



South African Reserve Bank

---

**Prudential Authority**

# Selected South African insurance sector data

June 2019



# 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

© South African Reserve Bank

All rights reserved. No part of this report may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without fully acknowledging the Prudential Authority as the source. The contents of this report are intended for general information only and are not intended to serve as financial or other advice. While every precaution is taken to ensure the accuracy of information, the Prudential Authority/ South African Reserve Bank shall not be liable to any person for inaccurate information or opinions contained in this report.

# 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 data in this report is as at the end of June 2019.

# Registered insurance entities in South Africa

	Dec 2018	Jun 2019
<b>Total</b>	<b>169</b>	<b>170</b>
Life primary insurers	65	66
Life cell captives	6	6
Life microinsurer	0	1
Non-life primary insurers	70	68
Non-life cell captives	8	10
Non-life captives	9	8
Professional reinsurers	9	9
Composite reinsurers	5	5
Life reinsurers	2	2
Non-life reinsurers	2	2
Other	2	2

# Life insurance: Primary insurers

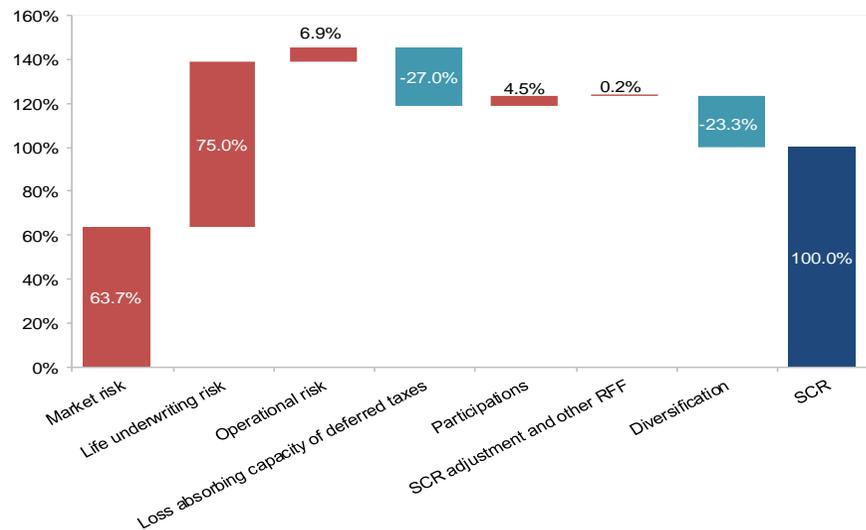
Balance sheet	*Dec 2018 R'mil	Jun 2019 R'mil	6 Monthly % growth
<b>Total assets</b>	<b>2,993,436</b>	<b>3,147,053</b>	<b>5.1</b>
<i>Of which:</i>			
Total investments	2,781,454	2,929,260	5.3
Government bonds	202,087	214,808	6.3
Corporate bonds	242,916	240,017	-1.2
Equity	488,493	505,510	3.5
Investment funds	1,482,399	1,576,878	6.4
Structured notes	40,860	46,940	14.9
Collateralised securities	16,345	16,427	0.5
Cash and deposits	198,277	215,160	8.5
Mortgages and loans	72,689	75,881	4.4
Property	37,389	37,640	0.7
Total reinsurance recoverables/ (payable)	11,737	6,892	-41.3
Derivatives	4,435	5,462	23.2
Owner occupied property	7,426	7,913	6.5
Other assets	188,383	197,526	4.9
<b>Total liabilities</b>	<b>2,630,845</b>	<b>2,776,545</b>	<b>5.5</b>
<i>Of which:</i>			
Gross technical provisions	2,474,942	2,612,653	5.6
<b>Basic own funds</b>	<b>362,591</b>	<b>370,508</b>	<b>2.2</b>
Eligible own funds to meet SCR	345,523	350,247	1.4
Eligible own funds to meet MCR	321,749	325,708	1.2
<b>Profitability</b>			
Gross premium	134,362	132,750	-1.2
Reinsurance	3,961	3,995	0.9
Net premiums	130,401	128,754	-1.3
Net claims paid	106,426	124,606	17.1
Investment income/ (loss)	-76,999	43,122	156.0
Management expenses	13,859	12,526	-9.6
Commission paid/ (received)	4,565	4,857	6.4
Other expenses	3,061	693	-77.4
Net profit before tax and dividends	13,878	12,116	-12.7
<b>Other</b>			
Number of policies at the end of period	48,611,048	49,477,116	1.8
Number of schemes at the end of period	60,185	80,884	34.4

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	81.6	96.8
Commission ratio <sup>1</sup>	3.5	3.8
Management expenses ratio <sup>1</sup>	10.6	9.7
Individual lapse ratio <sup>2</sup>	61.3	74.9
Individual contractual termination <sup>2</sup>	4.6	6.1
Individual expiry <sup>2</sup>	1.6	3.0
Surrenders <sup>2</sup>	5.4	6.2
Surrenders (in-force policies)	0.5	0.4
Individual lapse ratio (in-force policies)	5.3	5.4

## Solvency and capital

SCR cover ratio (Median)	1.9	1.9
MCR cover ratio (Median)	4.3	4.2

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Expressed as a percentage of the number of new policies issued during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Life insurance: Reinsurers

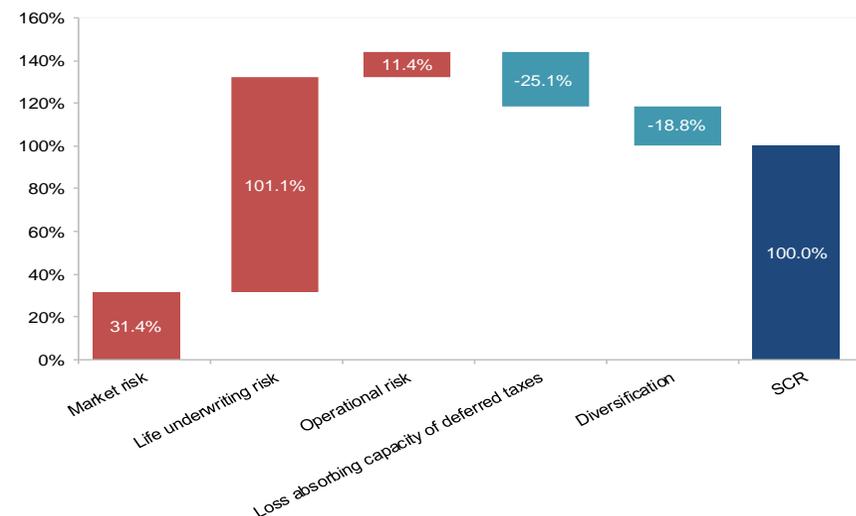
Balance sheet	*Dec 2018	Jun 2019	6 Monthly
	R'mil	R'mil	% growth
<b>Total assets</b>	<b>7,256</b>	<b>7,275</b>	<b>0.3</b>
<i>Of which:</i>			
Total investments	5,222	5,282	1.2
Total reinsurance recoverables/ (payable) <sup>2</sup>	-41	99	339.2
Current assets	1,934	1,713	-11.4
<b>Total liabilities</b>	<b>3,900</b>	<b>3,919</b>	<b>0.5</b>
<i>Of which</i>			
Gross technical provisions	995	1,598	60.5
Accounts payable	1,536	1,543	0.5
Reinsurance deposits	4	3	-18.3
<b>Basic own funds</b>	<b>3,355</b>	<b>3,356</b>	<b>0.0</b>
Eligible own funds to meet SCR	3,355	3,356	0.0
Eligible own funds to meet MCR	3,355	3,356	0.0
<b>Profitability</b>			
Gross premium	1,578	1,416	-10.2
Reinsurance	787	708	-10.0
Net premiums	791	708	-10.5
Net claims paid	740	574	-22.5
Investment income	113	137	22.1
Management expenses	71	156	119.1
Other expenses	80	-35	-143.6
Net profit before tax and dividends	204	93	-54.4

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	93.6	81.1
Management expenses ratio <sup>1</sup>	9.0	22.0

## Solvency and capital

SCR cover ratio (Median)	1.5	1.6
MCR cover ratio (Median)	5.3	5.8

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Fluctuation due to change in reinsurance arrangement between subsidiary and its parent reinsurer.

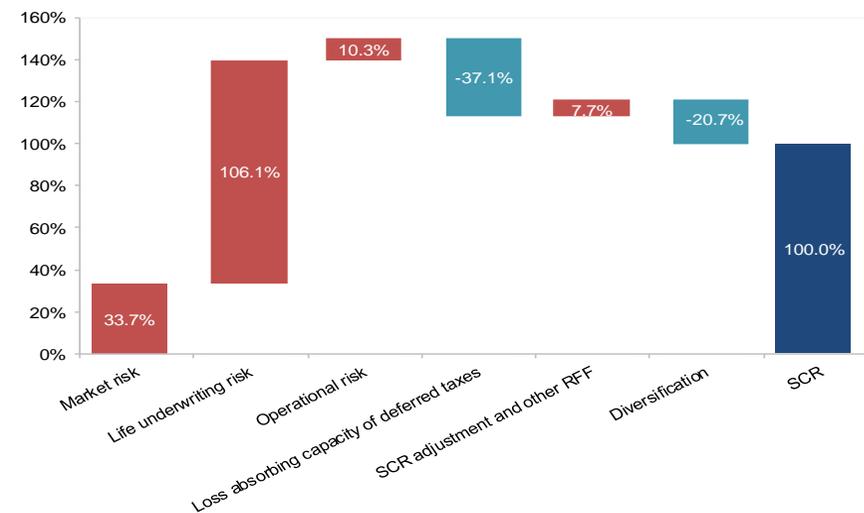
\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Life insurance: Cell Captive insurers

Balance sheet	*Dec 2018 R'mil	Jun 2019 R'mil	6 Monthly % growth
<b>Total assets</b>	<b>10,768</b>	<b>12,771</b>	<b>18.6</b>
<i>Of which:</i>			
Total investments	11,259	13,126	16.6
Government bonds	1,082	999	-7.6
Corporate bonds	3,324	3,593	8.1
Equity	607	9	-98.5
Investment funds	3,940	5,606	42.3
Structured notes	1	2	85.9
Collateralised securities	39	200	406.7
Cash and deposits	2,265	2,342	3.4
Mortgages and loans	0	375	100.0
Total reinsurance recoverables/ (payable)	-1,160	-1,139	-1.8
Derivatives	-6	9	240.0
Other assets	675	774	14.7
<b>Total liabilities</b>	<b>3,602</b>	<b>5,086</b>	<b>41.2</b>
<i>Of which:</i>			
Gross technical provisions	1,229	2,781	126.3
Deferred tax liabilities	1,715	1,853	8.1
<b>Basic own funds</b>	<b>7,166</b>	<b>7,684</b>	<b>7.2</b>
Eligible own funds to meet SCR	4,572	4,606	0.8
Eligible own funds to meet MCR	4,474	4,595	2.7
<b>Profitability</b>			
Gross premium	2,864	4,074	42.3
Reinsurance	688	700	1.8
Net premiums	2,176	3,374	55.1
Net claims paid	414	582	40.9
Investment income	143	263	83.0
Management expenses	315	341	8.4
Commission paid/ (received)	292	312	6.6
Other expenses	1	1	-1.1
Net profit before tax and dividends	1,653	1,312	-20.6
<b>Other</b>			
Number of policies at the end of period	5,800,769	6,001,831	3.5
Number of schemes at the end of period	368	428	16.3

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	19.0	17.3
Commission ratio <sup>1</sup>	13.4	9.2
Management expenses ratio <sup>1</sup>	14.5	10.1
Individual lapse ratio <sup>2</sup>	34.4	46.8
Individual contractual termination <sup>2</sup>	0.9	1.4
Individual expiry <sup>2</sup>	13.9	17.5
Surrenders <sup>2</sup>	4.5	0.0
Surrenders (in-force policies)	0.7	0.0
Individual lapse ratio (in-force policies)	5.1	5.2
<b>Solvency and capital</b>		
SCR cover ratio (Median)	1.1	1.2
MCR cover ratio (Median)	4.1	4.5

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premiums.

<sup>2</sup> Expressed as a percentage of the number of new policies issued during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Primary insurers

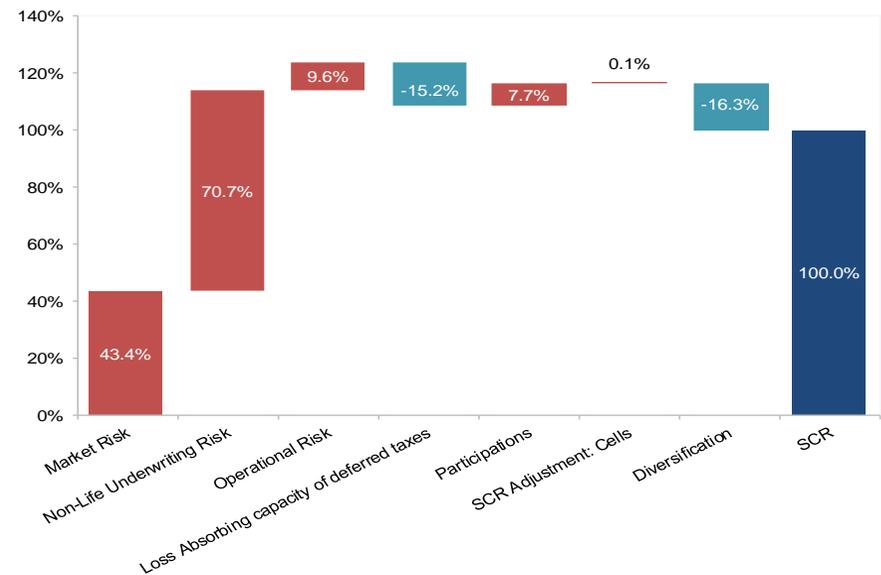
Balance sheet	*Dec 2018 R'mil	Jun 2019 R'mil	6 Monthly % growth
<b>Total assets</b>	<b>149,882</b>	<b>152,699</b>	<b>1.9</b>
<i>Of which:</i>			
Total investments	101,218	105,389	4.1
Government bonds	21,936	20,112	-8.3
Corporate bonds	23,610	25,486	7.9
Equity	15,682	16,544	5.5
Investment funds	11,295	12,302	8.9
Structured notes	413	489	18.6
Collateralised securities	841	916	8.8
Cash and deposits	25,461	27,238	7.0
Mortgages and loans	1,945	2,139	10.0
Property	35	162	359.7
Total reinsurance recoverables/ (payable)	18,420	17,823	-3.2
Derivatives	41	17	-58.2
Owner occupied property	222	1,324	495.6
Other assets	29,980	28,147	-6.1
<b>Total liabilities</b>	<b>85,097</b>	<b>87,035</b>	<b>2.3</b>
<i>Of which:</i>			
Gross technical provisions	61,257	62,308	1.7
Accounts payable	6,673	6,893	3.3
Payables (trade, not insurance)	5,700	7,543	32.3
<b>Basic own funds</b>	<b>64,785</b>	<b>65,665</b>	<b>1.4</b>
Eligible own funds to meet SCR	63,433	64,487	1.7
Eligible own funds to meet MCR	59,775	61,188	2.4
<b>Profitability</b>			
Gross written premium	29,407	29,783	1.3
Reinsurance	9,668	8,969	-7.2
Net premiums	19,739	20,814	5.4
Net earned premium	19,233	20,328	5.7
Investment income	366	2,284	524.6
Net claims paid	12,083	13,225	9.5
Management expenses	5,684	6,122	7.7
Commission paid/ (received)	1,337	1,061	-20.6
Underwriting profit/(loss)	1,008	616	-38.9
Underwriting and investment income	1,373	2,899	111.1
Net profit before tax and dividends	943	2,913	208.9

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	61.2	63.5
Management expenses ratio <sup>1</sup>	28.8	29.4
Commission ratio <sup>1</sup>	6.8	5.1
Combined ratio <sup>2</sup>	96.8	98.1
Underwriting profit/(loss) ratio <sup>3</sup>	5.2	3.0
Underwriting and investment income ratio <sup>3</sup>	7.1	14.3

## Solvency and capital

SCR cover ratio (Median)	1.8	1.7
MCR cover ratio (Median)	3.9	3.7

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Expressed as a percentage of net earned premium during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Reinsurers

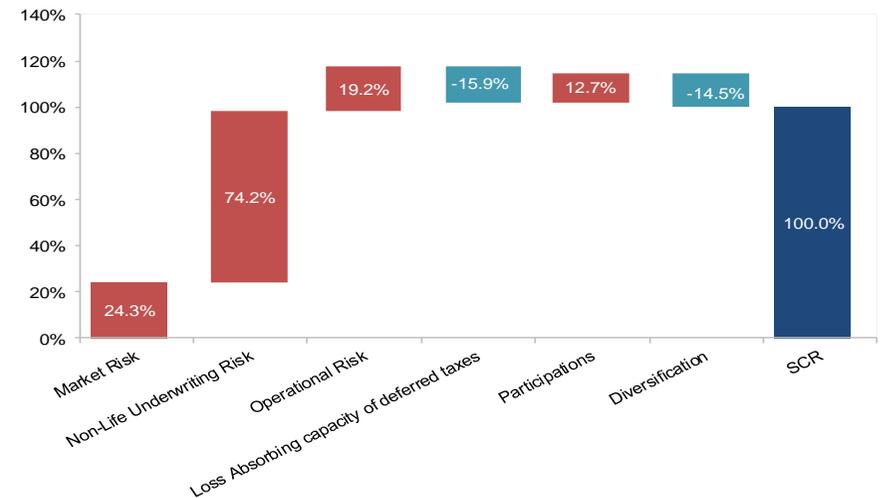
Balance sheet	*Dec 2018	Jun 2019	6 Monthly
	R'mil	R'mil	% growth
<b>Total assets</b>	<b>7,279</b>	<b>6,978</b>	<b>-4.1</b>
<i>Of which:</i>			
Total investments	3,895	3,691	-5.2
Total reinsurance recoverables/ (payable)	2,456	2,102	-14.4
<b>Total liabilities</b>	<b>5,731</b>	<b>5,424</b>	<b>-5.4</b>
<i>Of which :</i>			
Gross technical provisions	3,357	3,251	-3.2
Accounts payable	487	330	-32.2
Reinsurance deposits	1,729	1,764	2.0
<b>Basic own funds</b>	<b>1,548</b>	<b>1,554</b>	<b>0.4</b>
Eligible own funds to meet SCR	1,548	1,554	0.4
Eligible own funds to meet MCR	1,525	1,537	0.8
<b>Profitability</b>			
Gross premium	1,549	2,018	30.3
Reinsurance	987	1,332	34.9
Net premiums	562	686	22.1
Net earned premiums	353	340	-3.7
Investment income	55	106	91.8
Net claims paid	10	275	2584.0
Management expenses	60	69	16.2
Commission paid/ (received)	209	275	31.8
Other expenses	3	-0	-113.8
Underwriting profit/(loss) <sup>3</sup>	409	-13	-103.3
Underwriting and investment income	465	93	-80.1
Net profit before tax and dividends	461	93	-79.8

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	1.8	40.0
Commission ratio <sup>1</sup>	37.1	40.1
Management expenses ratio <sup>1</sup>	10.6	10.1
Combined ratio <sup>2</sup>	49.6	90.2
Underwriting profit/(loss) ratio <sup>3 4</sup>	115.9	-3.9
Underwriting and investment income ratio	131.5	27.2

## Solvency and capital

SCR cover ratio (Median)	1.6	1.6
MCR cover ratio (Median)	4.5	4.6

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Underwriting profit higher than normal during December 2018 due to release of reserves.

<sup>4</sup> Expressed as a percentage of net earned premium during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Cell Captive insurers

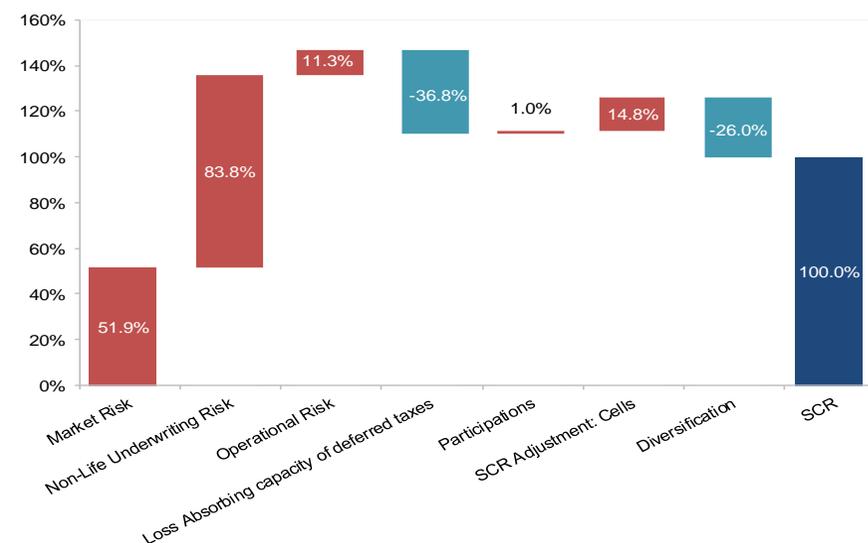
Balance sheet	*Dec 2018 R'mil	Jun 2019 R'mil	6 Monthly % growth
<b>Total assets</b>	<b>37,584</b>	<b>41,143</b>	<b>9.5</b>
<i>Of which:</i>			
<i>Total investments</i>	29,709	30,837	3.8
Government bonds	441	359	-18.6
Corporate bonds	8,492	8,362	-1.5
Equity	121	156	29.0
Investment funds	14,434	15,468	7.2
Structured notes	28	44	55.5
Collateralised securities	565	712	26.0
Cash and deposits	5,619	5,718	1.8
Mortgages and loans	8	18	121.8
Total reinsurance recoverables/ (payable)	3,908	4,452	13.9
Derivatives	5	-0	-108.6
Other assets	3,962	5,854	47.8
<b>Total liabilities</b>	<b>23,155</b>	<b>25,268</b>	<b>9.1</b>
<i>Of which:</i>			
Gross technical provisions	20,047	22,129	10.4
<b>Basic own funds</b>	<b>14,428</b>	<b>15,875</b>	<b>10.0</b>
Eligible own funds to meet SCR	11,691	12,522	7.1
Eligible own funds to meet MCR	11,442	12,446	8.8
<b>Profitability</b>			
Gross written premium	4,494	7,938	76.6
Reinsurance	1,962	2,741	39.7
Net premiums	2,532	5,197	105.2
Net earned premium	2,275	3,727	63.8
Investment income	432	623	44.2
Net claims paid	1,091	1,586	45.4
Management expenses	524	541	3.4
Commission paid/ (received)	-85	-53	-37.6
Underwriting profit/(loss)	129	489	279.8
Underwriting and investment income	561	1,112	98.3
Net profit before tax and dividends	550	1,102	100.6

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	43.1	30.5
Management expenses ratio <sup>1</sup>	20.7	10.4
Commission ratio <sup>1</sup>	-3.4	-1.0
Combined ratio <sup>2</sup>	60.4	39.9
Underwriting profit/(loss) ratio <sup>3</sup>	5.7	13.1
Underwriting and investment income ratio <sup>3</sup>	24.7	29.8

## Solvency and capital

SCR cover ratio (Median)	2.1	1.7
MCR cover ratio (Median)	2.5	2.8

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Expressed as a percentage of net earned premium during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Non-Life insurance: Captive insurers

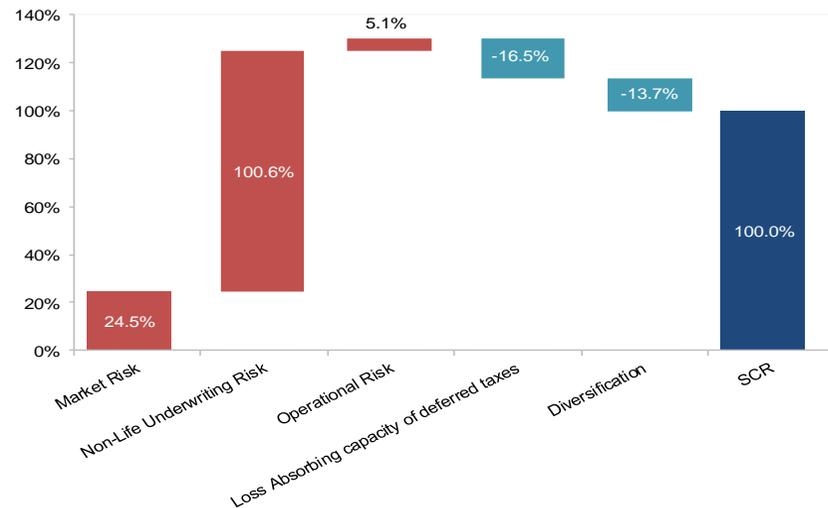
Balance sheet	*Dec 2018 R'mil	Jun 2019 R'mil	6 Monthly % growth
<b>Total assets</b>	<b>2,517</b>	<b>2,628</b>	<b>4.4</b>
<i>Of which:</i>			
<i>Total investments</i>	1,981	1,926	-2.8
Government bonds	2	1	-38.5
Corporate bonds	106	106	-0.7
Equity	5	5	-5.4
Investment funds	360	444	23.4
Structured notes	8	8	6.5
Collateralised securities	3	3	-9.5
Cash and deposits	1,496	1,359	-9.2
Total reinsurance recoverables/ (payable)	298	310	3.8
Derivatives	-0	-0	11.7
Other assets	238	392	64.5
<b>Total Liabilities</b>	<b>845</b>	<b>811</b>	<b>-4.0</b>
<i>Of which:</i>			
Gross technical provisions	740	599	-19.1
<b>Basic own funds</b>	<b>1,673</b>	<b>1,817</b>	<b>8.6</b>
Eligible own funds to meet SCR	1,653	1,817	9.9
Eligible own funds to meet MCR	1,625	1,792	10.3
<b>Profitability</b>			
Gross written premium <sup>3</sup>	280	486	73.6
Reinsurance	10	149	1467.5
Net premiums	270	336	24.4
Net earned premium	335	351	4.7
Investment income	33	43	30.5
Net claims paid	178	111	-37.7
Management expenses	53	34	-35.4
Commission paid/ (received)	2	0	-92.9
Underwriting profit/(loss)	107	171	59.0
Underwriting and investment income	141	214	52.3
Net profit before tax and dividends	104	160	53.4

Performance indicators	Dec 2018	Jun 2019
Claims ratio <sup>1</sup>	65.9	33.0
Management expenses ratio <sup>1</sup>	19.7	10.2
Commission ratio <sup>1</sup>	0.8	0.0
Combined ratio <sup>2</sup>	86.4	43.3
Underwriting profit/(loss) ratio <sup>4</sup>	32.1	48.7
Underwriting and investment income ratio <sup>4</sup>	42.0	61.0

## Solvency and capital

SCR cover ratio (Median)	1.8	1.7
MCR cover ratio (Median)	3.9	3.7

## SCR risk components



<sup>1</sup>Expressed as a percentage of net written premium during the period.

<sup>2</sup>Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup>Most captive insurers receives once off premiums which are spread over the period resulting in fluctuations.

<sup>4</sup>Expressed as a percentage of net earned premium during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.

# Composite reinsurers

## Balance sheet

	*Dec 2018	Jun 2019	6 Monthly
	R'mil	R'mil	% growth
<b>Total assets</b>	<b>33,835</b>	<b>35,614</b>	<b>5.3</b>
Total investments	19,512	21,263	9.0
Total reinsurance recoverables	8,046	7,693	-4.4
Current assets	5,782	6,241	7.9
<b>Total liabilities</b>	<b>23,549</b>	<b>24,089</b>	<b>2.3</b>
<i>Of which :</i>			
Gross technical provisions (Life)	4,729	4,830	2.1
Gross technical provisions (Non-Life)	10,454	10,227	-2.2
Reinsurance accounts payable	3,142	4,177	32.9
Reinsurance deposits	2,863	2,147	-25.0
<b>Basic own funds</b>	<b>10,286</b>	<b>11,525</b>	<b>12.1</b>
Eligible own funds to meet SCR	10,266	11,525	12.3
Eligible own funds to meet MCR	10,150	11,463	12.9

## Profitability

	Dec 2018	Dec 2018	Jun 2019	Jun 2019
	Life	Non-life	Life	Non-life
Gross premium	2,551	3,645	2,960	2,751
Reinsurance	122	2,890	133	2,213
Net premiums	2,429	755	2,827	538
Net earned premiums		515		1,075
Investment Income	344	58	360	45
Net claims paid	1,691	304	2,120	-193
Management expenses	150	12	146	11
Commission paid/ (received)	57	93	189	97
Other expenses	358	62	227	48
Underwriting profit/(loss)		156		1,244
Underwriting and investment income		214		1,289
Net profit before tax and dividends	850	147	874	1,243

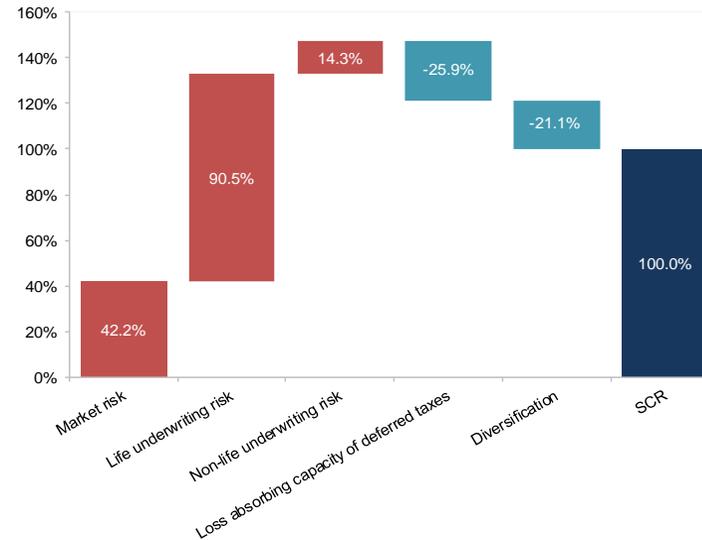
## Performance indicators

	Dec 2018	Dec 2018	Jun 2019	Jun 2019
	Life (%)	Non-life (%)	Life (%)	Non-life (%)
Claims ratio <sup>1</sup>	69.6	40.3	75.0	-35.9
Management Expenses ratio <sup>1</sup>	6.2	1.6	5.2	2.0
Commission ratio <sup>1</sup>	2.4	12.4	6.7	18.1
Combined ratio <sup>2</sup>		54.3		-15.9
Underwriting profit/(loss) ratio <sup>3</sup>		30.3		115.7
Underwriting and investment income ratio <sup>3</sup>		41.6		119.9

## Solvency and capital

	Dec 2018	Dec 2018	Jun 2019	Jun 2019
SCR cover ratio (Median)	1.5	1.5	1.3	1.3
MCR cover ratio (Median)	4.0	4.0	3.2	3.2

## SCR risk components



<sup>1</sup> Expressed as a percentage of net written premium during the period.

<sup>2</sup> Claims + commission + expenses as a percentage of net written premium.

<sup>3</sup> Expressed as a percentage of net earned premium during the period.

\*December 2018 figures were restated as a result of a reclassification of some insurers.