# *Africa insurance trends*

*Strategic and Emerging Trends in Insurance Markets in South Africa, Kenya and Nigeria*

*Part 1 – South Africa*

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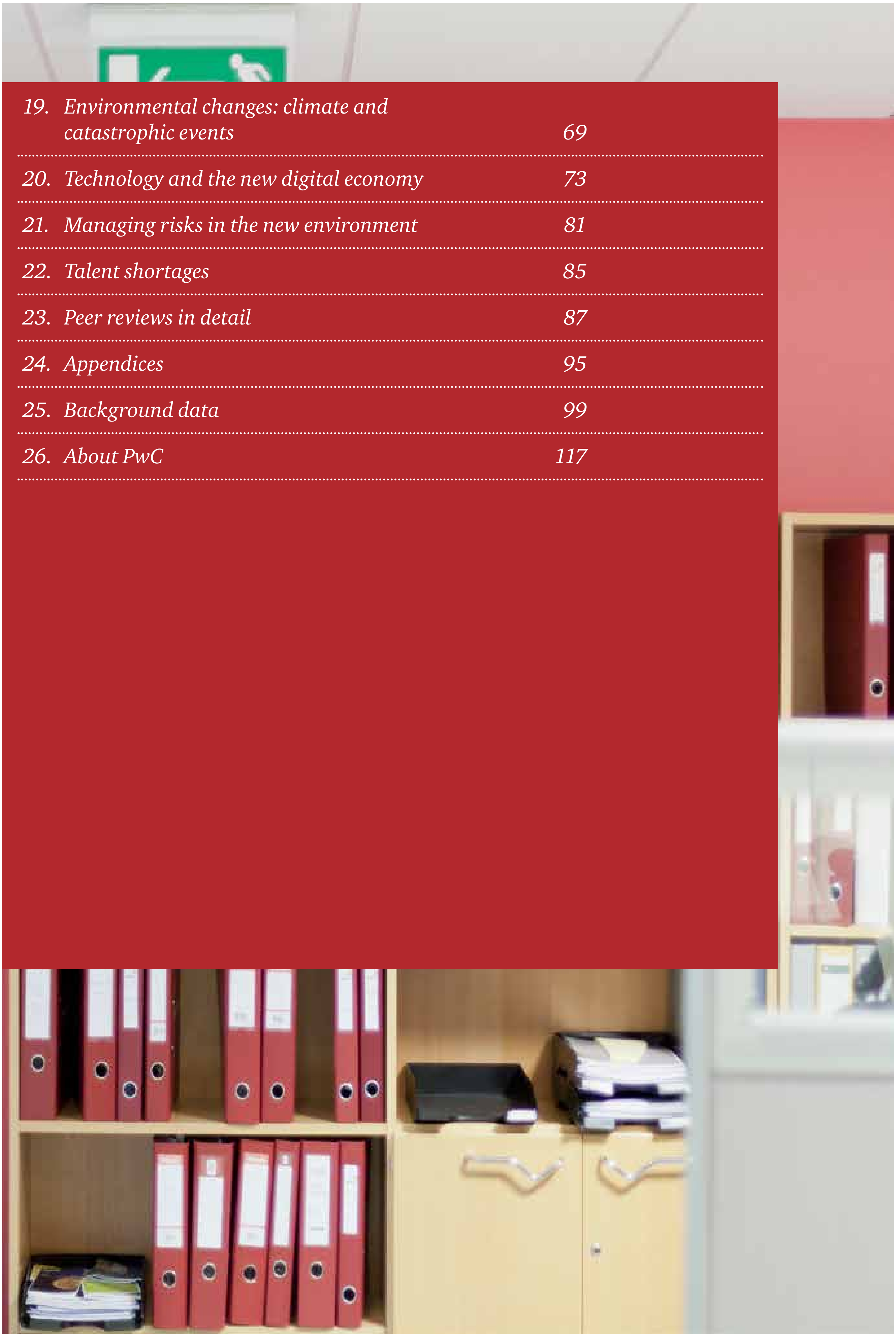

# 1. Foreword

**Victor Muguto**

*Welcome to our first biennial PwC Strategic and Emerging Issues in Africa Insurance Survey. Our previous five surveys were confined to the South African insurance market. We have now expanded the survey to include two more key markets, Nigeria and Kenya, whose results will be published separately. It is our intention to extend the survey to other countries in Africa in future.*

This edition comes at a time when global and African insurers are grappling with disruptive social, technological, economic, environmental and political changes. These megatrends are already reshaping the competitive environment for insurers and reinsurers, and the markets they operate in across Africa.

It is against this background that we have conducted this survey. Hopefully, it will achieve its primary goal: to help industry executives recognise the significance of these changes and use them to shape strategies for the future. The survey includes the views of long-term and short-term insurance CEOs. We believe that it brings out important themes which should be useful to insurers across the continent. The key objectives of the survey are to:

- Raise the awareness of insurers to the megatrends that are changing insurance markets globally and across the African continent;
- Provide insight into how the insurance market across Africa might evolve over the next few years;
- Shift the focus of CEOs from merely responding to and dealing with the short-term market instability; and
- Help insurers to come up with strategies and business models that are relevant to the changing environment.

We would like to thank all the executives who participated in this survey. We appreciate their openness and insight and the vision they provided on the various topics. We would also like to thank Dr Brian Metcalfe and the PwC Africa Insurance team for the time and effort they put into the interviews, analysing the survey results and producing this report.

We trust that you will find the survey useful. Should you like to discuss any of the issues addressed in more detail, please speak to the contacts listed at the end of this report.

The South African interviews included in this publication were researched and written in association with Dr Brian Metcalfe, Associate Professor at the Business School, Brock University, Ontario, Canada. He has a doctorate in financial services marketing and has also taught an executive management course on financial services marketing at the Graduate School of Business at the University of Cape Town.

Interviews with Kenyan insurers were conducted by Victor Muguto, our Long-Term Insurance Leader for Africa, in association with partners/directors from our Nairobi office.

Interviews with the Nigerian insurers were conducted by Obioma N Ubah, an insurance partner from our Lagos office.

The document was edited by Victor Muguto in association with our PwC Africa actuarial and insurance teams, with significant input from Tinashe Mashoko, Amit Kooverjee and Sunel Jacobs.

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# 2. *Executive summary*

## *Background*

*This survey focuses on strategic and emerging issues in the South African, Nigerian and Kenyan insurance markets. Our previous insurance surveys were confined to the South African market. Survey findings on Nigeria and Kenya are presented in separate country reports. Other countries in Africa will be surveyed in future.*

The survey attempts to provide an industry-wide sub-Saharan Africa perspective. However, where meaningful, it also highlights differences between the short-term and long-term insurance sub-sectors, as well as identifying some of the differences in the markets surveyed.

The survey is based on personal interviews with CEOs and senior executives; 31 in South Africa, eight in Kenya and six in Nigeria. The South African list shows 34 companies. This is because only one interview was conducted with AIG, Hollard and Regent, where each of these is listed under both short-term and long-term subsectors.

Reinsurers and cell insurers are also included in the overall industry charts and, where relevant, in their long-term or short-term categories.

The interviews were conducted in Johannesburg and Cape Town in June, Nairobi in July and Lagos in August 2014.

The full list of insurers who participated in the survey is shown in the appendices of each contry report.

## *Main findings*

South Africa is the number one insurance market on the continent.

It was also ranked 15 and 28 in the long-term and short-term insurance markets respectively in 2013.

**Source: Swiss Re Sigma Report**

## *Major change drivers disrupting the market*

As with the global insurance industry, the African market is in a state of flux, with a series of far-reaching disruptive changes occurring at the same time. These include:

1. Social networks, which are shifting the balance of power towards customers;

2. Technological advances, which are disrupting the entire insurance value chain, from distribution to underwriting, pricing and loss control. Advances in embedded devices, sensors, software and hardware are also enabling the transformation of big data into actionable insights;

3. Environmental changes, including the increasing severity and frequency of natural and man-made catastrophes that are creating challenges but also new opportunities for sophisticated underwriting models and risk transfer;

4. The rising economic significance of emerging high growth economies like Nigeria and Kenya. South Africa's, economy on the other hand, is stagnating at a time when it should be taking advantage of being in the limelight of emerging markets; and

5. Political changes, including geo-political risks, terrorism and major regulatory overhaul which may become unfortunate stumbling blocks at a time when Africa is ready to take its place in the global economy.

Despite these disruptions, there are opportunities for those insurers who can turn the changes into competitive advantage and reposition their businesses for the future.

## Ability to handle change

Participants were asked to assess the level of preparedness of their organisations to deal with these disruptive changes. Most were well organised at the board and executive levels and in certain functional areas, such as actuarial, risk and compliance, and finance. However, the majority were genuinely less well prepared in IT, sales and customer service, marketing and distribution, and human resources.

Overall, it is clear that most insurers were focused on dealing with the short-term effects of the changing environment. What is needed, though, is a radical rethink of how to build a future in an increasingly competitive and rapidly changing African insurance market.

## Highly competitive markets

The insurance markets in all three countries remain highly competitive in all segments.

The greatest competitive threat for most insurers remains the large broad-based financial institutions that have the ability to own large customer bases and to cross-sell insurance, investments and other financial services products.

These large financial institutions are formidable competitors and have responded to new innovative entrants in the direct market space by establishing new subsidiaries or through acquisitions.

Although they may be burdened by legacy systems in their home markets, they have also adopted an aggressive approach to international expansion.

Some of the large players now have a substantial footprint in other sub-Saharan markets.

A small number of South African insurers have ventured into Asia, to countries such as India, China, Malaysia, Indonesia and Australia.

Larger players in Kenya already have significant operations in Uganda, Tanzania, Rwanda as well as other surrounding countries in the wider East Africa community.

There was an increase in the number of participants who felt threatened by non-traditional insurers and new entrants into the market. These new entrants include mobile phone operators and retailers, with large customer bases and data mining power.

## Social changes

On the positive side, the growing middle class and improving literacy levels were mentioned as the top social changes impacting insurance growth. The up-take of social media and the emergence of powerful social networks were noted as positive for innovation in distribution channels. However, the stubborn high unemployment level at 24%, which has not fallen below 20% in the past 17 years is a significant negative factor in South Africa.

Nigerian and Kenyan respondents also mentioned the importance of a growing middle class and social networks. Increasing urbanisation was also noted as positive for the growth of insurance in all three countries.

Given the growth in the middle class and increasing urbanisation, the use of data analysis to better understand the needs of these new customers was noted. Business models were also expected to change, to become more knowledge driven and customer centric. A few larger Life insurers have already adopted "customer-centric" business models.

Geo-political uncertainty and terrorism were mentioned as negative developments for Kenya and Nigeria. Other emerging negative developments include the impact of the spread of haemorrhagic diseases such as Ebola in West Africa.

## Technological advances and digitalisation of the insurance market

The most important technological developments for short-term insurers were in the big data and data analytics areas, and the potential to use these to gain competitive advantage. Long-term insurers were more concerned about the growing influence of mobile devices, tablets and smart phones and their impact on distribution and sustainability of existing insurance business models.

Most participants agreed that there are already major applications of technology in real-time, cost-effective data analysis, claims or loss prediction and improved customer communications through advances in technology. However, the Participants are only beginning to realise the magnitude of disruption arising from the digitalisation of the insurance market.

Looking across the six different areas of mobile technology, social media, sensor technologies, big data and data analytics, cloud computing and the wider digital economy, it was surprising to see that only a third of participants have developed plans to address the impact of these far-reaching changes.

## Economic environment

The biggest concern highlighted by South African respondents was the lack of growth in the economy, against a background of unemployment levels at 24%. According to the IMF World Economic Outlook, released on 7 October 2014, South Africa's GDP will grow by a mere 1.4% in 2014, rising to 2.3% in 2015. This is a far cry from the 6% target rate required to create jobs and for any meaningful reduction to the high unemployment levels.

Negative factors mentioned by participants include unsettled labour markets, particularly in the mining and metal industries, high energy costs and inflation, low productivity, rising interest rates, high consumer debt and falling disposable incomes.

High urbanisation rates and a growing black middle class were seen as positive for insurance.

By contrast, Nigeria's GDP is seen as rising from 5.4% in 2013 to 7.0% in 2014, and to 7.3% in 2015, predominantly driven by oil wealth. Increasing urbanisation and a growing middle class were also seen as positive for insurance growth.

Nigeria's GDP was recently rebased, from $270 billion to $509 billion for 2013, overtaking South Africa's $351 billion and easily becoming Africa's largest economy. This wealth, a large population of 171 million, rising affluence and low insurance penetration rates are seen as positive factors for future insurance growth.

However, other factors need to be taken into account, including low levels of insurance awareness, and per capita incomes, which at $2900 are still much lower than South Africa's $6621.

The concentration of oil wealth in a few hands is also a factor limiting insurance industry growth to the wider population.

Kenya's GDP was also rebased, from $ 4.3 billion to $53 billion for 2013, making it Africa's ninth largest economy. A population of 44 million people, high literacy levels and GDP outlook rising from 4.6% to 5.3% make this an attractive growth market. The rising middle class and increasing urbanisation were also mentioned as positive contributors to future insurance growth.

GDP per capita now stands at $1246, making Kenya a middle income country.

Kenya's significance will continue to rise, given its influence in the emerging East Africa economic community with a combined population of 200 million people.

## Environmental changes and catastrophic events

Short-term insurers raised concerns over the increasing frequency and severity of catastrophic events. However, they were surprised that, paradoxically, despite the increase in claims, insurers' rates had not hardened. They also acknowledged their inability to adequately underwrite and price for some of the emerging catastrophes, given limited past experience and statistics.

Innovative new technologies in the form of early warning sensors, sophisticated catastrophe modelling and underwriting, pricing, and risk transfer mechanisms are now seen as the way forward, and are rapidly picking up pace in the South African market.

## Political environment and unrelenting regulatory changes

South African participants reported solid progress as they prepared for the implementation of SAM, the Solvency II equivalent. Data clean-ups and systems implementation are well underway, but not yet completed.

The feedback seemed positive from most participants, with only a few companies lagging behind in their implementation.

Participants also mentioned the disruption and costs associated with implementing other regulatory changes, such as Treating Customers Fairly (TCF), Retirement Fund proposals and IFRS4. The majority were, however, embracing the need for change and preparing to comply.

While Nigeria has opted to introduce Solvency II, it is still early days for most insurers on this journey. The regulator has introduced measurers to consolidate the fragmented industry, increase insurance penetration and improve governance.

Kenya has not yet adopted Solvency II or an equivalent. The regulator there has proposed some interim requirements for risk-based supervision. Most insurers in Kenya are well prepared to implement the proposals, although the market is desperately short of actuarial skills.

## Sound footing

Despite the magnitude of the disruptive trends, the South African market remains well regulated and financially sound. Although the industry is dominated by a few large conglomerates, there are also a good number of midsized companies, which fosters competition and innovation.

Indeed, the emergence of innovations in South Africa and Kenya, provides evidence of the dynamism present on our continent.The M-PESA Mobile distribution and payment innovations in Kenya are a good examples.

Participants were also willing to identify shortcomings. They acknowledged that they have been poor communicators when trying to articulate their value proposition to stakeholders, including government.

Many South African participants were critical of their inability to deliver on transformation and skills development and to deal with the inequalities inherited from the past.

## Industry failing to attract talent

Previous reports have documented talent shortages and this issue surfaced again in this report. As noted above, the industry recognises that it needs to be better at skills development.

Underwriting, actuarial and risk management skills were areas of concern. Midsized companies emphasised the challenge of finding appropriately qualified and experienced non-executive directors. They argued that candidates are often ruled out by ‘conflicts of interest’ because of their involvement in other parts of the financial sector.

IT skills, or perhaps more appropriately digital skills, are also in demand as the industry attempts to keep pace with emerging technologies.

## In search of future growth –international expansion

Despite the disappointing GDP growth in 2013 and the weak economy in South Africa, both short- and long-term companies predict steady growth in 2014 and beyond, in the region of 7% to 15% per annum. However, these are nominal growth targets, in a Rand currency, which is increasingly weak and volatile. Real growth for South African insurers will therefore have to come from new products in new risk areas, and from geographic diversification outside South Africa. We are now witnessing the new "Great Trek" northwards to other territories. Most of the larger insurers have made significant acquisitions and are targeting up to 15% contribution to their results from outside South Africa.

In this regard, the top three target markets for South African insurers were identified as Kenya, Nigeria and Ghana. Insurers are attracted by projections of strong GDP growth, low penetration rates and the expected growth in demand for insurance as affluence increases.

Kenya was singled out because of the success of its mobile phone distribution and payment systems and its bancassurance channels. Nigeria was similarly singled out because of its population demographics, low insurance penetration rates and strong GDP growth. Nigeria is potentially the biggest insurance growth market in Africa. Ghana was also attractive because of low insurance penetration levels, and the potential of earning of high margins.

Only a small number of large insurers have focused attention on the fast-growing markets in emerging Asia which includes India, China, Malaysia and Indonesia.

Larger Kenyan insurers are already operating in countries such as Uganda, Rwanda, Tanzania and Burundi. Some would like to venture into virgin markets such as Ethiopia and South Sudan.

## Peer-ranking overview

**Table 1:**

| | First | Second | Third |
|---|---|---|---|
| **Products** | | | |
| Alternative risk transfer | Guardrisk | Centriq | Hollard |
| Assistance business | Old Mutual | Sanlam | Hollard Life |
| Credit life | Hollard Life | Absa Life | Standard Insurance |
| Group business – Investment | Old Mutual | MMI | Sanlam |
| Group business – Risk | Old Mutual | MMI | Sanlam |
| Investment products | Liberty Life | Discovery | Sanlam |
| Life risk products | Discovery | Sanlam | Old Mutual |
| Motor insurance | Outsurance | Santam | Telesure |
| Property (excluding motor) | Santam | Outsurance | Hollard |
| Health insurance | Discovery | AIG | Hollard |
| **Other** | | | |
| Customer relationship management | Outsurance | Discovery | Sanlam |
| Innovations | Discovery | Outsurance | Hollard |
| Marketing strategies | Outsurance | Discovery | Hollard |
| Technically competent staff | Santam | Outsurance | Discovery |

# 3. Market environment and short term growth prospects – SA

## *Africa's insurance sector in a global context*

*To put things into perspective , the entire African insurance market only accounted for 1.56% of the global premiums in 2013, at $72.4 billion, compared to the world total $4.6 trillion.*

The level of insurance penetration, measured as a percentage of premiums to GDP for Africa sits at 3.5%. This is relatively higher than the emerging markets' average of 2.72%, but much lower than the average for advanced markets of 8.27%, and the global average of 6.28%. The average premium per capita for Africa was only $66 in 2013, relative to the world average of $651 and advanced markets at $3 620.

The above numbers indicate the low level of development in our insurance market in Africa, but also the immense potential to grow the market as Africa's affluence increases.

South African premiums accounted for $54 billion out of the total $72.4 billion for Africa, representing a 1.17% world market share. Penetration levels were 15.4%, which is ranked 2nd in the world, quite high even compared to advanced markets, possibly reflecting a relatively saturated market compared to the rest of Africa. This, however, together with slow economic growth, suggests that further growth prospects in the local insurance market are limited. This also explains some of the aggressive push for geographic expansion outside South Africa that we are now witnessing.

Nigeria's total premium volumes were $1.86 billion, ranked 58th in the world. A closer look at the penetration rates at 0.6% of GDP, ranked 86th in world terms, reflects a market that is in its infancy.

Nigeria has a large population of 171 million, compared to South Africa's 53 million. Its GDP has been rebased to $509 million, overtaking South Africa's $351 billion. GDP growth rate in 2013 was 6.6%, relative to South Africa's 1.9%. Latest forecasts put Nigeria is GDP at 7% for 2014 and 7.3% for 2015. South Africa's forecast GDP is only 1.4% for 2014 and 2.3% for 2013. Clearly, Nigeria is potentially the largest growth market in Africa.

Kenya's total premium volumes were $1.52 billion, ranked 64th in the world. Penetration rates were 3.4%, ranked 44th in the world. Again, given a GDP of $44 billion, growing at 5.3% per annum, and a sizeable population of 44 million people, Kenya is clearly also another market with significant growth potential.

**Source: Swiss Re Sigma, IMF Economic Outlook**

# 4. Bullish growth sentiment in bear environment – SA

## Expected growth in the South African Market:

| Country | Non-Life 2014 | 2017 | % Growth | Life 2014 | 2017 | % Growth |
|---|---|---|---|---|---|---|
| Staff employed | 18 445 | 20,443 | 10.8% | 59 948 | 72 542 | 21.0% |
| Brokers and intermediaries | 14 698 | 19 502 | 32.7% | 58 426 | 71 406 | 22.2% |
| Total number of branches | 185 | 215 | 16.2% | 1 827 | 2 092 | 14.5% |
| Number of policyholders (R'm) | 12.0 | 16.2 | 35.2% | 27.1 | 31.6 | 16.6% |
| Gross premium income (R'bn) | 86.9 | 121.0 | 39.2% | 136.2 | 180.7 | 32.7% |

**Source: PwC analysis**

## *SA short-term insurers*

The short-term companies surveyed employed 18 445 people. They estimate that by 2017 they will employ 20 443, an 11% increase.

The number of brokers and intermediaries for short-term insurers was calculated to be 14 698 in 2014. By 2017, it is expected to increase by 33% to 19 502. This large increase includes one company which anticipates a very significant increase. A number of companies predicted that the number of brokers would decline over the next three years.

The number of branches is expected to increase from 185 branches in 2014 to 215 by 2017. Most companies anticipate that the number of branches will remain the same over the next three years.

Eleven short-term companies expect to increase the number of countries in which they are active to grow by 2017. Not surprisingly, the larger financial groups have the most comprehensive international presence. For example, one of these companies is present in 12 countries today and plans to be present in 18 by 2017.

The number of policyholders for the short-term companies was calculated to be 12 million in 2014, growing to 16.2 million by 2017. In 2012, participants were estimated to have 9.6 million policyholders, with growth to 12.7 million by 2015. However, these numbers need to be treated with caution, as companies have difficulty identifying customers who may have multiple policies.

Gross premium income is expected to increase from R86.9 billion to R121 billion by 2017, a 39% increase over the three-year period.

This figure is influenced in part by one large short-term insurer that anticipates an increase well above the overall participant's average.

## *SA long-term insurers*

Long-term insurers plan to increase the number of branches by 14.5% from 1 827 to 2 092 by 2017. Eight companies plan to increase their number of branches, while one anticipates a significant reduction.

Several smaller long-term participants are only active in South Africa and have no plans to expand their insurance operations internationally.

However, similarly to short-term insurers, those that are part of a large financial conglomerate are planning to expand their international footprint further. For example, several companies who are already active in 15 markets at present plan to increase this number to around 20 by 2017.

Participants indicated that they currently have 58 426 brokers and intermediaries, and plan to increase this by 22% to 71 406 by 2017.

The current total includes three companies that have 10 000 or more brokers and intermediaries. Several companies expect the number to remain the same, while one predicts a decrease.

The long-term participants employ 59 948 people and expect this number to increase by 21% to 72 542 people by 2017.

Gross premium income for all the participants is expected to grow by 32.7% from R136.2 billion to R180.7 billion by 2017.

Finally, participants project a 16.3% increase in the number of policyholders, from 27.1 million in 2014 to 31.6 million by 2017.

As noted in relation to short-term policyholders, these numbers may be inflated by individuals with multiple policies.

# 5. *Strengths and weaknesses in the SA market*

## Q: Can you identify the major strengths and weaknesses of the local insurance industry at present?

### *Strengths*

#### Well developed, financially sound market

As in previous reports, participants acknowledged the financial soundness and strength of the industry. Despite criticisms of the regulatory environment, they value the role played by the regulators. One short-term insurer said the industry was well developed and mature and made an important contribution to the South African economy.

Almost all the participants stressed that the insurance companies were well capitalised. A large long-term insurer asserted that the industry's governance and risk management was on a par with first-world standards.

#### Innovation

The second strength emphasised by participants was the high level of innovation in the local SA market. Indeed, one reinsurer claimed that, on the long-term side, it was the most innovative market in the world. Another reinsurer suggested that the high level of innovation was driven by the competitiveness of the domestic market.

#### Competition

The third major strength was the level of competition in the marketplace. There are clearly several very large domestic players in both the long-term and short-term markets. Regulation has made it relatively more challenging for the medium-sized players. However, the presence of medium-sized players and the ability for new players to enter the market have fostered healthy competition. This has been assisted by a relatively well-informed consumer base and new technological developments and entrepreneurial leadership.

Other strengths that were mentioned include:

- the ability to grow new talent;
- the ability of consumers and the industry to adapt to new and innovative methods of distribution;
- entrepreneurial culture encourages product and enterprise development;
- diversified multi-channel distribution models; and
- global best practice in most areas.

#### Weaknesses

There was less unanimity regarding weaknesses. A number of participants argued that the insurance industry is poorly co-ordinated and fragmented when it tries to debate its position on key policy matters. They believe that the industry is weak when engaging and lobbying with government.

A second widely held opinion is that the industry has been slow to engage in transformation to address inequalities from the past, and could do more in skills development.

A variety of other weaknesses were suggested, including:

- the risk of overregulation;
- number of old, inefficient legacy systems;
- the low levels of savings in South Africa;
- a general shortage of skills and experience;
- a lack of sophistication in risk underwriting;
- slow adaptation to change and ageing workforce in the intermediary market;
- underinvestment in technology (relative to banks);
- mis-selling, probably driven by commission incentives;
- a disappointing response to entry-level products;
- a loss of market share to non-traditional insurers;
- high cost of compliance; and
- historic pricing practices that are not risk-based.

# 6. SA market developments and change drivers

## Q: What, in your opinion, are the most important developments taking place in the local insurance market at present?

Participants identified seven major changes that were occurring in the South African insurance market.

### *Regulatory changes*

As in previous reports, the change most frequently cited by participants was the unrealistic pace of regulatory changes, with far reaching implications for insurers.

These include SAM (Solvency Assessment and Management), the South African adaptation of Solvency II. Participants frequently mentioned South Africa's regulatory agencies' close adoption of many of the UK's regulatory initiatives and the additional requirements to adhere to new financial directives as a G20 member as having a significant impact on the local industry.

Another significant change mentioned was TCF (Treating Customers Fairly).

The UK's approach to financial regulation of dividing the prudential and market conduct functions between two bodies has been adopted in South Africa. Labelled "Twin Peaks" - the draft Financial Sector Regulation Bill envisages responsibility being divided between a Market Conduct Authority and a Prudential Regulatory Authority.

The Financial Conduct Authority in the UK also introduced the Retail Distribution Review (RDA) on 1 January 2013. Similar regulation is anticipated to be implemented by the Financial Services Board, to achieve better outcomes for insurance customers through ensuring that distribution models support TCF outcomes.

One of the key proposals is to address 'conflicted' remuneration, to ensure that intermediary incentives do not introduce bias in product advice and do not interfere with the intermediaries' primary duty to act in the best interests of customers.

Other far reaching, changes such as retirement fund reform, binder regulations, consumer credit legislation, anti-money laundering and data privacy regulations were also mentioned, along with changes to the IFRS 4 Phase 2 accounting standard, which is expected to be introduced from 2018.

### *Economic stagnation*

The second most cited change, and one that was recognised two years ago concerns the slowing down of growth in the South African economy. Another participant referred to the "declining economy".

The significant depreciation of the Rand and the drawn-out mining sector strikes were also highlighted. Participants also pointed out the declining growth of premiums in real terms.

The high levels of unemployment, low economic growth outlook, increasing inflation, led by high energy costs, high levels of consumer indebtedness, rising interest rates and any further Rand deterioration, will continue to weigh down on the South African insurance market's growth prospects.

It is therefore not surprising to see all the major insurance groups seeking some kind of a Rand hedge by pushing for expansion into growth markets in Africa and Asia.

## *Environmental changes*

Changes in weather patterns were mentioned by a large number of participants. The cumulative impact of hailstorms and flooding in 2012 and 2013 had a major impact on short-term insurers. Paradoxically, this has not resulted in significant hardening of rates.

The Gauteng's November 2013 hailstorm has been described as one of the country's major catastrophes, with claims in the short-term industry exceeding R1.6 billion (see related Moneyweb article). This was after hail damage claims in the previous year of approximately R1 billion.

## *Technology and the digitalisation of the insurance market*

This change includes a range of topics such as new software applications, the impact of social media and the growing importance of mobile technology. This is more than just another channel. The digital revolution is transforming what customers expect, and creating new opportunities in previously underserved communities.

Insurers who are able to analyse and convert big data into actionable insights will create competitive advantage for themselves.

What is now needed is not just a digital strategy, but a whole new business strategy for the digital age.

## *Social changes and evolving customer expectations*

This change embraces a number of forces. It calls for a more customer-centric approach and the need to treat customers fairly.

On the demand side, customers are increasingly better informed, have higher expectations and are becoming much more active participants in the insurance buying and consumption process.

One prominent marketer noted that these trends have been 'turbo-charged' by social media.

A number of insurers have adopted customer centric models, to better understand and respond to the changing customer needs.

## *Stability of the broker model*

Several regulatory changes have impacted the distribution model, and as one participant noted, they are 'now biting' the broker model. Business practices, skills training, and methods and levels of remuneration are in flux as the broker channel is overhauled.

It is also important to note the expanding presence of foreign brokers through local acquisitions. In 2010 AON acquired Glenrand. In June 2014 Marsh and McLennan announced their buy-up to a 33.3% shareholding in Alexander Forbes. This was in addition to their purchase of the entire Alexander Forbes Risk Services operations in 2012.

## *Direct marketers*

The expanding role of direct marketers in both the short-term and long-term markets was recognised. This includes the direct marketing specialists who have been active for some time, the 'traditional legacy' providers who have direct marketing subsidiaries and the newer market entrants such as Vodacom, KingPrice, BrightRock, etc.

## *Marsh & McLennan to Buy 34% of Alex Forbes of South Africa*

Marsh & McLennan will buy a 34 per cent stake in Alexander Forbes as Africa's largest independent pension-fund manager prepares to sell shares on the Johannesburg Stock Exchange next month.

Mercer Africa Ltd, a subsidiary of New York-based Marsh & McLennan, the biggest insurance broker by market value, will buy 14.9 per cent of Alex Forbes at the time of the initial public offering and a further 19.1 per cent after regulatory approvals, the Johannesburg-based company said today in an e-mailed statement. The preference shares declined 7.4 per cent to 8.80 rand in Johannesburg, potentially valuing Mercer's stake at about 3.87 billion rand ($366 million).

'This is the beginning of a strong partnership that will generate value for both of our firms and our respective clients,' Mercer Chief Executive Officer Julio A. Portalatin said in an emailed statement. 'We are particularly excited to significantly broaden our exposure to the growth prospects present in South Africa and sub-Saharan Africa.'

Alex Forbes was delisted and bought out by companies including Actis LLP and Ethos Private Equity Ltd. for 8.2 billion rand in 2007. Deutsche Bank AG and Rand Merchant Bank were hired last year as financial advisers. Shareholders met on June 20 to decide whether to sell shares on the bourse or consider offers from potential trade buyers. Bank of America advised Mercer.

### Africa Gateway

International financial companies are seeking ways to increase their presence in Africa to take advantage of rising household incomes and economic growth. While South Africa's gross domestic product shrunk in the first quarter as a record-long mining strike hurt production, the country is used by many companies as a gateway to faster-growing sub-Saharan Africa.

The IPO will take place on July 24, Alex Forbes CEO Edward Kieswetter told reporters at a press conference at the company's Johannesburg headquarters today. Executives will be able to take part in the share sale and while the private-equity owners will all exit, they may decide to reinvest. The share sale isn't intended to raise 'significant capital' for the company, the CEO said.

The IPO and Mercer investment 'balances the best interests of the organisation and the outgoing shareholders while creating opportunities for new shareholders,' Kieswetter said. 'It's a vote of confidence in South Africa as an investment destination.'

Kieswetter, who became head of Alex Forbes in 2010, has overseen the sale of three UK operations and South African insurance unit Guardrisk while returning the company to profitability.

**Source: Bloomberg, 23 June 2014**

## ***Short-term insurers take a R1.6bn hammering***

Short-term term insurance companies paid significantly more in claims than they collected in premiums during 2013, suffering underwriting losses that were widely attributed to extreme weather events and rand weakness.

The most notable catastrophe events in 2013 were the January floods in Limpopo, followed by floods in the Western Cape and two significant hailstorms in Gauteng in November. The second hailstorm on November 27 is being described by the industry as 'one of the most severe catastrophe events experienced in South Africa to date', with total claims for the short-term insurance industry exceeding R1.6 billion.

According to Ian Kirk, CEO of Santam, five insurers suffered losses of more than R170 million as a result of that hailstorm.

Santam, South Africa's largest short-term insurer, suffered a R225 million loss from the storm and reported an underwriting margin of just 2.8% for the 2013 year, or an underwriting profit of R477 million. This is 24% lower than the previous year.

The underwriting margin is an important measure of how well an insurance company is performing in its daily operations, as it excludes income earned from investments. Anything above 0% indicates a profit.

Santam holds roughly 19% of gross written premium (GWP) in the short-term insurance market, according to 2013 figures from the Financial Services Board (FSB).

Kirk said that the insurer was disappointed with its underwriting margin, which was well below its target range of 5% to 7%. He explained that its decision to increase its dividend no more than 5.6% to 433 cents per share accounted for a more difficult underwriting year and the need to maintain capital reserves. Specifically, hail and drought caused a net underwriting loss of R142 million on Santam's crop book, compared with a R38 million profit achieved a year earlier.

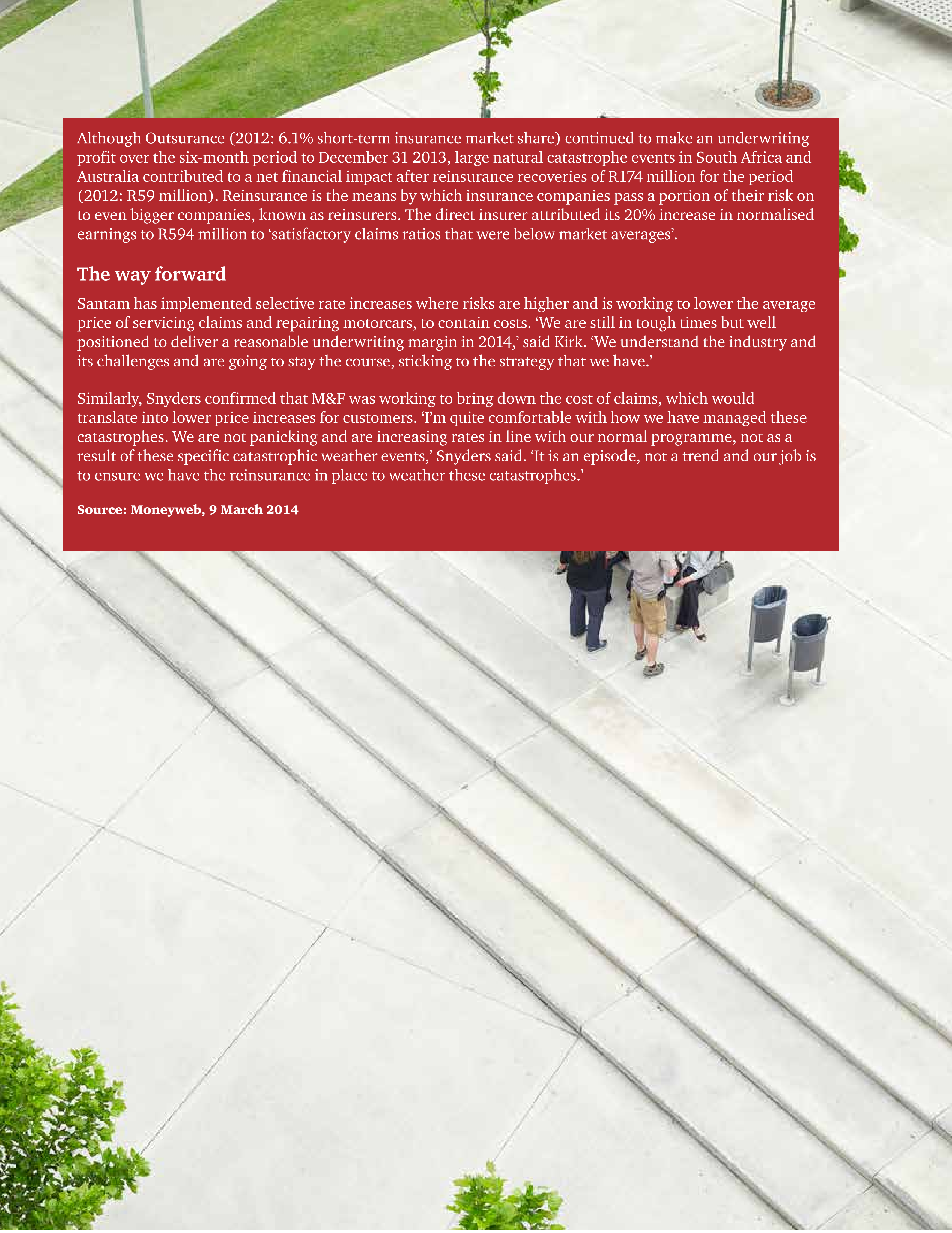
That Santam reported an underwriting profit at all seems a considerable achievement, when examining the results of other intermediated short-term insurers.

Mutual & Federal (M&F), which was the next largest short-term insurer at the end of 2012 with 8.7% market share, reported an underwriting loss of R437 million, or an underwriting margin of -4.9%. This is despite growing its GWP by 16.6% to R11.3 billion for the year. M&F attributed this loss to severe weather, the impact of drought on its agriculture book and a continued soft market (low premiums, increased competition and reduced underwriting criteria), particularly in motor.

'The underwriting result was considerably worse than M&F expected and deteriorated in the space of a month, when we were unexpectedly hit by floods in the Western Cape and two massive hailstorms in Gauteng,' CEO of Mutual & Federal, Raimund Snyders, told Moneyweb at parent company Old Mutual's recent results presentation.

Zurich Insurance, which in 2012 had a 3.9% share of the short-term insurance market, reported a R455 million underwriting loss for 2013, compared with a deficit of R258 million in the prior year.

Zurich attributed this to the 16% increase in claims expenses to R2.5 billion, as a result of more frequent and severe losses in both the property and motor portfolios. It said that rand weakness pushed up the cost of motor claims, while large property fires and three significant weather events in November 2013 knocked the commercial portfolio. The insurer suffered a R164 million after-tax loss for the year. Kirk said that generally, the premium strength in the industry was not there. In other words, insurers were not pricing for the risks they were writing, but cutting rates to compete for new and existing business. Low rates, extreme weather events and a slide in the rand had led to losses in general insurance that 'we've never seen before', Kirk noted.



Although Outsurance (2012: 6.1% short-term insurance market share) continued to make an underwriting profit over the six-month period to December 31 2013, large natural catastrophe events in South Africa and Australia contributed to a net financial impact after reinsurance recoveries of R174 million for the period (2012: R59 million). Reinsurance is the means by which insurance companies pass a portion of their risk on to even bigger companies, known as reinsurers. The direct insurer attributed its 20% increase in normalised earnings to R594 million to 'satisfactory claims ratios that were below market averages'.

## The way forward

Santam has implemented selective rate increases where risks are higher and is working to lower the average price of servicing claims and repairing motorcars, to contain costs. 'We are still in tough times but well positioned to deliver a reasonable underwriting margin in 2014,' said Kirk. 'We understand the industry and its challenges and are going to stay the course, sticking to the strategy that we have.'

Similarly, Snyders confirmed that M&F was working to bring down the cost of claims, which would translate into lower price increases for customers. 'I'm quite comfortable with how we have managed these catastrophes. We are not panicking and are increasing rates in line with our normal programme, not as a result of these specific catastrophic weather events,' Snyders said. 'It is an episode, not a trend and our job is to ensure we have the reinsurance in place to weather these catastrophes.'

**Source: Moneyweb, 9 March 2014**

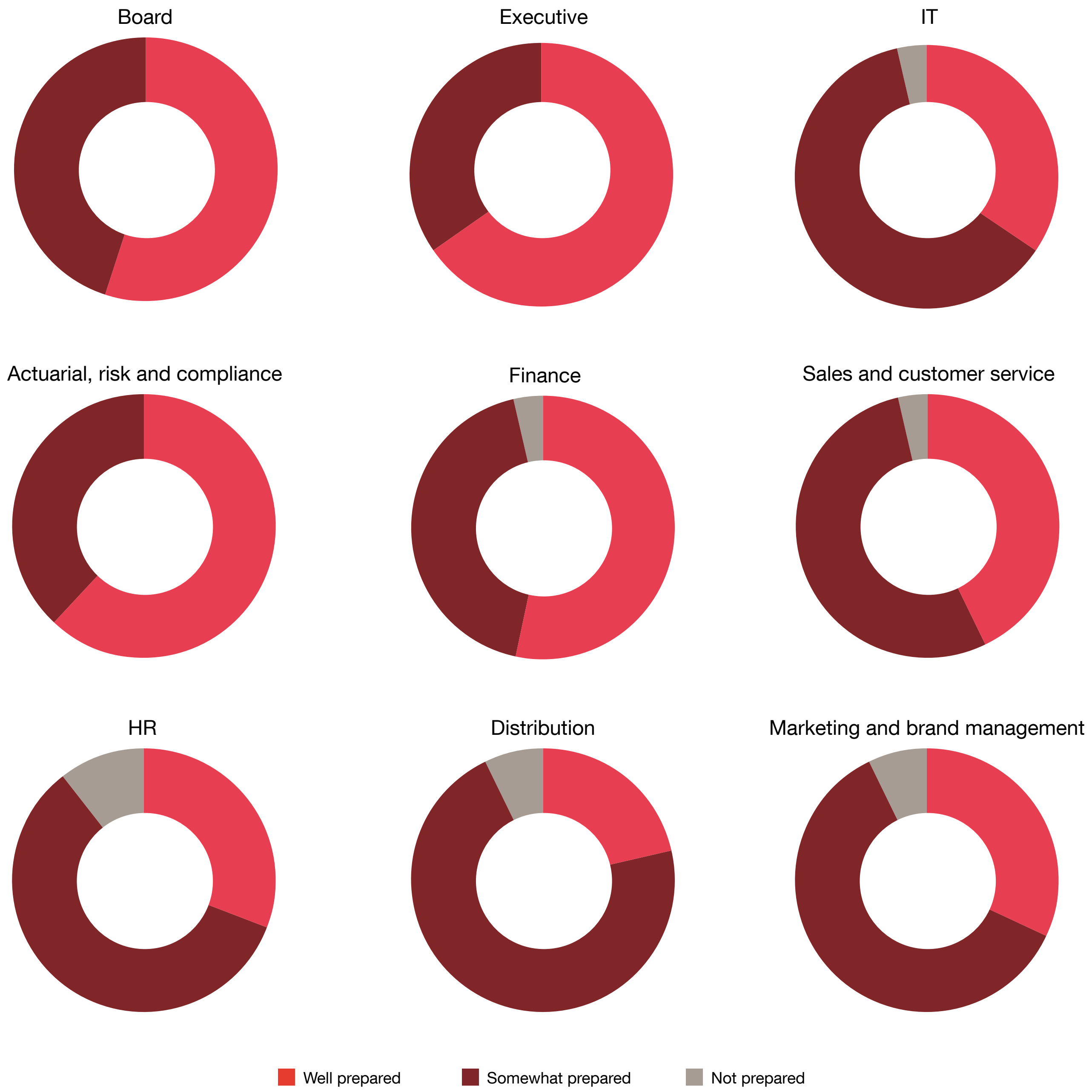
# 7. A new world – preparedness to deal with changes in SA

## Q: Thinking about the changes you are making to capitalise on the transformational global trends, to what degree are the following areas of your organisation prepared to make these changes?

This question sought to unveil the level of preparedness at different management levels within insurance companies, to take advantage of the emerging trends and new market opportunities.

It is perhaps prudent to discount to some degree the participants' responses, as it seems reasonable to assume that they may wish to overstate their level of preparedness.

Just over half of 29 respondents think they are well prepared at board levels 13 companies believe the board is only somewhat prepared to handle change effectively.




*Based on 29 companies responses, except for sales and customer services, distribution and marketing and distribution where a reinsurer did not answer*

Executives were marginally better prepared, with only 10 companies who only see their executives as somewhat prepared. 'Well prepared' was the majority response in actuarial, risk and compliance, and finance.

In six other function areas, 'somewhat prepared' was most prominent.

This suggests that significant effort is required for participants in IT, distribution, sales and customer service, marketing and brand management.

In human resources, 17 companies said they were 'somewhat prepared', while three companies acknowledged they were 'unprepared'.

As the forces driving change intensify, answers need to move from survival, to success and real growth. Cost-cutting and consolidation for survival is not going to be enough in the longer-term future. To succeed and thrive in 2020, the boards and management teams will have to address the following searching questions:

- What business do they want to be in?
- What is their new distinctive value proposition in the changing environment?
- What areas are they going to compete in?
- What will their resultant strategy and target operating model look like?

This all talks about radical rethink of insurance strategies, to build businesses of the future in a rapidly evolving insurance marketplace.

# 8. A new world – responding to intensifying competition in SA

## Q: In your view, what is the level of intensity of competition in the following markets and how do you expect this to affect your competitive response?

The tables on the following pages illustrate how insurers perceive the level of competition in nine different segments of their business, and how they have organisationally responded to that competition.

Where segments attracted responses from more than 20% of the respondents, they have been shaded in grey.

The table below summarises the market segments which are perceived to have moderate or intense competition levels and where significant operational and organisational change or fundamental change in strategy and positioning is expected. Responses in 2012 are shown for comparison where relevant.

| | 2014 | | 2012 | |
|---|---|---|---|---|
| **Market segment** | **Moderate or intense competition** | **Significant or fundamental organisational change** | **Moderate or intense competition** | **Significant or fundamental organisational change** |
| Alternative risk transfer | 94.1% | 41.2% | 75.0% | 25.0% |
| Assistance business | 100.0% | 52.6% | 100.0% | 42.1% |
| Credit life | 88.8% | 33.3% | 71.4% | 21.3% |
| Group business | 100.0% | 55.0% | 100.0% | 69.2% |
| Investment products | 93.7% | 43.8% | 100.0% | 53.3% |
| Life pure risk products | 100.0% | 55.5% | 100.0% | 27.8% |
| Property (excluding motor) | 95.7% | 47.8% | 100.0% | 38.9% |
| Motor insurance | 100.0% | 71.4% | 100.0% | 57.8% |
| Health insurance | 88.9% | 44.5% | 90.9% | 18.2% |

## *Alternative risk transfer (ART)*

Relative to the 2012 findings, the ART market appears to have become more competitive. Three companies believe it is intensely competitive, while 13 companies think it is moderately competitive. Fourteen companies have made changes to their strategy over the last year. This suggests that more companies are entering the market, which has been dominated by Guardrisk and Centriq.

**Table 2:**

| Competition level \ Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 5.9% | | 5.9% | 5.9% |
| Moderate | 11.8% | 41.2% | 23.5% | |
| Light | | | | 5.9% |
| None | | | | |

**Note: Based on responses from 17 companies**

## *Assistance business*

Fifteen companies assessed this market to be intensely competitive. Assistance business includes funerals, and support for education and families.

Ten respondents indicated that they had made significant or fundamental changes to their strategy over the last year.

**Table 3:**

| Competition level / Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 15.8% | 21.1% | 31.6% | 10.5% |
| Moderate | 10.5% | | 10.5% | |
| Light | | | | |
| None | | | | |

**Note: Based on responses from 8 companies**

## *Credit life*

Ten of the 18 companies that answered this question view credit life as intensely competitive. However, only six companies believed they had made significant or fundamental changes to their strategy.

The remaining 12 companies have made only minor or no changes to strategy. Therefore, although credit life is deemed to be highly competitive, those offering the service have maintained the same product.

**Table 4:**

| Competition level / Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 16.7% | 5.6% | 22.2% | 11.1% |
| Moderate | 5.6% | 27.8% | | |
| Light | 5.6% | 5.6% | | |
| None | | | | |

**Note: Based on responses from 18 companies**

## *Group business*

As in previous reports, group business is considered to be one of the most competitive market segments. Fifty five per cent of respondents have already made significant or fundamental changes to their strategies.

**Table 5:**

| Competition level | Competition response: No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 10.0% | 10.0% | 35.0% | 15.0% |
| Moderate | 15.0% | 10.0% | 5.0% | |
| Light | | | | |
| None | | | | |

**Note: Based on responses from 20 companies**

## *Investment products*

Three-quarters of the respondents define the investment products market as intensely competitive. This reflects the strong competition the insurance companies face from a wide range of products, offered by many different types of financial service providers.

In particular, they face competition from asset management companies with their strong brands, well-designed products and focused promotional messages.

**Table 6:**

| Competition level | Competition response: No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 12.7% | 18.8% | 18.8% | 25.0% |
| Moderate | 6.3% | 12.5% | | |
| Light | 6.3% | | | |
| None | | | | |

**Note: Based on responses from 16 companies**

## *Life risk products*

Life risk is a highly competitive segment. Over half of participants have made significant or fundamental changes to their strategies.

Only one company indicated that it had not made changes to its product offerings. Seventy-eight per cent of South African insurers stated that the market is intensely competitive.

**Table 7:**

| Competition level \ Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | | 33.3% | 33.3% | 11.1% |
| Moderate | 5.6% | 5.6% | 11.1% | |
| Light | | | | |
| None | | | | |

**Note: Based on responses from 18 companies**

## *Property (excluding motor)*

In comparison to 2012, this segment has become more competitive in South Africa. Sixteen companies classified it as intensely competitive, and almost half have made significant or fundamental changes.

In light of the 2013 catastrophes this is to be expected.

**Table 8:**

| Competition level \ Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 8.7% | 17.4% | 34.8% | 8.7% |
| Moderate | | 21.7% | 4.3% | |
| Light | 4.3% | | | |
| None | | | | |

**Note: Based on responses from 23 companies**

## Motor insurance

In 2014, evaluation of competition exceeds that of 2012. In 2014 motor insurance was unanimously considered to be intensely competitive. Significant changes have been made by ten companies, while another five companies have made fundamental changes.

The expanding number of aggressive direct insurers in this segment with new product concepts has lifted customer expectations and made it a different market to compete in.

**Table 9:**

| Competition level \ Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 4.8% | 23.8% | 47.6% | 23.8% |
| Moderate | | | | |
| Light | | | | |
| None | | | | |

**Note: Based on responses from 21 companies**

## Health insurance (not medical scheme business)

Health insurance is becoming more competitive in South Africa. Six of the 18 respondents defined it as intensely competitive, in contrast to 2012 when just two companies said they had made significant or fundamental changes to strategy. Eight companies responded this way in 2014.

New sensor technologies and an increased focus on lifestyle will continue to encourage innovative marketing opportunities.

**Table 10:**

| Competition level \ Competition response | No changes | Minor changes | Significant operational and organisational change | Fundamental change in strategy and positioning |
|---|---|---|---|---|
| Intense | 4.8% | 23.8% | 47.6% | 23.8% |
| Moderate | | | | |
| Light | | | | |
| None | | | | |

**Note: Based on responses from 18 companies**

# 9. A new world – who is the future competition in SA?

**Q: In your opinion, which category of institutions represents the most significant competitive threat to your organisation over the next five years? Please choose one answer only.**

Participants consider the broad-based financial institutions already in the market as their most significant competitive threat.

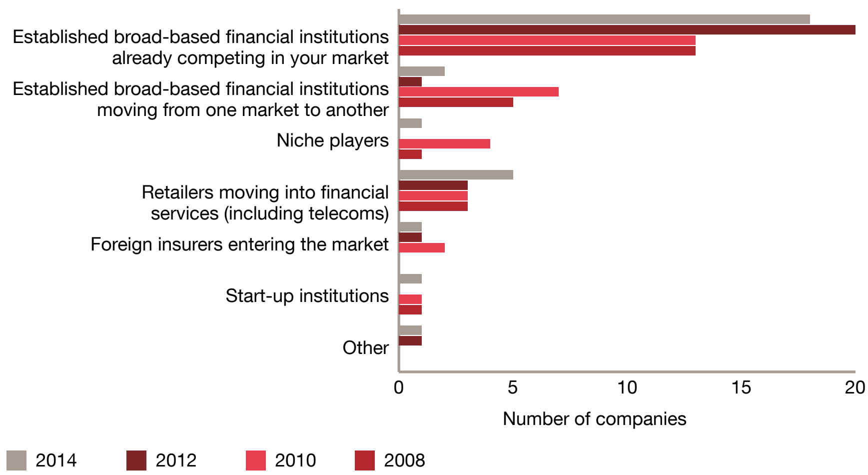
This supports the claim by smaller and mid-sized insurers that the large companies exert considerable force in the marketplace. Direct insurers that have gained traction are now faced with the direct insurance subsidiaries of the larger companies.

The country's largest financial institutions have a presence in virtually every component of the insurance market. This encompasses traditional channels, direct channels, the full range of insurance services, cell captives and more. In addition, a number of insurance companies have a wide range of partnerships and strategic alliances, which further expands their scope and reach.

One modest change in 2014 is the increase in the number of respondents, from three to five, who felt threatened by non-traditional insurers such as retailers and telecoms moving into financial services.

Examples range from retailers such as Pick n Pay and Clicks to Vodacom. Pick n Pay Protect Plus, which pays some disability and death benefits in both cash and pre-loaded Pick n Pay gift cards, underwritten by Old Mutual Alternative Solutions, is an example.

**Figure 2:**




*Based on responses from 29 life companies in 2014, 26 in 2012, 30 in 2010 and 23 in 2008*

# 10. A new world – SA local perceptions about the disruptive global trends

## Q: Please score the importance of each of the following emerging global trends.

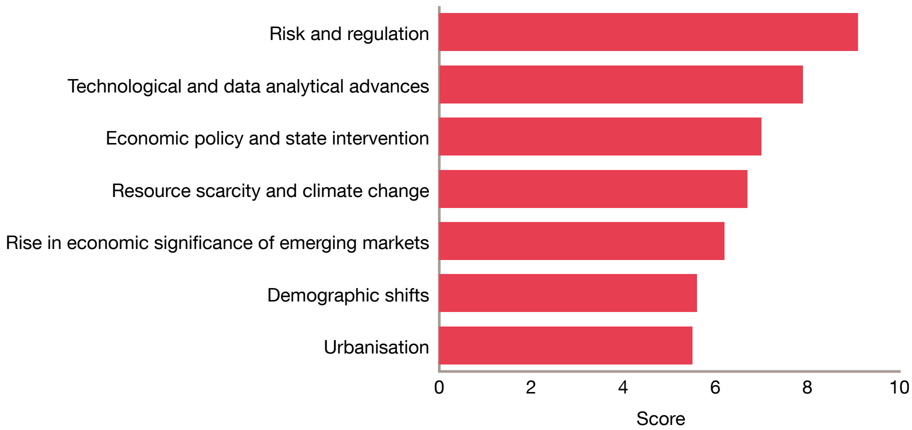
The most important emerging global trend identified by participants was risk and regulation. On a scale of 1 to 10, where 10 was judged to have maximum impact on the participants' business, the average score for risk and regulation was 9.1. Fifteen companies allocated the maximum score of 10. This trend was followed by technological and data analytical advances at 7.9, and economic policy and state intervention at 7.

Six companies scored 10 for technological and data analytical advances. The two least important global trends were demographic shifts and urbanisation.

Technology and data analytics will be referenced further in this report. Participants see this trend as transformative in terms of their future business models in the South African long-term and short-term markets.

The disappointing economic performance, slow or negative growth, labour unrest and general economic uncertainty are more evident in this report than in the 2012 one.

**Figure 3:**




*Based on responses from 30 companies*

# 11. A new world – SA subsector responses to changing environment

**Q: There are major changes in different areas of the insurance marketplace. Please score each of the areas listed below, where 0 means not addressing, and 1 to 5 reflects the degree of importance you attach to each of these areas.**

Against a background of change and underlying economic uncertainty, participants were asked to score a list of 14 different issues to be addressed in the insurance marketplace.

They rated their importance on a scale of 1 to 5, where 5 was of the greatest importance. If the issue was not applicable then a 0 score was recorded.

South African results have been displayed in two charts that look at the long-term and short-term results separately.

## *Long-term insurers*

**Figure 4:**


*Based on responses from 15 long-term insurers*

The top priority for long-term insurers was growth and retention strategies, followed by talent strategies and risk management.

## *Short-term insurers*

Short-term participants put talent strategies in the first place and growth and retention strategies in the second place.

Data analytics was in third position for the short-term insurers, but only in ninth position for the long-term insurers.

However, what is striking is the close similarity between responses by short-term and long-term participants. It is surprising to see the relatively lower scores attributed to R&D and innovation, and to social media and mobile technologies.

Location of key operations is the only factor to score below 3 out of 5, which confirms that with this one exception all of the issues are considered a priority for insurance CEOs.

**Figure 5:**


*Based on responses from 15 short-term insurers*

**Q: On a scale of 1 to 5, rank the importance of each of the following markets for your organisation over the next three years (5 equals most impact).**

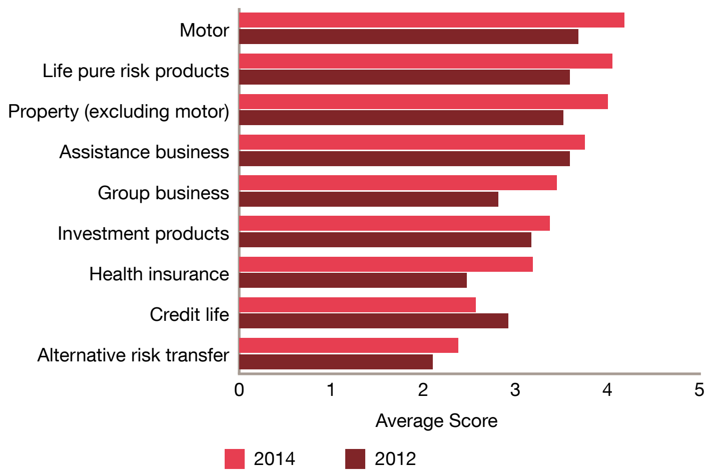
Participants were asked to review a list of nine different market segments, and to score their importance over the next three years.

The average scores tell only part of the story in terms of the importance of each of these different markets. For example, alternative risk transfer (ART) has a very low average score of 2.38 amongst South African insurers, but this assessment hides the fact that four companies rate ART at 4 or 5 out of 5. Indeed ART, assistance business and credit life are very important to only a handful of companies. Group business, investment products and life risk products are of significant importance to a much larger group of companies.

As one would expect, property and motor are critical markets for many companies. A comparison with the average scores for each market in 2014 versus 2012 shows that in every market except credit life, the score has increased.

This suggests that more markets are deemed to deserve higher scores, and presumably this will fuel increased competition.

**Figure 6:**



# 12. Gearing up for growth: where will this come from?

**Q: Which of the following factors do you believe are key growth drivers for your business over the next three years? Please score each one on a scale of 1 to 10 where 10 reflects maximum impact.**

The most important driver of growth for long-term and short-term companies is organic growth in existing markets.

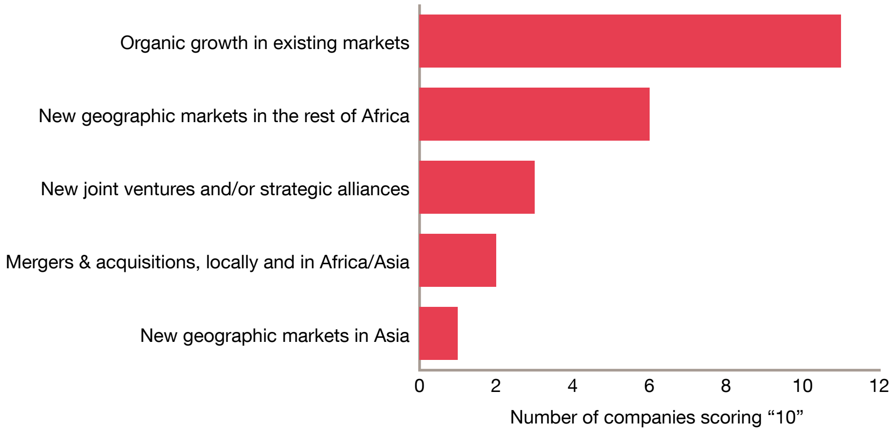
This is followed by joint ventures and strategic alliances, and then expansion to other Africa countries.

As is noted later, expansion into Asia is only important to a very small number of South African insurers.

The chart below shows that 11 of the 23 respondents awarded the maximum score of 10 to organic growth in South Africa.

Six companies awarded a 10 to new markets in Africa, while only one respondent awarded a 10 to new markets in Asia.

**Figure 7:**




*Based on responses from 23 companies*

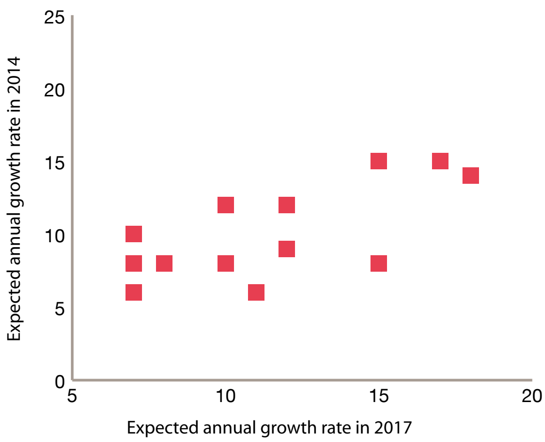
**Q: What is your estimate of the annual growth in premiums for your business for 2014 and over the next three years?**

## Short-term insurance companies

Surprisingly, the short-term insurance companies expect double-digit growth in both 2014 and 2017. Only four companies fall below this threshold, with 6% being the lowest predicted revenue growth in 2014, followed by 7% in 2017.

Five companies predict a healthy growth of around 15% in both 2014 and 2017. This compares favourably with 2012, when six companies predicted 15% or above in both 2012 and 2015.

**Figure 8:**




*Based on responses from 14 short term companies*

**Figure 9:**

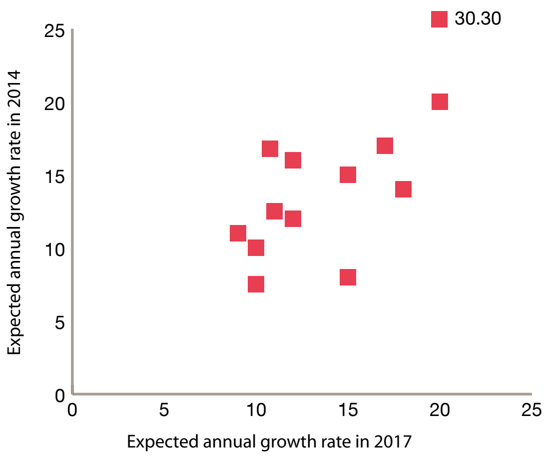

*Based on responses from 15 companies*

## Long-term insurance companies

Long-term insurance companies were move conservative, and clustered their predictions in the 10% to 15% range for both 2014 and 2017. The lowest level of growth in 2014 was 7%, while for 2017 the prediction was 9%.

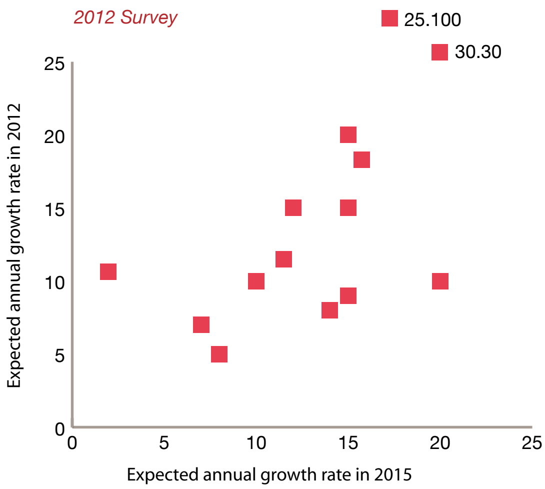
Growth of 15% or above was predicted by four companies for 2014, and five companies for 2017. This includes one outlier long-term insurers that predicted growth of 30% for 2014 and the same level of growth for 2017. This niche player expects to grow from a relatively small base. The 2014 pattern closely matches that recorded in the 2012 report, with one exception: The company that predicted 100% annual growth by 2015 has since modified its optimistic prediction.

**Figure 10:**




*Based on responses from 14 long-term insurers*

**Figure 11:**




*Based on responses from 14 companies*

## Q: What is your estimate of the annual growth in premiums in the across the sector?

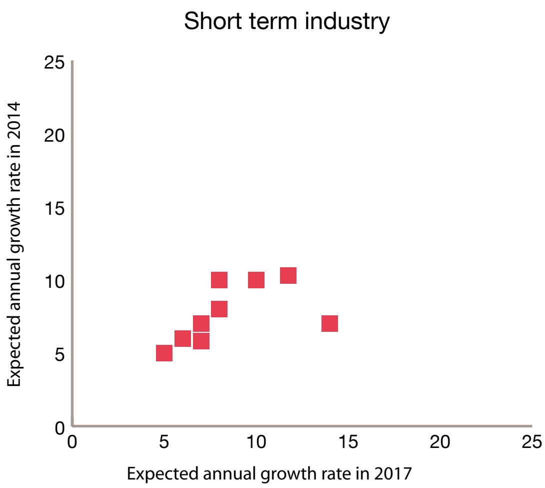
Participants were also asked to predict the growth in their industry sector.

### Short-term insurance

In South Africa, short-term insurance companies generally predicted growth in the 7% to 10% range for 2014. The same pattern was predicted for 2017, although one participant suggested industry growth could be 14% by 2017.

In many cases participants ranked their individual company growth rates just ahead of their industry prediction.

**Figure 12:**



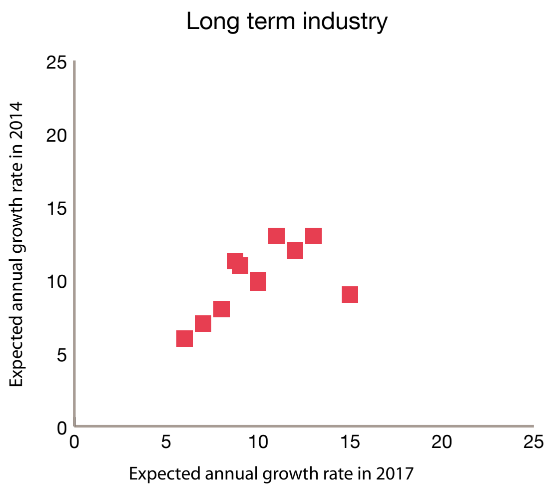

*Based on responses from 14 short-term insurers*

### Long-term insurance

South African long-term insurance companies also clustered their industry prediction in the 7% to 10% range.

The lowest prediction was 6% for 2014 and 2017. The highest prediction was 13% for 2014 and 15% for 2017.

**Figure 13:**



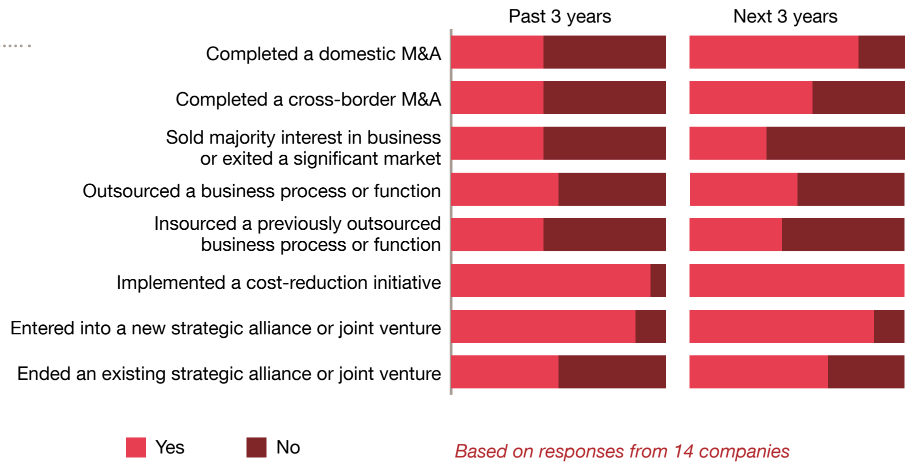

*Based on responses from 15 companies*

## Q: Which, if any, of the following restructuring activities have you undertaken in the last three years? And expect to undertake in the next three years?

### Short-term insurance

For the short-term insurance companies, merger and acquisition (M&A) activities, both domestic and cross-border, will involve more participants over the next three years. Six companies said they had completed a domestic M&A in the last three years, while eleven plan to undertake domestic M&As in the next three years. The cross-border number is expected to rise from six to eight companies.

**Figure 14:**




*Based on responses from 14 companies*

All insurers expect to implement a major cost reduction initiative. Both out-sourcing and in-sourcing is conducted by around half of the participants. Most companies expect to enter new strategic alliances while at the same time exiting non-beneficial ones.

### Long-term insurance

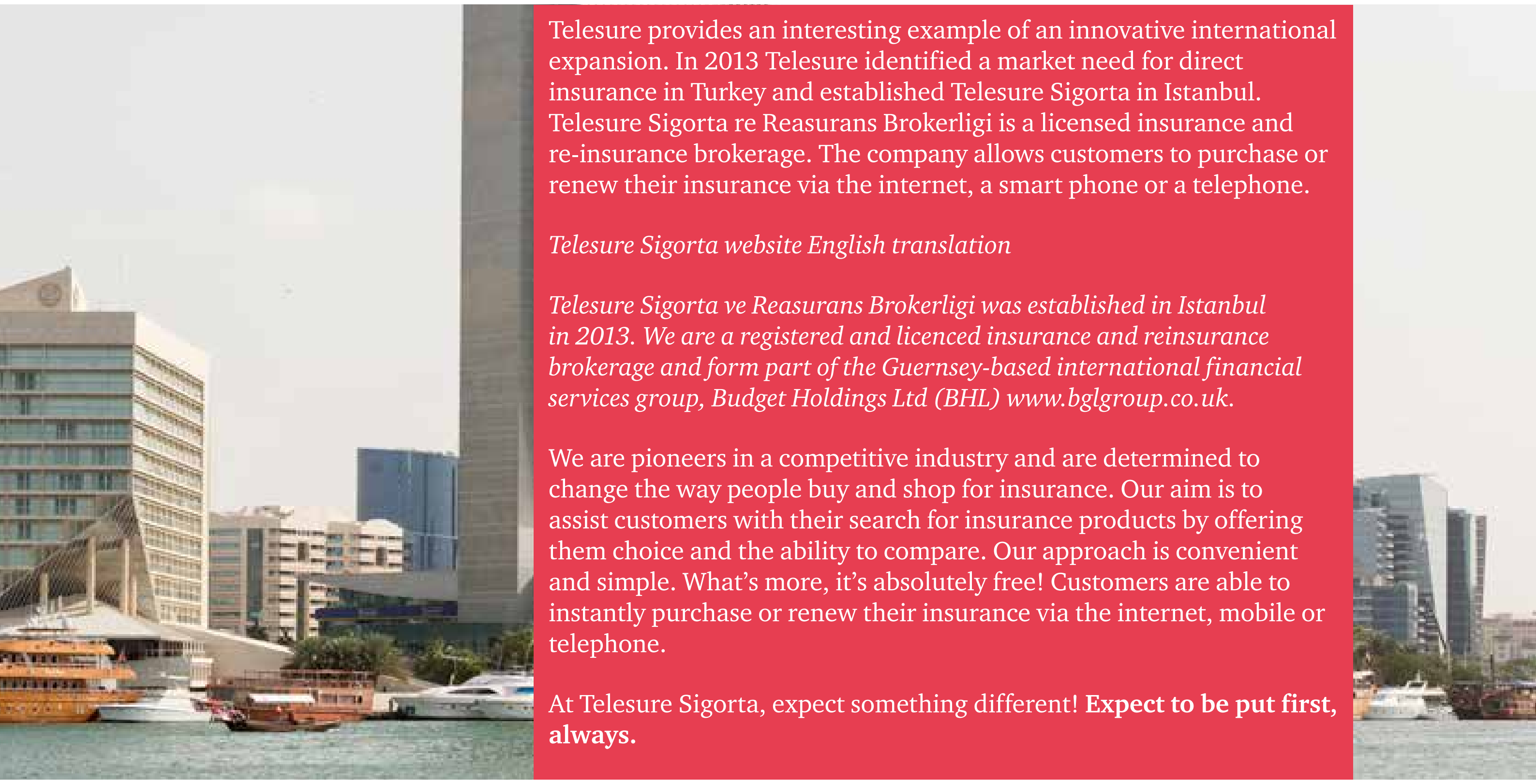
The pattern is very similar for the long-term insurance companies. M&A activity is forecasted to increase from four to nine companies in the domestic market, and from seven to eight companies in the international market.

More companies will engage in strategic alliances, and around two thirds of companies will out-source.

# 13. Gearing up for growth: mergers and acquisitions

## Q: In which regions are you planning to carry out an M&A, joint venture or strategic alliance?

The most popular region for M&A, joint ventures and strategic alliances was Africa, followed by Asia. China was mentioned by two participants. Discovery already has a joint venture with PingAn Insurance in China, called PingAn Health. The ‘other’ category included the developed markets of the United States, UK, EU and Australia to a very limited extent.



Telesure provides an interesting example of an innovative international expansion. In 2013 Telesure identified a market need for direct insurance in Turkey and established Telesure Sigorta in Istanbul. Telesure Sigorta re Reasurans Brokerligi is a licensed insurance and re-insurance brokerage. The company allows customers to purchase or renew their insurance via the internet, a smart phone or a telephone.

*Telesure Sigorta website English translation*

*Telesure Sigorta ve Reasurans Brokerligi was established in Istanbul in 2013. We are a registered and licenced insurance and reinsurance brokerage and form part of the Guernsey-based international financial services group, Budget Holdings Ltd (BHL) www.bglgroup.co.uk.*

We are pioneers in a competitive industry and are determined to change the way people buy and shop for insurance. Our aim is to assist customers with their search for insurance products by offering them choice and the ability to compare. Our approach is convenient and simple. What’s more, it’s absolutely free! Customers are able to instantly purchase or renew their insurance via the internet, mobile or telephone.

At Telesure Sigorta, expect something different! **Expect to be put first, always.**

## Q: Rank the top three countries in Africa (excluding your own country) that you consider most important for your company’s growth over the next three years.

Recognising the strong emphasis on expansion into the African market, participants were asked to rank the top three African markets (outside South Africa) they considered most important for their company’s growth over the next three years.

The top market is Nigeria, followed by Kenya and Ghana. Nigeria was ranked in first place by nine companies, Kenya by five and Ghana by two. Seventeen companies provided responses.

The London-listed Prudential plc made their first acquisition in Ghana earlier in the year and has recently followed this with another acquisition in Kenya. Insurance penetration in Ghana, whilst low, is expected to rise with the growth in urbanisation and enabling support from the regulator, who has, for example, launched a new micro-insurance framework that also targets the informal sector. According to the Ghana Insurance Association, major challenges in the insurance market remain price undercutting, high outstanding premium resulting from the granting of credit, and other unfair marketing practices that tarnish the reputation of the industry.

Other countries mentioned included those located close to South Africa. These include in order of importance, Zambia, Mozambique, Namibia, Botswana and the DRC.

In addition, a reinsurer suggested that Ethiopia had true potential. Although Ethiopia remains one of the poorest countries in the world, it is experiencing strong economic growth. Currently, no foreign ownership of Ethiopian insurance companies is allowed.

**Table 11: Top African markets for the South African insurers**

| | Rank 1 | Rank 2 | Rank 3 | Score |
|---|---|---|---|---|
| Nigeria | 9 | 3 | 2 | 35 |
| Kenya | 5 | 4 | 3 | 26 |
| Ghana | 2 | 6 | 6 | 24 |
| Zambia | 1 | 2 | 1 | 8 |
| Mozambique | | | 3 | 3 |
| Namibia | | 1 | | 2 |
| DRC | | | 1 | 1 |
| Botswana | | | 1 | 1 |

**Q: Rank the top three countries in Asia that you consider most important for your company's growth over the next three years.**

Participants were also asked to score their top three Asian countries.

India was ranked in first place by five companies, followed by China, Australia and Thailand with one first-place selection each.

Malaysia recorded three second-place selections and therefore ranked after India, but just ahead of China.

## *Target countries – Asia*

**Table 12:**

| | Rank 1 | Rank 2 | Rank 3 | Score |
|---|---|---|---|---|
| India | 5 | | | 15 |
| Malaysia | | 3 | 1 | 7 |
| China | 1 | 1 | 1 | 6 |
| Australia | 1 | | 1 | 4 |
| Indonesia | | 1 | 2 | 4 |
| Thailand | 1 | | | 3 |
| Singapore | | 1 | 1 | 3 |

**Q: What are your top three considerations regarding investing in the rest of Africa?**

The top three markets for expansion by South African insurers were Kenya, Nigeria and Ghana.

As the following charts demonstrate, each market displays different attractions to different insurers. A common theme is an underlying belief in GDP growth and strong growth potential for insurance.

Kenya is attractive because of its strong GDP growth, the potential of its bancassurance channels and innovations in mobile distribution and payment systems. Nigeria has a large population, low insurance penetration rates and highly attractive changing demographics. Ghana has growth potential, low penetration rates and perceived high margins.

**Table 13:**

| | Total business | Life business | Non-life business |
|---|---|---|---|
| South Africa | 15.4 • | 12.7 | 2.7 • |
| Namibia | 7.7 •• | 5.4 •• | 2.3 •• |
| Mauritius | 5.8 •• | 4.0 •• | 1.8 •• |
| Kenya | 3.4 + | 1.2 + | 2.3 + |
| Morocco | 3 | 1 | 2.1 |
| Tunisia | 1.8 •• | 0.3 •• | 1.5 •• |
| Angola | 0.8 •• | 0.0 •• | 0.8 •• |
| Algeria | 0.8 •• | 0.1 •• | 0.8 •• |
| Egypt | 0.7 •• | 0.3 •• | 0.4 •• |
| Nigeria | 0.6 •• | 0.2 •• | 0.5 •• |

**Source: Swiss Re**
**+ provisional* estimated** estimated USD value assuming constant insurance penetration**

**Figure 15: Attraction to investing in Kenya**

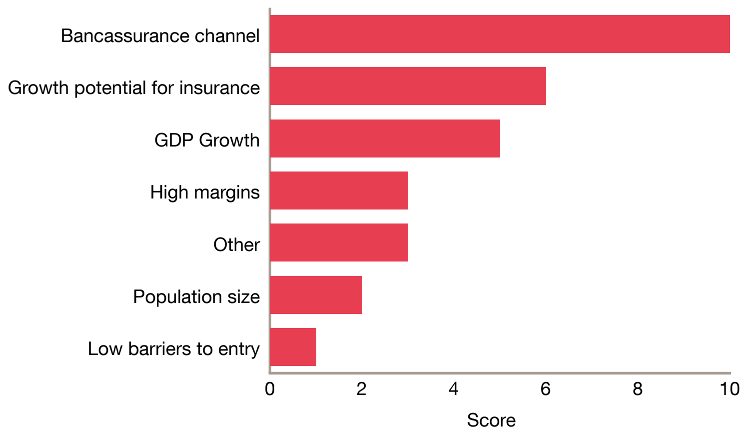



**Figure 16: Attractions to investing in Nigeria**

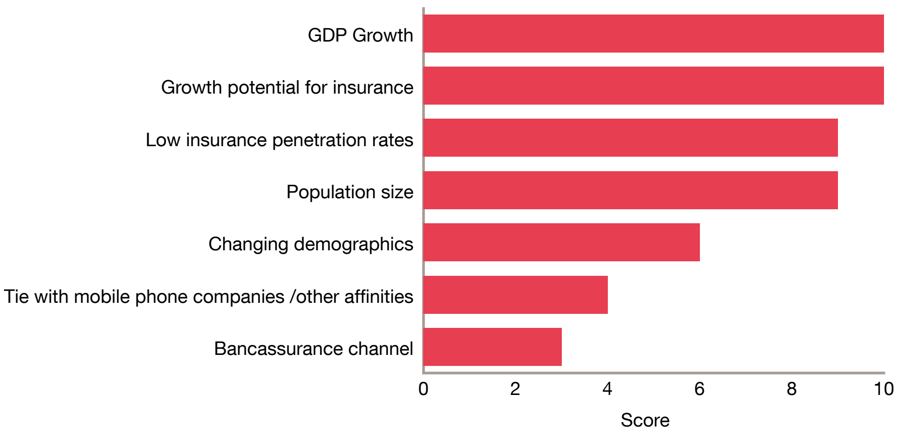
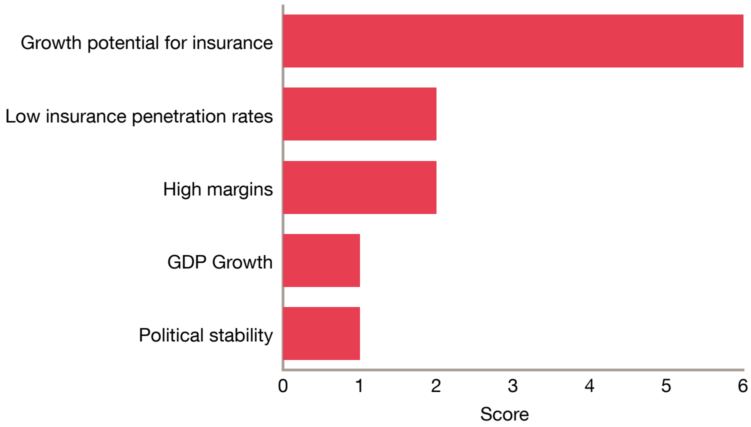


Figure 17: Attractions to investing in Ghana




## Q: Rank your top three barriers to investing in these countries in Africa.

On the negative side, participants placed the regulatory burden at the top of the list for both Kenya and Ghana. Political stability was the top concern in Nigeria.

Access to distribution was an issue for some companies as regards both Nigeria and Kenya.

Availability of talent was identified as a concern in all three markets.

Figure 18: Barriers to investing in Kenya

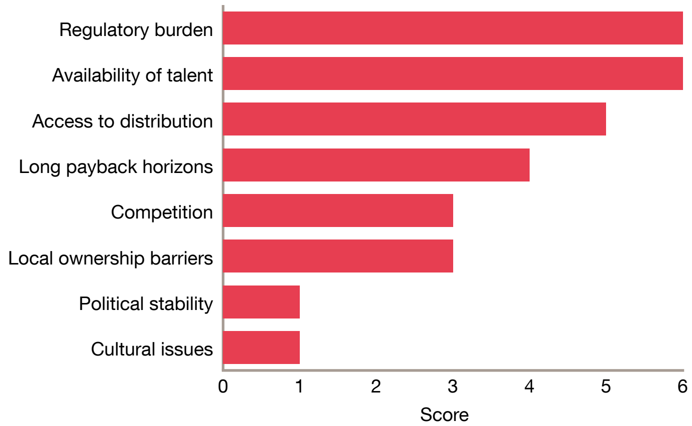



Figure 19: Barriers to investing in Nigeria

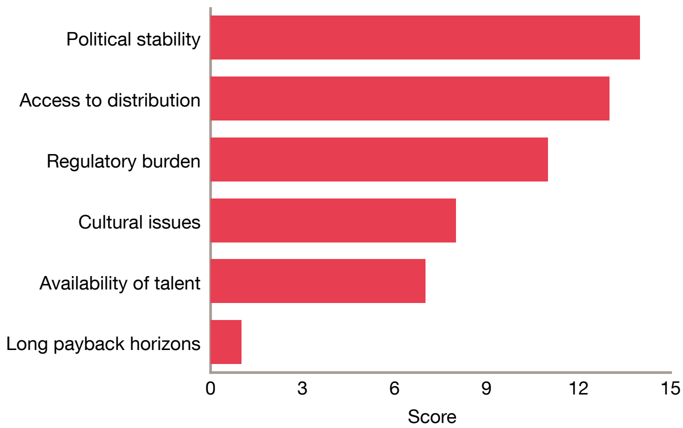
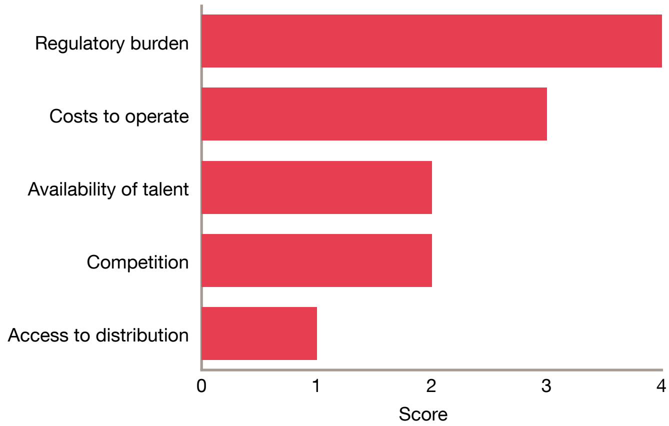


**Figure 20:** **Barriers to investing in Ghana**




## Q: What are your top three considerations regarding investing in Asia?

The top three markets in Asia were India, Malaysia and China. However, because of the limited response for China, those results are not shown. The three most important attractions of China were, however, its growth potential given the size of its population, low penetration rates and the widespread adoption of mobile phones.

As expected, the most attractive reason for companies to enter India was its large population. This was followed by low insurance penetration rates and GDP growth. Malaysia was attractive because of its GDP growth, high margins and changing demographics.

**Figure 21:** **Attractions to investing in India**

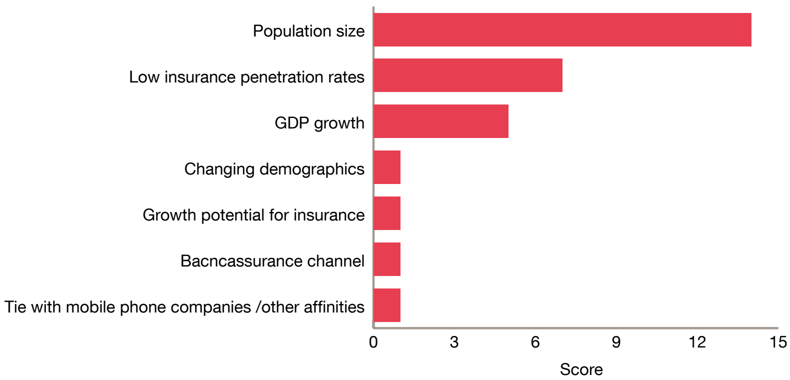
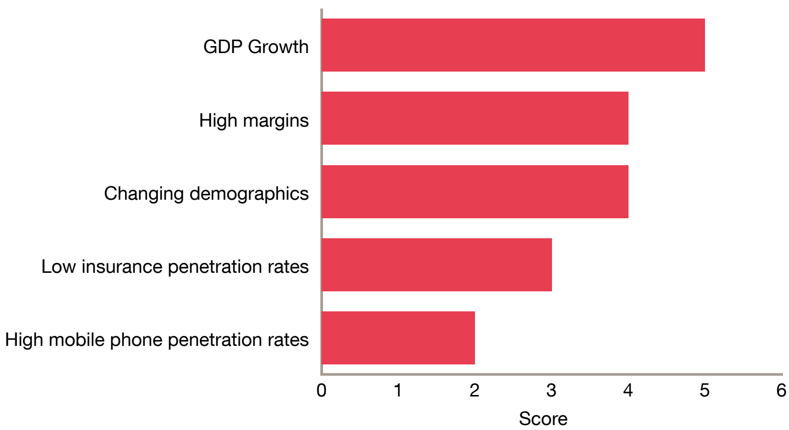



**Figure 22:** **Attraction to investing in Malaysia**



## Q: Rank your top three barriers to investing in these countries in Asia.

In terms of barriers to investing in India, the regulatory burden, existing levels of competition and cultural issues were important.

Similarly, cultural issues, access to distribution and the regulatory burden were identified as the three most important barriers for Malaysia.

**Figure 23: Barriers to investing in India**

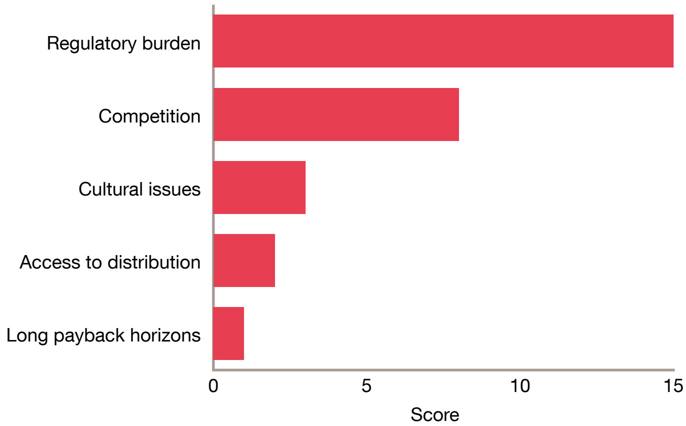
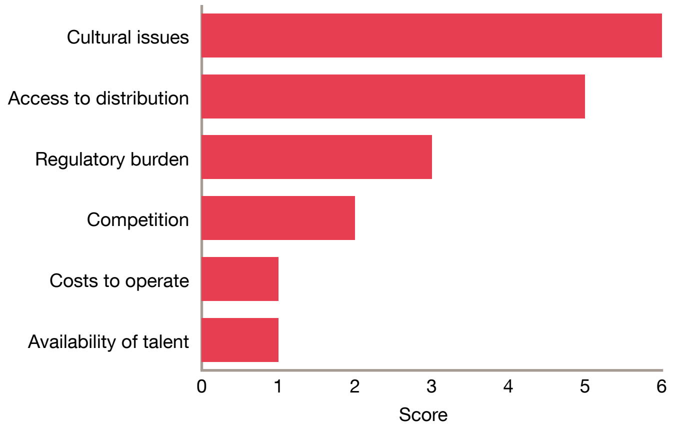



**Figure 24: Barriers to investing in Malaysia**




## Ripe for growth

Old Mutual, with operations in eight African countries including South Africa, aims to earn 15% of its operating profit from its non-South African operations on the continent by 2015, up from 10% in 2013.

Last year, it made acquisitions in Nigeria, Ghana and Kenya, which it sees as the key growth markets on the continent. Old Mutual added Faulu Kenya, Ghana's Provident Life Assurance Company and Oceanic's Life Insurance and General Insurance businesses in Nigeria to the group.

'There is an improved regulatory environment, institutional capacity is improving and profitability is becoming attractive – and all this is happening against the background of the African growth story, with a promised demographic dividend, rising income levels and fast-growing economies,' says Johannes Gawaxab, Managing Director of Old Mutual Africa.

### *Growing client base*

By 2020, 128m African households will earn $5,000 a year or more, up from 85m in 2008, according to a 2010 study from consulting firm McKinsey. 'This is a great and compelling opportunity for us,' Gawaxab says.

A number of countries on the continent are attractive thanks to high economic growth rates – particularly if compared with South Africa – and low insurance penetration rates, says Margaret Dawes, CEO for the rest of Africa at Sanlam Emerging Markets, which operates in ten African countries outside South Africa.

'We see many markets as being attractive. While we've historically been in English-speaking countries, we are committed to expanding to Mozambique and Angola in the near term,' explains Dawes. The group prefers to buy shares in existing operations or find local partners, she says.

While the growth potential is great, many challenges remain. Building efficient distribution channels, educating consumers about insurance and other financial products, developing affordable offerings and finding ways to collect premiums are some of the main obstacles, says WJ De Vries, an insurance analyst at Avior Research. 'Typically we see insurers benefiting from a bancassurance model [bank insurance model - BIM], where they go into a partnership with a bank and sell their insurance products through the bank's branch network. This makes distribution easier, lowering acquisition costs, and it is also easier to collect premiums as customers already have some banking service. The products are simple, featuring few exclusions, ensuring accessibility to all in order to reach scale,' De Vries explains.

Insurers are also partnering with telecommunications operators as a way to collect premiums by taking a portion of the airtime customers load on their phones.

In Kenya, Safaricom's M-PESA is used as a premium collection platform for Linda Jamii, a micro-insurance medical cover product. An annual subscription is payable and premiums can be paid in instalments. Partial benefits can be accessed as soon as a minimum amount of KSh6,000 ($69) is saved.

Mobile operators have also started to offer free insurance products as a way to build consumer loyalty. In Ghana, Airtel, MicroEnsure and Enterprise Life launched a product in January offering free life, accidental permanent disability and hospital cover. The cover increases as customers spend more on airtime, with a minimum of ¢5 ($1.90) a month required to qualify for the product.

**Extract from The Africa Report, Insurance: Ripe for growth, 22 May 2014**

# 14. Social changes: Demographic shifts

## Q: What do you think will be the impact of the following demographic changes on your business?

Twenty-nine companies scored a number of demographic issues on a scale from 1 to 5, where 5 represents the maximum impact on their business.

The most important demographic factor for both the long-term and short-term companies was identified as the emerging black middle class. This was followed by changes in literacy and education, and the expansion of the working population. Increased levels of education will encourage greater awareness and consumption of insurance products. Although the South African economy suffered a decline in GDP in early 2014 due to labour strikes, it is hoped that as the economy begins to grow again, employment will rise and this will benefit the insurance sector.

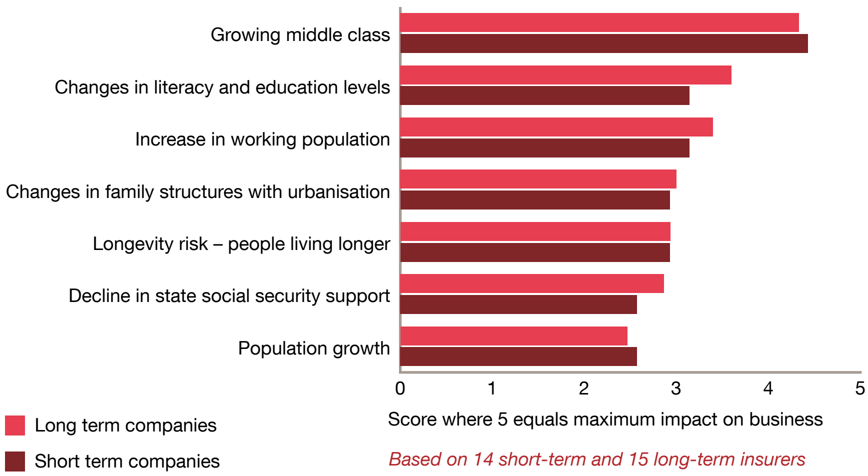
According to BBC data, the unemployment rate is 24% and this rate has not fallen below 20% in the last 17 years. Only 54% of the South African working-age population is available to work, compared to an average of 74% across the OECD.

The 2013 IMF Country report stated that structural reforms, including improved flexibility in the labour market and increasing education attainment, were critical for job creation.

**Source : The jobs challenge facing South Africa, BBC Business News, 9 May 2014.**

As a result of these special characteristics, South Africa does not reflect the same demographics dynamics evident in other emerging market, countries, including Kenya and Nigeria.

**Figure 25:**




*Based on 14 short-term and 15 long-term insurers*

# 15. Social changes: Responding to demographic shifts

**Q: Given the above demographic changes, rank the top three changes you would make to your products/services from the following list.**

In the context of demographic trends, which participants identified as a growing middle class, increased levels of education and a growing workforce, interviewees were asked to suggest how these changes will impact their business operations.

Two important areas were readily apparent:

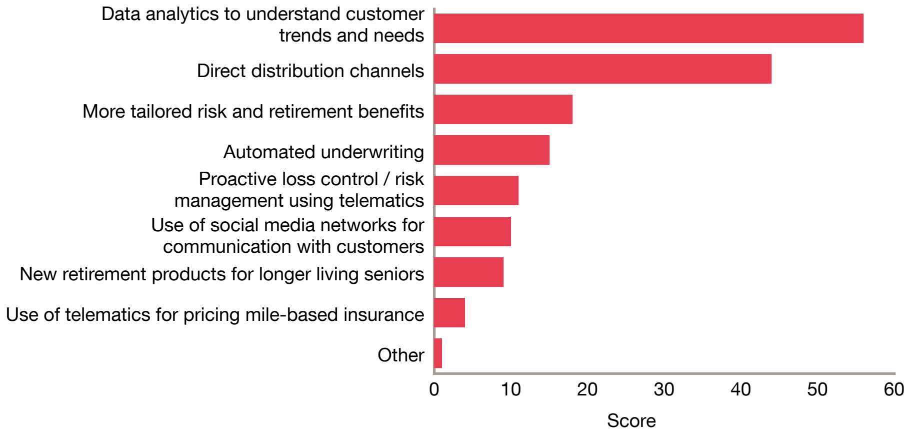
- data analytics, to better understand consumer trends, and
- direct distribution channels.

Both these trends are already receiving the attention of South African insurers.

Consumers are embracing direct channels, and improved data analysis is evident at a number of insurers.

Discovery Insure's new application on national driving behaviour is a good example of a provider using data analysis to design products with added value.

**Figure 26:**




*Based on responses from 28 companies*

## South Africa's insurer, Sanlam, targets four acquisitions in Africa this year

South Africa's largest insurer Sanlam plans to conclude three or four acquisitions in other African countries this year as it chases faster-growing markets, a senior official said.

Sanlam, which already has businesses in 10 English-speaking countries on the continent, is turning its focus to neighbouring Portuguese-speaking nations and further afield to north Africa, its head of business outside South Africa said. 'I would hope to have one wrapped up either in Mozambique or in Angola. I would hope for one or two in east Africa,' Sanlam's Margaret Dawes told the Reuters Africa Summit. 'Three or four I would hope.'

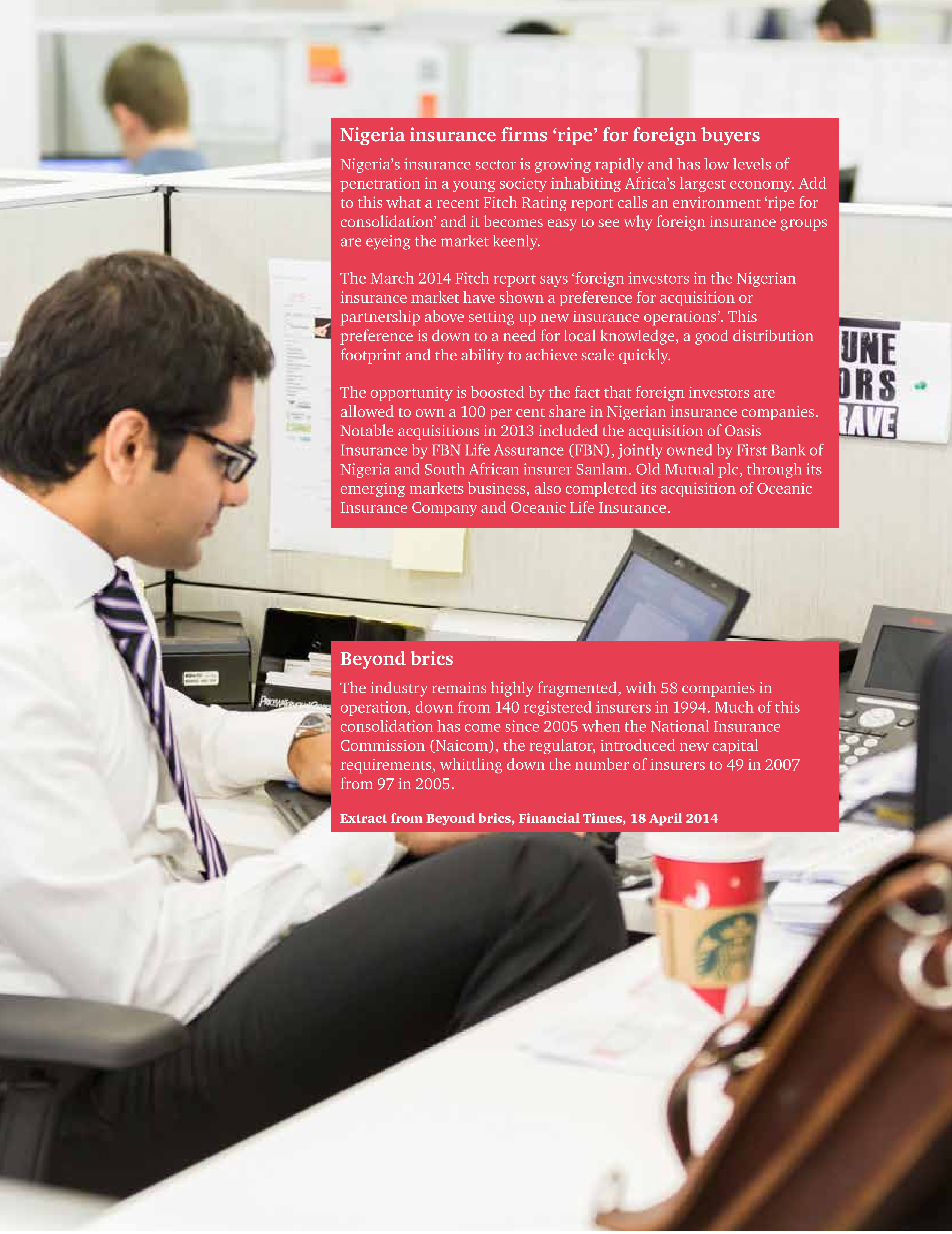
Chief Executive Johan van Zyl said last month Sanlam had a $374 million kitty to spend on purchases in Africa and Asia. The company is moving into other countries to hedge against a maturing South African home market. Sanlam is separately hoping to conclude a transaction to buy Malawi-owned Nico's general insurance operations in four African countries by next month. The bulk of that deal has been completed, with only Tanzanian regulatory approval still pending, Dawes said.

The insurer, South Africa's No. 1 by market value, is also looking to increase its controlling stake in Kenya's Pan Africa Insurance. Sanlam's key southern African markets are South Africa, Botswana and Namibia. Dawes said Sanlam's target was for its African operations outside southern Africa to contribute 20 per cent of profit in five years' time, from 9 per cent in 2013.

The uptake of insurance in most African countries has been sluggish, with less than 1 per cent of the continent's population having life cover. Many people on the continent distrust insurance or see no need for cover, choosing instead to rely on their families. It is also taboo to discuss death in many African cultures, which makes funeral policies a hard sell in countries such as Uganda and Tanzania, where savings products fare better.

They are, however, popular in countries such as Ghana and South Africa, where elaborate funerals are a sign of respect. Across the continent, insurance companies are innovating to tap into the growing African market with products such as micro-insurance, where people buy cover in small daily premiums payable on mobile phones.

**Source: Reuters, 8 April 2014**



## Nigeria insurance firms ‘ripe’ for foreign buyers

Nigeria’s insurance sector is growing rapidly and has low levels of penetration in a young society inhabiting Africa’s largest economy. Add to this what a recent Fitch Rating report calls an environment ‘ripe for consolidation’ and it becomes easy to see why foreign insurance groups are eyeing the market keenly.

The March 2014 Fitch report says ‘foreign investors in the Nigerian insurance market have shown a preference for acquisition or partnership above setting up new insurance operations’. This preference is down to a need for local knowledge, a good distribution footprint and the ability to achieve scale quickly.

The opportunity is boosted by the fact that foreign investors are allowed to own a 100 per cent share in Nigerian insurance companies. Notable acquisitions in 2013 included the acquisition of Oasis Insurance by FBN Life Assurance (FBN), jointly owned by First Bank of Nigeria and South African insurer Sanlam. Old Mutual plc, through its emerging markets business, also completed its acquisition of Oceanic Insurance Company and Oceanic Life Insurance.

## Beyond brics

The industry remains highly fragmented, with 58 companies in operation, down from 140 registered insurers in 1994. Much of this consolidation has come since 2005 when the National Insurance Commission (Naicom), the regulator, introduced new capital requirements, whittling down the number of insurers to 49 in 2007 from 97 in 2005.

**Extract from Beyond brics, Financial Times, 18 April 2014**

# 16. Economic changes: Impact of urbanisation on business models

## Q: To what degree will increased urbanisation in your country and Africa affect your business model?

Urbanisation was identified as a positive force in emerging economies because it fosters conditions for concentrated economic activity. This has an impact on the adoption of insurance. According to the World Bank, South Africa's urban population has increased from 52% in 1990 to 63% in 2013.

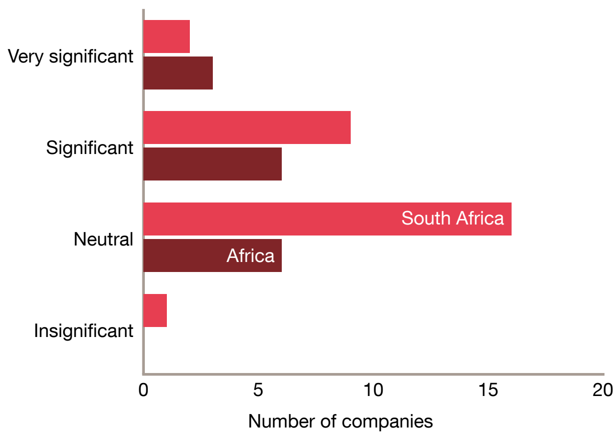
However, according to a March 2014 report entitled 'Cities of Hope: Young People and Opportunity in South Africa's Cities' produced by the Centre for Development and Enterprise, urbanisation in Africa has not yet delivered increased productivity and rising living standards.

The report found that one reason may be that the comparative advantage of many African economies lies in non-urban activities – agriculture and natural resources – rather than manufacturing, limiting the possibility of rapid industrialisation (www.cde.org.za).

South Africa has a higher level of urbanisation than other countries mentioned in this report, such as Nigeria and Kenya. Participants recognised various links between insurance and urbanisation, some positive and some negative. For example, increased concentration and development facilitates distribution and should encourage awareness of the need for insurance. Short-term insurers mentioned the impact of catastrophic events such as hail and flooding. They also suggested that rapid urbanisation can lead to social unrest, unemployment and poverty, causing damage to property and increased claims.

Insurance business models can be affected by urbanisation, but participants suggested the impact was largely neutral in South Africa and Africa in general.

**Figure 27:**




*Based on 28 companies for South Africa and 15 companies for Africa*

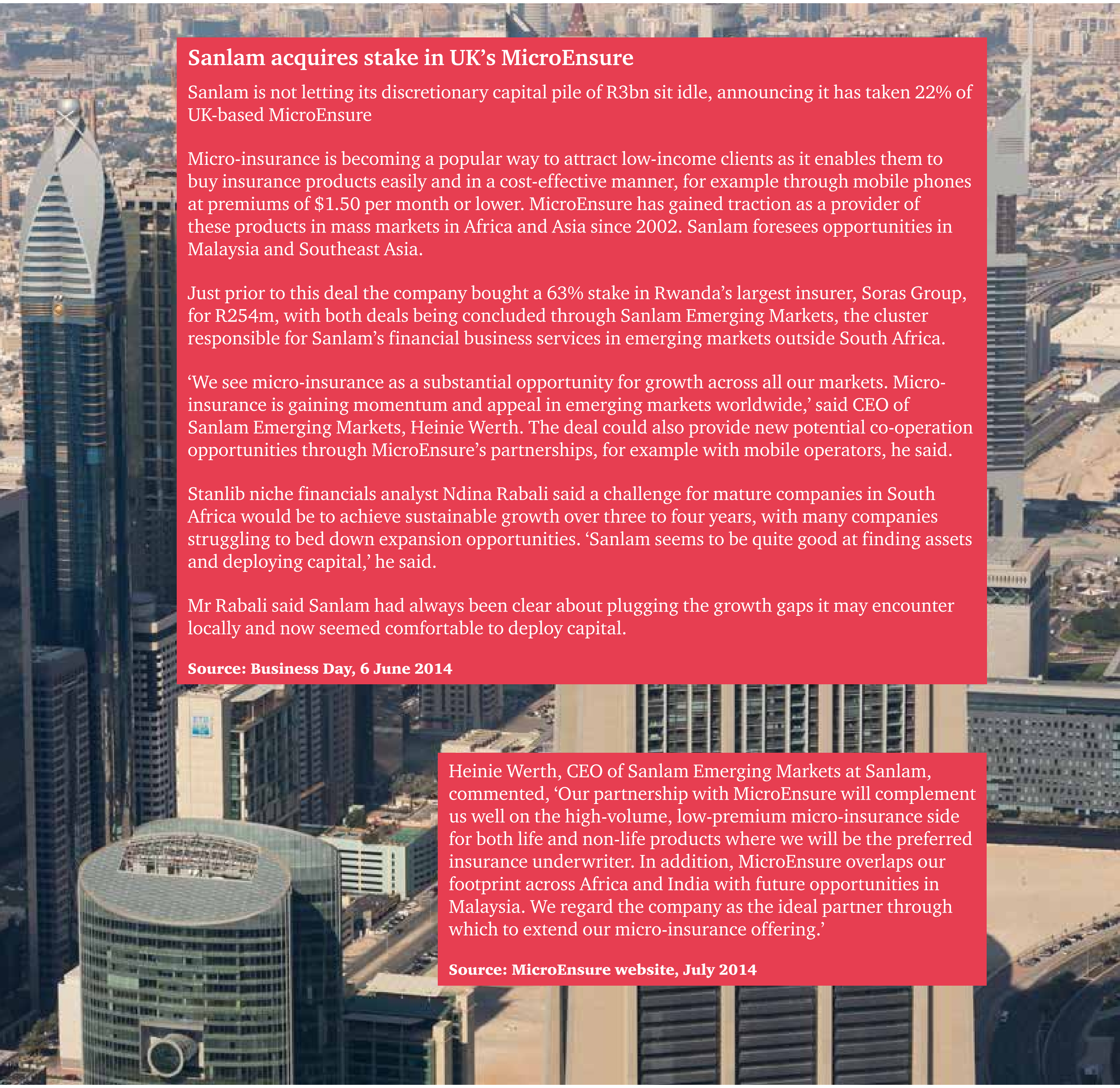
# 17. Economic changes: Impact of urbanisation on distribution channels

## Q: Will urbanisation change your choice of distribution channels?

Of the 25 respondents, 56% stated that they would not change their distribution model as a result of urbanisation. Those who believed changes will take place envisaged an increased role for retailers and mobile technology.

Others thought distribution could become more cost effective. A short-term insurer argued it supported more direct distribution.

Finally, several participants noted that urbanisation rates in other parts of Africa lagged behind South Africa.



### Sanlam acquires stake in UK's MicroEnsure

Sanlam is not letting its discretionary capital pile of R3bn sit idle, announcing it has taken 22% of UK-based MicroEnsure

Micro-insurance is becoming a popular way to attract low-income clients as it enables them to buy insurance products easily and in a cost-effective manner, for example through mobile phones at premiums of $1.50 per month or lower. MicroEnsure has gained traction as a provider of these products in mass markets in Africa and Asia since 2002. Sanlam foresees opportunities in Malaysia and Southeast Asia.

Just prior to this deal the company bought a 63% stake in Rwanda's largest insurer, Soras Group, for R254m, with both deals being concluded through Sanlam Emerging Markets, the cluster responsible for Sanlam's financial business services in emerging markets outside South Africa.

'We see micro-insurance as a substantial opportunity for growth across all our markets. Micro-insurance is gaining momentum and appeal in emerging markets worldwide,' said CEO of Sanlam Emerging Markets, Heinie Werth. The deal could also provide new potential co-operation opportunities through MicroEnsure's partnerships, for example with mobile operators, he said.

Stanlib niche financials analyst Ndina Rabali said a challenge for mature companies in South Africa would be to achieve sustainable growth over three to four years, with many companies struggling to bed down expansion opportunities. 'Sanlam seems to be quite good at finding assets and deploying capital,' he said.

Mr Rabali said Sanlam had always been clear about plugging the growth gaps it may encounter locally and now seemed comfortable to deploy capital.

**Source: Business Day, 6 June 2014**

Heinie Werth, CEO of Sanlam Emerging Markets at Sanlam, commented, 'Our partnership with MicroEnsure will complement us well on the high-volume, low-premium micro-insurance side for both life and non-life products where we will be the preferred insurance underwriter. In addition, MicroEnsure overlaps our footprint across Africa and India with future opportunities in Malaysia. We regard the company as the ideal partner through which to extend our micro-insurance offering.'

**Source: MicroEnsure website, July 2014**

# 18. Political and regulatory changes

## Q: Do you believe the separation of prudential and market conduct aspects of regulation under the 'Twin Peaks' proposals will result in the following benefits?

Both long-term and short-term insurance companies in South Africa will be regulated under the new 'Twin Peaks' regulatory model. The Financial Services Board will regulate market conduct while, the Reserve Bank will undertake prudential regulation and supervision. It has been argued that the 'Twin Peaks' model is appropriate for South Africa because of the presence of large financial conglomerates which contain banking, insurance arms and investment business.

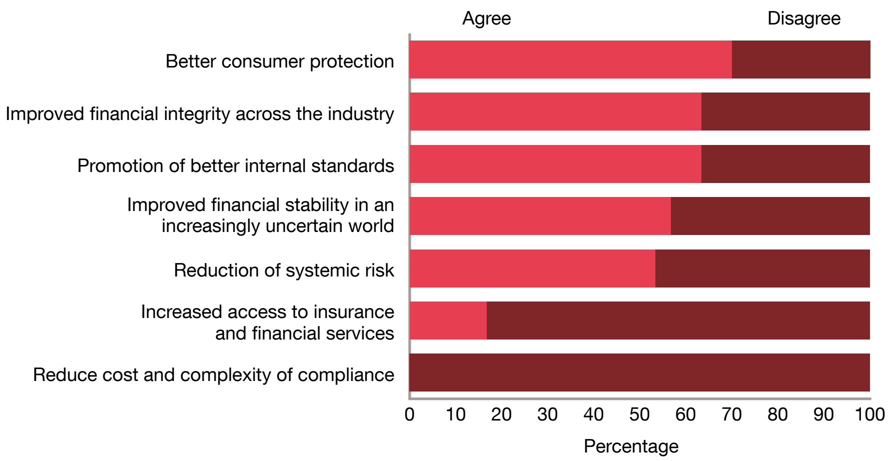
As the implementation date for 'Twin Peaks' approaches, participants were asked to consider a number of potential benefits of the new regulatory structure.

The majority of participants agreed with the following benefit statements:

- Better consumer protection (70%);
- Improved financial integrity across the industry (63.3%);
- Promotion of better internal standards (63.3%); and
- Improved financial stability (56.6%).

Participants disagreed with two statements, however. Firstly, 83% of them do not believe that 'Twin Peaks' will provide increased access to insurance and financial services. Secondly, they unanimously agreed that both the costs and complexity of compliance would increase with the new structure.

**Figure 29:**




*Based on 30 companies*

## Q: Do you agree or disagree with the following statements about regulation?

Participants were asked to comment on three statements regarding regulation.

**Figure 29:**

In the response to the first statement, of the 29 respondents, 90% indicated their belief that regulation dampens risk appetite and stifles growth. This is a more affirmative agreement than in 2012, when 75% of the 21 companies supported this belief.

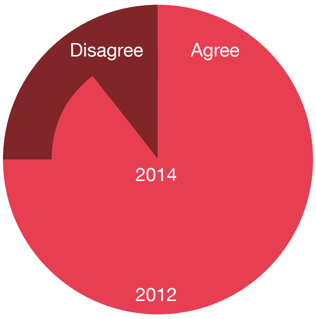



**Figure 30**

In response to the second statement, which asked if regulation slowed international expansion, the opinion was more balanced. Sixteen companies, or 55%, agreed but 13 disagreed. In 2012, 71% or 20 companies had agreed, so participants believe this is less important today.

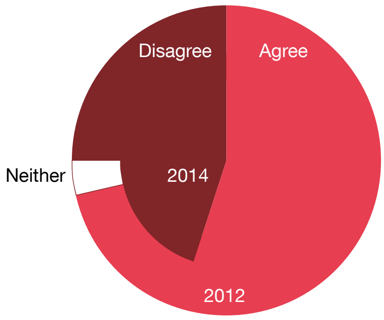
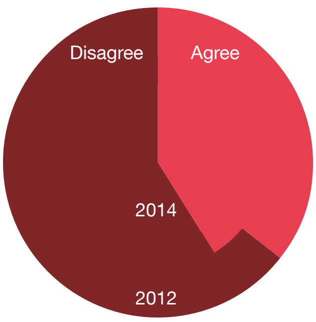



**Figure 31:**

The third statement asked participants if regulation had created a fairer playing field for all institutions to achieve their growth targets. The 2014 response was similar to 2012 with 59% of the 29 companies disagreeing and only twelve companies agreeing with the statement.

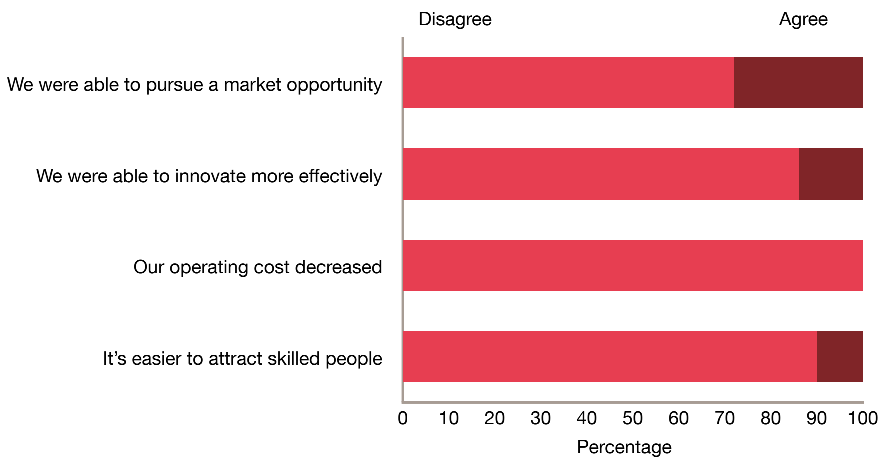


## Q: Which of the following statements most accurately describe how regulation has impacted your company over the past 24 months?

Participants expressed their frustration with the regulatory environment in their response to four statements. As the chart below shows, they do not believe that regulation over the last two years has:

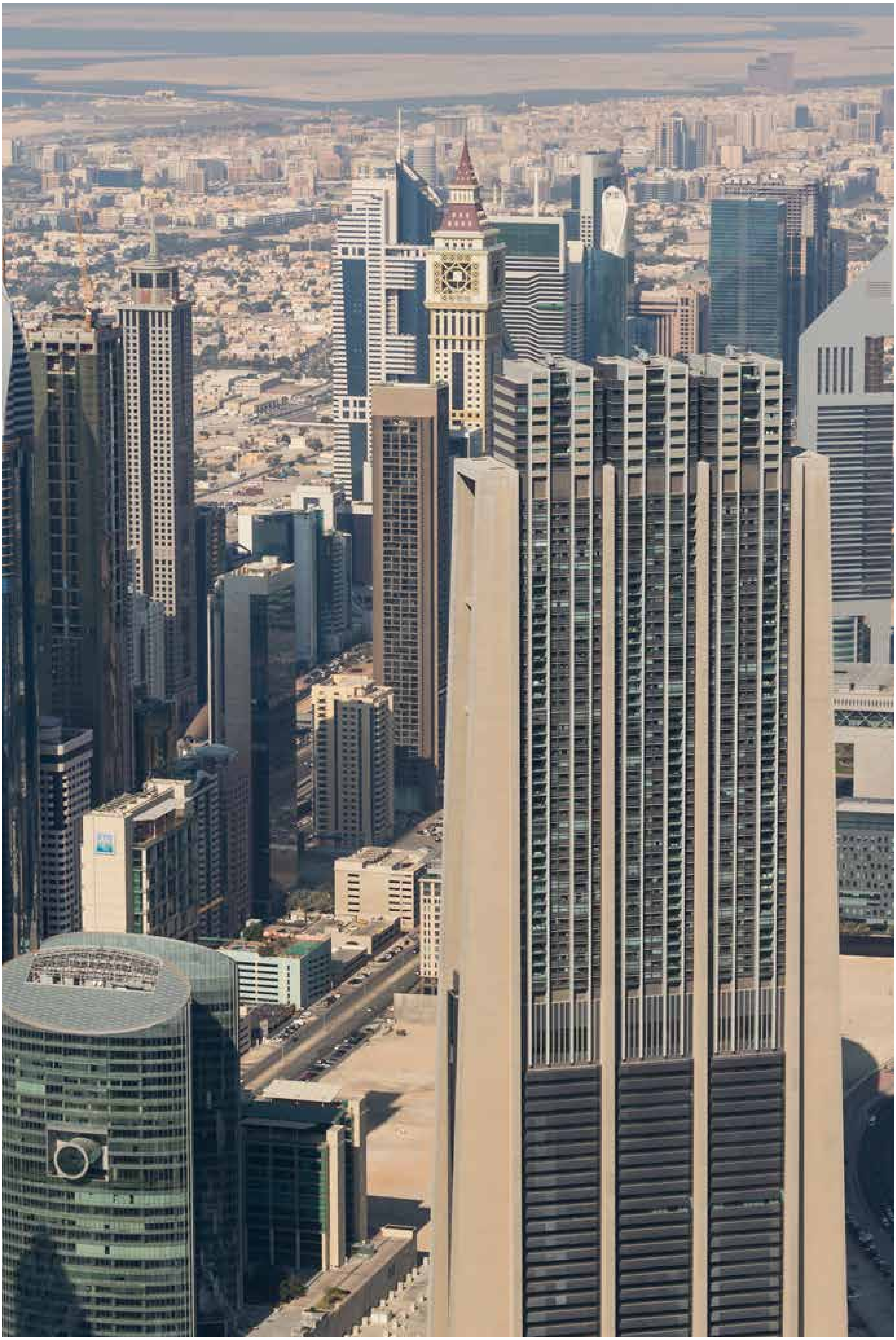
- enabled them to pursue new opportunities;
- enabled them to innovate more effectively;
- decreased operating costs; or
- made it easier to attract skilled people.

**Figure 32**




*Based on 29 companies*

The pending 'Twin Peaks' approach to regulation may promote the benefits of prudential supervision and improved access, but the corporate executives active in the marketplace question many aspects of the regulatory framework. Criticisms are most pronounced among the smaller insurance companies who do not have the strength, skills and scope to match the large financial conglomerates.



# 19. Environmental changes: climate and catastrophic events

**Q: The frequency and severity of catastrophic events, natural and man-made, have increased over the past 20 years. To what extent does your organisation use the following innovations?**

## *Catastrophe modelling for underwriting and pricing*

Many South African participants mentioned the weather-related catastrophes in 2013, which included floods in Limpopo and the Western Cape and hailstorms in Gauteng, and the increase in their intensity and frequency.

New technology means that a range of different innovations is available to help address these issues. Catastrophe models can be used to estimate the location intensity and magnitude of simulated events. These models help underwriters in the risk-pricing process. Catastrophe models can also assist in portfolio structuring and the assessment of capital requirements.

Participants' responses suggest that they are not yet fully embracing the new catastrophe models. Indeed, 88% of the total of 16 respondents said that they had only 'begun to use them to an extent'.

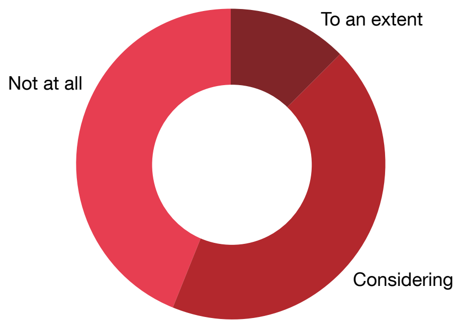
## *Sophisticates risk transfer mechanisms*

A similar 'early stages' response was provided for sophisticated risk transfer mechanisms. Based on 16 responses, two companies said that they had not used this innovation, three companies said they were 'considering' it, and eleven companies said 'to an extent'. These findings suggest that the costs and benefits of risk transfer versus risk retention and the application of new technologies is also at a nascent stage in many South African insurance companies. However, given the innovative and entrepreneurial culture in the insurance sector, it seems likely that new technologies and innovative products will evolve. These will not only assist the South African market, but will be deployed by South African companies in the rest of Africa as well.

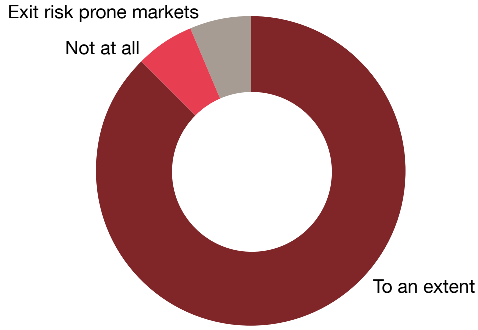
Early warning sensors also appeared to be at the early stage of the adoption curve. Seven companies said they had not yet considered this technology, while another seven companies said they were under consideration, and just two companies indicated that they deployed them 'to an extent'.

Sensor technologies could have application across a wide spectrum of insurance. For example, individual health monitors track body performance, on-board vehicle sensors can report on driver behaviour and weather trackers can provide early-warning alerts. Crop insurance, health insurance, motor insurance, marine insurance, home insurance etc. can all benefit from these increasingly sophisticated predictive and sensor technologies.

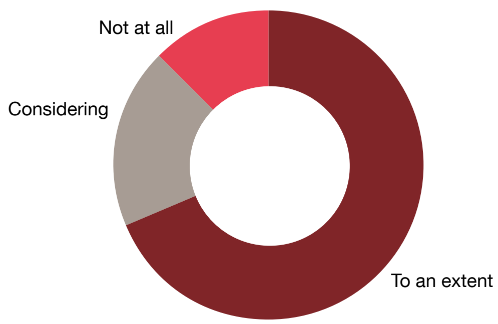
## Figure 33: Early warning sensor technologies




## Figure 34 Catastrophe modelling for underwriting and pricing




## Figure 35: Sophisticated risk transfer mechanisms to protect against losses




*Based on 16 companies*

## African risk capacity

In May 2014, the African Union announced the formation of the African risk capacity (ARC) pool. The new fund will provide early rainfall warnings (from satellite data) and will make payouts to drought-affected areas. The first members of the catastrophe insurance pool are Kenya, Mauritania, Senegal, Mozambique and Niger. A further eight countries are expected to join and within five years ARC anticipates 20 member countries. ARC calculates that a catastrophic drought in sub-Saharan Africa would cost over $3 billion and cripple individual countries' economies. For example, drought cost Kenya $12 billion between 2008 and 2011.

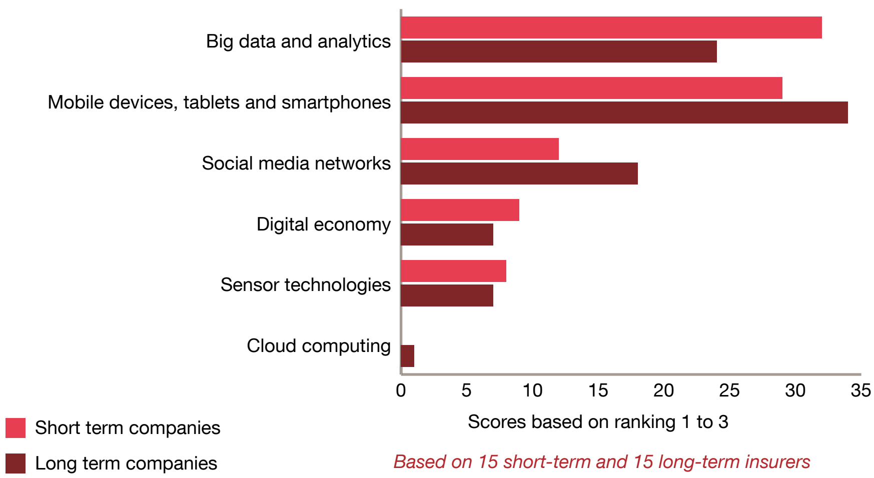
**Source: Reuters, 15 May 2014.**

# 20. Technology and the new digital economy

## Q: Rank the top three technological advances that will transform the insurance industry over the next five years.

The two most important technological advances in the insurance sector over the next three years were identified as big data and analytics, and mobile devices. The short-term companies ranked big data analytics ahead of mobile devices, while the long-term companies assigned a higher score to mobile devices. In third place were social media networks.

**Figure 36:**




*Based on 15 short-term and 15 long-term insurers*

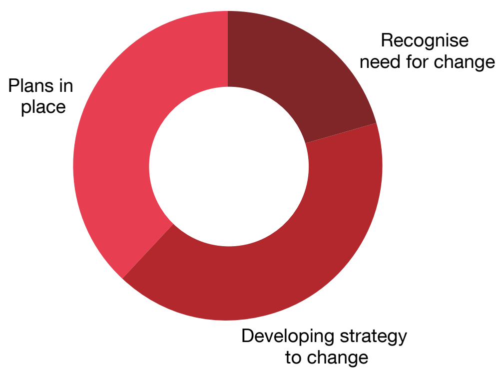
## Q: To what degree is your organisation planning to initiate changes to take advantage of these technological advances?

Following the identification of the most important technological advances affecting the insurance industry, participants were asked to outline how well prepared they were to deal with each of these changes.

### *Mobiles, tablets and smartphones*

In South Africa, 79% of the twenty nine respondents either already have plans in place or are developing a strategy to change. The remaining six respondents recognise the need for change although their plans are not yet in place.

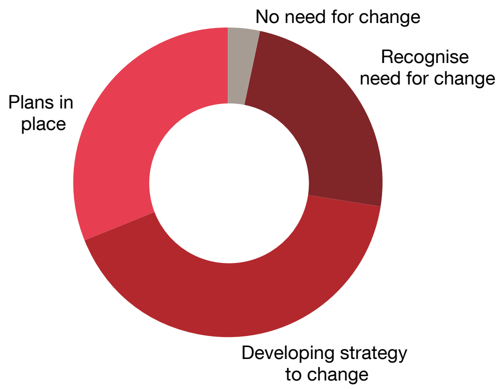
**Figure 37: Mobiles, tablets and smartphones**



## *Social media networks*

In South Africa, 72% of the twenty nine respondents have plans in place or are developing a strategy. Only one participant, or 3% of those interviewed, indicated that it was not planning to adapt to the social media environment.

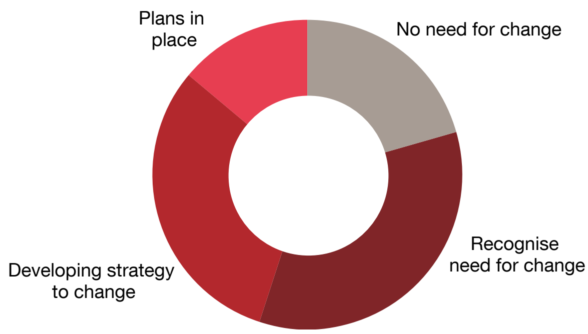
**Figure 38: Social media networks**




## *Sensor technologies*

The majority of respondents in South Africa are yet to engage the use of this technology. Six companies believe they do not need to make any changes.

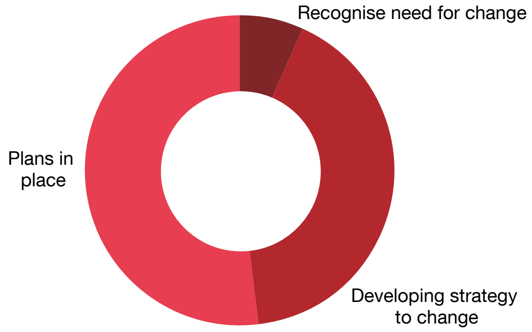
**Figure 39: Sensor technologies**




## *Big data analytics*

This appears to be the area most addressed by the 29 companies interviewed in South Africa. The majority of respondents (15 companies) already have plans in place, and 12 companies or 41% commented that they are developing their big data strategy.

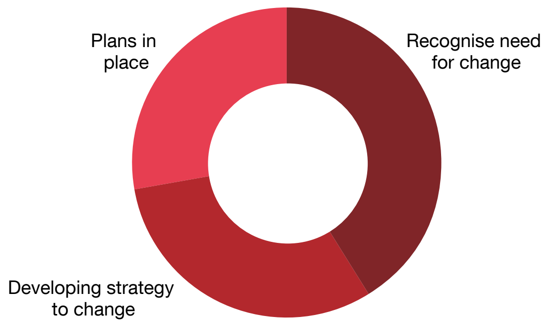
**Figure 40: Big data analytics**




## *Cloud computing*

In South Africa, twelve companies recorded that they recognised the need for change; nine companies say they are developing a strategy and eight companies say they have plans in place.

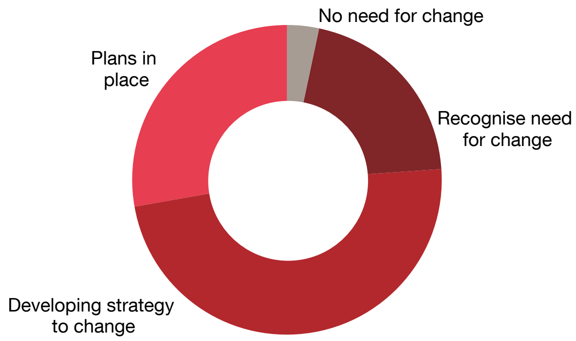
**Figure 41: Cloud computing**




## *Digital economy*

The transition to take advantage of the digital economy is a rather general question which is open to different degrees of interpretation. The responses in South Africa show that three quarters of the participants are either developing a strategy or have plans in place.

**Figure 42: Digital economy**



## Q: What do you see as the major opportunities in the digital space for your business over the next three years? Please rank the top three.

Participants were asked to rank seven different opportunities emerging from the digitalisation of insurance.

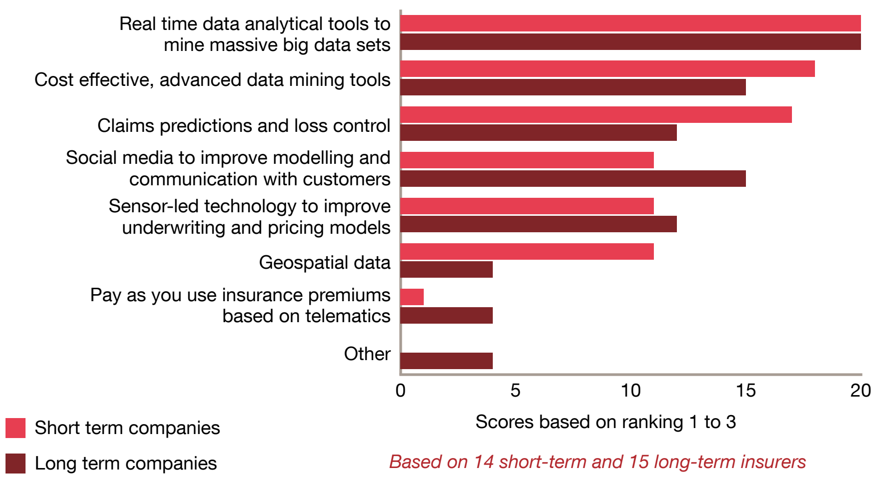
The most important opportunity for both the long-term and short-term companies was identified as the ability to use real-time data analytics tools to mine big data sets. For short-term companies this was followed by cost-effective data mining and better claims prediction and loss control. For long-term companies it was cost-effective data mining and the use of social media.

Long-term and short-term insurers are therefore placing great emphasis on being able to run more efficient and effective insurance operations as a result of more sophisticated data analytics. This plays to the advantage of direct insurers who have a business model that can leverage data collection and analysis effectively. It works against large, legacy-burdened companies unless they initiate expensive reconfiguration of their data pipelines. It is also burdensome for insurers with a traditional agency or brokerage distribution channel where there is rivalry over who 'owns the customer'.

Over the next three years insurers will need to focus on cost-effective ways to maximise the benefits of insightful data analysis. Companies that are able to reach this stage ahead of their competitors will win an enviable competitive advantage.

Being able to leverage meaningful insights will improve customer relationships and lead to better performance.

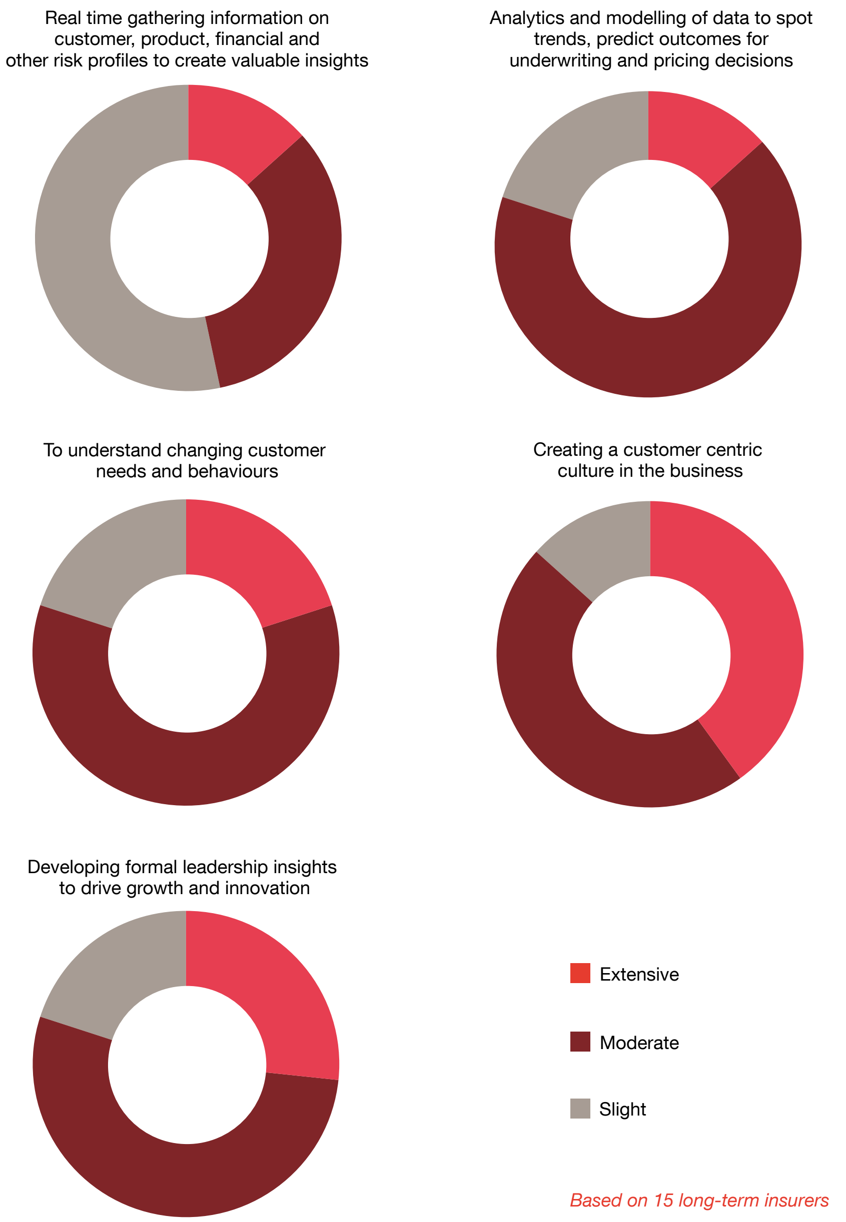
**Figure 43:**




*Based on 14 short-term and 15 long-term insurers*

## Q: To what extent is your organisation taking advantage of advances in the use of big data and data analytics in the following areas.

**Figure 44: Big data and data analytics**




*Based on 15 long-term insurers*

Given the recognition of big data by the insurance sector, participants were asked to describe their different levels of engagement in five different areas.

In the area of the real-time collection of data to provide insights on customers and products and create risk profiles, the majority of long-term participants suggested their involvement was slight. Two companies indicated that their involvement was extensive, however.

Given that the four remaining questions are based on the initial data gathered, this response impacts the interpretation of the remaining charts.

The second graph examines the use of data analytics and modeling to assist underwriting and pricing. In response, 10 companies indicated that their use of big data in this regard is moderate.

Nine long-term companies said their use in attempting to understand changing customer needs and behaviours was moderate. Interestingly, almost half of the long-term companies claim to make extensive use of big data to help foster a customer-centric business culture. They clearly believe that data analysis is helping them gain a better understanding of their customers' needs.

Finally, over half the long-term companies are making moderate use of big data to assist in leadership insights and innovation.

Looking at the same five areas, short-term companies appear to be slightly ahead of their long-term counterparts. Half the group claim to be using real-time data to create insights, but only one company suggested its use was extensive. Ten companies said they are making moderate use of analytics for underwriting and pricing.

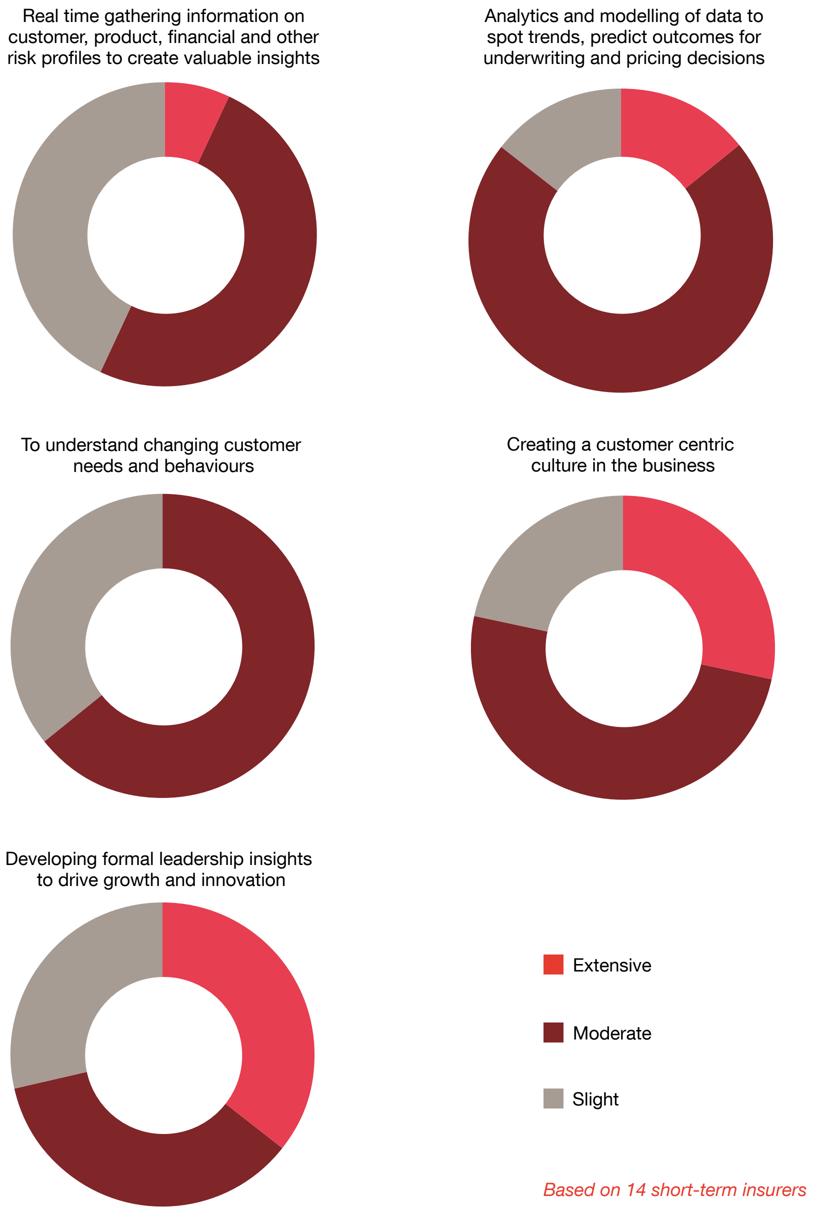
None of the short-term companies is using big data 'extensively' to understand changing customer needs and behaviours, although four companies said they are using it extensively to create a customer-centric culture.

Finally, a third of the short-term companies are using big data to drive growth and innovation.

From this review, two important observations can be made. Firstly, participants are probably likely to exaggerate their involvement with this emerging technology. There may be a tendency to overstate involvement, which means responses should be interpreted with caution. If the real-time gathering of information is only slight, it seems reasonable that the analysis and insight will also be limited.

Secondly, there appears to be a noticeable divergence between a group of participants who record 'slight' involvement and others who confidently assert 'extensive' involvement. As expected, direct insurers are more advanced in the use of big data. However, there is no evidence to suggest that the larger companies are more developed than the smaller ones.

**Figure 45: Big data and data analytics**




*Based on 14 short-term insurers*

## Discovery Insure wants you to drive like a boss with this new Discovery Insure app

It's well known that South Africa's roads aren't the safest in the world. Local insurance company Discovery Insure agrees, and has recently released an app that tracks and measures your driving behaviour. By combining mobile technology and behavioural economics, the app hopes to create better drivers and improve road safety across the country.

Available for free on Android and iOS, the app uses your smartphone's accelerometer and GPS to measure your driving behaviour.

The app claims to track harsh braking, cornering, distracted driving and speeding and also gives you personalised driving tips. To add some competitive flare, it has a leaderboard function that will finally help you prove that you're a better driver than your friends.

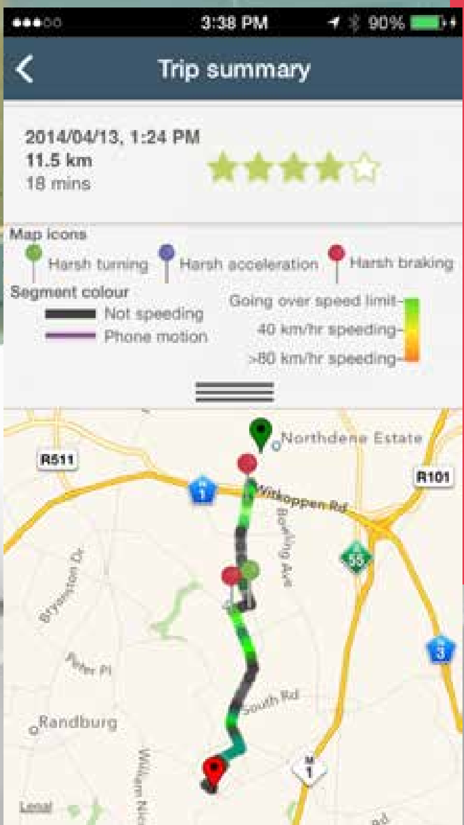
The fact that Discovery Insure's driver app creates real-time profiles of its users means it will have access to a wealth of information which could be used for risk-assessment on a macro scale as well as personally.

Rory Byrne, Special Engineering Adviser to Discovery Insure and F1 Legend, says that apps like this are crucial for making driving more efficient. 'In Formula 1 racing, immediate telematics data is crucial to both driver and team to enable real-time driving improvement as the car moves around the track,' he says.

'Research shows that the main cause of car accidents and motor vehicle fatalities is driver behaviour with over 90% of accidents being caused by the driver,' Discovery Insure CEO Anton Ossip explains.

To help turn the tide of over 13 000 road accident deaths in South Africa each year, Discovery Insure is also launching a Driver Challenge that will run from 1 June 2014 until 31 August. There are weekly draws for a share of R1 million in BP petrol vouchers and a once-in-a-lifetime trip for four to the Monaco Grand Prix.

**Source: Memeburn, 30 May 2014**



# 21. Managing risks in the new environment

## Q: How well prepared is your organisation for the migration to risk-based regulatory supervision?

Participants appear to have made good progress in their preparation for the move to risk-based supervision under SAM.

The majority of companies have already completed preparations in the following five areas:

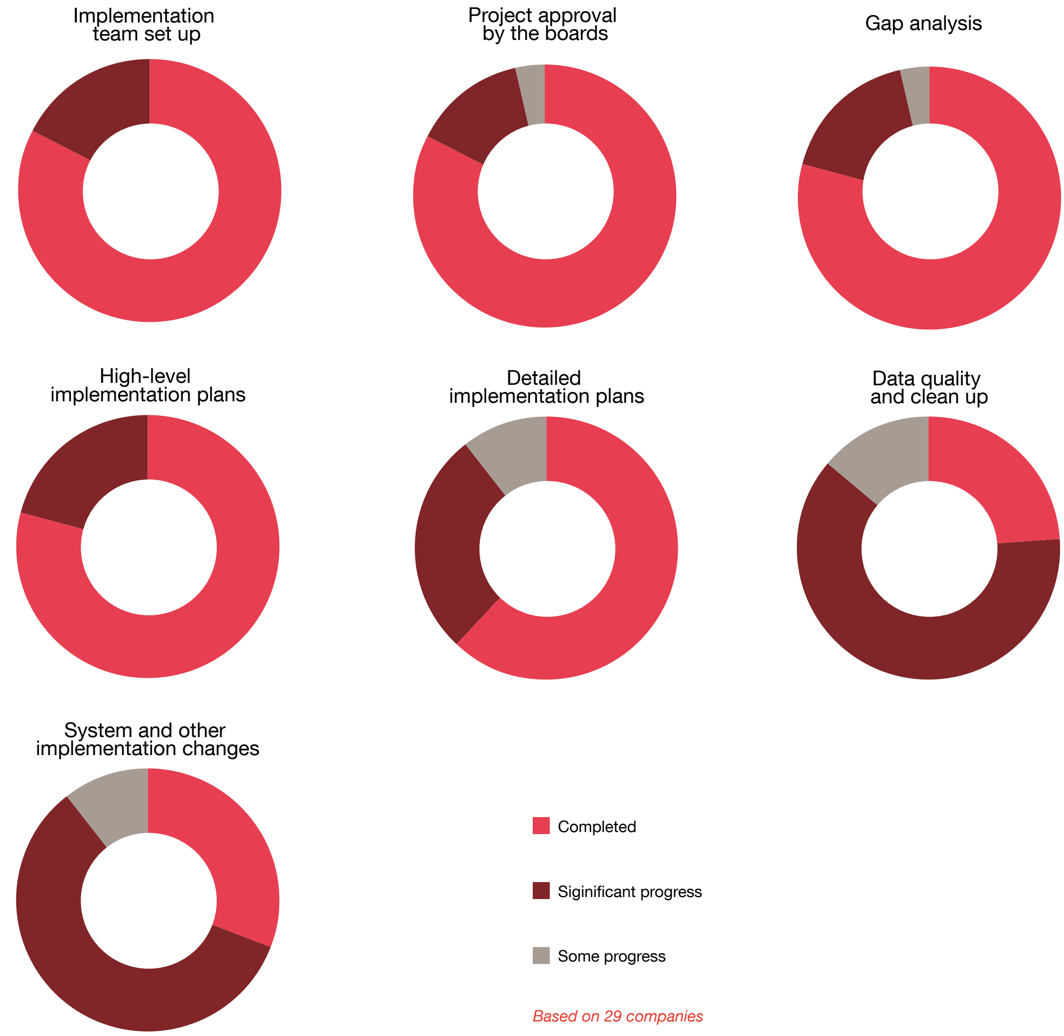
- implementation team set-up;
- project approval by the board;
- gap analysis;
- detailed plans; and
- high-level plans.

The two areas which are not yet complete are data quality and clean-ups, and system and other implementation changes.

It is understandable that insurers have not yet completed their systems and other implementation changes, given that SAM is still in development phase, and that the balance between costs and benefits need to be considered. As the SAM requirements are expected to become more stable over the next year, in the run-up to the effective date of 1 January 2016, insurers will have to assess whether manual workarounds as a transitional solution would be sustainable in the longer-term.

The lack of progress on the completeness of data, and data quality clean-ups are concerning, as insurers have little more than a year to start complying with the SAM requirements. Generally, significant time, resources and extensive interaction with third party suppliers will be necessary to change data and information requirements. It is therefore crucial for insurers to ensure that their readiness with the SAM data requirements is prioritised and tested during the SAM Comprehensive Parallel Run scheduled for the year commencing from 1 January 2015.

**Figure 46:**




*Based on 29 companies*

## Q: How difficult will it be to implement the proposed changes in the following areas?

To identify areas where SAM poses challenges to companies, participants were asked to rate the level of difficulty for eight different topics.

The charts below suggest that the three most difficult areas of implementation are Own Risk and Solvency Assessment (ORSA), data and governance requirements.

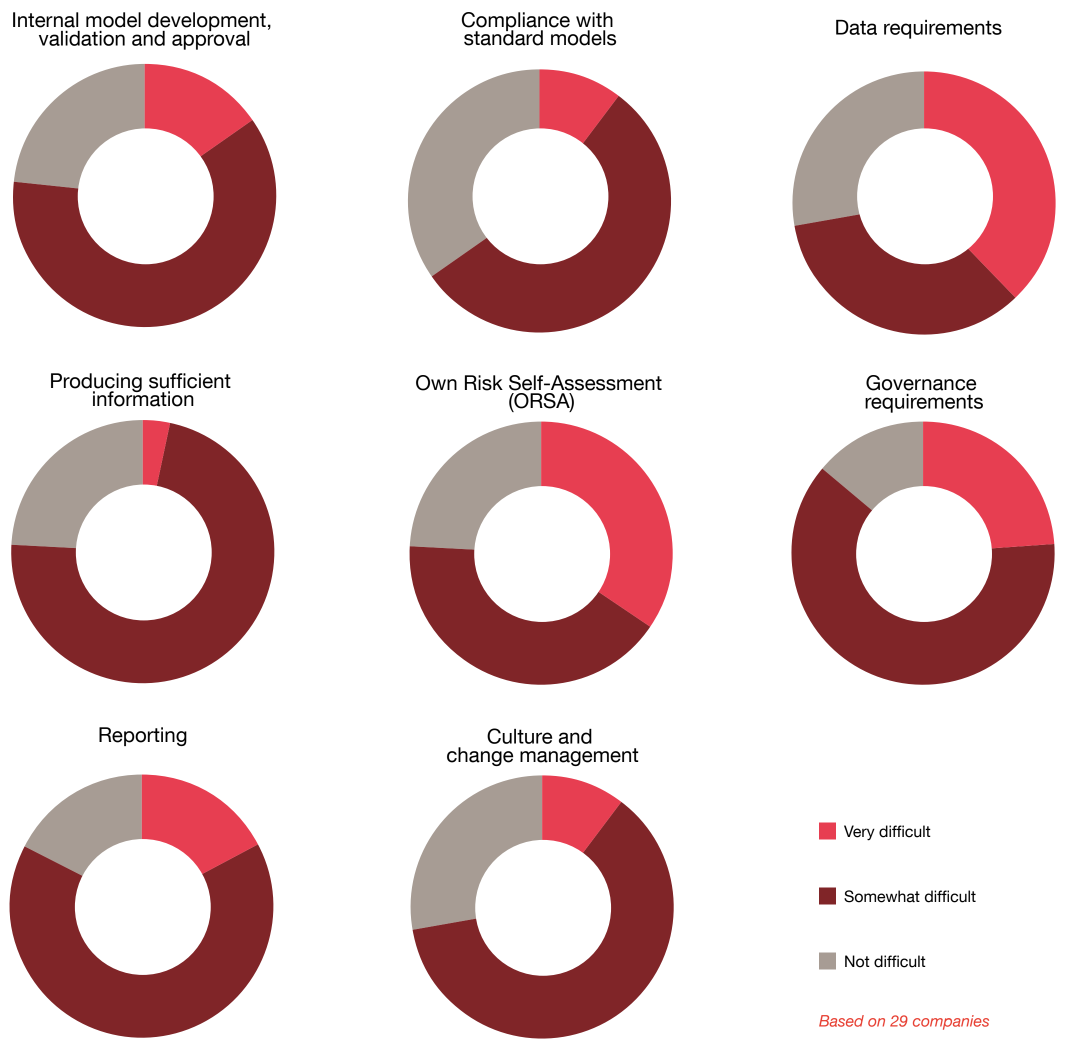
However, the combination of the charts below suggests that most companies find challenges with all of these different areas.

Approximately a quarter of participants suggest that each component is not difficult. The question was answered by 29 companies. However, in the case of the internal model question, only 13 companies responded.

Some participants have opted for an internal capital model. Three companies that have selected an internal model considered the preparation to be ‘not difficult’. They are all large financial institutions, and have benefitted from the Internal Model Application Process (IMAP) to implement the changes required by SAM.

It is not surprising that the ORSA requirements feature in the top three of the most difficult areas to implement. ORSA is a new concept that is formally being introduced through SAM. Although many insurers have historically established their own economic capital models, the challenge with the ORSA is to align insurers risk management processes with their own solvency needs and business strategy. In addition, insurers that are more advanced in their ORSA preparations have found that the process to produce ORSA reports is very iterative, due to uncertainties on how to apply some of the ORSA principles. Processes to make this practical and useful are still developing and evolving for the majority of insurers.

**Figure 47:**

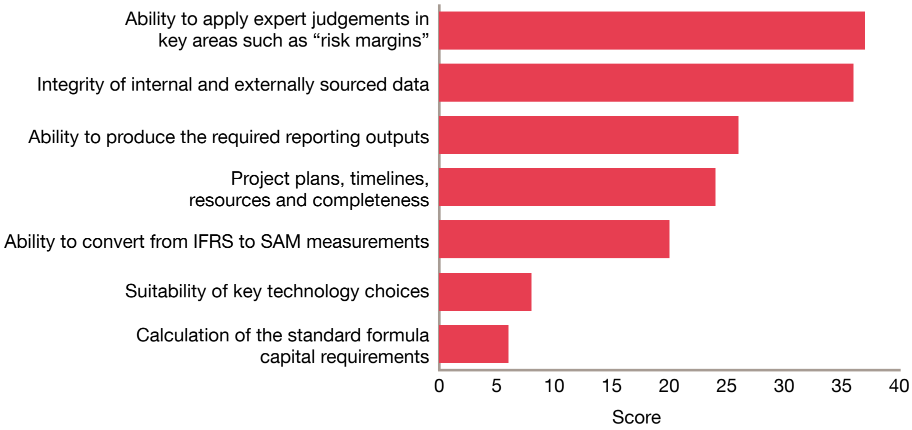


## Q: List the top three areas where you require assurance over your SAM implementation process?

Participants were asked to identify the top three areas where they require assurance in implementing SAM. Two areas were identified to require assurance.

Firstly, applying expert judgement to key areas such as risk margins and secondly, assurance regarding internally and externally sourced data.

**Figure 48:**




*Based on responses 27 companies*

Six companies ranked expert judgement in key areas in first place and nine companies placed sourced data in first place.

There is a positive correlation between the areas where insurers have made the least progress in the migration to SAM and those where they require assurance. The Comprehensive Parallel RUN (CPR) can be used as critical "tool" to get the assurance process underway, and more importantly, to address any "gaps" in time for insurers to get ready for the SAM effective date. One of the key challenges in the assurance process will be for management to motivate and justify the appropriateness of judgements and any simplifications applied, given the nature, size and complexity of their businesses. This will be an important consideration for assurance providers as, well as being top on the minds of boards of directors and those charged with governance.

# 22. Talent shortages

## Q: In which areas are you currently experiencing the greatest shortage of skills?

To provide insight into the talent shortages, participants scored different job functions on a scale of 1 to 5 where 5 represents a pronounced shortage.

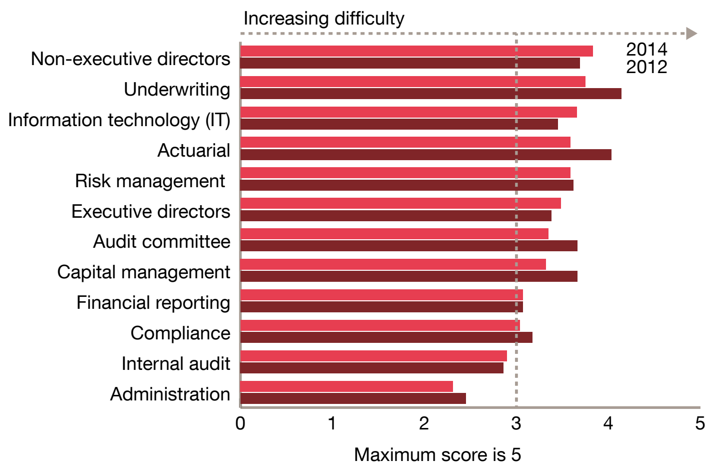
The highest average score was assigned to non-executive directors, ahead of underwriting skills and information technology. Many other insurance skills followed closely behind, including actuarial, risk and capital management, as well as the lack of executive directors and audit committee members.

In 2012 the top three shortages were identified as underwriting, actuarial and non-executive directors. Non-executive directors were a concern for the mid-sized companies.

Many potential candidates are involved in other parts of the financial sector and may therefore be deemed to have 'conflicts of interest'. Onerous responsibilities placed on by directors, as a result of new, more stringent regulations, mean that suitable candidates are not always willing to participate.

Interestingly, one CEO stated that under the current rules, he would not be willing to take on a non-executive director position.

**Figure 49:**




*Based on responses from 29 companies in 2014 and 2012*

# 23. Peer reviews in detail

## Q: Can you name the top three insurance companies in terms of success (performance, presence and momentum) across a variety of different markets?

# *Ranking of peer companies by participants*

31 participants provided peer assessments of companies in the industry. A simple scoring method awarded three points to first place, two points to second and one point to third place. This allowed the insurance companies to be ranked according to a cumulative total score.

Insurance companies were asked not to record an opinion unless they were active in that segment, and were comfortable in providing an accurate ranking in terms of success (performance, presence and momentum) as opposed to mere size. They were not permitted to rank their own institution. In some instances, respondents only nominated companies for first and second place.

**Table 14: Products**

***Alternative risks transfer***

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Guardrisk | 14 | 4 | 1 | 51 | → |
| Centriq | 5 | 7 | 1 | 30 | → |
| Hollard | | 2 | 1 | 5 | ↗ |
| RMB Structured | | 1 | 2 | 4 | ↘ |
| Clientèle Life | 1 | | | 3 | ↗ |
| Mutual & Federal | | | 3 | 3 | ↗ |

***Based on responses from 20 companies**

***Assistance business***

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Old Mutual | 6 | | 2 | 20 | ↗ |
| Sanlam | 3 | 2 | 3 | 16 | ↗ |
| Hollard | 3 | 1 | 3 | 14 | ↘ |
| MMI | | 7 | | 14 | ↘ |
| Clientèle Life | 3 | 1 | | 11 | ↘ |
| Assupol | | 1 | | 2 | ↗ |
| ABSA Life | | 1 | | 2 | → |
| Standard | | | 1 | 1 | ↗ |
| Liberty Life | | | 1 | 1 | ↗ |
| Telesure | | | 1 | 1 | ↗ |

***Based on responses from 15 companies**

## Table 15:

### *Credit life*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Hollard | 4 | 3 | 1 | 19 | ↗ |
| ABSA Life | 4 | 2 | 1 | 17 | ↘ |
| Standard | 2 | 3 | 2 | 14 | ↗ |
| Old Mutual | 1 | 1 | 2 | 7 | ↗ |
| Regent | 2 | | | 6 | ↘ |
| FNB Life | | 3 | | 6 | ↗ |
| Lion of Africa | 1 | | | 3 | ↗ |
| Capitec | | 1 | | 2 | ↗ |
| Nedbank Insurance | | | 1 | 1 | ↗ |
| Liberty Life | | | 1 | 1 | ↘ |

***Based on responses from 14 companies**

### *Customer relationships*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Outsurance | 5 | 3 | 1 | 22 | ↗ |
| Discovery | 6 | 2 | | 22 | ↘ |
| Sanlam | 3 | 3 | 2 | 17 | ↗ |
| Hollard | 3 | 3 | 1 | 16 | ↘ |
| Santam | 1 | 4 | 1 | 12 | ↘ |
| MMI | 3 | 1 | | 11 | → |
| Old Mutual | 2 | 1 | 1 | 9 | ↘ |
| Liberty Life | 1 | 2 | | 7 | ↗ |
| Telesure | | 1 | 3 | 5 | ↘ |
| Mutual & Federal | | | 1 | 1 | ↗ |
| MiWay | | | 1 | 1 | ↘ |
| Clientèle Life | | | 1 | 1 | ↗ |
| Standard Insurance | | | 1 | 1 | → |

***Based on responses from 24 companies**

## Table 16:

### *Group business – Investment*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Old Mutual | 5 | 2 | | 19 | → |
| MMI | 2 | 1 | 3 | 11 | ↗ |
| Sanlam | 1 | 3 | | 9 | ↘ |
| Liberty Life | | 2 | 2 | 6 | ↗ |
| Santam | 1 | | | 3 | ↗ |
| Investment Solutions | 1 | | | 3 | ↘ |
| AIG | | 1 | | 2 | ↗ |
| Alexander Forbes | | 1 | | 2 | ↗ |
| ACE | | | 1 | 1 | ↗ |

***Based on responses from 10 companies**

### *Group business – risk*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Old Mutual | 6 | 1 | 3 | 23 | → |
| MMI | 3 | 3 | 1 | 16 | ↗ |
| Sanlam | 1 | 6 | | 15 | ↘ |
| Discovery | 1 | | 2 | 5 | ↗ |
| Liberty Life | | 1 | 3 | 5 | ↗ |
| Alexander Forbes | 1 | | | 3 | ↗ |
| Outsurance | 1 | | | 3 | ↗ |
| AON | | 1 | | 2 | ↗ |
| Telesure | | 1 | | 2 | ↗ |

***Based on responses from 13 companies**

## Table 17:

### *Health insurance (not medical scheme business)*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Discovery | 8 | 1 | | 26 | → |
| AIG | 3 | | | 9 | ↗ |
| Hollard | 1 | 2 | 1 | 8 | ↗ |
| Liberty Life | | 3 | 2 | 8 | ↘ |
| MMI | | 2 | 1 | 5 | ↘ |
| Clientèle Life | 1 | | 1 | 4 | ↗ |
| Guardrisk | | 2 | | 4 | → |
| Sanlam | | 2 | | 4 | ↗ |
| Santam | 1 | | | 3 | ↗ |
| Hospital Plans | 1 | | | 3 | ↗ |
| Old Mutual | | | 1 | 1 | ↗ |

***Based on responses from 15 companies**

## Table 18:

### *Innovation*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Discovery | 16 | 5 | | 58 | → |
| Outsurance | 4 | 12 | 1 | 37 | → |
| Hollard | 2 | 2 | 5 | 15 | → |
| Telesure | 2 | | 4 | 10 | ↘ |
| Liberty Life | 2 | | 2 | 8 | ↗ |
| Discovery Insure | 1 | 2 | | 7 | ↗ |
| MMI | 1 | 1 | 1 | 6 | ↘ |
| Sanlam | | 2 | 1 | 5 | → |
| King Price | | 1 | | 2 | ↗ |
| BrightRock | | | 1 | 1 | ↗ |
| Santam | | | 1 | 1 | ↘ |

***Based on responses from 28 companies**

### *Investment products*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Liberty Life | 3 | 1 | 2 | 13 | ↗ |
| Discovery | 3 | | 1 | 10 | → |
| Sanlam | 1 | 2 | 3 | 10 | ↘ |
| MMI | 1 | 3 | | 9 | → |
| Old Mutual | 1 | 1 | 1 | 6 | ↘ |
| Allan Gray | 1 | 1 | | 5 | ↗ |
| Coronation | 1 | 1 | | 5 | ↗ |
| PPS | 1 | | | 3 | ↗ |
| Investec | | 1 | 1 | 3 | ↘ |
| Investment Solutions | | | 1 | 1 | ↘ |

***Based on responses from 12 companies**

## Table 19:

### Life risks products

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Discovery | 6 | 2 | 2 | 24 | → |
| Sanlam | 3 | 3 | 1 | 16 | → |
| Old Mutual | 1 | 5 | 1 | 14 | → |
| Liberty Life | 2 | | 2 | 8 | → |
| MMI | | 2 | 3 | 7 | ↘ |
| BrightRock | 1 | 1 | | 5 | ↗ |
| Outsurance | 1 | | | 3 | ↗ |
| 1LifeDirect | | 1 | | 2 | ↘ |

***Based on responses from 14 companies**

## Table 20:

*Marketing strategies*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Outsurance | 11 | 1 | 2 | 37 | ↗ |
| Discovery | 7 | 4 | 1 | 30 | ↘ |
| Hollard | 1 | 5 | 4 | 17 | ↗ |
| Santam | 1 | 3 | 2 | 11 | → |
| MMI | 2 |  | 2 | 8 | ↗ |
| Sanlam |  | 3 | 2 | 8 | ↗ |
| King Price | 2 |  | 1 | 7 | ↗ |
| Liberty Life |  | 3 | 1 | 7 | ↗ |
| Telesure | 1 | 1 | 1 | 6 | ↗ |
| Discovery Insure |  | 1 | 1 | 3 | ↗ |
| MiWay |  | 1 |  | 2 | ↘ |
| Old Mutual |  | 1 |  | 2 | ↘ |

***Based on responses from 25 companies**

## Table 21:

*Motor insurance*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Outsurance | 16 | 1 | 1 | 51 | → |
| Santam | 3 | 7 | 1 | 24 | → |
| Telesure | 2 | 7 | 2 | 22 | → |
| Discovery Insure | 2 | 2 | 2 | 12 | ↗ |
| Hollard | 1 | 2 | 2 | 9 | ↘ |
| King Price |  | 1 | 1 | 3 | ↗ |
| MiWay |  | 1 | 1 | 3 | ↘ |
| Mutual & Federal |  |  | 3 | 3 | ↘ |
| AIG |  | 1 |  | 2 | ↗ |

***Based on responses from 24 companies**

*Property (excluding motor)*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Santam | 16 | 4 | | 56 | → |
| Outsurance | 5 | 2 | 1 | 20 | ↗ |
| Hollard | 1 | 5 | 4 | 17 | → |
| Mutual & Federal | | 2 | 5 | 9 | ↘ |
| AIG | | 4 | | 8 | ↗ |
| Allianz | 1 | | 1 | 4 | ↗ |
| Telesure | | 1 | 1 | 3 | ↘ |
| AON | | 1 | | 2 | ↗ |
| ACE | | | 1 | 1 | ↘ |
| Discovery | | | 1 | 1 | ↗ |
| Standard | | | 1 | 1 | ↗ |

***Based on responses from 23 companies**

## Table 22:

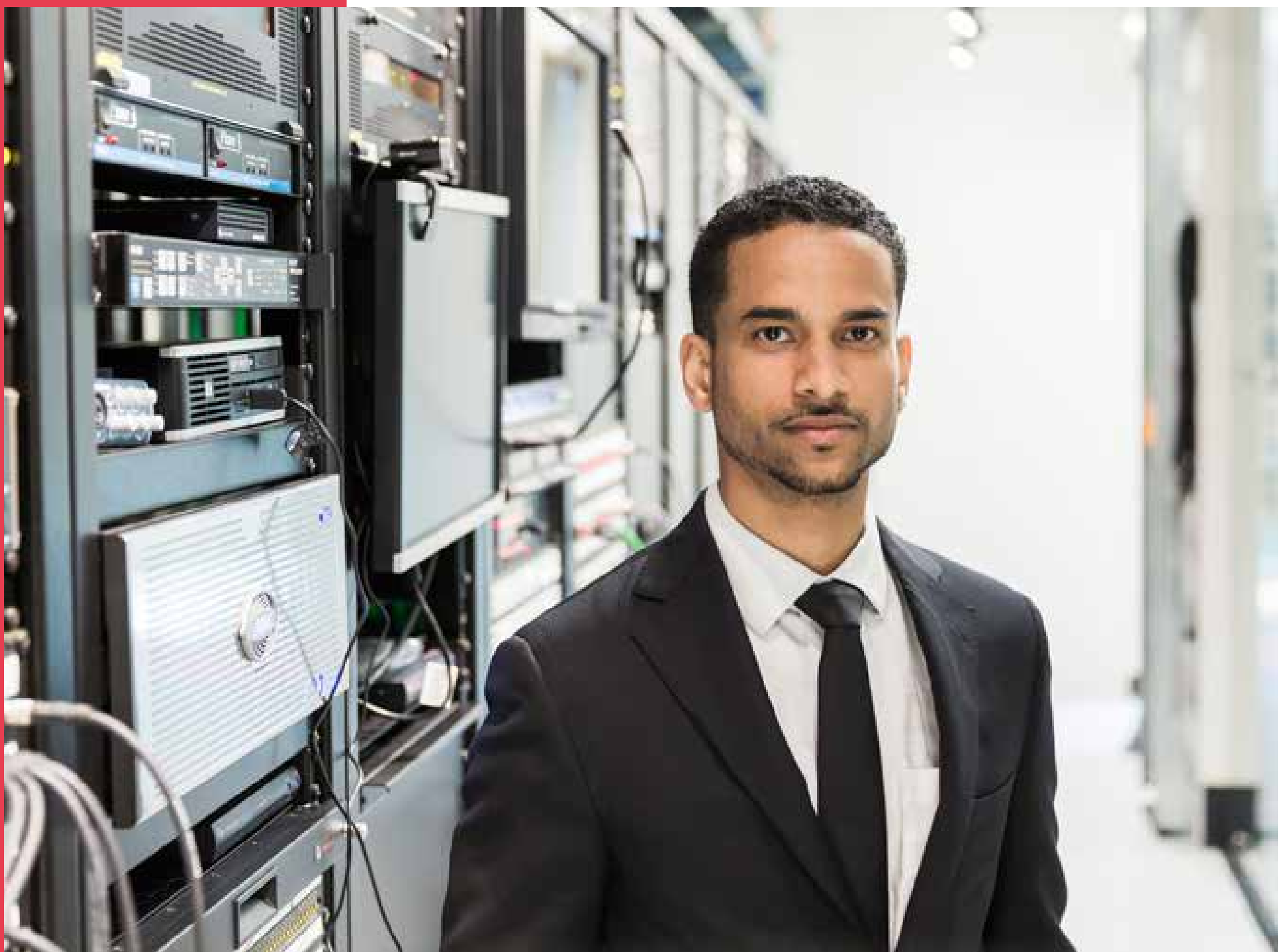
*Technically competent staff*

| Ranking | First | Second | Third | Score | Change |
|---|---|---|---|---|---|
| Santam | 10 | 4 | | 38 | → |
| Outsurance | 7 | 3 | 1 | 28 | ↗ |
| Discovery | 3 | 4 | 2 | 19 | ↘ |
| Hollard | | 6 | 3 | 15 | ↗ |
| Sanlam | 2 | 3 | 2 | 14 | ↘ |
| MMI | 2 | | 2 | 8 | ↗ |
| Liberty Life | 1 | | 4 | 7 | ↗ |
| Old Mutual | | 2 | | 4 | ↘ |
| Allianz | | 1 | | 2 | ↗ |
| Zurich | | 1 | | 2 | ↘ |
| Discovery Insure | | | 1 | 1 | ↗ |
| Guardrisk | | | 1 | 1 | → |
| Telesure | | | 1 | 1 | ↗ |

***Based on responses from 25 companies**

# 24. *Appendices*

## Methodology and participants



# Methodology and participants

## Methodology

Previous experience in the financial services sector, has shown that personal interviews with senior executives using a standard questionnaire offers the best research approach to reveal strategic insights.

The questionnaire was administered during interviews of approximately one hour. Interviews were conducted in June 2014 in Johannesburg and Cape Town, July in Nairobi and August in Lagos.

Responses have not been attributed to individual insurance companies, but rather collectively to all participants, which included three reinsurers and two cell insurers, and in a more narrow focus of just those categorised as either short-term insurance companies or long-term insurance companies.

The time commitment and support by all insurance companies invited to participate in this survey was, as in previous surveys, outstanding.

The report attempts to provide guidance on the direction the short- and long-term insurance industries will follow over the next three years.

## South African participants

**Table 23:**

| Name | Position | Insurance company |
|---|---|---|
| Anton de Souza | Chief Executive Officer | 1Lifedirect |
| Andries van Staden | Managing Executive | Absa Insurance |
| Jannie Venter | Managing Director | Absa Life |
| Daryl Devos | Managing Director | Africa Re |
| Gari Dombo | Managing Director | Alexander Forbes Insurance |
| Rudi Schmidt | Group Chief Executive Officer | ASSUPOL |
| Frik Rademan | Chief Executive Officer | AVBOB |
| Gareth Beaver | Chief Executive Officer | Centriq Insurance |
| Wayne Abraham | Managing Director | AIG |
| Basil Reekie | Managing Director | Clientèle Life |
| Herschel Mayers | Managing Director | Discovery Life |
| Herman Schoeman | Managing Director | Guardrisk |
| Achim Klennert | Managing Director | Hannover Re |
| Meetash Patel | Group Strategy | Hollard |
| Steve Braudo | Chief Executive Officer of Retail SA | Liberty Group |
| Adam Samie | Managing Director | Lion of Africa |
| Nicolaas Kruger | Chief Executive Officer | MMI |
| Junior John Ngulube | Managing Director | Munich Re |
| Raimund Snyders | Chief Executive Officer | Mutual & Federal |
| Ralph Mupita | Chief Executive Officer | Old Mutual Emerging Markets |
| Willem Roos | Joint Managing Director | Outsurance |
| Mike Jackson | Chief Executive | Professional Provident Society |

| Name | Position | Insurance company |
|---|---|---|
| Corrie de Bruyn | Chief Executive Officer | PSG Online |
| Jurie Strydom | Chief Executive Officer | Regent Life/Regent Insurance |
| Johan van Zyl | Chief Executive Officer | Sanlam |
| Ian Kirk | Chief Executive Officer | Santam |
| Cedric Masondo | Chief Executive Officer | SASRIA |
| Denise Shaw | Managing Director | Standard Bank Insurance Services |
| Tetiwe Jawuna | Managing Director | Standard Bank Insurance Brokers |
| Johan van Greuning | Managing Director | Standard Bank Insurance |
| Leon Vermaak | Chief Executive Officer | Telesure |
| Andrew Culbert | Managing Executive | Vodacom Insurance |
| Edwyn O'Neill | Chief Executive Officer | Zurich Insurance |

## *Insurance groups*

The information provided is considered proprietary and remains confidential. Results are therefore presented in an aggregated and anonymous group format, certified as either short- or long-term insurance companies. The members of the different groups are as follows:

**Short-term insurance companies:**

- Absa Insurance
- Alexander Forbes Insurance
- AIG
- Hollard Insurance
- Lion of Africa
- Mutual & Federal
- Outsurance
- Regent Insurance
- Santam
- SASRIA
- Standard Insurance
- Telesure
- Zurich Insurance

**Long-term insurance companies:**

- 1Lifedirect
- Absa Life
- ASSUPOL
- AVBOB
- AIG
- Clientèle Life
- Discovery Life
- Hollard Life
- Liberty Life
- MMI
- Old Mutual
- Professional Provident Society
- PSG Online
- Regent Life
- Sanlam

**Reinsurance companies:**

- Africa Re
- Hannover Re
- Munich Re

**Cell insurers:**

- Centriq
- Guardrisk

# 25. Background data

## Short-term insurance

| Short name | Total gross premiums written (a) R'000 | Share of total primary market (a) % |
|---|---|---|
| **Primary insurers** | | |
| Absa | 3 426 990 | 3.9 |
| Absa Idirect | 245 905 | 0.3 |
| Absa Risk | 738 674 | 0.8 |
| Ace | 410 567 | 0.5 |
| AECI Captive | 118 198 | 0.1 |
| AEGIS | - | 0.0 |
| AGRe | 253 033 | 0.3 |
| AIG | 1 960 812 | 2.3 |
| Alexander orves | 926 382 | 1.1 |
| Allianz Global | 2 469 679 | 2.8 |
| Attorneys | 83 047 | 0.1 |
| Aurora | 99 449 | 0.1 |
| Auto & General | 3 152 661 | 3.6 |
| Bidvest | 193 127 | 0.2 |
| Centriq | 2 208 404 | 2.5 |
| CGU | - | 0.0 |
| Clientele General | 135 846 | 0.2 |
| Coface | 162 803 | 0.2 |
| Compass | 1 172 208 | 1.3 |
| Constantia | 909 533 | 1.0 |
| Corporate Guarantee | 32 810 | 0.0 |
| Credit Guarantee | 776 246 | 0.9 |
| Customer Protection | - | 0.0 |
| Densecure | 15 673 | 0.0 |
| Dial Direct | 890 672 | 1.0 |
| Discovery | 91 467 | 0.1 |
| Emerald | -419 | 0.0 |
| Enpet | 36 541 | 0.0 |
| Escap | 1 077 731 | 1.2 |
| Etana | 1 994 312 | 2.3 |
| Export Credit | 199 864 | 0.2 |
| Exxaro | 109 151 | 0.1 |
| FEM | 452 303 | 0.5 |
| Firstrand | 182 767 | 0.2 |
| G4S | 28 572 | 0.0 |
| Guardian National | - | 0.0 |
| Guardrisk | 5 498 070 | 6.3 |
| HDI Gerling | 335 814 | 0.4 |
| Hollard | 5 566 673 | 6.4 |
| Home Loan Guarantee | 13 482 | 0.0 |
| IGF | 15 787 | 0.0 |
| Indequity Specialised | 35 384 | 0.0 |
| Infiniti | 619 240 | 0.7 |
| JDG Micro | 460 398 | 0.5 |

| Short name | Total gross premiums written (a) R'000 | Share of total primary market (a) % |
|---|---|---|
| Khula Credit Guarantee | 5 219 | 0.0 |
| Kingfisher | 183 707 | 0.2 |
| Legal Expenses | 536 066 | 0.6 |
| Lion of Africa | 822 976 | 0.9 |
| Lombard | 1 213 720 | 1.4 |
| M&F Risk | 670 397 | 0.8 |
| MiWay | 1 059 813 | 1.2 |
| Momentum Alternative | - | 0.0 |
| Momentum STI | 277 270 | 0.3 |
| Momentum Structured | 5 629 | 0.0 |
| Monarch | 964 789 | 1.1 |
| MUA | -37 | 0.0 |
| Mutual and Federal | 7 537 799 | 8.7 |
| Nedgroup | 862 823 | 1.0 |
| New National | 893 009 | 1.0 |
| NMS | 218 442 | 0.3 |
| Nova Risk | 20 329 | 0.0 |
| Oakhurst | 175 228 | 0.2 |
| Oakleaf | - | 0.0 |
| Old Mutual Health | 3 517 | 0.0 |
| OUTsurance | 5 340 678 | 6.1 |
| Parktown | - | 0.0 |
| Pinnafrica | - | 0.0 |
| Rand Mutual Assurance | 952 699 | 1.1 |
| Regent | 1 823 704 | 2.1 |
| Relyant | 605 006 | 0.7 |
| Renasa | 585 889 | 0.7 |
| Resolution | 101 829 | 0.1 |
| RMB Structured | 345 594 | 0.4 |
| Sabsure | 43 327 | 0.0 |
| Safire | 238 182 | 0.3 |
| SAHL | 300 834 | 0.3 |
| Santam | 16 527 094 | 19.0 |
| SARBCIC | 14 485 | 0.0 |
| Sasguard | 76 708 | 0.1 |
| Sasria | 1 087 133 | 1.2 |
| Saxum | 103 481 | 0.1 |
| Sentrasure | - | 0.0 |
| Shoprite | 456 726 | 0.5 |
| Standard | 1 638 765 | 1.9 |
| Sunderland Marine | 18 242 | 0.0 |
| Truck and General | - | 0.0 |
| Unitrans | 204 361 | 0.2 |
| Unity | 237 992 | 0.3 |
| Western National | 222 289 | 0.3 |
| Workers Life | 6 915 | 0.0 |

| Short name | Total gross premiums written (a) R'000 | Share of total primary market (a) % |
|---|---|---|
| Zurich | 3 403 040 | 3.9 |
| Zurich Risk Financing | 113 981 | 0.1 |
| Total % (a) | | |
| Total | 86 999 506 | 100.0 |

**Source: Financial Services Board, 2012 Annual Report – Fifteenth Annual Report by the Registrar of Short-term Insurance, 2012**

(a) Insurers who have not written any gross premium, or where the amount of gross premium written is negligible, have been omitted, and the figures for First Central have not been included due to the process of curatorship.

## Short-term reinsurers

| Short name | Total gross premiums written (a) R'000 |
|---|---|
| African Re | 1 692 706 |
| Flagstone Re | 39 250 |
| General Re | 45 659 |
| Hannover Re | 2 241 618 |
| Munich Re | 2 785 680 |
| Saxum Re | -22 |
| Scor Africa | 690 571 |
| Total % (b) | 7 495 462 |

## Long-term insurance

| Short name | Gross premiums | Share of total primary market % |
|---|---|---|
| **Primary insurers** | | |
| 1 Life Direct | 321 274 | 0.1 |
| Absa Life | 4 405 430 | 1.2 |
| African Unity | 363 141 | 0.1 |
| AIG Life | 692 484 | 0.2 |
| Alexander Forbes | 10 280 818 | 2.9 |
| Allan Gray Life | 10 245 789 | 2.9 |
| Assupol | 1 739 532 | 0.5 |
| AVBOB | 1 478 621 | 0.4 |
| Bidvest Life | 137 818 | 0.0 |
| Cadiz Life | 1 249 726 | 0.4 |
| Capital Alliance | 2 313 379 | 0.7 |
| Centriq Life | 86 906 | 0.0 |
| Channel Life | 1 623 736 | 0.5 |
| Citadel Life | 589 076 | 0.2 |
| Clientele Life | 1 290 961 | 0.4 |
| Community Life | 210 | 0.0 |
| Constantia Life | 5 135 | 0.0 |
| Constantia Life&Health | 13 450 | 0.0 |
| Coronation Life | 23 679 513 | 6.7 |
| Covision Life | 45 869 | 0.0 |
| Discovery Life | 10 228 629 | 2.9 |
| FedGroup Life | 160 524 | 0.0 |
| Frank Life | 36 898 | 0.0 |
| Goodall & Company | - | 0.0 |
| Gurardrisk Life | 1 703 658 | 0.5 |
| Hollard Life | 6 735 176 | 1.9 |
| Investec | 33 148 080 | 9.4 |
| IEB | 175 005 | 0.0 |
| Investment Solutions | 23 555 874 | 6.7 |
| JDG Micro Life | 564 539 | 0.2 |
| KGA Life | 163 432 | 0.0 |
| Liberty Active | 9 828 380 | 2.8 |
| Liberty Group | 29 860 060 | 8.5 |
| Liberty Gorwth | 82 354 | 0.0 |
| Lion Life | 56 949 | 0.0 |
| Lombard Life | 89 970 | 0.0 |
| Metropolitan Life | 10 328 942 | 2.9 |
| Metropolitan Life International | - | 0.0 |
| Metropolitan Odyssey | - | 0.0 |
| Momentum Ability | 1 487 649 | 0.4 |
| Momentum Group | 36 090 178 | 10.2 |
| MS Life | 236 965 | 0.1 |
| Nedgroup Life Ass | 3 122 488 | 0.9 |
| Nedgroup Structured Life | 3 413 529 | 1.0 |
| Nest Life | 240 523 | 0.1 |

| Short name | Gross premiums | Share of total primary market % |
|---|---|---|
| **Primary insurers** | | |
| Netcare Life | - | 0.0 |
| Oasis Crescent | 81 301 | 0.0 |
| Old Mutual | 55 535 587 | 15.7 |
| Old Mutual Risk | 568 951 | 0.2 |
| Outsurance Life | 103 734 | 0.0 |
| PPS | 2 304 236 | 0.7 |
| Prescient Life | 1 664 429 | 0.5 |
| Prudential Portfolio | 2 316 281 | 0.7 |
| PSG Futurewealth | 1 291 953 | 0.4 |
| Real People | 306 970 | 0.1 |
| Regent Life | 665 011 | 0.2 |
| Relyant Life | 547 449 | 0.2 |
| RMA Life | 426 296 | 0.1 |
| RMB Structured | 23 093 | 0.0 |
| Safrican | 762 900 | 0.2 |
| SAHL Life | 242 716 | 0.1 |
| Sanlam | 35 134 669 | 9.9 |
| Sanlam Customised | 65 650 | 0.0 |
| Sanlam Developing | 5 380 550 | 1.5 |
| SIS Life | 2 708 890 | 0.8 |
| Smart Life | 38 690 | 0.0 |
| Standard General | 3 400 752 | 1.0 |
| Stanlib | 2 361 096 | 0.7 |
| Superflex | 357 953 | 0.1 |
| Sygnia Life | 4 741 175 | 1.3 |
| Union Life | 212 629 | 0.1 |
| Workers Life | 106 376 | 0.0 |
| Zurich Life | 1 080 | 0.0 |
| Total | 353 223 090 | 100.00 |

**Source: Financial Services Board**
**2012 Annual Report - Fifteenth Annual Report by the Registrar of Long-term Insurance 2012**

## Long-term reinsurers

| Short name | Total gross premiums written (a) R'000 |
|---|---|
| Gen Re | 1 805 182 |
| Hannover Life Re | 1 862 157 |
| Munich Re | 1 729 621 |
| RGA | 1 014 850 |
| SaXum Re | 16 163 |
| SCOR Africa | 76 838 |
| Swiss re | 1 396 185 |
| Total | 7 900 997 |
| Grand Total | 361 124 086 |

(a) The figures for New Era Life and Resolution Life are not included due to the process of curatorship.

## Short-term insurance: Review of overall business

| | | R'000 | | | | | | Percentages | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Underwriting | | | | Net Underwriting | | | | |
| | | | | Gross | | Net | | | | | | |
| Short Name | Year end (mth) | Assets less liabilities(a) | Investment income(b) | Premiums written | Underwriting profit/(loss) | Premiums written | Underwriting profit/(loss) | Retention(c) | Claims incurred(d) | Commission(e) | Expenses(e) | Profit/ (loss) |
| **Primary** | | | | | | | | | | | | |
| Absa | 12 | 1 007 782 | 149 569 | 3 426 990 | 325 539 | 2 856 588 | 103 408 | 83.36 | 69.00 | 14.53 | 13.69 | 3.62 |
| Absa I direct | 12 | 107 788 | 7 281 | 245 905 | 17 477 | 95 860 | 23 158 | 38.98 | 68.21 | -55.30 | 62.14 | 24.16 |
| Absa Risk | 12 | 69 108 | 7 666 | 738 674 | 35 422 | 196 847 | -5 015 | 26.65 | 65.66 | -11.25 | 49.55 | -2.55 |
| Ace | 12 | 94 516 | 4 751 | 410 567 | 100 242 | 80 382 | 7 776 | 19.58 | 64.63 | -9.85 | 40.88 | 9.67 |
| AECI Captive | 12 | 98 911 | 5 578 | 118 198 | 88 914 | 21 693 | 12 941 | 18.35 | 56.42 | -17.54 | 1.44 | 59.65 |
| AEGIS | 12 | 264 552 | - | - | -12 | - | -11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| AGRe | 12 | 117 197 | 4 193 | 253 033 | -16 701 | 57 791 | 27 864 | 22.84 | 30.19 | -14.81 | 8.22 | 48.21 |
| AIG | 11 | 273 333 | 48 059 | 1 960 812 | 252 064 | 394 989 | -175 260 | 20.14 | 70.55 | -10.76 | 78.28 | -44.37 |
| Alexander Forbes | 3 | 69 540 | 1 101 | 926 382 | -9 964 | 135 996 | 12 918 | 14.68 | 66.14 | -155.87 | 180.17 | 9.50 |
| Allianz Global | 12 | 50 476 | 13 298 | 2 469 679 | 156 848 | 1 495 | 46 978 | 0.06 | -25.54 | -1489.33 | 2556.05 | 3141.93 |
| Attorneys | 12 | 279 109 | 38 499 | 83 047 | -2 801 | 68 998 | -4 262 | 83.08 | 74.08 | 0.00 | 29.16 | -6.18 |
| Aurora | 6 | 49 984 | 4 180 | 99 449 | 59 849 | 83 910 | 45 577 | 84.38 | 15.96 | 23.70 | 4.58 | 54.32 |
| Auto & General | 6 | 735 255 | 94 082 | 3 152 661 | 476 241 | 1 542 376 | 197 222 | 48.92 | 50.60 | -23.07 | 60.07 | 12.79 |
| Bidvest | 6 | 326 055 | 67 142 | 193 127 | 49 603 | 193 127 | 49 603 | 100.00 | 48.69 | 8.92 | 6.12 | 25.68 |
| Centriq | 12 | 645 424 | 202 917 | 2 208 404 | 467 242 | 1 308 698 | 164 131 | 59.26 | 59.98 | 0.31 | 22.29 | 12.54 |
| CGU | 12 | 1 784 | 72 | - | -519 | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Clientele General | 6 | 72 132 | 580 | 135 846 | 20 907 | 135 695 | 20 756 | 99.89 | 9.90 | 0.00 | 71.48 | 15.30 |
| Coface | 12 | 84 975 | 9 264 | 162 803 | 85 594 | 74 222 | 40 438 | 45.59 | 9.90 | -18.67 | 55.06 | 54.48 |
| Compass | 12 | 90 386 | 7 443 | 1 172 208 | -46 102 | 134 220 | -3 373 | 11.45 | 81.06 | -83.67 | 107.75 | -2.51 |
| Constantia | 8 | 125 104 | 9 136 | 909 533 | 33 505 | 276 098 | 33 998 | 30.36 | 57.91 | -11.92 | 41.15 | 12.31 |
| Corporate Guarantee | 3 | 26 023 | 14 541 | 32 810 | -13 620 | 32 611 | -13 819 | 99.39 | -24.63 | 1.74 | 50.23 | -42.38 |

| | | R'000 | | | | | | Percentages | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Underwriting | | | | Net Underwriting | | | | |
| | | | | Gross | | Net | | | | | | |
| Short Name | Year end (mth) | Assets less liabilities(a) | Investment income(b) | Premiums written | Underwriting profit/(loss) | Premiums written | Underwriting profit/(loss) | Retention(c) | Claims incurred(d) | Commission(e) | Expenses(e) | Profit/ (loss) |
| **Primary** | | | | | | | | | | | | |
| Discovery | 6 | 34 888 | 6 740 | 91 467 | -129 005 | 87 731 | -132 741 | 95.92 | 81.25 | 16.26 | 153.80 | -151.30 |
| Emerald | 6 | 61 372 | 6 647 | -419 | 19 771 | 1 530 | 11 315 | 0.00 | -1595.17 | 3.20 | 1321.37 | 739.54 |
| Enpet | 12 | 119 491 | 9 212 | 36 541 | 21 055 | 25 444 | 7 809 | 69.63 | 70.72 | -11.08 | 16.93 | 30.69 |
| Escap | 3 | 1 351 356 | 187 125 | 1 077 731 | 136 034 | 813 642 | 136 500 | 75.50 | 77.61 | -0.82 | 7.75 | 16.78 |
| Etana | 6 | 348 158 | 53 460 | 1 994 312 | 338 013 | 1 072 022 | 68 114 | 53.75 | 60.30 | 4.00 | 28.01 | 6.35 |
| Export Credit | 3 | 2 636 284 | 148 969 | 199 864 | 353 310 | 199 864 | 353 310 | 100.00 | 0.86 | 0.71 | 18.64 | 176.78 |
| Exxaro | 12 | 124 837 | 5 715 | 109 151 | 80 078 | 7 927 | 32 445 | 7.26 | 4.19 | -353.53 | 42.07 | 409.30 |
| FEM | 12 | 2 314 414 | 124 543 | 452 303 | -8 649 | 446 035 | -21 708 | 98.61 | 88.02 | 0.00 | 16.64 | -4.87 |
| FirstRand | 6 | 279 458 | 47 982 | 182 767 | -329 667 | 130 224 | -5 006 | 71.25 | 96.32 | -5.11 | 12.56 | -3.84 |
| G4S | 12 | 52 174 | 1 693 | 28 572 | 17 251 | 28 572 | 17 251 | 100.00 | 26.19 | 0.00 | 13.43 | 60.38 |
| Guardian National | 12 | 1 283 551 | 86 422 | - | -1 875 | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Guardrisk | 3 | 1 416 264 | 17 922 | 5 498 070 | 542 948 | 4 208 720 | 258 830 | 76.55 | 40.54 | 5.65 | 33.18 | 6.15 |
| HDI Gerling | 12 | 29 422 | 3 394 | 335 814 | 132 197 | 1 553 | 896 | 0.46 | 52.25 | -523.18 | 505.60 | 57.71 |
| Hollard | 6 | 3 787 207 | 1 156 461 | 5 566 673 | 1 347 636 | 4 765 645 | 966 420 | 85.61 | 49.74 | 11.88 | 19.43 | 20.28 |
| Home Loan Guarantee | 6 | 29 292 | 12 131 | 13 482 | -2 265 | 6 741 | -3 708 | 50.00 | 16.20 | -30.00 | 91.60 | -55.01 |
| IGF | 12 | 7 168 | 394 | 15 787 | 13 824 | - | 1 403 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Indequity Specialised | 9 | 15 658 | 944 | 35 384 | 6 682 | 33 841 | 5 151 | 95.64 | 47.43 | 8.33 | 28.99 | 15.22 |
| Infiniti | 3 | 213 962 | -25 297 | 619 240 | 68 595 | 532 454 | 41 429 | 85.99 | 46.07 | 11.34 | 28.95 | 7.78 |
| JDG Micro | 6 | 320 760 | 12 804 | 460 398 | 228 522 | 460 398 | 228 522 | 100.00 | 1.87 | 20.00 | 27.64 | 49.64 |
| Khula Credit Guarantee | 3 | 46 480 | 6 242 | 5 219 | -2 501 | 5 219 | -2 501 | 100.00 | 29.69 | 0.00 | 128.97 | -47.93 |
| Kingfisher | 6 | 134 664 | 9 636 | 183 707 | 136 352 | 7 086 | -12 884 | 3.86 | 264.49 | -53.53 | 57.18 | -181.82 |

| Short Name | Year end (mth) | R'000 | | | | | | Percentages | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Underwriting | | | | Net Underwriting | | | | |
| | | | | Gross | | Net | | | | | | |
| | | Assets less liabilities(a) | Investment income(b) | Premiums written | Underwriting profit/(loss) | Premiums written | Underwriting profit/(loss) | Retention(c) | Claims incurred(d) | Commission(e) | Expenses(e) | Profit/ (loss) |
| **Primary** | | | | | | | | | | | | |
| MiWay | 12 | 59 167 | 10 231 | 1 059 813 | -49 284 | 105 957 | -101 851 | 10.00 | 61.43 | -267.10 | 400.78 | -96.12 |
| Momentum Alternative | 6 | 28 953 | 1 783 | - | - | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Momentum STI | 6 | 142 242 | 13 117 | 277 270 | 23 051 | 275 977 | 21 762 | 99.53 | 47.16 | 9.81 | 35.57 | 7.89 |
| Momentum Structured | 6 | 16 796 | 2 218 | 5 629 | 344 | 5 629 | 344 | 100.00 | 0.00 | 0.00 | 13.82 | 6.11 |
| Monarch | 3 | 394 097 | 91 880 | 964 789 | 295 619 | 598 687 | 292 768 | 62.05 | 20.48 | -28.60 | 47.65 | 48.90 |
| MUA | 12 | 10 232 | 507 | -37 | -885 | 25 | 255 | 0.00 | -3796.00 | 64.00 | 2812.00 | 1020.00 |
| Mutual and Federal | 12 | 3 572 851 | 528 156 | 7 537 799 | -202 207 | 6 672 163 | -471 184 | 88.52 | 75.57 | 15.43 | 15.51 | -7.06 |
| Nedgroup | 12 | 313 443 | 38 477 | 862 823 | 132 071 | 778 761 | 114 887 | 90.26 | 56.32 | 16.64 | 10.24 | 14.75 |
| New National | 12 | 156 050 | 18 872 | 893 009 | -41 826 | 261 133 | -6 121 | 29.24 | 76.34 | 15.58 | 10.41 | -2.34 |
| NMS | 3 | 111 959 | 7 274 | 218 442 | 159 692 | 211 940 | 155 234 | 97.02 | 11.95 | 22.14 | 2.42 | 73.24 |
| Nova Risk | 1 | 85 424 | 7 509 | 20 329 | 5 470 | 3 511 | 1 582 | 17.27 | 63.34 | 44.91 | 68.67 | 45.06 |
| Oakhurst | 2 | 76 268 | 3 659 | 175 228 | 46 225 | 172 537 | 43 534 | 98.46 | 53.61 | 6.48 | 14.04 | 25.23 |
| Oakleaf | 12 | 59 052 | 4 209 | - | - | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Old Mutual Health | 12 | 93 411 | 724 | 3 517 | 66 | 2 521 | -280 | 71.68 | 33.44 | 7.18 | 70.49 | -11.11 |
| OUTsurance | 6 | 2 986 162 | 275 200 | 5 340 678 | 1 930 196 | 5 317 771 | 1 927 856 | 99.57 | 41.30 | 0.72 | 21.78 | 36.25 |
| Parktown | 12 | 36 003 | 1 514 | - | -11 187 | - | -11 187 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Pinnafrica | 6 | 9 651 | 388 | - | 3 937 | - | 264 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Rand Mutual Assurance | 12 | 2 344 286 | 169 147 | 952 699 | -601 575 | 941 742 | -596 629 | 98.85 | 152.14 | 0.00 | 11.22 | -63.35 |
| Regent | 6 | 816 255 | 136 284 | 1 823 704 | 87 319 | 1 690 340 | 50 921 | 92.69 | 53.81 | 12.09 | 30.88 | 3.01 |
| Relyant | 9 | 232 490 | 29 967 | 605 006 | 230 501 | 539 532 | 182 759 | 89.18 | 15.56 | 21.05 | 5.44 | 33.87 |

| | | R'000 | | | | | | Percentages | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Underwriting | | | | Net Underwriting | | | | |
| | | | | Gross | | Net | | | | | | |
| Short Name | Year end (mth) | Assets less liabilities(a) | Investment income(b) | Premiums written | Underwriting profit/(loss) | Premiums written | Underwriting profit/(loss) | Retention(c) | Claims incurred(d) | Commission(e) | Expenses(e) | Profit/ (loss) |
| **Primary** | | | | | | | | | | | | |
| Safire | 3 | 75 440 | 12 299 | 238 182 | 24 890 | 158 989 | 17 807 | 66.75 | 48.06 | 15.41 | 24.63 | 11.20 |
| SAHL | 12 | 167 734 | 10 749 | 300 834 | 61 312 | 146 113 | 54 020 | 48.57 | 48.08 | 5.33 | 9.61 | 36.97 |
| Santam | 12 | 5 510 058 | 730 513 | 16 527 094 | 1 136 996 | 14 606 039 | 382 781 | 88.38 | 68.51 | 15.70 | 12.88 | 2.62 |
| SARBCIC | 3 | 93 663 | 5 864 | 14 485 | 10 191 | 4 500 | 401 | 31.07 | 53.27 | 7.76 | 30.07 | 8.91 |
| Sasguard | 9 | 92 126 | 6 292 | 76 708 | 44 004 | 52 174 | 31 955 | 68.02 | 37.93 | -8.83 | 5.11 | 61.25 |
| Sasria | 3 | 3 880 476 | 265 965 | 1 087 133 | 551 741 | 777 252 | 404 771 | 71.50 | 27.30 | 9.22 | 9.57 | 52.08 |
| Saxum | 12 | 10 200 | 726 | 103 481 | 1 579 | 28 164 | -719 | 27.22 | 58.92 | -9.86 | 45.36 | -2.55 |
| Sentrasure | 12 | 15 299 | 304 | - | -68 | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Shoprite | 6 | 326 473 | 27 328 | 456 726 | 266 865 | 386 771 | 210 671 | 84.68 | 22.57 | 19.01 | 0.90 | 54.47 |
| Standard | 12 | 930 821 | 78 955 | 1 638 765 | 410 495 | 1 534 540 | 370 257 | 93.64 | 47.40 | 14.93 | 13.80 | 24.13 |
| Sunderland Marine | 12 | 14 073 | 1 385 | 18 242 | 2 184 | 10 027 | -1 949 | 54.97 | 67.39 | 4.33 | 45.29 | -19.44 |
| Truck and General | 8 | 6 990 | 330 | - | 304 | - | 304 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unitrans | 6 | 120 798 | 6 756 | 204 361 | 30 281 | 49 516 | 21 765 | 24.23 | 21.25 | -53.96 | 71.90 | 43.96 |
| Unity | 6 | 65 151 | 8 792 | 237 992 | 83 170 | 118 606 | 60 433 | 49.84 | 40.12 | -21.12 | 30.58 | 50.95 |
| Western National | 10 | 29 266 | 5 256 | 222 289 | 39 154 | 53 235 | 12 745 | 23.95 | 57.25 | -5.52 | 24.16 | 23.94 |
| Workers Life | 2 | 10 769 | 376 | 6 915 | -488 | 6 915 | -488 | 100.00 | 48.47 | 20.95 | 37.63 | -7.06 |
| Zurich | 12 | 1 601 191 | 213 454 | 3 403 040 | -351 057 | 2 755 512 | -424 294 | 80.97 | 80.95 | 14.91 | 19.51 | -15.40 |
| Zurich Risk Financing | 12 | 125 292 | 4 292 | 113 981 | 99 645 | 53 555 | 43 219 | 46.99 | 11.16 | 18.63 | 2.63 | 80.70 |
| Total | | 46 603 232 | 5 498 924 | 86 999 506 | 10 285 379 | 62 444 853 | 5 920 247 | | | | | |

**Source: Financial Services Board 2012 Annual Report - Fifteenth Annual Report by the Registrar of Short-term Insurance 2012**

| | | R'000 | | | | | | Percentages | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Underwriting | | | | Net Underwriting | | | | |
| | | | | Gross | | Net | | | | | | |
| Short Name | Year end (mth) | Assets less liabilities(a) | Investment income(b) | Premiums written | Underwriting profit/(loss) | Premiums written | Underwriting profit/(loss) | Retention(c) | Claims incurred(d) | Commission(e) | Expenses(e) | Profit/ (loss) |
| Primary | | | | | | | | | | | | |
| Hannover Re | 12 | 657 481 | 134 762 | 2 241 618 | 179 261 | 983 193 | 84 661 | 43.86 | 51.81 | 35.83 | 7.08 | 8.61 |
| Munich Re | 12 | 1 363 512 | 90 793 | 2 785 680 | 229 362 | 723 975 | -4 046 | 25.99 | 66.90 | 25.10 | 6.85 | -0.56 |
| Saxum Re | 12 | 3 245 | -114 | -22 | 11 418 | -22 | 4 183 | 0.00 | 0.00 | 0.00 | -11195.45 | -19013.64 |
| Scor Africa | 12 | 369 650 | 21 196 | 690 571 | 287 104 | 243 208 | 192 815 | 35.22 | -20.47 | 29.61 | 6.30 | 79.28 |
| Total | | 3 152 691 | 379 210 | 7 495 462 | 737 940 | 2 441 058 | 262 091 | | | | | |
| Grand Total | | 49 755 923 | 5 878 134 | 94 494 968 | 11 023 319 | 64 885 911 | 6 182 338 | | | | | |

(a) Figures exclude the additional asset requirement.

(b) Figures excluded unrealised profits or losses on realisation of investments.

(c) Retention represents the percentage of gross premiums written, retained as net premiums.

(d) Claims incurred is shown as a percentage of net premiums earned.

(e) These items are shown as a percentage of net premiums written.

(f) The figures for First Central are not included due to the process of curatorship. In addition, the figures for Orange are not include due to liquidation.

(g) The figures for Emeritus Reinsurance (previously South Union) are not included due to the process of curatorship.

## Long-term insurance: Review of overall business

| Short name | Gross premiums | Net premiums | Net benefits | Acquisition costs | Operating expenses | Investment income | Other income | Other expenditure | Dividends paid |
|---|---|---|---|---|---|---|---|---|---|
| **Primary insurers** | | | | | | | | | |
| 1 Life Direct | 321 274 | 223 418 | 36 844 | - | 195 252 | 8 124 | 240 876 | - | - |
| Absa Life | 4 405 430 | 4 229 967 | 4 336 265 | 431 503 | 271 192 | 938 271 | 32 473 | 81 557 | 655 400 |
| African Unity | 363 141 | 328 683 | 60 392 | - | 28 024 | 4 946 | 53 | 167 897 | 5 620 |
| AIG Life | 692 484 | 665 787 | 170 107 | 317 591 | 101 889 | 37 947 | - | - | 100 000 |
| Alexander Forbes | 10 280 818 | 109 571 | 42 849 | 10 600 | 415 885 | 3 213 128 | 463 289 | - | - |
| Allan Gray Life | 10 245 789 | 10 245 789 | 10 176 771 | - | - | 6 550 140 | 314 331 | 457 337 | - |
| Assupol | 1 739 532 | 1 638 320 | 918 836 | 279 642 | 321 462 | 220 443 | 62 122 | 16 352 | 56 031 |
| AVBOB | 1 478 621 | 1 477 155 | 478 467 | - | 364 215 | 661 239 | - | 273 134 | - |
| Bidvest Life | 137 818 | 50 820 | 14 317 | - | 20 749 | 32 040 | 7 224 | - | 5 246 |
| Cadiz Life | 1 249 726 | 1 249 726 | 393 987 | - | 1 815 | 7 986 | 255 708 | 252 374 | 3 000 |
| Capital Alliance | 2 313 379 | 2 152 629 | 2 772 749 | 113 726 | 350 998 | 3 157 669 | 20 125 | 29 697 | 305 000 |
| Centriq Life | 86 906 | 78 515 | 40 588 | 2 727 | 2 534 | 11 931 | 4 204 | - | 3 521 |
| Channel Life | 1 623 736 | 1 281 048 | 994 205 | 79 968 | 133 541 | 287 442 | 12 676 | 181 | - |
| Citadel Life | 589 076 | 589 076 | 296 366 | - | 36 206 | 163 845 | 2 466 | - | - |
| Clientele Life | 1 290 961 | 1 221 835 | 313 070 | 503 282 | 139 299 | 282 342 | 135 091 | 4 201 | 173 329 |
| Community Life | 210 | 210 | 220 | - | 384 | 3 299 | - | 1 | - |
| Constantia Life | 5 135 | 5 135 | 1 686 | 388 | 4 677 | 2 835 | 323 | - | - |
| Constantia Life&Health | 13 450 | 12 955 | 8 522 | 4 526 | 658 | 1 202 | - | 300 | - |
| Coronation Life | 23 679 513 | 23 679 513 | 9 733 369 | - | - | 9 106 | 465 634 | 357 960 | 60 000 |
| Covision Life | 45 869 | 24 979 | - | 855 | 18 958 | 125 | 9 350 | 2 124 | - |
| Discovery Life | 10 228 629 | 9 144 989 | 2 985 990 | 1 676 339 | 1 386 555 | 894 837 | 446 921 | -19 573 | - |
| FedGroup Life | 160 524 | 155 458 | 44 317 | 653 | 368 | 729 | 2 144 | 3 749 | - |
| Frank Life | 36 898 | 31 516 | 6 435 | 38 189 | 6 898 | 1 396 | - | - | - |
| Goodall & Company | - | - | - | - | - | 6 | - | 6 | - |
| Gurardrisk Life | 1 703 658 | 1 426 156 | 303 190 | - | 53 107 | 196 035 | 49 679 | 177 594 | 77 797 |
| Hollard Life | 6 735 176 | 6 177 031 | 2 285 715 | - | 1 452 758 | 868 829 | 44 349 | 466 412 | 548 236 |
| Investec | 33 148 080 | 33 148 080 | 31 270 983 | - | 158 087 | 6 677 681 | 6 292 | - | - |
| IEB | 175 005 | 175 005 | 250 248 | 2 542 | 7 744 | 484 151 | - | 372 991 | - |
| Investment Solutions | 23 555 874 | 23 555 874 | 20 288 274 | - | 774 893 | 13 033 451 | 1 056 711 | - | - |

| Short name | Gross premiums | Net premiums | Net benefits | Acquisition costs | Operating expenses | Investment income | Other income | Other expenditure | Dividends paid |
|---|---|---|---|---|---|---|---|---|---|
| **Primary insurers** | | | | | | | | | |
| JDG Micro Life | 564 539 | 564 539 | 72 593 | 20 932 | 151 509 | 12 300 | 506 | - | 250 000 |
| KGA Life | 163 432 | 163 432 | 74 555 | 49 321 | 35 152 | 2 848 | 1 364 | 16 | - |
| Liberty Active | 9 828 380 | 8 152 088 | 4 908 929 | 1 267 666 | 1 038 232 | 3 952 288 | 4 266 | 742 320 | 742 213 |
| Liberty Group | 29 860 060 | 25 607 269 | 26 149 771 | 1 942 392 | 3 793 086 | 33 108 218 | 1 417 655 | 201 444 | 2 055 070 |
| Liberty Growth | 82 354 | 82 348 | 98 700 | 1 752 | 23 712 | 214 993 | 1 577 | 229 | 55 000 |
| Lion Life | 56 949 | 52 457 | 38 299 | 12 467 | 12 714 | 41 307 | 1 741 | 25 686 | - |
| Lombard Life | 89 970 | 63 862 | 19 696 | 54 215 | 54 171 | 1 268 | 15 560 | - | - |
| Metropolitan Life | 10 328 942 | 9 881 950 | 11 079 764 | 820 825 | 1 706 915 | 6 709 334 | 298 711 | 46 424 | 700 000 |
| Metropolitan Life International | - | - | 38 179 | - | 1 055 | 22 150 | 3 926 | - | - |
| Metropolitan Odyssey | - | - | 210 | - | 911 | 34 532 | - | - | - |
| Momentum Ability | 1 487 649 | 1 422 012 | 410 157 | - | 10 515 | 9 026 | 13 501 | - | 620 604 |
| Momentum Group | 36 090 178 | 33 895 995 | 32 603 903 | 1 745 483 | 2 684 484 | 18 385 214 | 1 939 908 | 749 095 | 1 780 516 |
| MS Life | 236 965 | 224 706 | 38 562 | 11 183 | 40 390 | 2 749 | 3 706 | - | - |
| Nedgroup Life Ass | 3 122 488 | 2 960 541 | 606 016 | 432 863 | 242 771 | 326 929 | 7 210 | -1 | 524 000 |
| Nedgroup Structured Life | 3 413 529 | 3 413 529 | 3 292 880 | 37 932 | 8 355 | 1 114 727 | 8 809 | 29 760 | 1 260 |
| Nest Life | 240 523 | 194 859 | 71 100 | 73 950 | 41 760 | 275 | 713 | 9 | - |
| Netcare Life | - | - | - | - | - | 883 | - | 226 | - |
| Oasis Crescent | 81 301 | 81 301 | 13 998 | - | 1 118 | 796 | 10 561 | 195 | 250 |
| Old Mutual | 55 535 587 | 53 084 854 | 56 026 466 | 2 911 919 | 8 241 877 | 72 051 132 | 3 034 762 | 842 293 | 9 780 484 |
| Old Mutual Risk | 568 951 | 478 828 | 62 306 | 16 997 | 17 013 | 56 865 | 15 516 | -482 018 | - |
| Outsurance Life | 103 734 | 94 209 | 13 089 | - | 98 154 | 3 178 | - | - | - |
| PPS | 2 304 236 | 2 190 500 | 1 377 110 | 145 062 | 621 813 | 2 766 836 | 161 102 | - | - |
| Prescient Life | 1 664 429 | 1 664 429 | 2 364 969 | - | 8 868 | 340 033 | 17 163 | - | - |
| Prudential Portfolio | 2 316 281 | 2 316 281 | 2 232 873 | 141 | 24 937 | 850 943 | 36 701 | 17 518 | - |
| PSG Futurewealth | 1 291 953 | 1 251 761 | 1 772 547 | 20 496 | 73 321 | 658 373 | 98 442 | 139 546 | 9 000 |
| Real People | 306 970 | 273 037 | 33 818 | 109 553 | 28 363 | 5 996 | 2 636 | - | 60 000 |
| Regent Life | 665 011 | 598 069 | 224 489 | 174 132 | 146 489 | 98 604 | 33 959 | 8 | 114 900 |

| Short name | Gross premiums | Net premiums | Net benefits | Acquisition costs | Operating expenses | Investment income | Other income | Other expenditure | Dividends paid |
|---|---|---|---|---|---|---|---|---|---|
| **Primary insurers** | | | | | | | | | |
| Relyant Life | 547 449 | 547 449 | 117 735 | - | 9 609 | 11 569 | - | - | 370 000 |
| RMA Life | 426 296 | 426 296 | 544 302 | - | 51 942 | 861 552 | - | - | - |
| RMB Structured | 23 093 | 19 693 | 37 440 | 12 | 10 115 | 126 176 | 1 531 | - | 10 000 |
| Safrican | 762 900 | 761 837 | 345 122 | 90 093 | 125 697 | 58 039 | 327 | - | 40 374 |
| SAHL Life | 242 716 | 219 056 | 94 031 | - | 72 283 | 5 452 | - | - | 38 500 |
| Sanlam | 35 134 669 | 34 445 799 | 31 880 759 | 2 208 016 | 2 688 984 | 51 577 000 | 2 930 000 | - | 4 500 000 |
| Sanlam Customised | 65 650 | 50 883 | 11 430 | 838 | 7 730 | 6 962 | 4 420 | - | 42 556 |
| Sanlam Developing | 5 380 550 | 5 355 725 | 2 178 626 | 680 081 | 600 510 | 1 519 900 | 39 103 | 23 954 | - |
| SIS Life | 2 708 890 | 2 708 890 | 1 818 490 | - | - | - | 2 035 933 | 2 014 875 | - |
| Smart Life | 38 690 | 4 403 | 2 025 | - | 7 600 | 1 855 | 124 | 629 | - |
| Standard General | 3 400 752 | 2 865 237 | 803 203 | - | 200 095 | 37 967 | - | - | 1 110 000 |
| Stanlib | 2 361 096 | - | - | - | - | 3 107 955 | 285 553 | 196 963 | 63 315 |
| Superflex | 357 953 | 357 953 | 821 449 | - | 13 294 | 563 353 | 55 416 | - | - |
| Sygnia Life | 4 741 175 | 4 741 175 | 3 785 354 | 4 725 | - | 2 678 598 | 17 143 | 193 005 | - |
| Union Life | 212 629 | 212 629 | 104 837 | - | 93 316 | 43 212 | 1 791 | 798 | 10 400 |
| Workers Life | 106 376 | 106 299 | 72 456 | - | 13 947 | 3 097 | 1 522 | - | - |
| Zurich Life | 1 080 | 1 039 | -2 882 | 5 | 1 144 | 471 | 20 | 4 | 9 900 |
| Total | 353 223 090 | 324 616 458 | 274 464 119 | 16 295 580 | 29 252 097 | 239 126 131 | 16 134 919 | 7 387 270 | 24 881 523 |
| Reinsurers | | | | | | | | | |
| Gen Re | 1 805 182 | 1 790 161 | 1 449 249 | 20 688 | 54 585 | 190 165 | - | - | 92 000 |
| Hannover Life Re | 1 862 157 | 1 502 313 | 938 115 | 122 562 | 89 442 | 140 907 | -1 417 | 161 499 | - |
| Munich Re | 1 729 621 | 1 712 845 | 1 199 960 | 154 010 | 86 461 | 161 425 | - | 43 474 | 46 000 |
| RGA | 1 014 850 | 370 685 | 272 889 | 13 627 | 84 255 | 79 314 | 49 625 | 49 024 | - |
| SaXum Re | 16 163 | 10 549 | 9 986 | 947 | 5 517 | 1 678 | 624 | 455 | - |
| SCOR Africa | 76 838 | 71 197 | 56 113 | 13 816 | 11 624 | 2 663 | - | 195 | - |
| Swiss re Life | 1 396 185 | 1 350 017 | 1 063 233 | 139 187 | 119 029 | 255 823 | 309 | 1 852 | 225 000 |
| Total | 7 900 997 | 6 807 767 | 4 989 545 | 464 837 | 450 913 | 831 976 | 49 141 | 256 499 | 363 000 |
| **Grand Total** | **361 124 086** | **331 424 225** | **279 453 664** | **16 760 417** | **29 703 010** | **239 958 107** | **16 184 060** | **7 643 769** | **25 244 523** |

**Source: Financial Services Board 2012 Annual Report - Fifteenth Annual Report by the Registrar of Long-term Insurance 2012**

(a) The figures for New Era Life are not included due to the process of curatorship.

(b) The figures for Resolution Life are not included due to the process of curatorship.

## Africa insurance premium market shares

| Country | Life Premiums | Non-Life Premiums | Total Premiums | | | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| South Africa | 89.5% | 89.2% | 47.0% | 42.5% | 76.1% | 74.7% |
| Morocco | 2.1% | 2.0% | 8.8% | 9.6% | 4.2% | 4.4% |
| Nigeria | 0.8% | 0.9% | 5.5% | 6.3% | 2.3% | 2.6% |
| Egypt | 1.6% | 1.6% | 4.5% | 4.7% | 2.5% | 2.6% |
| Kenya | 0.9% | 1.0% | 3.7% | 4.4% | 1.8% | 2.1% |
| Algeria | 0.2% | 0.2% | 5.7% | 6.0% | 1.9% | 2.0% |
| Angola | 0.1% | 0.1% | 4.2% | 4.8% | 1.4% | 1.6% |
| Namibia | 1.4% | 1.3% | 1.3% | 1.2% | 1.4% | 1.3% |
| Tunisia | 0.3% | 0.3% | 3.0% | 3.1% | 1.1% | 1.1% |
| Mauritius | 0.9% | 1.0% | 0.9% | 0.9% | 0.9% | 0.9% |
| Other Africa | 2.2% | 2.3% | 15.2% | 16.4% | 6.3% | 6.7% |
| Total Africa | 1.9% | 1.9% | 1.1% | 1.1% | 1.6% | 1.6% |
| Asia | 36.5% | 34.4% | 18.9% | 18.7% | 29.0% | 27.6% |
| Europe | 33.5% | 36.3% | 33.5% | 33.7% | 33.5% | 35.2% |
| Latin America | 2.8% | 3.1% | 4.9% | 5.1% | 3.7% | 4.0% |
| North America | 23.6% | 22.4% | 39.4% | 39.3% | 30.4% | 29.8% |
| Oceania | 1.7% | 1.8% | 2.1% | 2.1% | 1.9% | 1.9% |
| Total World | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

**Source: Swiss Re Sigma Report**

## Africa insurance premium volumes

| Country | Life Premiums ($m) | | Non-Life Premiums ($m) | | Total Premiums ($m) | |
|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| South Africa | 43 760 | 44 556 | 10 606 | 9 565 | 54 365 | 54 121 |
| Morocco | 1 024 | 1 023 | 1 992 | 2 157 | 3 017 | 3 180 |
| Nigeria | 403 | 457 | 1 239 | 1 406 | 1 642 | 1 863 |
| Egypt | 773 | 800 | 1 016 | 1 051 | 1 789 | 1 851 |
| Kenya | 439 | 520 | 845 | 1 000 | 1 284 | 1 520 |
| Algeria | 94 | 98 | 1 285 | 1 342 | 1 379 | 1 440 |
| Angola | 50 | 57 | 948 | 1 079 | 998 | 1 136 |
| Namibia | 708 | 664 | 298 | 279 | 1 005 | 944 |
| Tunisia | 128 | 131 | 683 | 699 | 811 | 830 |
| Mauritius | 463 | 476 | 206 | 212 | 668 | 688 |
| Other Africa | 1 078 | 1 157 | 3 436 | 3 696 | 4 514 | 4 853 |
| Total Africa | 48 919 | 49 939 | 22 553 | 22 485 | 71 472 | 72 425 |
| Asia | 961 056 | 898 413 | 372 242 | 380 366 | 1 333 298 | 1 278 780 |
| Europe | 881 005 | 946 727 | 659 679 | 684 972 | 1 540 684 | 1 631 699 |
| Latin America | 72 567 | 80 363 | 96 690 | 103 437 | 169 257 | 183 800 |
| North America | 621 266 | 585 193 | 776 094 | 799 407 | 1 397 360 | 1 384 599 |
| Oceania | 45 461 | 47 455 | 41 418 | 42 182 | 86 879 | 89 638 |
| Total World | 2 630 274 | 2 608 091 | 1 968 677 | 2 032 850 | 4 598 951 | 4 640 941 |

**Source: Swiss Re Sigma Report**

## Africa macro-economic data

| Country | GDP | Real GDP % | | Population | Inflation rate | | Exchange rate |
|---|---|---|---|---|---|---|---|
| | 2013 ($bn) | 2014 ('m) | | 2013 ('m) | 2012 (%) | 2013 (%) | 2013 (Change in %) |
| Nigeria (rebased) | 509 | 5,4 | 7,0 | 171.2 | 12.2 | 8.5 | 1.93 |
| South Africa | 351 | 1,9 | 1,4 | 52.8 | 5.7 | 5.8 | 17.57 |
| Morocco | 105 | 4,4 | 3,5 | 32.9 | 1.2 | 1.9 | -2.55 |
| Egypt | 272 | 2,1 | 2,2 | 82.1 | 8.7 | 6.9 | 7.54 |
| Kenya (rebased) | 53 | 4,6 | 5,3 | 44.0 | 9.4 | 5.7 | 1.88 |
| Algeria | 177 | 2,8 | 3,8 | 37.0 | 8.9 | 4.4 | 2.58 |
| Angola | 138 | 6,8 | 3,9 | 20.7 | 10.3 | 8.8 | 0.98 |
| Namibia | 12 | 4,3 | 4,3 | 2.3 | 6.5 | 5.7 | 17.47 |
| Tunisia | 46 | 2,3 | 2,8 | 10.8 | 5.5 | 6.1 | 4.03 |
| Mauritius | 12 | 3,2 | 3,3 | 1.2 | 3.9 | 3.5 | 3.99 |
| Total Africa | 2,066 | 1091.2 | | | | | |

**Source: Swiss Re Sigma Report**

## Africa premium density and penetration rates

| | 2013 Premium Density (per capita) | | | 2013 Premium Penetration rate (%) | | |
|---|---|---|---|---|---|---|
| Country | Total | Life | Non-Life | Total | Life | Non-Life |
| South Africa | 1 025 | 844 | 181 | 15.4 | 12.7 | 2.7 |
| Morocco | 97 | 31 | 66 | 3.0 | 1.0 | 2.1 |
| Nigeria | 11 | 3 | 8 | 0.6 | 0.2 | 0.5 |
| Egypt | 23 | 10 | 13 | 0.7 | 0.3 | 0.4 |
| Kenya | 35 | 12 | 23 | 3.4 | 1.2 | 2.3 |
| Algeria | 39 | 3 | 36 | 0.8 | 0.1 | 0.8 |
| Angola | 55 | 3 | 52 | 0.8 | 0.0 | 0.8 |
| Namibia | 409 | 288 | 121 | 7.7 | 5.4 | 2.3 |
| Tunisia | 77 | 12 | 65 | 1.8 | 0.3 | 1.5 |
| Mauritius | 552 | 382 | 170 | 5.8 | 4.0 | 1.8 |
| Total Africa | 66 | 46 | 21 | 3.5 | 2.4 | 1.1 |

**Source: Swiss Re Sigma Report**

# 26. About PwC

At PwC we apply our industry knowledge and professional expertise to identify, report, protect, realise and create value for our clients and their stakeholders. The strength of this value proposition is based on the breadth and depth of the firm's client relationships. Networks are built around clients to provide them with our collective knowledge and resources. Our international network, experience, industry knowledge and business understanding are used to build trust and create value for clients. We are committed to making PwC distinctive through consistent behaviours that enable the success of our clients and people. We call this the PwC Experience and it shapes the way in which we interact with clients, with one another and with the communities in which we operate. This, along with our core values of Teamwork, Leadership and Excellence – and our strong Code of Conduct – guides us in all that we do.

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