

Insurance Quarterly Report- September 2022

Seventeen (17) registered insurance companies were operational as of September 30, 2022. The six (6) life insurance companies continued their dominance within the insurance sector, accounting for 77 per cent of the sector's total assets, while the eleven (11) general insurance companies were responsible for the remaining 23 per cent as at end September 2022.

Life Insurance

Aggregate total assets for the life insurance companies declined by \$ 1.1 billion or 0.3 per cent to \$396.5 billion. Table 1 displays the asset composition for life insurers for the quarters as at December 31, 2021, and September 30, 2022.

Table 1: Asset Composition for Life Insurance Companies

Types of Assets	Sep-22		Dec-21	
	\$' Millions	Percentage of Total Assets (%)	\$' Millions	Percentage of Total Assets (%)
Investments				
Cash	17,371.6	4.4	10,187.3	2.6
Short term investments	9,643.8	2.4	12,296.8	3.1
Bonds	252,848.2	63.8	262,446.6	66.0
Equities	51,038.0	12.9	51,408.1	12.9
Real Estate	10,941.6	2.8	9,886.2	2.5
Other Investments & Loans	7,998.1	2.0	8,162.7	2.1
Total Investments	349,841.2	88.2	354,387.7	89.1
Receivables	25,072.2	6.3	22,055.3	5.5
Fixed Assets	9,017.3	2.3	7,289.4	1.8
Other Assets	12,531.7	3.2	13,874.6	3.5
Total Assets	396,462.4	100.0	397,607.0	100.0

Combined liabilities fell by 4.2 per cent to \$253.4 billion as at end-September 2022. Aggregate capital and surplus rose 7.5 per cent to \$143.1 billion from \$133.1 billion at December 2021 due to a 13.5 per cent increase in retained earnings.

For the nine months ended September 2022, net premiums earned (NPE) for the industry amounted to \$58.6 billion, reflecting a 7.6 per cent increase compared to the NPE of \$54.5 billion for a similar period in 2021. Due to a fall in proceeds from management fees, service charges and other revenue, combined other income fell by 17.4 per cent from the \$5.3 billion in the corresponding period in 2021. Aggregate net investment income declined by 38.1 per cent from \$19.1 billion at September 2021 to \$ 11.8 billion in the reporting period.

Consequently, combined total revenue decreased by 5.1 per cent to \$74.8 billion (September 2021: \$78.8 billion). Accumulated total expenses excluding taxes for life insurers declined by 8.6 per cent to \$54.3 billion (September 2021: \$59.4 billion). Subsequently, net income before tax rose by 5.7 per cent to reach \$20.5 billion at September 2022 (September 2021: \$19.4 billion). Table 2 illustrates some statistical information.

Table 2 - Statistical Information and Financial Position of the Life Insurance Industry						
As at	September 22 \$'B	June' 22 \$'B	Mar' 22 \$'B	Dec'21 \$'B	September 21 \$'B	%age Change between December 2021 & September 2022
Balance Sheet						
Total Investment Assets	349.8	352.4	353.6	354.4	340.8	-1.3
Total Assets	396.4	396.3	397.3	397.6	382.8	-0.3
Insurance Liabilities	120.6	124.6	126.7	128.5	125.9	-6.1
Other Liabilities	132.8	134.5	135.5	136	127.8	-2.4
Total Liabilities	253.4	259.1	262.2	264.5	253.7	-4.2
Capital & Surplus	143.1	137.2	135.1	133.1	133.1	7.5
Profit and loss (YTD)	September 22 \$'B	June' 22 \$'B	Mar' 22 \$'B	Dec'21 \$'B	September 21 \$'B	%age Change between September 2021 & September 2022
Total Revenue	74.8	49.4	25.0	111.0	78.8	-5.1
Of which:						
Net Premium Earned	58.5	38.1	18.8	76.5	54.5	7.6
Net Investment Income	11.8	8.5	4.7	27.1	19.1	-38.1
Other Income	4.4	2.8	1.5	7.4	5.3	-17.4
Total Expenses before tax	54.3	37.3	18.2	82.2	59.4	-8.6
Net income before tax	20.5	12.1	6.8	28.5	19.4	5.7
Net Income	16.6	9.4	5.3	23.1	15.4	8.3

General Insurance

Driven by growth in receivables from reinsurers, policyholders, brokers and agents, the total assets of general insurance companies grew by 12.8 per cent to \$116.4 billion as at September 30, 2022. See Tables 3 and 4. Combined total liabilities increased by 18.2 per cent to \$87.3 billion in September 2022 compared to \$73.9 billion for December 2021. Contributing factors to the growth in liabilities included unearned premiums and payables to reinsurers. The changes in these receivables and payables are based on the timing of cash inflows and outflows associated with insurance policies and reinsurance arrangements.

Table 3: Asset Composition for General Insurance Companies

Type of Assets	Sep-22		Dec-21	
	\$' Millions	Percentage of Total Assets (%)	\$' Millions	Percentage of Total Assets (%)
Investments				
Cash	9,864.9	8.5	10,679.5	10.4
Term Deposits	21,240.6	18.3	19,521.5	18.9
Bonds	21,595.6	18.6	22,184.1	21.5
Unit Trust Funds	30.1	0.0	82.2	0.1
Equities	3,419.9	2.9	3,559.0	3.4
Real Estate	1,120.5	1.0	1,232.2	1.2
Other Investments & Loans	9.1	0.0	84.8	0.1
Total Investments	57,280.9	49.2	57,343.4	55.6
Reinsurance Receivables	32,479.0	27.9	24,077.5	23.3
Investment in Subsidiaries, Associates and Partnerships	835.2	0.7	911.9	0.9
Other Assets	25,772.8	22.1	20,846.2	20.2
Total Assets	116,367.8	100.0	103,179.1	100.0

For the nine months ended September 2022, the aggregate net premium earned (NPE) declined by 8.7 per cent to \$14.5 billion (September 2021: \$ 15.9 billion). The decline in NPE was primarily due to a 29 per cent increase in reinsurance ceded. Combined net investment income improved by 33 per cent to reach \$1.9 billion for the reporting period compared to \$1.4 billion over the comparative period in 2021, as there were higher interest rates in 2022 than in 2021. Other income declined by 67 per cent due to foreign exchange losses as the Jamaica dollar appreciated against the US dollar. Consequently, the general insurers' total revenue for the reporting period was \$16.8 billion, a reduction from the \$18.3 billion in the comparative period in 2021.

Cumulative total expenses before taxes increased by 1.5 per cent to reach \$15.8 billion. As a result, net profit before taxes amounted to \$1.0 billion. (September 2021: \$2.8 billion). Table 5 displays a few prudential indicators for both life and general companies.

Table 4 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Sept' 22 \$'B	June.' 22 \$'B	Mar.' 22 \$'B	Dec.' 21 \$'B	Sept.' 21 \$'B	%age Change between December 2021 & September 2022
Balance Sheet						
Total Investment Assets	57.3	58.7	59.1	57.3	56.2	-0.1
Total Assets	116.4	120.3	110.5	103.2	106.2	12.8
Insurance Liabilities	66	66.1	61.8	59	60.4	11.7
Other Liabilities	21.3	25.6	19.8	14.9	16.7	43.7
Total Liabilities	87.3	91.6	81.6	73.9	77.1	18.2
Capital & Surplus	28.8	28.5	28.8	29.1	29	-0.9
Profit and loss (YTD)	Sept' 22 \$'B	June.' 22 \$'B	Mar.' 22 \$'B	Dec.' 21 \$'B	Sept.' 21 \$'B	%age Change between September 2021 & September 2022
Total Revenue	16.7	10.7	4.9	25.1	18.3	-8.8
Of Which:						
Net Premium Earned	14.5	9.6	4.3	21.4	15.9	-8.7
Net Investment Income	1.9	1.2	0.5	2.2	1.4	33.1
Other Income	0.3	0	0.1	1.7	0.9	-67.2
Total Expenses before taxes	15.8	10.8	5.2	22.2	15.6	1.5
Income (Loss) before Tax	1	0.2	-0.2	3.4	2.8	-64.6
Net Income	0.5	-0.1	-0.3	2	1.9	-74

Table 5- Selected Prudential Ratios for Insurance Companies

Ratio	September 22	June' 22	Mar' 22	Dec'21	September 21	FSC Benchmark
Life Companies						
Solvency Ratio	56.5	53.0	51.5	50.3	50.9	≥ 10%
Return on Capital (YTD)	14.3	8.9	5.0	21.4	15.0	≤ 20%
General Companies						
Solvency Ratio	33	31.1	35.3	39.3	37.7	≥ 25%
Return on Capital (YTD)	3.8	0.8	-0.7	11.7	10.9	≤ 20%
Underwriting Ratio (YTD)	108.7	109.9	118.4	102	97.7	≤ 100%