

## Insurance

### Overview of the Insurance Sector

As at March 31, 2019, there were nineteen companies registered in the insurance sector in Jamaica. However, of the nineteen registered, only seventeen were operational.

Life insurance companies continued its dominance within the insurance sector, accounting for 79.8 per cent of the sector's total assets while the general insurance companies accounted for the remaining 20.2 per cent as at end-March 2019.

### Life Insurance

The life insurance companies experienced growth during the first quarter of 2019 as aggregate assets increased to J\$328.1 billion. This represented a 1.2 per cent growth over to the J\$324.2 billion in total assets reported as at December 31, 2018. On the other side of the balance sheet, total Liabilities on the other hand fell marginally by 0.2 per cent to J\$230.7 billion over the same period. The industry's total capital, surplus and reserves grew by 4.8 per cent between December 31, 2018 and March 31, 2019, from J\$92.9 billion to J\$97.4 billion.

Despite a 10.7 per cent decline in the net investment income for the quarter ended March 2019, total revenue of the life industry rose to J\$22.0 billion from J\$21.4 billion reported at the end of the corresponding period in 2018. The improvement was mainly as a result of an increase in net premium earned of J\$15.6 billion due to growth in new businesses. Total expenses (including taxes) amounted to J\$17.7 billion (March 2018: J\$17.3 billion) representing an increase of 2.3 per cent. The growth in total revenue offset the increase in total expenses thus explaining the upsurge in net income after tax by 2.4 per cent (see table 1).

As at	Mar 18 \$'B	Jun 18 \$'B	Sept 18 \$'B	Dec 18 \$'B	Mar 19 \$'B	%age Change between Dec '18 &Mar '19
<b>Balance Sheet</b>						
Total Investment Assets	293.8	297.762	304.1	299.7	302.5	0.9
<b>Total Assets</b>	<b>316.2</b>	<b>321.6</b>	<b>328.68</b>	<b>324.2</b>	<b>328.1</b>	<b>1.2</b>
Insurance Liabilities	97.4	97.4	100.5	95.6	95.7	0.1
Other Liabilities	136.6	135.352	136.7	135.6	135.0	-0.4
<b>Total Liabilities</b>	<b>234.0</b>	<b>232.8</b>	<b>237.1</b>	<b>231.2</b>	<b>230.7</b>	<b>-0.2</b>
<b>Capital &amp; Surplus</b>	<b>82.2</b>	<b>88.8</b>	<b>91.6</b>	<b>92.9</b>	<b>97.4</b>	<b>4.8</b>
<b>Profit and loss (YTD)</b>						<b>%age Change between Mar '18 &amp; Mar '19</b>
Net Premium Earned	14.4	28.5	43.6	59.6	15.6	8.3
Net Investment Income	5.6	11.6	21.6	26.3	5.0	-10.7

Other Income	1.4	3.3	5.2	6.7	1.4	0.0
Total Expenses before tax	16.1	30.6	48.3	62.1	16.6	3.1
<b>Net Income before tax</b>	5.3	12.8	22.1	30.5	5.3	0.0
<b>Net Income</b>	4.2	10.3	17.7	24.1	4.3	2.4

## General Insurance

The general insurance industry amassed approximately J\$83.0 billion in total assets as at March 31, 2019, registering a 2.3 per cent growth over the J\$81.1 billion in total assets reported as at December 31, 2018. Total Liabilities for the industry grew over the same period by approximately 3.5 per cent, moving from J\$53.8 billion to J\$55.7 billion. As a result of the industry's capital and surplus declining by 1.1 per cent to J\$27.0 billion as at March 31, 2019, the solvency ratio for the general insurance sector fell from 50.1 per cent to 48.9 per cent at March end of 2019 (See Table 3).

Total revenue (comprising of net premium earned, net investment income and other income) for the first three months of 2019 decreased to J\$5.5 billion from J\$5.6 billion for the similar period in 2018. With the exception of net premium earned that increased by 4.2 per cent for the review period, net investment income fell by 16.7 per cent to J\$0.5 billion due to an increased in investment expenses. Similarly, other income declined precipitously as companies experienced foreign exchange losses due to the appreciation of the Jamaican vis-à-vis the United States dollar. Total expenses (before taxes) grew to J\$5.1 billion (March 2018: 4.9 billion). As a result, net income (before taxes) decline by 48.3 percent to J\$0.4 billion when compared to the amount produced in the corresponding period for 2018.

As at	Mar 18 \$'B	Jun 18 \$'B	Sept 18 \$'B	Dec 18 \$'B	Mar 19 \$'B	%age Change between Dec '18 & Mar '19
<b>Balance Sheet</b>						
Total Investment Assets	49.8	51.3	53.3	51.7	53.5	3.5
<b>Total Assets</b>	78.1	84.1	83.3	81.1	83.0	2.3
Insurance Liabilities	43.4	46.8	46.2	44.1	44.9	1.8
Other Liabilities	8.6	10.9	9.6	9.7	10.8	11.3
<b>Total Liabilities</b>	51.9	57.7	55.8	53.8	55.7	3.5
<b>Capital &amp; Surplus</b>	26.0	26.0	27.2	27.3	27.0	-1.1
<b>Profit and loss (YTD)</b>						
Net Premium Earned	4.8	9.7	14.7	20.0	5.0	4.2
Net Investment Income	0.6	1.4	2.0	2.7	0.5	-16.7
Other Income	0.2	0.7	1.0	0.7	0.02	-90.0
Total Expenses before taxes	4.9	9.8	15.1	19.2	5.1	4.1

<b>Income (Loss) before Tax</b>	0.8	2.1	3.0	4.1	0.4	-48.3
<b>Net Income</b>	0.5	1.5	2.0	2.7	0.3	-38.4

<b>Table 3 - Selected Prudential Ratio for Insurance Companies</b>						
<b>Ratio</b>	<b>18-Mar</b>	<b>18-Jun</b>	<b>18-Sep</b>	<b>18-Dec</b>	<b>19-Mar</b>	<b>FSC Benchmark</b>
<b>Life Companies</b>						
Solvency Ratio	35.1	38.1	38.6	39.7	42.2	≥ 10%
Return on Capital (YTD)	6.5	14.4	24.1	32.3	5.5	≤ 20%
<b>General Companies</b>						
Solvency Ratio	50.1	45.3	49.3	50.4	48.9	≥ 25%
Return on Capital (YTD)	3.0	8.2	10.8	14.7	1.6	≤ 20%
Underwriting Ratio (YTD)	102.2	99.8	100.6	97.2	102.2	≤100%