

OVERVIEW OF THE INSURANCE INDUSTRY

Eleven general insurance companies and six life insurance companies were registered as at June 30, 2017. However, only ten general insurers and six life insurers were operational.

Life Insurance

Total assets of the life insurance industry amounted to \$294.7 billion as at June 30, 2017 (December 2016: \$297.1 billion); representing a decrease of 0.8 per cent when compared with the year ended December 31, 2016.

The life insurance industry reported a net profit before tax of \$12.1 billion for the six-month period ended June 30, 2017 compared to net profit before tax of \$8.2 billion for the similar period in 2016, representing an increase of 47.6 per cent. Despite a 10.2 per cent decline in the net investment income from the corresponding period, total revenue improved, recording an increase of \$2.3 billion when compared with the first six-month period in 2016. The improvement was mainly as a result of an increase in net premium earned by \$3.4 billion. The increase in net profit gave rise to the insurance industry Return on Capital (ROC) of 33.4 per cent compared to 31.6 as at June 30, 2016 (see table 3).

As at	June 16 \$'B	Sept 16 \$'B	Dec 16 \$'B	Mar 17 \$'B	Jun 17 \$'B	%age Change between Dec '16 & Jun '17
Balance Sheet						
Total Investment Assets	266.4	274.7	274.5	270.1	273.5	-0.4
Total Assets	287.1	294.8	297.1	291.6	294.7	-0.8
Insurance Liabilities	85.5	88.2	88.1	87.4	88.1	0.0
Other Liabilities	132.6	134.8	140.2	130.8	132.9	-5.2
Total Liabilities	218.1	223	228.3	218.2	221.0	-3.2
Capital & Surplus	69.0	71.8	68.8	73.3	73.7	7.1
Profit and loss (YTD)						
Net Premium Earned	22.5	35.6	48	12.7	25.9	15.1
Net Investment Income	11.8	18.7	25.0	5.6	10.6	-10.2
Other Income	2.5	3.4	4.6	1.1	2.6	4.0
Total Expenses before tax	28.6	43.4	56.7	13.5	27.1	-5.2
Net Income before tax	8.2	14.3	21.1	6.0	12.1	47.6
Net Income	6.3	11.1	16.3	5.0	9.7	54.0

General Insurance

As at June 30, 2017 aggregate total assets of the general insurance industry amounted to \$76.7 billion representing an increase of 8.5 per cent over the \$70.7 billion reported as at December 31, 2016.

For the 6-month period ended June 30, 2017, while total revenue of the general industry increased by 1.9 per cent over 2016, total expenses before taxes also rose by 9.2 per cent. The increase in expenses offset the increase in revenue thus explaining the decline in income before taxes by 33.3 per cent (See table 2).

Table 2 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Jun 16 \$'B	Sept 16 \$'B	Dec 16 \$'B	Mar 17 \$'B	Jun 17 \$'B	%age Change between Dec '16 & Jun '17
Balance Sheet						
Total Investment Assets	47.7	48.3	48.0	49.0	49.4	2.9
Total Assets	76.5	73	70.7	71.9	76.7	8.5
Insurance Liabilities	42.3	41.3	38.5	38.5	42.1	9.4
Other Liabilities	9.0	6.0	6.1	7.1	8.1	32.8
Total Liabilities	51.3	47.3	44.6	45.6	50.2	12.6
Capital & Surplus	25.2	25.7	26.1	26.3	26.4	1.1
Profit and loss (YTD)						
Net Premium Earned	8.3	12.6	16.9	4.4	8.8	6.0
Net Investment Income	1.6	2.5	3.4	0.8	1.7	6.3
Other Income	0.6	0.8	0.9	0.1	0.2	-66.7
Total Expenses before taxes	8.7	12.9	17	4.7	9.5	9.2
Income (Loss) before Tax	1.8	3.1	4.2	0.6	1.2	-33.3
Net Income	1.5	2.5	3.3	0.4	0.8	-46.7

Table 3 - Selected Prudential Ratio for Insurance Companies						
Ratio	16-Jun	16-Sep	16-Dec	17-Mar	17-Jun	FSC Benchmark
Life Companies						
Solvency Ratio	31.6	32.2	30.1	33.6	33.4	≥ 10%
Return on Capital (YTD)	11.9	19.7	30.3	8.2	16.4	≤ 20%
General Companies						
Solvency Ratio	46.4	53.9	58.4	54.3	52.6	≥ 25%
Return on Capital (YTD)	7.6	12.3	16.3	2.3	4.5	≤ 20%
Underwriting Ratio (YTD)	104.8	102.3	100.5	108.3	107.5	≤100%

