

Special report on the results of the short-term insurance industry for the period ended December 2009

Industry results - Typical insurers (typical insurers, for the purpose of this report, are those insurers who offer most types of policies to, mostly, the general public).

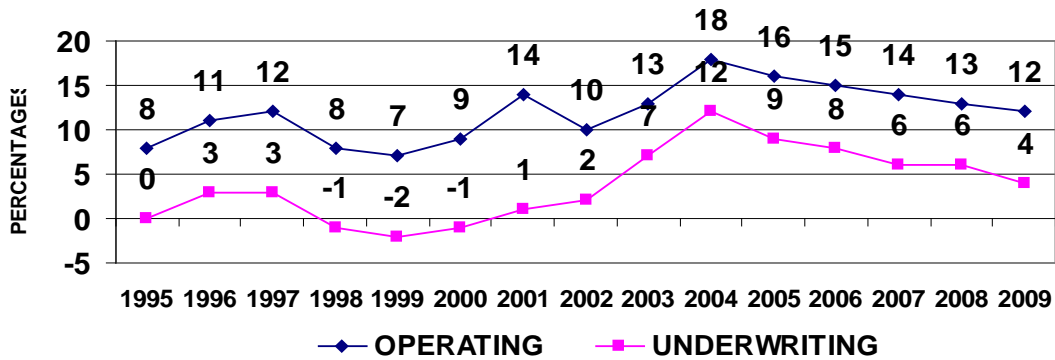
The table below sets out combined statistics (net after reinsurance) for typical insurers for the calendar years 2004 to 2009.

The figures are unaudited.

	2004	2005	2006	2007	2008	2009
Net premiums R'm	24 211	26 828	31 093	34 351	37 556	39 512
Underwriting profit/(loss) R'm	2 932	2 542	2 482	2 169	2 327	1 722
Underwriting and investment income R'm	4 303	4 304	4 588	4 851	5 064	4 741
Claims (as % of earned premiums)	59	63	65	66	66	67
As % of net written premiums:						
Management expenses and commission	26	26	25	27	27	28
Underwriting profit/(loss)	12	9	8	6	6	4
Underwriting and investment income	18	16	15	14	13	12
Net premium increase (year to year)	22	11	16	10	9	5
Surplus asset ratio (median)	37	40	42	43	40	43

The following graph indicates how underwriting and operating (including investment income) results of the typical insurers have fluctuated over the past fifteen years.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Five of the twenty-five insurance companies classified as typical insurers reported an underwriting loss for the year ended December 2009 compared with four (of twenty-five) who reported an underwriting loss for the nine months ended September 2009.

Four of the twenty-five insurance companies reported an operating loss for the year ended December 2009 compared with three (of twenty-five) for the nine months ended September 2009.

Statutory surplus asset ratios

The following table indicates the spread of the statutory solvency percentages of the typical insurance companies.

	Number of insurers					
	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009
Below 15%	1	0	0	0	1	0
Between 15% and 20%	0	1	0	1	1	0
Between 20% and 25%	0	1	3	0	1	2
Between 25% and 30%	3	3	3	6	2	1
Between 30% and 40%	8	5	4	2	8	7
Between 40% and 50%	1	2	4	5	4	5
Between 50% and 100%	5	6	4	5	4	8
Above 100%	1	1	3	3	3	2

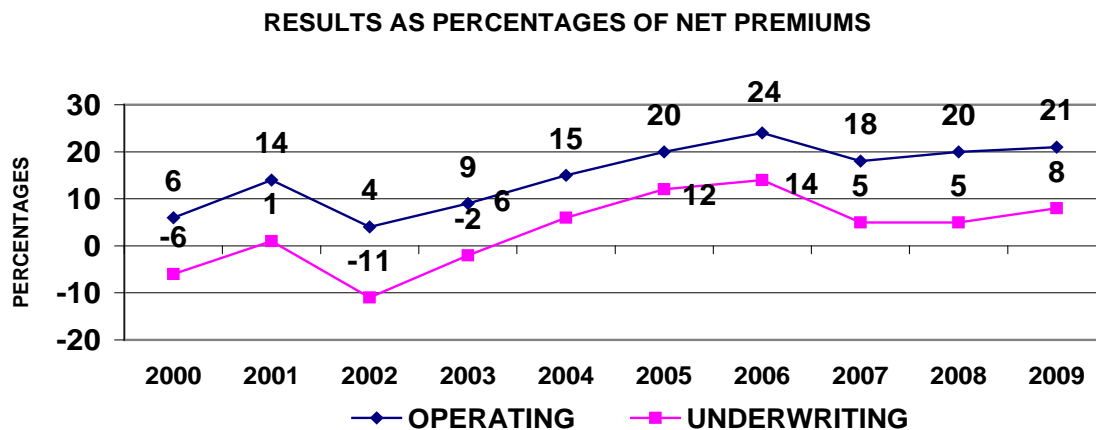
Industry results - Cell captive insurers (cell captive insurers, for the purpose of this report, are those insurers who offer insurance structures on a cell ownership basis for first party and third party cell owners).

The table below sets out combined statistics (net after reinsurance) for cell captive insurers for the calendar years 2004 to 2009.

The figures are unaudited.

	2004	2005	2006	2007	2008	2009
Net premiums R'm	3 486	4 239	4 144	4 511	5 460	5 368
Underwriting profit/(loss) R'm	220	529	568	224	295	410
Underwriting and investment income R'm	506	857	980	810	1 079	1 150
Claims (as % of earned premiums)	56	52	52	62	67	62
As % of net written premiums:						
Management expenses and commission	34	28	31	33	25	27
Underwriting profit/(loss)	6	12	14	5	5	8
Underwriting and investment income	15	20	24	18	20	21
Surplus asset ratio (median)	46	56	59	60	56	64

The following graph indicates how underwriting and operating (including investment income) results of the cell captive insurers have fluctuated over the past ten years.



Of the eleven operational cell captive insurers, one has reported an underwriting loss and none an operating loss for the year ended December 2009 compared with two of eleven who reported an underwriting loss and an operating loss for the nine months ended September 2009.

The following table indicates the spread of the statutory solvency percentages of the cell captive insurance companies.

	Number of insurers					
	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009
Below 15%	0	0	0	0	1	0
Between 15% and 20%	0	0	0	0	0	0
Between 20% and 25%	0	1	0	2	1	1
Between 25% and 30%	3	0	1	0	1	1
Between 30% and 40%	0	2	1	2	2	2
Between 40% and 50%	4	0	1	1	0	1
Between 50% and 100%	1	6	4	2	3	2
Above 100%	1	0	2	3	2	4

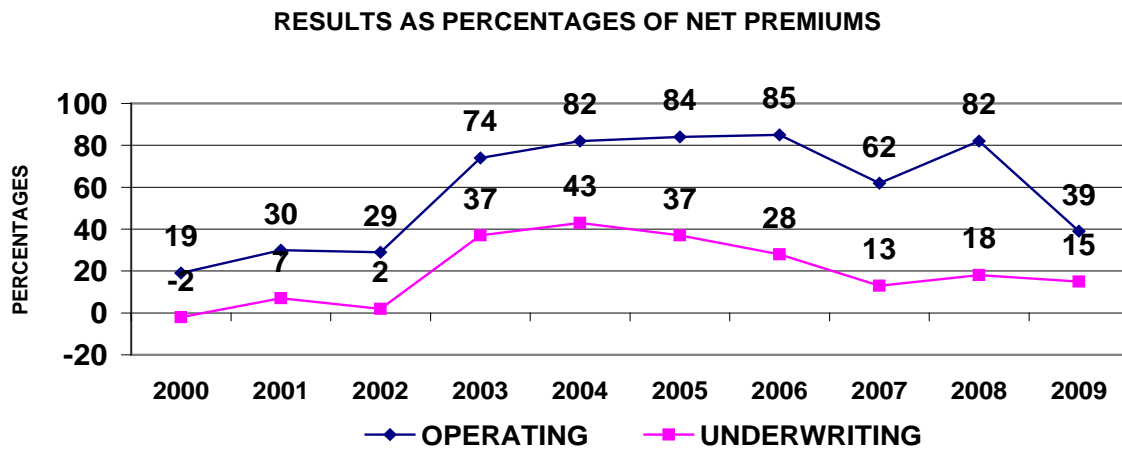
Industry results - Captive insurers (captive insurers, for the purpose of this report, are those insurers who offer cover of the risks of the owners' company or companies only).

The table below sets out combined statistics (net after reinsurance) for captive insurers for the calendar years 2004 to 2009.

The figures are unaudited.

	2004	2005	2006	2007	2008	2009
Net premiums R'm	214	165	144	200	185	542
Underwriting profit/(loss) R'm	92	61	40	26	34	80
Underwriting and investment income R'm	176	138	122	125	152	212
Claims (as % of earned premiums)	52	74	63	84	79	74
As % of net written premiums:						
Management expenses and commission	7	-11	11	2	4	1
Underwriting profit/(loss)	43	37	28	13	18	15
Underwriting and investment income	82	84	85	62	82	39
Surplus asset ratio (median)	318	329	437	435	334	402

The following graph indicates how underwriting and operating (including investment income) results of the captive insurers have fluctuated over the past ten years.



Two of the ten captive insurers have reported underwriting losses and two operating losses for the year ended December 2009 compared with two of the ten captive insurers who reported underwriting losses and operating losses for the nine months ended September 2009.

The following table indicates the spread of the statutory solvency percentages of the captive insurance companies.

	Number of insurers					
	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009
Below 15%	0	0	0	0	0	0
Between 15% and 20%	0	0	0	0	0	0
Between 20% and 25%	0	0	0	0	0	0
Between 25% and 30%	0	0	0	0	0	0
Between 30% and 40%	0	0	0	0	0	0
Between 40% and 50%	0	0	0	0	0	0
Between 50% and 100%	0	1	1	0	0	0
Above 100%	12	11	9	10	11	10

Industry results - Niche insurers (niche insurers, for the purpose of this report, are those insurers who offer, mostly, specialised cover only, in certain niche markets).

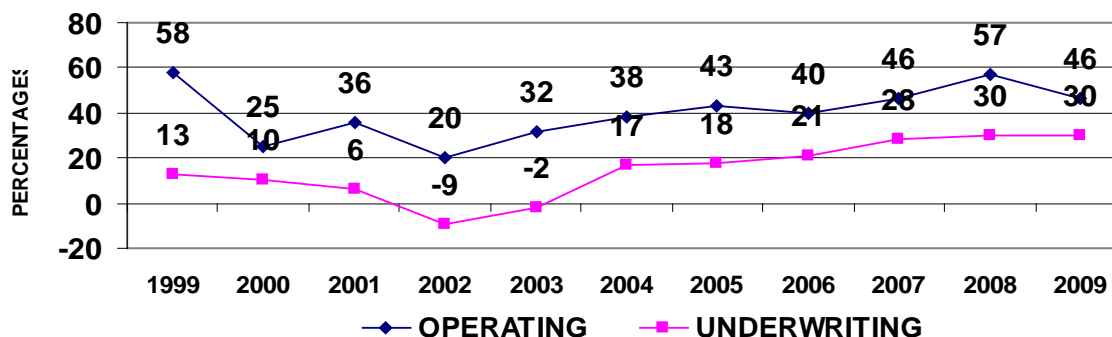
The table below sets out combined statistics (net after reinsurance) for niche insurers for the calendar years 2004 to 2009.

The figures are unaudited.

	2004	2005	2006	2007	2008	2009
Net premiums R'm	2 808	2 497	3 293	3 872	4 976	5 712
Underwriting profit/(loss) R'm	477	444	699	1 078	1 514	1 723
Underwriting and investment income R'm	1 067	1 081	1 308	1 779	2 839	2 617
Claims (as % of earned premiums)	55	51	48	43	40	41
As % of net written premiums:						
Management expenses and commission	25	29	28	27	27	29
Underwriting profit/(loss)	17	18	21	28	30	30
Underwriting and investment income	38	43	40	46	57	46
Surplus asset ratio (median)	163	117	120	72	77	58

The following graph indicates how underwriting and operating (including investment income) results of the niche insurers have fluctuated over the past ten years.

RESULTS AS PERCENTAGES OF NET PREMIUMS



Seventeen of the thirty-four operational niche insurers have reported underwriting losses for the year ended December 2009 and eight have reported operating losses compared with fifteen of the thirty-four operational niche insurers who reported underwriting losses for the nine months ended September 2009 and eight who reported operating losses.

The following table indicates the spread of the statutory solvency percentages of the niche insurance companies.

	Number of insurers					
	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009
Below 15%	0	1	0	0	0	1
Between 15% and 20%	1	0	1	0	1	1
Between 20% and 25%	1	0	0	1	2	1
Between 25% and 30%	0	0	0	1	0	2
Between 30% and 40%	2	0	3	2	4	5
Between 40% and 50%	2	3	3	5	4	3
Between 50% and 100%	5	9	6	10	9	8
Above 100%	17	17	19	14	13	13

Industry results – Re-insurers (re-insurers, for the purpose of this report, are those insurers who offer specialised cover, only to primary insurers).

The table below sets out combined statistics (net after reinsurance) for re-insurers for the calendar years 2007 and 2009.

The figures are unaudited.

	2007	2008	2009
Net premiums R'm	1 899	2 388	2 314
Underwriting profit/(loss) R'm	192	37	55
Underwriting and investment income R'm	651	492	464
Claims (as % of earned premiums)	58	64	66
As % of net written premiums:			
Management expenses and commission	30	34	31
Underwriting profit/(loss)	10	2	2
Underwriting and investment income	34	21	20
Surplus asset ratio (median)	146	149	243

Five of the eight operational re-insurers have reported underwriting losses for the year ended December 2009 and none have reported operating losses compared with six of the eight operational re-insurers who reported underwriting losses for the nine months ended September 2009 and none who reported operating losses.

The following table indicates the spread of the statutory solvency percentages of the re-insurance companies.

	Number of insurers		
	Dec 2007	Dec 2008	Dec 2009
Below 15%	0	0	0
Between 15% and 20%	0	0	0
Between 20% and 25%	0	0	0
Between 25% and 30%	0	0	0
Between 30% and 40%	0	1	0
Between 40% and 50%	0	0	1
Between 50% and 100%	3	2	2
Above 100%	4	4	5

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