

## Insurance Quarterly Report- March 2022

There were eighteen registered insurance companies at March 31, 2022. However, only seventeen were operational. The six (6) life insurance companies, which were all operational, continued their dominance within the insurance sector, accounting for 79 percent of the sector's total assets, while the eleven (11) general insurance companies, which were operational, were responsible for the remaining 21 percent as at end March 2022.

### Life Insurance

Aggregate total assets for the life insurance companies grew by \$25.4 billion or 6.8 percent to \$353.6 billion. This uptick in total assets was driven by a \$22.9 billion increase in combined invested assets. Table 1 displays the asset composition for life insurers for the quarters ended March 31, 2021, and March 31, 2022.

Table 1: Asset Composition for Life Insurance Companies

Types of Assets	March 2021		March 2022	
	\$'Millions	Percentage of Total Assets (%)	\$'Millions	Percentage of Total Assets (%)
Investments				
Cash	7,949.4	2.1	13,951.8	3.5
Short term investments	10,976.2	3.0	10,305.8	2.6
Bonds	249,625.92	67.1	256,199.49	64.5
Equities	47,868.66	12.9	54,299.34	13.7
Real Estate	8,001.7	2.2	10,195.2	2.6
Other Investments & Loans	6,297.15	1.7	8,628.07	2.2
Total Investments	330,719.0	88.9	353,579.7	89.0
Receivables	22,014.25	5.9	23,424.31	5.9
Fixed Assets	7,226.1	1.9	7,350.8	1.9
Other Assets	11,900.46	3.2	12,935.89	3.3
Total Assets	371,859.9	100.0	397,290.8	100.0

Combined total liabilities grew by 5.2 percent to \$262.2 billion as at end-March 2022. Due to fair value losses, accumulated investment reserves fell by 54.9 percent to \$2.9 billion. Nevertheless, aggregate capital and surplus rose 10.1 percent to \$135.1 billion, from \$122.7 billion at March 2021 as retained earnings increased by \$15.8 billion during the first quarter of 2022.

For the three-month period ended March 2022, net premiums earned (NPE) for the industry amounted to \$18.8 billion, reflecting a 6.7 percent increase when compared to the NPE of \$17.6 billion for a similar period in 2021. Other income remained constant at the \$1.5 billion recorded in the comparative period in 2021. Due to lower fair value gains as well as fair value losses, net investment income declined by 13.7 percent from \$5.5 billion at March 2021 to \$4.7 billion at March 2022.

Consequently, combined total revenue increased by 1.6 percent to \$25.0 billion (March 2021: \$24.6 billion). Despite an enlargement of \$1.3 billion in policy benefits for the life insurance companies, accumulated total expenses excluding taxes for life insurers declined by 7.9 percent to \$18.2 billion (March 2021: \$19.8 billion). Net Income before tax rose 41.0 percent to reach \$6.8 billion at March 2022, (March 2021: \$4.8 billion). Table 2 illustrates some statistical information.

Table 2 - Statistical Information and Financial Position of the Life Insurance Industry						
As at	Mar. 21 \$'B	June. 21 \$'B	Sept. 21 \$'B	Dec'21 \$'B	Mar' 22 \$'B	%age Change between Mar. 2021 & Mar. 2022
<b>Balance Sheet</b>						
Total Investment Assets	330.7	335.4	340.8	354.4	353.6	6.9%
Total Assets	371.9	377.3	382.8	397.6	397.3	6.8%
Insurance Liabilities	124.5	128.1	125.9	128.5	126.7	1.8%
Other Liabilities	124.7	126.2	127.8	136	135.5	8.7%
Total Liabilities	249.2	254.3	253.7	264.5	262.2	5.2%
Capital & Surplus	122.7	123	129	133.1	135.1	10.1%
<b>Profit and loss (YTD)</b>						
	Mar. 21 \$'B	June. 21 \$'B	Sept. 21 \$'B	Dec. 21 \$'B	Mar 22 \$'B	%age Change between Mar 2021 & Mar. 2022
Total Revenue	24.6	52.6	78.9	111.0	25.0	1.6%
Of which:						
Net Premium Earned	17.6	35.8	54.5	76.5	18.8	6.7%
Net Investment Income	5.5	13.4	19.1	27.1	4.7	-13.70%
Other Income	1.5	3.4	5.3	7.4	1.5	-1.60%
Total Expenses before tax	19.8	43.3	59.4	82.2	18.2	-7.9%
Net Income before tax	4.8	9.3	19.4	28.5	6.8	41.0%
Net Income	3.7	7.3	15.4	23.1	5.3	43.0%

## General Insurance

The total assets of general insurance companies grew by 15.5 percent to \$110.5 billion as at March 31, 2022. The rise in total assets was assisted by the 11.6 percent growth in aggregate invested assets to \$59.1 billion from the \$53.0 billion in March 2021. See Table 3. Combined total liabilities increased by 19.2 percent to \$81.6 billion in March 2022 compared to the \$68.4 billion for March 2021. Contributing factors to the growth in liabilities included amounts owing to reinsurers and subsidiaries. The accumulated capital base for the sector rose by 7.1 percent to \$28.8 billion compared to the \$26.9 billion as at March 2021 (see Table 4).

Table 3: Asset Composition for General Insurance Companies

Type of Assets	March 2021		March 2022	
	\$'Millions	Percentage of Total Assets (%)	\$'Millions	Percentage of Total Assets (%)
Investments				
Cash	6,553.9	6.9	12,391.2	11.2
Term Deposits	20,484.77	21.4	20,826.64	18.9
Bonds	20,659.0	21.6	20,477.9	18.5
Unit Trust Funds	103.2	0.1	83.5	0.1
Equities	3,362.26	3.5	3,526.0	3.2
Real Estate	1,716.6	1.8	1,212.0	1.1
Other Investments & Loans	91.72	0.1	584.6	0.5
Total Investments	52,971.4	55.4	59,101.9	53.5
Reinsurance Receivables	19,967.7	20.9	27,410.9	24.8
Investment in Subsidiaries, Associates and Partnerships	933.9	1.0	867.1	0.8
Other Assets	21,725.47	22.7	23,071.30	20.9
Total Assets	95,598.57	100.0	110,451.23	100.0

For the first quarter of the calendar year, the aggregate net premium earned (NPE) declined by 19.5 percent to \$4.3 billion (March 2021: \$ 5.3 billion). The fall in NPE was primarily due to an approximately \$4 billion increase in reinsurance ceded. With higher interest rates and growth in the investment portfolio, combined net investment income improved by 12.6 percent to reach \$0.5 billion over the reporting period. The Jamaica dollar appreciated by 0.8 percent against the US Dollar during the reporting quarter; consequently, there were foreign exchange losses and other income fell by 74.2 percent to \$85.3 million from the \$330.4 million seen in the first quarter of 2021, which experienced a 2.8 percent depreciation rate of the Jamaica dollar against the US dollar. Therefore, the combined total revenue for the reporting period contracted from \$6.1 billion for the March quarter of 2021 to \$4.9 billion in the March quarter of 2022.

With decreases in both claims and acquisition expenses, cumulated total underwriting expenses declined by 5.6 percent to \$5.1 billion. Despite the decline, combined total underwriting expenses exceeded aggregate NPE; consequently, there were underwriting losses of \$0.8 million.

(March 2022: underwriting profit of \$11.8 million). In addition, for the March 2022 quarter, net losses before taxes amounted to \$199.8 million. (March 2021: net profit before taxes was \$729.1 million)

Table 4 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Mar' 21 \$'B	Jun' 21 \$'B	Sept.' 21 \$'B	Dec.' 21 \$'B	Mar.' 22 \$'B	%age Change between Mar. 2021 & Mar 2022
<b>Balance Sheet</b>						
Total Investment Assets	53	52.9	54.2	57.3	59.1	59.1%
Total Assets	95.6	95.5	106.9	103.2	110.5	15.5%
Insurance Liabilities	53	52.7	59.1	59	61.8	16.70%
Other Liabilities	15.5	15.5	19.9	15	19.8	27.70%
Total Liabilities	68.1	68.2	79	73.7	81.3	19.40%
Capital & Surplus	26.9	27	27.9	29.1	28.8	7.10%
<b>Profit and loss (YTD)</b>						
Total Revenue	6.0	6.0	12.4	25.3	4.9	-18.3%
Of Which:						
Net Premium Earned	5.3	5.3	10.7	21.4	4.3	-19.5%
Net Investment Income	0.4	0.4	1	2.2	0.5	12.6%
Other Income	0.3	0.3	0.7	1.7	0.1	-74%
Total Expenses before taxes	5.5	5.5	10.6	22.2	5.1	-5.6%
Income (Loss) before Tax	0.7	0.7	2	3.4	-0.2	-127.3%
Net Income	0.5	0.5	1.4	2	-0.3	-163.0%

Table 5 displays a few prudential indicators for both life and general companies.

Table 5 - Selected Prudential Ratio for Insurance Companies						
Ratio	21 Mar	21 Jun	21 Sept.	21 Dec.	22 Mar.	FSC Benchmark
<b>Life Companies</b>						
Solvency Ratio	49.2	48.4	50.9	50.3	51.5	≥ 10%
Return on Capital (YTD)	3.9	7.6	15.0	21.4	5.0	≤ 20%
<b>General Companies</b>						
Solvency Ratio	39.3	35.3	35.3	39.3	35.3	≥ 25%
Return on Capital (YTD)	2.7	7.1	9.5	11.7	(0.7)	≤ 20%
Underwriting Ratio (YTD)	100.9	97.0	97.7	102.0	118.4	≤100%