

# Selected South African insurance sector data June 2021



SOUTH AFRICAN RESERVE BANK



A purposeful journey

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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;
- this 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 2021.

# Registered insurance entities in South Africa

	June 2020	June 2021
<b>Total</b>	<b>161</b>	<b>148</b>
Life primary insurers	65	58
Life cell captives	5	5
Life microinsurer <sup>1</sup>	1	3
Non-life primary insurers	65	58
Non-life cell captives	7	6
Non-life captives	6	5
Non-life microinsurer <sup>1</sup>	1	3
Professional reinsurers	9	8
Composite reinsurers	5	5
Life reinsurers	2	1
Non-life reinsurers	2	2
Other	2	2

<sup>1</sup>Microinsurer: No data available as yet.

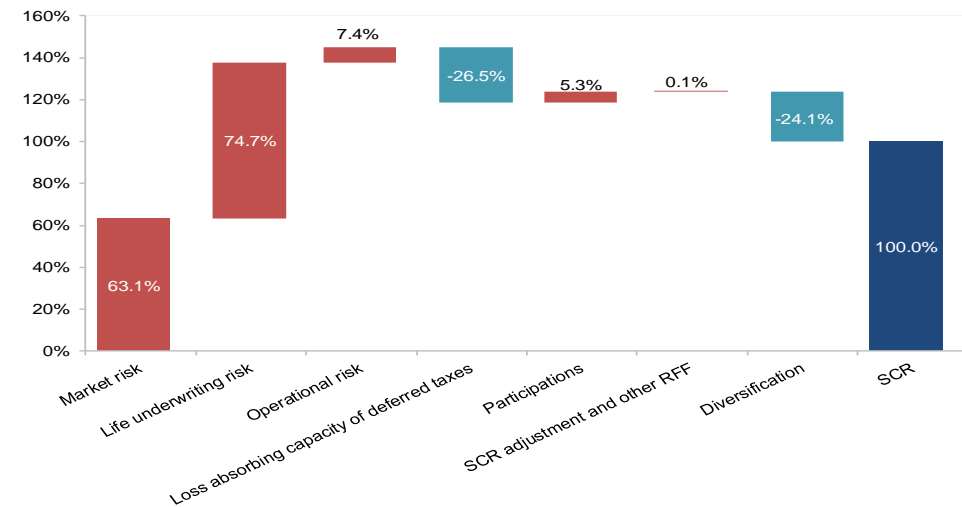


# Life insurance: Primary insurers

Balance sheet	Jun 2020 R'mil	Jun 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>3,078,470</b>	<b>3,426,839</b>	<b>11.3</b>
<i>Of which:</i>			
Total investments	2,883,463	3,239,619	12.4
Government bonds	246,282	323,621	31.4
Corporate bonds	228,135	211,067	-7.5
Equity	439,256	542,636	23.5
Investment funds	1,572,657	1,795,312	14.2
Structured notes	59,830	58,310	-2.5
Collateralised securities	16,433	13,557	-17.5
Cash and deposits	206,156	170,913	-17.1
Mortgages and loans	80,275	90,555	12.8
Property	34,440	33,648	-2.3
Total reinsurance recoverables/ (payable)	6,919	-869	-112.6
Derivatives	10,262	9,541	-7.0
Owner occupied property	8,119	6,704	-17.4
Other assets	169,707	171,843	1.3
<b>Total liabilities</b>	<b>2,757,539</b>	<b>3,094,757</b>	<b>12.2</b>
<i>Of which:</i>			
Gross technical provisions	2,580,469	2,915,682	13.0
<b>Basic own funds</b>	<b>320,931</b>	<b>332,082</b>	<b>3.5</b>
Eligible own funds to meet SCR	317,594	329,682	3.8
Eligible own funds to meet MCR	303,051	314,668	3.8
<b>Profitability</b>			
Gross premium	123,749	169,895	37.3
Reinsurance	4,022	4,552	13.2
Net premiums	119,727	165,343	38.1
Net claims paid	100,860	152,137	50.8
Investment income/ (loss) <sup>3</sup>	268,684	91,731	-65.9
Management expenses	14,301	15,741	10.1
Commission paid/ (received)	5,968	5,926	-0.7
Other expenses	1,177	1,550	31.6
Net profit before tax and dividends <sup>4</sup>	10,580	6,487	-38.7
<b>Other</b>			
Number of policies at the end of period	47,842,705	51,261,198	7.1
Number of schemes at the end of period	87,800	91,598	4.3

Performance indicators	Jun 2020	Jun 2021
Claims ratio <sup>1</sup>	84.2	92.0
Commission ratio <sup>1</sup>	5.0	3.6
Management expenses ratio <sup>1</sup>	11.9	9.5
Individual lapse ratio <sup>2</sup>	126.1	58.6
Individual contractual termination <sup>2</sup>	8.5	6.6
Individual expiry <sup>2</sup>	2.7	3.1
Surrenders <sup>2</sup>	7.9	4.8
Surrenders (in-force policies)	0.4	0.4
Individual lapse ratio (in-force policies)	5.7	4.5
<b>Solvency and capital</b>		
SCR cover ratio (Median)	1.9	1.8
MCR cover ratio (Median)	4.3	4.5

## 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.

<sup>3</sup> A decline of investment income was as a result of normalisation of equity performance during 2021.

<sup>4</sup> A decline in profit before tax was mainly due to change in policy liabilities as well as lower investment income.

## Life insurance: Reinsurers

### Balance sheet

	Jun 2020	Jun 2021	12 Monthly
	R'mil	R'mil	% growth
<b>Total assets<sup>2</sup></b>	<b>8,042</b>	<b>6,230</b>	<b>-22.5</b>
<i>Of which:</i>			
Total investments	5,123	1,649	-67.8
Total reinsurance recoverables/ (payable) <sup>2</sup>	1,200	1,631	36.0
Current assets	1,596	2,944	84.4
<b>Total liabilities</b>	<b>4,497</b>	<b>4,510</b>	<b>0.3</b>
<i>Of which</i>			
Gross technical provisions	2,098	1,665	-20.6
Accounts payable	1,713	2,683	56.6
Reinsurance deposits	4	-	-100.0
<b>Basic own funds</b>	<b>3,546</b>	<b>1,720</b>	<b>-51.5</b>
Eligible own funds to meet SCR	3,546	1,719	-51.5
Eligible own funds to meet MCR	3,546	1,719	-51.5
<b>Profitability<sup>2</sup></b>			
Gross premium	1,621	943	-41.8
Reinsurance	1,091	636	-41.7
Net premiums	530	307	-42.1
Net claims paid	471	227	-51.8
Investment income	253	44	-82.7
Management expenses	102	47	-53.9
Other expenses	11	-4	-138.9
Net loss before tax and dividends <sup>3</sup>	263	-198	-175.5

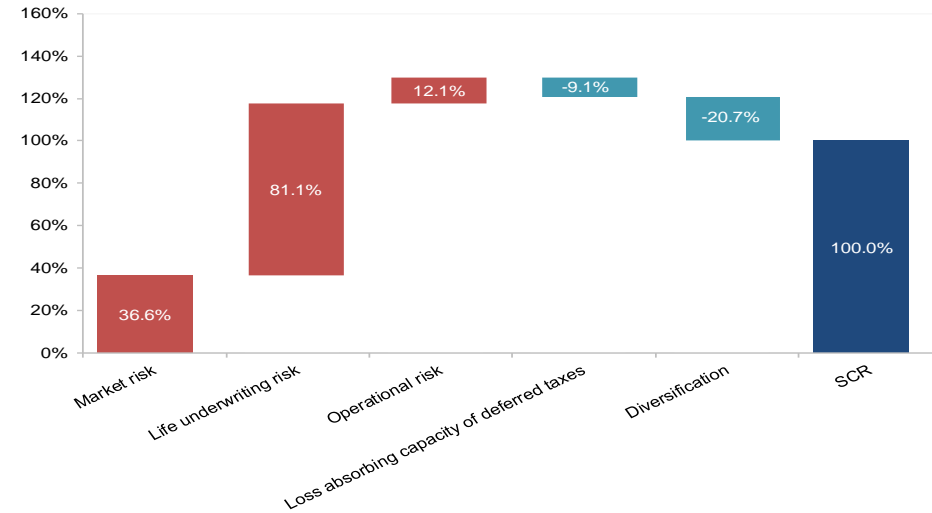
### Performance indicators

	Jun 2020	Jun 2021
Claims ratio <sup>1</sup>	88.8	74.0
Management expenses ratio <sup>1</sup>	19.2	15.3

### Solvency and capital

	Jun 2020	Jun 2021
SCR cover ratio (Median)	1.6	1.4
MCR cover ratio (Median)	5.9	5.3

### SCR risk components



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

<sup>2</sup> General decline between 2020 and 2021 was as a result of reclassifications of reinsurers.

<sup>3</sup> Reinsurers net profit before tax was mainly affected by a decline in premiums and investment income.

# Life insurance: Cell Captive insurers

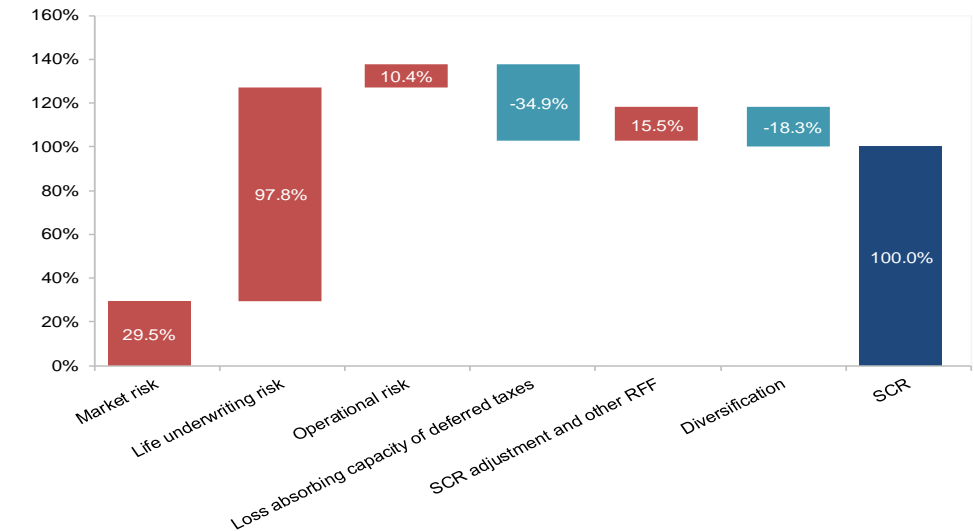
Balance sheet	Jun 2020 R'mil	Jun 2021 R'mil	12 Monthly % growth
<b>Total assets<sup>3</sup></b>	<b>17,124</b>	<b>20,633</b>	<b>20.5</b>
<i>Of which:</i>			
Total investments	20,152	23,547	16.8
Government bonds	945	1,946	105.9
Corporate bonds	7,407	8,639	16.6
Equity	171	300	75.6
Investment funds	7,723	7,632	-1.2
Structured notes	7	109	1566.6
Collateralised securities	142	330	131.7
Cash and deposits	3,395	4,190	23.4
Mortgages and loans	362	402	10.9
Total reinsurance recoverables/ (payable)	-3,683	-4,353	18.2
Derivatives	28	15	-45.3
Other assets	627	1,423	127.1
<b>Total liabilities</b>	<b>7,956</b>	<b>8,923</b>	<b>12.2</b>
<i>Of which:</i>			
Gross technical provisions	4,779	5,077	6.2
Deferred tax liabilities	2,086	2,534	21.5
<b>Basic own funds</b>	<b>9,168</b>	<b>11,710</b>	<b>27.7</b>
Eligible own funds to meet SCR	5,409	7,171	32.6
Eligible own funds to meet MCR	5,392	7,166	32.9
<b>Profitability</b>			
Gross premium <sup>3</sup>	3,495	4,599	31.6
Reinsurance	850	1,090	28.3
Net premiums	2,645	3,508	32.6
Net claims paid	745	1,013	36.0
Investment income <sup>3</sup>	1,106	452	-59.1
Management expenses	264	401	51.9
Commission paid/ (received)	373	392	5.0
Other expenses	0	0	30.8
Net profit before tax and dividends	1,424	1,336	-6.2
<b>Other</b>			
Number of policies at the end of period <sup>3</sup>	6,771,574	28,542,684	321.5
Number of schemes at the end of period	81,834	87,003	6.3

Performance indicators	Jun 2020	Jun 2021
Claims ratio <sup>1</sup>	28.1	28.9
Commission ratio <sup>1</sup>	14.1	11.2
Management expenses ratio <sup>1</sup>	10.0	11.4
Individual lapse ratio <sup>2</sup>	32.7	1.8
Individual contractual termination <sup>2</sup>	1.3	0.2
Individual expiry <sup>2</sup>	35.4	5.3
Surrenders <sup>2</sup>	1.7	0.0
Surrenders (in-force policies)	0.3	0.0
Individual lapse ratio (in-force policies)	6.3	1.0

## Solvency and capital

SCR cover ratio (Median)	1.1	1.1
MCR cover ratio (Median)	4.3	4.2

## 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.

<sup>3</sup> One insurer received a book of policies from one particular bank.

## Non-Life insurance: Primary insurers

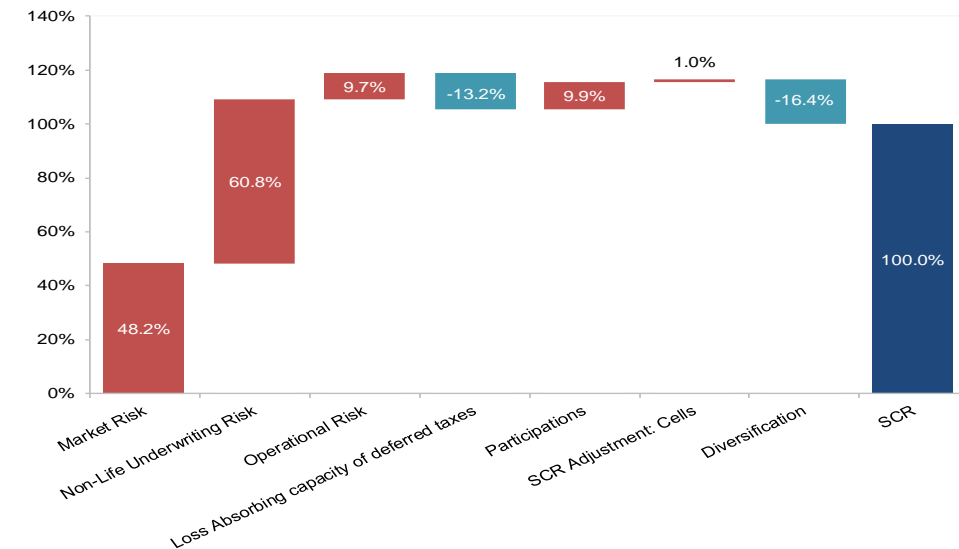
Balance sheet	June 2020 R'mil	June 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>164,294</b>	<b>185,466</b>	<b>12.9</b>
<i>Of which:</i>			
Total investments	114,659	124,525	8.6
Government bonds	21,056	25,518	21.2
Corporate bonds	28,687	30,801	7.4
Equity	16,413	19,395	18.2
Investment funds	14,203	15,313	7.8
Structured notes	246	127	-48.3
Collateralised securities	708	632	-10.6
Cash and deposits	31,252	30,875	-1.2
Mortgages and loans	2,040	1,821	-10.7
Property	53	42	-21.7
Total reinsurance recoverables/ (payable)	17,197	29,116	69.3
Derivatives	102	198	93.1
Owner occupied property	1,869	1,669	-10.7
Other assets	30,468	29,957	-1.7
<b>Total liabilities</b>	<b>92,215</b>	<b>107,877</b>	<b>17.0</b>
<i>Of which:</i>			
Gross technical provisions	63,743	79,226	24.3
Accounts payable	7,232	8,875	22.7
Payables (trade, not insurance)	7,286	7,986	9.6
<b>Basic own funds</b>	<b>72,079</b>	<b>77,589</b>	<b>7.6</b>
Eligible own funds to meet SCR	70,312	76,128	8.3
Eligible own funds to meet MCR	65,740	72,492	10.3
<b>Profitability</b>			
Gross written premium	29,968	34,341	14.6
Reinsurance	9,766	12,139	24.3
Net premiums	20,203	22,202	9.9
Net earned premium	19,861	21,239	6.9
Investment income <sup>4</sup>	3,487	1,936	-44.5
Net claims paid	11,344	13,475	18.8
Management expenses	7,164	7,089	-1.0
Commission paid/ (received)	558	690	23.7
Underwriting profit/(loss)	373	703	88.5
Underwriting and investment income	3,861	2,640	-31.6
Net profit before tax and dividends	3,599	2,767	-23.1

Performance indicators	June 2020	June 2021
Claims ratio <sup>1</sup>	56.2	60.7
Management expenses ratio <sup>1</sup>	35.5	31.9
Commission ratio <sup>1</sup>	2.8	3.1
Combined ratio <sup>2</sup>	94.4	95.7
Underwriting profit/(loss) ratio <sup>3</sup>	1.9	3.3
Underwriting and investment income ratio <sup>3</sup>	19.4	12.4

### Solvency and capital

SCR cover ratio (Median)	1.8	1.7
MCR cover ratio (Median)	3.8	4.0

### 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.

<sup>4</sup> A decline of investment income was as a result of normalisation of equity performance during 2021.



# Non-Life insurance: Reinsurers

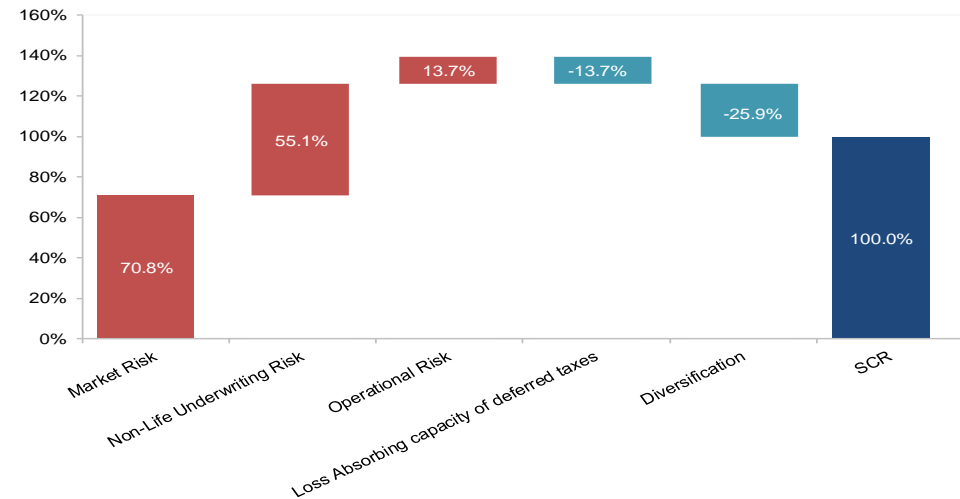
Balance sheet	June 2020 R'mil	June 2021 R'mil	12 Monthly % growth
<b>Total assets<sup>4</sup></b>	<b>6,803</b>	<b>9,118</b>	<b>34.0</b>
<i>Of which:</i>			
Total investments	3,746	5,717	52.6
Total reinsurance recoverables/ (payable)	2,148	2,763	28.6
<b>Total liabilities<sup>4</sup></b>	<b>5,140</b>	<b>6,866</b>	<b>33.6</b>
<i>Of which :</i>			
Gross technical provisions	3,214	3,773	17.4
Accounts payable	359	113	-68.6
Reinsurance deposits	1,393	2,691	93.1
<b>Basic own funds</b>	<b>1,663</b>	<b>2,252</b>	<b>35.4</b>
Eligible own funds to meet SCR	1,663	2,252	35.4
Eligible own funds to meet MCR	1,663	2,241	34.8
<b>Profitability</b>			
Gross premium <sup>5</sup>	1,591	784	-50.7
Reinsurance	1,179	555	-52.9
Net premiums <sup>5</sup>	413	230	-44.3
Net earned premiums	422	199	-52.8
Investment income	213	81	-62.2
Net claims paid	359	145	-59.8
Management expenses	79	58	-27.0
Commission paid/ (received)	88	81	-8.0
Other expenses	-0	-9	7465.1
Underwriting profit/(loss)	5	26	447.9
Underwriting and investment income	218	107	-50.9
Net profit before tax and dividends	218	101	-53.9

Performance indicators	June 2020	June 2021
Claims ratio <sup>1</sup>	87.1	62.9
Commission ratio <sup>1</sup>	21.3	35.1
Management expenses ratio <sup>1</sup>	19.1	25.0
Combined ratio <sup>2</sup>	127.5	123.0
Underwriting profit/(loss) ratio <sup>3</sup>	1.1	13.3
Underwriting and investment income ratio	51.7	53.7

## Solvency and capital

SCR cover ratio (Median)	2.2	2.3
MCR cover ratio (Median)	6.4	9.2

## 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.

<sup>4</sup> An increase in balance sheet items was as a result of reclassification of insurers.

<sup>5</sup> A decline in profitability items was as a result of lower than usual written premiums by a particular reinsurer.

# Non-Life insurance: Cell Captive insurers

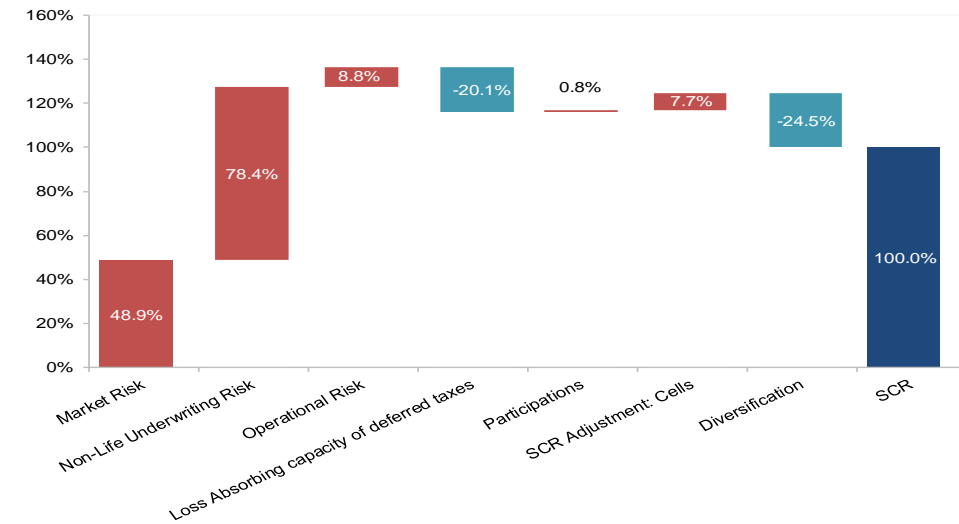
Balance sheet	June 2020 R'mil	June 2021 R'mil	12 Monthly % growth
<b>Total assets<sup>4</sup></b>	<b>47,530</b>	<b>53,350</b>	<b>12.2</b>
<i>Of which:</i>			
<i>Total investments</i>	37,406	41,894	12.0
Government bonds	484	618	27.7
Corporate bonds	12,399	13,264	7.0
Equity	1,775	2,279	28.4
Investment funds	4,445	6,006	35.1
Structured notes	136	127	-6.2
Collateralised securities	350	381	8.9
Cash and deposits <sup>4</sup>	17,798	19,201	7.9
Mortgages and loans	19	18	-4.2
Total reinsurance recoverables/ (payable)	4,437	5,148	16.0
Derivatives	0	-0	-133.2
Other assets	5,687	6,308	10.9
<b>Total liabilities</b>	<b>30,080</b>	<b>33,269</b>	<b>10.6</b>
<i>Of which:</i>			
Gross technical provisions	27,124	30,026	10.7
<b>Basic own funds</b>	<b>17,451</b>	<b>20,081</b>	<b>15.1</b>
Eligible own funds to meet SCR	13,545	15,342	13.3
Eligible own funds to meet MCR	13,464	15,241	13.2
<b>Profitability</b>			
Gross written premium	8,828	10,198	15.5
Reinsurance	3,025	3,196	5.6
Net premiums	5,803	7,003	20.7
Net earned premium	3,998	7,256	81.5
Investment income	1,068	473	-55.7
Net claims paid <sup>5</sup>	1,325	3,100	134.0
Management expenses	536	751	40.1
Commission paid/ (received)	-395	-642	62.4
Underwriting profit/(loss) <sup>5</sup>	1,315	540	-59.0
Underwriting and investment income	2,383	1,013	-57.5
Net profit before tax and dividends	2,377	1,013	-57.4

Performance indicators	June 2020	June 2021
Claims ratio <sup>1</sup>	22.8	44.3
Management expenses ratio <sup>1</sup>	9.2	10.7
Commission ratio <sup>1</sup>	-6.8	-9.2
Combined ratio <sup>2</sup>	25.3	45.8
Underwriting profit/(loss) ratio <sup>3</sup>	32.9	7.4
Underwriting and investment income ratio <sup>3</sup>	59.6	14.0

## Solvency and capital

SCR cover ratio (Median)	1.3	1.3
MCR cover ratio (Median)	3.7	2.6

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

<sup>4</sup> General increase in assets was as a result of reclassification of insurers from primary to cell captives.

<sup>5</sup> During review period one insurer experienced higher than usual claims.

# Non-Life insurance: Captive insurers

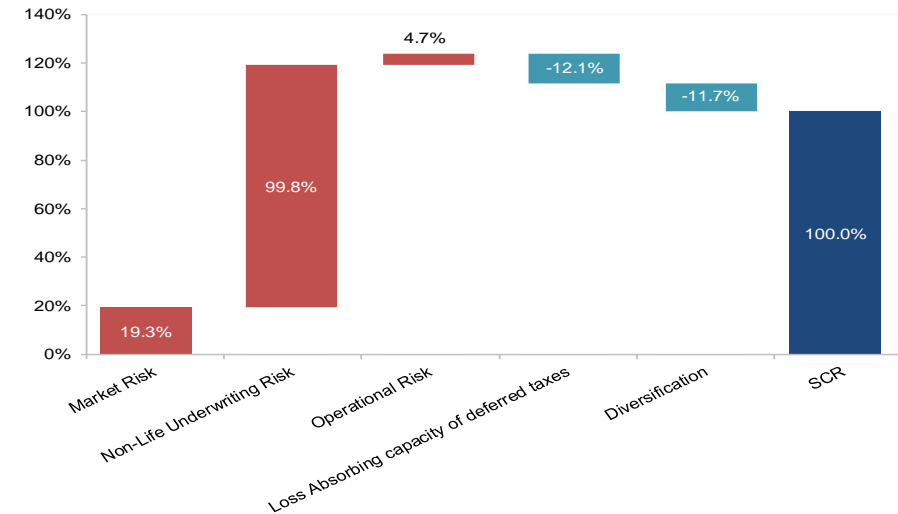
Balance sheet	June 2020 R'mil	June 2021 R'mil	12 Monthly % growth
<b>Total assets</b>	<b>2,769</b>	<b>3,755</b>	<b>35.6</b>
<i>Of which:</i>			
<i>Total investments</i>	2,361	2,185	-7.5
Government bonds <sup>5</sup>	2	466	20032.0
Corporate bonds <sup>5</sup>	105	159	51.1
Equity	3	3	18.8
Investment funds <sup>5</sup>	454	97	-78.6
Structured notes	11	9	-23.9
Collateralised securities	4	3	-11.7
Cash and deposits	1,782	1,447	-18.8
Total reinsurance recoverables/ (payable)	42	1,092	2497.2
Derivatives	-	-	0.0
Other assets	365	478	30.9
<b>Total Liabilities</b>	<b>451</b>	<b>1,908</b>	<b>322.7</b>
<i>Of which:</i>			
Gross technical provisions	339	1,824	437.4
<b>Basic own funds</b>	<b>2,317</b>	<b>1,847</b>	<b>-20.3</b>
Eligible own funds to meet SCR	2,317	1,847	-20.3
Eligible own funds to meet MCR	2,300	1,806	-21.5
<b>Profitability</b>			
Gross written premium <sup>3</sup>	395	206	-47.7
Reinsurance	184	149	-19.0
Net premiums	211	58	-72.7
Net earned premium	250	155	-37.9
Investment income	32	25	-21.5
Net claims paid	251	202	-19.2
Management expenses	33	16	-52.7
Commission paid/ (received)	-6	-14	150.8
Underwriting profit/(loss)	-54	-82	52.4
Underwriting and investment income	-22	-57	159.0
Net profit before tax and dividends	-27	-57	112.8

Performance indicators	June 2020	June 2021
Claims ratio <sup>1</sup>	118.9	352.0
Management expenses ratio <sup>1</sup>	15.7	27.3
Commission ratio <sup>1</sup>	-2.7	-24.6
Combined ratio <sup>2</sup>	131.9	354.7
Underwriting profit/(loss) ratio <sup>4</sup>	-21.4	-52.6
Underwriting and investment income ratio <sup>4</sup>	-8.8	-36.6

## Solvency and capital

SCR cover ratio (Median)	1.8	1.5
MCR cover ratio (Median)	3.8	5.8

## 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> Most captive insurers receive 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.

<sup>5</sup> An increase in bonds was as a result of a switch from Investment funds to Corporate and Governments bonds.

# Composite reinsurers

## Balance sheet

	Jun 2020 R'mil	Jun 2021 R'mil	12 Monthly % growth
<b>Total assets<sup>4</sup></b>	<b>39,894</b>	<b>48,900</b>	<b>22.6</b>
Total investments	22,835	21,795	-4.6
Total reinsurance recoverables	9,190	18,195	98.0
Current assets	7,330	7,612	3.8
<b>Total liabilities</b>	<b>27,165</b>	<b>37,825</b>	<b>39.2</b>
<i>Of which :</i>			
Gross technical provisions (Life)	5,520	11,099	101.1
Gross technical provisions (Non-Life)	12,164	16,075	32.1
Reinsurance accounts payable	4,414	5,214	18.1
Reinsurance deposits	1,638	33	-98.0
<b>Basic own funds</b>	<b>12,729</b>	<b>11,076</b>	<b>-13.0</b>
Eligible own funds to meet SCR	13,966	12,318	-11.8
Eligible own funds to meet MCR	12,755	11,014	-13.7

## Profitability

	Jun 2020 Life	Jun 2020 Non-life	Jun 2021 Life	Jun 2021 Non-life
Gross premium	2,755	3,750	3,439	2,917
Reinsurance	198	3,135	972	2,071
Net premiums	2,556	615	2,467	845
Net earned premiums		619		25
Investment Income	623	158	316	111
Net claims paid	2,140	433	3,044	197
Management expenses	170	15	204	25
Commission paid/ (received)	274	6	62	88
Other expenses	174	57	37	34
Underwriting profit/(loss)		113		-243
Underwriting and investment income		272		-133
Net profit before tax and dividends	239	297	-1,572	-167

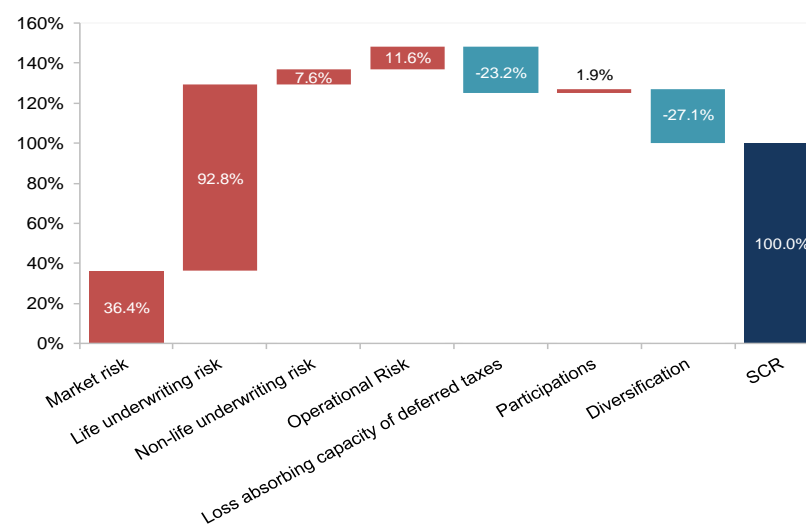
## Performance indicators

	Jun 2020 Life (%)	Jun 2020 Non-life (%)	Jun 2021 Life (%)	Jun 2021 Non-life (%)
Claims ratio <sup>1</sup>	83.7	70.3	123.4	23.3
Management Expenses ratio <sup>1</sup>	6.7	2.4	8.3	3.0
Commission ratio <sup>1</sup>	10.7	1.0	2.5	10.4
Combined ratio <sup>2</sup>		73.7		36.8
Underwriting profit/(loss) ratio <sup>3</sup>		18.3		-965.9
Underwriting and investment income ratio <sup>3</sup>		43.9		-526.4

## Solvency and capital

	Jun 2020	Jun 2020	Jun 2021	Jun 2021
SCR cover ratio (Median)	1.9	1.9	1.5	1.5
MCR cover ratio (Median)	4.6	4.6	3.3	3.3

## 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.

<sup>4</sup> General increase between 2020 and 2021 was as a result of reclassifications of reinsurers.