

Insurance

Overview of the Insurance Industry

As at March 31, 2018, there were seventeen registered insurance companies in the Jamaican insurance sector. However, of the seventeen registered, only two companies were not in operation.

Life insurance companies continued to be the dominant insurance industry, accounting for 80.2 per cent of the sector total assets while the general insurance companies accounted for 19.8 per cent as at end-March 2018.

Life Insurance

Total assets in the life insurance industry amounted to \$316.2 billion as at March 31, 2018, representing an increase of 8.4 per cent over the \$291.6 billion reported for the period ended March 31, 2017. Total liabilities stood at approximately \$234.0 billion as at March 31, 2018 (March 2016: \$218.2 billion). The Industry's capital base grew by 12.1 per cent from \$73.3 billion to \$82.2 billion as at March 31, 2018 (See table 1).

Total revenue of the life industry was \$21.4 billion for the three-month period ended March 31, 2018, representing a 10.3 per cent or \$2.0 billion improvement over the \$19.4 billion reported in the corresponding period last year. This was driven by increases of 13.4 per cent and 27.3 per cent in net premium earned and other income respectively. Total expenses (including taxes) amounted to \$17.2 billion (March 2017: \$14.5 billion) representing an increase of 19.0 per cent. The growth in total expenses offset the increase in total revenue thus explaining the decline in net income before tax by 11.7 per cent. This decline in net profit resulted in a reduction in the life industry's Return on Capital (ROC) of 6.5 percent compared to 8.2 per cent as at March 31, 2017 (see Table 3).

As at	Mar 17 \$'B	Jun 17 \$'B	Sept 17 \$'B	Dec 17 \$'B	Mar 18 \$'B	%age Change between Mar '17& Mar '18
Balance Sheet						
Total Investment Assets	270.1	273.5	286.2	286.9	293.8	8.8
Total Assets	291.6	294.7	308.6	311.1	316.2	8.4
Insurance Liabilities	87.4	88.1	97.2	96.847	97.4	11.4
Other Liabilities	130.8	132.9	134.5	132.3	136.6	4.4
Total Liabilities	218.2	221.0	231.6	229.1	234.0	7.2
Capital & Surplus	73.3	73.7	76.9	82.0	82.2	12.1
Profit and loss (YTD)						%age Change between Mar '17 & Mar '18

Net Premium Earned	12.7	25.9	38.7	58.6	14.4	13.4
Net Investment Income	5.6	10.6	16.5	25.0	5.6	0.0
Other Income	1.1	2.6	4.98	5.4	1.4	27.3
Total Expenses before tax	13.5	27.1	43.3	66.2	16.1	19.3
Net Income before tax	6.0	12.1	16.9	22.7	5.3	-11.7
Net Income	5.0	9.7	13.4	17.8	4.2	-16.0

General Life Insurance

There was an 8.6 per cent growth in the asset base of the general insurance industry to \$78.1 billion as at March 31, 2018 (March 2017: \$71.9 billion). On the other side of the balance sheet, total liabilities as at March 31, 2018 was \$51.9 billion which represented a 13.8 per cent growth over the \$45.6 billion reported at the end of March 2017. As a result of the industry's capital and surplus declining by 1.1 per cent to \$26.0 billion as at March 31, 2018, the solvency ratio for the life insurance sector fell from 54.3 per cent to 50.1 per cent at March end of 2017 (See Table 3).

For the three-month period ended March 31, 2018, total revenue exceeded total expenses including taxes, a 33.3 per cent increase in reported income before tax over the comparative period of 2017 (See table 2).

Table 2 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Mar 17 \$'B	Jun 17 \$'B	Sept 17 \$'B	Dec 17 \$'B	Mar 18 \$'B	%age Change between Mar'16 & Mar'17
Balance Sheet						
Total Investment Assets	49.0	49.4	49.1	50.0	49.8	1.6
Total Assets	71.9	76.7	75.4	78.1	78.1	8.6
Insurance Liabilities	38.5	42.1	41.8	43.4	43.4	12.7
Other Liabilities	7.1	8.1	7.8	7.8	8.6	21.1
Total Liabilities	45.6	50.2	49.6	51.2	51.9	13.8
Capital & Surplus	26.3	26.4	25.6	26.8	26.0	-1.1
Profit and loss (YTD)						
						%age Change between Mar'16 & Mar '17
Net Premium Earned	4.4	8.8	13.4	18.2	4.8	9.1
Net Investment Income	0.8	1.7	2.8	4.1	0.6	-25.0
Other Income	0.1	0.2	0.3	0.2	0.2	100.0
Total Expenses before taxes	4.7	9.5	14.1	19.2	4.9	4.3
Income (Loss) before Tax	0.6	1.2	2.5	3.4	0.8	33.3
Net Income	0.4	0.8	1.8	2.4	0.5	25.0

Table 3 - Selected Prudential Ratio for Insurance Companies

Ratio	17-Mar	17-Jun	17-Sep	17-Dec	18-Mar	FSC Benchmark
Life Companies						
Solvency Ratio	33.6	33.35	33.2	35.8	35.1	≥ 10%
Return on Capital (YTD)	8.2	16.4	21.9	27.7	6.5	≤ 20%
General Companies						
Solvency Ratio	54.3	52.6	51.5	52.2	50.1	≥ 25%
Return on Capital (YTD)	2.3	4.5	9.7	12.6	3.0	≤ 20%
Underwriting Ratio (YTD)	108.3	107.5	104.5	105.2	102.2	≤100%