



INSURANCE INDUSTRY REPORT 2020

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Definition of Ratios

Insurance Penetration	$= (\text{Insurance Premium} / \text{Gross Domestic Product}) * 100$
Insurance Density	$= \text{Insurance Premium} / \text{Total Population}$
Retention Ratio	$= (\text{Net Earned Premium} / \text{Gross Written Premium}) * 100$
Claims Ratio	$= (\text{Net Claims Incurred} / \text{Net Earned Premium}) * 100$
Expenses Ratio	$= (\text{Expenses} / \text{Net Earned Premium}) * 100$
Combined Ratio	$= (\text{Net Claims Incurred} + \text{Expenses}) / \text{Net Earned Premium} * 100$

1. Introduction

The insurance industry report aims at evaluating the Seychelles insurance industry's financial performance. The Financial Services Authority (FSA), in its mandate as regulator of the insurance industry, is authorized, pursuant to the Insurance Act, 2008, to maintain fair, safe, stable and efficient insurance markets for the benefit and protection of the public, promote confidence in the insurance industry and ensure fair treatment of policyholders.

The key players of the insurance industry are insurance companies, brokers, agents and sub-agents.

The industry report provides market information and statistical overview of the insurance industry in Seychelles as at the end of the year 2020. The insurance information contained in this report has been extracted from the audited financial statement and the quarterly unaudited returns submitted to the Authority.

2. Industry Highlights

Table 1: Number of Licensees

TYPE OF LICENSEES	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Non Domestic Companies	6	7	8	8
Domestic Companies	6	6	6	5
Non Domestic Brokers	0	1	1	1
Domestic Brokers	20	16	17	14
Insurance Manager	0	0	0	1
Principal Insurance Representative	1	1	2	2
Agents	3	3	3	3
Sub Agents	47	47	40	36
Domestic Reinsurer	1	0	0	0

3. Insurance Penetration and Insurance Density

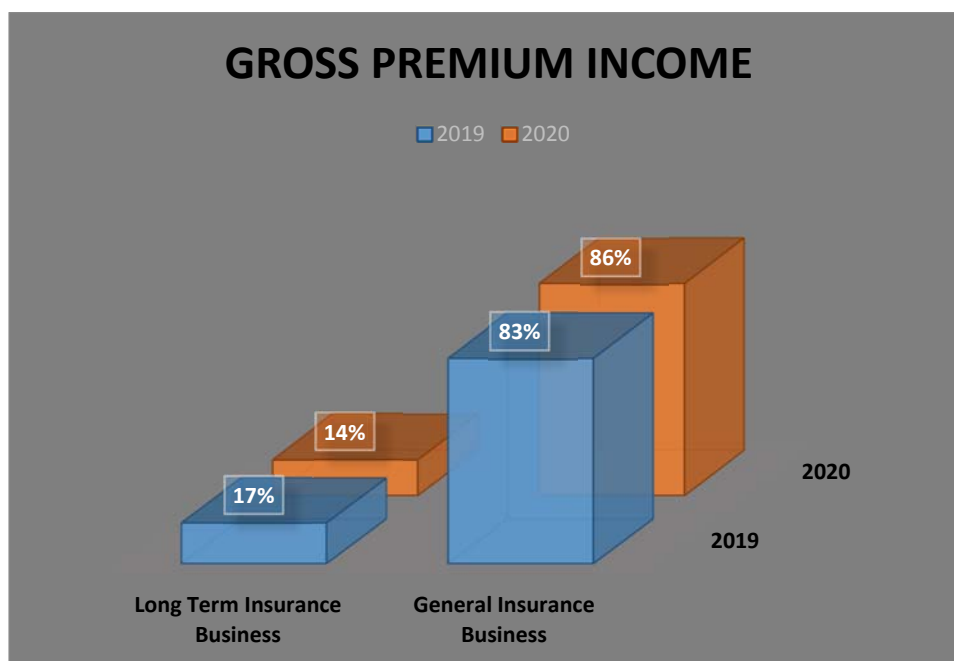
Insurance Penetration measures the contribution of insurance premium to the gross domestic product (GDP) of a country in percentage terms and insurance density is the ratio of insurance premium to the total population.

Table 2: Insurance Penetration and Insurance Density for the year 2020 to 2016

	2020	2019	2018	2017	2016
GENERAL					
Insurance Penetration	2.31%	1.81%	1.75%	1.74%	1.77%
Insurance Density	4,598.56	4,315.79	3,971.20	3,707.65	3,576.28
LIFE					
Insurance Penetration	0.39%	0.36%	0.35%	0.34%	0.37%
Insurance Density	774.99	866.35	797.74	714.83	749.88
TOTAL					
Insurance Penetration	2.70%	2.17%	2.10%	2.08%	2.14%
Insurance Density	5,373.55	5,182.14	4,768.94	4,422.48	4,326.16

4. Composition of Total Industry Premium

Figure 1: Total Industry Premium Composition



5. Long Term Insurance Business

The following is the analysis of the long term insurance business performance at the end of the year 2020

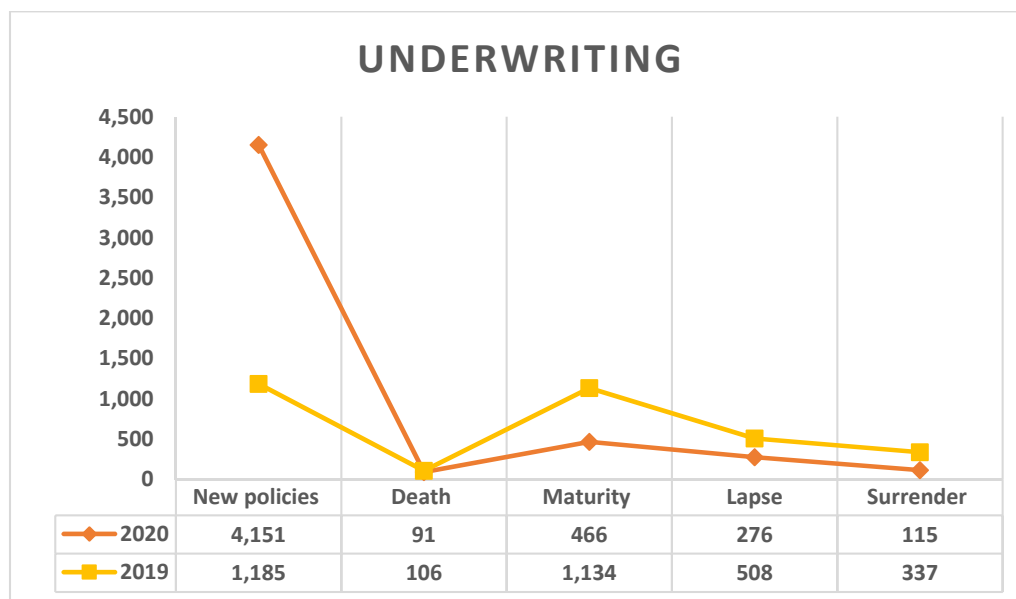
5.1 Key Financial Performance Indicators

Table 3: Key Performance and Financial Performance Indicators for Long Term Insurance Business

Key Financial Performance Indicators for Long Term Insurance Business				
Performance Indicators	2020	2019	2018	2017
	SCR	SCR	SCR	SCR
Gross Written Premium	76,695,097.00	84,949,605.00	77,539,443.00	68,857,550.00
Net Earned Premium	71,649,950.00	76,429,848.00	66,411,975.00	63,618,852.00
Net Claims Incurred	57,788,454.00	65,947,440.00	51,950,357.00	45,756,661.00
Expenses	30,278,318.00	35,939,812.00	29,066,242.00	29,886,138.00
Financial Position Indicators				
Total Assets	615,294,728.00	587,286,992.00	566,376,698.00	542,950,151.00
Total Liabilities	29,214,709.00	24,474,812.00	29,111,605.00	19,719,404.00
Life Fund	552,082,600.00	512,557,033.00	499,329,060.00	487,276,055.00
Selected Key Ratios				
Retention Ratio	93%	90%	86%	92%
Claims Ratio	81%	86%	78%	72%
Expense Ratio	42%	47%	44%	47%
Combined Ratio	123%	133%	122%	119%

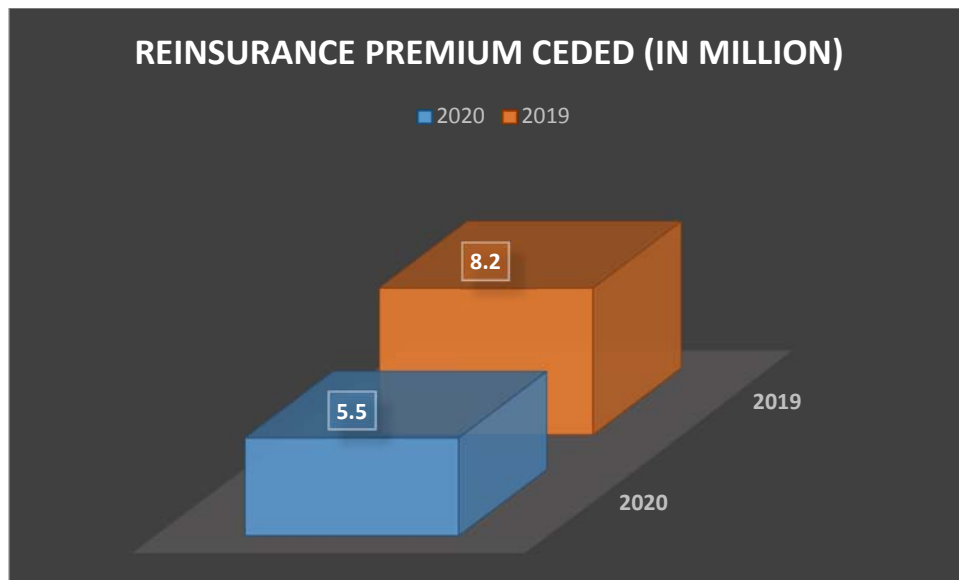
5.2 Underwriting Activity

Figure 2: Long Term Underwriting Activity 2020 and 2019



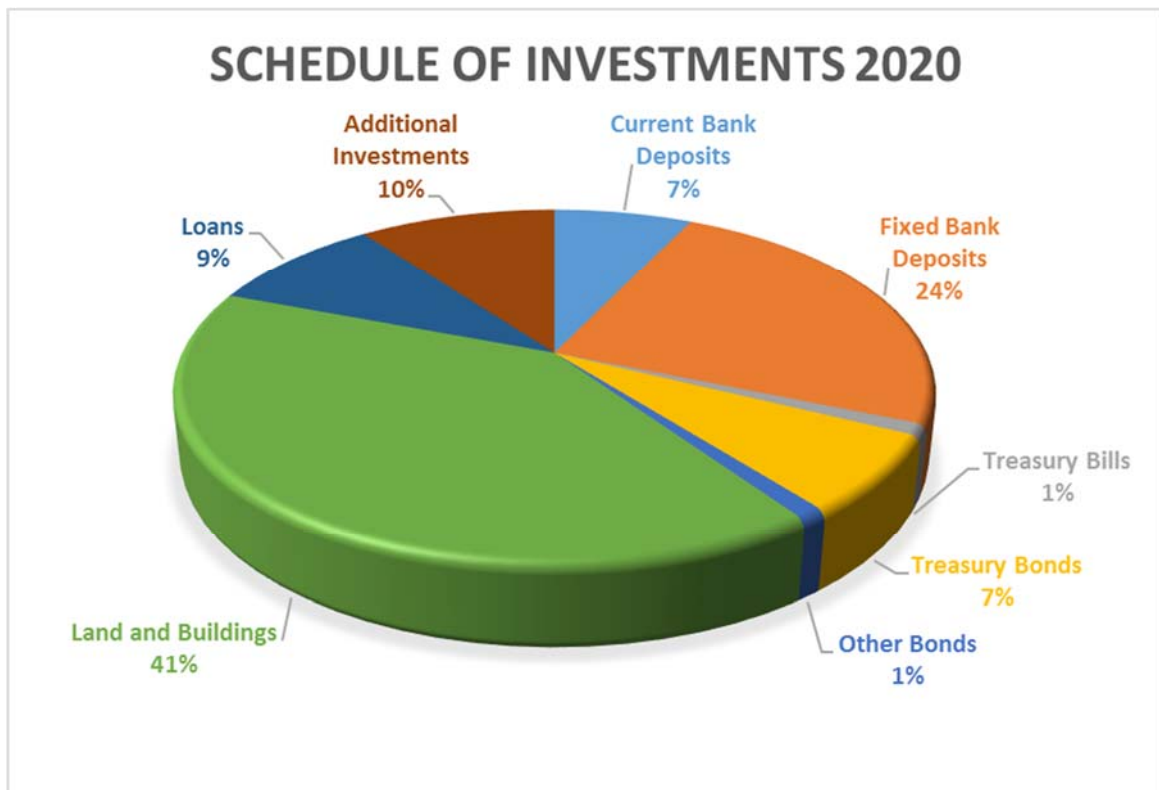
5.3 Reinsurance

Figure 3: Long Term Reinsurance Premium Ceded in SCR



5.4 Schedule of Investments

Figure 4: Long Term Insurance Schedule of Investments



6. General Insurance Business

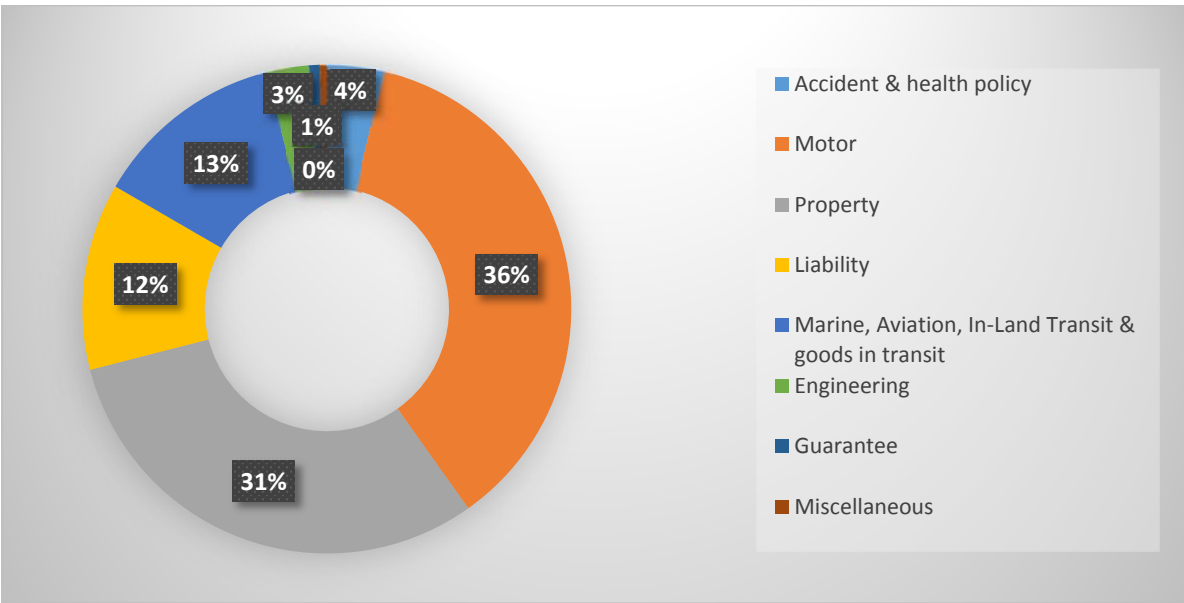
6.1 Underwriting Activity

Figure 5: New Policies 2020 and 2019



6.2 Gross Written Premium

Figure 6: Gross Written Premium 2020 % per class



6.3 Key Financial Performance Indicators

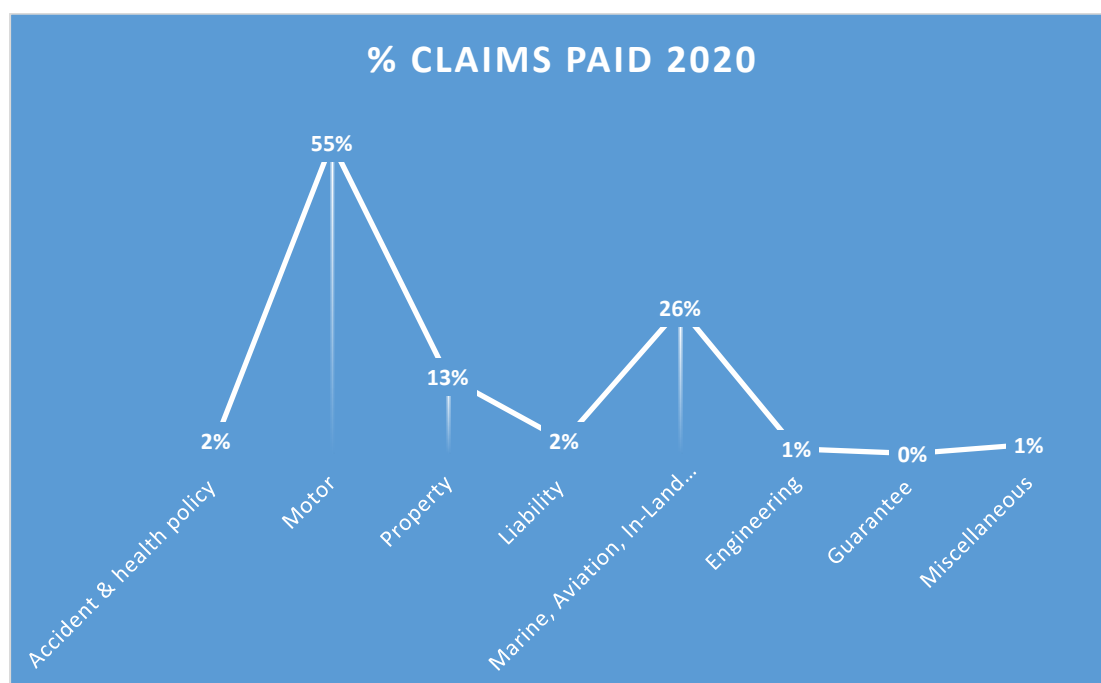
The following is the analysis of the general insurance business performance at the end of the year 2020.

Table 4: Key Performance and Financial Performance Indicators for General Insurance Business

Key Financial Performance Indicators for General Insurance Business				
Performance Indicators	2020	2019	2018	2017
	SCR	SCR	SCR	SCR
Gross Written Premium	455,087,483.00	423,184,693.00	385,996,525.00	357,146,503.00
Net Earned Premium	243,353,821.00	223,402,291.00	226,180,412.00	212,800,117.00
Net Claims Incurred	114,046,539.00	94,519,087.00	105,403,546.00	97,167,362.00
Expenses	113,950,447.00	104,321,233.00	99,357,368.00	85,920,745.00
Financial Position Indicators				
Total Assets	763,955,880.00	647,317,990.00	510,329,899.00	427,220,059.00
Total Liabilities	294,901,987.00	277,382,893.00	172,347,198.00	161,349,198.00
Capital and Reserves	324,499,720.00	235,968,237.00	134,087,838.00	114,304,877.00
Selected Key Ratios				
Retention Ratio	53%	53%	59%	60%
Claims Ratio	47%	42%	47%	46%
Expense Ratio	47%	47%	44%	40%
Combined Ratio	94%	89%	91%	86%

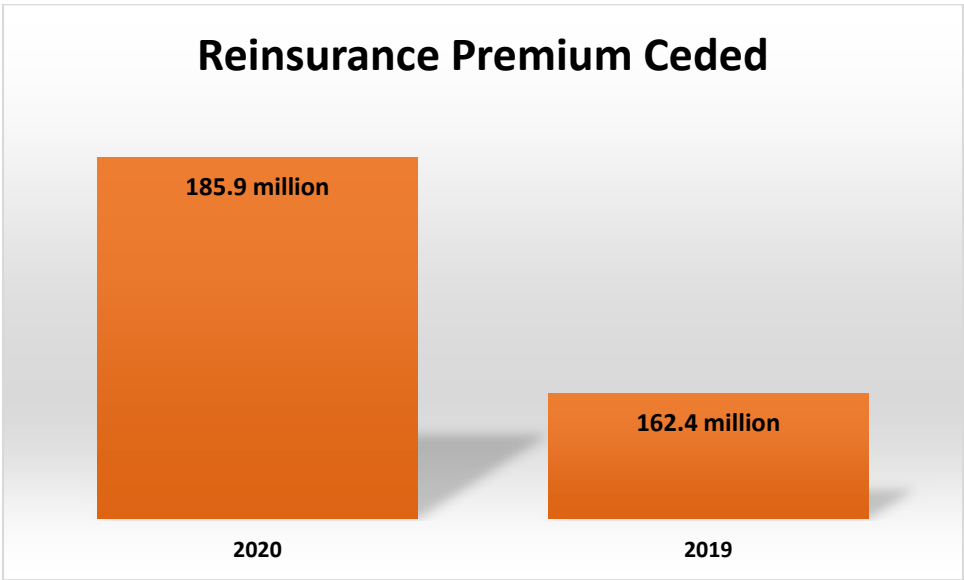
6.4 Claims

Figure 7: Percentage Claims Paid 2020



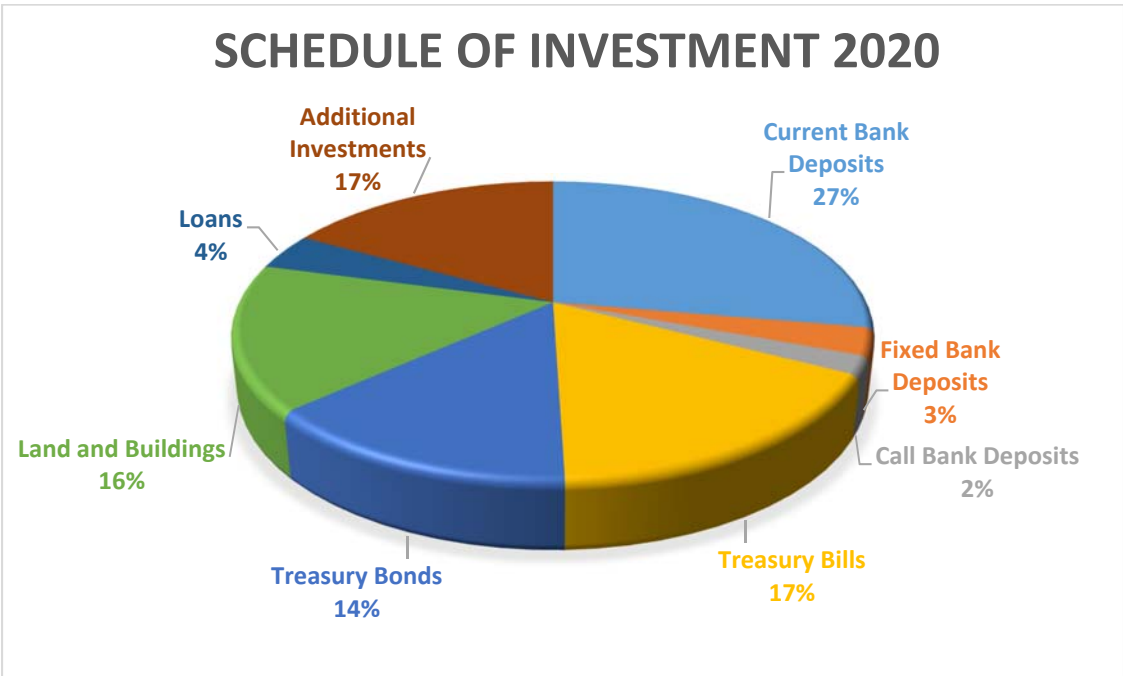
6.5 Reinsurance

Figure 8: Reinsurance Premium Ceded in SCR



6.6 Schedule of Investments

Figure 9: General Insurance Schedule of Investments



7.0 Conclusion

For the year 2020 in terms of licencees, the number of insurance companies remained constant with the exception of only 4 new domestic brokers and 1 domestic reinsurer which were licensed.

Long Term Insurance Business

The performance indicators which includes premiums, claims and expenses levels has decreased for the year 2020 despite the apparent increases in new policies for long term insurance business . On the other hand, the financial position indicators i.e assets, liabilities and life fund increased considerably by more than 4%. The largest proportion of the investments of life insurance companies relates to land and building which is 41% of the total investments and this is a relatively high percentage compared to the investments of general insurance companies which is mainly invested in bank deposits and government securities.

Approximately 14% of the total premiums for the year 2020 was recorded for life insurance business. From the statistics submitted by the two licensed life insurance companies it can be seen that a very low percentage of our population which was 98,963 as at December 2020 hold a life insurance policy. This shows that there is a need for more financial education awareness amongst our population to properly understand the benefit of having a life insurance cover especially with the current mounting impacts of the Covid 19 pandemic.

General Insurance Business

Over the years, gross written premium and total assets for general insurance business has been increasing steadily. Motor insurance being the only compulsory insurance in Seychelles has consistently recorded the highest premiums, increases in new policies and the highest number of claims compared to the other classes of general insurance business.

For the year 2020, all of the financial performance indicators shows positive improvement in that sector. The insurance penetration indicator has increased from 1.81% in 2019 to 2.31% in 2020 and the same apply for Insurance Density which increased by 7%.

Despite the covid 19 situation in 2020, the industry has remain more or less resilient. However, there is huge development potential for life, health, travel insurance policies.