds	218,650	212,548	-2.8
Equity	444,525	558,158	25.6
Investment funds	1,598,430	1,853,219	15.9
Structured notes	60,469	57,392	-5.1
Collateralised securities	14,967	12,958	-13.4
Cash and deposits	190,612	176,205	-7.6
Mortgages and loans	86,129	83,727	-2.8
Property	34,560	33,622	-2.7
Total reinsurance recoverables/ (payable)	7,712	-1,016	-113.2
Derivatives	9,371	4,507	-51.9
Owner occupied property	8,192	6,638	-19.0
Other assets	172,524	179,160	3.8
<b>Total liabilities</b>	<b>2,796,943</b>	<b>3,164,742</b>	<b>13.2</b>
<i>Of which:</i>			
Gross technical provisions	2,614,373	2,975,318	13.8
<b>Basic own funds</b>	<b>324,197</b>	<b>335,909</b>	<b>3.6</b>
Eligible own funds to meet SCR	321,027	333,019	3.7
Eligible own funds to meet MCR	307,164	316,533	3.0
<b>Profitability</b>			
Gross premium	127,933	138,782	8.5
Reinsurance	3,742	4,835	29.2
Net premiums	124,191	133,947	7.9
Net claims paid	130,815	137,726	5.3
Investment income/ (loss) <sup>3</sup>	45,079	82,075	82.1
Management expenses	13,621	12,578	-7.7
Commission paid/ (received)	4,901	5,346	9.1
Other expenses	913	1,089	19.3
Net profit before tax and dividends <sup>4</sup>	4,944	8,949	81.0
<b>Other</b>			
Number of policies at the end of period	48,972,940	51,688,139	5.5
Number of schemes at the end of period	87,815	92,383	5.2

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1</sup>	105.3	102.8
Commission ratio <sup>1</sup>	3.9	4.0
Management expenses ratio <sup>1</sup>	11.0	9.4
Individual lapse ratio <sup>2</sup>	116.4	60.3
Individual contractual termination <sup>2</sup>	9.4	10.2
Individual expiry <sup>2</sup>	0.9	7.0
Surrenders <sup>2</sup>	6.5	9.8
Surrenders (in-force policies)	0.4	0.7
Individual lapse ratio (in-force policies)	7.1	4.6

## Solvency and capital

SCR cover ratio (Median)	2.0	1.8
MCR cover ratio (Median)	4.5	4.5

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

<sup>4</sup> An increase in profit before tax was mainly due to change in policy liabilities as well as higher investment income.

# Life insurance: Reinsurers

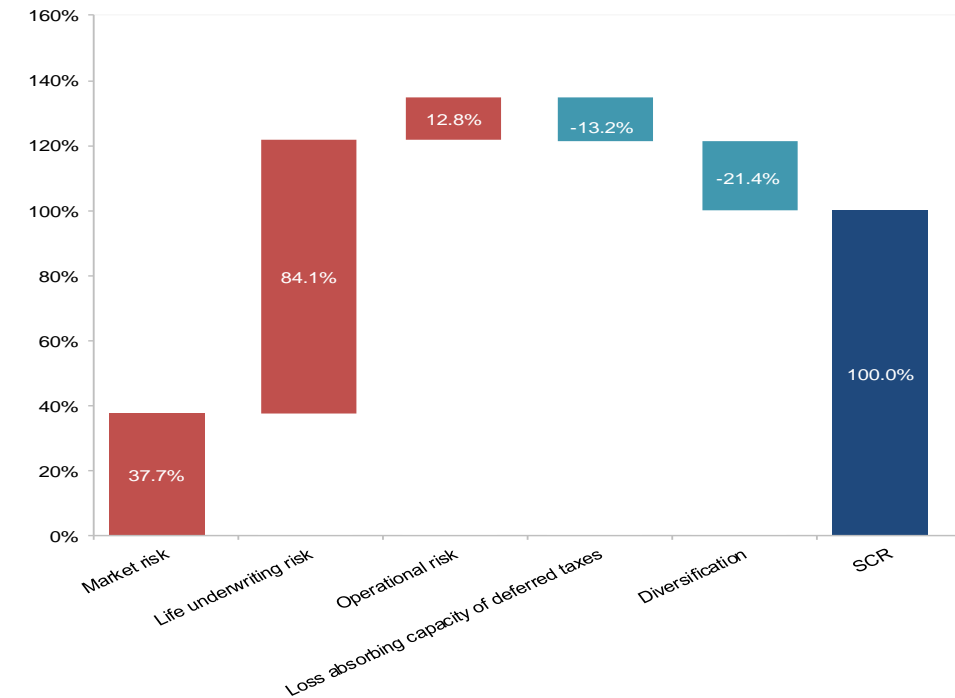
Balance sheet	Sep 2020	Sep 2021	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets<sup>2</sup></b>	<b>9,226</b>	<b>7,142</b>	<b>-22.6</b>
<i>Of which:</i>			
Total investments	5,268	1,397	-73.5
Total reinsurance recoverables/ (payable) <sup>2</sup>	1,707	2,253	32.0
Current assets	2,143	3,486	62.7
<b>Total liabilities</b>	<b>5,624</b>	<b>5,714</b>	<b>1.6</b>
<i>Of which</i>			
Gross technical provisions	2,767	2,351	-15.1
Accounts payable	2,183	3,142	44.0
Reinsurance deposits	4	-	-100.0
<b>Basic own funds</b>	<b>3,602</b>	<b>1,428</b>	<b>-60.3</b>
Eligible own funds to meet SCR	3,602	1,428	-60.4
Eligible own funds to meet MCR	3,602	1,428	-60.4
<b>Profitability<sup>2</sup></b>			
Gross premium	1,816	1,004	-44.7
Reinsurance	1,098	753	-31.4
Net premiums	718	251	-65.0
Net claims paid	379	375	-1.2
Investment income	96	12	-87.4
Management expenses	110	54	-51.3
Other expenses	3	0	-88.4
Net loss before tax and dividends <sup>3</sup>	77	-243	-415.4

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1</sup>	52.8	149.3
Management expenses ratio <sup>1</sup>	15.3	21.3

## Solvency and capital

SCR cover ratio (Median)	1.7	1.1
MCR cover ratio (Median)	5.5	4.5

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> General decline between 2020 and 2021 was as a result of reclassifications of reinsurers.

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

# Life insurance: Cell Captive insurers

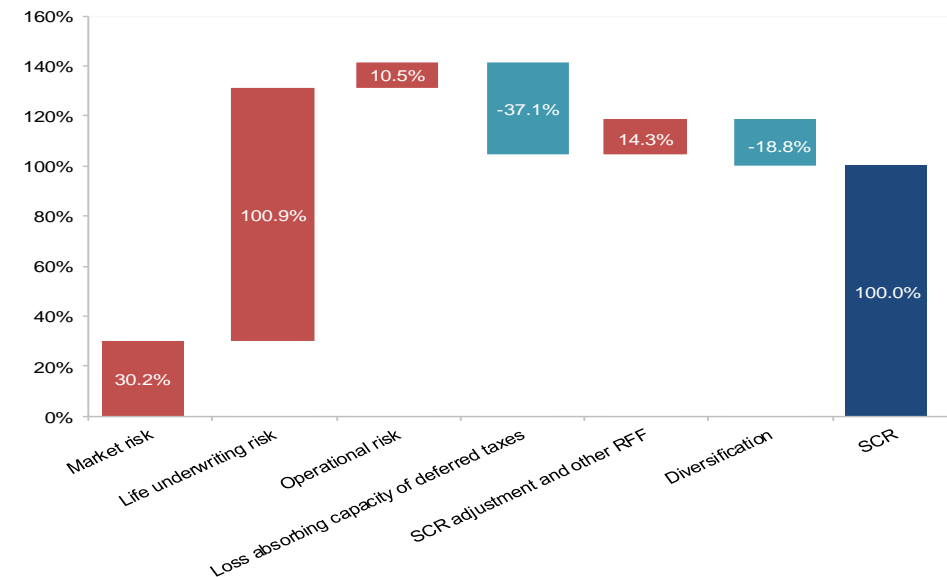
Balance sheet	Sep 2020 R'mil	Sep 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>18,955</b>	<b>21,096</b>	<b>11.3</b>
<i>Of which:</i>			
Total investments	21,330	23,919	12.1
Government bonds	1,023	1,648	61.1
Corporate bonds	7,763	9,653	24.3
Equity	237	448	89.1
Investment funds	7,839	7,600	-3.0
Structured notes	31	68	122.9
Collateralised securities	215	275	28.1
Cash and deposits	3,849	4,227	9.8
Mortgages and loans	373	-	-100.0
Total reinsurance recoverables/ (payable)	-3,525	-4,198	19.1
Derivatives	25	0	-99.5
Other assets	1,125	1,375	22.2
<b>Total liabilities</b>	<b>8,319</b>	<b>9,646</b>	<b>16.0</b>
<i>Of which:</i>			
Gross technical provisions	4,370	5,291	21.1
Deferred tax liabilities	2,476	2,652	7.1
<b>Basic own funds</b>	<b>10,637</b>	<b>11,450</b>	<b>7.6</b>
Eligible own funds to meet SCR	6,433	7,498	16.5
Eligible own funds to meet MCR	6,432	7,495	16.5
<b>Profitability</b>			
Gross premium <sup>3</sup>	1,376	4,571	232.1
Reinsurance	352	1,237	251.6
Net premiums	1,025	3,334	225.4
Net claims paid	324	1,217	275.9
Investment income <sup>4</sup>	159	451	183.8
Management expenses	113	367	225.9
Commission paid/ (received)	108	401	270.2
Other expenses	0	0	1.2
Net profit before tax and dividends	765	1,743	127.8
<b>Other</b>			
Number of policies at the end of period	6,778,148	7,243,806	6.9
Number of schemes at the end of period	80,253	78,669	-2.0

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1</sup>	31.6	36.5
Commission ratio <sup>1</sup>	10.6	12.0
Management expenses ratio <sup>1</sup>	11.0	11.0
Individual lapse ratio <sup>2</sup>	33.6	21.6
Individual contractual termination <sup>2</sup>	1.9	2.4
Individual expiry <sup>2</sup>	48.3	49.9
Surrenders <sup>2</sup>	1.4	4.8
Surrenders (in-force policies)	0.2	1.0
Individual lapse ratio (in-force policies)	5.5	4.6

## Solvency and capital

SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.4	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> Two cell captive insurers recorded higher than normal premiums during the review period.

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

# Non-Life insurance: Primary insurers

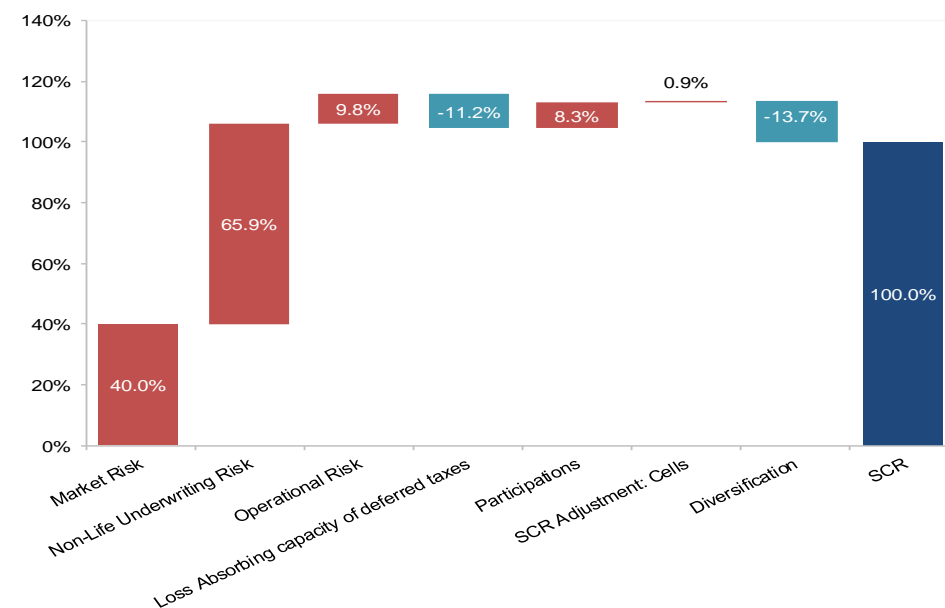
Balance sheet	Sep 2020 R'mil	Sep 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>165,381</b>	<b>193,131</b>	<b>16.8</b>
<i>Of which:</i>			
Total investments	115,622	122,598	6.0
Government bonds	22,710	25,236	11.1
Corporate bonds	29,867	31,286	4.8
Equity	16,180	16,284	0.6
Investment funds	13,914	15,212	9.3
Structured notes	265	132	-50.1
Collateralised securities	698	632	-9.4
Cash and deposits	29,932	32,208	7.6
Mortgages and loans	2,014	1,571	-22.0
Property	42	38	-9.5
Total reinsurance recoverables/ (payable)	17,696	34,452	94.7
Derivatives	92	36	-61.1
Owner occupied property	1,934	1,624	-16.1
Other assets	30,036	34,421	14.6
<b>Total liabilities</b>	<b>93,325</b>	<b>141,117</b>	<b>51.2</b>
<i>Of which:</i>			
Gross technical provisions	63,908	108,158	69.2
Accounts payable	7,935	9,454	19.2
Payables (trade, not insurance)	7,710	10,280	33.3
<b>Basic own funds</b>	<b>72,056</b>	<b>52,013</b>	<b>-27.8</b>
Eligible own funds to meet SCR	70,423	51,684	-26.6
Eligible own funds to meet MCR	66,237	44,386	-33.0
<b>Profitability</b>			
Gross written premium	31,270	33,995	8.7
Reinsurance	9,395	10,599	12.8
Net premiums	21,875	23,396	7.0
Net earned premium	19,993	21,149	5.8
Investment income <sup>4</sup>	1,215	2,319	90.9
Net claims paid <sup>5</sup>	11,957	38,868	225.1
Management expenses	5,725	6,111	6.7
Commission paid/ (received)	1,351	1,324	-2.0
Underwriting profit/(loss) <sup>5</sup>	2,555	-24,615	-1063.3
Underwriting and investment income <sup>5</sup>	3,770	-22,296	-691.4
Net profit before tax and dividends <sup>5</sup>	3,733	-22,482	-702.3

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1 5</sup>	54.7	166.1
Management expenses ratio <sup>1</sup>	26.2	26.1
Commission ratio <sup>1</sup>	6.2	5.7
Combined ratio <sup>2 5</sup>	87.0	197.9
Underwriting profit/(loss) ratio <sup>3 5</sup>	12.8	-116.4
Underwriting and investment income ratio <sup>3 5</sup>	18.9	-105.4

## Solvency and capital

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

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

<sup>5</sup> Higher than normal claims and lower profits were as result of social unrest riots experienced during the review period.



# Non-Life insurance: Reinsurers

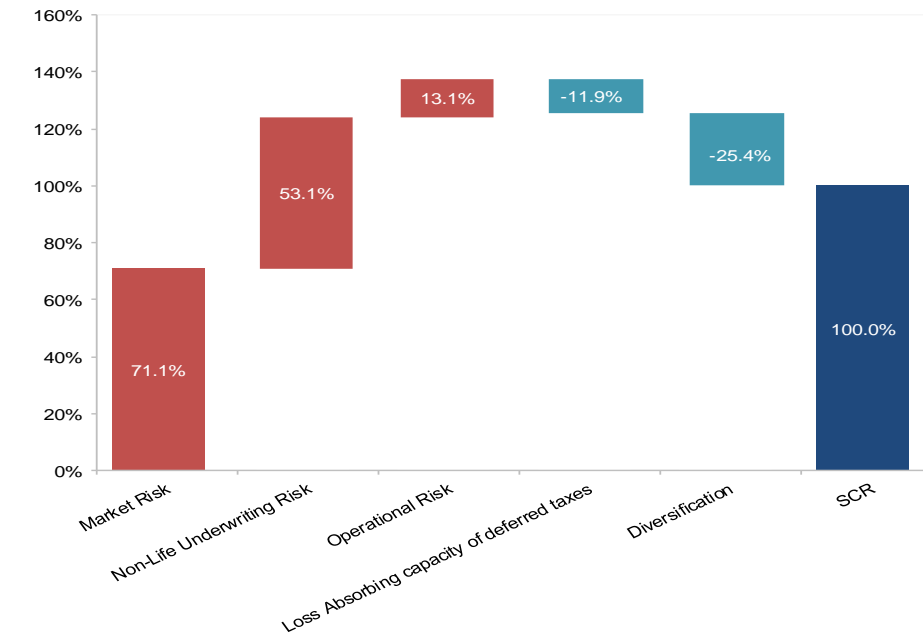
Balance sheet	Sep 2020	Sep 2021	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets<sup>4</sup></b>	<b>7,130</b>	<b>9,980</b>	<b>40.0</b>
<i>Of which:</i>			
Total investments	3,701	6,139	65.9
Total reinsurance recoverables/ (payable)	2,444	3,023	23.7
<b>Total liabilities<sup>4</sup></b>	<b>5,462</b>	<b>7,638</b>	<b>39.9</b>
<i>Of which :</i>			
Gross technical provisions	3,583	4,035	12.6
Accounts payable	489	420	-14.1
Reinsurance deposits	1,325	2,885	117.8
<b>Basic own funds</b>	<b>1,669</b>	<b>2,342</b>	<b>40.4</b>
Eligible own funds to meet SCR	1,669	2,342	40.4
Eligible own funds to meet MCR	1,644	2,314	40.7
<b>Profitability</b>			
Gross premium <sup>5</sup>	2,312	1,057	-54.3
Reinsurance	1,629	754	-53.7
Net premiums <sup>5</sup>	683	303	-55.6
Net earned premiums	370	235	-36.6
Investment income	668	71	-89.3
Net claims paid	30	192	534.7
Management expenses	107	27	-74.5
Commission paid/ (received)	181	55	-69.8
Other expenses	-4	-	-100.0
Underwriting profit/(loss)	-107	-3	-97.1
Underwriting and investment income	-77	68	188.7
Net profit before tax and dividends	-73	88	221.4

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1</sup>	54.2	63.4
Commission ratio <sup>1</sup>	26.5	18.1
Management expenses ratio <sup>1</sup>	15.7	9.0
Combined ratio <sup>2</sup>	96.5	90.5
Underwriting profit/(loss) ratio <sup>3</sup>	-16.0	-1.3
Underwriting and investment income ratio	-11.5	29.1

## Solvency and capital

SCR cover ratio (Median)	2.3	2.2
MCR cover ratio (Median)	6.8	8.7

## 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.

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

<sup>5</sup> 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

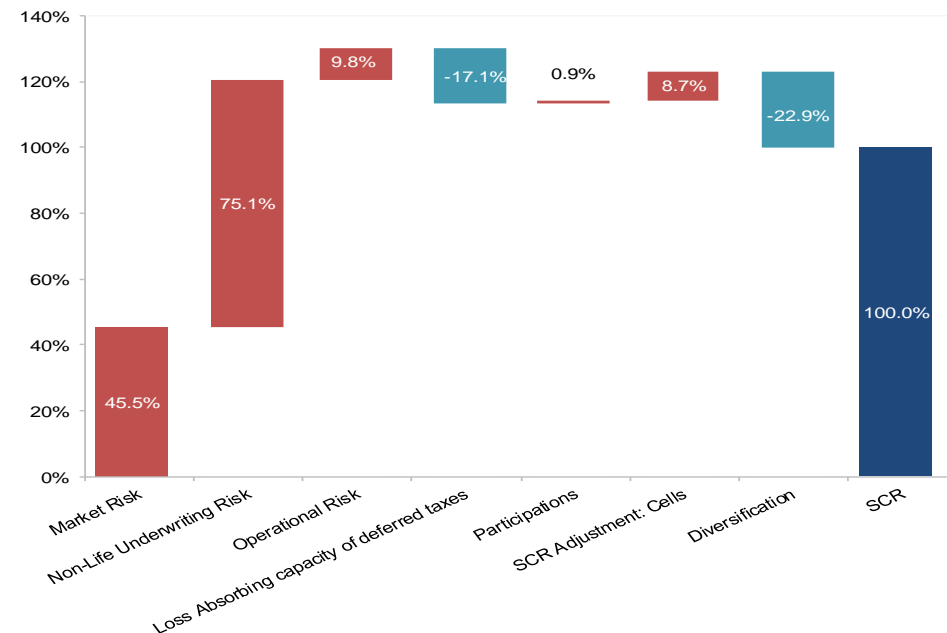
Balance sheet	Sep 2020	Sep 2021	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets<sup>4</sup></b>	<b>49,874</b>	<b>55,968</b>	<b>12.2</b>
<i>Of which:</i>			
<i>Total investments</i>	39,461	44,447	12.6
Government bonds	908	949	4.5
Corporate bonds	12,366	13,079	5.8
Equity	1,898	2,409	26.9
Investment funds	5,418	6,234	15.1
Structured notes	216	180	-16.9
Collateralised securities	353	309	-12.5
Cash and deposits	18,283	21,279	16.4
Mortgages and loans	18	8	-55.3
Total reinsurance recoverables/ (payable)	4,895	7,625	55.8
Derivatives	0	1	168.9
Other assets	5,517	3,895	-29.4
<b>Total liabilities</b>	<b>30,396</b>	<b>37,209</b>	<b>22.4</b>
<i>Of which:</i>			
Gross technical provisions	26,687	32,823	23.0
<b>Basic own funds</b>	<b>19,478</b>	<b>18,759</b>	<b>-3.7</b>
Eligible own funds to meet SCR	14,860	14,325	-3.6
Eligible own funds to meet MCR	14,778	13,897	-6.0
<b>Profitability</b>			
Gross written premium	6,549	7,255	10.8
Reinsurance	3,052	2,522	-17.4
Net premiums	3,498	4,733	35.3
Net earned premium	3,240	3,860	19.2
Investment income	553	629	13.8
Net claims paid <sup>5</sup>	771	2,250	191.8
Management expenses	672	682	1.3
Commission paid/ (received)	72	567	686.5
Underwriting profit/(loss) <sup>5</sup>	1,944	-200	-110.3
Underwriting and investment income	2,497	429	-82.8
Net profit before tax and dividends	2,503	540	-78.4

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1</sup>	22.0	47.5
Management expenses ratio <sup>1</sup>	19.2	14.4
Commission ratio <sup>1</sup>	2.1	12.0
Combined ratio <sup>2</sup>	43.3	73.9
Underwriting profit/(loss) ratio <sup>3</sup>	60.0	-5.2
Underwriting and investment income ratio <sup>3</sup>	77.1	11.1

## Solvency and capital

SCR cover ratio (Median)	1.6	1.3
MCR cover ratio (Median)	3.8	2.8

## 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.

<sup>4</sup> General increase in assets was as a result of reclassification of insurers from primary to cell captives.

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

# Non-Life insurance: Captive insurers

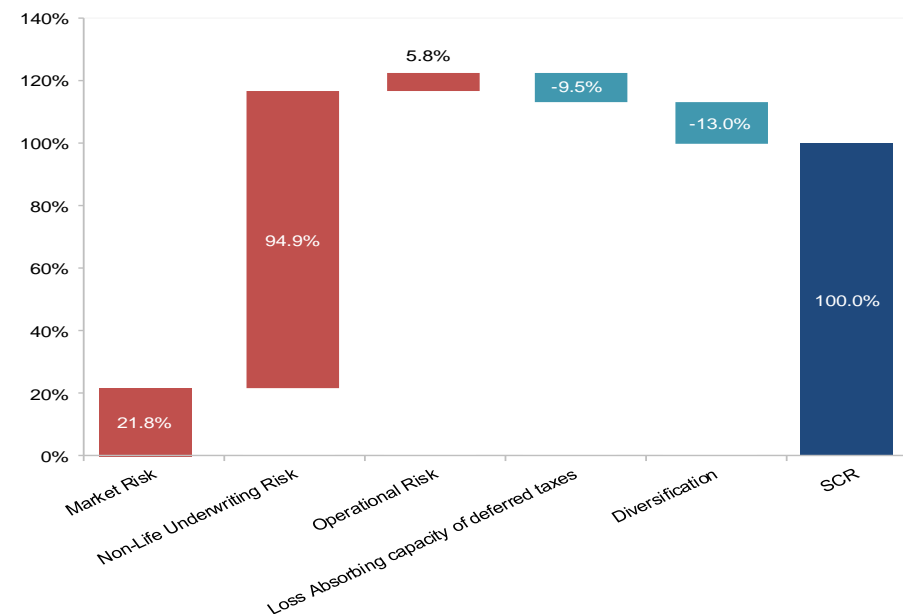
Balance sheet	Sep 2020 R'mil	Sep 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>2,967</b>	<b>4,293</b>	<b>44.7</b>
<i>Of which:</i>			
<i>Total investments</i>	2,489	2,593	4.2
Government bonds <sup>5</sup>	4	723	20205.8
Corporate bonds <sup>5</sup>	109	163	48.7
Equity	3	1	-59.7
Investment funds <sup>5</sup>	432	98	-77.3
Structured notes	10	7	-27.1
Collateralised securities	3	6	102.9
Cash and deposits	1,928	1,595	-17.3
Total reinsurance recoverables/ (payable)	111	1,179	961.1
Derivatives	-	-	0.0
Other assets	368	521	41.7
<b>Total Liabilities</b>	<b>600</b>	<b>2,301</b>	<b>283.4</b>
<i>Of which:</i>			
Gross technical provisions	513	2,157	320.4
<b>Basic own funds</b>	<b>2,367</b>	<b>1,993</b>	<b>-15.8</b>
Eligible own funds to meet SCR	2,367	2,001	-15.5
Eligible own funds to meet MCR	2,347	1,958	-16.6
<b>Profitability</b>			
Gross written premium <sup>3</sup>	649	839	29.4
Reinsurance	366	603	64.4
Net premiums	282	237	-16.1
Net earned premium	147	72	-50.7
Investment income	26	25	-0.3
Net claims paid	121	156	28.8
Management expenses	40	2	-93.9
Commission paid/ (received)	27	-66	-340.8
Underwriting profit/(loss) <sup>6</sup>	-7	-87	1161.0
Underwriting and investment income <sup>6</sup>	19	-62	-433.5
Net profit before tax and dividends	8	-61	-897.6

Performance indicators	Sep 2020	Sep 2021
Claims ratio <sup>1</sup>	42.9	65.9
Management expenses ratio <sup>1</sup>	14.2	1.0
Commission ratio <sup>1</sup>	9.7	-27.9
Combined ratio <sup>2</sup>	66.8	39.0
Underwriting profit/(loss) ratio <sup>4</sup>	-4.7	-120.8
Underwriting and investment income ratio <sup>4</sup>	12.7	-85.6

## Solvency and capital

SCR cover ratio (Median)	1.8	1.9
MCR cover ratio (Median)	4.2	7.4

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

<sup>6</sup>One captive insurer experienced higher than normal claims.

# Composite reinsurers

## Balance sheet

	Sep 2020 R'mil	Sep 2021 R'mil	12 Monthly % growth
<b>Total assets<sup>4</sup></b>	<b>40,456</b>	<b>54,738</b>	<b>35.3</b>
Total investments	24,160	22,232	-8.0
Total reinsurance recoverables	9,296	20,908	124.9
Current assets	6,515	9,648	48.1
<b>Total liabilities</b>	<b>27,578</b>	<b>44,204</b>	<b>60.3</b>
<i>Of which :</i>			
Gross technical provisions (Life)	4,869	13,085	168.7
Gross technical provisions (Non-Life)	12,128	18,634	53.6
Reinsurance accounts payable	4,893	6,352	29.8
Reinsurance deposits	1,715	132	-92.3
<b>Basic own funds</b>	<b>12,878</b>	<b>10,533</b>	<b>-18.2</b>
Eligible own funds to meet SCR	14,101	11,303	-19.8
Eligible own funds to meet MCR	12,909	10,085	-21.9

## Profitability

	Sep 2020 Life	Sep 2020 Non-life	Sep 2021 Life	Sep 2021 Non-life
Gross premium	2,813	3,641	4,104	5,161
Reinsurance	234	2,884	1,314	4,063
Net premiums	2,579	758	2,790	1,098
Net earned premiums		167		1,937
Investment Income		349	173	104
Net claims paid	300	130	2,264	1,366
Management expenses	160	27	198	11
Commission paid/ (received)	70	139	65	-230
Other expenses	156	-0	209	15
Underwriting profit/(loss)		58		44
Underwriting and investment income		188		148
Net profit before tax and dividends <sup>5</sup>	173	65	-1,015	135

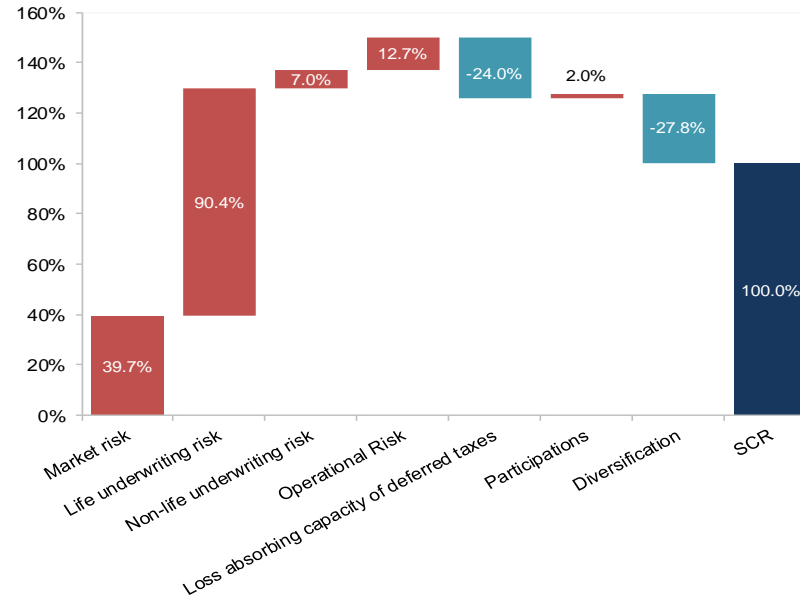
## Performance indicators

	Sep 2020 Life (%)	Sep 2020 Non-life (%)	Sep 2021 Life (%)	Sep 2021 Non-life (%)
Claims ratio <sup>1</sup>	100.9	22.0	81.1	124.4
Management Expenses ratio <sup>1</sup>	6.2	3.6	7.1	1.0
Commission ratio <sup>1</sup>	2.7	18.3	2.3	-21.0
Combined ratio <sup>2</sup>		43.9		104.4
Underwriting profit/(loss) ratio <sup>3</sup>		16.6		2.3
Underwriting and investment income ratio <sup>3</sup>		53.9		7.6

## Solvency and capital

	Sep 2020	Sep 2020	Sep 2021	Sep 2021
SCR cover ratio (Median)	1.9	1.9	1.5	1.5
MCR cover ratio (Median)	4.5	4.5	3.2	3.2

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

<sup>5</sup> Net loss before tax was due to third wave COVID-19 claims provision strengthening and reserves increases.