

Selected South African insurance sector data December 2023



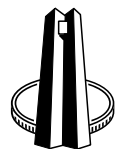
SOUTH AFRICAN RESERVE BANK
Prudential Authority

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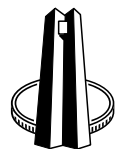


Introduction

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

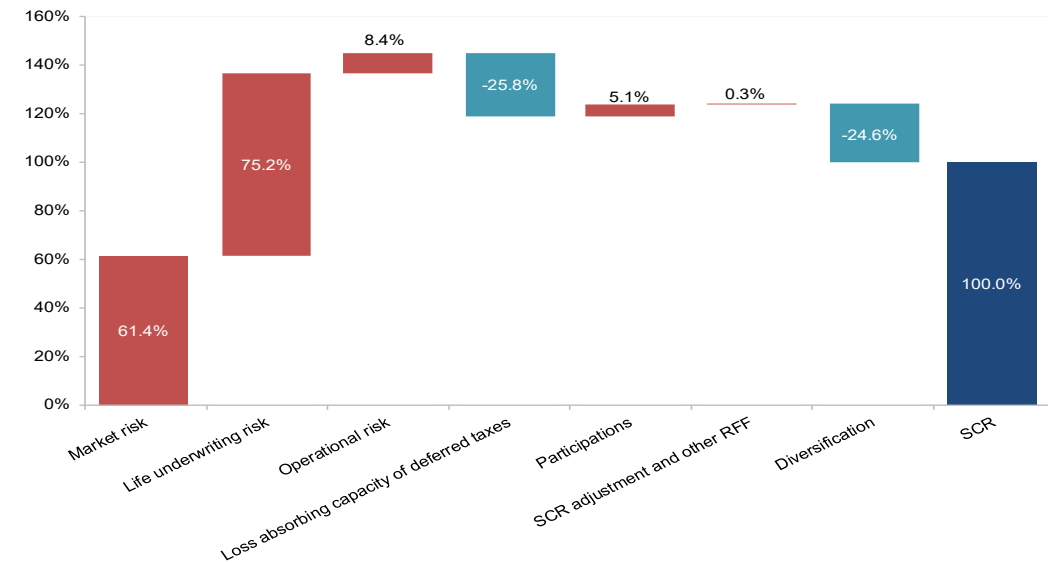
| Balance sheet | Dec 2022 R'mil | Dec 2023 R'mil | 12 Monthly % growth |
|--|-------------------|-------------------|------------------------|
| Total assets | 3,672,818 | 4,085,902 | 11.2 |
| <i>Of which:</i> | | | |
| Total investments | 3,482,283 | 3,872,493 | 11.2 |
| Government bonds | 336,330 | 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

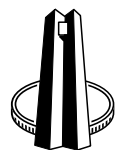
| | | |
|--------------------------|-----|-----|
| SCR cover ratio (Median) | 1.7 | 1.9 |
| MCR cover ratio (Median) | 4.7 | 4.9 |

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.

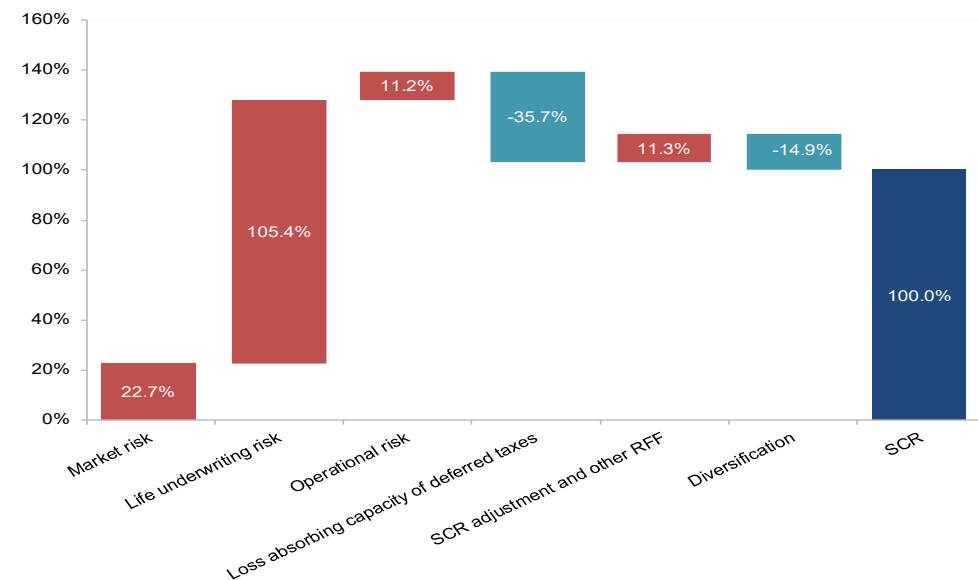


Life insurance: Cell Captive insurers

| 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 |

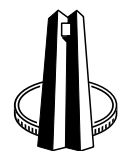
SCR risk components



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

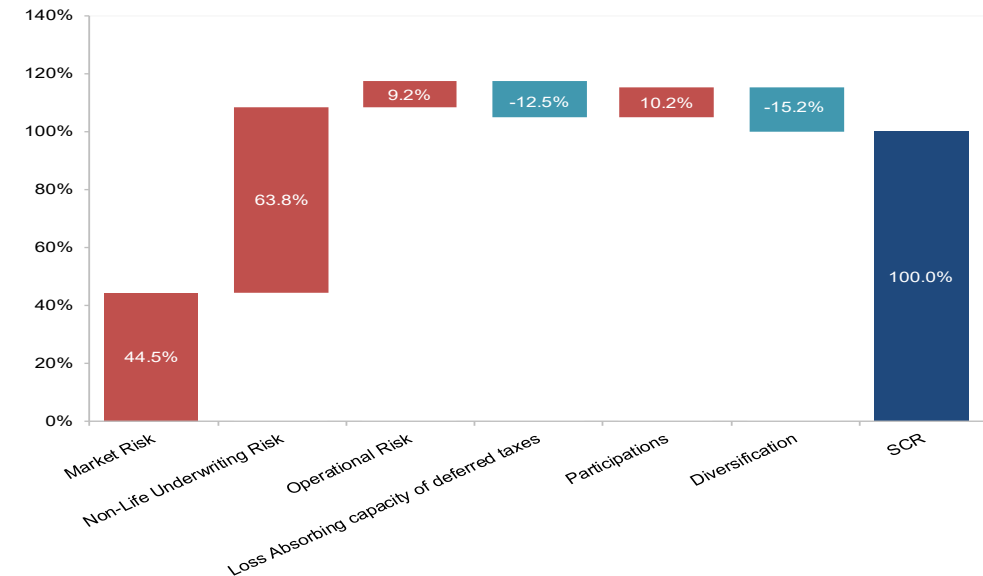
| Balance sheet | Dec 2022 R'mil | Dec 2023 R'mil | 12 Monthly % growth |
|---|-------------------|-------------------|------------------------|
| Total assets | 206,319 | 220,613 | 6.9 |
| <i>Of which:</i> | | | |
| Total investments | 129,699 | 148,919 | 14.8 |
| Government bonds | 26,165 | 31,421 | 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



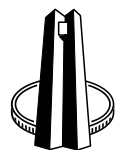
¹ Expressed as a percentage of net written premium during the period.

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 |

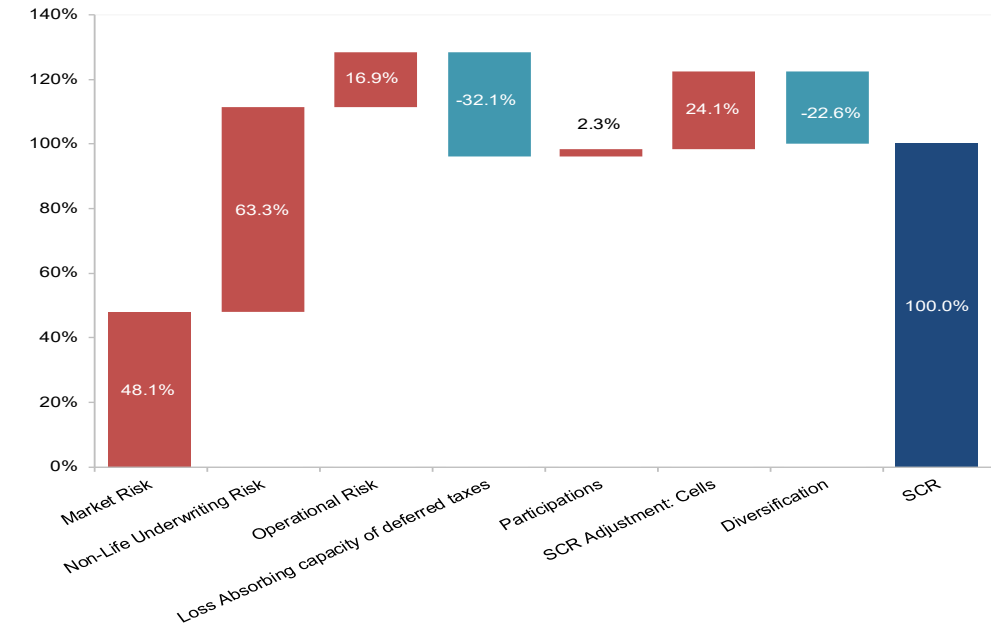
Performance indicators

| | 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

| | Dec 2022 | Dec 2023 |
|--------------------------|----------|----------|
| SCR cover ratio (Median) | 1.3 | 1.2 |
| MCR cover ratio (Median) | 2.8 | 2.9 |

SCR risk components



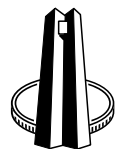
¹ Expressed as a percentage of net earned premium during the period.

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

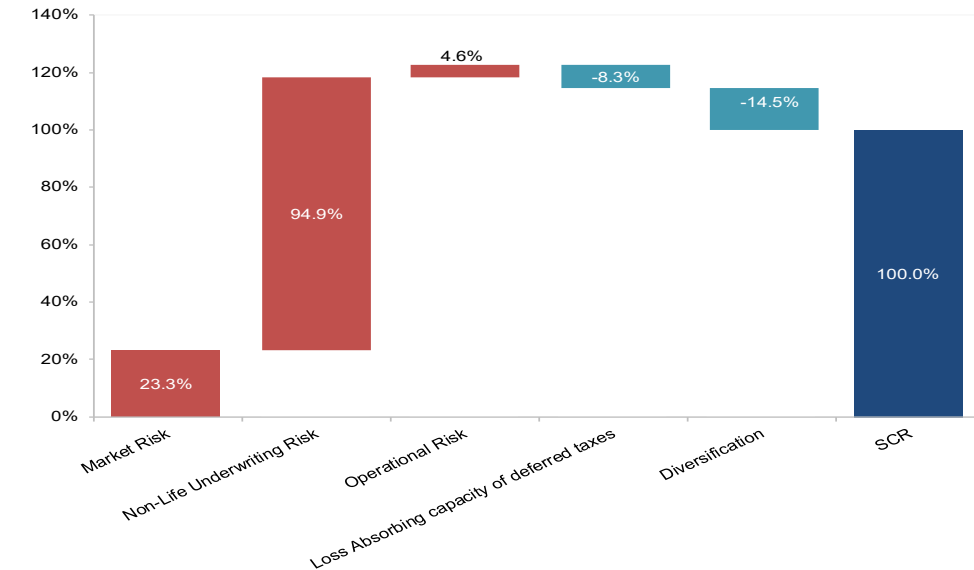
| Balance sheet | Dec 2022 | Dec 2023 | 12 Monthly |
|---|---------------|---------------|-------------|
| | R'mil | R'mil | % growth |
| Total assets | 26,414 | 32,054 | 21.4 |
| <i>Of which:</i> | | | |
| <i>Total investments</i> | 24,760 | 27,351 | 10.5 |
| Government bonds | 1,878 | 4,109 | 118.8 |
| 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



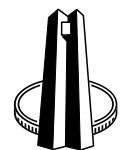
¹ Expressed as a percentage of net earned premium during the period.

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 | Dec 2023 | 12 Monthly |
|---------------------------------------|---------------|---------------|-------------|
| | R'mil | R'mil | % growth |
| Total assets | 48,139 | 49,862 | 3.6 |
| Total investments | 17,798 | 24,189 | 35.9 |
| Total reinsurance recoverables | 19,384 | 17,432 | -10.1 |
| Current assets | 8,570 | 6,147 | -28.3 |
| Total liabilities | 37,618 | 37,457 | -0.4 |
| <i>Of which :</i> | | | |
| Gross technical provisions (Life) | 7,064 | 6,154 | -12.9 |
| Gross technical provisions (Non-Life) | 19,377 | 19,747 | 1.9 |
| Reinsurance accounts payable | 6,207 | 3,798 | -38.8 |
| Reinsurance deposits | 27 | 2,252 | 8238.5 |
| Basic own funds | 10,521 | 12,405 | 17.9 |
| Eligible own funds to meet SCR | 13,047 | 15,580 | 19.4 |
| Eligible own funds to meet MCR | 10,143 | 12,151 | 19.8 |

Profitability

| | Dec 2022 | Dec 2022 | Dec 2023 | Dec 2023 |
|-------------------------------------|----------|----------|----------|----------|
| | Life | Non-life | Life | Non-life |
| Gross premium | 4,910 | 4605 | 4,428 | 5,326 |
| Reinsurance | 1,314 | 3689 | 1,262 | 4,402 |
| Net premiums | 3,596 | 916 | 3,166 | 924 |
| Net earned premiums | | 939 | | 779 |
| Investment Income | 311 | 200 | 332 | 303 |
| Net claims paid | 3,370 | 745 | 2,841 | 505 |
| Management expenses | 123 | 29 | 120 | 80 |
| Commission paid/ (received) | 149 | 302 | 373 | 302 |
| Other expenses | 42 | 35 | 7 | 99 |
| Underwriting profit | | 189 | | 288 |
| Underwriting and investment income | | 389 | | 591 |
| Net profit before tax and dividends | -12 | 353 | -1,133 | 519 |

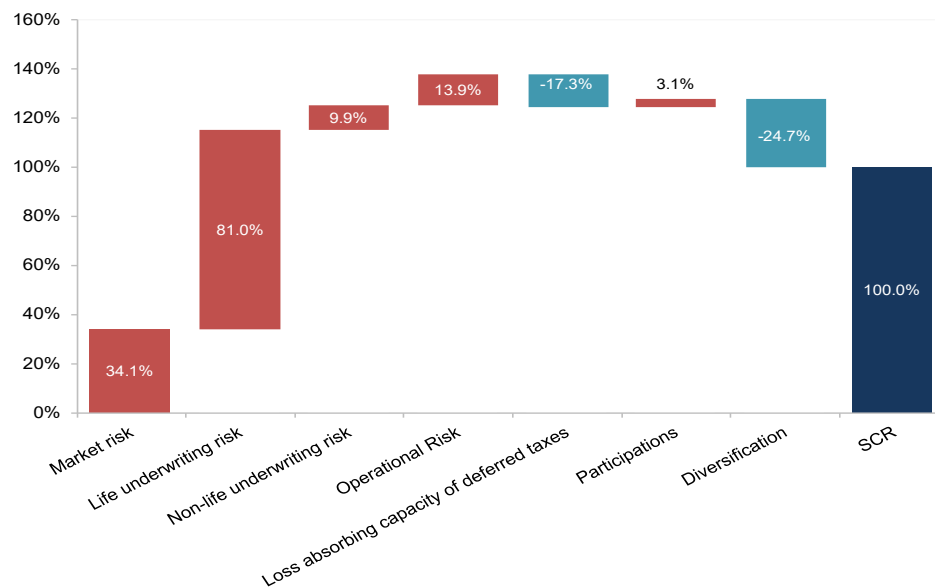
Performance indicators

| | Dec 2022 | Dec 2022 | Dec 2023 | Dec 2023 |
|---|----------|--------------|----------|--------------|
| | Life (%) | Non-life (%) | Life (%) | Non-life (%) |
| Claims ratio ¹ | 93.7 | 79.3 | 89.7 | 64.8 |
| Management Expenses ratio ¹ | 3.4 | 3.1 | 3.8 | 10.3 |
| Commission ratio ¹⁴ | 4.1 | 32.2 | 11.8 | 38.7 |
| Combined ratio ² | | 114.6 | | 113.9 |
| Underwriting profit/(loss) ratio ³ | | 20.1 | | 36.9 |
| Underwriting and investment income ratio ³ | | 41.4 | | 75.8 |

Solvency and capital

| | Dec 2022 | Dec 2022 | Dec 2023 | Dec 2023 |
|--------------------------|----------|--------------|----------|--------------|
| | Life (%) | Non-life (%) | Life (%) | Non-life (%) |
| SCR cover ratio (Median) | 1.4 | 1.4 | 8.5 | 8.5 |
| MCR cover ratio (Median) | 3.0 | 3.0 | 23.9 | 23.9 |

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

