

Selected South African insurance sector data December 2023



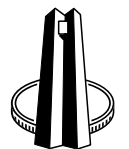
SOUTH AFRICAN RESERVE BANK
Prudential Authority

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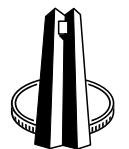


Introduction

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;
- the 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 2023.

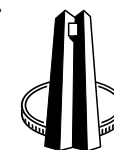


Registered insurance entities in South Africa

	December 2022	December 2023
Total	154	159
Life primary insurers	58	61
Life cell captives	5	5
Life microinsurers	9	10
Non-life primary insurers	55	57
Non-life cell captives	6	8
Non-life captives	6	5
Non-life microinsurers	0	0
Composite microinsurers	4	3
Professional reinsurers	9	8
Composite reinsurers	4	5
Life reinsurers	1	0
Non-life reinsurers	2	1
Branches of foreign reinsurers	2	2
Other	2	2

Notes:

*The total number of entities as stated in this report were classified/reclassified according to insurer type and now also includes insurers in "run-off".
No aggregated data published in respect of micro insurers, non-life reinsurers and branches of foreign reinsurers.*



Life insurance: Primary insurers

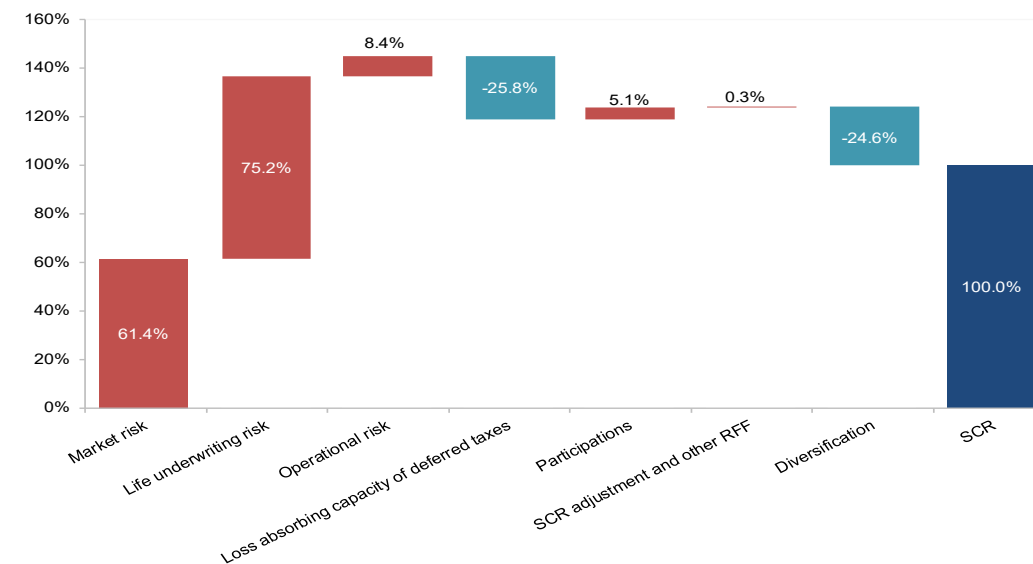
Balance sheet	Dec 2022 R'mil	Dec 2023 R'mil	12 Monthly % growth
Total assets	3,672,818	4,085,902	11.2
<i>Of which:</i>			
Total investments	3,482,283	3,872,493	11.2
Government bonds	336,330	367,474	9.3
Corporate bonds	229,276	252,821	10.3
Equity	532,858	552,033	3.6
Investment funds	2,000,330	2,279,662	14.0
Structured notes	39,180	56,137	43.3
Collateralised securities	12,002	12,237	2.0
Cash and deposits	209,118	211,867	1.3
Mortgages and loans	90,494	108,302	19.7
Property	32,695	31,960	-2.2
Total reinsurance recoverables/ (payables)	-1,475	-566	-61.6
Derivatives	10,243	9,478	-7.5
Owner occupied property	5,607	5,551	-1.0
Other assets	176,160	198,946	12.9
Total liabilities	3,335,643	3,722,862	11.6
<i>Of which:</i>			
Gross technical provisions	3,127,005	3,506,832	12.1
Basic own funds	337,175	363,040	7.7
Eligible own funds to meet SCR	339,635	366,898	8.0
Eligible own funds to meet MCR	322,782	348,689	8.0
Profitability			
Gross premium	170,860	183,434	7.4
Reinsurance	5,128	5,377	4.9
Net premiums	165,733	178,057	7.4
Net claims paid	150,379	153,936	2.4
Investment income	196,458	213,956	8.9
Management expenses	16,515	17,931	8.6
Commission paid/ (received)	5,779	6,474	12.0
Other expenses	2,583	1,375	-46.8
Net profit before tax and dividends	19,848	25,448	28.2
Other			
Number of policies at the end of period	49,749,704	48,961,401	-1.6
Number of schemes at the end of period	83,602	96,563	15.5

Performance indicators	Dec 2022	Dec 2023
Claims ratio ¹	90.7	86.5
Commission ratio ¹	3.5	3.6
Management expenses ratio ¹	10.0	10.1
Individual lapse ratio ²	76.2	63.9
Individual contractual termination ²	10.4	10.0
Individual expiry ²	19.7	3.3
Surrenders ²	4.7	3.2
Surrenders (in-force policies)	0.3	0.3
Individual lapse ratio (in-force policies)	5.4	6.5

Solvency and capital

SCR cover ratio (Median)	1.7	1.9
MCR cover ratio (Median)	4.7	4.9

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.



Life insurance: Cell Captive insurers

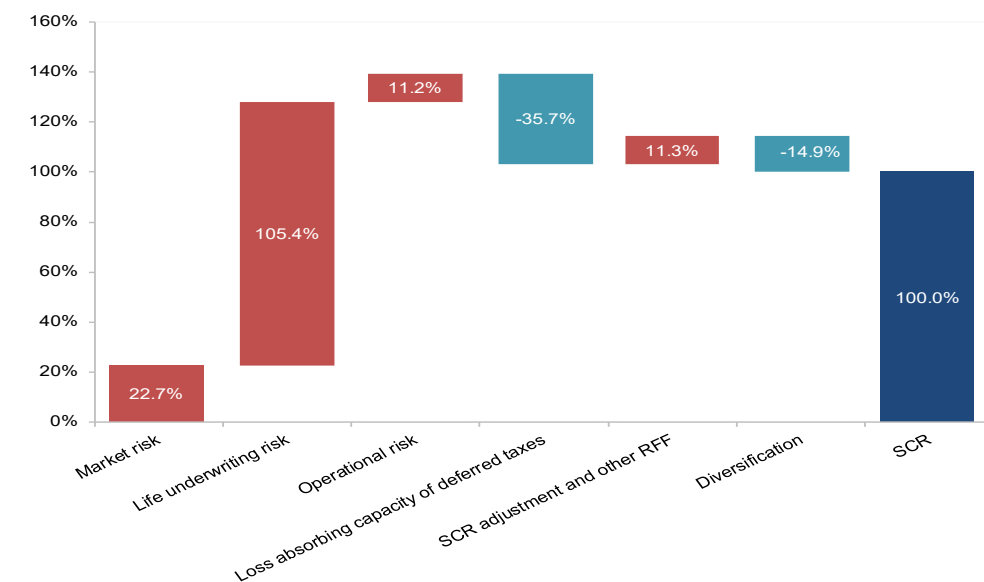
Balance sheet	Dec 2022 R'mil	Dec 2023 R'mil	12 Monthly % growth
Total assets	25,501	29,419	15.4
<i>Of which:</i>			
Total investments	28,955	34,631	19.6
Government bonds	1,786	2,292	28.3
Corporate bonds	12,872	15,730	22.2
Equity	404	380	-6.1
Investment funds	10,096	11,218	11.1
Structured notes	80	91	13.7
Collateralised securities	177	190	7.6
Cash and deposits	3,541	4,731	33.6
Mortgages and loans	-	-	0.0
Total reinsurance recoverables/ (payable)	-4,829	-6,969	44.3
Derivatives	0	-	-100.0
Other assets	1,374	1,757	27.8
Total liabilities	11,817	11,460	-3.0
<i>Of which:</i>			
Gross technical provisions	7,259	5,532	-23.8
Deferred tax liabilities	2,833	3,913	38.1
Basic own funds	13,683	17,959	31.2
Eligible own funds to meet SCR	8,544	9,091	6.4
Eligible own funds to meet MCR	8,544	9,091	6.4
Profitability			
Gross premium	5,866	6,338	8.0
Reinsurance	1,422	1,639	15.2
Net premiums	4,444	4,699	5.7
Net claims paid	940	964	2.6
Investment income ³	803	1,203	49.8
Management expenses	647	801	23.6
Commission paid/ (received)	504	564	11.9
Other expenses	0	-	-100.0
Net profit before tax and dividends	2,294	3,074	34.0
Other			
Number of policies at the end of period	11,058,403	10,756,064	-2.7
Number of schemes at the end of period	110,009	63,580	-42.2

Performance indicators	Dec 2022	Dec 2023
Claims ratio ¹	21.1	20.5
Commission ratio ¹	11.3	12.0
Management expenses ratio ¹	14.6	17.0
Individual lapse ratio ²	36.5	32.4
Individual contractual termination ²	1.6	2.1
Individual expiry ²	51.8	58.5
Surrenders ²	3.0	2.9
Surrenders (in-force policies)	0.6	0.6
Individual lapse ratio (in-force policies)	7.3	6.4

Solvency and capital

SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.2	4.1

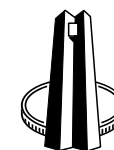
SCR risk components



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 An increase in investment income was as a result of higher unrealised gains and fair value of adjustments.



Non-Life insurance: Primary insurers

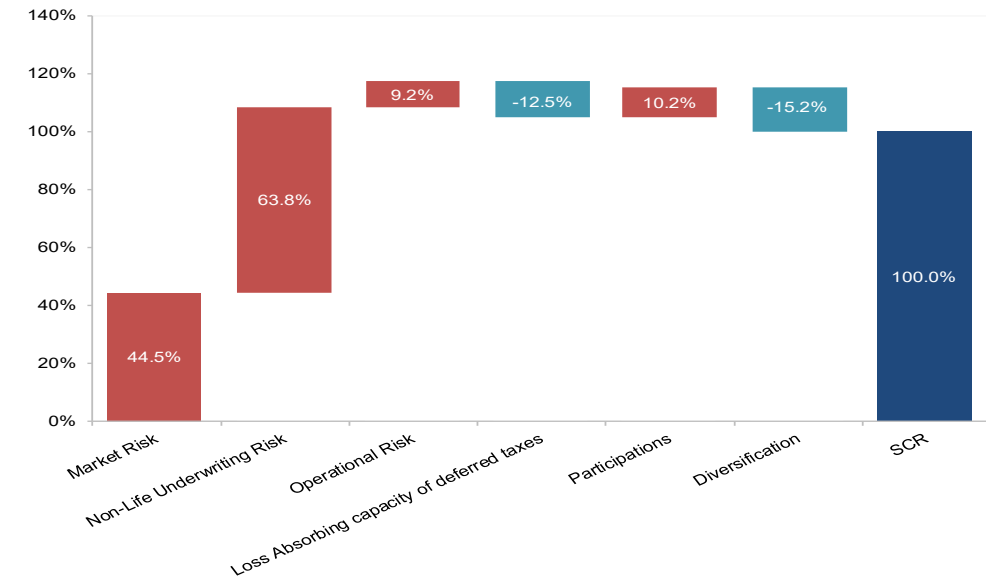
Balance sheet	Dec 2022 R'mil	Dec 2023 R'mil	12 Monthly % growth
Total assets	206,319	220,613	6.9
<i>Of which:</i>			
Total investments	129,699	148,919	14.8
Government bonds	26,165	31,421	20.1
Corporate bonds	33,580	36,552	8.9
Equity	16,855	19,877	17.9
Investment funds	15,527	21,574	38.9
Structured notes	240	397	65.9
Collateralised securities	530	634	19.6
Cash and deposits	35,013	36,977	5.6
Mortgages and loans	1,753	1,441	-17.8
Property	36	46	26.7
Total reinsurance recoverables/ (payable)	36,220	29,424	-18.8
Derivatives	24	-207	-957.8
Owner occupied property	1,323	1,650	24.7
Other assets	39,053	40,827	4.5
Total liabilities	121,454	121,502	0.0
<i>Of which:</i>			
Gross technical provisions	89,790	87,778	-2.2
Accounts payable	10,280	10,072	-2.0
Payables (trade, not insurance)	9,311	8,144	-12.5
Basic own funds	84,865	99,111	16.8
Eligible own funds to meet SCR	85,361	99,160	16.2
Eligible own funds to meet MCR	81,058	94,155	16.2
Profitability			
Gross written premium	37,110	43,392	16.9
Reinsurance	11,983	13,163	9.8
Net premiums	25,127	30,228	20.3
Net earned premium	24,346	29,298	20.3
Investment income ⁴	3,740	6,545	75.0
Net claims paid ⁵	15,590	19,125	22.7
Management expenses	6,683	8,384	25.5
Commission paid/ (received)	1,626	1,951	20.0
Underwriting profit ⁵	1,248	1,034	-17.1
Underwriting and investment income	4,988	7,579	51.9
Net profit before tax and dividends	4,783	7,505	56.9

Performance indicators	Dec 2022	Dec 2023
Claims ratio ^{1 5}	64.0	65.3
Management expenses ratio ¹	27.4	28.6
Commission ratio ¹	6.5	6.5
Combined ratio ²	98.2	100.6
Underwriting profit/(loss) ratio ^{3 5}	5.1	3.5
Underwriting and investment income ratio	20.5	25.9

Solvency and capital

SCR cover ratio (Median)	1.5	1.7
MCR cover ratio (Median)	3.7	4.3

SCR risk components



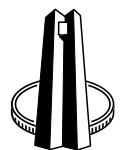
¹ Expressed as a percentage of net written premium during the period.

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 investment income was mainly driven by income from interest, dividends and rentals; followed by fair value adjustment of investments, unrealised gains and realised gains.

⁵ The impact of the El Nino event during the review period mainly contributed to higher than normal claims which affected underwriting profit.



Non-Life insurance: Cell Captive insurers

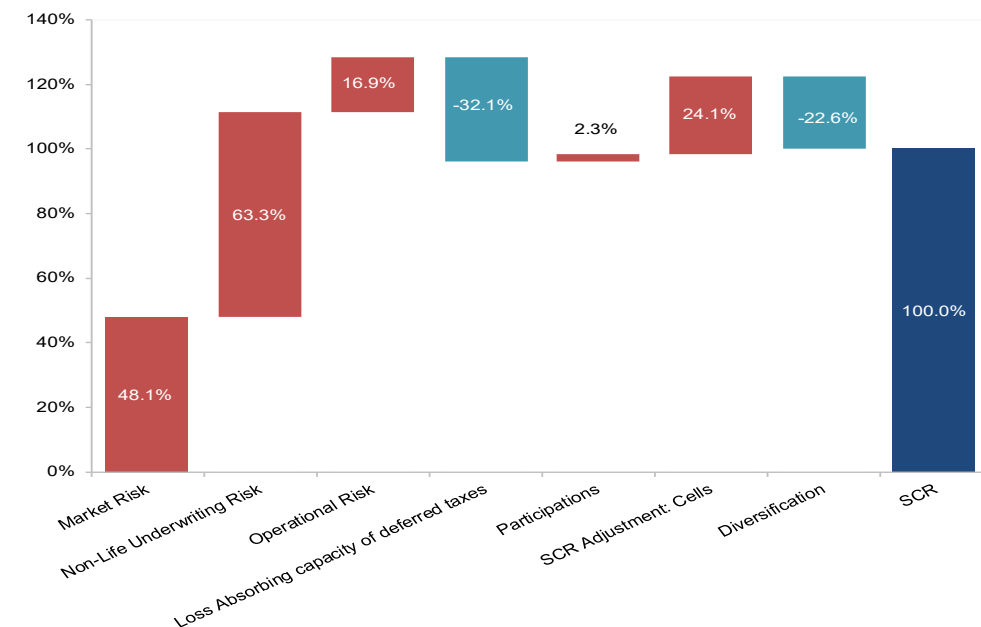
Balance sheet	Dec 2022 R'mil	Dec 2023 R'mil	12 Monthly % growth
Total assets	47,085	50,357	6.9
<i>Of which:</i>			
<i>Total investments</i>	34,070	40,824	19.8
Government bonds	1,389	1,925	38.5
Corporate bonds	12,469	12,586	0.9
Equity	701	762	8.7
Investment funds	10,199	15,119	48.2
Structured notes	184	168	-8.6
Collateralised securities	489	649	32.8
Cash and deposits	8,628	9,613	11.4
Mortgages and loans	11	3	-71.3
Total reinsurance recoverables/ (payable)	10,334	5,945	-42.5
Derivatives	-0	-2	-2375.5
Other assets	2,681	3,591	33.9
Total liabilities	34,647	36,056	4.1
<i>Of which:</i>			
Gross technical provisions	30,764	31,502	2.4
Basic own funds	12,438	14,302	15.0
Eligible own funds to meet SCR	6,418	7,407	15.4
Eligible own funds to meet MCR	6,339	7,373	16.3
Profitability			
Gross written premium	6,302	7,796	23.7
Reinsurance	2,773	3,369	21.5
Net premiums	3,529	4,427	25.4
Net earned premium	4,339	3,830	-11.7
Investment income ⁴	691	1,222	76.9
Net claims paid	1,818	1,804	-0.8
Management expenses	757	908	19.9
Commission paid/ (received)	26	73	180.6
Underwriting profit ⁵	108	306	184.4
Underwriting and investment income	799	1,529	91.3
Net profit before tax and dividends	785	1,522	93.8

Performance indicators	Dec 2022	Dec 2023
Claims ratio ¹	41.9	47.1
Management expenses ratio ¹	17.4	23.7
Commission ratio ¹	0.6	1.9
Combined ratio ²	60.0	72.7
Underwriting profit/(loss) ratio ^{3 5}	2.5	8.0
Underwriting and investment income ratio ³	18.4	39.9

Solvency and capital

SCR cover ratio (Median)	1.3	1.2
MCR cover ratio (Median)	2.8	2.9

SCR risk components



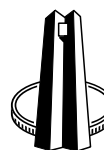
¹ Expressed as a percentage of net earned premium during the period.

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

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

⁴ An increase in investment income was mainly driven by income from interest, dividends and rentals followed by unrealised income, fair value adjustment investment and realised income.

⁵ One cell captive insurer reported higher profitability during the review period.



Non-Life insurance: Captive insurers

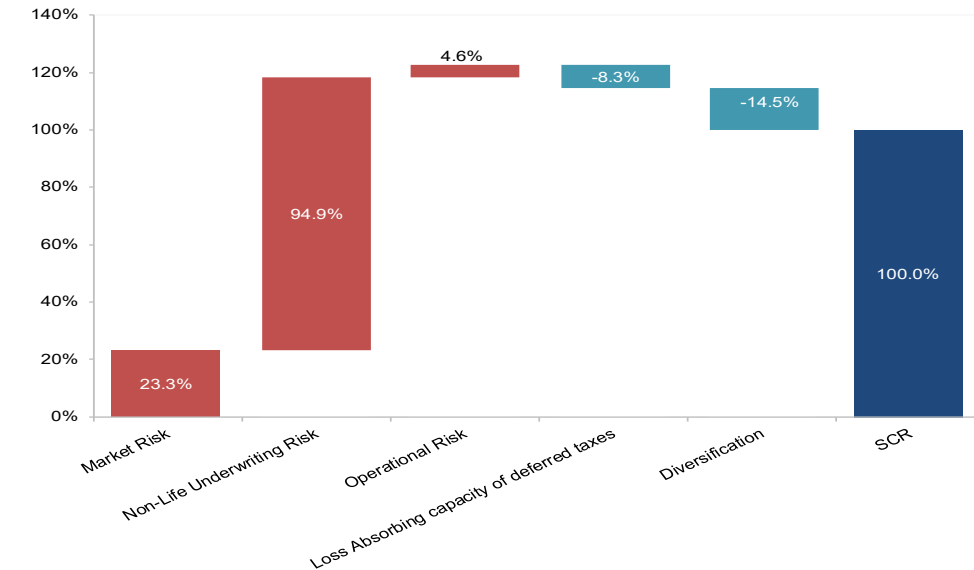
Balance sheet	Dec 2022	Dec 2023	12 Monthly
	R'mil	R'mil	% growth
Total assets	26,414	32,054	21.4
<i>Of which:</i>			
<i>Total investments</i>	24,760	27,351	10.5
Government bonds	1,878	4,109	118.8
Corporate bonds	2,280	5,235	129.6
Equity	0	0	9.4
Investment funds	1,595	1,750	9.8
Structured notes	12	12	-0.4
Collateralised securities	3	3	10.8
Cash and deposits	18,993	16,241	-14.5
Total reinsurance recoverables/ (payable)	519	3,602	594.3
Derivatives	-	-	0.0
Other assets	1,135	1,101	-3.0
Total Liabilities	13,956	14,654	5.0
<i>Of which:</i>			
Gross technical provisions	12,239	12,872	5.2
Basic own funds	12,458	17,401	39.7
Eligible own funds to meet SCR	14,666	17,301	18.0
Eligible own funds to meet MCR	14,641	17,161	17.2
Profitability			
Gross written premium	208	11	-94.9
Reinsurance	231	-94	-140.5
Net premiums ⁴	-23	104	557.8
Net earned premium	65	327	404.3
Investment income	291	792	172.5
Net claims paid ⁵	274	669	143.9
Management expenses	49	41	-15.7
Commission paid/ (received)	-54	-65	21.2
Underwriting profit ⁵	388	-430	-210.8
Underwriting and investment income	679	361	-46.8
Net profit before tax and dividends	691	382	-44.8

Performance indicators	Dec 2022	Dec 2023
Claims ratio ¹	422.4	204.3
Management expenses ratio ¹	75.0	12.5
Commission ratio ¹	-82.7	-19.9
Combined ratio ²	414.7	197.0
Underwriting profit/(loss) ratio ^{3 5}	598.6	-131.5
Underwriting and investment income ratio ³	1046.4	110.4

Solvency and capital

SCR cover ratio (Median)	2.4	1.8
MCR cover ratio (Median)	9.3	6.9

SCR risk components



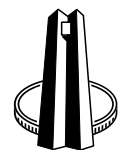
¹ Expressed as a percentage of net earned premium during the period.

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

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

⁴ The increase in premiums in the review period was as a result of one insurer which recorded higher premiums in the review periods as compared to the comparative period and the rest of the insurers recorded lower/no premiums.

⁵ One captive insurer experienced a further deterioration in profitability driven by continued high claims experienced during the period under review as compared to the comparative period.



Composite reinsurers

Balance sheet

	Dec 2022 R'mil	Dec 2023 R'mil	12 Monthly % growth
Total assets	48,139	44,983	-6.6
Total investments	17,798	20,299	14.0
Total reinsurance recoverables	19,384	16,493	-14.9
Current assets	8,570	6,147	-28.3
Total liabilities	37,618	33,758	-10.3
<i>Of which :</i>			
Gross technical provisions (Life)	7,064	6,144	-13.0
Gross technical provisions (Non-Life)	19,377	18,221	-6.0
Reinsurance accounts payable	6,207	3,951	-36.3
Reinsurance deposits	27	13	-52.8
Basic own funds	11,521	11,224	6.7
Eligible own funds to meet SCR	13,047	14,400	10.4
Eligible own funds to meet MCR	10,143	10,979	8.2

Profitability

	Dec 2022 Life	Dec 2022 Non-life	Dec 2023 Life	Dec 2023 Non-life
Gross premium	4,910	4605	4,349	4,638
Reinsurance	1,314	3689	1,246	3,891
Net premiums	3,596	916	3,103	747
Net earned premiums		939		621
Investment Income	311	200	332	206
Net claims paid	3,370	745	2,826	397
Management expenses	123	29	120	18
Commission paid/ (received)	149	302	343	256
Other expenses	42	35	7	99
Underwriting profit		189		300
Underwriting and investment income		389		506
Net profit before tax and dividends	-12	353	-1,143	414

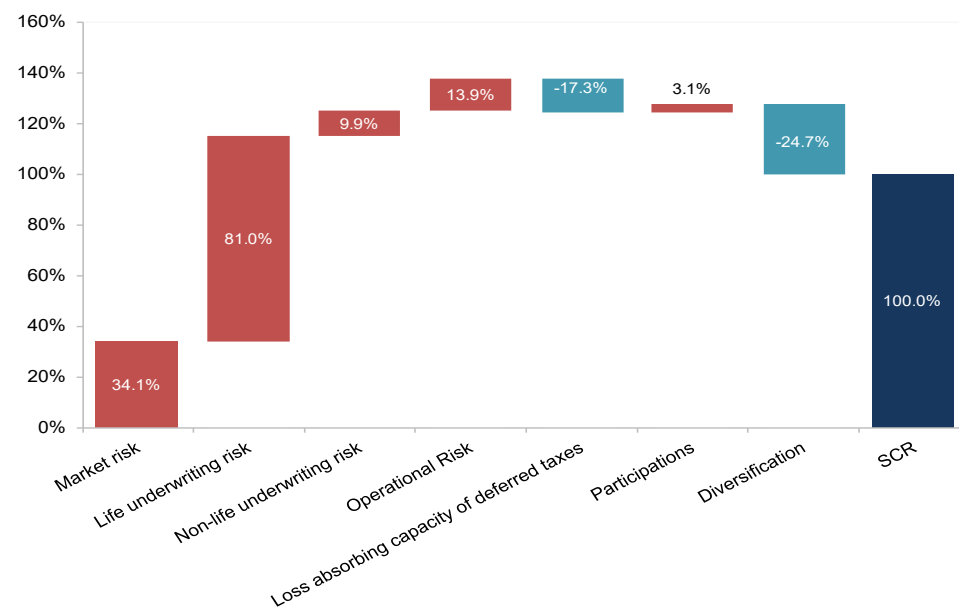
Performance indicators

	Dec 2022 Life (%)	Dec 2022 Non-life (%)	Dec 2023 Life (%)	Dec 2023 Non-life (%)
Claims ratio ¹	93.7	79.3	91.1	63.9
Management Expenses ratio ¹	3.4	3.1	3.9	3.0
Commission ratio ^{1,4}	4.1	32.2	11.1	41.2
Combined ratio ²		114.6		108.1
Underwriting profit/(loss) ratio ³		20.1		48.3
Underwriting and investment income ratio ³		41.4		81.4

Solvency and capital

	Dec 2022	Dec 2022	Dec 2023	Dec 2023
SCR cover ratio (Median)	1.4	1.4	1.5	1.5
MCR cover ratio (Median)	3.0	3.0	3.2	3.2

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 Life: Two life reinsurers paid higher than normal commission during the review period.

