



INSURANCE INDUSTRY REPORT 2021

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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 2021. 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Non Domestic Companies	6	6	7	8
Domestic Companies	8	6	6	6
Non Domestic Brokers	0	0	1	1
Domestic Brokers	24	20	16	17
Insurance Manager	0	0	0	0
Principal Insurance Representative	2	1	1	2
Agents	2	3	3	3
Sub Agents	48	47	47	40
Domestic Reinsurer	0	1	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 2021 to 2018

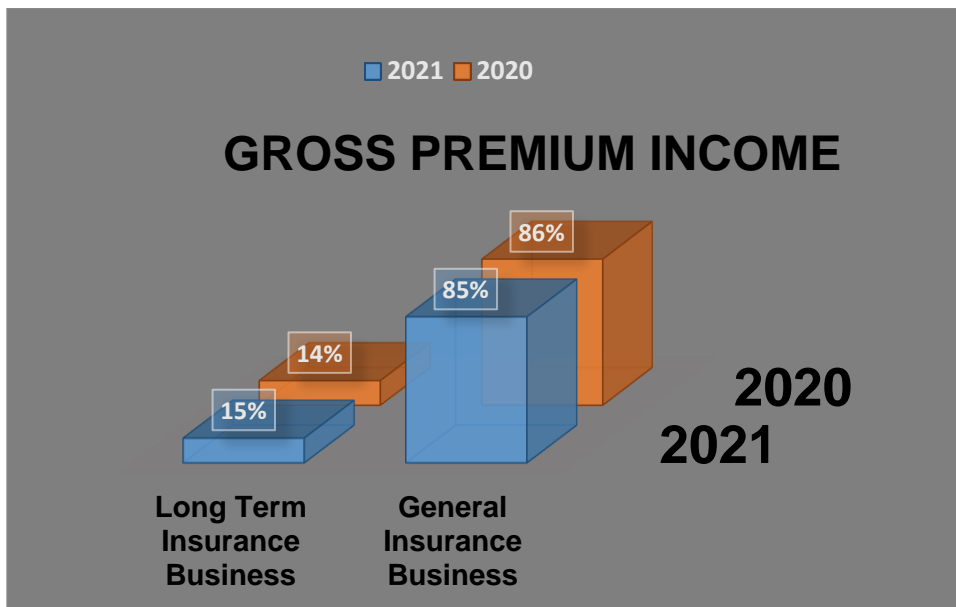
GENERAL	2021	2020	2019	2018
Insurance Penetration	2.50%	2.31%	1.81%	1.75%
Insurance Density	4,972.59	4,598.56	4,315.79	3,971.20
LIFE				
Insurance Penetration	0.34%	0.39%	0.36%	0.35%
	836.85	774.99	866.35	797.74
TOTAL				
Insurance Penetration	2.84%	2.70%	2.17%	2.10%
Insurance Density	5,809.44	5,373.55	5,182.14	4,768.94

Over the past year there has been a slight increase in the general insurance products being acquired by the general public. As insurers move from their initial pandemic response to a longer-term strategy, close attention should be taken of the shifts in consumer behaviour. COVID-19 has influenced the choices made regarding service providers.

The pandemic has accelerated the trend toward automation and digitisation, with initial drivers including changing demographics, customer expectations and competitive pressures. Investment in digital capabilities, talent and other strategic resources are key to the long-term success of all businesses.

4. Composition of Total Industry Premium

Figure 1: Total Industry Premium Composition



2021 saw the insurance industry grapple with a number of challenges including the impacts of the COVID-19 pandemic. Insurers had to deal with their own business interruption as well as that of their insureds, including their technical reserves and financial capacity which is impacted with the rising costs of claims, and not just those associated with pandemic losses.

The Insurance industry did not however witness a extensive change in total gross written premiums being recorded over the period of 2020 to 2021.

Whilst 2021 necessitated a faster pace of change especially in moving towards more technology based underwriting , insurers will need to to continue to adapt to protect their operations, market and promote customer retention.

Customer demand for more interactive and efficient digital platforms and products is set to continue, which will require insurers’ ongoing adaption to new technologies, digital transformation remains essential for insurers wanting to stay relevant, competitive and reputationally sound in the current market.

5. Long Term Insurance Business

The following is the analysis of the long term insurance business performance at the end of the year 2021.

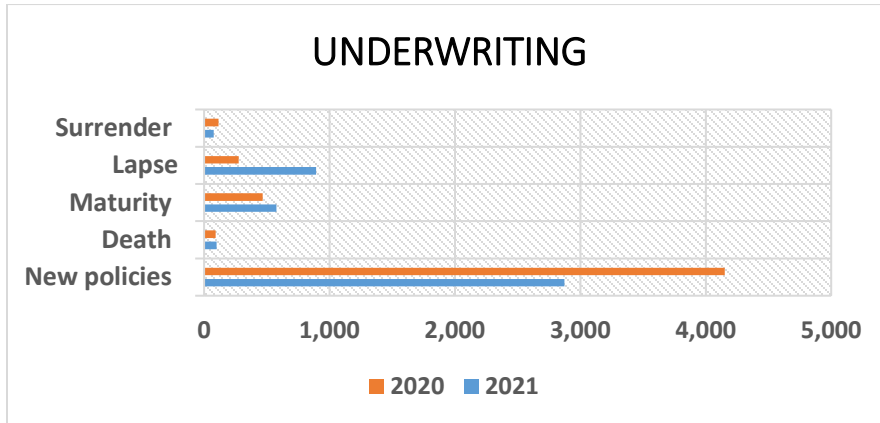
5.1 Key Financial Performance Indicators

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

	2021	2020	2019	2018
Performance Indicators	SCR	SCR	SCR	SCR
Gross Written Premium	83,457,199.00	76,695,097.00	84,949,605.00	77,539,443.00
Net Earned Premium	76,450,361.00	71,649,950.00	76,429,848.00	66,411,975.00
Net Claims Incurred	60,654,822.00	57,788,454.00	65,947,440.00	51,950,357.00
Expenses	28,757,290.00	30,278,318.00	35,939,812.00	29,066,242.00
Financial Position Indicators				
Total Assets	658,290,133.00	615,294,728.00	587,286,992.00	566,376,698.00
Total Liabilities	21,456,088.00	29,214,709.00	24,474,812.00	29,111,605.00
Life Fund	586,033,556.00	552,082,600.00	512,557,033.00	499,329,060.00
Selected Key Ratios				
Retention Ratio	92%	93%	90%	86%
Claims Ratio	79%	81%	86%	78%
Expense Ratio	38%	42%	47%	44%
Combined Ratio	117%	123%	133%	122%

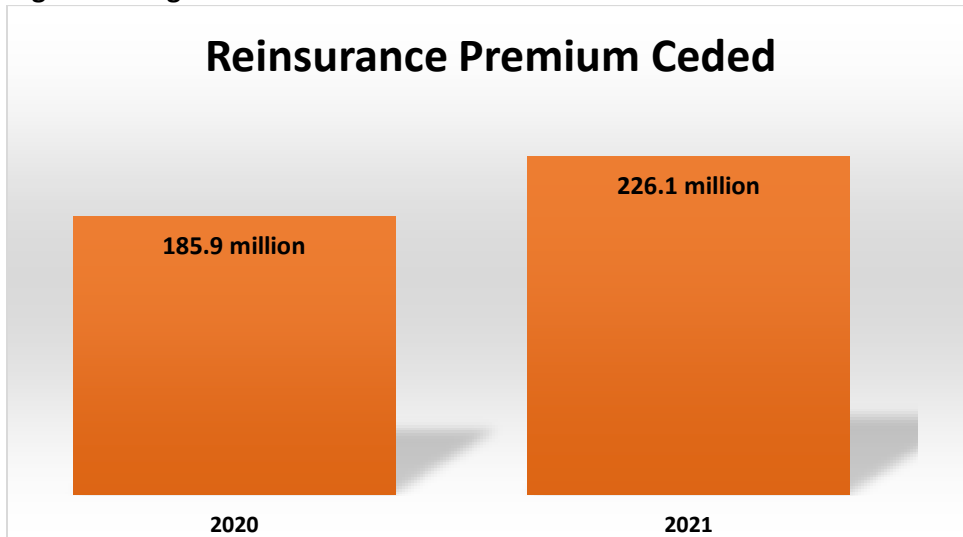
5.2 Underwriting Activity

Figure 2: Long Term Underwriting Activity 2021 and 2020



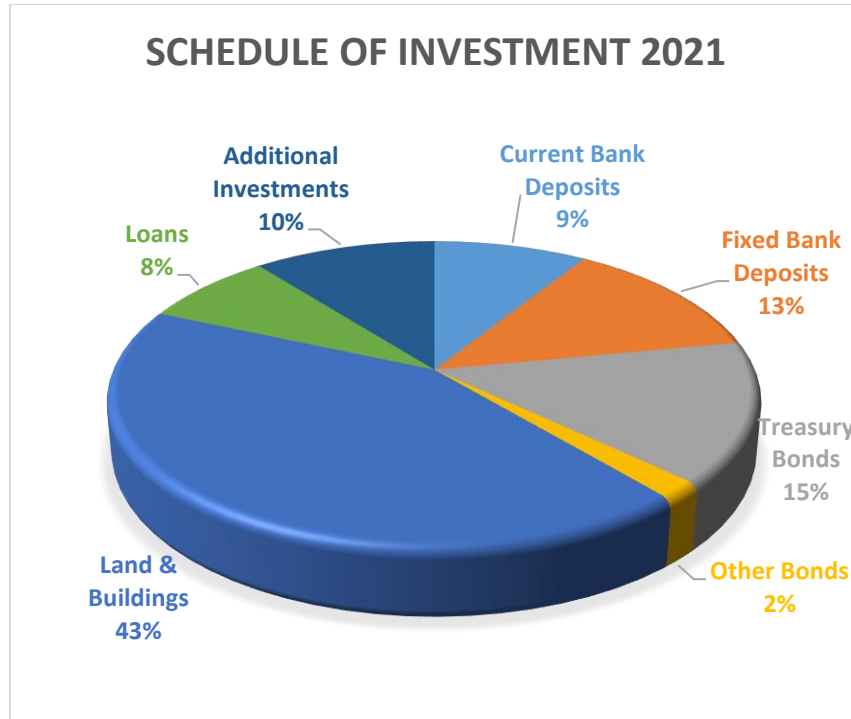
5.3 Reinsurance

Figure 3: Long Term Reinsurance Premium Ceded in SCR



5.4 Schedule of Investments

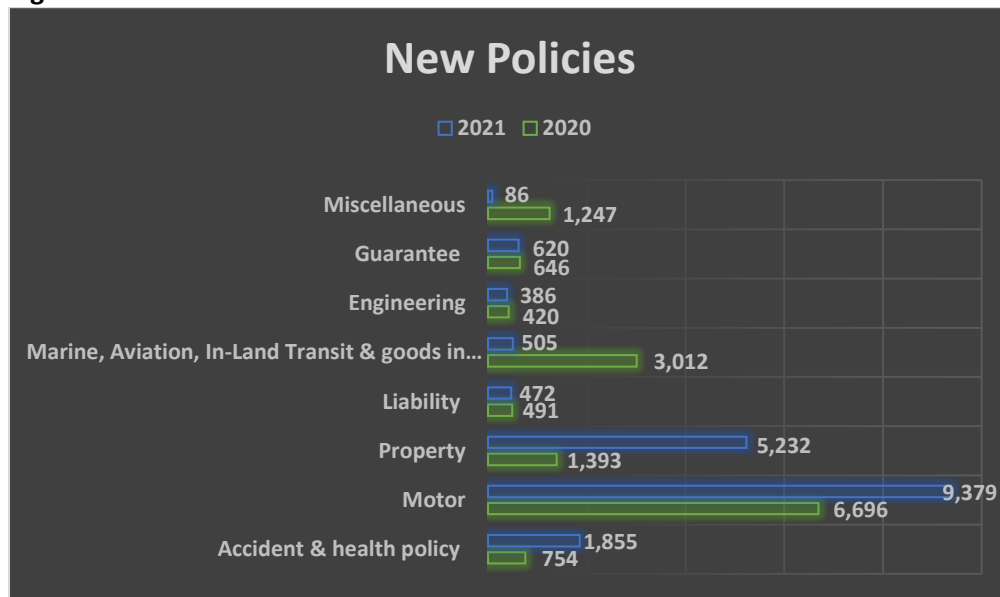
Figure 4: Long Term Insurance Schedule of Investments



6. General Insurance Business

6.1 Underwriting Activity

Figure 5: New Policies 2021 and 2020

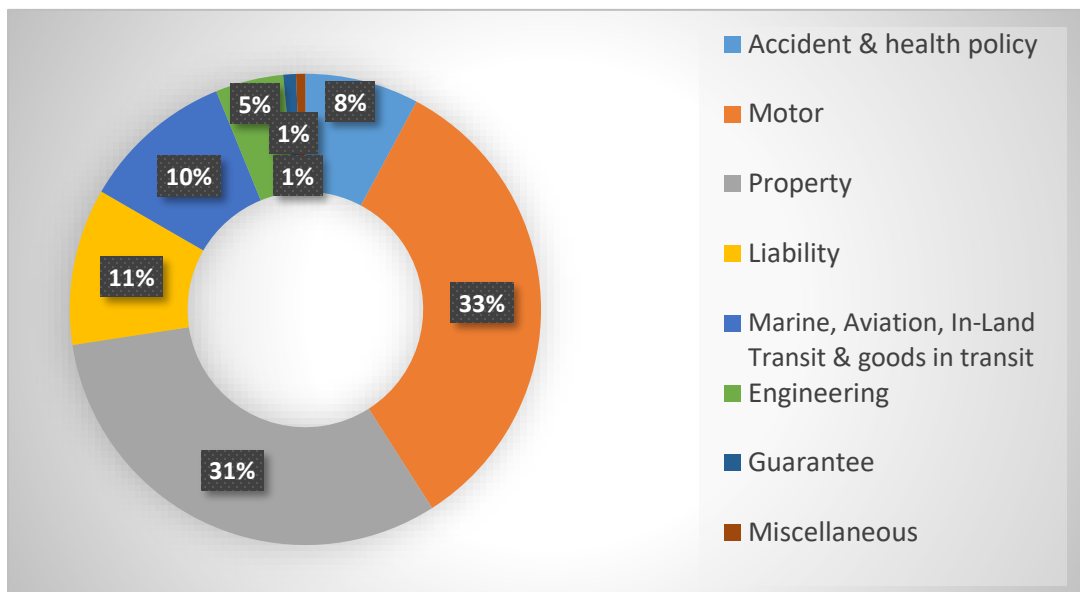


In 2021, the increase in underwriting was seen to be spread out into motor, property and accident and health policies. Societal attitudes seem to have changed in regards to people becoming a bit more aware of having

cover for their well-being and peace of mind which means there will be a positive effect on the insurance industry.

6.2 Gross Written Premium

Figure 6: Gross Written Premium 2021 % per class



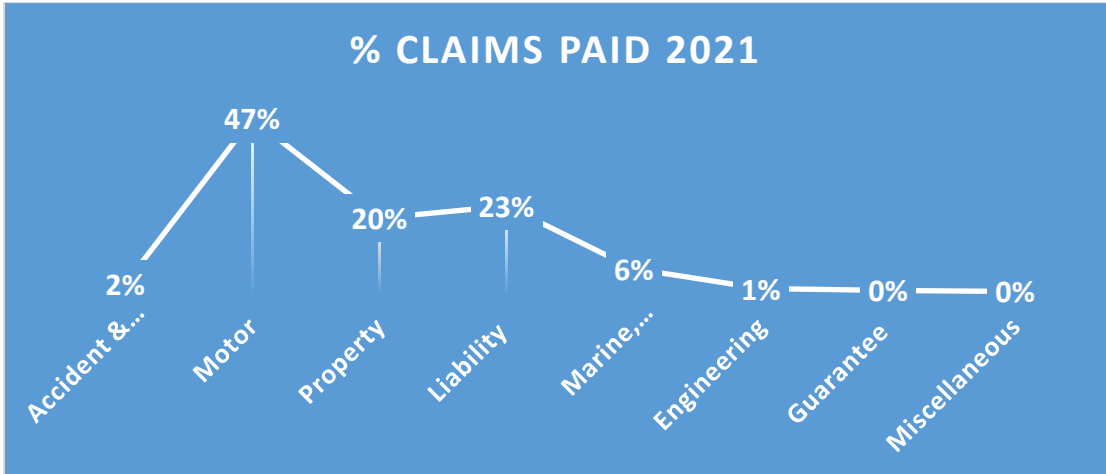
The following is the analysis of the general insurance business performance at the end of the year 2021.

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

Performance Indicators	2021	2020	2019	2018
	SCR	SCR	SCR	SCR
Gross Written Premium	492,102,796.00	455,087,483.00	423,184,693.00	385,996,525.00
Net Earned Premium	265,425,208.00	243,353,821.00	223,402,291.00	226,180,412.00
Net Claims Incurred	123,711,609.00	114,046,539.00	94,519,087.00	105,403,546.00
Expenses	106,807,375.00	113,950,447.00	104,321,233.00	99,357,368.00
Financial Position Indicators				
Total Assets	742,519,712.00	763,955,880.00	647,317,990.00	510,329,899.00
Total Liabilities	297,687,205.00	294,901,987.00	277,382,893.00	172,347,198.00
Capital and Reserves	271,027,307.00	324,499,720.00	235,968,237.00	134,087,838.00
Selected Key Ratios				
Retention Ratio	54%	53%	53%	59%
Claims Ratio	47%	47%	42%	47%
Expense Ratio	40%	47%	47%	44%
Combined Ratio	87%	94%	89%	91%

6.3 Claims

Figure 7: Percentage Claims Paid 2020



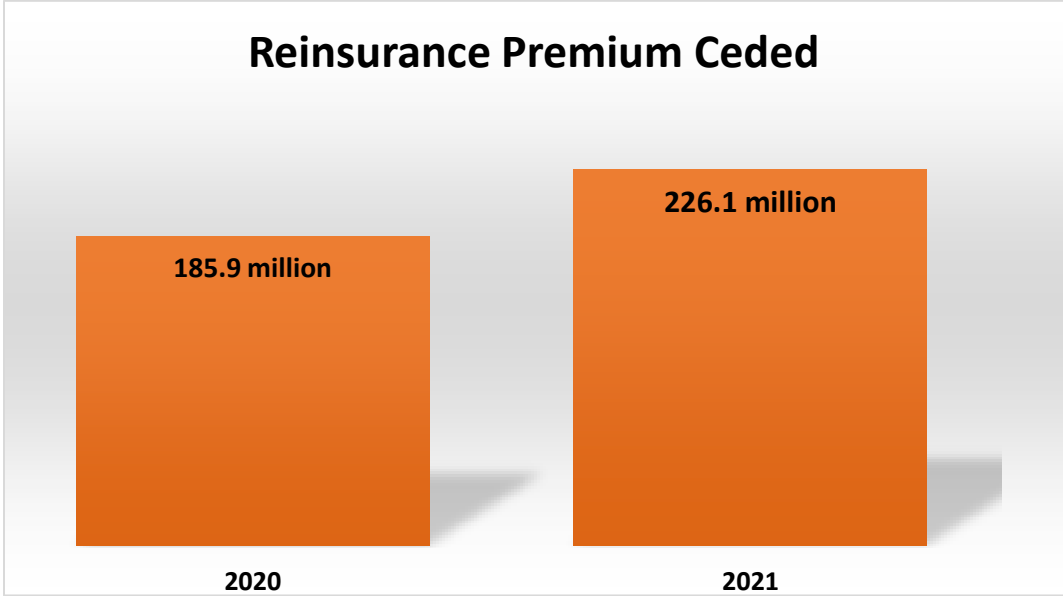
Insurers often characterize themselves as the economy’s financial first responders, helping policyholders respond to and recover from some of the most challenging times in their lives by paying to repair or replace damaged properties and cover their liabilities. From the above claims statistics, the majority of the claims recorded in 2021 were for motor insurance claims.

6.4 Reinsurance

Reinsurance premium payments peaked in 2021 from 2020, with the reduction primarily driven by investment losses.

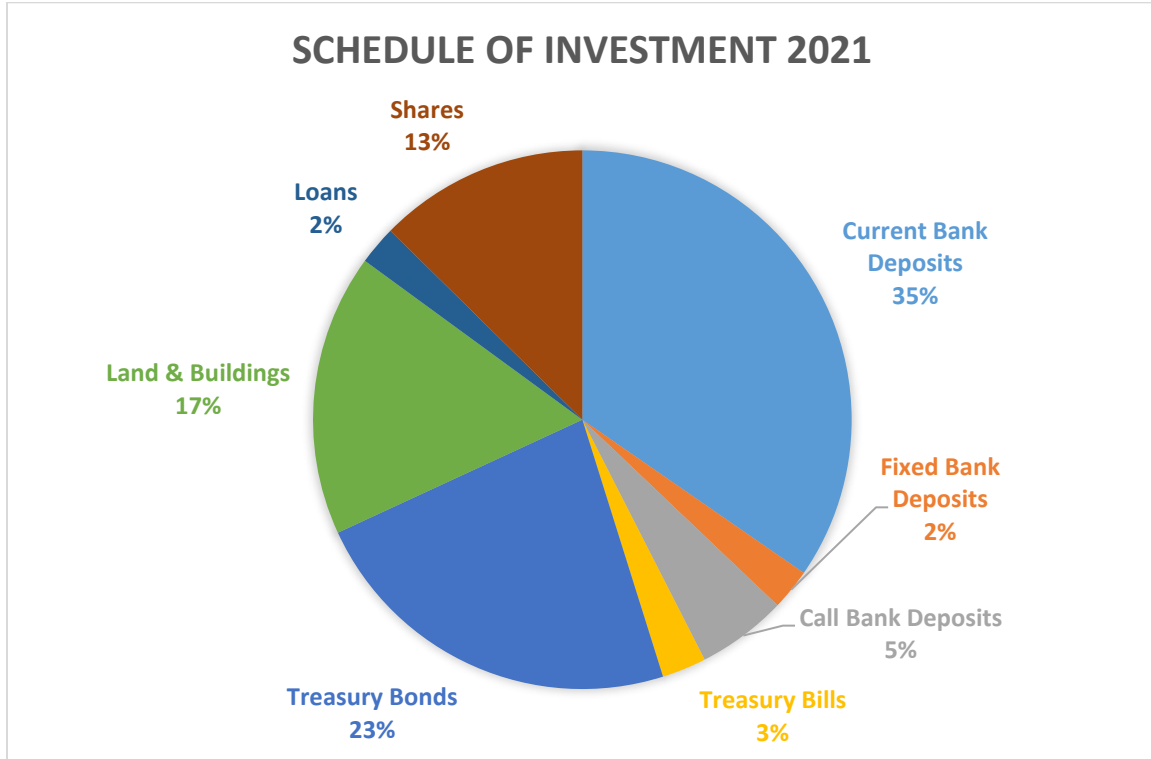
With the aftermath of COVID-19 and the impact on the reinsurance premiums it appears that there has been the need for insurers to decrease their ceding percentages thus leading them to take on more of the risks.

Figure 8: Reinsurance Premium Ceded in SCR



6.5 Schedule of Investments

Figure 9: General Insurance Schedule of Investments



7.0 Complaints Handling

In terms of protection of policyholders, the FSA has a framework to handle any claims made by policyholders in respect to any unsatisfactory service they have with licensed insurance service providers. The main reasons for complaints lodged to the FSA are from issues of claim management such as repudiation of claims, quantum, process etc... for the past years the FSA has seen an increase in the number of claims lodged to the FSA and this may be as a result of the population being more aware that the FSA regulates the insurance providers and they have an avenue to make a representation for their dissatisfaction.

Table 5: Number of Complaints for the past three years

Recorded Years	2021	2020	2019
No. of complaints	13	11	4

8.0 Conclusion

For the year 2021 in terms of licences, 2 new Non domestic insurance companies were licensed, as well as 4 new domestic brokers.

Long Term Insurance Business

The performance indicators has shown an increase for the year 2021 in terms of premiums which correlates with the increases in new policies for long term insurance business. This illustrates that steadily the population is starting to see the benefits of having life insurance.

The largest proportion of the investments of life insurance companies relates to land and building which is 43% 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.

With continuous education of the general public the long term insurance business shows great potential to continue growing over the coming years.

General Insurance Business

Despite the data only illustrating 4 of the general insurance business. It can be seen that the market is continuously growing steadily. Motor Insurance covers remains the highest recorded premium and new policies as would be expected.

For the year 2020, all of the financial performance indicators shows a positive improvement in that sector with a decrease in the expenses ratio as well as claims being consistent. The insurance penetration indicator has increased from 2.31% in 2020 to 2.5% in 2021.

Although some policies are not as in demand as others the data is promising for future growth within the industry.