

Selected South African insurance sector data December 2022



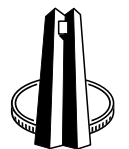
SOUTH AFRICAN RESERVE BANK
Prudential Authority

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

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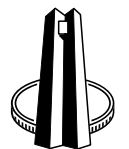


Introduction

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 December 2022.

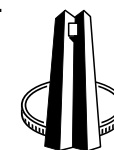


Registered insurance entities in South Africa

	December 2021	December 2022
Total ¹	149	154
Life primary insurers	60	58
Life cell captives	5	5
Life microinsurers ²	4	9
Non-life primary insurers	55	55
Non-life cell captives	7	6
Non-life captives	5	6
Non-life microinsurers ²	3	0
Composite microinsurers ²	0	4
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 Note: The total number of entities as stated in this report exclude insurers in “run-off”.

² Microinsurers: No aggregated data available for micro insurers as yet.



Life insurance: Primary insurers

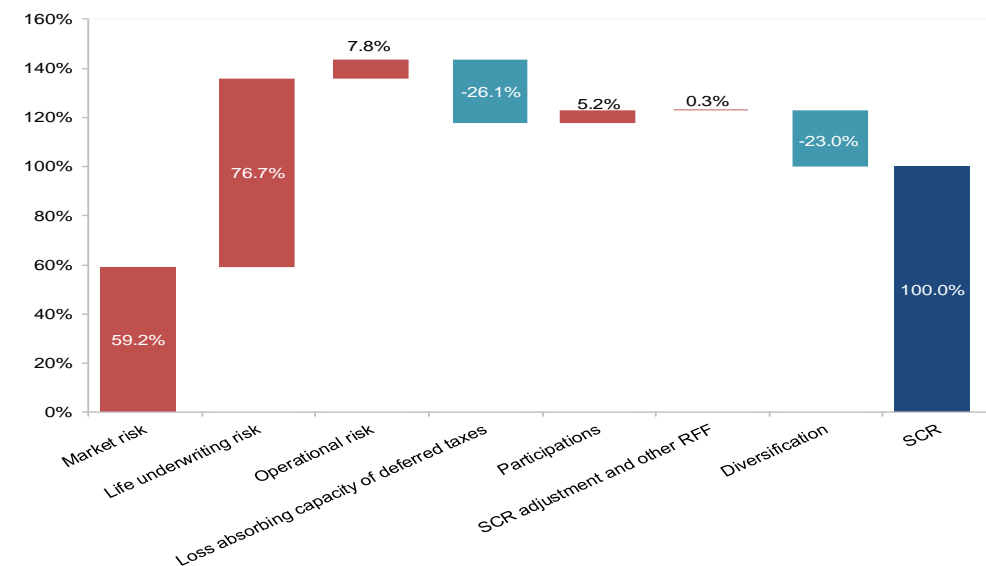
Balance sheet	Dec 2021 R'mil	Dec 2022 R'mil	12 Monthly % growth
Total assets	3,695,178	3,672,818	-0.6
<i>Of which:</i>			
Total investments	3,495,286	3,482,283	-0.4
Government bonds	330,391	336,330	1.8
Corporate bonds	218,751	229,276	4.8
Equity	598,099	532,858	-10.9
Investment funds	1,973,519	2,000,330	1.4
Structured notes	61,050	39,180	-35.8
Collateralised securities	13,052	12,002	-8.0
Cash and deposits	181,454	209,118	15.2
Mortgages and loans	86,715	90,494	4.4
Property	32,254	32,695	1.4
Total reinsurance recoverables	-1,156	-1,475	27.6
Derivatives	9,032	10,243	13.4
Owner occupied property	6,350	5,607	-11.7
Other assets	185,668	176,160	-5.1
Total liabilities	3,343,586	3,335,643	-0.2
<i>Of which:</i>			
Gross technical provisions	3,151,029	3,127,005	-0.8
Basic own funds	351,592	337,175	-4.1
Eligible own funds to meet SCR	344,056	339,635	-1.3
Eligible own funds to meet MCR	328,471	322,782	-1.7
Profitability			
Gross premium	145,291	170,860	17.6
Reinsurance	5,051	5,128	1.5
Net premiums	140,239	165,733	18.2
Net claims paid	128,470	150,379	17.1
Investment income ³	203,479	196,458	-3.5
Management expenses	15,978	16,515	3.4
Commission paid/ (received)	5,957	5,779	-3.0
Other expenses	1,923	2,583	34.3
Net profit before tax and dividends	20,303	19,848	-2.2
Other			
Number of policies at the end of period	51,961,252	49,749,704	-4.3
Number of schemes at the end of period	93,968	83,602	-11.0

Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	91.6	90.7
Commission ratio ¹	4.2	3.5
Management expenses ratio ¹	11.4	10.0
Individual lapse ratio ²	77.0	76.2
Individual contractual termination ²	11.5	10.4
Individual expiry ^{2,4}	8.8	19.7
Surrenders ²	4.8	4.7
Surrenders (in-force policies)	0.3	0.3
Individual lapse ratio (in-force policies)	4.9	5.4

Solvency and capital

SCR cover ratio (Median)	1.7	1.7
MCR cover ratio (Median)	4.2	4.7

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 expired policies were as a result of one insurer experiencing higher than normal expired policies.



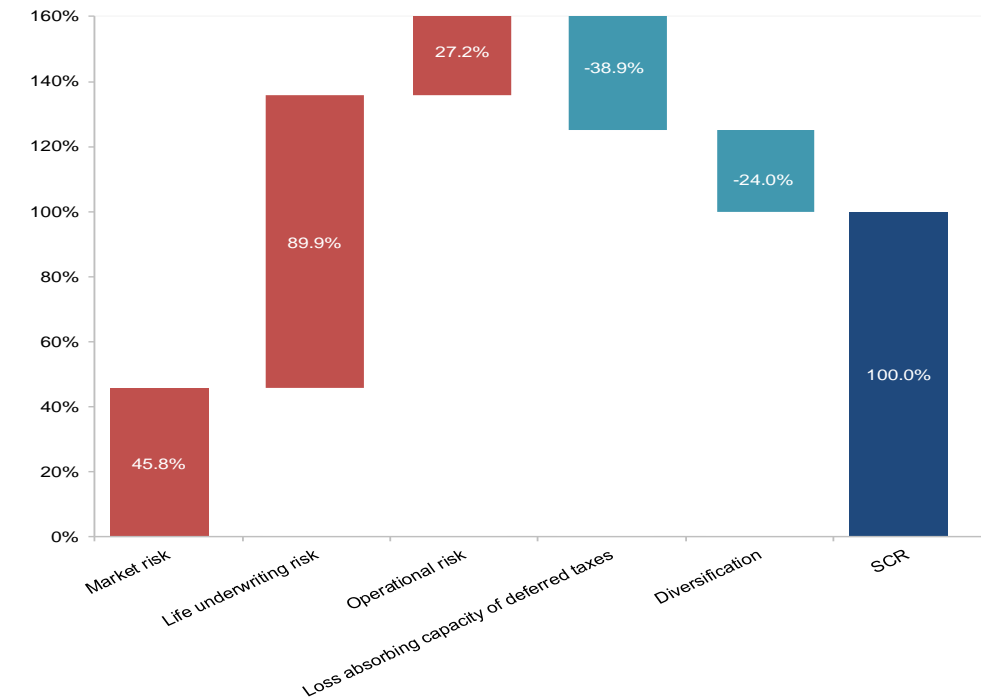
Life insurance: Reinsurers

Balance sheet	Dec 2021	Dec 2022	12 Monthly
	R'mil	R'mil	% growth
Total assets	7,157	7,137	-0.3
<i>Of which:</i>			
Total investments	2,093	1,890	-9.7
Total reinsurance recoverables/ (payable)	1,354	1,338	-1.2
Current assets	3,703	3,902	5.4
Total liabilities	6,032	6,065	0.5
<i>Of which</i>			
Gross technical provisions	2,156	2,107	-2.3
Accounts payable	3,486	3,645	4.6
Reinsurance deposits	-	-	0.0
Basic own funds	1,124	1,072	-4.6
Eligible own funds to meet SCR	1,124	1,072	-4.6
Eligible own funds to meet MCR	1,124	1,072	-4.6
Profitability			
Gross premium	1,200	1,282	6.8
Reinsurance	803	898	11.9
Net premiums	398	384	-3.4
Net claims paid	635	436	-31.3
Investment income	21	25	17.6
Management expenses	42	67	60.2
Other expenses	1	1	91.5
Net profit before tax and dividends	-136	-62	54.7

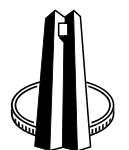
Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	159.7	113.6
Management expenses ratio ¹	10.5	17.5

Solvency and capital	Dec 2021	Dec 2022
SCR cover ratio (Median)	1.3	1.4
MCR cover ratio (Median)	3.6	3.1

SCR risk components



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



Life insurance: Cell Captive insurers

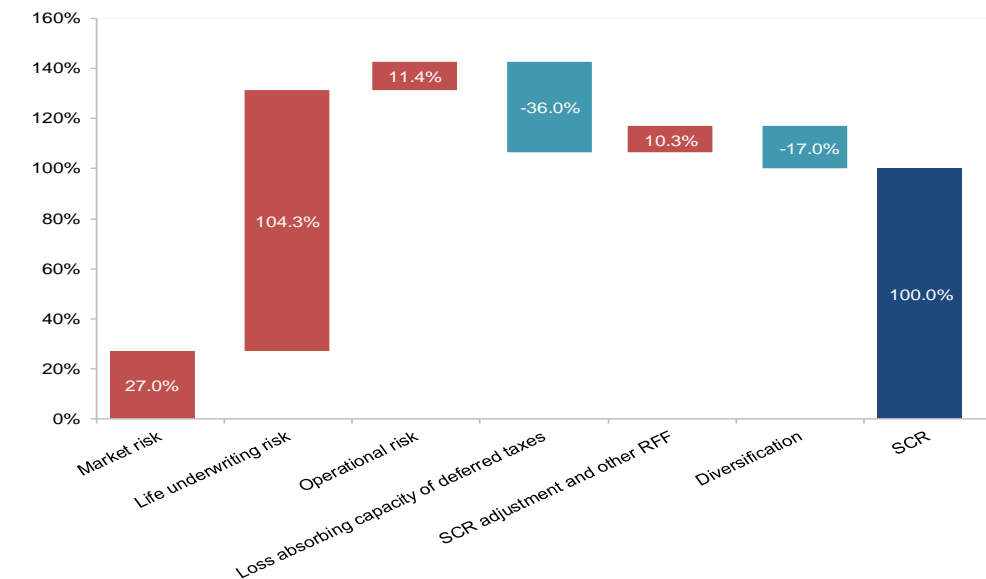
Balance sheet	Dec 2021 R'mil	Dec 2022 R'mil	12 Monthly % growth
Total assets	21,922	25,501	16.3
<i>Of which:</i>			
Total investments	24,625	28,955	17.6
Government bonds	2,477	1,786	-27.9
Corporate bonds	9,737	12,872	32.2
Equity	454	404	-11.1
Investment funds	8,351	10,096	20.9
Structured notes	62	80	28.7
Collateralised securities	191	177	-7.6
Cash and deposits	3,352	3,541	5.6
Mortgages and loans	-	-	0.0
Total reinsurance recoverables/ (payable)	-4,297	-4,829	12.4
Derivatives	0	0	-31.5
Other assets	1,595	1,374	-13.8
Total liabilities	9,945	11,817	18.8
<i>Of which:</i>			
Gross technical provisions	5,840	7,259	24.3
Deferred tax liabilities	2,777	2,833	2.0
Basic own funds	11,977	13,683	14.2
Eligible own funds to meet SCR	7,658	8,544	11.6
Eligible own funds to meet MCR	7,658	8,544	11.6
Profitability			
Gross premium	4,881	5,866	20.2
Reinsurance	998	1,422	42.6
Net premiums	3,883	4,444	14.4
Net claims paid	956	940	-1.7
Investment income	789	803	1.8
Management expenses	379	647	71.0
Commission paid/ (received)	440	504	14.5
Other expenses	0	0	87.4
Net profit before tax and dividends	2,026	2,294	13.2
Other			
Number of policies at the end of period ³	7,634,461	11,058,403	44.8
Number of schemes at the end of period	77,717	110,009	41.6

Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	24.6	21.1
Commission ratio ¹	11.3	11.3
Management expenses ratio ¹	9.8	14.6
Individual lapse ratio ^{2 3}	14.2	36.5
Individual contractual termination ²	1.9	1.6
Individual expiry ^{2 3}	45.6	51.8
Surrenders ²	5.0	3.0
Surrenders (in-force policies)	1.1	0.6
Individual lapse ratio (in-force policies) ³	3.1	7.3

Solvency and capital

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

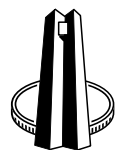
SCR risk components



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.



Non-Life insurance: Primary insurers

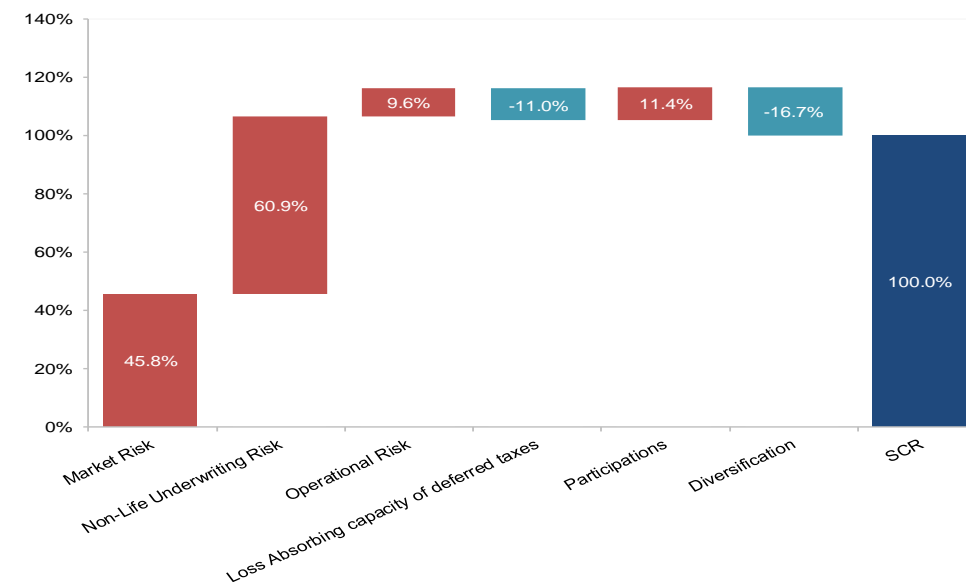
Balance sheet	Dec 2021 R'mil	Dec 2022 R'mil	12 Monthly % growth
Total assets	190,542	206,319	8.3
<i>Of which:</i>			
Total investments	119,489	129,699	8.5
Government bonds	27,250	26,165	-4.0
Corporate bonds	26,479	33,580	26.8
Equity	17,877	16,855	-5.7
Investment funds	14,124	15,527	9.9
Structured notes	65	240	270.3
Collateralised securities	607	530	-12.7
Cash and deposits	31,257	35,013	12.0
Mortgages and loans	1,789	1,753	-2.0
Property	41	36	-11.7
Total reinsurance recoverables/ (payable)	35,144	36,220	3.1
Derivatives	16	24	49.2
Owner occupied property	1,498	1,323	-11.7
Other assets	34,395	39,053	13.5
Total liabilities	132,695	121,454	-8.5
<i>Of which:</i>			
Gross technical provisions	102,814	89,790	-12.7
Accounts payable	9,023	10,280	13.9
Payables (trade, not insurance)	9,248	9,311	0.7
Basic own funds	57,847	84,865	46.7
Eligible own funds to meet SCR	56,989	85,361	49.8
Eligible own funds to meet MCR	50,428	81,058	60.7
Profitability			
Gross written premium	33,004	37,110	12.4
Reinsurance	11,238	11,983	6.6
Net premiums	21,765	25,127	15.4
Net earned premium	21,434	24,346	13.6
Investment income	3,755	3,740	-0.4
Net claims paid	18,523	15,590	-15.8
Management expenses	6,132	6,683	9.0
Commission paid/ (received)	1,210	1,626	34.3
Underwriting profit ⁴	-3,684	1,248	133.9
Underwriting and investment income	71	4,988	6955.9
Net profit before tax and dividends	-13	4,783	37073.5

Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	85.1	64.0
Management expenses ratio ¹	28.2	27.4
Commission ratio ¹	5.6	6.5
Combined ratio ²	118.8	98.2
Underwriting profit/(loss) ratio ^{3 4}	-17.2	5.1
Underwriting and investment income ratio	0.3	20.5

Solvency and capital

SCR cover ratio (Median)	1.8	1.5
MCR cover ratio (Median)	3.8	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 earned premium.

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

⁴ An increase in underwriting profit was as a result of improvement experienced by the insurer that was mostly affected by the July social unrest that occurred in 2021.



Non-Life insurance: Reinsurers

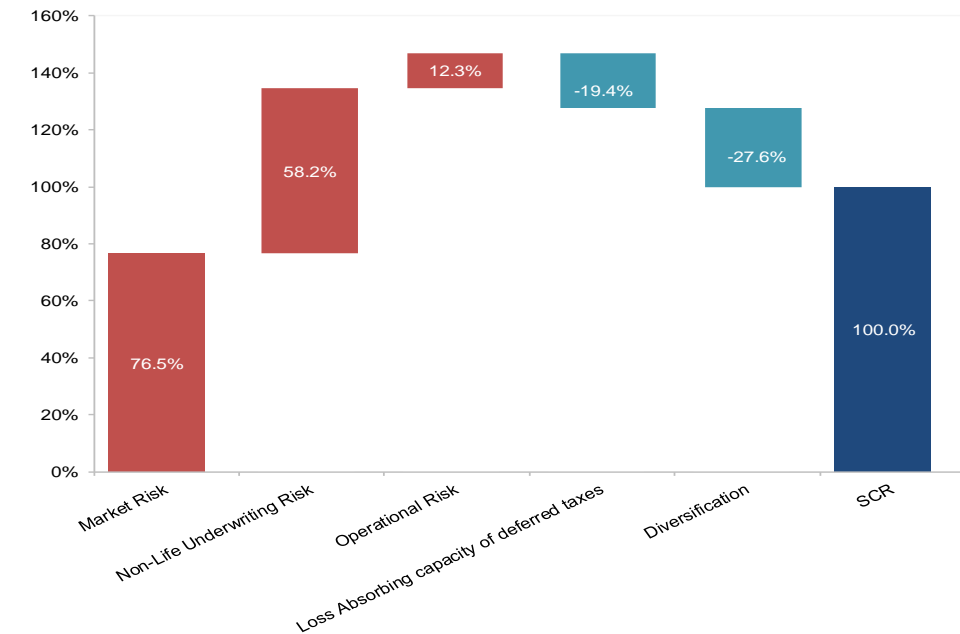
Balance sheet	Dec 2021 R'mil	Dec 2022 R'mil	12 Monthly % growth
Total assets	9,847	10,041	2.0
<i>Of which:</i>			
Total investments	6,191	6,115	-1.2
Total reinsurance recoverables/ (payable)	2,993	3,113	4.0
Total liabilities	7,438	7,280	-2.1
<i>Of which :</i>			
Gross technical provisions	3,977	3,780	-5.0
Accounts payable	-19	350	1949.0
Reinsurance deposits	3,204	2,728	-14.9
Basic own funds	2,409	2,762	14.6
Eligible own funds to meet SCR	2,409	2,760	14.6
Eligible own funds to meet MCR	2,379	2,746	15.4
Profitability			
Gross premium	732	897	22.5
Reinsurance	522	656	25.6
Net premiums	210	241	14.8
Net earned premiums	101	134	33.5
Investment income	104	125	19.8
Net claims paid ⁵	47	149	219.5
Management expenses	54	65	19.3
Commission paid/ (received)	123	112	-9.0
Other expenses	-11	-0	100.0
Underwriting profit ⁴	25	-73	-397.4
Underwriting and investment income ⁴	129	51	-60.2
Net profit before tax and dividends	160	25	-84.3

Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	22.2	110.8
Commission ratio ¹	58.7	83.5
Management expenses ratio ¹	26.0	27.0
Combined ratio ²	106.9	242.7
Underwriting profit/(loss) ratio ³	24.6	-54.7
Underwriting and investment income ratio ³	128.0	38.1

Solvency and capital

SCR cover ratio (Median)	2.1	2.4
MCR cover ratio (Median)	8.4	9.7

SCR risk components



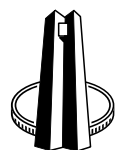
¹ Expressed as a percentage of net earned premium during the period.

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

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

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

⁵ During the review period reinsurers experienced higher than normal claims.



Non-Life insurance: Cell Captive insurers

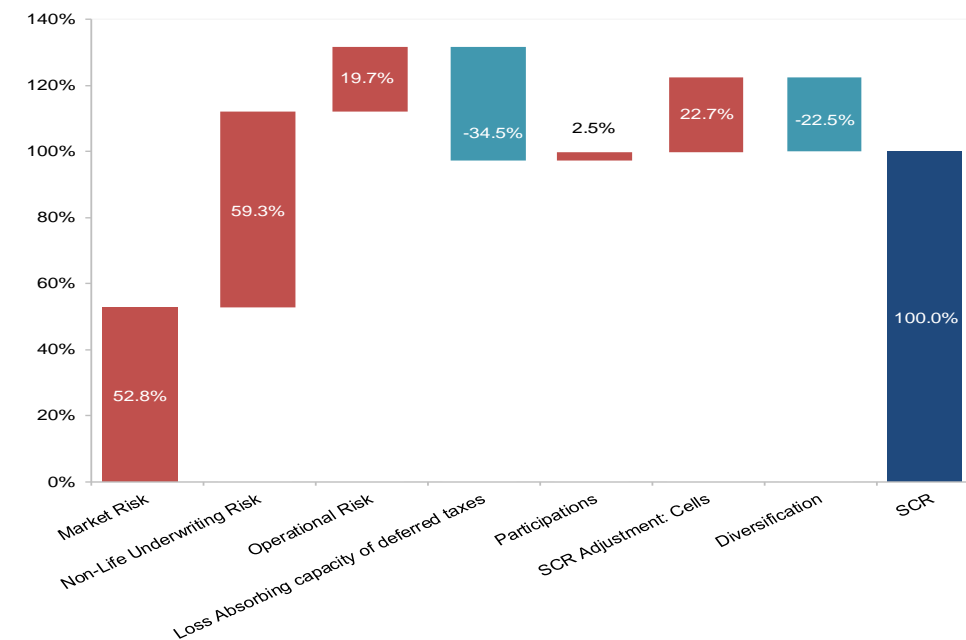
Balance sheet	Dec 2021 R'mil	Dec 2022 R'mil	12 Monthly % growth
Total assets	33,324	47,085	41.3
<i>Of which:</i>			
<i>Total investments</i>	26,214	34,070	30.0
Government bonds	1,539	1,389	-9.8
Corporate bonds	11,333	12,469	10.0
Equity	457	701	53.5
Investment funds	6,390	10,199	59.6
Structured notes	187	184	-2.1
Collateralised securities	359	489	36.1
Cash and deposits	5,940	8,628	45.3
Mortgages and loans	8	11	33.0
Total reinsurance recoverables/ (payable)	4,390	10,334	135.4
Derivatives	0	-0	-138.3
Other assets	2,720	2,681	-1.4
Total liabilities	23,267	34,647	48.9
<i>Of which:</i>			
Gross technical provisions	20,268	30,764	51.8
Basic own funds	10,057	12,438	23.7
Eligible own funds to meet SCR	5,507	6,418	16.5
Eligible own funds to meet MCR	5,428	6,339	16.8
Profitability			
Gross written premium	5,803	6,302	8.6
Reinsurance	2,352	2,773	17.9
Net premiums	3,451	3,529	2.3
Net earned premium	3,047	4,339	42.4
Investment income	411	691	68.1
Net claims paid	1,702	1,818	6.9
Management expenses	680	757	11.4
Commission paid/ (received)	75	26	-65.2
Underwriting profit	828	108	-87.0
Underwriting and investment income	1,239	799	-35.5
Net profit before tax and dividends	1,228	785	-36.1

Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	49.3	41.9
Management expenses ratio ¹	19.7	17.4
Commission ratio ¹	2.2	0.6
Combined ratio ²	71.2	60.0
Underwriting profit/(loss) ratio ³	27.2	2.5
Underwriting and investment income ratio ³	40.7	18.4

Solvency and capital

SCR cover ratio (Median)	1.3	1.3
MCR cover ratio (Median)	2.9	2.8

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.



Non-Life insurance: Captive insurers

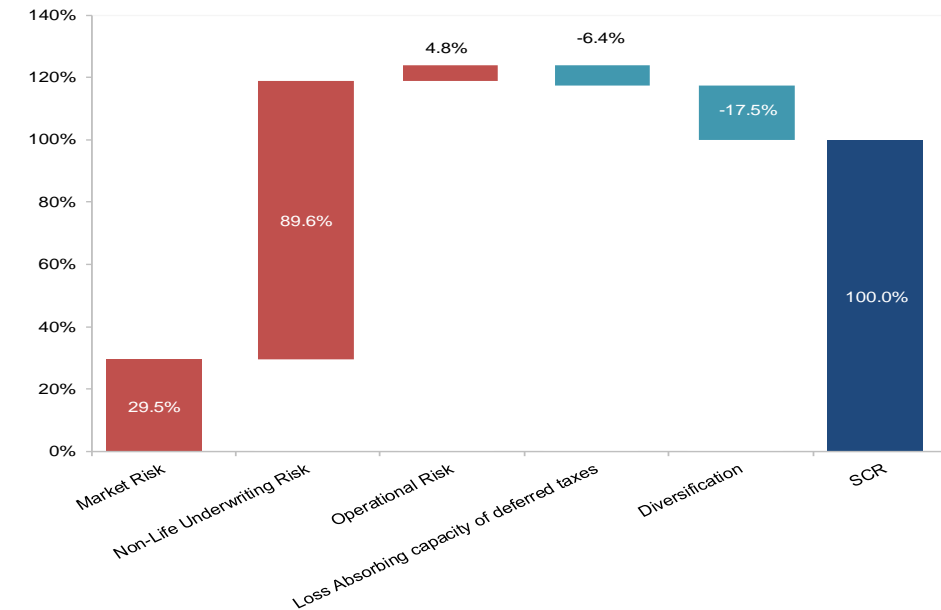
Balance sheet	Dec 2021	Dec 2022	12 Monthly
	R'mil	R'mil	% growth
Total assets	26,777	26,414	-1.4
<i>Of which:</i>			
<i>Total investments</i>	21,632	24,760	14.5
Government bonds	760	1,878	147.0
Corporate bonds	2,201	2,280	3.6
Equity ⁵	2,060	0	-100.0
Investment funds	99	1,595	1506.9
Structured notes	10	12	20.9
Collateralised securities	7	3	-53.2
Cash and deposits ⁵	16,496	18,993	15.1
Total reinsurance recoverables/ (payable)	3,386	519	-84.7
Derivatives	-	-	0.0
Other assets	1,759	1,135	-35.4
Total Liabilities	15,088	13,956	-7.5
<i>Of which:</i>			
Gross technical provisions	14,602	12,239	-16.2
Basic own funds	11,688	12,458	6.6
Eligible own funds to meet SCR	11,686	14,666	25.5
Eligible own funds to meet MCR	11,642	14,641	25.8
Profitability			
Gross written premium	22	208	840.9
Reinsurance	14	231	1582.9
Net premiums	8	-23	-370.7
Net earned premium	-421	65	115.4
Investment income	359	291	-19.0
Net claims paid	211	274	29.8
Management expenses	19	49	151.8
Commission paid/ (received)	-102	-54	-47.5
Underwriting profit ⁴	-690	388	156.3
Underwriting and investment income	-331	679	305.4
Net profit before tax and dividends	-329	691	310.1

Performance indicators	Dec 2021	Dec 2022
Claims ratio ¹	2510.1	422.4
Management expenses ratio ¹	229.6	75.0
Commission ratio ¹	-1214.2	-82.7
Combined ratio ²	1525.5	414.7
Underwriting profit/(loss) ratio ^{3 4}	163.9	598.6
Underwriting and investment income ratio ³	78.6	1046.4

Solvency and capital

SCR cover ratio (Median)	1.7	2.4
MCR cover ratio (Median)	6.0	9.3

SCR risk components



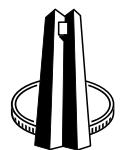
¹ Expressed as a percentage of net earned premium during the period.

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

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

⁴ One major captive insurer experienced higher profit during the review period.

⁵ One major captive insurer switched from equity to cash and deposits.



Composite reinsurers

Balance sheet

	Dec 2021 R'mil	Dec 2022 R'mil	12 Monthly % growth
Total assets	51,396	48,139	-6.3
Total investments	20,525	17,798	-13.3
Total reinsurance recoverables	19,325	19,384	0.3
Current assets	9,358	8,570	-8.4
Total liabilities	41,747	37,618	-9.9
<i>Of which :</i>			
Gross technical provisions (Life)	13,391	7,064	-47.2
Gross technical provisions (Non-Life)	17,396	19,377	11.4
Reinsurance accounts payable	5,837	6,207	6.4
Reinsurance deposits	12	27	132.4
Basic own funds	9,650	10,521	9.0
Eligible own funds to meet SCR	10,586	13,047	23.2
Eligible own funds to meet MCR	9,216	10,143	10.1

Profitability

	Dec 2021 Life	Dec 2021 Non-life	Dec 2022 Life	Dec 2022 Non-life
Gross premium	4,020	3,845	4,910	4605
Reinsurance	1,140	2,614	1,314	3689
Net premiums	2,880	1,230	3,596	916
Net earned premiums		970		939
Investment Income	171	116	311	200
Net claims paid	3,717	590	3,370	745
Management expenses	196	6	123	29
Commission paid/ (received)	-97	156	149	302
Other expenses	17	-16	42	35
Underwriting profit		-41		189
Underwriting and investment income		75		389
Net profit before tax and dividends	-1,512	91	-12	353

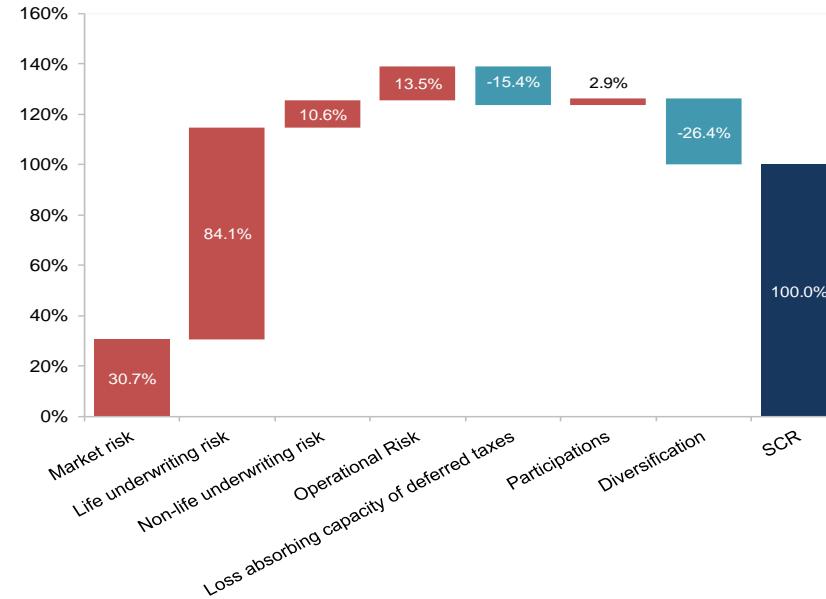
Performance indicators

	Dec 2021 Life (%)	Dec 2021 Non-life (%)	Dec 2022 Life (%)	Dec 2022 Non-life (%)
Claims ratio ¹	129.1	47.9	93.7	79.3
Management Expenses ratio ¹	6.8	0.5	3.4	3.1
Commission ratio ¹	-3.4	12.7	4.1	32.2
Combined ratio ²		61.1		114.6
Underwriting profit/(loss) ratio ³		-4.2		20.1
Underwriting and investment income ratio ³		7.8		41.4

Solvency and capital

	Dec 2021	Dec 2021	Dec 2022	Dec 2022
SCR cover ratio (Median)	1.2	1.2	1.4	1.4
MCR cover ratio (Median)	2.7	2.7	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.

