

Life Insurance

For the three-month period ended March 31, 2016, the life industry reported income before tax of \$4.1 billion which represented an increase of \$1.5 billion over the \$2.6 billion of the previous period. The increase was mainly driven by increases in net premium earned and net investment income of 6.6% and 16.7% respectively.

The life insurance industry reported total assets of \$287.6 billion for the quarter ended March 31, 2016, which was an increase of 2.2% from \$281.5 billion as at December 31, 2015. The industry's capital and surplus improved by 2.3% to \$70.6 billion as at March 31, 2016 from \$69.0 billion as at December 31, 2015. This improvement was driven by the improvement in earnings.

As seen in table 3, the solvency ratio for the current period remained stable at 32.5%, (December 31, 2015:32.5%), but was well above the FSC's early warning standard minimum of 10%. This gives an indication of the strength of the industry's capital base and its ability to withstand financial distress.

As at	Mar 15 \$'B	Jun 15 \$'B	Sep 15 \$'B	Dec 15 \$'B	Mar 16 \$'B	%age Change between Dec.'15 & Mar. '16
Balance Sheet						
Total Investment Assets	247.5	253.8	255.3	262.1	267.4	2.0
Total Assets	265.7	271.7	273.9	281.5	287.6	2.2
Insurance Liabilities	79.6	82.6	81.1	81.3	83.2	2.3
Other Liabilities	125.2	127.5	128.7	131.2	133.7	1.9
Total Liabilities	204.8	210.1	209.8	212.5	216.9	2.1
Capital & Surplus	60.8	61.5	64.1	69.0	70.6	2.3
Profit and loss (YTD)						
Net Premium Earned	10.6	21.4	32.1	45.8	11.3	6.6
Net Investment Income	4.8	10.1	15.6	23.0	5.6	16.7
Other Income	0.9	2.0	3.0	4.0	1.2	33.3
Total Expenses before tax	13.8	28.1	38.0	52.0	14.1	2.2
Income before tax	2.6	5.4	12.9	21.0	4.1	57.7
Net Income	2.2	5.0	10.4	17.3	3.1	40.9

General Insurance

For the quarter ended March 31, 2016, the general insurance industry's income before tax remained constant at \$0.7 billion compared to March 31, 2015. The the industry saw an increase in total revenue of \$0.3 billion, which was absorbed by the increase in total expenses of \$0.3 billion.

The general insurance industry reported total assets of \$67.9 billion for the quarter ended March 31, 2016, which was an increase of 4.6% from \$64.9 billion as at December 31, 2015. There was a marginal decrease in the general insurance industry solvency ratio by 0.2 percentage points to 53.0% from 53.2% reported in December 31, 2015. Although the ratio declined it remained above the FSC'S early warning standard minimum of 10%.

Table 2 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Mar 15 \$'B	Jun 15 \$'B	Sept 15 \$'B	Dec 15 \$'B	Mar 16 \$'B	%age Change between Dec.'15 & Mar. '16
Balance Sheet						
Total Investment Assets	42.8	43.4	44.5	45.2	46.7	3.3
Total Assets	62.0	66.3	64.9	64.9	67.9	4.6
Insurance Liabilities	34.9	36.9	37.0	35.4	36.4	2.8
Other Liabilities	6.0	7.5	5.5	6.0	6.9	15.0
Total Liabilities	40.1	44.5	42.5	41.4	43.3	4.6
Capital & Surplus	21.1	21.8	22.4	23.4	24.5	4.7
Profit and loss (YTD)						
Net Premium Earned	4.0	8.1	12.3	16.3	4.1	2.5
Net Investment Income	0.6	1.4	2.0	2.8	0.7	16.7
Other Income	0.08	0.3	0.5	0.6	0.2	150
Total Expenses before taxes	4.0	8.0	12.0	15.5	4.3	7.5
Income (Loss) before Tax	0.7	1.8	2.9	4.2	0.7	0.0
Net Income	0.5	1.3	2.0	3.1	0.7	40.0

Table 3 - Selected Prudential Ratio for Insurance Companies						
Ratio	15-Mar	15-Jun	15-Sep	15-Dec	16-Mar	FSC Benchmark
Life Companies						
Solvency Ratio	29.7	29.3	30.5	32.5	32.5	≥ 10%
Return on Capital (YTD)	4.2	8.6	20.0	30.1	5.6	≤ 20%
General Companies						
Solvency Ratio	48.5	45.3	48.8	53.2	53.0	≥ 25%
Return on Capital (YTD)	3.7	8.8	13.9	18.9	2.9	≤ 20%
Underwriting Ratio (YTD)	100.1	99.2	97.3	96.8	105.2	≤100%

Securities

During the quarter ended March 31, 2016, the number of licensed securities dealers supervised by the Financial Services Commission (FSC) stood at 42. Of these 42 licensed dealers, the analysis will focus on 32 securities firms whose core business is dealing in securities.

Total Funds under Management (FUM) for the securities firms, as at March 31, 2016, was approximately \$928.5 billion. This represents an increase of 15.5 per cent over the comparative period in 2015. Total assets also reflected an increase of 3.0 per cent in comparison to March 31, 2015, while the resilience of the securities industry's capital base continues to be evident with total capital for securities firms standing at \$75.3 billion as at March 31, 2016, representing a 2.4 increase over the comparative period last year.

Despite the increase in funds under management and capital base during the March 2016 quarter, there was a noticeable decrease in the reported revenues for securities firms. Total revenue for the March 2016 quarter decreased by 13.4 per cent when compared to March 2015, while interest income declined by 18.3 per cent (**See table 1**).

With respect to the prudential ratios, securities firms continue to satisfy the minimum regulatory capital requirements for the capital base to risk weighted assets, and the capital to total assets ratios. As at March 31, 2016, the average capital base to risk weighted assets ratio was 21.2 per cent, while the average capital to total assets ratio was 13.8 per cent, reasonably well above the 10 per cent and 6 per cent minimum statutory requirements respectively.

As at March 31, 2016 the average intermediation ratio was 27.4 per cent, which is 7.8 percentage points below the reported figure for the comparative period last year. This downward trend was expected in light of recent Retail Repo Reform measures which served to mitigate certain risks in the Retail Repo market. (**See table 2**).

Table 1: Statistical information of the Securities Firms, March 2015 to March 2016

As at	Mar 15 \$'B	June 15 \$'B	Sep 15 \$'B	Dec 15 \$'B	Mar 16 \$'B	%age Change between Mar '15 & Mar '16
Balance Sheet						
Total Assets	529.6	528.1	533.4	532.4	545.7	3.0
Total Liabilities	456.1	452.6	461.9	458.7	470.4	3.1
Total Capital	73.5	75.5	71.5	73.7	75.3	2.4
Funds Under Management	804.2	856	892.3	909.0	928.5	15.5
Total Repo Liabilities	402.2	403.3	406.2	401.0	402.2	0.0
Profit and loss						
Total Revenue	9.7	10.9	9.4	11.6	8.4	13.4
Total Expense	7.8	7.1	6.9	9.3	6.9	11.5
Total Interest Income	7.1	7.2	6.7	8.3	5.8	18.3
Total Interest Expense	4.3	4.2	4	5.1	3.1	27.9
Net Interest Income	2.8	3	2.7	3.2	2.7	3.6
Net Profit	0.9	2.3	1.9	2.1	0.9	0.0

Table 2: Selected Prudential Ratio for Securities Firms

Ratio	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	FSC Benchmark
Capital/Risk Weighted Asset	22%	22.4%	21.6%	21%	21.2%	≥ 10%
Capital/Total Assets	14%	14.3%	13.4%	14%	13.8%	≥ 6%
Intermediation Ratio	35.2%	31%	29.4%	28%	27.4%	≤ 50%