

Insurance Quarterly Report- December 2022

There were seventeen registered insurance companies as at December 31, 2022. However, only sixteen were operational. The six (6) life insurance companies, which were all active, continued their dominance within the insurance sector, accounting for 78 per cent of the sector's total assets. In comparison, the eleven (11) general insurance companies were operational and responsible for the remaining 22 per cent at the end of December 2022.

Life Insurance

Aggregate total assets for the life insurance companies increased by \$ 5.5 billion or 1.4 per cent to \$403.1 billion. Table 1 displays the asset composition for life insurers for the years ended December 31, 2021, and December 31, 2022.

Table 1: Asset Composition for Life Insurance Companies

Types of Assets	December 2021		December 2022	
	\$'Millions	Percentage of Total Assets (%)	\$'Millions	Percentage of Total Assets (%)
Investments				
Cash	10,187.3	2.6	20,779.5	5.2
Short term investments	12,296.8	3.1	8,509.5	2.1
Bonds	262,446.57	66.0	257,987.68	64.0
Equities	51,408.12	12.9	52,110.07	12.9
Real Estate	9,886.2	2.5	7,854.0	1.9
Other Investments & Loans	8,162.75	2.1	8,074.34	2.0
Total Investments	354,387.7	89.1	355,315.0	88.1
Receivables	22,055.29	5.5	25,476.40	6.3
Fixed Assets	7,289.4	1.8	8,718.6	2.2
Other Assets	13,874.55	3.5	13,590.63	3.4
Total Assets	397,607.0	100.0	403,100.7	100.0

Combined liabilities fell by 5.1 per cent to \$251.0 billion as at end-December 2022. Aggregate capital and surplus rose 14.2 per cent to \$152.1 billion, from \$133.1 billion as at December 2021 due to a 20.9 per cent increase in retained earnings.

For the year ended December 2022, net premiums earned (NPE) for the industry amounted to \$80.1 billion, reflecting a 4.7 per cent increase compared to the NPE of \$76.5 billion for a similar period in 2021. Net investment income declined by 29 per cent from \$27.1 billion as at December 2021 to \$ 19.2 billion a year later due to unrealized capital losses on investment instruments. Other income fell by 17.5 per cent below the comparative period in 2021, mainly due to reduced revenue from service charges.

Combined total revenue declined by 5.0 per cent to reach \$105.4 billion (December 2021: \$111.0 billion). Accumulated total expenses excluding taxes for life insurers, decreased by 8.9 per cent to \$75.2 billion (December 2021: \$82.5 billion). Consequently, net income before tax rose by 6.1 per cent to reach \$30.2 billion as at December 2022 (December 2021: \$28.5 billion). Table 2 illustrates some statistical information.

Table 2 - Statistical Information and Financial Position of the Life Insurance Industry						
As at	Dec'21 \$'B	Mar'22 \$'B	Jun' 22 \$'B	Sep' 22 \$'B	Dec'. 22 \$'B	%age Change between December 2021 & December 2022
Balance Sheet						
Total Investment Assets	354.4	353.6	352.4	349.8	355.3	0.3
Total Assets	397.6	397.3	396.3	396.4	403.1	1.4
Insurance Liabilities	128.5	126.7	124.6	120.6	119.1	(7.3)
Other Liabilities	136.0	135.5	134.5	132.8	131.9	(3.0)
Total Liabilities	264.5	262.2	259.1	253.4	251.0	(5.1)
Capital & Surplus	133.1	135.1	137.2	143.1	152.2	14.2
Profit and loss (YTD)						
Total Revenue	111.0	25.0	49.4	74.8	105.4	(5.0)
Of which:						
Net Premium Earned	76.5	18.8	38.1	58.6	80.1	4.7
Net Investment Income	27.1	4.7	8.5	11.8	19.2	(29.0)
Other Income	7.4	1.5	2.8	4.4	6.1	(17.5)
Total Expenses before tax	82.5	18.2	37.3	54.3	75.2	(8.9)
Net Income before tax	28.5	6.8	12.1	20.5	30.2	6.1
Net Income	23.1	5.3	9.4	16.6	24.7	7.0

General Insurance

For the twelve months ended December 2022, the total assets of general insurance companies grew by 10.3 per cent to \$113.8 billion, while combined invested assets grew by 1.4 per cent to reach \$58.1 billion. See Table 3. Total liabilities increased by 13 per cent to \$83.6 billion as at December 2022, compared to \$73.9 billion for December 2021. Contributing factors to the growth in liabilities include amounts owing

to re-insurers and unearned premiums. The accumulated capital base for the sector rose by 3.2 per cent to \$30.0 billion compared to \$29.1 billion at December 2021 (see Table 4).

Table 3: Asset Composition for General Insurance Companies

Type of Assets	December 2021		December 2022	
	\$'Millions	Percentage of Total Assets (%)	\$'Millions	Percentage of Total Assets (%)
Investments				
Cash	10,679.5	24.0	9,522.2	21.2
Term Deposits	19,521.53	43.8	22,865.84	50.9
Bonds	22,184.1	49.8	21,321.3	47.5
Unit Trust Funds	82.2	0.2	29.8	0.1
Equities	3,559.0	8.0	3,257.39	7.3
Real Estate	1,232.2	2.8	1,117.8	2.5
Other Investments & Loans	84.8	0.2	21.21	0.0
Total Investments	57,343.4	128.8	58,135.5	129.5
Reinsurance Receivables	24,077.5	54.1	30,424.5	67.8
Investment in Subsidiaries, Associates and Partnerships	911.9	2.0	857.0	1.9
Other Assets	20,846.24	46.8	24,384.54	54.3
Total Assets	103,179.08	100.0	113,801.56	100.0

For the year ended December 2022, the aggregate net premium earned (NPE declined by 10.0 per cent to \$19.2 billion (December 2021: \$ 21.4 billion). The decline in NPE was primarily due to a 28 per cent increase in reinsurance ceded as there was a growth in the property class of business.

With higher interest rates in 2022 than in 2021 and lower investment expenses, net investment income improved by 30.0 per cent to reach \$2.8 billion over the reporting period compared to \$2.2 billion over the comparative period in 2021. Other income declined by 78.0 per cent due to foreign exchange losses as the Jamaican dollar appreciated against the US dollar. Consequently, the combined total revenue for the reporting period fell from \$25.1 billion for the calendar year of 2021 to \$22.4 billion for 2022.

As cumulative total underwriting expenses declined by 9 per cent to reach \$19.8 billion and a 10 per cent fall in NPE (underwriting revenue), there was a hike in the underwriting loss, from \$195.4 million in 2021, to \$433.5 million for the reporting period. Nevertheless, with investment income and other income, net profit before taxes for the general insurance industry amounted to \$2.6 billion. (December 2021: \$3.4 billion). See Table 4

Table 4 - Statistical Information and Financial Position of the General Insurance Industry						
As at	Dec.' 21 \$'B	Mar.' 22 \$'B	June.' 22 \$'B	Sept' 22 \$'B	Dec' 22 \$'B	%age Change between December 2021 & 2022
Balance Sheet						
Total Investment Assets	57.3	59.1	58.7	57.3	58.1	1.4
Total Assets	103.2	110.5	120.3	116.4	113.8	10.3
Insurance Liabilities	59.1	61.8	66.1	66.0	63.6	7.8
Other Liabilities	14.9	19.8	25.6	21.3	19.9	34.0
Total Liabilities	73.9	81.6	91.6	87.3	83.6	13.0
Capital & Surplus	29.1	28.8	28.5	28.8	30.0	3.2
Profit and loss (YTD)						
Total Revenue	25.1	4.9	10.7	16.7	22.4	(10.7)
Of Which:						
Net Premium Earned	21.4	4.3	9.6	14.5	19.2	(10.0)
Net Investment Income	2.2	0.5	1.2	1.9	2.8	29.9
Other Income	1.7	0.1	(.00)	0.3	0.4	(78.3)
Total Expenses before taxes	22.2	5.2	10.8	16.2	20.3	(8.5)
Income (Loss) before Tax	3.4	-0.2	0.2	1.0	2.6	(23.6)
Net Income	2.0	-0.3	(0.1)	0.5	1.7	(13.9)

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

Table 5- Selected Prudential Ratios for Insurance Companies						
Ratio	Dec.' 21	Mar.' 22	June.' 22	Sept' 22	Dec' 22	FSC Benchmark
Life Companies						
Solvency Ratio	50.3	51.5	53.0	56.5%	60.6%	≥ 10%
Return on Capital (YTD)	21.3	5.0	8.9	14.3	19.9	≤ 20%
General Companies						
Solvency Ratio	39.3	35.3	31.1	33.0	35.9	≥ 25%
Return on Capital (YTD)	11.2	-0.7	0.8	3.8	8.6	≤ 20%
Underwriting Ratio (YTD)	102	118.4	109.9	108.7	103	≤ 100%