

Selected South African insurance sector data

June 2023



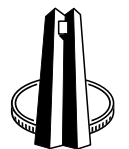
SOUTH AFRICAN RESERVE BANK
Prudential Authority

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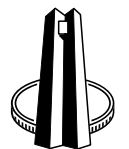


Introduction

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 June 2023.

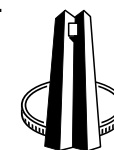


Registered insurance entities in South Africa

	June 2022	June 2023
Total	157	161
Life primary insurers	60	61
Life cell captives	5	5
Life microinsurers	7	10
Non-life primary insurers	61	57
Non-life cell captives	6	8
Non-life captives	4	5
Non-life microinsurers	1	0
Composite microinsurers	2	4
Professional reinsurers	9	9
Composite reinsurers	4	4
Life reinsurers	1	1
Non-life reinsurers	2	2
Branches of foreign reinsurers	2	2
Other	2	2

Notes:

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



Life insurance: Primary insurers

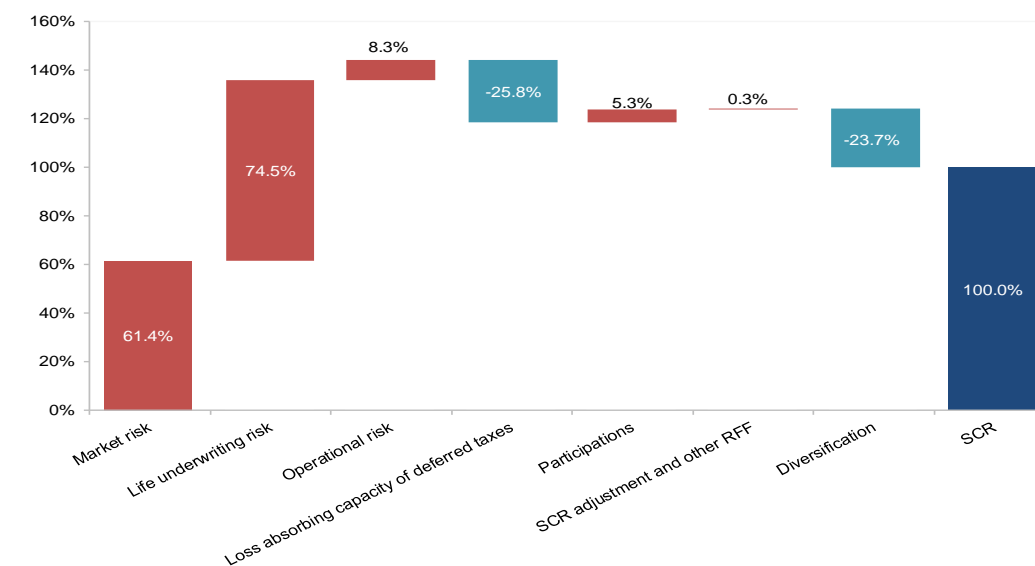
Balance sheet	Jun 2022 R'mil	Jun 2023 R'mil	12 Monthly % growth
Total assets	3,428,212	3,914,465	14.2
<i>Of which:</i>			
Total investments	3,243,789	3,703,307	14.2
Government bonds	323,577	321,865	-0.5
Corporate bonds	214,892	245,520	14.3
Equity	498,003	542,512	8.9
Investment funds	1,861,063	2,182,801	17.3
Structured notes	30,956	50,387	62.8
Collateralised securities	13,709	12,074	-11.9
Cash and deposits	176,819	225,020	27.3
Mortgages and loans	92,094	92,289	0.2
Property	32,677	30,838	-5.6
Total reinsurance recoverables ⁵	174	-1,696	-1072.2
Derivatives	3,280	8,052	145.5
Owner occupied property	6,061	5,586	-7.8
Other assets	174,907	199,216	13.9
Total liabilities	3,109,056	3,562,127	14.6
<i>Of which:</i>			
Gross technical provisions	2,902,253	3,358,757	15.7
Basic own funds	319,156	352,338	10.4
Eligible own funds to meet SCR	325,364	358,040	10.0
Eligible own funds to meet MCR	308,991	341,608	10.6
Profitability			
Gross premium	137,680	159,558	15.9
Reinsurance	4,853	5,017	3.4
Net premiums	132,827	154,540	16.3
Net claims paid	122,370	142,158	16.2
Investment income ³	-130,110	117,540	190.3
Management expenses	14,229	16,262	14.3
Commission paid/ (received)	5,398	5,708	5.7
Other expenses	1,754	1,132	-35.5
Net profit before tax and dividends ³	2,979	12,912	333.5
Other			
Number of policies at the end of period	50,216,275	48,047,797	-4.3
Number of schemes at the end of period	79,287	85,909	8.4

Performance indicators	Jun 2022	Jun 2023
Claims ratio ¹	92.1	92.0
Commission ratio ¹	4.1	3.7
Management expenses ratio ¹	10.7	10.5
Individual lapse ratio ^{2,4}	69.8	92.3
Individual contractual termination ²	10.7	14.4
Individual expiry ²	3.4	4.8
Surrenders ²	4.5	5.7
Surrenders (in-force policies)	0.3	0.4
Individual lapse ratio (in-force policies)	4.8	6.0

Solvency and capital

SCR cover ratio (Median)	1.7	1.7
MCR cover ratio (Median)	4.2	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 in investment income was as a result of higher unrealised and fair value of adjustments of investments.

⁴ Higher than normal lapsed policies were as a result of one insurer experiencing higher than normal lapses.

⁵ A significant decline in reinsurance recoverables was as a result of a change in valuation of liabilities by a particular insurer.



Life insurance: Cell Captive insurers

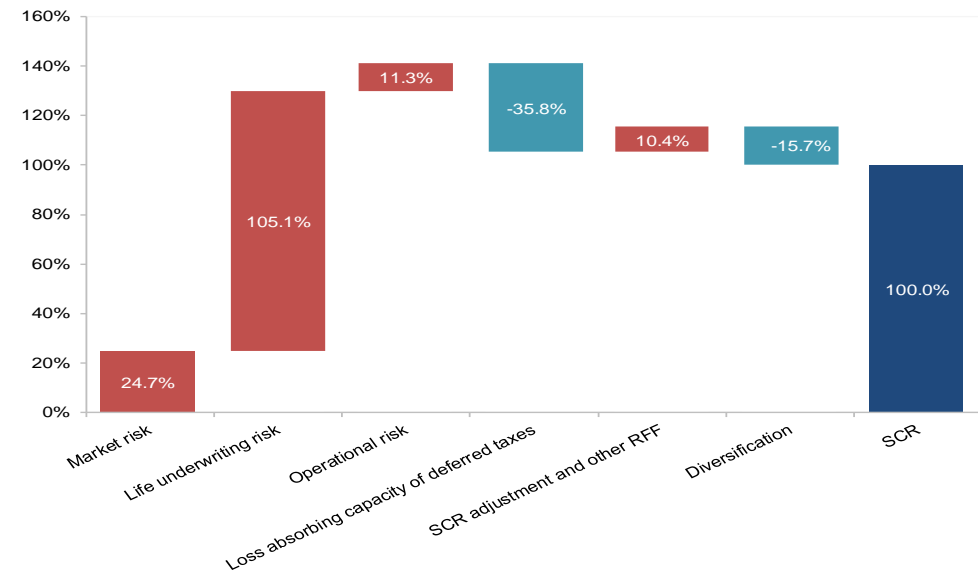
Balance sheet	Jun 2022 R'mil	Jun 2023 R'mil	12 Monthly % growth
Total assets	23,019	28,450	23.6
<i>Of which:</i>			
Total investments	25,480	32,504	27.6
Government bonds	1,931	1,766	-8.5
Corporate bonds	11,043	15,086	31.4
Equity	321	422	31.4
Investment funds	8,692	10,762	23.8
Structured notes	73	87	19.4
Collateralised securities	218	222	2.0
Cash and deposits	3,202	4,159	29.9
Mortgages and loans	-	-	0.0
Total reinsurance recoverables/ (payable)	-4,063	-5,936	46.1
Derivatives	0	-0	-209.7
Other assets	1,602	1,882	17.5
Total liabilities	11,326	11,926	5.3
<i>Of which:</i>			
Gross technical provisions	7,025	5,956	-15.2
Deferred tax liabilities	2,666	3,687	38.3
Basic own funds	11,692	16,525	41.3
Eligible own funds to meet SCR	7,323	8,799	20.2
Eligible own funds to meet MCR	7,323	8,799	20.2
Profitability			
Gross premium	5,911	6,014	1.8
Reinsurance	1,821	1,511	-17.0
Net premiums	4,090	4,504	10.1
Net claims paid	936	1,038	10.9
Investment income ⁴	-251	562	324.3
Management expenses	548	729	33.0
Commission paid/ (received)	466	308	-33.9
Other expenses	0	-	-100.0
Net profit before tax and dividends	1,358	3,317	144.3
Other			
Number of policies at the end of period	9,642,913	10,743,111	11.4
Number of schemes at the end of period	73,085	101,863	39.4

Performance indicators	Jun 2022	Jun 2023
Claims ratio ¹	22.9	23.0
Commission ratio ¹	11.4	6.8
Management expenses ratio ¹	13.4	16.2
Individual lapse ratio ^{2 3}	12.9	22.1
Individual contractual termination ²	1.4	1.8
Individual expiry ^{2 3}	29.0	64.7
Surrenders ^{2 3}	1.2	5.3
Surrenders (in-force policies)	0.4	1.1
Individual lapse ratio (in-force policies)	4.7	4.6

Solvency and capital

SCR cover ratio (Median)	1.1	1.2
MCR cover ratio (Median)	4.2	4.1

SCR risk components

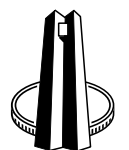


¹ Expressed as a percentage of net written premiums.

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

³ One insurer experienced higher than normal surrenders, lapses and expired policies.

⁴ The increase in investment income was as a result of higher unrealised gains and fair value of adjustments.



Non-Life insurance: Primary insurers

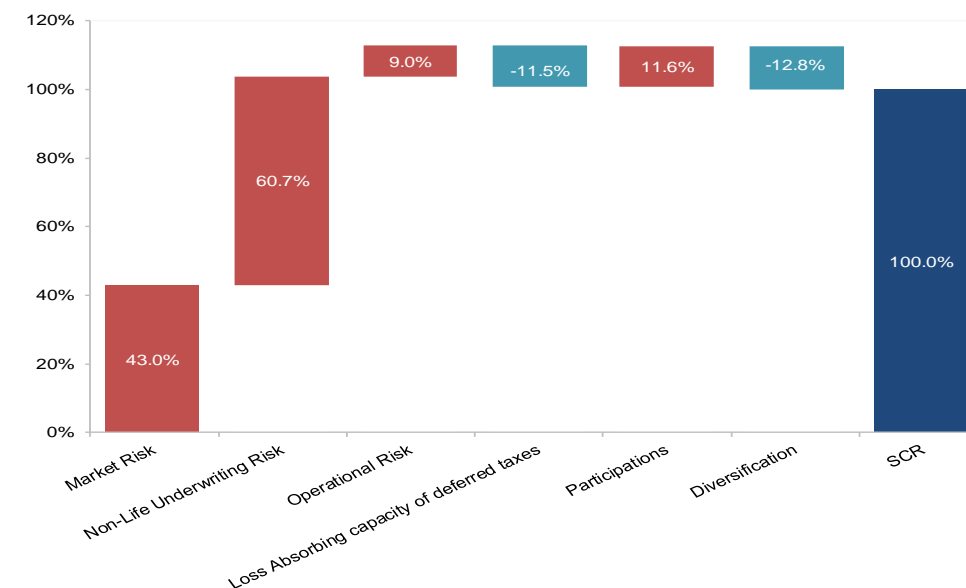
Balance sheet	Jun 2022 R'mil	June 2023 R'mil	12 Monthly % growth
Total assets	214,805	209,079	-2.7
<i>Of which:</i>			
Total investments	133,860	139,463	4.2
Government bonds	27,170	26,632	-2.0
Corporate bonds	30,327	36,298	19.7
Equity	19,649	18,906	-3.8
Investment funds	14,454	19,104	32.2
Structured notes	162	319	97.5
Collateralised securities	757	835	10.4
Cash and deposits	39,597	36,069	-8.9
Mortgages and loans	1,710	1,257	-26.5
Property	34	42	22.4
Total reinsurance recoverables/ (payable)	43,041	30,067	-30.1
Derivatives	-53	-401	-657.1
Owner occupied property	1,431	1,583	10.6
Other assets	36,525	38,366	5.0
Total liabilities	136,403	116,442	-14.6
<i>Of which:</i>			
Gross technical provisions	105,130	84,745	-19.4
Accounts payable	8,207	9,409	14.6
Payables (trade, not insurance)	9,099	7,709	-15.3
Basic own funds	78,402	92,637	18.2
Eligible own funds to meet SCR	54,450	69,554	27.7
Eligible own funds to meet MCR	48,615	63,121	29.8
Profitability			
Gross written premium	35,947	41,735	16.1
Reinsurance	11,540	13,397	16.1
Net premiums	24,407	28,338	16.1
Net earned premium	22,583	26,104	15.6
Investment income ⁴	71	2,681	3664.5
Net claims paid	16,642	12,616	-24.2
Management expenses	6,345	7,616	20.0
Commission paid/ (received)	1,779	1,736	-2.4
Underwriting profit ⁵	-1,058	5,008	573.4
Underwriting and investment income	-987	7,689	879.2
Net profit before tax and dividends	-901	7,654	949.5

Performance indicators	Jun 2022	June 2023
Claims ratio ¹	68.2	48.3
Management expenses ratio ¹	26.0	29.2
Commission ratio ¹	7.3	6.1
Combined ratio ²	109.7	84.2
Underwriting profit/(loss) ratio ³	-4.7	19.2
Underwriting and investment income ratio	-4.4	29.5

Solvency and capital

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

SCR risk components



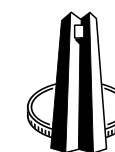
¹ Expressed as a percentage of net written premium during the period.

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

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

⁴ The increase in investment income was as a result of improvement in unrealised gains; interest, dividends and rentals; and fair value adjustment of investments.

⁵ The increase in underwriting profit was mainly as a result of an improvement experienced by five insurers previously impacted by the July 2022 KZN floods.



Non-Life insurance: Reinsurers

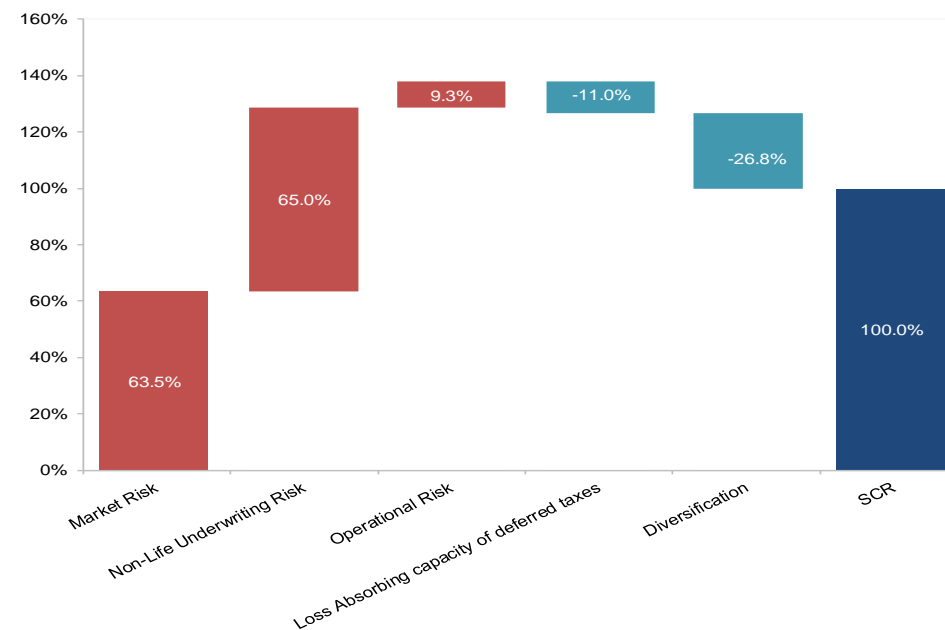
Balance sheet	Jun 2022 R'mil	Jun 2023 R'mil	12 Monthly % growth
Total assets	10,132	10,056	-0.7
<i>Of which:</i>			
Total investments	6,295	6,324	0.5
Total reinsurance recoverables/ (payable)	2,927	2,788	-4.7
Total liabilities	7,591	7,260	-4.4
<i>Of which :</i>			
Gross technical provisions	3,782	3,689	-2.5
Accounts payable	248	340	36.7
Reinsurance deposits	3,136	2,781	-11.3
Basic own funds	2,541	2,796	10.0
Eligible own funds to meet SCR	2,541	2,814	10.8
Eligible own funds to meet MCR	2,531	2,744	8.4
Profitability			
Gross premium	900	1,036	15.0
Reinsurance	650	744	14.6
Net premiums	251	291	16.2
Net earned premiums	190	192	1.2
Investment income ⁴	4	85	2059.8
Net claims paid ⁵	189	153	-19.1
Management expenses	50	53	7.9
Commission paid/ (received)	71	91	27.7
Other expenses	-13	16	221.4
Underwriting profit	-52	-23	56.2
Underwriting and investment income	-48	62	227.6
Net profit before tax and dividends	42	100	136.8

Performance indicators	Jun 2022	Jun 2023
Claims ratio ¹	75.3	79.4
Commission ratio ¹	28.5	47.5
Management expenses ratio ¹	19.8	18.3
Combined ratio ²	163.2	154.8
Underwriting profit/(loss) ratio ³	-27.6	-11.9
Underwriting and investment income ratio ³	-25.5	32.2

Solvency and capital

SCR cover ratio (Median)	2.2	1.9
MCR cover ratio (Median)	8.6	7.4

SCR risk components



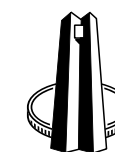
¹ Expressed as a percentage of net earned premium during the period.

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 interest, dividend, and rental income as well as a decline in unrealised losses.

⁵ During the review period one reinsurer experienced lower claims.



Non-Life insurance: Cell Captive insurers

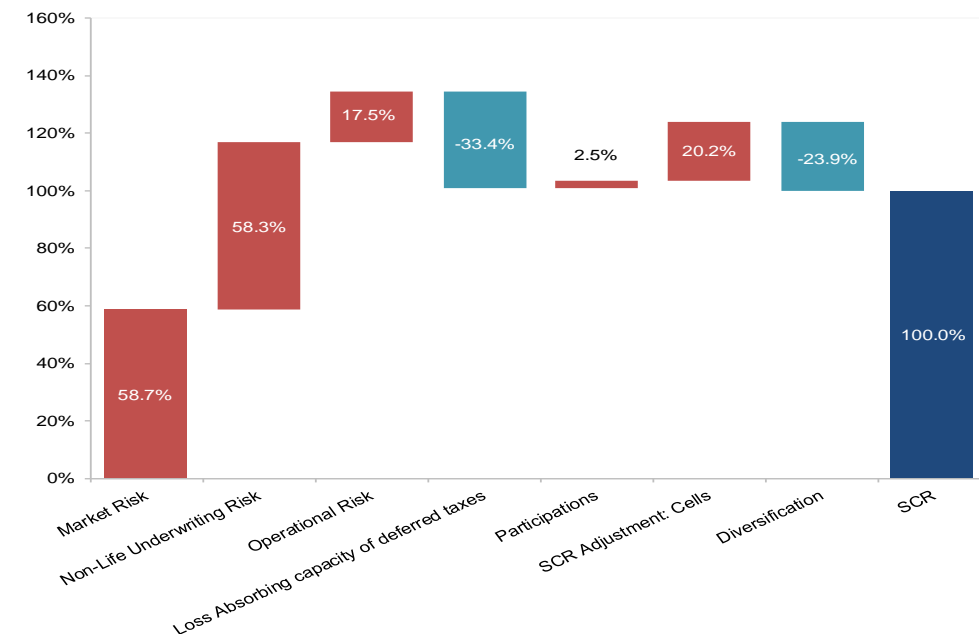
Balance sheet	Jun 2022 R'mil	Jun 2023 R'mil	12 Monthly % growth
Total assets	44,800	46,646	4.1
<i>Of which:</i>			
<i>Total investments</i>	29,820	37,743	26.6
Government bonds	1,485	930	-37.4
Corporate bonds	11,784	13,394	13.7
Equity	480	746	55.4
Investment funds	9,354	12,791	36.7
Structured notes	218	180	-17.2
Collateralised securities	407	656	61.3
Cash and deposits	6,081	9,033	48.6
Mortgages and loans	11	11	-2.5
Total reinsurance recoverables/ (payable)	10,943	5,121	-53.2
Derivatives	1	-0	-110.2
Other assets	4,036	3,782	-6.3
Total liabilities	34,221	33,140	-3.2
<i>Of which:</i>			
Gross technical provisions	30,630	28,359	-7.4
Basic own funds	10,579	13,506	27.7
Eligible own funds to meet SCR	5,560	7,089	27.5
Eligible own funds to meet MCR	5,473	7,084	29.4
Profitability			
Gross written premium	7,721	9,835	27.4
Reinsurance	2,845	3,721	30.8
Net premiums	4,876	6,113	25.4
Net earned premium	5,194	4,042	-22.2
Investment income ⁴	328	720	119.3
Net claims paid	2,030	1,592	-21.6
Management expenses	801	851	6.3
Commission paid/ (received)	110	60	-45.6
Underwriting profit	241	839	248.4
Underwriting and investment income	569	1,558	173.9
Net profit before tax and dividends ⁵	557	1,552	178.9

Performance indicators	Jun 2022	Jun 2023
Claims ratio ¹	41.6	39.4
Management expenses ratio ¹	16.4	21.1
Commission ratio ¹	2.3	1.5
Combined ratio ²	56.6	61.9
Underwriting profit/(loss) ratio ³	4.6	20.7
Underwriting and investment income ratio ³	11.0	38.5

Solvency and capital

SCR cover ratio (Median)	1.2	1.3
MCR cover ratio (Median)	2.7	2.9

SCR risk components



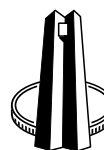
¹ Expressed as a percentage of net earned premium during the period.

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

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

⁴ Investment income improved mainly due to realised and unrealised gains.

⁵ A decline in net claims coupled with an increase in premiums contributed to profitability for cell captives.



Non-Life insurance: Captive insurers

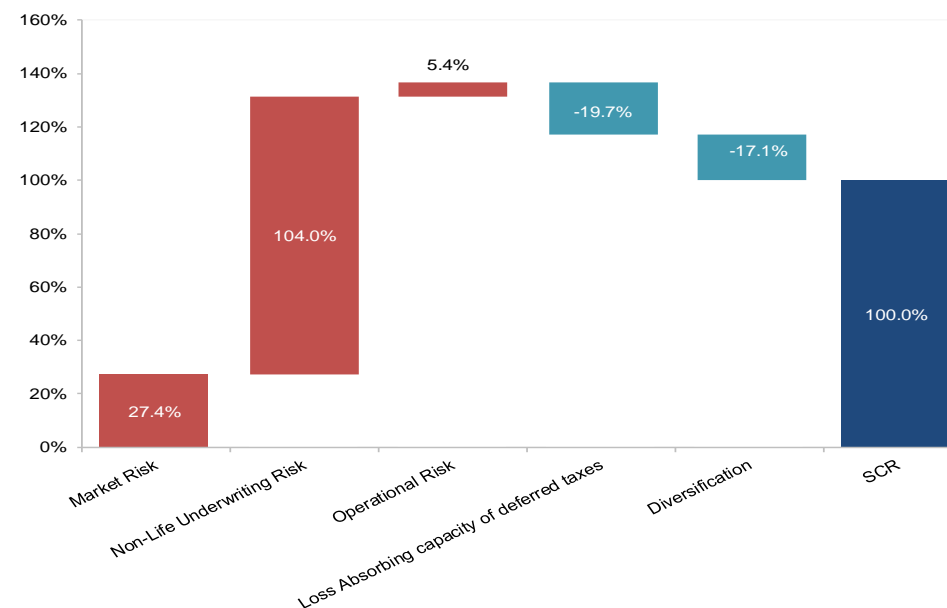
Balance sheet	Jun 2022 ⁴	Jun 2023	12 Monthly
	R'mil	R'mil	% growth
Total assets	28,281	30,921	9.3
<i>Of which:</i>			
<i>Total investments</i>	23,458	26,444	12.7
Government bonds	969	2,015	107.9
Corporate bonds	2,308	5,243	127.2
Equity	3	0	-93.0
Investment funds	2,040	1,682	-17.5
Structured notes	12	13	8.8
Collateralised securities	4	3	-14.7
Cash and deposits	18,123	17,488	-3.5
Total reinsurance recoverables/ (payable)	3,269	3,051	-6.7
Derivatives	-	-	0.0
Other assets	1,554	1,427	-8.2
Total Liabilities	15,080	14,293	-5.2
<i>Of which:</i>			
Gross technical provisions	11,865	12,114	2.1
Basic own funds	13,201	16,628	26.0
Eligible own funds to meet SCR	13,201	16,618	25.9
Eligible own funds to meet MCR	12,914	16,611	28.6
Profitability			
Gross written premium	4,784	5,519	15.4
Reinsurance	2,628	3,088	17.5
Net premiums	2,156	2,431	12.7
Net earned premium	2,241	2,918	30.2
Investment income	61	578	848.0
Net claims paid	-1,900	1,048	155.2
Management expenses	53	50	-5.7
Commission paid/ (received)	-74	-309	316.4
Underwriting profit	3,972	1,887	-52.5
Underwriting and investment income	4,032	2,464	-38.9
Net profit before tax and dividends	4,044	2,458	-39.2

Performance indicators	Jun 2022	Jun 2023
Claims ratio ¹	-84.8	35.9
Management expenses ratio ¹	2.4	1.7
Commission ratio ¹	-3.3	-10.6
Combined ratio ²	-85.7	27.0
Underwriting profit/(loss) ratio ³	177.3	64.7
Underwriting and investment income ratio ³	180.0	84.5

Solvency and capital

SCR cover ratio (Median)	1.9	2.6
MCR cover ratio (Median)	7.4	10.3

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 The June 2022 numbers were reinstated due to a reporting issue in respect of one of the captive insurers.



Composite reinsurers

Balance sheet

	Jun 2022 R'mil	Jun 2023 R'mil	12 Monthly % growth
Total assets	49,122	49,380	0.5
Total investments	18,792	17,974	-4.4
Total reinsurance recoverables	20,948	21,207	1.2
Current assets	7,143	7,938	11.1
Total liabilities	38,793	39,128	0.9
<i>Of which :</i>			
Gross technical provisions (Life)	7,396	7,430	0.5
Gross technical provisions (Non-Life)	20,669	20,622	-0.2
Reinsurance accounts payable	6,097	6,138	0.7
Reinsurance deposits	6	6	-4.0
Basic own funds	10,328	10,253	-0.7
Eligible own funds to meet SCR	12,733	12,733	0.0
Eligible own funds to meet MCR	9,941	9,868	-0.7

Profitability

	Jun 2022 Life	Jun 2022 Non-life	Jun 2023 Life	Jun 2023 Non-life
Gross premium	3,693	5,147	4,100	5,075
Reinsurance	1,373	4,184	1,289	4,077
Net premiums	2,320	962	2,811	997
Net earned premiums		741		688
Investment Income	118	103	362	91
Net claims paid	3,290	695	2,726	553
Management expenses	29	23	99	31
Commission paid/ (received)	5	169	-7	55
Other expenses	0	76	43	-2
Underwriting profit ⁴		-114		86
Underwriting and investment income		-11		177
Net profit before tax and dividends ⁴	628	-87	693	179

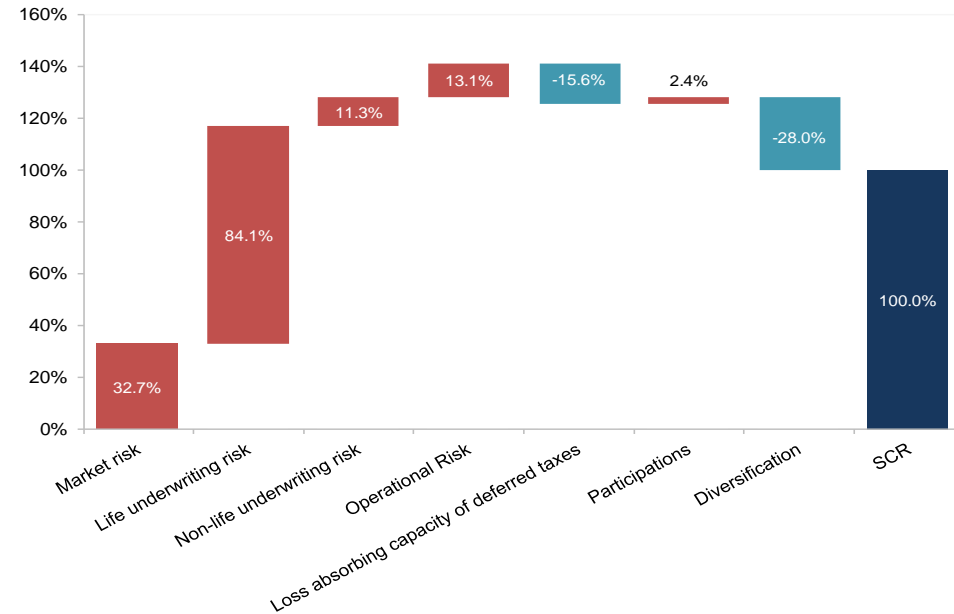
Performance indicators

	Jun 2022 Life (%)	Jun 2022 Non-life (%)	Jun 2023 Life (%)	Jun 2023 Non-life (%)
Claims ratio ^{1 3}	141.8	93.8	97.0	80.3
Management Expenses ratio ^{1 3}	1.2	3.1	3.5	4.5
Commission ratio ^{1 3}	0.2	22.8	-0.2	7.9
Combined ratio ²		119.7		92.7
Underwriting profit/(loss) ratio ³		-15.4		12.5
Underwriting and investment income ratio ³		-1.5		25.7

Solvency and capital

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

SCR risk components



¹ Life: expressed as a percentage of net written premium during the period.

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

³ Non-life: expressed as a percentage of net earned premium during the period.

⁴ One major reinsurer experienced higher than usual profit during the reviewperiod.

