

Insurance Industry as at March 2014

Overview of the Life Insurance Industry

Table 1 shows the changes in selected key indicators for the life insurance industry for the quarters ended March 2013 to March 2014. Total assets of the life insurance industry amounted to \$255.6 billion as at March 31, 2014 (December 2013: \$250.1 billion); representing an increase of 2 per cent.

The industry recorded a 26 per cent gain in aggregate net income before taxes as at March 31, 2014 over the corresponding period of March 2013. This was mainly due to increase in (i) in gross written premium including the sale of a large single premium annuity which amounted to \$2 billion, (ii) investment income gains while the companies controlled their expenses, and (iii) other income due to foreign currency gains.

Table 1 - Statistical Information and Financial Position of the Life Insurance Industry					
As at	Mar 13 \$'B	Jun 13 \$'B	Sep 13 \$'B	Dec 13 \$'B	Mar 14 \$'B
Balance Sheet					
Total Investment Assets	174.5	178.6	187.9	224.0	227.7
Total Assets	209.5	213.9	222.4	250.1	255.6
Insurance Liabilities	50.1	51.4	56.9	70.6	75.2
Other Liabilities	101.3	102.8	104.0	116.3	116.6
Total Liabilities	151.5	154.2	160.9	186.9	191.8
Capital & Surplus	58.1	59.7	61.5	62.6	63.8
Profit and loss (YTD)					
Net Premium Earned	8.2	16.6	28.8	42.9	11.6
Net Investment Income	2.9	6.3	10.1	15.9	4.7
Other Income	0.9	1.9	3.0	12.1	1.1
Total Expenses before tax	9.8	20.2	34.6	51.0	14.7
Net Income before tax	2.3	4.9	7.8	12.7	2.9

Note: unaudited data

Overview of the General Insurance Industry

Table 2 shows the changes in selected key indicators for the general insurance industry for the quarters ended March 2013 to March 2014. Aggregate assets of the general insurance industry amounted to \$58.6 billion reflecting an increase of 2 per cent over the \$57.3 billion reported as at December 31, 2013.

As seen in Table 2 for the quarter ended March 2014, there were increases in net premium earned, investment income and other income over the corresponding period in 2013. With total expenses being the same as in March 2013, the net income before taxes was 57 per cent higher than of March 2013.

Table 2 - Statistical Information and Financial Position of the General Insurance Industry					
As at	Mar 13 \$'B	Jun 13 \$'B	Sep 13 \$'B	Dec 13 \$'B	Mar 14 \$'B
Balance Sheet					
Total Investment Assets	35.4	37.6	37.5	38.5	39.6
Total Assets	53.0	60.1	56.5	57.3	58.6
Insurance Liabilities	31.3	35.2	34.9	33.7	33.4
Other Liabilities	3.7	6.7	4.3	5.0	6.0
Total Liabilities	35.1	41.9	39.2	38.7	39.2
Capital & Surplus	16.6	17.0	15.8	17.2	18.0
Profit and loss (YTD)					
Net Premium Earned	3.6	7.3	10.5	14.3	3.8
Net Investment Income	0.5	1.1	1.7	2.4	0.7
Other Income	0.4	0.7	0.7	0.9	0.2
Underwriting Expenses	3.7	7.6	11.2	14.6	3.7
Total Expenses	3.9	7.9	11.7	15.5	3.9
Net Income (Loss) before Tax	0.7	1.5	1.7	3.1	1.1

Note: unaudited data

The FSC continues to assess the capital adequacy of each company by looking at the solvency ratio - company's capital and surplus relative to total liabilities. As illustrated in Table 3, the solvency ratio of both life and general insurance industries declined but still exceeded the FSC's minimum standard. The increase in profits for both insurance industries directly contributed to the growth in the return on capital ratio. The underwriting ratio of the general insurance industry fell below the 100 per cent indicating the underwriting expenses for the companies were below their underwriting revenue.

Table 3 - Selected Prudential Ratios for Insurance Companies						
Ratio	Mar 13	Jun 13	Sep 13	Dec 13	Mar 14	FSC Benchmark
Life Companies						
Solvency Ratio	38.3	38.7	38.2	37.7	33.3	≥ 10%
Return on Capital (YTD)	4.1	8.3	12.8	17.7	4.2	≤ 20%
General Companies						
Solvency Ratio	46.7	40.6	40.4	44.5	46.0	≥ 25%
Return on Capital (YTD)	4.1	9.0	11	17.7	6.1	≤ 20%
Underwriting Ratio	107.2	104.2	106.7	101.8	95.0	≤100%