

OVERVIEW OF THE INSURANCE INDUSTRY

Eleven general insurance companies and six life insurance companies were registered as at March 31, 2017. However, only ten general insurers and six life insurers were operational.

Life Insurance

Total assets of the life insurance industry amounted to \$291.6 billion as at March 31, 2017 (December 2016: \$297.1 billion); representing a decrease of 1.9 per cent for the first quarter of 2017 when compared with the last quarter ended December 31, 2016.

For the three-month period ended March 31, 2017, total revenue reflected an increase of 7.8 per cent to \$19.5 billion up from the \$18 billion reported in the corresponding period of 2016. The increase of \$1.5 billion in total revenue was mainly driven by a 13.5 per cent increase in net premium earned (see table 1). With a 4.0 per cent decline in total expenses to \$14.5 billion from the \$15.1 billion reported in the March quarter of 2016, aggregate net income after tax was reported at \$5.0 billion. (March 2016: \$3.1 billion).

Table 1 - Statistical Information and Financial Position of the Life Insurance Industry						
As at	Mar 16 \$'B	June 16 \$'B	Sept 16 \$'B	Dec 16 \$'B	Mar 17 \$'B	%age Change between Dec '16 & Mar '17
Balance Sheet						
Total Investment Assets	267.4	266.4	274.7	274.5	270.1	-1.6
Total Assets	287.6	287.1	294.8	297.1	291.6	-1.9
Insurance Liabilities	83.2	85.5	88.2	88.1	87.4	-0.8
Other Liabilities	133.7	132.6	134.8	140.2	130.8	-6.7
Total Liabilities	216.9	218.1	223	228.3	218.2	-4.4
Capital & Surplus	70.6	69.0	71.8	68.8	73.3	6.5
Profit and loss (YTD)						%age Change between Mar '16 & Mar '17
Net Premium Earned	11.2	22.5	35.6	48.0	12.7	13.4
Net Investment Income	5.6	11.8	18.7	25.0	5.6	0.0
Other Income	1.2	2.5	3.4	4.6	1.1	-8.3
Total Expenses before tax	14.1	28.6	43.4	56.7	13.5	-4.5
Net Income before tax	4.0	8.2	14.3	21.1	6.0	50.0
Net Income	3.1	6.3	11.1	16.3	5.0	60.9

General Insurance

For the quarter ended March 31, 2017, aggregate assets and liabilities of the general insurance industry amounted to \$71.9 billion and \$45.6 billion respectively, representing an increase of 1.7 per cent and 2.2 per cent respectively over the quarter ended December 31, 2016.

Total revenue of the general industry was \$5.3 billion for the three-month period ended March 31, 2017, representing a 5.9 per cent or \$0.3 billion improvement over the \$5.0 billion reported in the same period last year. Total expenses (including taxes) for the review period were \$4.9 billion; this was driven by increase in claims. Taxes also grew when compared to the corresponding period in 2016 as one company, in the quarter ended March 31, 2016, had reported an extraordinary item due to the reversal of tax provision. Consequently, there was a 49.2 per cent reduction in net income after tax to \$0.4 billion. See Table 2. . .

As illustrated in Table 3, the ratios indicate that life and general insurance companies are well capitalized and are generating a positive return on equity. The underwriting ratio of the general insurance industry is 8.3 per cent above the FSC benchmark of a maximum of 100 per cent reflecting that there was deterioration in underwriting experience and/or practices.

Table 2 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Mar 16 \$'B	Jun 16 \$'B	Sept 16 \$'B	Dec 16 \$'B	Mar 17 \$'B	%age Change between Dec '16 & Mar '17
Balance Sheet						
Total Investment Assets	46.7	47.7	48.3	48	49.0	2.1
Total Assets	67.9	76.5	73.0	70.7	71.9	1.7
Insurance Liabilities	36.4	42.3	41.3	38.5	38.5	0.0
Other Liabilities	6.9	9	6.0	6.1	7.1	16.4
Total Liabilities	43.3	51.3	47.3	44.6	45.6	2.2
Capital & Surplus	24.5	25.2	25.7	26.1	26.3	0.8
Profit and loss (YTD)						%age Change between Mar '16 & Mar '17
Net Premium Earned	4.1	8.3	12.6	16.9	4.4	7.3
Net Investment Income	0.7	1.6	2.5	3.4	0.8	14.3
Other Income	0.2	0.6	0.8	0.9	0.1	-65.0
Total Expenses before taxes	4.3	8.7	12.9	17	4.7	9.3
Income (Loss) before Tax	0.7	1.8	3.1	4.2	0.6	-20.1
Net Income	0.7	1.5	2.5	3.3	0.4	-49.2

Table 3 - Selected Prudential Ratio for Insurance Companies

Ratio	16-Mar	16-Jun	16-Sep	16-Dec	17-Mar	FSC Benchmark
Life Companies						
Solvency Ratio	32.5	31.6	32.2	30.1	33.6	≥ 10%
Return on Capital (YTD) (before tax)	5.6	11.9	19.7	30.3	8.2	≤ 20%
General Companies						
Solvency Ratio	53	46.4	53.9	58.4	54.3	≥ 25%
Return on Capital (YTD)	2.9	7.6	12.3	16.3	2.3	≤ 20%
Underwriting Ratio (YTD) (before tax)	105.2	104.8	102.3	100.5	108.3	≤100%