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# STATISTICAL REPORT

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Insurance Sector Quarterly Review June 2024

NOVEMBER 29, 2024  
FINANCIAL SERVICES COMMISSION  
39-43 Barbados Avenue, Kingston 5.

# Insurance Sector Quarterly Review June 2024

## 1. Overview of the Insurance Sector

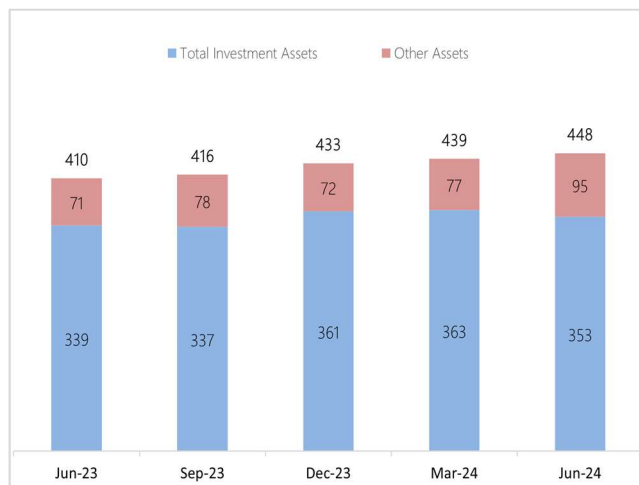
As at June 30, 2024, there were seventeen registered insurance companies; that is, six life insurance and eleven general insurance companies. Ten of the eleven general insurance companies were fully operational, while one operated as a branch.

The total assets recorded for the insurance sector was \$544.9 billion, which represented a growth of 9.1 per cent or \$45.6 billion. Specifically, the life insurance sector reported total assets in the amount of \$448.0 billion and continued to dominate the insurance sector, representing 82.2 per cent of the sector's total assets. On the other hand, the general insurance sector's assets totaled \$96.9 billion and accounted for 17.8 per cent.

## 2. Performance of the Life Insurance Sector

Asset growth in the life insurance sector was driven by investments, which increased by 4.0 per cent or \$13.5 billion relative to June 2023, and was primarily driven by holdings in public sector domestic securities (See Figure 1).

Figure 1: Composition of Total Assets – Life Insurance Sector (\$'Bn)

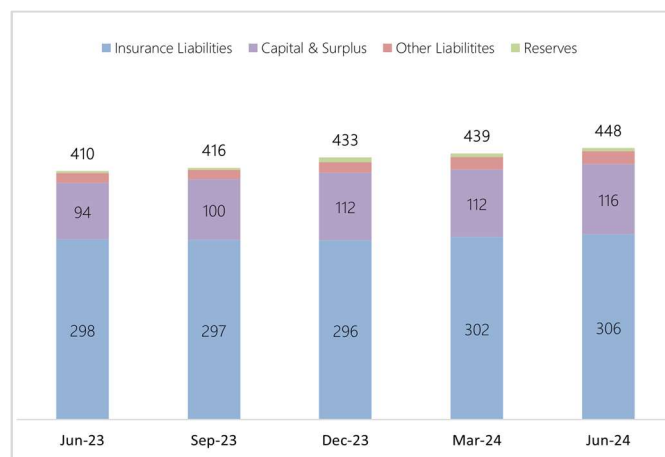


Additionally, asset growth was bolstered by a 57.4 per cent or \$12.3 billion increase in cash and cash equivalents.

Notably, the total insurance liabilities for the life insurance sector increased by 4.3 per cent or \$13.5 billion when compared to June 30, 2023. This was mainly due to a rise in the valuation of existing insurance contract liabilities (See Figure 2).

For the six-month period ended June 2024, the life insurance sector reported a 2.3 per cent or \$0.2 billion increase in profit before taxes. This

Figure 2: Composition of Total Liabilities, Equity & Reserves - Life Insurance Sector (\$'Bn)



performance result stemmed from a 15.0 per cent or \$4.8 billion increase in total insurance revenue, mainly from contracts using the premium allocation approach (PAA)<sup>1</sup>. However, the revenue generated was offset by a 13.4 per cent or \$3.6 billion increase in insurance service expenses leading to an insurance service result of \$5.6 billion. This represented a 12.0 per cent or \$0.6 billion increase in the sector's insurance service result relative to June 2023. Further, net investment result declined by 0.2 per cent or \$0.01 billion as some companies continued to experience fair value losses on investments.

<sup>1</sup> The premium allocation approach (PAA) is the optional simplified measurement model that is allowed under IFRS 17 for short-term contracts.

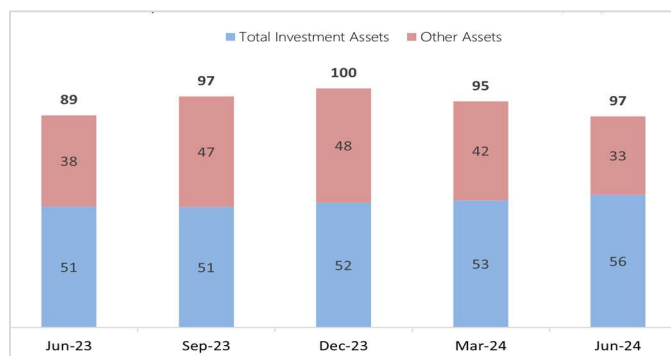
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Notwithstanding, the life insurance sector remained solvent and adequately capitalized. All companies within the sector reported solvency ratios above the 10.0 per cent minimum regulatory benchmark. Further, the sector had a weighted average Life Insurance Capital Adequacy Test (LICAT) ratio of 224.1 per cent, which exceeded the 100.0 per cent regulatory benchmark.

### 3. Performance of the General Insurance Sector

The general insurance sector's total asset increased by 8.8 per cent or \$7.8 billion as at June 30, 2024, which was predominantly driven by investments. The value of investments increased by 9.9 per cent or \$5.0 billion relative to the corresponding period in 2023; invested assets were concentrated in instruments such as term deposits and repurchase agreements (See Figure 3).

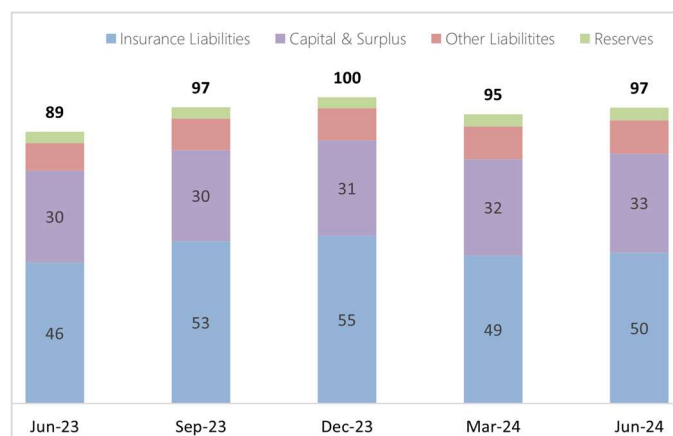
Figure 3: Composition of Total Assets - General Insurance Sector (\$'Bn)



Additionally, the total insurance liabilities for the general insurance industry increased by 9.2 per cent or \$5.1 billion which was mainly driven by an increase in insurance contract liabilities (See Figure 4).

For the period ended June 2024, the general insurance sector reported a 14.3 per cent or \$0.2 billion increase in profit before taxes. The growth in profit before taxes was primarily attributed to a 19.9 per cent or \$7.0 billion increase in revenue from PAA contracts as it relates to the property class of insurance business. The revenue

Figure 4: Composition of Total Liabilities, Equity & Reserves - General Insurance Sector (\$'Bn)



generated was partially offset by increases in both insurance service expenses and net expenses from reinsurance contracts held resulting in an insurance service result of \$1.7 billion. Notwithstanding, the insurance services result grew by \$112.5 per cent or 0.9 billion due to the growth in revenue outpacing the magnitude of the growth in insurance expenses relative to 2023. Additionally, net investment result increased by 10.5 per cent or \$0.1 billion. This occurred due to an increase in interest income earned by some companies from investments held in instruments such as certificate of deposits and repurchase agreements.

Overall, the general insurance sector remained adequately capitalized and solvent. As at June 30, 2024, the sector had a weighted average Minimum Capital Test (MCT) ratio of 230.7 per cent, which exceeded the 150.0 per cent regulatory benchmark. Also, the weighted average solvency ratio was above the 25.0 per cent minimum regulatory requirement<sup>2</sup>.

<sup>2</sup> Restated based on the prior report(s) which stated 35.0 per cent.

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## Appendix

### Condensed Balance Sheet

**Table 1: Statistical Information and Financial Position of the Life Insurance Sector (\$'Bn)<sup>3</sup>**

| Balance Sheet                                 | Jun-23       | Sep-23       | Dec-23       | Mar-24       | Jun-24       | % Change<br>(Jun-2023<br>vs Jun-24) |
|---|--------------|--------------|--------------|--------------|--------------|-------------------------------------|
| Total Investment Assets                       | 339.3        | 337.2        | 360.5        | 362.7        | 352.7        | 3.9%                                |
| Other Assets                                  | 70.9         | 78.4         | 72.4         | 76.7         | 95.3         | 34.4%                               |
| <b>Total Assets</b>                           | <b>410.2</b> | <b>415.6</b> | <b>432.9</b> | <b>439.4</b> | <b>448.0</b> | <b>9.2%</b>                         |
| Insurance Liabilities                         | 297.5        | 296.8        | 296.3        | 301.6        | 305.8        | 2.8%                                |
| Other Liabilities                             | 15.9         | 15.5         | 17.1         | 20.6         | 21.2         | 33.3%                               |
| <b>Total Liabilities</b>                      | <b>313.4</b> | <b>312.2</b> | <b>313.4</b> | <b>322.2</b> | <b>326.9</b> | <b>4.3%</b>                         |
| Reserves                                      | 3.1          | 3.4          | 7.6          | 5.7          | 4.7          | 51.6%                               |
| Capital & Surplus                             | 93.6         | 100.0        | 111.8        | 111.5        | 116.4        | 24.4%                               |
| <b>Total Liabilities, Equity and Reserves</b> | <b>410.2</b> | <b>415.6</b> | <b>432.9</b> | <b>439.4</b> | <b>448.0</b> | <b>9.2%</b>                         |

| Income Statement                             | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | % Change<br>(Jun-2023<br>vs Jun-24) |
|--|--------|--------|--------|--------|--------|-------------------------------------|
| Total Insurance Revenue                      | 32.1   | 50.2   | 67.6   | 18.1   | 36.9   | 15.0%                               |
| Insurance Service Expenses                   | 27.1   | 41.8   | 55.3   | 15.5   | 30.8   | 13.7%                               |
| Net Expenses from Reinsurance Contracts Held | 0.1    | 0.2    | 0.2    | 0.3    | 0.5    | 400.0%                              |
| Insurance Service Result                     | 5.0    | 8.2    | 12.1   | 2.4    | 5.6    | 12.0%                               |
| Net Investment Result                        | 6.2    | 11.3   | 20.6   | 2.7    | 6.2    | 0.0%                                |
| Other Income & Expenses                      | 2.6    | 3.8    | 5.3    | 1.4    | 3.0    | 15.4%                               |
| Profit (Loss) Before Taxes                   | 8.6    | 16.4   | 27.2   | 3.4    | 8.8    | 2.3%                                |
| Total Income Taxes                           | 2.0    | 2.9    | 4.0    | 0.9    | 1.9    | -5.0%                               |
| Profit (Loss) After Taxes                    | 6.5    | 13.6   | 23.2   | 2.5    | 6.9    | 6.2%                                |

<sup>3</sup> Values may differ slightly from the exact result due to rounding error.

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**Table 2: Statistical Information and Financial Position of the General Insurance Sector (\$'Bn)<sup>4</sup>**

| <b>Balance Sheet</b>                          | <b>Jun-23<sup>R</sup></b> | <b>Sep-23</b> | <b>Dec-23</b> | <b>Mar-24</b> | <b>Jun-24</b> | <b>% Change<br/>(Jun-2023<br/>vs Jun-24)</b> |
|---|---------------------------|---------------|---------------|---------------|---------------|--|
| Total Investment Assets                       | 50.7                      | 50.5          | 52.3          | 53.4          | 55.7          | 9.9%   |
| Other Assets                                  | 38.4                      | 46.5          | 48.1          | 41.5          | 32.9          | -14.3%                                       |
| <b>Total Assets</b>                           | <b>89.1</b>               | <b>97.0</b>   | <b>100.4</b>  | <b>94.9</b>   | <b>96.9</b>   | <b>8.8%</b>                                  |
| Insurance Liabilities                         | 46.2                      | 53.2          | 55.0          | 48.5          | 49.5          | 7.1%   |
| Other Liabilities                             | 9.0                       | 10.3          | 10.6          | 10.8          | 10.8          | 20.0%  |
| <b>Total Liabilities</b>                      | <b>55.2</b>               | <b>63.5</b>   | <b>65.7</b>   | <b>59.3</b>   | <b>60.3</b>   | <b>9.2%</b>                                  |
| Reserves                                      | 3.7                       | 3.7           | 3.6           | 4.0           | 4.2           | 13.5%  |
| Capital & Surplus                             | 30.2                      | 29.9          | 31.2          | 31.6          | 32.5          | 7.6%   |
| <b>Total Liabilities, Equity and Reserves</b> | <b>89.1</b>               | <b>97.0</b>   | <b>100.4</b>  | <b>94.9</b>   | <b>96.9</b>   | <b>8.8%</b>                                  |

| <b>Income Statement</b>                      | <b>Jun-23<sup>R</sup></b> | <b>Sep-23</b> | <b>Dec-23</b> | <b>Mar-24</b> | <b>Jun-24</b> | <b>% Change<br/>(Jun-2023<br/>vs Jun-24)</b> |
|--|---------------------------|---------------|---------------|---------------|---------------|--|
| Total Insurance Revenue                      | 35.2                      | 53.4          | 74.1          | 20.3          | 42.2          | 19.9%  |
| Insurance Service Expenses                   | 19.5                      | 29.7          | 40.7          | 10.0          | 22.3          | 14.4%  |
| Net Expenses from Reinsurance Contracts Held | 14.9                      | 22.0          | 30.3          | 9.1           | 18.2          | 22.1%  |
| Insurance Service Result                     | 0.8                       | 1.7           | 3.1           | 1.2           | 1.7           | 112.5%                                       |
| Net Investment Result                        | 1.9                       | 3.0           | 4.2           | 1.0           | 2.1           | 10.5%  |
| Other Income & Expenses                      | 1.3                       | 0.9           | 1.2           | 0.2           | 2.2           | 69.2%  |
| Profit (Loss) Before Taxes                   | 1.4                       | 1.8           | 3.1           | 1.0           | 1.6           | 14.3%  |
| Total Income Taxes                           | 0.4                       | 0.4           | 1.2           | 0.2           | 0.6           | 50.0%  |
| Profit (Loss) After Taxes                    | 1.0                       | 1.4           | 1.9           | 0.8           | 1.0           | 0.0%   |

R- Restated

<sup>4</sup> Values may differ slightly from the exact result due to rounding error.