

Compass Insurance Quarterly Report- December 2021

There were eighteen registered insurance companies as at December 31, 2021. However, only seventeen were operational. The six (6) life insurance companies continued their dominance within the insurance sector, accounting for 79 per cent of the sector's total assets, while the eleven (11) general insurance companies accounted for 21 per cent.

Both total assets and investment assets for the life insurance companies rose by 8.2 per cent and 8 per cent to \$397.6 billion and to \$354 billion respectively as at December 31, 2021. Combined total liabilities grew by 7.3 per cent to \$264.5 billion from the \$247.2 billion as at end December 2020. Cumulated capital climbed by 10.8 per cent to \$133.1 billion, from \$120.2 billion at December 2020

For the twelve-month period ended December 2021, net premiums earned (NPE) for the industry amounted to \$76.5 billion, reflecting a 13.4 per cent expansion when compared to the NPE of \$67.5 billion for the similar period in 2020. The growth in NPE was due to an uptick in business especially the annuity class of business.

Other income jumped by 47.8 per cent over the comparative period in 2020, to reach \$7.4 billion at December 2021. This was mainly due to an extraordinary item of recognition of income to the general fund.

Net investment income leaped to \$27.1 billion from the \$8.6 billion dollars over the reporting period. This was triggered by higher yields and fair value gains from investment assets

Consequently, total combined revenue grew by 36.8 per cent to \$111.0 billion (December 2020: \$81.1 billion). Aggregate total expenses excluding taxes for life insurers rose by 70.4 per cent to \$82.2 billion (December 2020: \$48.4 billion). The hike in expenses was due to a substantial expansion in operating, as well as claims and related expenses in the reporting period. With aggregate expenses growing faster than combined total revenue, cumulated net income before tax fell 13.0 per cent to \$28.5 billion at December 2021, (December 2020: \$32.7 billion).

Table 3 displays selected performance ratios for both life and general insurance companies

Table 1 - Statistical Information and Financial Position of the Life Insurance Industry						
As at	Dec 20 \$'B	Mar. 21 \$'B	June. 21 \$'B	Sept. 21 \$'B	Dec'21 \$'B	%age Change between Dec. 2020 & Dec. 2021
Balance Sheet						
Total Investment Assets	328.3	330.7	335.4	340.8	354.4	8.0
Total Assets	367.3	371.9	377.3	382.8	397.6	8.2
Insurance Liabilities	121.6	124.5	128.1	125.9	128.5	5.6
Other Liabilities	125.5	124.7	126.2	127.8	136.0	8.3
Total Liabilities	247.2	249.2	254.3	253.7	264.5	7.0
Capital & Surplus	120.2	122.7	123.0	129.0	133.1	10.8
Profit and loss (YTD)						
	Dec 20 \$'B	Mar. 21 \$'B	June. 21 \$'B	Sept.. 21 \$'B	Dec.. 21 \$'B	%age Change between Dec. 2020 & Dec. 2021
Net Premium Earned	67.5	17.6	35.8	54.5	76.5	13.4
Net Investment Income	8.6	5.5	13.4	19.1	27.1	213.4
Other Income	5.0	1.5	3.4	5.3	7.4	47.8
Total Expenses before tax	48.4	19.8	43.3	59.4	82.5	70.51
Net Income before tax	32.7	4.8	9.3	19.4	28.5	(12.80)
Net Income	25.8	3.7	7.3	15.4	23.1	(10.5)

General Insurance

Total assets of general insurance companies were \$103.2 billion as at December 2021. This represented a growth of 10.4 per cent over the amount recorded as at December 31, 2020. Aggregate invested assets grew by 8.8 per cent to \$57.3 billion

at the end of the December 2021 (December 2020: \$52.7). Combined total liabilities increased by 12.1 per cent to reach \$74.0 billion at December 2021 compared to the \$66.0 billion seen at December 2020. This was due to an uptick in the claim provisions. The accumulated capital base for the general insurance companies rose by 8.2 per cent to \$29.1 billion compared to the \$26.9 billion as at December 2020 (see Table 2).

Aggregate net premium earned for the twelve-month period ended December 2021 fell by 1.1 per cent to \$21.4 billion. Combined net investment income climbed by 15.8 per cent to \$2.2 billion in the reporting period, from the \$1.9 billion seen in the corresponding period of 2020. Other income for the general insurers, driven partially by foreign exchange gains, expanded by 54.3 per cent to \$1.7 billion.

Therefore, accumulated total revenue amounted to \$25.3 billion, 2.8 per cent above the amount recorded for the corresponding period in 2020. Combined expense was \$21.8 billion for the reporting period. Consequently, net income before tax was \$3.4 billion.

Table 2 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Dec 20 \$'B	Mar' 21 \$'B	Jun' 21 \$'B	Sept.' 21 \$'B	Dec.' 21 \$'B	%age Change between Dec. 2020 & Dec 2021
Balance Sheet						
Total Investment Assets	52.7	52.9	54.2	56.2	57.3	8.8
Total Assets	93.4	95.5	106.9	106.2	103.2	10.4
Insurance Liabilities	51.9	52.7	59.1	53.7	59	13.7
Other Liabilities	14.1	15.5	19.9	23.7	15	6.4
Total Liabilities	66	68.2	79	77.4	74	12.8
Capital & Surplus	26.9	27	27.9	29	29.1	8.2
Profit and loss (YTD)						
Net Premium Earned	21.6	5.3	10.7	15.9	21.4	-1.1
Net Investment Income	1.9	0.4	1	1.4	2.2	15.4
Other Income	1.1	0.3	0.7	0.9	1.7	54.3
Total Expenses before taxes	21.3	5.3	10.4	15.6	21.8	2.3
Income (Loss) before Tax	3.2	0.7	2	2.8	3.4	6.25
Net Income	2.3	0.5	1.4	1.9	2	-13

Table 3 - Selected Prudential Ratio for Insurance Companies

Ratio	20 Dec	21 Mar	21 Jun	21 Sept.	21 Dec.	FSC Benchmark
Life Companies						
Solvency Ratio	48.6	49.2	48.4	50.9	50.3	≥ 10%
Return on Capital (YTD)	27.2	3.9	7.6	15.0	21.4	≤ 20%
General Companies						
Solvency Ratio	40.8	39.3	35.3	35.3	39.3	≥ 25%
Return on Capital (YTD)	12.0	2.7	7.1	9.5	11.7	≤ 20%
Underwriting Ratio (YTD)	98.7	100.9	97.0	97.7	102.0	≤100%