

Selected South African insurance sector data June 2022



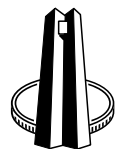
SOUTH AFRICAN RESERVE BANK
Prudential Authority

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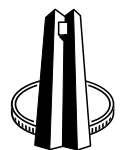


Introduction

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 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 June 2022.



Registered insurance entities in South Africa

	June 2021	June 2022
Total	148	157
Life primary insurers	58	60
Life cell captives	5	5
Life microinsurer ¹	3	7
Non-life primary insurers	58	61
Non-life cell captives	6	6
Non-life captives	5	4
Non-life microinsurer ¹	3	1
Composite microinsurer ¹	0	2
Professional reinsurers	8	9
Composite reinsurers	5	4
Life reinsurers	1	1
Non-life reinsurers	2	2
Branches of foreign reinsurers	0	2
Other	2	2

¹ Microinsurer: No data available as yet.

4 Insurance sector data



Life insurance: Primary insurers

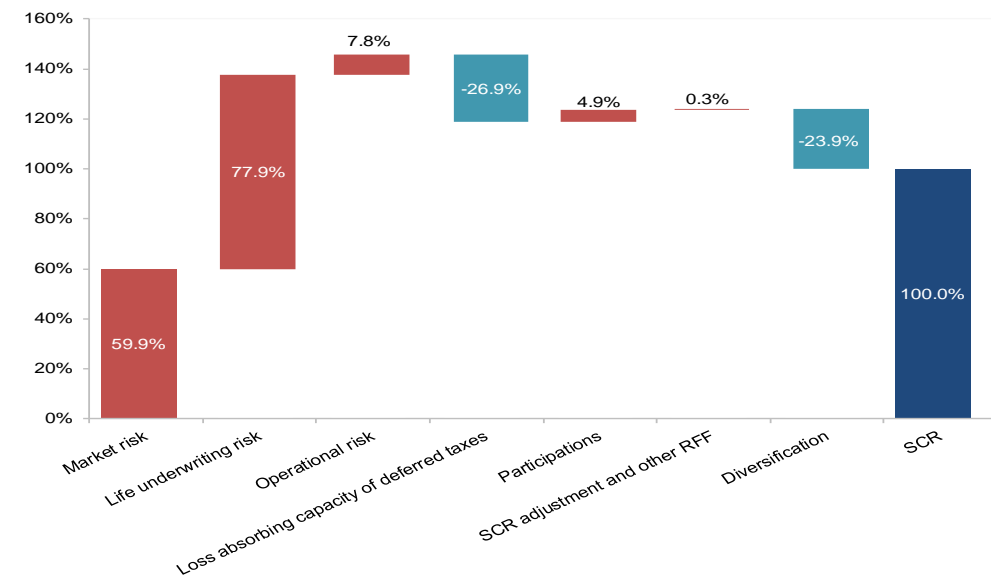
Balance sheet	Jun 2021 R'mil	Jun 2022 R'mil	12 Monthly % growth
Total assets	3,428,839	3,428,212	0.0
<i>Of which:</i>			
Total investments	3,239,619	3,243,789	0.1
Government bonds	323,621	323,577	0.0
Corporate bonds	211,067	214,892	1.8
Equity	542,636	498,003	-8.2
Investment funds	1,795,312	1,861,063	3.7
Structured notes	58,310	30,956	-46.9
Collateralised securities	13,557	13,709	1.1
Cash and deposits	170,913	176,819	3.5
Mortgages and loans	90,555	92,094	1.7
Property	33,648	32,677	-2.9
Total reinsurance recoverables	-869	174	120.1
Derivatives	9,541	3,280	-65.6
Owner occupied property	6,704	6,061	-9.6
Other assets	171,843	174,907	1.8
Total liabilities	3,094,757	3,109,056	0.5
<i>Of which:</i>			
Gross technical provisions	2,915,682	2,902,253	-0.5
Basic own funds	332,082	319,156	-3.9
Eligible own funds to meet SCR	329,682	325,364	-1.3
Eligible own funds to meet MCR	314,668	308,991	-1.8
Profitability			
Gross premium	169,895	137,680	-19.0
Reinsurance	4,552	4,853	6.6
Net premiums	165,343	132,827	-19.7
Net claims paid	152,137	122,370	-19.6
Investment income ³	91,731	-130,110	-241.8
Management expenses	15,741	14,229	-9.6
Commission paid/ (received)	5,926	5,398	-8.9
Other expenses	1,550	1,754	13.2
Net profit before tax and dividends	6,487	2,979	-54.1
Other			
Number of policies at the end of period	51,261,198	50,216,275	-2.0
Number of schemes at the end of period	91,598	79,287	-13.4

Performance indicators	Jun 2021	Jun 2022
Claims ratio ¹	92.0	92.1
Commission ratio ¹	3.6	4.1
Management expenses ratio ¹	9.5	10.7
Individual lapse ratio ^{2 4}	58.6	69.8
Individual contractual termination ²	6.6	10.7
Individual expiry ²	3.1	3.4
Surrenders ²	4.8	4.5
Surrenders (in-force policies)	0.4	0.3
Individual lapse ratio (in-force policies)	4.5	4.8

Solvency and capital

SCR cover ratio (Median)	1.8	1.7
MCR cover ratio (Median)	4.5	4.2

SCR risk components

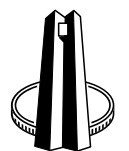


¹ Expressed as a percentage of net written premium during the period.

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

³ A decrease of investment income was as a result of an adjustment of fair value of investments.

⁴ Higher than normal lapses were as a result of two insurers experiencing higher than normal lapses.



Life insurance: Reinsurers

Balance sheet

	Jun 2021	Jun 2022	12 Monthly
	R'mil	R'mil	% growth
Total assets	6,230	6,703	7.6
<i>Of which:</i>			
Total investments	1,649	1,731	5.0
Total reinsurance recoverables/ (payable)	1,631	1,394	-14.5
Current assets	2,944	3,573	21.4
Total liabilities	4,510	5,549	23.0
<i>Of which</i>			
Gross technical provisions	1,665	2,210	32.7
Accounts payable	2,683	2,972	10.8
Reinsurance deposits	-	-	0.0
Basic own funds	1,720	1,154	-32.9
Eligible own funds to meet SCR	1,719	1,154	-32.9
Eligible own funds to meet MCR	1,719	1,154	-32.9
Profitability ²			
Gross premium	943	1,106	17.3
Reinsurance	636	821	29.1
Net premiums	307	285	-7.1
Net claims paid	227	310	36.9
Investment income	44	26	-39.6
Management expenses	47	62	31.7
Other expenses	-4	3	175.8
Net profit before tax and dividends	-198	-78	60.7

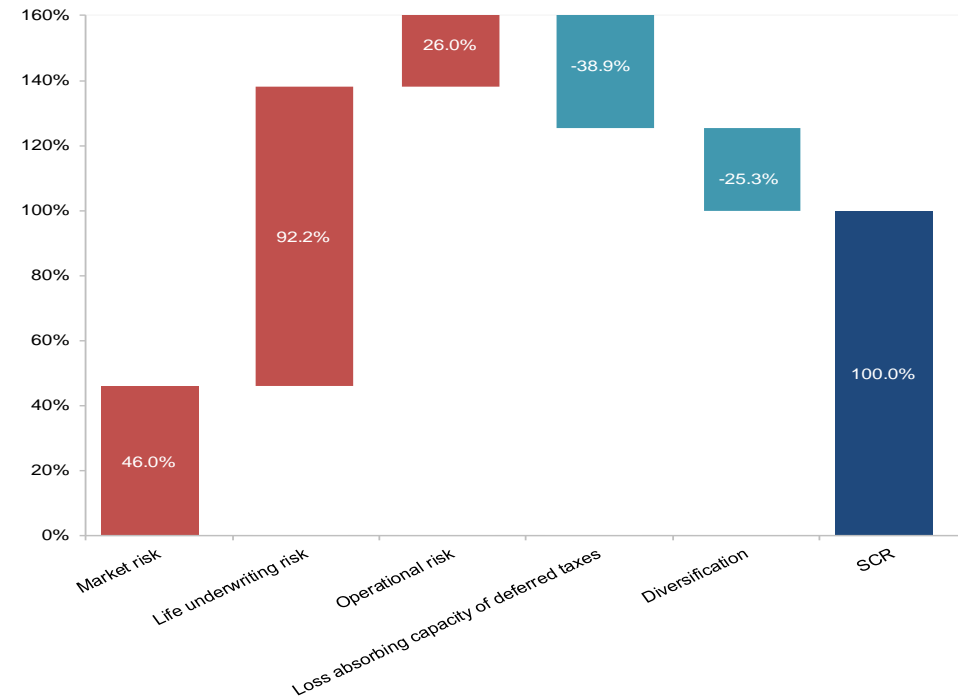
Performance indicators

	Jun 2021	Jun 2022
Claims ratio ¹	74.0	108.9
Management expenses ratio ¹	15.3	21.7

Solvency and capital

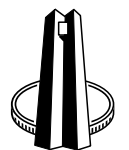
	Jun 2021	Jun 2022
SCR cover ratio (Median)	1.4	1.5
MCR cover ratio (Median)	5.3	3.3

SCR risk components



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

² During the review period one reinsurer experienced higher than normal claims.

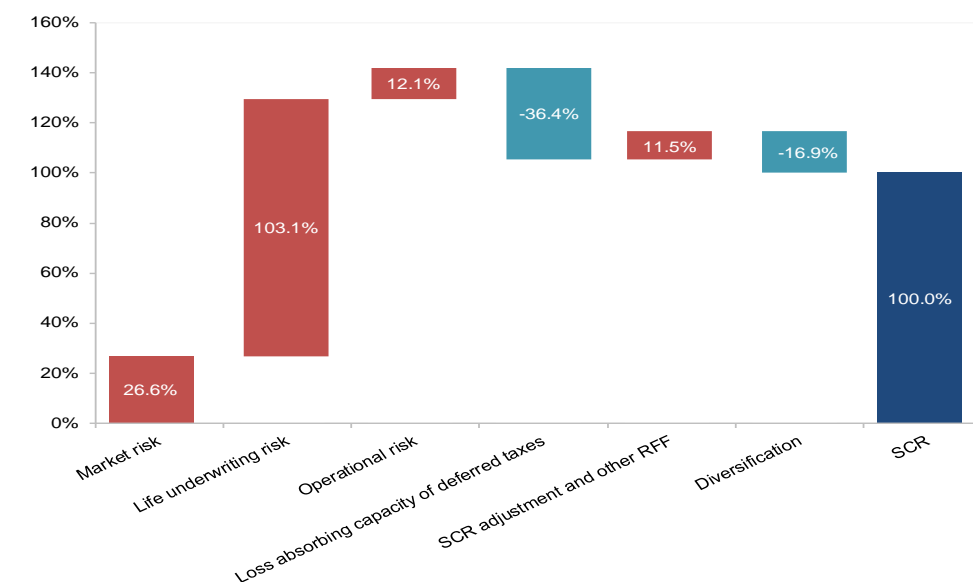


Life insurance: Cell Captive insurers

Balance sheet	Jun 2021 R'mil	Jun 2022 R'mil	12 Monthly % growth
Total assets	20,633	23,019	11.6
<i>Of which:</i>			
Total investments	23,547	25,480	8.2
Government bonds	1,946	1,931	-0.7
Corporate bonds	8,639	11,043	27.8
Equity	300	321	7.0
Investment funds	7,632	8,692	13.9
Structured notes	109	73	-33.3
Collateralised securities	330	218	-34.0
Cash and deposits	4,190	3,202	-23.6
Mortgages and loans	402	-	-100.0
Total reinsurance recoverables/ (payable)	-4,353	-4,063	-6.7
Derivatives	15	0	-99.3
Other assets	1,423	1,602	12.5
Total liabilities	8,923	11,326	26.9
<i>Of which:</i>			
Gross technical provisions	5,077	7,025	38.4
Deferred tax liabilities	2,534	2,666	5.2
Basic own funds	11,710	11,692	-0.2
Eligible own funds to meet SCR	7,171	7,323	2.1
Eligible own funds to meet MCR	7,166	7,323	2.2
Profitability			
Gross premium	4,599	5,911	28.5
Reinsurance	1,090	1,821	67.0
Net premiums	3,508	4,090	16.6
Net claims paid	1,013	936	-7.6
Investment income ⁴	452	-251	-155.4
Management expenses	401	548	36.7
Commission paid/ (received)	392	466	19.0
Other expenses	0	0	18.4
Net profit before tax and dividends	1,336	1,358	1.6
Other			
Number of policies at the end of period ³	6,943,829	9,642,913	38.9
Number of schemes at the end of period	87,003	73,085	-16.0

Performance indicators	Jun 2021	Jun 2022
Claims ratio ¹	28.9	22.9
Commission ratio ¹	11.2	11.4
Management expenses ratio ¹	11.4	13.4
Individual lapse ratio ^{2 3}	20.2	12.9
Individual contractual termination ²	1.7	1.4
Individual expiry ^{2 3}	59.3	29.0
Surrenders ²	0.0	1.2
Surrenders (in-force policies)	0.0	0.4
Individual lapse ratio (in-force policies) ³	4.0	4.7
Solvency and capital		
SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.2	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 Policies movements for 2021 were restated.

⁴ A decrease of investment income was as a result of an adjustment of fair value of investments.



Non-Life insurance: Primary insurers

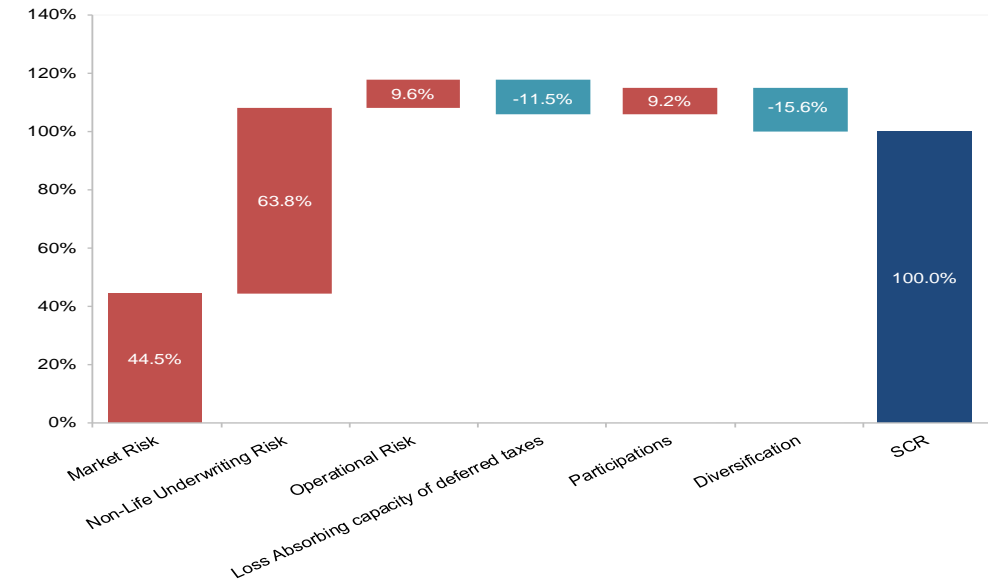
Balance sheet	Jun 2021 R'mil	Jun 2022 R'mil	12 Monthly % growth
Total assets	185,466	214,805	15.8
<i>Of which:</i>			
Total investments	124,525	133,860	7.5
Government bonds	25,518	27,170	6.5
Corporate bonds	30,801	30,327	-1.5
Equity	19,395	19,649	1.3
Investment funds	15,313	14,454	-5.6
Structured notes	127	162	27.4
Collateralised securities	632	757	19.6
Cash and deposits	30,875	39,597	28.2
Mortgages and loans	1,821	1,710	-6.1
Property	42	34	-17.8
Total reinsurance recoverables/ (payable)	29,116	43,041	47.8
Derivatives	198	-53	-126.8
Owner occupied property	1,669	1,431	-14.3
Other assets	29,957	36,525	21.9
Total liabilities	107,877	136,403	26.4
<i>Of which:</i>			
Gross technical provisions	79,226	105,130	32.7
Accounts payable	8,875	8,207	-7.5
Payables (trade, not insurance)	7,986	9,099	13.9
Basic own funds	77,589	78,402	1.0
Eligible own funds to meet SCR	76,128	54,450	-28.5
Eligible own funds to meet MCR	72,492	48,615	-32.9
Profitability			
Gross written premium	34,341	35,947	4.7
Reinsurance	12,139	11,540	-4.9
Net premiums	22,202	24,407	9.9
Net earned premium	21,239	22,583	6.3
Investment income ⁴	1,936	71	-96.3
Net claims paid ⁵	13,475	16,642	23.5
Management expenses	7,089	6,345	-10.5
Commission paid/ (received)	690	1,779	157.9
Underwriting profit	703	-1,058	-250.4
Underwriting and investment income ⁴	2,640	-987	-137.4
Net profit before tax and dividends	2,767	-901	-132.6

Performance indicators	Jun 2021	Jun 2022
Claims ratio ^{1 5}	60.7	68.2
Management expenses ratio ¹	31.9	26.0
Commission ratio ¹	3.1	7.3
Combined ratio ²	95.7	109.7
Underwriting profit/(loss) ratio ³	3.3	-4.7
Underwriting and investment income ratio ³	12.4	-4.4

Solvency and capital

SCR cover ratio (Median)	1.7	1.6
MCR cover ratio (Median)	4.0	3.5

SCR risk components



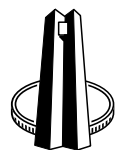
¹ Expressed as a percentage of net written premium during the period.

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

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

⁴ A decrease in investment income was as a result of an adjustment of fair value of investments, and unrealised losses.

⁵ Higher than normal claims were as a result of KZN floods that occurred during the review period.



Non-Life insurance: Reinsurers

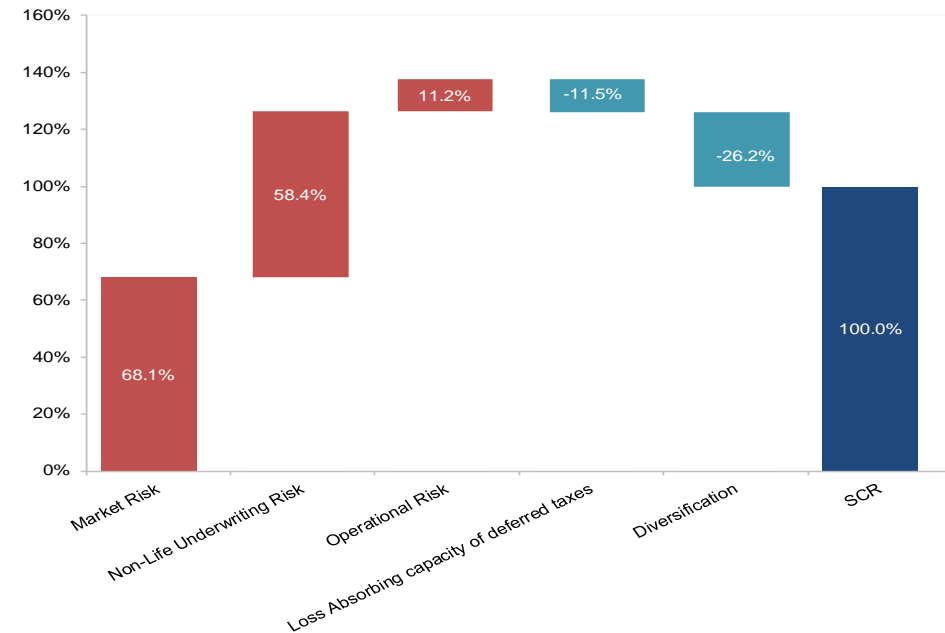
Balance sheet	Jun 2021 R'mil	Jun 2022 R'mil	12 Monthly % growth
Total assets	9,118	10,132	11.1
<i>Of which:</i>			
Total investments	5,717	6,295	10.1
Total reinsurance recoverables/ (payable)	2,763	2,927	5.9
Total liabilities	6,866	7,591	10.6
<i>Of which :</i>			
Gross technical provisions	3,773	3,782	0.2
Accounts payable	113	248	120.2
Reinsurance deposits	2,691	3,136	16.5
Basic own funds	2,252	2,541	12.8
Eligible own funds to meet SCR	2,252	2,541	12.8
Eligible own funds to meet MCR	2,241	2,531	12.9
Profitability			
Gross premium	784	900	14.8
Reinsurance	555	650	17.2
Net premiums	230	251	9.0
Net earned premiums	199	190	-4.8
Investment income	81	4	-95.1
Net claims paid ⁵	145	189	30.5
Management expenses	58	50	-13.9
Commission paid/ (received)	81	71	-11.4
Other expenses	-9	-13	-47.5
Underwriting profit ⁴	26	-52	-297.7
Underwriting and investment income ⁴	107	-48	-145.2
Net profit before tax and dividends	101	42	-58.1

Performance indicators	Jun 2021	Jun 2022
Claims ratio ¹	62.9	75.3
Commission ratio ¹	35.1	28.5
Management expenses ratio ¹	25.0	19.8
Combined ratio ²	123.0	163.2
Underwriting profit/(loss) ratio ³	13.3	-27.6
Underwriting and investment income ratio ³	53.7	-25.5

Solvency and capital

SCR cover ratio (Median)	2.3	2.2
MCR cover ratio (Median)	9.2	8.6

SCR risk components



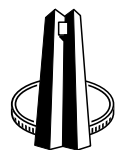
¹ Expressed as a percentage of net written premium during the period.

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

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

⁴ A decline in profitability items was as a result of higher than normal losses experienced by a particular reinsurer.

⁵ During the review period one reinsurer experienced higher than normal claims.



Non-Life insurance: Cell Captive insurers

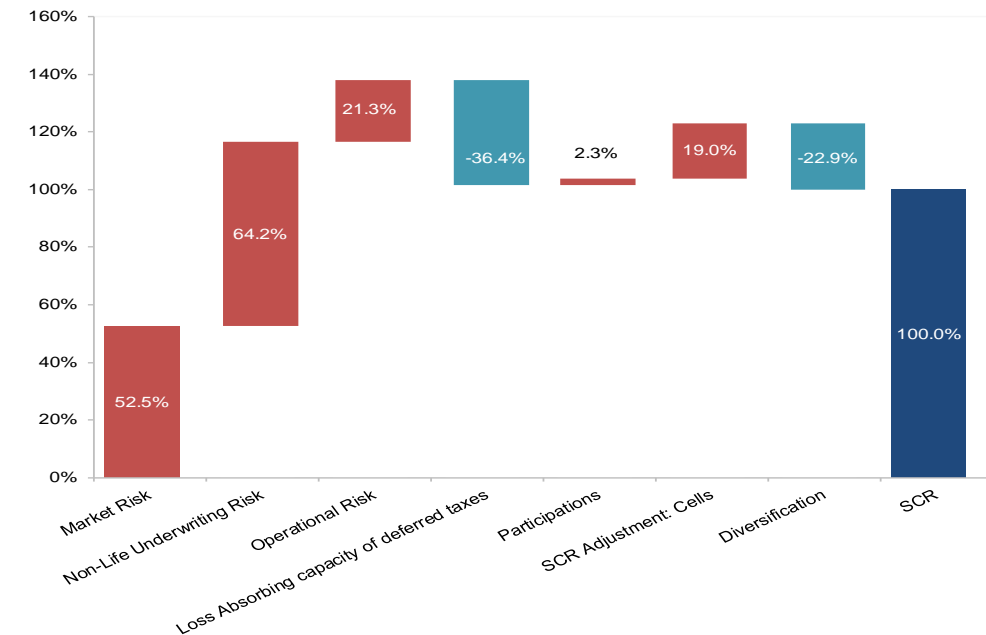
Balance sheet	Jun 2021 R'mil	Jun 2022 R'mil	12 Monthly % growth
Total assets	53,350	44,800	-16.0
<i>Of which:</i>			
<i>Total investments</i>	41,894	29,820	-28.8
Government bonds	618	1,485	140.5
Corporate bonds	13,264	11,784	-11.2
Equity	2,279	480	-78.9
Investment funds	6,006	9,354	55.7
Structured notes	127	218	71.0
Collateralised securities	381	407	6.8
Cash and deposits	19,201	6,081	-68.3
Mortgages and loans	18	11	-38.4
Total reinsurance recoverables/ (payable)	5,148	10,943	112.6
Derivatives	-0	1	1311.1
Other assets	6,308	4,036	-36.0
Total liabilities	33,269	34,221	2.9
<i>Of which:</i>			
Gross technical provisions	30,026	30,630	2.0
Basic own funds	20,081	10,579	-47.3
Eligible own funds to meet SCR	15,342	5,560	-63.8
Eligible own funds to meet MCR	15,241	5,473	-64.1
Profitability			
Gross written premium	10,198	7,721	-24.3
Reinsurance	3,196	2,845	-11.0
Net premiums	7,003	4,876	-30.4
Net earned premium	7,256	5,194	-28.4
Investment income	473	328	-30.7
Net claims paid	3,100	2,030	-34.5
Management expenses	751	801	6.6
Commission paid/ (received)	-642	110	-117.1
Underwriting profit	540	241	-55.4
Underwriting and investment income	1,013	569	-43.8
Net profit before tax and dividends	1,013	557	-45.1

Performance indicators	Jun 2021	Jun 2022
Claims ratio ¹	44.3	41.6
Management expenses ratio ¹	10.7	16.4
Commission ratio ¹	-9.2	2.3
Combined ratio ²	45.8	56.6
Underwriting profit/(loss) ratio ³	7.4	4.6
Underwriting and investment income ratio ³	14.0	11.0

Solvency and capital

SCR cover ratio (Median)	1.3	1.2
MCR cover ratio (Median)	2.6	2.7

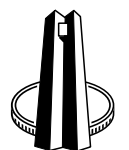
SCR risk components



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

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

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



Non-Life insurance: Captive insurers

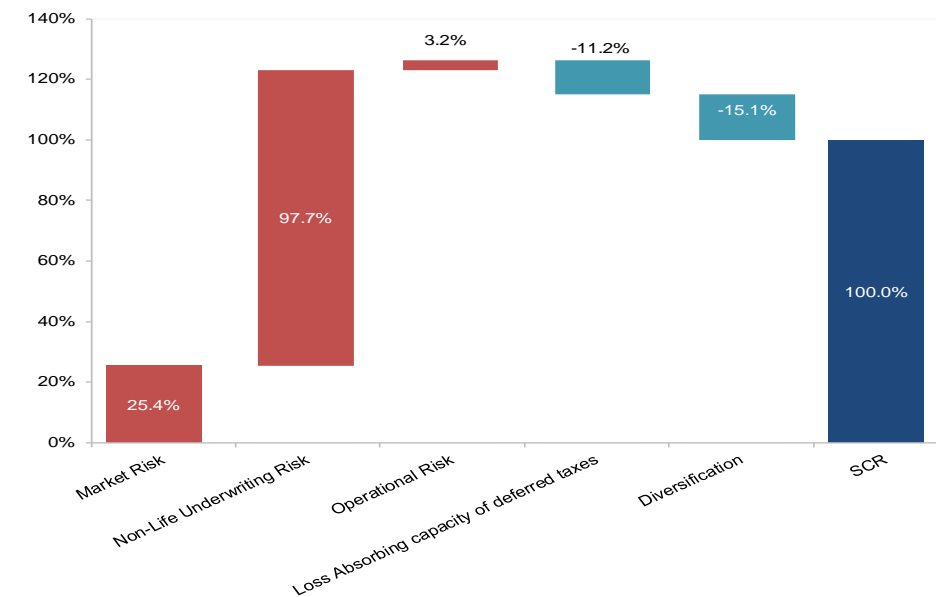
Balance sheet	Jun 2021	Jun 2022	12 Monthly
	R'mil	R'mil	% growth
Total assets	3,755	3,254	-13.3
<i>Of which:</i>			
<i>Total investments</i>	2,185	2,482	13.6
Government bonds	466	969	108.1
Corporate bonds	159	308	93.0
Equity	3	3	-23.0
Investment funds	97	101	4.4
Structured notes	9	12	35.9
Collateralised securities	3	4	16.7
Cash and deposits	1,447	1,086	-25.0
Total reinsurance recoverables/ (payable)	1,092	349	-68.1
Derivatives	-	-	0.0
Other assets	478	423	-11.5
Total Liabilities	1,908	1,032	-45.9
<i>Of which:</i>			
Gross technical provisions	1,824	990	-45.7
Basic own funds	1,847	2,222	20.3
Eligible own funds to meet SCR	1,847	2,222	20.3
Eligible own funds to meet MCR	1,806	2,204	22.0
Profitability			
Gross written premium	206	213	3.2
Reinsurance	149	161	8.1
Net premiums	58	52	-9.6
Net earned premium	155	126	-18.6
Investment income	25	24	-1.3
Net claims paid	202	36	-82.0
Management expenses	16	32	102.2
Commission paid/ (received)	-14	-9	-34.9
Underwriting profit	-82	52	164.1
Underwriting and investment income	-57	77	235.2
Net profit before tax and dividends	-57	77	235.4

Performance indicators	Jun 2021	Jun 2022
Claims ratio ¹	352.0	28.8
Management expenses ratio ¹	27.3	61.1
Commission ratio ¹	-24.6	-17.7
Combined ratio ²	354.7	46.6
Underwriting profit/(loss) ratio ³	-52.6	41.4
Underwriting and investment income ratio ³	-36.6	60.8

Solvency and capital

SCR cover ratio (Median)	1.5	2.0
MCR cover ratio (Median)	5.8	7.8

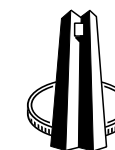
SCR risk components



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

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

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



Composite reinsurers

Balance sheet

	Jun 2021 R'mil	Jun 2022 R'mil	12 Monthly % growth
Total assets	48,900	49,122	0.5
Total investments	21,795	18,792	-13.8
Total reinsurance recoverables	18,195	20,948	15.1
Current assets	7,612	7,143	-6.2
Total liabilities	37,825	38,793	2.6
<i>Of which :</i>			
Gross technical provisions (Life)	11,099	7,396	-33.4
Gross technical provisions (Non-Life)	16,075	20,669	28.6
Reinsurance accounts payable	5,214	6,097	16.9
Reinsurance deposits	33	6	-81.3
Basic own funds	11,076	10,328	-6.7
Eligible own funds to meet SCR	12,318	12,733	3.4
Eligible own funds to meet MCR	11,014	9,941	-9.7

Profitability

	Jun 2021 Life	Jun 2021 Non-life	Jun 2022 Life	Jun 2022 Non-life
Gross premium	3,439	2,917	3,693	5,147
Reinsurance	972	2,071	1,373	4,184
Net premiums	2,467	845	2,320	962
Net earned premiums		25		741
Investment Income	316	111	118	103
Net claims paid ⁴	3,044	197	3,290	695
Management expenses	204	25	29	23
Commission paid/ (received)	62	88	5	169
Other expenses	37	34	0	76
Underwriting profit		-243		-114
Underwriting and investment income		-133		-11
Net profit before tax and dividends	-1,572	-167	628	-87

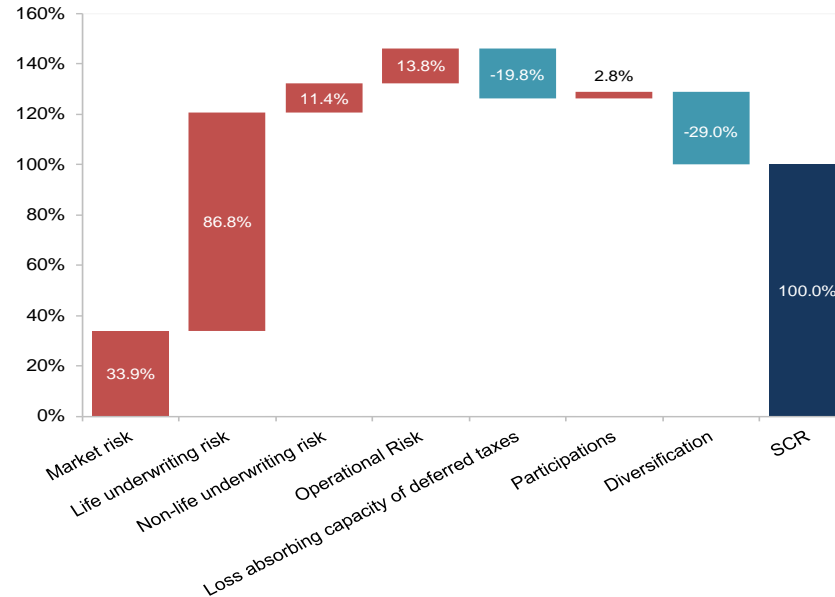
Performance indicators

	Jun 2021 Life (%)	Jun 2021 Non-life (%)	Jun 2022 Life (%)	Jun 2022 Non-life (%)
Claims ratio ^{1 4}	123.4	23.3	141.8	93.8
Management Expenses ratio ¹	8.3	3.0	1.2	3.1
Commission ratio ¹	2.5	10.4	0.2	22.8
Combined ratio ²		36.8		119.7
Underwriting profit/(loss) ratio ³		-965.9		-15.4
Underwriting and investment income ratio ³		-526.4		-1.5

Solvency and capital

	Jun 2021 Life (%)	Jun 2021 Non-life (%)	Jun 2022 Life (%)	Jun 2022 Non-life (%)
SCR cover ratio (Median)	1.5	1.5	1.5	1.5
MCR cover ratio (Median)	3.3	3.3	3.0	3.0

SCR risk components



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

² Claims + commission + expenses as a percentage of net earned premiums.

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

⁴ Two major reinsurers experienced higher than normal claims.

