

Selected South African insurance sector data September 2023



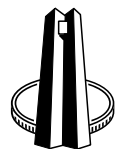
SOUTH AFRICAN RESERVE BANK
Prudential Authority

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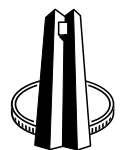


Introduction

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 September 2023.



Registered insurance entities in South Africa

	September 2022	September 2023
Total	160	161
Life primary insurers	60	61
Life cell captives	5	5
Life microinsurers	8	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	4	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/reclassified according to insurer type and now 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

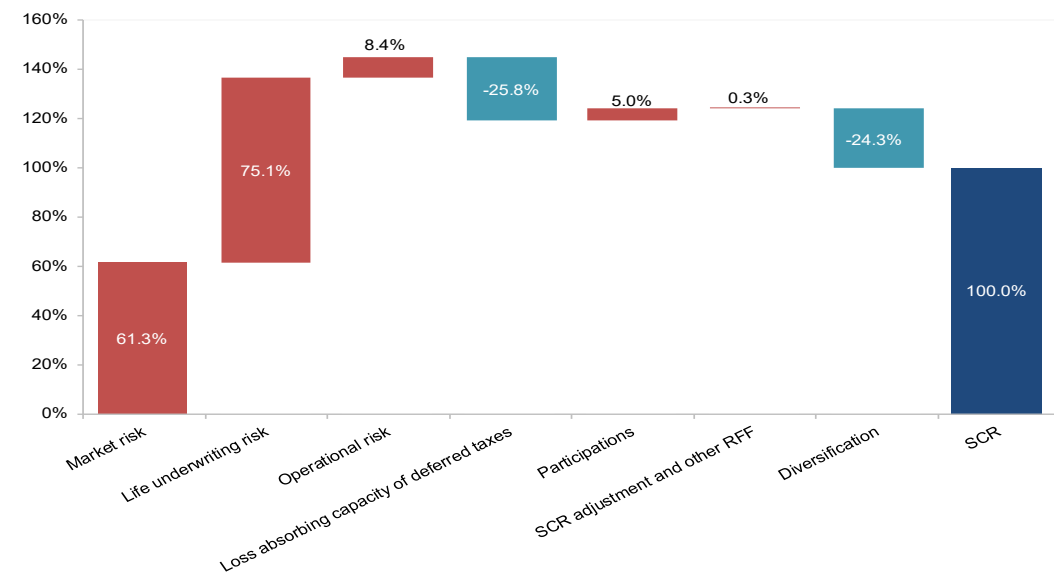
Balance sheet	Sep 2022 R'mil	Sep 2023 R'mil	12 Monthly % growth
Total assets	3,505,409	3,864,163	10.2
<i>Of which:</i>			
Total investments	3,314,114	3,650,175	10.1
Government bonds	324,786	333,819	2.8
Corporate bonds	223,537	249,059	11.4
Equity	505,641	518,616	2.6
Investment funds	1,893,705	2,138,659	12.9
Structured notes	32,653	46,302	41.8
Collateralised securities	11,841	11,561	-2.4
Cash and deposits	200,917	218,361	8.7
Mortgages and loans	88,252	100,834	14.3
Property	32,782	32,963	0.6
Total reinsurance recoverables ⁴	-59	-1,153	1,860.1
Derivatives	6,748	7,619	12.9
Owner occupied property	6,160	5,607	-9.0
Other assets	178,446	201,916	13.2
Total liabilities	3,183,301	3,512,182	10.3
<i>Of which:</i>			
Gross technical provisions	2,969,068	3,306,309	11.4
Basic own funds	322,108	351,981	9.3
Eligible own funds to meet SCR	327,423	357,099	9.1
Eligible own funds to meet MCR	311,381	340,729	9.4
Profitability			
Gross premium	158,527	163,950	3.4
Reinsurance	5,096	5,184	1.7
Net premiums	153,431	158,766	3.5
Net claims paid	143,525	148,042	3.1
Investment income ³	18,140	-27,296	-250.5
Management expenses	15,097	16,740	10.9
Commission paid/ (received)	5,935	6,509	9.7
Other expenses	2,460	2,890	17.5
Net profit before tax and dividends	4,031	4,795	18.9
Other			
Number of policies at the end of period	49,762,122	50,154,405	0.8
Number of schemes at the end of period	83,200	94,200	13.2

Performance indicators	Sep 2022	Sep 2023
Claims ratio ¹	93.5	93.2
Commission ratio ¹	3.9	4.1
Management expenses ratio ¹	9.8	10.5
Individual lapse ratio ²	100.2	72.5
Individual contractual termination ²	11.9	16.3
Individual expiry ²	3.4	3.2
Surrenders ²	5.0	3.8
Surrenders (in-force policies)	0.4	0.3
Individual lapse ratio (in-force policies)	7.2	6.4

Solvency and capital

SCR cover ratio (Median)	1.8	1.8
MCR cover ratio (Median)	4.7	4.5

SCR risk components

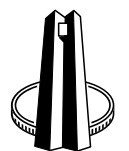


¹ Expressed as a percentage of net written premium during the period.

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

³ A decrease in investment income was as a result of lower unrealised and fair value of adjustments of investments.

⁴ Higher than normal reinsurance recoverables were as a result of a refund payable to reinsurers by a particular insurer.



Life insurance: Cell Captive insurers

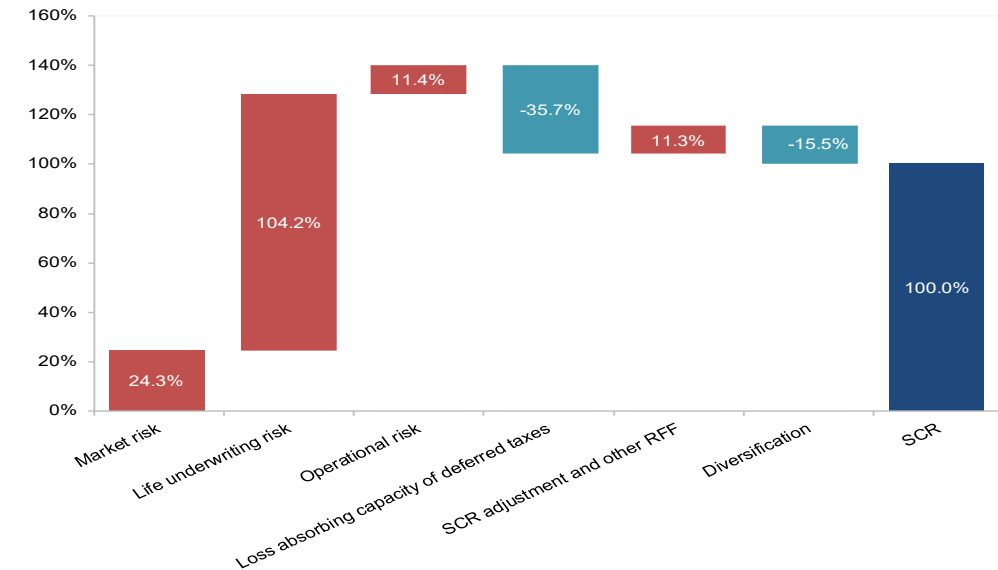
Balance sheet	Sep 2022 R'mil	Sep 2023 R'mil	12 Monthly % growth
Total assets	24,232	28,945	19.5
<i>Of which:</i>			
Total investments	27,368	33,687	23.1
Government bonds	1,957	2,086	6.6
Corporate bonds	12,036	16,026	33.2
Equity	331	403	21.6
Investment funds	9,704	10,699	10.3
Structured notes	66	106	61.0
Collateralised securities	192	213	11.0
Cash and deposits	3,084	4,155	34.7
Mortgages and loans	-	-	0.0
Total reinsurance recoverables/ (payable)	-4,373	-6,208	42.0
Derivatives	0	-	-100.0
Other assets	1,236	1,466	18.6
Total liabilities	11,677	11,901	1.9
<i>Of which:</i>			
Gross technical provisions	6,846	5,790	-15.4
Deferred tax liabilities	2,778	3,735	34.5
Basic own funds	12,554	17,044	35.8
Eligible own funds to meet SCR	7,540	8,823	17.0
Eligible own funds to meet MCR	7,540	8,823	17.0
Profitability			
Gross premium	5,902	6,168	4.5
Reinsurance	1,479	2,113	42.8
Net premiums	4,423	4,055	-8.3
Net claims paid	1,030	1,271	23.4
Investment income ³	110	267	141.4
Management expenses	515	564	9.6
Commission paid/ (received)	358	396	10.4
Other expenses	0	-	-100.0
Net profit before tax and dividends ⁴	2,499	1,985	-20.6
Other			
Number of policies at the end of period	10,163,979	10,916,951	7.4
Number of schemes at the end of period	74,899	102,989	37.5

Performance indicators	Sep 2022	Sep 2023
Claims ratio ¹	23.3	31.3
Commission ratio ¹	8.1	9.8
Management expenses ratio ¹	11.6	13.9
Individual lapse ratio ²	30.4	30.6
Individual contractual termination ²	1.9	2.2
Individual expiry ²	44.5	50.2
Surrenders ²	0.0	2.9
Surrenders (in-force policies)	0.0	0.5
Individual lapse ratio (in-force policies)	5.8	5.7

Solvency and capital

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

SCR risk components

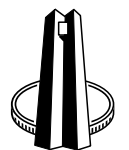


¹ Expressed as a percentage of net written premiums.

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

³ The increase in investment income was as a result of higher unrealised gains and fair value of adjustments.

⁴ A decline in net profit before tax was as a result of higher than normal claims during the period under the review.



Non-Life insurance: Primary insurers

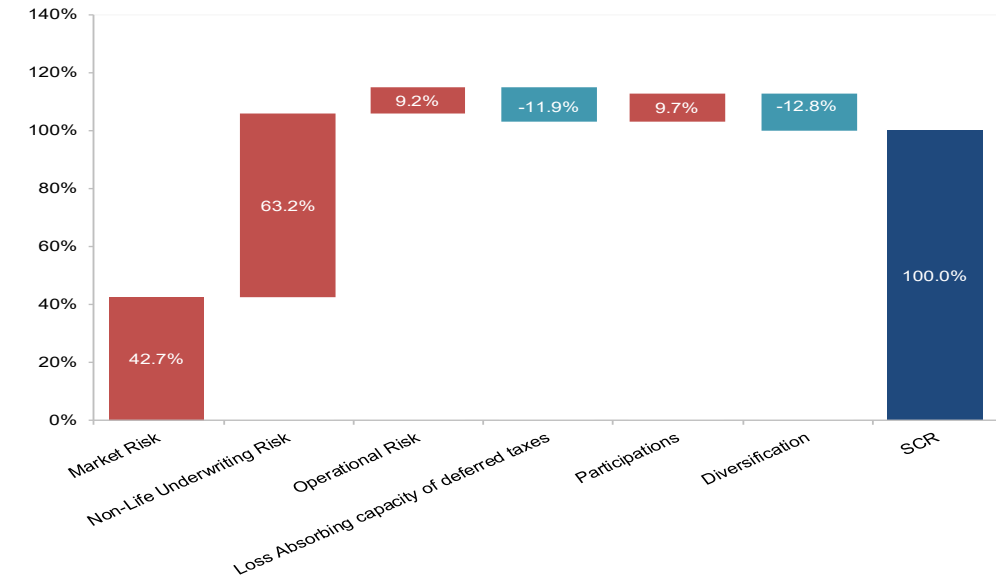
Balance sheet	Sep 2022 R'mil	Sep 2023 R'mil	12 Monthly % growth
Total assets	216,373	215,365	-0.5
<i>Of which:</i>			
Total investments	133,485	147,046	10.2
Government bonds	26,966	29,470	9.3
Corporate bonds	30,484	38,694	26.9
Equity	19,494	18,795	-3.6
Investment funds	14,521	21,159	45.7
Structured notes	336	384	14.4
Collateralised securities	715	722	1.0
Cash and deposits	39,177	36,121	-7.8
Mortgages and loans	1,770	1,654	-6.5
Property	23	46	98.7
Total reinsurance recoverables/ (payable)	41,866	28,621	-31.6
Derivatives	-88	-275	-211.6
Owner occupied property	1,398	1,468	5.0
Other assets	39,712	38,505	-3.0
Total liabilities	132,843	123,009	-7.4
<i>Of which:</i>			
Gross technical provisions	99,663	86,948	-12.8
Accounts payable	11,064	10,616	-4.0
Payables (trade, not insurance)	8,102	6,939	-14.4
Basic own funds	83,530	92,356	10.6
Eligible own funds to meet SCR	58,482	92,214	57.7
Eligible own funds to meet MCR	53,012	87,292	64.7
Profitability			
Gross written premium	38,666	43,450	12.4
Reinsurance	12,816	13,570	5.9
Net premiums	25,850	29,880	15.6
Net earned premium	24,020	27,095	12.8
Investment income ⁴	1,314	2,972	126.3
Net claims paid ⁵	11,675	16,480	41.2
Management expenses	6,491	7,312	12.7
Commission paid/ (received)	1,461	2,018	38.1
Underwriting profit ⁵	4,829	2,226	-53.9
Underwriting and investment income	6,142	5,198	-15.4
Net profit before tax and dividends	6,391	5,893	-7.8

Performance indicators	Sep 2022	Sep 2023
Claims ratio ¹⁵	45.2	60.8
Management expenses ratio ¹	25.1	27.0
Commission ratio ¹	5.7	6.8
Combined ratio ²	81.7	95.3
Underwriting profit/(loss) ratio ³⁵	20.1	8.2
Underwriting and investment income ratio	25.6	19.2

Solvency and capital

SCR cover ratio (Median)	1.5	1.6
MCR cover ratio (Median)	3.4	3.8

SCR risk components



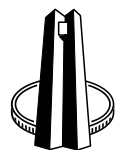
¹ Expressed as a percentage of net written premium during the period.

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

⁵ Higher than normal claims were mainly as a result of the Western Cape devastating floods that occurred during the review period which affected profitability.



Non-Life insurance: Reinsurers

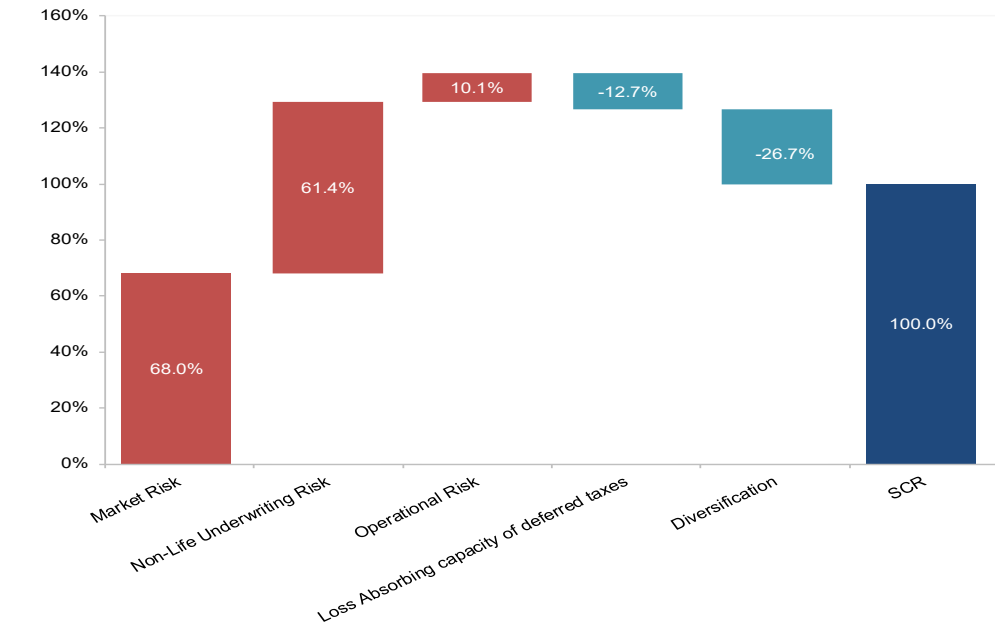
Balance sheet	Sep 2022 R'mil	Sep 2023 R'mil	12 Monthly % growth
Total assets	10,182	10,110	-0.7
<i>Of which:</i>			
Total investments	6,070	6,523	7.4
Total reinsurance recoverables/ (payable)	3,199	2,549	-20.3
Total liabilities	7,489	7,294	-2.6
<i>Of which :</i>			
Gross technical provisions	3,772	3,562	-5.6
Accounts payable	-264	427	262.1
Reinsurance deposits	3,467	2,774	-20.0
Basic own funds	2,694	2,817	4.6
Eligible own funds to meet SCR	2,694	2,815	4.5
Eligible own funds to meet MCR	2,656	2,749	3.5
Profitability			
Gross premium	908	1,313	44.6
Reinsurance	630	938	48.9
Net premiums	278	375	34.9
Net earned premiums	212	308	45.6
Investment income ⁴	75	100	34.1
Net claims paid ⁵	123	255	107.9
Management expenses	50	61	22.8
Commission paid/ (received)	85	107	25.0
Other expenses	-12	10	185.4
Underwriting profit ⁵	63	12	-81.8
Underwriting and investment income	138	112	-19.0
Net profit before tax and dividends	227	82	-63.7

Performance indicators	Sep 2022	Sep 2023
Claims ratio ¹	44.1	82.8
Commission ratio ¹	30.7	34.7
Management expenses ratio ¹	17.8	16.2
Combined ratio ²	121.8	137.2
Underwriting profit/(loss) ratio ^{3 5}	29.9	3.7
Underwriting and investment income ratio ³	65.3	36.4

Solvency and capital

SCR cover ratio (Median)	2.4	2.1
MCR cover ratio (Median)	9.6	8.2

SCR risk components



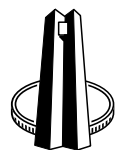
¹ Expressed as a percentage of net earned premium during the period.

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.

⁵ Reinsurers recorded higher than normal claims during the review period, with one reinsurer recording a further deterioration in profitability.



Non-Life insurance: Cell Captive insurers

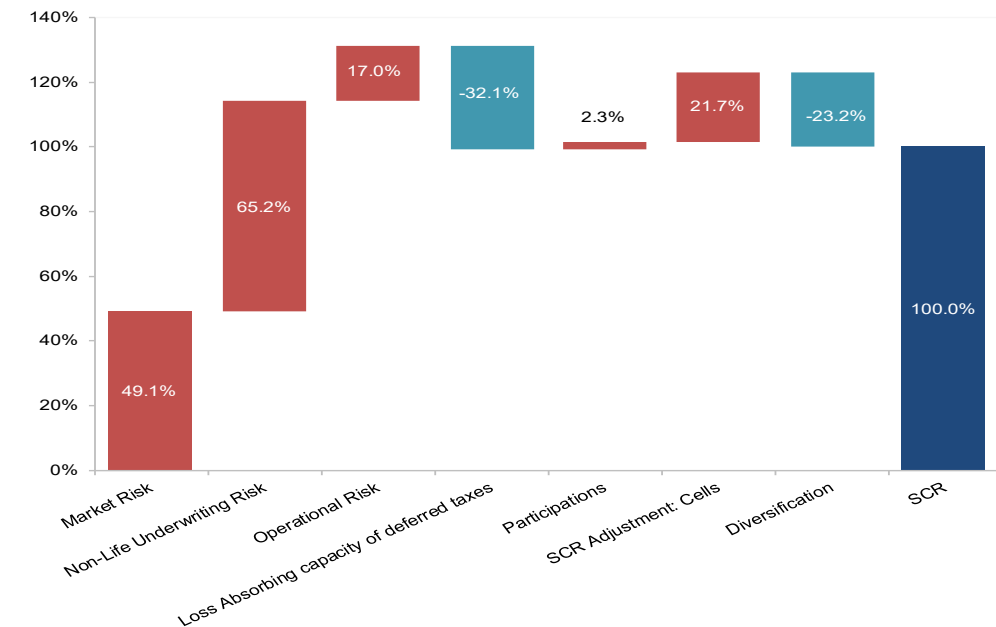
Balance sheet	Sep 2022 R'mil	Sep 2023 R'mil	12 Monthly % growth
Total assets	47,015	49,492	5.3
<i>Of which:</i>			
<i>Total investments</i>	31,839	40,299	26.6
Government bonds	1,505	2,391	58.9
Corporate bonds	11,322	14,129	24.8
Equity	457	717	57.0
Investment funds	9,813	13,627	38.9
Structured notes	214	197	-7.7
Collateralised securities	476	664	39.4
Cash and deposits	8,041	8,562	6.5
Mortgages and loans	11	11	5.1
Total reinsurance recoverables/ (payable)	12,010	5,784	-51.8
Derivatives	1	0	-34.3
Other assets	3,166	3,409	7.7
Total liabilities	36,003	35,431	-1.6
<i>Of which:</i>			
Gross technical provisions	31,742	30,558	-3.7
Basic own funds	11,012	14,061	27.7
Eligible own funds to meet SCR	6,209	7,375	18.8
Eligible own funds to meet MCR	6,126	7,364	20.2
Profitability			
Gross written premium	8,121	8,452	4.1
Reinsurance	3,585	3,661	2.1
Net premiums	4,535	4,791	5.6
Net earned premium	5,023	6,132	22.1
Investment income ⁴	440	761	72.8
Net claims paid	1,604	1,520	-5.2
Management expenses	734	841	14.6
Commission paid/ (received)	68	17	-75.6
Underwriting profit ⁵	887	141	-84.0
Underwriting and investment income	1,327	902	-32.0
Net profit before tax and dividends	1,318	884	-33.0

Performance indicators	Sep 2022	Sep 2023
Claims ratio ¹	35.4	24.8
Management expenses ratio ¹	16.2	13.7
Commission ratio ¹	1.5	0.3
Combined ratio ²	47.9	38.8
Underwriting profit/(loss) ratio ^{3 5}	17.7	2.3
Underwriting and investment income ratio ³	26.4	14.7

Solvency and capital

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

SCR risk components



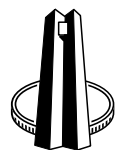
¹ Expressed as a percentage of net earned premium during the period.

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

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

⁴ The increase in investment income was driven by income from interest, dividends and rentals followed by unrealised income and realised income.

⁵ One major cell captive insurer reported a contraction in profitability.



Non-Life insurance: Captive insurers

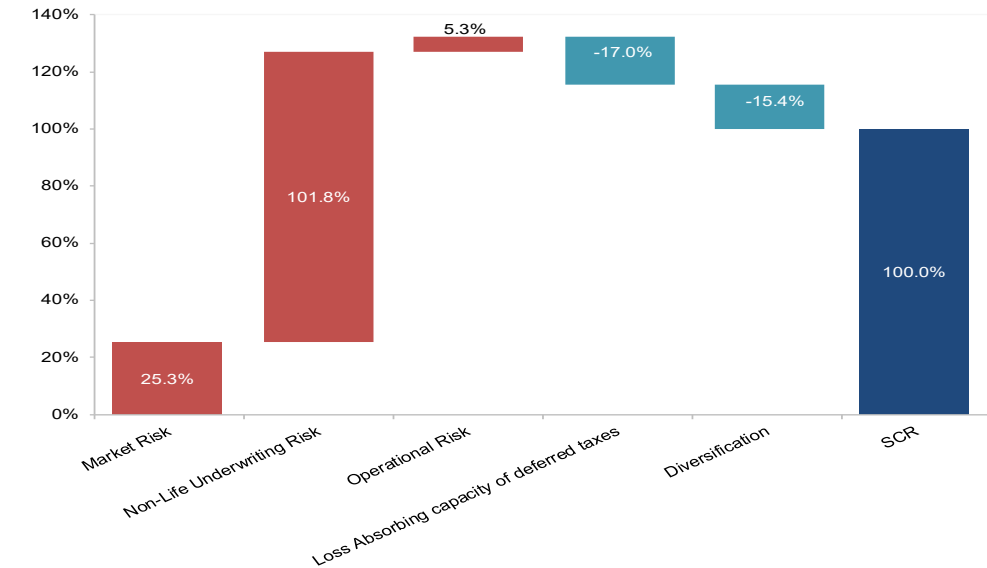
Balance sheet	Sep 2022	Sep 2023	12 Monthly
	R'mil	R'mil	% growth
Total assets	30,397	30,913	1.7
<i>Of which:</i>			
<i>Total investments</i>	23,083	26,370	14.2
Government bonds	2,023	2,511	24.2
Corporate bonds	2,229	5,365	140.7
Equity	2	0	-90.6
Investment funds	2,015	1,627	-19.3
Structured notes	12	14	14.7
Collateralised securities	3	3	3.0
Cash and deposits	16,798	16,849	0.3
Total reinsurance recoverables/ (payable)	3,254	3,362	3.3
Derivatives	-	-	0.0
Other assets	4,060	1,182	-70.9
Total Liabilities	16,422	14,288	-13.0
<i>Of which:</i>			
Gross technical provisions	12,169	12,984	6.7
Basic own funds	13,975	16,626	19.0
Eligible own funds to meet SCR	13,975	16,619	18.9
Eligible own funds to meet MCR	13,730	16,579	20.7
Profitability			
Gross written premium	974	805	-17.4
Reinsurance	783	280	-64.2
Net premiums ⁴	192	525	173.7
Net earned premium	-23	346	1577.2
Investment income	271	506	86.7
Net claims paid ⁵	196	886	351.9
Management expenses	66	52	-22.2
Commission paid/ (received)	-85	-101	18.0
Underwriting profit ⁵	-335	-526	-56.9
Underwriting and investment income	-64	-20	68.3
Net profit before tax and dividends	-51	-18	63.6

Performance indicators	Sep 2022	Sep 2023
Claims ratio ¹	-837.0	256.0
Management expenses ratio ¹	34.7	14.9
Commission ratio ¹	-44.5	-29.1
Combined ratio ²	-756.7	241.9
Underwriting profit/(loss) ratio ^{3 5}	1431.8	-152.1
Underwriting and investment income ratio ³	275.1	-5.9

Solvency and capital

SCR cover ratio (Median)	2.2	1.9
MCR cover ratio (Median)	8.6	7.2

SCR risk components



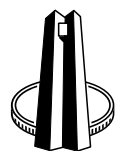
¹ Expressed as a percentage of net earned premium during the period.

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 was as a result of two major insurers recording higher premiums in the review periods as compared to the comparative period.

⁵ One major captive insurer experienced a further deterioration in profitability driven by another higher claims experienced in the review period as compared to the comparative period.



Composite reinsurers

Balance sheet

	Sep 2022 R'mil	Sep 2023 R'mil	12 Monthly % growth
Total assets	49,380	46,344	-6.1
Total investments	17,974	19,931	10.9
Total reinsurance recoverables	21,207	18,108	-14.6
Current assets	7,938	6,297	-20.7
Total liabilities	39,128	35,475	-9.3
<i>Of which :</i>			
Gross technical provisions (Life)	7,430	6,366	-14.3
Gross technical provisions (Non-Life)	20,622	18,564	-10.0
Reinsurance accounts payable	6,138	4,204	-31.5
Reinsurance deposits	6	18	196.1
Basic own funds	10,253	10,869	6.0
Eligible own funds to meet SCR	12,733	13,625	7.0
Eligible own funds to meet MCR	9,868	10,698	8.4

Profitability

	Sep 2022 Life	Sep 2022 Non-life	Sep 2023 Life	Sep 2023 Non-life
Gross premium	4,100	5,075	4,415	5,872
Reinsurance	1,289	4,077	1,313	4,837
Net premiums	2,811	997	3,102	1,035
Net earned premiums		600		745
Investment Income	362	91	248	140
Net claims paid	2,726	441	2,728	729
Management expenses	99	31	331	40
Commission paid/ (received) ⁴	-7	55	132	261
Other expenses	43	-2	15	41
Underwriting profit		160		103
Underwriting and investment income		251		242
Net profit before tax and dividends	693	247	165	204

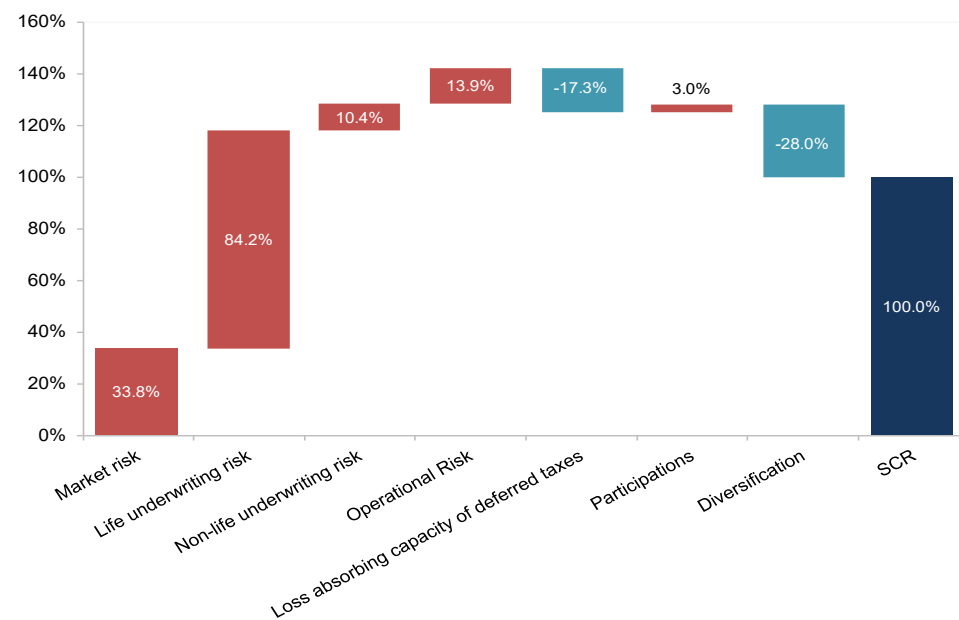
Performance indicators

	Sep 2022 Life (%)	Sep 2022 Non-life (%)	Sep 2023 Life (%)	Sep 2023 Non-life (%)
Claims ratio ¹	97.0	73.6	87.9	97.9
Management Expenses ratio ¹	3.5	5.2	10.7	5.4
Commission ratio ^{1,4}	-0.2	9.1	4.2	35.1
Combined ratio ²		87.9		138.4
Underwriting profit/(loss) ratio ³		26.7		13.8
Underwriting and investment income ratio ³		41.9		32.6

Solvency and capital

	Sep 2022	Sep 2022	Sep 2023	Sep 2023
SCR cover ratio (Median)	1.4	1.4	1.5	1.5
MCR cover ratio (Median)	3.0	3.0	2.9	2.9

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 One major non-life reinsurer paid higher than normal commission during the review period.

