

Insurance Sector Compass: Quarterly Report (March 2024)

Overview of the Insurance Sector

As at March 31, 2024, there were seventeen registered insurance companies; that is, six life insurance companies and eleven general insurance companies. Notably, ten of the eleven general insurance companies were fully operational, while one operated as a branch.

Additionally, the life insurance sector continued to dominate the insurance sector, representing 82.2 per cent of the sector's total assets, while the general insurance sector accounted for 17.8 per cent as at March 31, 2024. That is, the life insurance sector reported combined total assets valued at \$439.4 billion as at March 31, 2024, reflecting a 7.8 per cent increase when compared to the combined total assets as at March 31, 2023. The general insurance sector's total assets were valued at \$94.9 billion as at March 31, 2024, representing a 9.3 per cent growth when compared to the corresponding period in 2023.

Life Insurance Sector in Review: Performance Highlights¹

For the three-month period ended March 2024, the life insurance sector reported a 57.1 per cent decline in profit before taxes which was primarily driven by a reduction in net investment results. The net investment result fell to \$2.7 billion for the period ending March 2024 from \$6.8 billion when compared to the corresponding period in 2023

The life insurance sector reported insurance service result of \$2.4 billion, which represented a 7.8 per cent decline when compared to the similar period in 2023. This performance result was driven by a 1.3 per cent reduction in total insurance revenue coupled with an increase of \$0.2 billion in net expenses from reinsurance contracts held. Increase in expected claims, lower claim recoveries and increases in a group's life and health portfolio along with its traditional life portfolio were the primary drivers of the increase in net expenses from reinsurance contracts held. General and operating expenses experienced a 6.9 per cent increase which further had an impact on the profitability position of the life insurance sector.

Apart from the foregoing, as at March 31, 2024, the life insurance industry had a weighted average solvency ratio of 36.4 per cent which exceeded the 10.0 per cent regulatory benchmark. Further, the life insurance industry had a weighted average Life Insurance Capital Adequacy Test (LICAT) ratio of 222.4 per cent which exceeded the 100.0 per cent regulatory benchmark.

¹ Refer to Appendix I and Appendix III for a copy of the condensed Balance Sheet and information related to select prudential ratios, respectively.

General Insurance Sector in Review: Performance Highlights²

The general insurance sector reported an increase in profit before taxes for the period ended March 2024, with \$1.0 billion for March 2024 compared to \$0.5 billion for March 2023. This positive performance was attributed to an increase in total insurance revenue relative to expenses for the period.

For the period under review, the total insurance revenue increased by 21.2 per cent, rising from \$16.8 billion in March 2023 to \$20.3 billion in March 2024. This growth was primarily driven by a general increase in the insurance business underwritten. Consequently, the insurance service result increased by \$0.7 billion in March 2024 compared to the same period in 2023. This improvement was due to the year-on-year increase in the total insurance revenue outpacing the growth in net expenses from reinsurance contracts and insurance service expenses.

Additionally, the net investment result increased by 22.6 per cent, reaching \$1.0 billion in March 2024, up from \$0.8 billion in the same period in 2023. This improvement is attributed to more favorable market conditions. However, general and operating expenses also rose, increasing from \$1.2 billion to \$1.5 billion.

For the period ended March 31, 2024, all companies reported a solvency ratio above the minimum requirement of 35.0 per cent. Further, the general insurance industry had a weighted average Minimum Capital Test (MCT) ratio of 229.6 per cent which exceeded the 150.0 per cent regulatory benchmark.

² Refer to Appendix II and Appendix III for a copy of the condensed Balance Sheet and information related to select prudential ratios, respectively.

Appendix I

Condensed Balance Sheet (Life Insurance Sector)

Table 1 Showing Statistical Information and Financial Position of the Life Insurance Sector.

Balance Sheet	Mar. 23 ^R \$'B	Jun. 23 \$'B	Sept. 23 \$'B	Dec. 23 \$'B	Mar. 24 \$'B	% Change (Mar. 2023 v Mar. 2024)
Total Investment Assets	352.3	352.0	350.1	360.5	362.7	3.0%
Other Assets	55.2	58.2	65.4	72.4	76.7	39.0%
Total Assets	407.5	410.2	415.6	432.9	439.4	7.8%
Insurance Liabilities	289.9	297.6	296.8	296.3	301.6	4.0%
Other Liabilities	17.0	15.9	15.5	17.1	20.6	21.5%
Total Liabilities	306.9	313.4	312.2	313.4	322.2	5.0%
Reserves	3.4	5.7	5.9	7.6	5.7	70.7%
Capital & Surplus	97.2	91.0	97.4	111.8	111.5	14.6%
Total Liabilities, Equity and Reserves	407.5	410.2	415.6	432.9	439.4	7.8%

^R - Restated

Income Statement	Mar. 23 ^R \$'B	Jun. 23 \$'B	Sept. 23 \$'B	Dec. 23 \$'B	Mar. 24 \$'B	% Change (Mar. 2023 v Mar. 2024)
Total Insurance Revenue	18.4	32.1	50.2	67.6	18.1	-1.3%
Insurance Service Expenses	15.7	27.1	41.8	55.3	15.5	-1.3%
Net Expenses from Reinsurance Contracts Held	0.1	0.1	0.2	0.2	0.3	169.8%
Insurance Service Result	2.6	4.9	8.2	12.1	2.4	-7.4%
Net Investment Result	6.8	6.2	11.3	20.6	2.7	-59.6%
Other Income	1.5	3.0	3.8	5.3	1.4	-4.8%
General and Operating Exp.	3.0	5.6	6.9	10.8	3.2	6.9%
Profit (Loss) before taxes	7.9	8.4	16.4	27.2	3.4	-57.1%
Taxes	1.0	2.0	2.9	4.0	0.9	-6.8%
Profit (Loss) After Taxes	6.9	6.4	13.6	23.2	2.5	-64.1%

^R - Restated

Appendix II

Condensed Balance Sheet (General Insurance Sector)

Table 2 Showing Statistical Information and Financial Position of the General Insurance Sector.

Balance Sheet	Mar. 23 ^R \$'B	Jun. 23 \$'B	Sept. 23 \$'B	Dec. 23 \$'B	Mar. 24 \$'B	% Change (Mar. 2023 v Mar. 2024)
Total Investment Assets	50.1	52.2	51.3	52.3	53.4	6.5%
Other Assets	36.7	64.4	48.3	48.1	41.5	13.1%
Total Assets	86.9	116.6	99.6	100.4	94.9	9.3%
Insurance Liabilities	44.1	67.0	56.1	55.0	48.5	10.0%
Other Liabilities	9.6	16.2	10.2	10.6	10.8	12.5%
Total Liabilities	53.7	83.2	66.3	65.7	59.3	10.5%
Reserves	3.7	3.6	3.6	3.6	4.0	8.6%
Capital & Surplus	29.5	29.8	29.8	31.2	31.6	7.2%
Total Liabilities, Equity and Reserves	86.9	116.6	99.6	100.4	94.9	9.3%

^R - Restated

Income Statement	Mar. 23 ^R \$'B	Jun. 23 \$'B	Sept. 23 \$'B	Dec. 23 \$'B	Mar. 24 \$'B	% Change (Mar. 2023 v Mar. 2024)
Total Insurance Revenue	16.8	35.2	53.4	74.1	20.3	21.2%
Insurance Service Expenses	10.0	19.5	29.7	40.7	10.0	0.1%
Net Expenses from Reinsurance Contracts Held	6.2	14.5	22.0	30.3	9.1	46.4%
Insurance Service Result	0.6	1.2	1.7	3.1	1.2	121.8%
Net Investment Result	0.8	2.1	3.0	4.2	1.0	22.6%
Other Income	0.3	0.6	0.9	1.2	0.2	-24.0%
General and Operating Exp.	1.2	2.5	3.9	5.4	1.5	27.6%
Profit (Loss) before taxes	0.5	1.4	1.8	3.1	1.0	102.1%
Taxes	0.1	0.2	0.4	1.2	0.2	50.0%
Profit (Loss) After Taxes	0.3	1.2	1.4	1.9	0.8	123.5%

^R - Restated

Appendix III

Prudential Ratios (Insurance Sector)

Table 3 Showing Select Prudential Ratios for the Insurance Sector (Life and General).

Ratio	23 Mar. %	23 Jun. %	23 Sept. %	23 Dec. %	24 Mar. %	FSC Benchmark
Life Insurance Sector Solvency Ratio	29.8	30.9	33.1	37.8	36.4	≥ 10%
General Insurance Sector Solvency Ratio	52.6	40.1	50.3	53.6	59.7	≥ 35%