



INSURANCE INDUSTRY REPORT 2019

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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 2019. 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Non Domestic Companies	7	8	8	7
Domestic Companies	6	6	5	5
Non Domestic Brokers	1	1	1	1
Domestic Brokers	16	17	14	14
Insurance Manager	0	0	1	1
Principal Insurance Representative	1	2	2	3
Agents	3	3	3	2
Sub Agents	47	40	36	34

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.

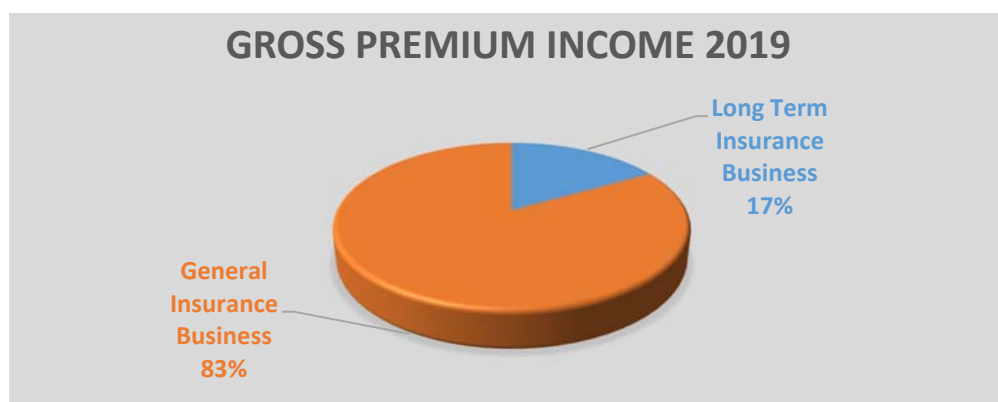
Table 2: Insurance Penetration and Insurance Density for the year 2019 to 2016

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

Insurance penetration has more or less remained constant at 2% and insurance density has increased by 9% for the year 2019. With only two life insurance companies in the Seychelles market, the insurance penetration is relatively low at less than 1% compared to general insurance which resulted in a slight increase.

4. Composition of Total Industry Premium

Figure 1: Total Industry Premiums Composition



The percentage of gross premium income for life and general remained the same for both years 2019 and 2018.

5. Long Term Insurance Business

The following is the analysis of the long term insurance business performance at the end of the year 2019

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	2019	2018	2017	2016
	SCR	SCR	SCR	SCR
Gross Written Premium	84,949,605.00	77,539,443.00	68,857,550.00	70,642,280.00
Net Earned Premium	76,429,848.00	66,411,975.00	63,618,852.00	67,945,782.00
Net Claims Incurred	65,947,440.00	51,950,357.00	45,756,661.00	41,330,596.00
Expenses	35,939,812.00	29,066,242.00	29,886,138.00	35,097,271.00
Financial Position Indicators				
Total Assets	587,286,992.00	566,376,698.00	542,950,151.00	476,847,036.00
Total Liabilities	24,474,812.00	29,111,605.00	19,719,404.00	17,172,168.00
Life Fund	512,557,033.00	499,329,060.00	487,276,055.00	468,433,821.00
Selected Key Ratios				
Retention Ratio	90%	86%	92%	96%
Claims Ratio	86%	78%	72%	61%
Expense Ratio	47%	44%	47%	52%
Combined Ratio	133%	122%	119%	112%

From the table above, all the performance indicators have increased from 2018 to 2019 except for total liabilities which has decreased by 15.9%. The premium reported by long term insurers increased by 9.6% and the long term insurers asset base grew by 3.7%.

Seychelles with a population of 98,055 at the end of December 2019, and from the quarterly statistics submitted by the 2 licensed long term insurance companies it can be seen that a low percentage of our population holds a life insurance policy. The main reason why people tend not to invest in a life insurance is usually affordability, lack of understanding of life insurance, lack of understanding of the benefits and lack of disposable income.

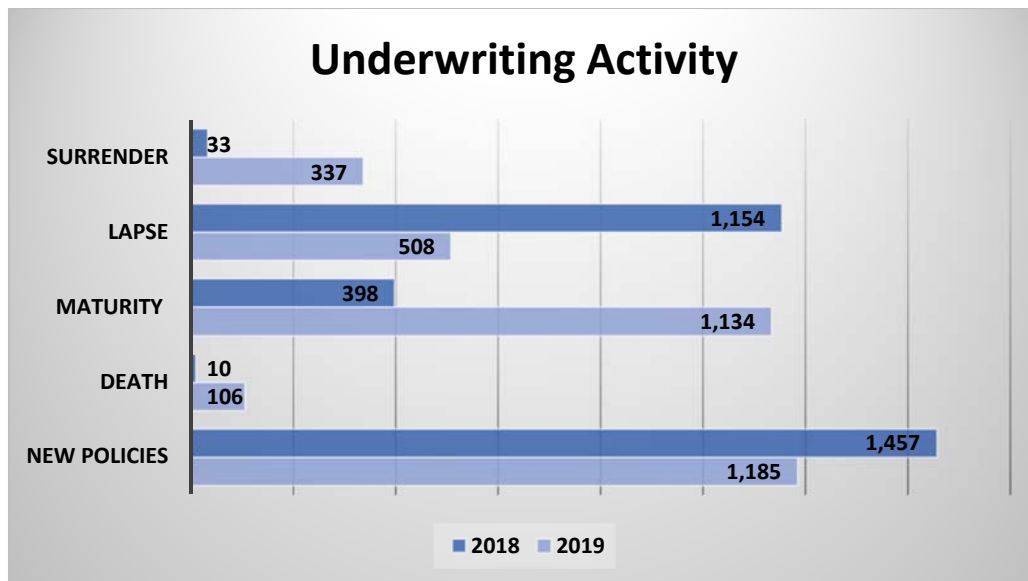
Life insurance can meet the following needs:

- (i) Protection against death and serious illness to –
 - (a) Cover debts such as mortgages or loans
 - (b) Pay for funeral expenses
 - (c) Provide support for their remaining family (the named beneficiary)

- (ii) To save or invest for the future through obtaining the survival benefits by receiving a percentage of the sum assured after a specific term under the policy
- (iii) An income in retirement – maturity benefits on survival of life assured at the end of the term the insured receives the full sum assured plus accrued bonuses

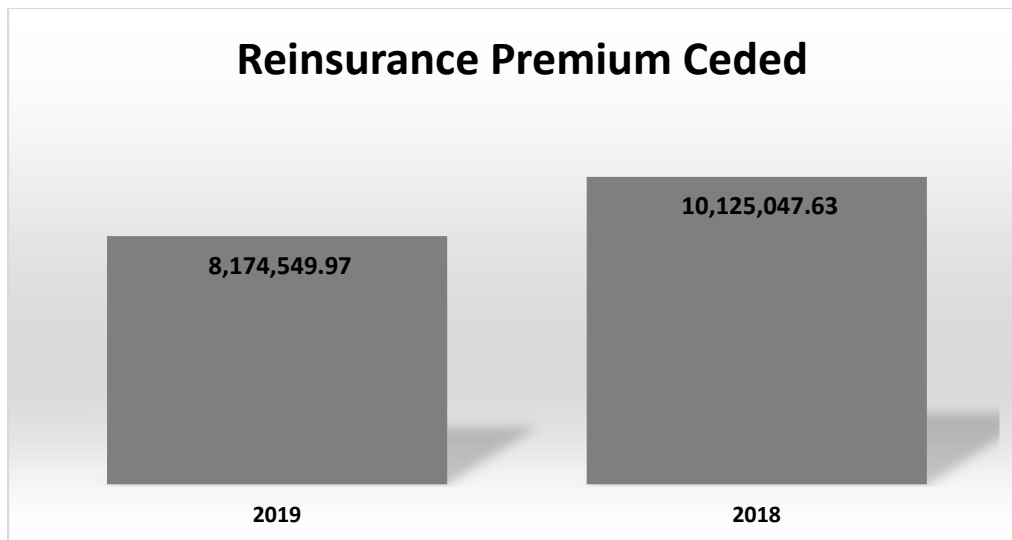
5.2 Underwriting Activity

Figure 2: Long Term Underwriting Activity 2019 and 2018



5.3 Reinsurance

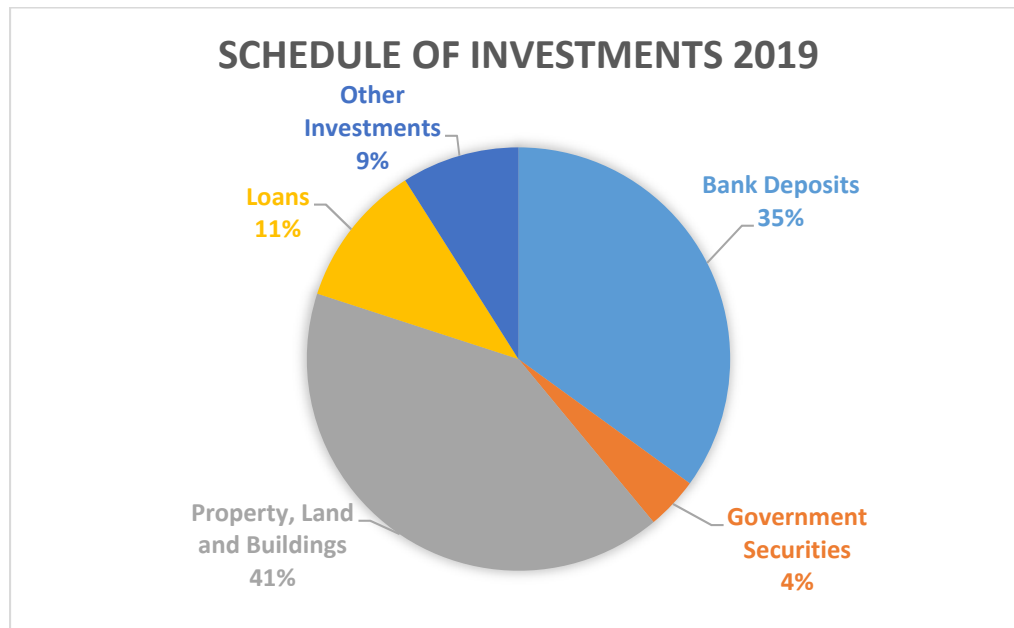
Figure 3: Long Term Reinsurance Premium Ceded in SCR



Reinsurance ceded refers to an insurance company (called the ceding company) which transfers a risk or part of a risk in an insurance contract to another company (the reinsurer). In 2019, the reinsurance premium ceded decreased by 19% due to a reduction in the number of policies ceded.

5.4 Schedule of Investments

Figure 4: Long Term Insurance Schedule of Investments



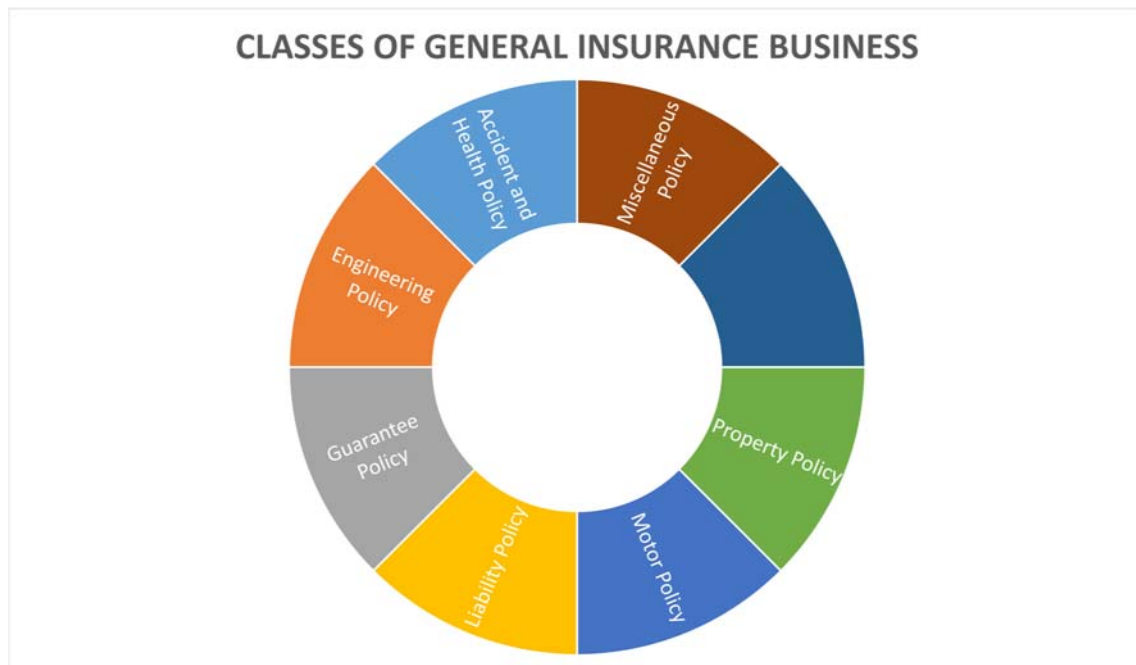
The Investment Portfolio of long term insurance companies consists of:

- (i) Bank Deposits – Current and Fixed
- (ii) Government Securities – Treasury Bills and Treasury Bonds
- (iii) Property, Land and Buildings – which represents the largest share of total investments
- (iv) Loans – Staff Loans and Loans on Life Insurance Policies
- (v) Other Investments – Other Investments which do not fall in the above mentioned categories

Investment in property, land and buildings has remained constant at 41% for both years and it remains the most significant investment medium for the industry. Furthermore, government securities have decreased by 8%, other investments decreased by 1% and loans decreased by 2% whilst bank deposits increased by 11%.

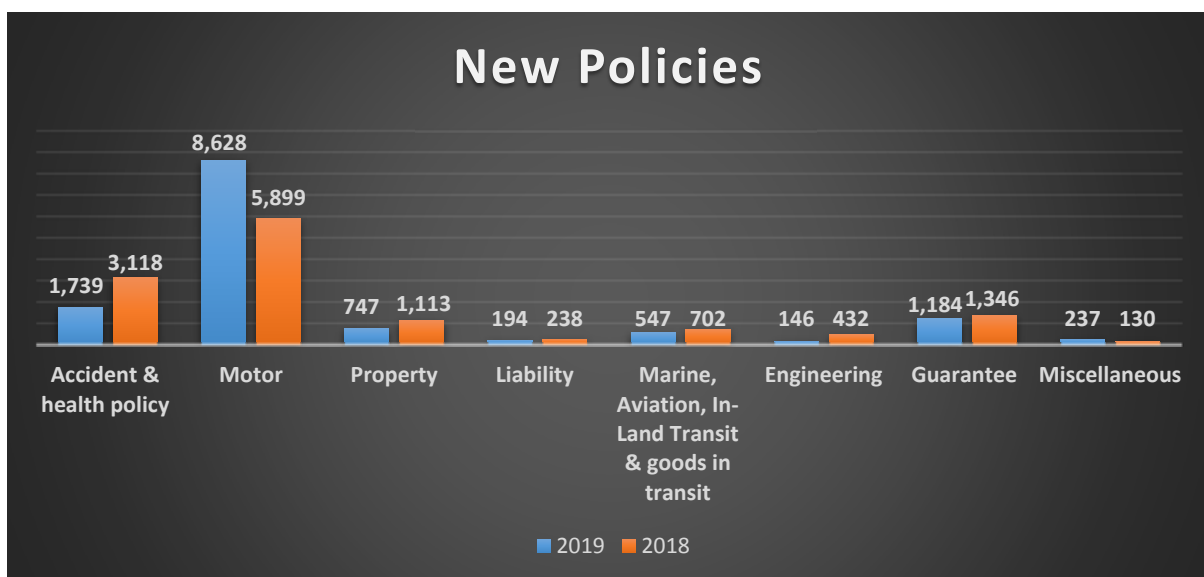
6. General Insurance Business

Figure 5: Classes of General Insurance Business



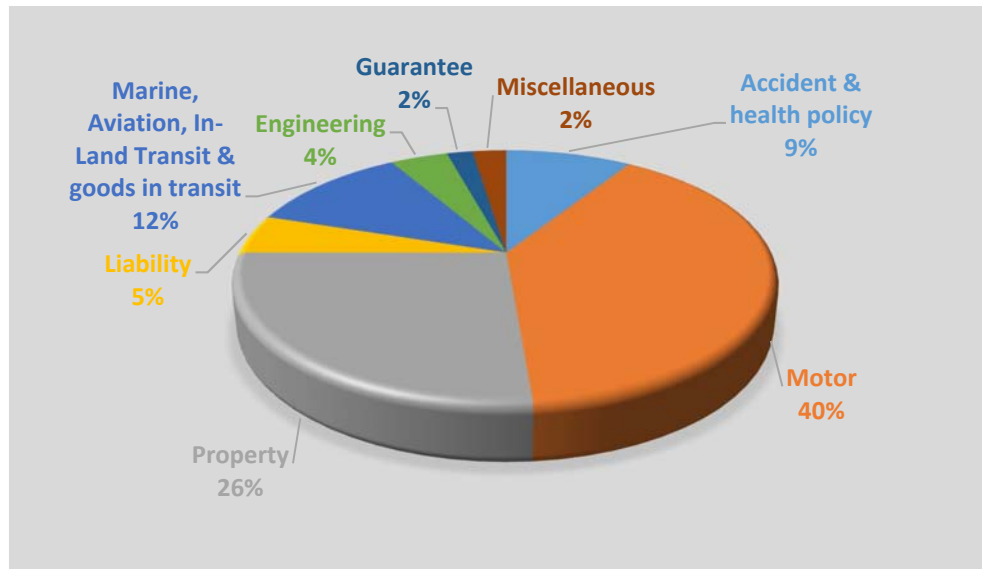
6.1 Underwriting Activity

Figure 6: New Policies 2019 and 2018



6.2 Gross Written Premium

Figure 7: Gross Written Premium 2019 % per class



6.3 Key Financial Performance Indicators

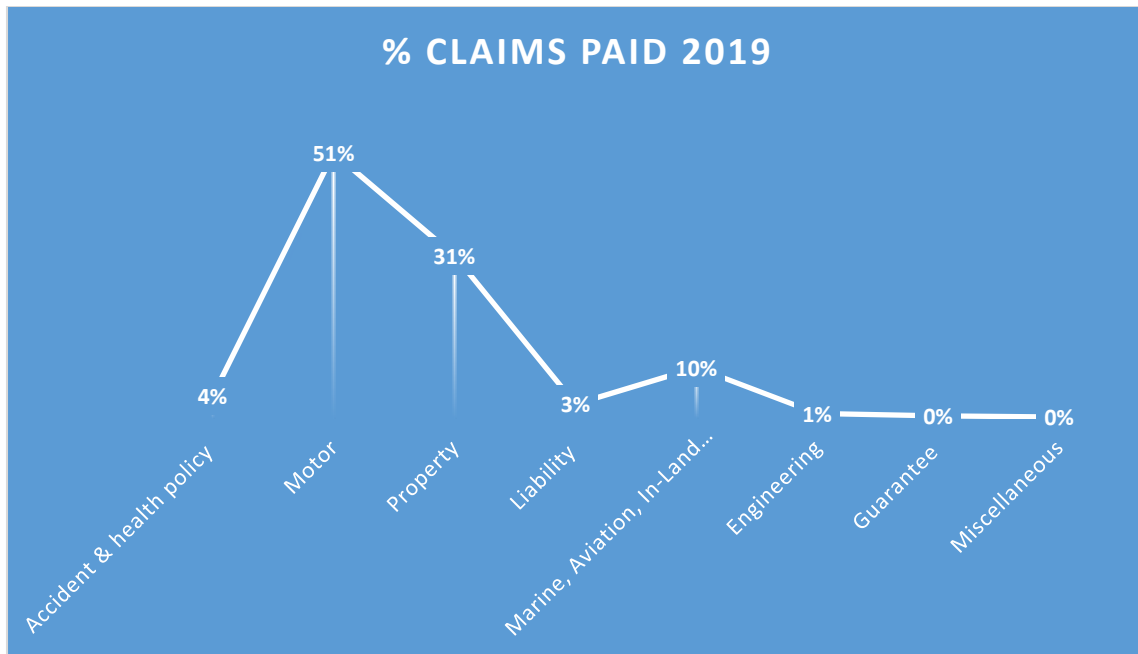
The following is the analysis of the general insurance business performance at the end of the year 2019.

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

Key Financial Performance Indicators for General Insurance Business				
Performance Indicators	2019	2018	2017	2016
	SCR	SCR	SCR	SCR
Gross Written Premium	423,184,693.00	385,996,525.00	357,146,503.00	336,903,832.00
Net Earned Premium	223,402,291.00	226,180,412.00	212,800,117.00	192,703,599.00
Net Claims Incurred	94,519,087.00	105,403,546.00	97,167,362.00	101,917,700.00
Expenses	104,321,233.00	99,357,368.00	85,920,745.00	81,571,614.00
Financial Position Indicators				
Total Assets	647,317,990.00	510,329,899.00	427,220,059.00	406,660,477.00
Total Liabilities	277,382,893.00	172,347,198.00	161,349,198.00	143,572,793.00
Capital and Reserves	235,968,237.00	134,087,838.00	114,304,877.00	107,853,418.00
Selected Key Ratios				
Retention Ratio	53%	59%	60%	57%
Claims Ratio	42%	47%	46%	53%
Expense Ratio	47%	44%	40%	42%
Combined Ratio	89%	91%	86%	95%

6.4 Claims

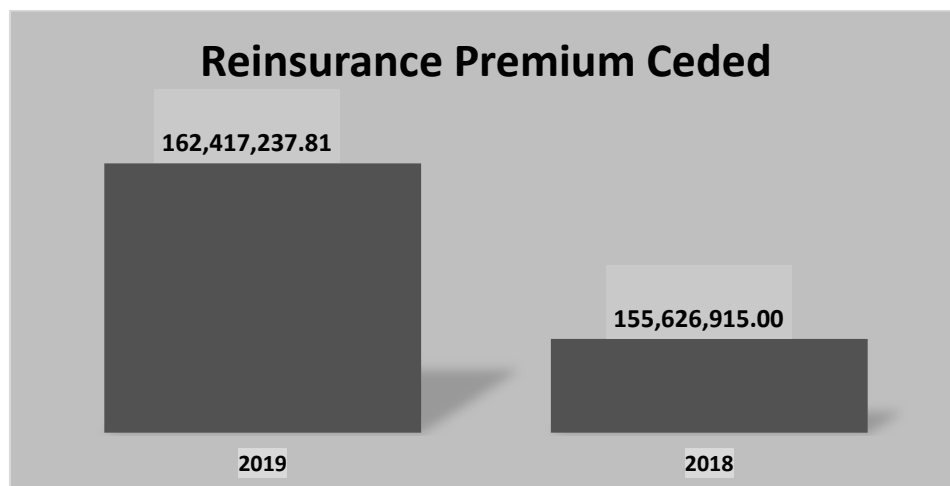
Figure 8: Percentage Claims Paid 2019



The highest amount of claims paid recorded was for motor insurance due to the continuous increase in the number of motor claims incurred by the insurance companies.

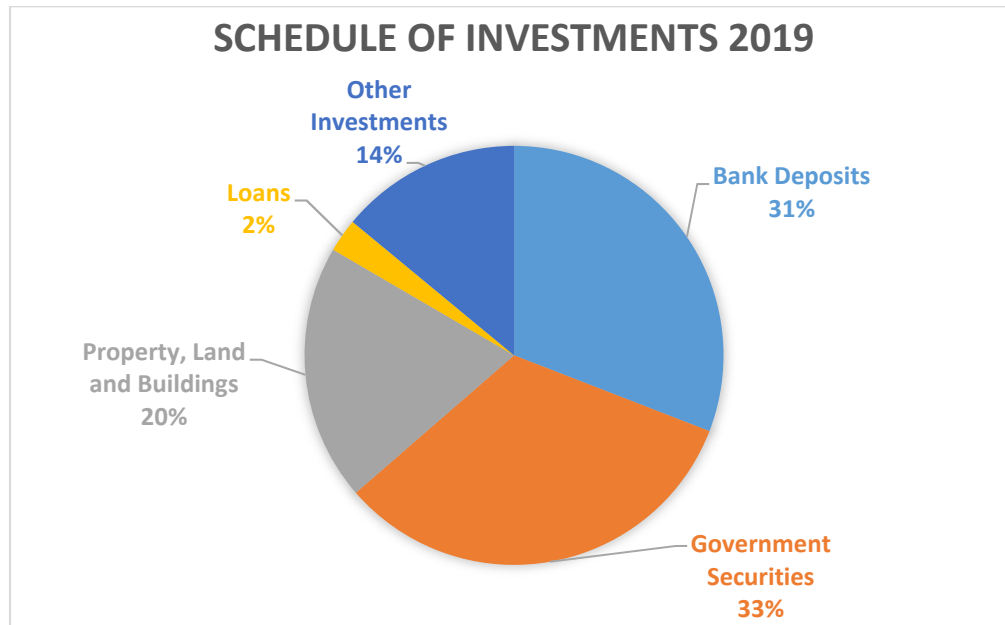
6.5 Reinsurance

Figure 9: Reinsurance Premium Ceded in SCR



6.6 Schedule of Investments

Figure 10: General Insurance Schedule of Investments



The largest share of the investment portfolio for general insurance business consists of government securities which includes treasury bills and treasury bonds. Investments in property, land and buildings decreased from 29% in 2018 to 20% in 2019 and loans decrease by 1%. Other investments increase by 7% whilst bank deposits remained constant at 31%.