

## Insurance

### Overview of the Insurance Sector

The number of companies registered in the insurance sector at end- December 2018 was eighteen. However, of the eighteen registered, only sixteen were operational.

Life insurance companies maintained its dominance within the insurance industry, accounting for 79.9 per cent of the sector's total assets while the general insurance companies accounted for the remaining 20.1 per cent as at end-December 2018.

### Life Insurance

By the end of the December 2018 quarter, aggregated invested assets was J\$299.7 billion, representing a 3.7 per cent increase when compared to the J\$289.0 billion reported as at December 2017.

Resultantly, the life insurance industry's total assets increased from J\$312.1 billion at December 31, 2017 to J\$324.2 billion at December 31, 2018. Total Liabilities for the life insurance industry grew by 0.9 per cent over the same period, from J\$229.2 billion to J\$231.2 billion. Additionally, the industry's aggregate capital base grew by 12.1 per cent between December 31, 2017 and December 31, 2018, from J\$82.9 billion to J\$92.9 billion (see table 1).

The Life Insurance Industry reported gross premium income of J\$60.8 billion for 2018, which represented a 2.2 per cent increase when compared to the J\$59.5 billion reported for the year ended December 31, 2017. The industry net premium income for 2018 was J\$59.6 billion (December 2017: J\$58.5 billion), which represented a 1.9 per cent increase compared to 2017.

For the twelve-month period ended December 31, 2018, the life insurance industry reported total income (including net premium earned, net investment income and other income) of J\$92.6 billion which was 3.7 per cent higher than the J\$89.3 billion reported for 2017. Total expenses before tax, on the other hand, decreased by 6.2 per cent, from J\$66.2 billion to J\$62.1 billion. The changes in income and expenses triggered a 31.7 per cent increase in the net income for the industry, which was reported at J\$24.1 billion for 2018 compared to J\$18.3 billion for 2017. The growth in net profit gave rise to the life insurance industry return on capital (ROC) of 32.3 per cent compared to 27.7 per cent over the corresponding period (see table 3).

As at	Dec 17 \$'B	Mar 18 \$'B	Jun 18 \$'B	Sept 18 \$'B	Dec 18 \$'B	%age Change between Dec '17 & Dec '18
<b>Balance Sheet</b>						
Total Investment Assets	289.0	293.8	297.8	304.1	299.7	3.7
<b>Total Assets</b>	312.1	316.2	321.6	328.7	324.2	3.9
Insurance Liabilities	91.9	97.4	97.4	100.5	95.6	4.0
Other Liabilities	137.3	136.6	135.4	136.7	135.6	-1.2
<b>Total Liabilities</b>	229.2	234.0	232.8	237.1	231.2	0.9

<b>Capital &amp; Surplus</b>	82.9	82.2	88.8	91.6	92.9	12.1
<b>Profit and loss (YTD)</b>						<b>%age Change between Dec '17 &amp; Dec '18</b>
Net Premium Earned	58.5	14.4	28.5	43.6	59.6	1.9
Net Investment Income	25.0	5.6	11.6	21.6	26.3	5.4
Other Income	5.8	1.4	3.3	5.2	6.7	15.5
Total Expenses before tax	66.2	16.1	30.6	48.3	62.1	-6.2
<b>Net Income before tax</b>	23.4	5.3	12.8	22.1	30.5	30.3
<b>Net Income</b>	18.3	4.2	10.3	17.7	24.1	31.7

### General Insurance

The general insurance companies continue to grow. Aggregate assets grew by 4.0 per cent from the amount registered at the end of December 2017 to J\$81.1 billion as at December 31, 2018 (December 2017: J\$78.0 billion). This growth was propelled mainly by the increased in the combined invested assets to J\$51.7 billion at December 31, 2018. Total Liabilities for the industry grew over the same period by approximately 5.1 per cent, moving from J\$51.2 billion to J\$53.8 billion. There was also an upward movement of 2.2 per cent in the industry's capital based.

Total income (including net premium earned, net investment income and other income) for the year ended December 31, 2018 was J\$23.4 billion, which represented a 4.5 per cent increase relative to the similar period in 2017. This increase was mainly driven by growth in other income of J\$0.7 billion due to foreign exchange gains. Total expenses (before taxes) amounted to J\$19.2 billion and represented a 1.1 per cent year-over-year increase. Consequently, net income for the general insurance industry amount to J\$2.7 billion (2017: J\$2.5 billion) (see table 2).

Table 2 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Dec 17 \$'B	Mar 18 \$'B	Jun 18 \$'B	Sept 18 \$'B	Dec 18 \$'B	%age Change between Dec '17 & Dec '18
<b>Balance Sheet</b>						
Total Investment Assets	50.1	49.8	51.3	53.3	51.7	3.2
<b>Total Assets</b>	78.0	78.1	84.1	83.3	81.1	4.0
Insurance Liabilities	43.1	43.4	46.8	46.2	44.1	2.3
Other Liabilities	8.1	8.6	10.9	9.6	9.7	19.8
<b>Total Liabilities</b>	51.2	51.9	57.7	55.8	53.8	5.1
<b>Capital &amp; Surplus</b>	26.7	26.0	26.0	27.2	27.3	2.2

Profit and loss (YTD)						%age Change between Dec '17 & Dec '18
Net Premium Earned	18.2	4.8	9.7	14.7	20.0	9.9
Net Investment Income	4.0	0.6	1.4	2.0	2.7	-32.5
Other Income	0.2	0.2	0.7	1.0	0.7	250.0
Total Expenses before taxes	19.0	4.9	9.8	15.1	19.2	1.1
<b>Income (Loss) before Tax</b>	3.4	0.8	2.1	3.0	4.1	20.6
<b>Net Income</b>	2.5	0.5	1.5	2.0	2.7	8.0

Table 3 - Selected Prudential Ratio for Insurance Companies						
Ratio	17-Dec	18-Mar	18-Jun	18-Sep	18-Dec	FSC Benchmark
<b>Life Companies</b>						
Solvency Ratio	35.8	35.1	38.1	38.6	39.7	≥ 10%
Return on Capital (YTD)	27.7	6.5	14.4	24.1	32.3	≤ 20%
<b>General Companies</b>						
Solvency Ratio	52.2	50.1	45.3	49.3	50.4	≥ 25%
Return on Capital (YTD)	12.6	3	8.2	10.8	14.7	≤ 20%
Underwriting Ratio (YTD)	104.3	102.2	99.8	100.6	97.2	≤100%