



INSURERS ASSOCIATION OF ZAMBIA

# INSURANCE INDUSTRY REPORT 2016



INSURERS ASSOCIATION OF ZAMBIA

## **VISION**

To become an indispensable partner to the insurance industry and all key stakeholders; contributing significantly to the performance and growth of the insurance sector in Zambia.

## **MISSION**

We are committed to creating a progressive insurance industry embracing sound and good business practices in the design and delivery of innovative risk management solutions for all Zambians and the business community.

## **CORE VALUES**

<b>Unity:</b>	Unity in purpose in the provision of superior value to all consumers of insurance products
<b>Integrity</b>	in order to enhance and protect the integrity of the entire industry and therefore
<b>Trust</b>	creating trust among different stakeholders including government, regulator and consumers
<b>Commitment</b>	through commitment to excellence in service delivery
<b>Professionalism</b>	in a manner that is professional,
<b>Transparency</b>	transparent and fair.

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## **1.0 ECONOMIC OVERVIEW**

### **1.1 World Economy**

The global growth for 2017 was 3.6 percent which is 0.1 percentage point higher than in the April and July forecasts. Notable pickups in investment, trade, and industrial production, coupled with strengthening business and consumer confidence, are supporting the recovery. Growth outcomes in the first half of 2017 generally have been stronger than expected but growth still remains weak in many countries. In general outlook for advanced economies has improved, while the prospects for many emerging market and developing economies in sub-Saharan Africa, the Middle East, and Latin America are lacklustre, with several experiencing stagnant per capita incomes.

### **1.2 Zambia's Economic Review**

The Preliminary Annual Gross Domestic Product at constant 2010 prices for the year 2017 grew by 4.1 percent from K129, 699.9 million in 2016 to K134, 987.5 million in 2017. This growth is higher than the 3.4 percent recorded in 2016. The Industry with highest growth rate was Electricity & gas (18.5 percent) followed by Human health & social work activities (17.4 percent), Agriculture, forestry & fishing (16.5 percent) and Transportation & storage (7.8 percent). Information and communication decreased by -13.2 percent. The preliminary annual GDP is derived as the sum of four quarters.

Of the total 4.1 percent growth, Agriculture, forestry & fishing industry had the highest contribution accounting for 1.21 percentage points. This was followed by Construction industry and Education industry which accounted for 0.7 and 0.5 percentage points respectively

The preliminary GDP at current prices in 2017 was estimated at K245, 685.6 million compared to K216, 098.1 million in 2016. Of the total K245, 685.6 million, the Wholesale & retail trade industry had the highest share accounting for 19.1 percent. This was followed by Mining & quarrying industry which accounted for a share of 14.8 percent. The Arts, entertainment & recreation and Water supply & sewerage industries had the lowest share at 0.3 percent each in 2017.

### **Inflation Rate**

Annual overall inflation rate ended the fourth quarter at 6.1%, down from 6.6% at the end of the third quarter, and was at the lower bound of the target range of 6-8%. The decrease in inflation was due to the fall in both food and non-food inflation to 4.8% and 7.5% from 5.0% and 8.4%, respectively.

## **Interest Rates**

Average nominal lending rates for commercial banks declined to 24.6% in December 2017 from 29.2% in December 2016. Over the fourth quarter of 2017, average lending rates declined marginally by 0.8 percentage points from 25.4% in September. The highest lending rate also fell to 35.8% from 39.5%.

Deposit rates have continued to decline, with the highest interest rate on wholesale deposits declining to 25% in December 2017 from 27% in September 2017.

In contrast to lending and savings rates, the weighted average yield rate on Government bonds edged up to 18.6% from 17.2% while that for Treasury bills was virtually unchanged at 15%.

However, at these levels, lending rates are too high to support the productive sectors of the economy, continue to constrain credit growth, and contribute to the current high non-performing loans.

## **Exchange Rate**

During the fourth quarter of 2017, the Kwacha depreciated by 6.8% against the US dollar to K 10.03 mainly on account of sustained demand for petroleum products and adverse market sentiments in part due to delays in concluding an IMF programme. However, for the year as a whole, the exchange rate remained relatively stable, depreciating by almost 1.0% against the US dollar. This was supported mainly by improved foreign exchange earnings due to higher commodity prices.

### **1.3 Economic Outlook 2018**

Zambia is set to continue its path to economic recovery in 2018. Given the improving macroeconomic conditions, domestic GDP growth is projected by the World Bank at 4.3% in 2018 versus the Sub-Saharan Africa (“SSA”) GDP growth estimate of 3.2% and an increase from the estimated 3.8% for 2017. GDP growth is projected to further increase to 4.7% in 2019 versus the SSA GDP growth rate of 3.5%. The projections assume continued easing of monetary policy supported by a strong fiscal consolidation; increased copper prices and production; improved performances in the services sector and BoZ containing inflation within its 6-8% medium-term target.

*(Source: Bank of Zambia MPC report)*

### **2.0 World Insurance Performance 2016**

Total direct insurance premiums written grew by 3.1% in real terms in 2016, down from 4.3% growth in 2015. The slowdown was mainly driven by considerably lower growth in advanced markets. Robust premium growth in China supported the emerging markets which were otherwise also in slowdown mode.



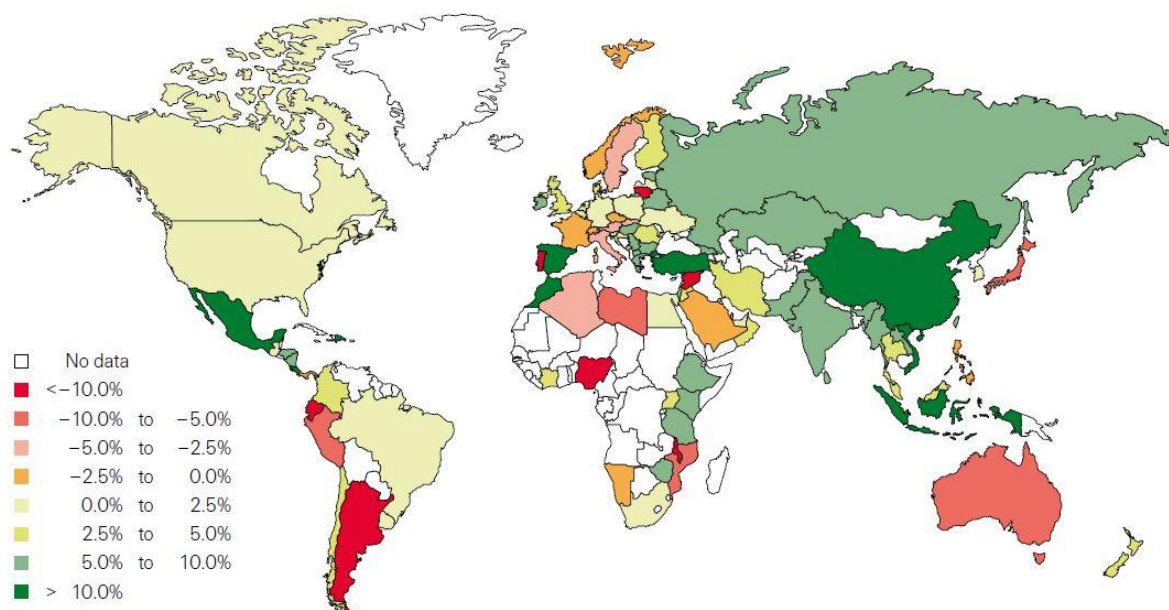
Global life premium growth slowed to 2.5%, to USD 2,617 billion (2015: 4.4%). Premiums in advanced markets contracted by 0.5%, while they grew rapidly in the emerging economies, driven by China. Premiums were flat in North America and Western Europe, after positive growth in the previous year. Japan weighed on the advanced Asia growth aggregate slightly, while the other markets were robust. Emerging market life premiums increased by 17% in 2016, more than double the long-term average, supported by solid performance in emerging Asia. Growth slowed in Latin America & the Caribbean, and in the Middle East & Central Asia. Premium growth was weak in Africa and continued to decline in CEE.

**Table 1: Real Premium Growth Rates**

	Life	Non-Life	Average
<b>Industrialised Countries</b>	-0.5%	2.3%	0.7%
<b>Emerging markets</b>	17%	9.6%	14%
<b>World</b>	2.5%	3.7%	3.1%

Source: Swiss Re Sigma 2016

**Figure 1: Real Premium Growth Rate per Region 2016**



Source: Swiss Re Institute.

Source: Swiss Re Sigma 2016

## 2.1 Global Life Insurance Premiums

Global life premium growth slowed to 2.5%, to USD 2 617 billion (2015: 4.4%). Premiums in advanced markets contracted by 0.5%, while they grew rapidly in the emerging economies, driven by China. Premiums were flat in North America and Western Europe, after positive growth in the previous year. Japan weighed on the advanced Asia growth aggregate slightly,

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## **2.2 Global Non-Life Insurance Premiums**

Global non-life premium growth slowed to 3.7% to USD 2 115 billion (2015: 4.2%). Advanced markets were the main reason for the slowdown (2.3% in 2016 after 3.3% in 2015), with all regions other than Oceania experiencing lower growth. In advanced Asia, premiums stagnated (0.3%) as Japan's non-life market contracted and growth was weak elsewhere. Premiums in North America and Western Europe grew solidly, but slower than in the previous year. Emerging market non-life premium growth of 9.6% (2015: 7.9%) was mainly driven by China. Excluding China, emerging market premiums were up just 1.7%. Growth trends across regions were mixed. Other emerging Asian markets were solid and there was a rebound in CEE (5.4%), but premiums in Latin America contracted among weak economic conditions there.

## **2.3 World Insurance Penetration and Density**

Average per capita spend on insurance in advanced markets was USD 3505 in 2016, up 0.8% from 2015. While life per capita spending declined by 0.3% to USD 1954, non-life per capita spending increased by 2.2% to USD 1550. Total insurance penetration edged down slightly during the period.

## **2.4 Insurance Performance in Africa**

### **2.4.1 Life insurance**

Life insurance premium growth remained subdued in Africa in 2016, up 1.2%, little changed from the previous year. Excluding South Africa, premiums grew by 11%. In nominal USD terms, premium volumes contracted by 5.6% due to widespread currency depreciations. In South Africa, premiums stagnated for another year due to lower growth in savings and investment-type products, against a backdrop of further economic slowdown. The South African share of the region's life market declined steadily from 93% in 2006 to 84% in 2016. While this reflects weak economic growth and currency depreciation in South Africa in recent years, it is also a sign of the hearty growth of the life sector in the rest of Africa. In 2016 a number of markets registered double-digit growth rates in premiums, eg, Morocco (33%), Kenya (12%), Zimbabwe (14%) and Uganda (26%). The Ugandan market is growing from a very small base, and in Kenya and Morocco, saving policies were the main source of growth. The economic environment in Zimbabwe remains very challenging. Yet there was strong growth in savings business and funeral covers, in 2016. In Egypt, life premiums grew by 2.9%, while in Nigeria and Mozambique premiums were down 9.6% and 7.7% respectively. This reflects the recession in Nigeria and an acute shortage of USD there.

With the difficult economic environment likely to persist in South Africa and the other commodity-intensive countries, premium growth will probably be muted. However, regulators are increasingly setting up frameworks for micro insurance operators. An

innovative insurance sector leveraging mobile technologies is a positive sign for the future and should help turn the emerging middle class into insurance buyers.

#### 2.4.2 Non-life insurance

Non-life premiums in Africa stagnated in 2016 (– 0.2%) after increasing by 3.3% in 2015. Premiums were flat in South Africa (0.2% in 2016; 6.2% in 2015), reflecting near stagnation of the economy. High levels of household debt, weak consumer and business sentiment and rising inflation have crimped demand for insurance in South Africa, for both personal and commercial lines. At the same time, the claims environment remains challenging. According to provisional regulatory data, the aggregate combined ratio for typical insurers rose to 87% in the year to September 2016, up from 85% in the same period of 2015. And heavy storms in the final few months of 2016 are likely to have led to a further squeeze on underwriting margins. Due to delays in the parliamentary process, the Solvency Assessment and Management (SAM), the new risk-based capital regulation in South Africa, has once again been pushed back and an introduction before 2018 is becoming increasingly unlikely. In many major non-life markets, premium growth remained fairly solid, eg, in Morocco (3.3%), Kenya (2.5%) and Tanzania (6.2%). In Kenya and Morocco, medical insurance was the growth driver, while core P&C lines were relatively solid. In Nigeria, premiums continued to contract (–12% in 2016 and –8.3% in 2015). This reflects the worst recession in decades due to low oil prices, failure to implement economic reforms and also to adjust the exchange rate regime to the new normal of low oil prices.

*(Source: Swiss Re Sigma 2016)*

**Table 2: 2016 Premiums in Africa**

Class	USD billion	World Market Share in %
Life	14	1.6%
Non-life	20	1.0%

### 3.0 Zambian Insurance Sector

At the time of putting this report together (Q1 2018), there were 29 licenced insurance companies of which 19 were Non-life and 10 were life insurance companies. There were 3 Reinsurance companies, 4 Reinsurance Brokers, 35 Insurance brokers and 214 insurance agents. Other licensed players include 7 Assessors, 3 claims agents, 2 risk surveyors and 3 loss adjustors.

*(Source: Pensions and Insurance Authority 2018 Register)*

**Table 3: Number of Insurance Companies 2013-2017**

Year	Non-Life	Life	Total
2013	15	8	23
2014	15	8	23
2015	21	10	31
2016	22	11	33
2017	22	12	34

### 3.1 Gross Written Premiums

The industry recorded gross written premiums of ZMW 2.467 billion in 2016 compared to ZMW 2.159 billion in 2015 representing a growth of 14%. Preliminary industry figures for 2017 from unaudited financial statements stand at ZMW 2.834 billion\*, which is a growth 15% from 2016. The gross written premium for non-life insurance was ZMW 1.652 billion (ZMW 1.800 billion 2017\*) and life insurance was ZMW 0.814 billion (ZMW 1.034 billion 2017\*).

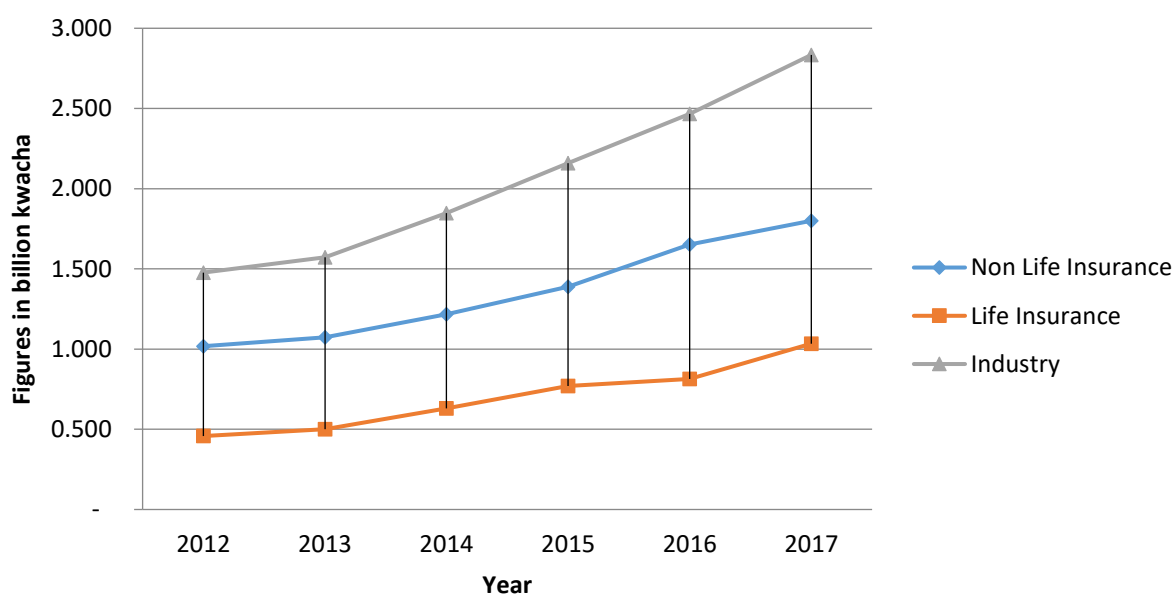
The industry growth over the past years is depicted in table and figure below:

**Table 4: Growth in Gross Written Premiums (2012 – 2017\*)**

Year	2012	2013	2014	2015	2016	2017*
Non-life Insurance	1.018	1.073	1.217	1.388	1.652	1.800
Life Insurance	0.458	0.500	0.630	0.770	0.814	1.034
Total	1.477	1.573	1.848	2.159	2.467	2.834

Figures in billion kwacha.

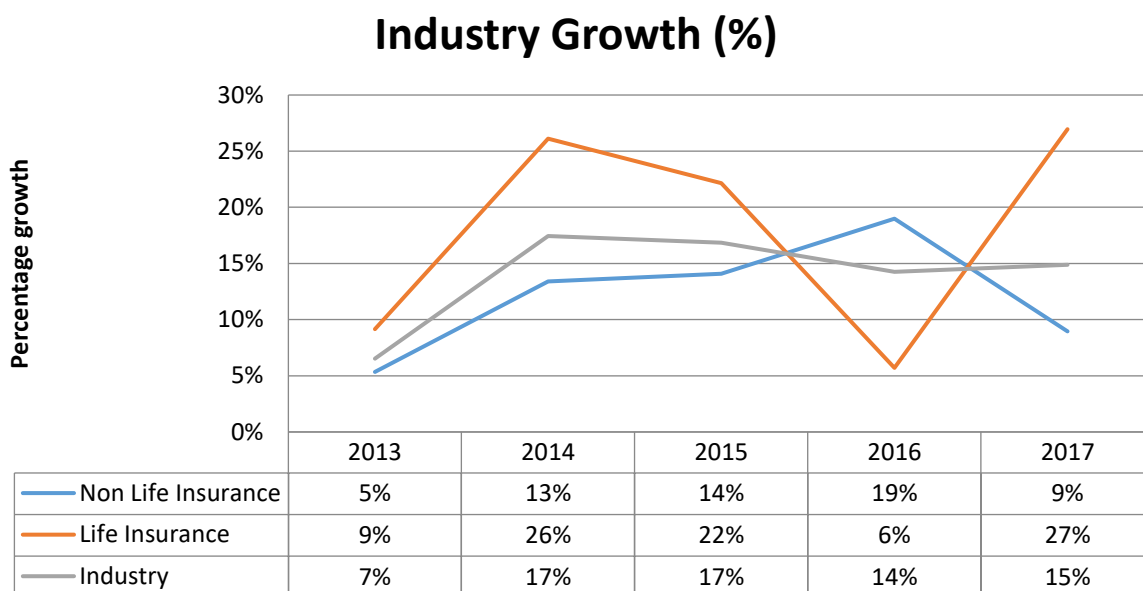
**Figure 2: Growth in Gross Written Premiums**



Non-life insurance premium grew by 19% in 2016 (9%| 2017\*) while life insurance premiums grew by 6% in 2016 (27%| 2017\*).

The percentage growth of the insurance industry over the past years is depicted in table and figure below:

**Figure 3: Percentage Growth of Gross Written Premiums**



### 3.1.1 Premiums Reinsured

There has been a growth of premiums ceded to reinsurers over the past 5 years under review. Growth can be attributed to the growth of gross written premiums over the years. The total premiums ceded were K 912 million in 2016 and K 742 million in 2015.

**Table 5 Premiums Reinsured 2012-2016**

Year	2012	2013	2014	2015	2016
<b>Non-life Premiums ceded</b>	0.466	0.472	0.509	0.607	0.728
<b>Life Ins Premiums ceded</b>	0.061	0.064	0.106	0.135	0.184
<b>Total Premiums ceded</b>	0.527	0.536	0.615	0.742	0.912
<b>% Growth- Premiums ceded</b>		2%	15%	21%	23%

*Figures in billion kwacha*

### 3.1.2 Contribution to National GDP

The relative performance of the insurance industry to the national Gross Domestic Product for the periods 2012 to 2017\* are shown below:

**Table 6: Insurance Performance relative to national GDP**

Year	2012	2013	2014	2015	2016	2017*
Gross Domestic Product-Mkt Price	131.07	155.256	171.316	232.269	216.094	245.685
Life Insurance Premium	0.458	0.500	0.630	0.770	0.814	1.034
Life Insurance Penetration	0.35%	0.32%	0.37%	0.33%	0.38%	0.42%
Non-life Insurance Premium	1.018	1.073	1.217	1.388	1.652	1.800
Non-Life Insurance Penetration	0.78%	0.69%	0.71%	0.60%	0.76%	0.73%
Total Premium	1.477	1.573	1.848	2.159	2.467	2.834
Insurance Industry Penetration**	1.13%	1.01%	1.08%	0.93%	1.14%	1.15%

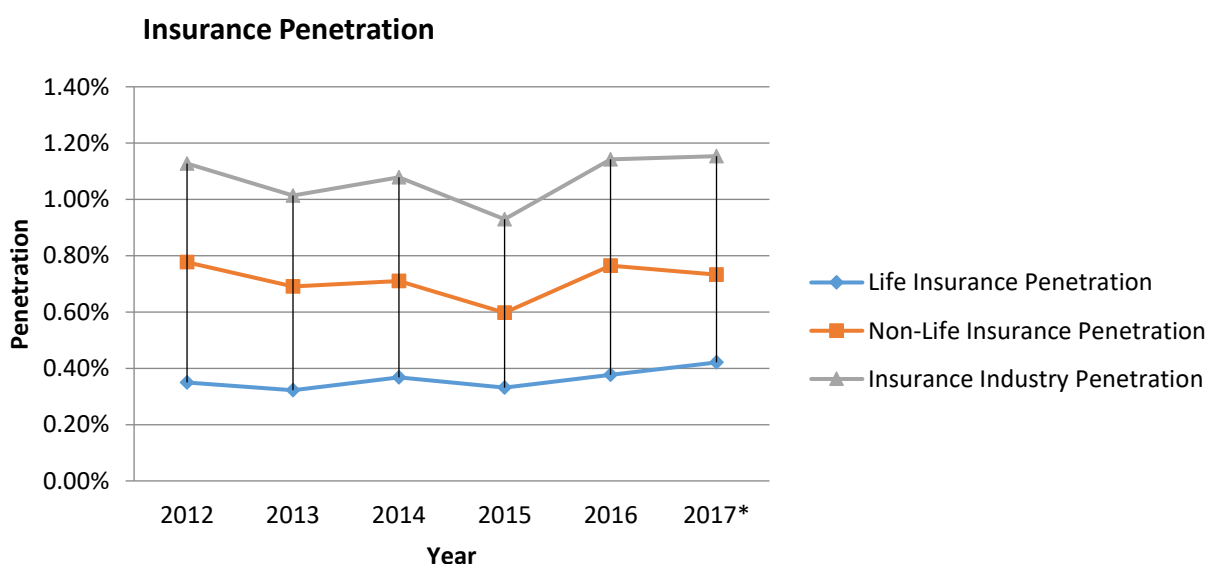
Figures in billion kwacha

$$**Insurance\ Penetration = \frac{Gross\ Premium}{GDP} \times 100\%$$

The insurance penetration has remained low and constant around the 1% mark for the past 6 years as depicted in the Table above and the Figure below. The penetration of insurance in 2016 was 1.14% (2017\*:1.15%) as compared to 0.93% in 2015.

Life insurance recorded a penetration ratio of 0.38% in 2016 (2017\* : 0.42%) compared to 0.33% in 2015 while non-life insurance recorded 0.76% in 2016 (2017\* : 0.73%) compared to 0.60% in 2015.

**Figure 4: Insurance Penetration, Percentage of GDP**



### 3.2 Claims

The industry recorded a rise in the loss ratio throughout the five year analysis. And as earned premiums increased so did the claims increase steadily.

Claims increase by 30% (highest over the past 5 years) from K 580 million in 2015 to K 760 million in 2016. On the other hand the increase in earned premiums has been lower than that of claims hence the increase in the % growth of the loss ratio.

**Table 7: Net Claims analysis 2012-2016**

Year	2012	2013	2014	2015	2016
<b>Earned Premium</b>	0.88	1.06	1.21	1.33	1.51
<b>% increase in earned premiums</b>		20%	14%	10%	14%
<b>Net Claims</b>	0.32	0.41	0.52	0.58	0.76
<b>% increase in claims</b>		29%	25%	13%	30%
<b>Loss Ratio</b>	36%	39%	43%	44%	50%

### 3.3 Total Expenses

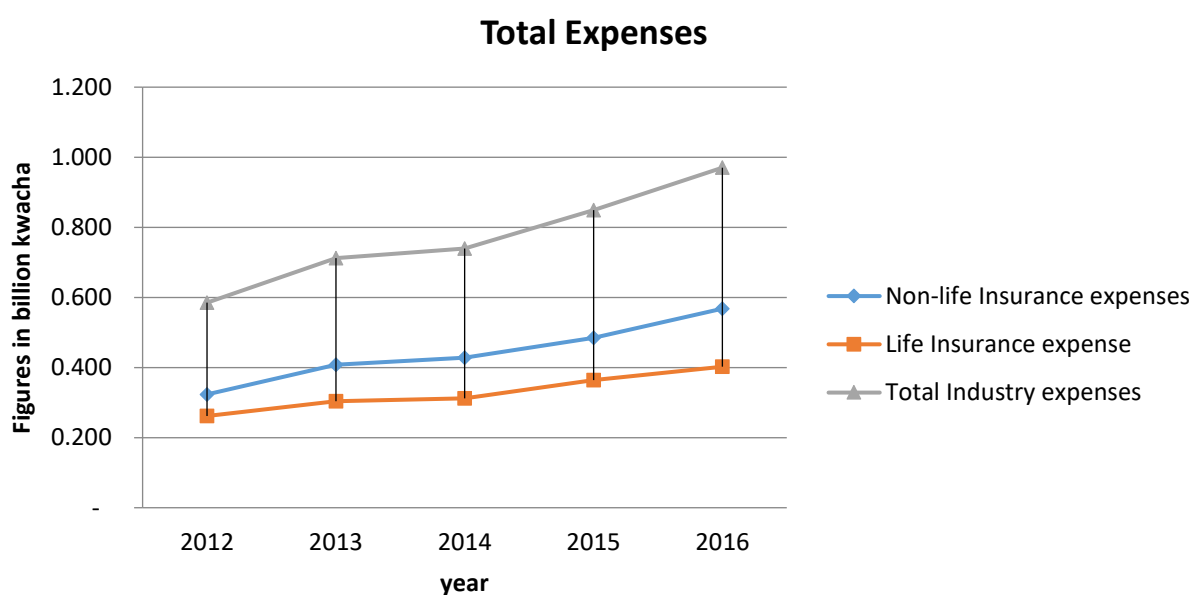
Total expenses include commissions and other expenses besides claims. The total expenses in 2016 were K 0.970 billion (2015: K 0.849 billion) of which non-life insurance expenses were K 0.568 billion (2015: K 0.485 billion) and life insurance expenses amounted to K 0.402 billion (2015: K 0.364 billion). Total industry expenses have increased by 14% between 2015 and 2016.

**Table 8: Expenses 2012-2016**

Year	2012	2013	2014	2015	2016
<b>Non-life Insurance expenses</b>	0.323	0.408	0.428	0.485	0.568
<b>Life Insurance expense</b>	0.262	0.304	0.312	0.364	0.402
<b>Total Industry expenses</b>	0.585	0.712	0.739	0.849	0.970

Figures in billion kwacha.

**Figure 5: Change in expenses 2012-2016**



### 3.4 Profitability

The investment and other income earnings of the industry increased by 25% from K 201 million in 2015 to K 252 million in 2016.

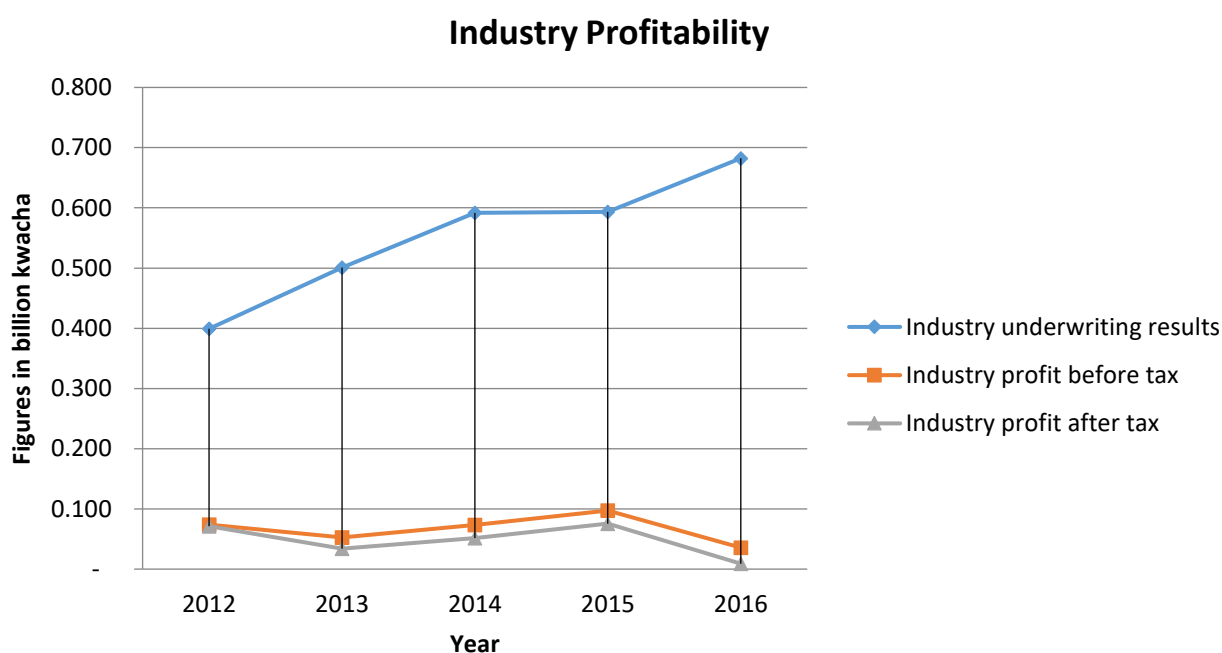
The industry recorded an increase of 15% in underwriting profit from K 593 million in 2015 to K 682 million in 2016. Industry profit before tax and industry profit after tax both reduced by 6.3% and 8.8% respectively.

**Table 9: Industry Profitability 2012-2016**

Year	2012	2013	2014	2015	2016
Industry underwriting results	0.399	0.501	0.592	0.593	0.682
Industry profit before tax	0.074	0.053	0.074	0.097	0.036
Industry profit after tax	0.071	0.034	0.052	0.076	0.009

Figures in billion kwacha

**Figure 6: Industry Profitability 2012-2016**



## 4.0 Industry Regulatory environment

### 4.1 Regulatory Framework

The Zambian insurance industry is largely subjected to the following Acts among others;

- Insurance Act No. 27 of 1997, including any subsequent amendments. The amendment by Act No. 26 of 2005, prohibited the existence of composite insurance companies.
- Pensions Scheme Regulation Act No. 28 of 1996, including any amendments.
- Road Transport (Safety and Traffic Management) Act 1999 including any amendments.
- Companies Act Cap 388 of the laws of Zambia



## **4.2 Fiscal Policy Environment**

All insurance premiums no longer subject to VAT but a levy is charged.

An insurance levy of 3% of the gross premiums written is charged on all the business written by general insurance companies and non-life premiums.

All brokers are required to be members of the Insurance Brokers Association of Zambia (IBAZ).

All the licensed insurers and reinsurers are required by law to be members of the Insurers Association of Zambia (IAZ).

## **4.3 Other industry matters**

- An increase in the minimum capital requirements for all licensed entities came into force and that resulted in a number of insurance providers not receiving their licenses for 2018. One reinsurer, 3 general insurers and 2 long term insurers and 14 brokers have not been licensed to operate for the 2018 financial year.
- The Insurers Association of Zambia has drafted proposed changes to the IAZ Constitution in a bid to strengthen and reposition the Association. The changes will be presented to the members for adoption at a forthcoming EGM.
- In the presentation of the 2018 budget in 2017, The Minister of Finance stated that the levy charged on ceded insurance premiums to reinsurer's would be scrapped off.
- The industry provided feedback on the medical insurance bill to the parliamentary subcommittee that sat to take comments from stakeholders.
- The industry submitted views to PIA on various sections in the Insurance Act. The industry now awaits the presentation of the revised Insurance Act Bill to parliament. Members are hopefully that it will be presented this year.
- The International Financial Reporting Standard 9, Financial Instruments (IFRS9) came into effect from January 2018. This standard has replaced the International Accounting Standard 39 Financial Instruments: Recognition and Measurement (IAS 39). The IFRS 9 introduces greater provisions and upfront recognition of credit losses.
- IFRS 17 comes into effect on 1<sup>st</sup> January 2021, but implementation begins this year. Sensitization of members of the new standards is underway, and a workshop was held by Deloitte for insurers on 18<sup>th</sup> April 2018. The industry must put in place measures to ensure that the standard is understood and adopted in a timely manner. The ramifications of its implementations will entail alterations to systems and processes, greater segmentation of portfolios and more integration of credit risk management systems with accounting systems.

## Ratio Analysis

The table below depicts ratio analysis for the industry

### *Industry Ratio analysis 2012-2016*

	2012	2013	2014	2015	2016
<b>Combined Ratio</b>	1.03	1.06	1.04	1.08	1.14
<b>Claims Ratio</b>	0.36	0.39	0.43	0.44	0.50
<b>Expenses Ratio</b>	0.66	0.45	0.40	0.39	0.40
<b>Commissions Ratio</b>	0.12	0.05	0.07	0.10	0.05

## 5.0 Combined Statement of Comprehensive Income

The insurance industry's statement of Comprehensive Income for the last five years is shown in the table below.

*Table 10: Combined industry Statement of Comprehensive Income*

Year	2012	2013	Growth	2014	Growth	2015	Growth	2016	Growth
<b>Gross Written Premiums</b>	1.48	1.57	7%	1.84	17%	2.16	17%	2.45	14%
<b>Reinsurance Ceded</b>	0.53	0.54	2%	0.61	14%	0.74	21%	0.91	23%
<b>Net Written Premium</b>	0.95	1.04	9%	1.22	18%	1.42	16%	1.54	9%
<b>Change in Net Provision for UPR</b>	(0.07)	0.02	-132%	(0.02)	-183%	(0.09)	372%	(0.03)	-63%
<b>Earned Premium</b>	0.88	1.06	20%	1.21	14%	1.33	10%	1.51	14%
<b>Net Claims Incurred</b>	0.32	0.41	29%	0.52	25%	0.58	13%	0.76	30%
<b>Commissions and other expenses</b>	0.59	0.71	22%	0.74	4%	0.85	15%	0.97	14%
<b>Investment and other income</b>	0.10	0.12	20%	0.13	6%	0.20	60%	0.25	25%
<b>Total Profit /(loss)before tax</b>	0.07	0.05	-29%	0.07	40%	0.10	32%	0.04	-63%
<b>Taxation</b>	0.00	0.02	627%	0.02	17%	0.02	-1%	0.03	23%
<b>Total profit/(loss) after tax</b>	0.07	0.03	-52%	0.05	52%	0.08	46%	0.01	-88%

Company	Gross Premiums	Reinsurance Ceded	Net Written Premium	Change in Net Provision for UPR	Earned Premium	Net Claims	Net commissions and expenses	Investment and other income	Total Profit /(loss) before tax	Taxation	Total profit/(loss) after tax
A/GREY	33,942,817	12,814,745	21,128,072	2,708,236	23,836,308	5,627,998	17,329,391	1,815,617	2,694,536	1,139,312	1,555,224
A/PRIDE	23,396,804	17,578,022	5,818,782	(980,925)	4,837,857	3,416,632	4,371,118	-	(2,949,893)	(905,574)	(2,044,319)
ACACIA	4,573,154	22,793	4,550,361	(2,255,922)	2,294,439	1,055,585	5,311,078	904	(4,071,320)		(4,071,320)
ADV/TAGE	19,250,224	4,744,056	14,506,168	(796,556)	13,709,612	4,171,463	8,097,310	454,997	1,895,836	683,201	1,212,635
APLUS Gen	15,413,874	394,922	15,018,952	235,336	15,254,288	2,967,076	12,304,953	200,390	182,649	1,783,627	(1,600,978)
APLUS Life	1,311,565		1,311,565		1,311,565	200,333	2,218,035	-	(1,106,803)	31,500	(1,138,303)
BARCLAYS/L	42,964,805	4,357,483	38,607,322		38,607,322	13,471,083	35,409,501	11,894,830	1,621,568		1,621,568
DIAMOND	57,193,680	12,509,066	44,684,614	(1,053,315)	43,631,299	28,899,761	16,768,944	1,015,681	(1,021,725)	(133,762)	(887,963)
FOCUS G	23,784,000	4,515,000	19,269,000	4,809,000	24,078,000	2,815,000	24,476,000	4,327,000	1,114,000	1,502,000	(388,000)
FOCUS Life			-		-		-	-	-		-
G/ALLIANCE	15,195,516	7,841,300	7,354,216	(681,745)	6,672,471	1,716,418	4,370,994	324,771	909,830	(1,298,136)	2,207,966
GOLDEN LOTUS	14,443,626	945,533	13,498,093	(5,506,955)	7,991,138	3,324,000	4,459,138	-	208,000	72,800	135,200
GOLDMAN	99,054,331	9,016,972	90,037,359	(2,710,084)	87,327,275	29,769,316	51,914,395	584,782	6,228,346	1,596,230	4,632,116
HOLLARD Ins	130,964,000	66,137,000	64,827,000	(3,227,000)	61,600,000	31,787,000	29,282,000	3,780,000	4,311,000	2,165,000	2,146,000
HOLLARD Life	12,747,456	11,265,870	1,481,586		1,481,586	597,169	2,973,154	1,049,621	(1,039,116)	111,316	(1,150,432)
INNOVATE G	11,652,062	1,219,708	10,432,354	(3,161,667)	7,270,687	1,704,860	11,412,919	-	(5,847,092)		(5,847,092)
LIBERTY	36,759,000	18,608,000	18,151,000		18,151,000	1,681,000	17,149,000	1,261,000	582,000	508,000	74,000
MADISON Gen	213,386,254	64,442,610	148,943,644	(767,134)	148,176,510	82,044,795	88,519,496	1,196,418	(21,191,363)	(7,584,203)	(13,607,160)
MADISON/L	172,288,273	48,880,601	123,407,672		123,407,672	76,982,408	73,517,791	47,623,927	20,531,400		20,531,400
MAYFAIR Ins	52,079,922	26,483,431	25,596,491	(3,678,893)	21,917,598	6,388,656	15,599,289	1,822,590	1,752,243	1,558,493	193,750
MEANWOOD	37,604,235	5,259,336	32,344,899	(436,633)	31,908,266	10,519,215	19,474,518	1,341,459	3,255,992	1,381,568	1,874,424
METROPOLITAN	62,718,626	84,292	62,634,334		62,634,334	56,122,046	15,467,884	1,910,609	(7,044,987)	-	(7,044,987)
NICO	234,548,000	173,523,000	61,025,000	(599,000)	60,426,000	26,994,000	37,365,000	10,651,000	6,718,000	3,416,000	3,302,000
PHOENIX	49,309,612	32,281,861	17,027,751	2,459,842	19,487,593	8,000,309	12,217,061	747,873	18,096	3,073,604	(3,055,508)
PROFESSIONAL	353,760,069	181,511,949	172,248,120	(4,125,314)	168,122,806	66,395,025	70,564,714	10,534,279	41,697,346	14,142,733	27,554,613
PRUDENTIAL	109,676,940	37,216,492	72,460,448		72,460,448	66,619,103	51,987,453	59,544,816	13,398,708	837,350	12,561,358
REGENT	1,480,980	59,431	1,421,549		1,421,549	71,743	3,576,021	1,382,717	(843,498)		(843,498)
SANLAM	237,379,021	61,344,789	176,034,232		176,034,232	97,117,448	112,514,367	31,460,981	(2,136,602)	431,700	(2,568,302)
SAVENDA	4,693,210	764,260	3,928,950	(2,870,210)	1,058,740	20,248	3,663,563	-	(2,625,071)		(2,625,071)
ULTIMATE	3,518,762	70,785	3,447,977	1,240,961	4,688,938	606,424	3,181,913	100	900,701	(146,090)	1,046,791
VERITAS	3,145,036	295,424	2,849,612	(715,423)	2,134,189	1,132,198	1,809,270	2,032	(805,247)		(805,247)
ZSIC G	251,430,000	105,650,000	145,780,000	(10,734,000)	135,046,000	57,480,000	125,433,000	11,028,000	(36,839,000)	215,000	(37,054,000)
ZSIC/L	125,251,000	2,401,000	122,850,000		122,850,000	66,330,000	87,486,000	46,122,000	15,156,000	2,092,000	13,064,000
TOTAL	2,454,916,854	912,239,731	1,542,677,123	(32,847,401)	1,509,829,722	756,028,312	970,225,270	252,078,394	35,654,534	26,673,669	8,980,865

## **6.0 Non-Life Insurance**

Non-Life insurance is also referred to general insurance in some circles. The major classes of non-life insurance written in Zambia include Fire, Accident, Motor, Marine/Aviation, Engineering and Agriculture. Other classes include Liability, Bonds and Micro insurance.

Twenty (22) companies wrote non-life insurance business in 2016.

### **6.1 Gross Premiums**

Gross premiums for 2016 were K 1.800 billion and in 2015 K 1.652 billion being an increase of 9% compared and increase of 19% in 2015.

The analysis of the growth of gross written premiums depicts a negative growth rate for 3 insurance companies in 2016 (2017\*:9) and only 1 non-life insurance company recorded in 2015. In 2016 9 companies had a growth rate of 20% or more (2017\*:7) while 2015 had a total number of 8.

In the last 5 years, Professional Insurance has exhibited consistency in maintaining a market share of close to 25%. The other insurance companies with a significant market share include Nico Insurance, Madison General and ZSIC General all with a market share of around 10%. About 50% of the companies have a market share of less than 2%.

The table below shows the gross premium, market share and percentage growth per company for the last five years.

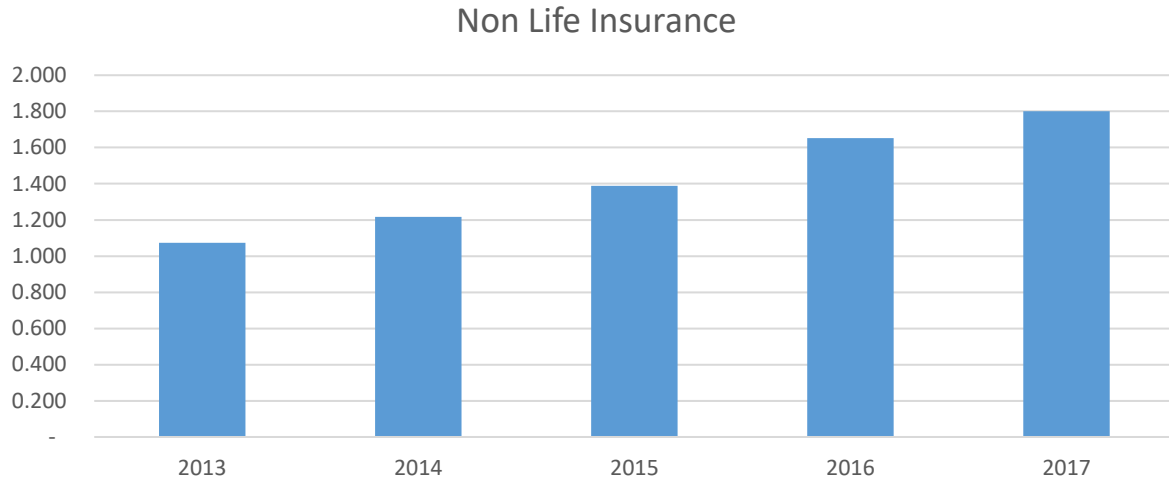
COMPANY	2013			2014			2015			2016			2017		
	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share
ACACIA	-		0.00%	-		0.00%	17,101		0.00%	4,573,154	26642%	0.28%	5,545,722	21%	0.31%
ADVANTAGE	13,217,000		1.23%	12,659,000	-4%	1.04%	14,360,000	13%	1.03%	19,250,000	34%	1.17%	21,954,565	14%	1.22%
AFRICA PRIDE	-		0.00%	-	0%	0.00%	7,028,000		0.51%	23,397,000	233%	1.42%	29,500,000	26%	1.64%
AFRICAN GREY	14,068,000		1.31%	18,490,000	31%	1.52%	31,585,000	71%	2.27%	33,943,000	7%	2.05%	33,429,000	-2%	1.86%
APLUS	4,345,000		0.40%	9,486,000	118%	0.78%	14,433,000	52%	1.04%	15,414,000	7%	0.93%	13,000,000	-16%	0.72%
DIAMOND	54,985,000		5.12%	52,473,000	-5%	4.31%	56,313,000	7%	4.06%	57,194,000	2%	3.46%	44,800,000	-22%	2.49%
FOCUS	4,165,000		0.39%	17,416,000	318%	1.43%	30,703,000	76%	2.21%	23,784,000	-23%	1.44%	19,181,000	-19%	1.07%
GENERAL ALL	2,907,000		0.27%	5,723,000	97%	0.47%	6,108,000	7%	0.44%	15,196,000	149%	0.92%	16,044,750	6%	0.89%
GOLDEN LOTUS	-		0.00%	-	0%	0.00%	-	0%	0.00%	14,444,000	0%	0.87%	11,700,000	-19%	0.65%
GOLDMAN	72,324,000		6.74%	75,945,000	5%	6.24%	81,866,000	8%	5.90%	99,054,331	21%	5.99%	81,487,805	-18%	4.53%
HOLLARD	56,534,000		5.27%	79,832,000	41%	6.56%	101,158,000	27%	7.28%	130,964,000	29%	7.93%	136,000,000	4%	7.56%
INNOVATE	-		0.00%	-	0%	0.00%	-	0%	0.00%	11,652,062	0%	0.71%	17,000,000	46%	0.94%
MADISON GEN	234,967,000		21.89%	199,179,000	-15%	16.36%	208,788,000	5%	15.04%	213,386,000	2%	12.91%	256,000,000	20%	14.22%
MAYFAIR	23,782,000		2.22%	30,521,000	28%	2.51%	43,097,000	41%	3.10%	52,080,000	21%	3.15%	100,183,000	92%	5.57%
MEANWOOD	14,806,000		1.38%	27,827,000	88%	2.29%	41,090,000	48%	2.96%	37,604,000	-8%	2.28%	43,600,000	16%	2.42%
NICO	109,708,000		10.22%	173,924,000	59%	14.29%	210,126,000	21%	15.13%	234,548,000	12%	14.19%	236,135,000	1%	13.12%
PHOENIX	27,405,000		2.55%	27,986,000	2%	2.30%	44,418,000	59%	3.20%	49,310,000	11%	2.98%	43,000,000	-13%	2.39%
PICZ	266,539,000		24.83%	282,960,000	6%	23.25%	310,345,000	10%	22.35%	353,760,069	14%	21.41%	424,000,000	20%	23.55%
SAVENDA	-		0.00%	-	0%	0.00%	-	0%	0.00%	4,693,000	0%	0.28%	12,182,290	160%	0.68%
ULTIMATE	-		0.00%	-	0%	0.00%	4,878,000	0%	0.35%	3,519,000	-28%	0.21%	2,500,000	-29%	0.14%
VERITUS G	-		0.00%	-	0%	0.00%	1,925,000	0%	0.14%	3,145,000	63%	0.19%	3,555,012	13%	0.20%
ZSIC GI	173,580,000		16.17%	202,813,000	17%	16.66%	180,418,000	-11%	12.99%	251,430,000	39%	15.22%	249,322,311	-1%	13.85%
NON-LIFE TOTAL	1,073,332,000		100%	1,217,234,000	13%	100.00%	1,388,656,101	14%	100.00%	1,652,340,616	19%	100.00%	1,800,120,455	9%	100.00%

Table 11: Detailed Statement of Comprehensive Income 2016

## 6.2 Gross Written Premium Growth

Non-life Insurance premiums have grown by K 727 million in the last 5 years, a growth rate of 67.7%. This is an average of K 145.4 million every year.

**Figure 7: Non-life Insurance Gross Written Premiums 2013-2017\***



## 6.3 Claims

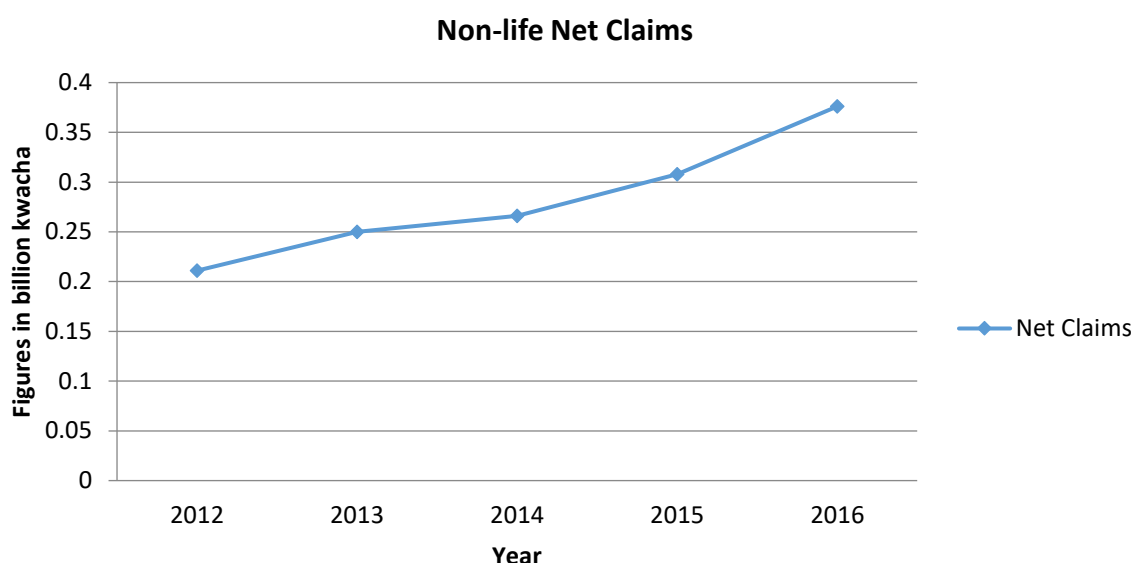
Non-life insurance incurred net claims of K 0.376 billion in 2016 compared to K 0.308 billion in 2015. This signifies an increase of 22% amounting to K 0.068 billion from the net claims recorded in 2015.

**Table 12: Claims Analysis 2012-2016**

Year	2012	2013	2014	2015	2016
<b>Net Claims</b>	0.211	0.250	0.266	0.308	0.376
<b>% change in net claims</b>		18%	6%	16%	22%
<b>Net Premiums</b>	0.553	0.601	0.707	0.781	0.924
<b>Loss Ratio</b>	38%	42%	38%	39%	41%

Figures in billion kwacha

**Figure 8: Claims Analysis 2012-2016**



**6.4 Expenses**

The total Non-life insurance expenses were K 568 million in 2016 and K 485 million in 2015. Of this, K 34 million were net commissions paid out in 2016 and K 42 million in 2015.

**6.5 Reinsurance**

The total of premiums ceded has been at an average of 44% of gross premiums written. Total premiums ceded in 2016 amounted to K 728 million whereas K 607 million premiums were ceded in 2015.

**Table 13: Non-life Premiums Ceded**

Year	2012	2013	2014	2015	2016
<b>Non-life premiums ceded</b>	0.466	0.472	0.509	0.607	0.728
<b>% of Gross Written Premiums</b>	46%	44%	42%	44%	44%
<b>% growth</b>		1%	8%	19%	20%

*Figures in billion kwacha*

**6.6 Summary of Revenue Account**

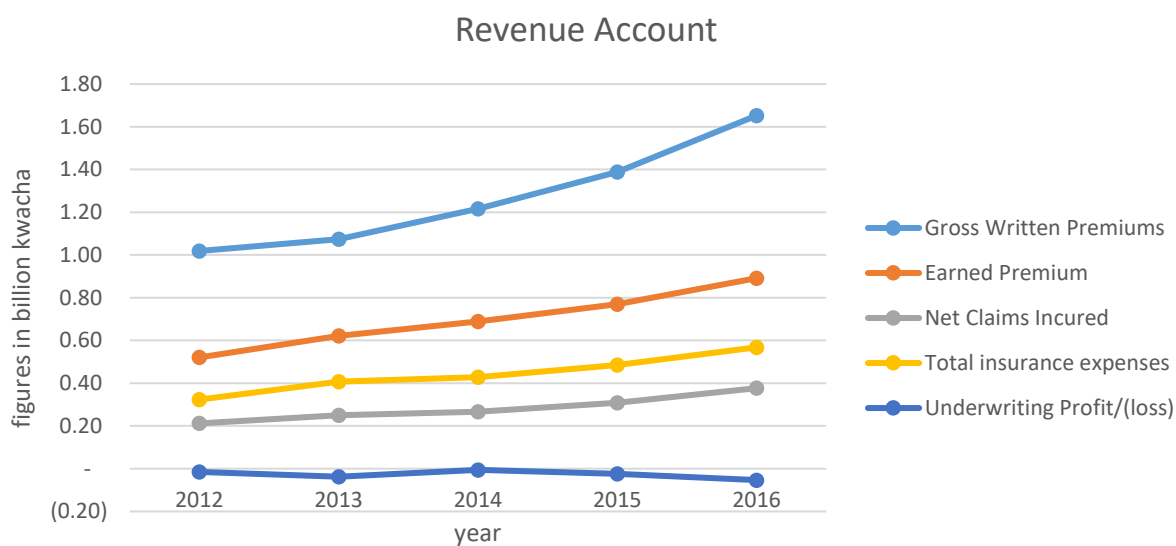
Non-life insurance has experienced underwriting losses over the last five years with the height being in 2016. An underwriting loss of K 50 million was recorded in 2016 being an increase from 2015's underwriting loss of K 20 million.

**Table 14: Summary of Revenue Account 2012-2016**

	2012	2013	2014	2015	2016
<b>Gross Written Premiums</b>	1.02	1.07	1.22	1.39	1.65
<b>Earned Premium</b>	0.52	0.62	0.69	0.77	0.89
<b>Net Claims Incurred</b>	0.21	0.25	0.27	0.31	0.38
<b>Total insurance expenses</b>	0.32	0.41	0.43	0.48	0.57
<b>Operating Profit/(loss)</b>	(0.01)	(0.04)	(0.01)	(0.02)	(0.05)

Figures in billion kwacha

**Figure 9: Revenue Account 2012-2016**





## **7.0 Life Insurance**

### **7.1 Premiums Income**

Most companies recorded positive growth rates in 2016 with the exception of Prudential, Regent and ZSIC life. This trend has continued in 2017\* as per preliminary gross written premiums.

Sanlam Life still has the biggest market share of premiums standing at 29% in 2016 and at 32% as per preliminary premiums of 2017\*. Other players with market share of 10% and more are Madison Life, Prudential and Zsic Life. The rest of the player have a market share of less than 10%.

The table below shows the gross premium, market share and percentage growth per company for the last five years.

	2013			2014			2015			2016			2017		
	Gross Premium	% Change	Mkt Share	Gross Premium	% Change	Mkt Share	Gross Premium	% Change	Mkt Share	Gross Premium	% Change	Mkt Share	Gross Premium	% Change	Mkt Share
<b>APLUS LIFE</b>	-		-	-	0%	-	-	0%	0.00%	1,311,565		0.16%	1,298,535	-1%	0.13%
<b>BLAZ</b>	30,526,521		6.10%	39,432,771	29%	6.25%	42,818,359	9%	5.56%	42,964,805	0%	5.27%	54,000,000	26%	5.22%
<b>FOCUS LIFE</b>	-		-	-	0%	-	5,330,786	0%	0.69%	12,974,048	143%	1.59%	8,700,000	-33%	0.84%
<b>HOLLARD</b>	4,682,670		0.94%	5,726,703	22%	0.91%	7,242,484	26%	0.94%	12,747,456	76%	1.56%	17,400,000	36%	1.68%
<b>LIBERTY LIFE</b>	-		-	-	0%	-	20,220,000	0%	2.62%	36,759,000	82%	4.51%	58,000,000	58%	5.61%
<b>MADISON LIFE</b>	114,421,145		22.87%	128,796,246	13%	20.41%	136,522,994	6%	17.71%	172,288,273	26%	21.15%	153,145,305	-11%	14.81%
<b>METROPOLITAN</b>	1,525,877		0.30%	2,239,546	47%	0.35%	31,160,005	1291%	4.04%	62,718,626	101%	7.70%	62,000,000	-1%	5.99%
<b>PRUDENTIAL</b>	76,454,611		15.28%	102,144,643	34%	16.19%	121,650,670	19%	15.78%	109,676,940	-10%	13.46%	165,500,000	51%	16.00%
<b>REGENT LIFE</b>	4,514,220		0.90%	2,986,452	-34%	0.47%	2,384,773	-20%	0.31%	604,815	-75%	0.07%	-	-100%	0.00%
<b>SPECIALITY</b>													77,042,000		7.45%
<b>SANLAM</b>	149,907,854		29.96%	222,399,574	48%	35.25%	236,752,212	6%	30.72%	237,379,021	0%	29.14%	312,181,289	32%	30.18%
<b>ZSIC LIFE</b>	118,283,000		23.64%	127,185,000	8%	20.16%	166,630,000	31%	21.62%	125,251,000	-25%	15.37%	125,000,000	0%	12.09%
<b>TOTAL</b>	500,315,898		100%	630,910,935	26%	100%	770,712,283	22%	100%	814,675,549	6%	100%	1,034,267,129	27%	100%

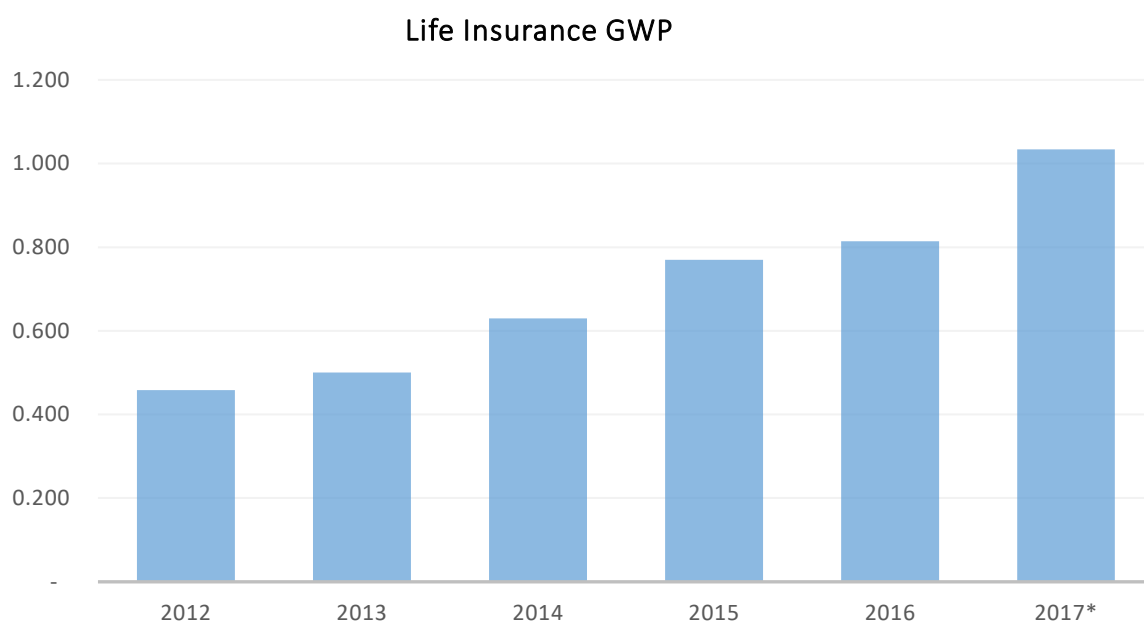
**Table 15: Growth and Market Share of Life Insurance 2013-2017\***

## 7.2 Gross Written Premiums Growth

Life insurance premiums increased by 27%, the highest increase in the past five years in 2017\*. In 2016 life insurance premiums were k 814 million, an increase from K 771 million in 2015 depicting the lowest growth rate in the last five years.

The growth over the past five years has been 100% being an average of 20%.

**Figure 10 Gross Written Premiums 2013-2017\***



## 7.3 Claims

Claims as well as Earned premiums have been increasing over the past five years. The increase in the loss ratio over the five year analysis shows that claims have been increasing more than the earned premiums.

**Table 16: Life Insurance Claims 2012-2016**

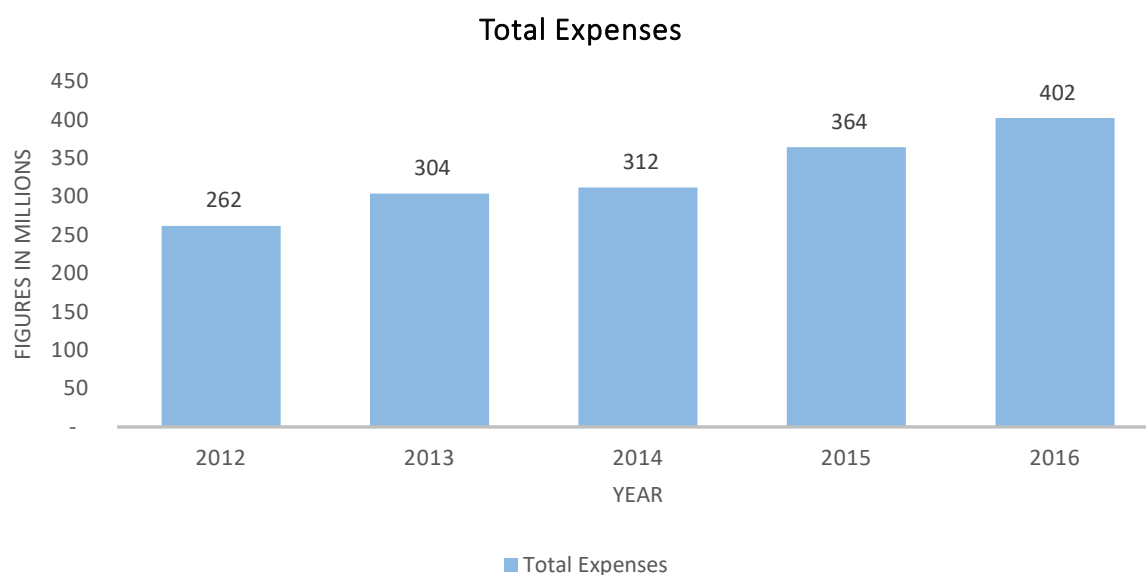
	2012	2013	2014	2015	2016
<b>Net Claims Incurred</b>	108.07	162.41	251.77	274.78	379.19
<b>% change in net claims</b>		50%	55%	9%	38%
<b>Earned Premiums</b>	359.49	438.16	516.79	559.46	618.36
<b>Loss Ratio</b>	30%	37%	49%	49%	61%

*Figures in million kwacha*

## 7.4 Expenses

Expenses include net commissions. There was an increase of expenses from K 364 million in 2015 to K 402 million in 2016.

Figure 11: Total expenses



## 7.5 Reinsurance

As Life insurance has been growing the percentage of premiums ceded has also increased. The total premiums ceded amounted to K 184 million in 2016, a growth of 6% from the 2015 figure of K 135 million.

Table 17: Life Insurance Premiums Ceded 2012-2016

Year	2012	2013	2014	2015	2016
Life Ins Premiums ceded	0.061	0.064	0.106	0.135	0.184
% of Gross Premiums	13%	13%	17%	18%	23%
% Growth		9%	26%	22%	6%

Figures in billion kwacha

## 7.6 Summary of Revenue Accounts

Table 18: Summary of Revenue Accounts

	2012	2013	2014	2015	2016
<b>GWP 2016*</b>	458.36	500.21	622.81	770.71	802.58
<b>Earned Premium</b>	359.49	438.16	516.79	559.46	618.36
<b>Net Claims</b>	108.07	162.41	251.77	274.78	379.19
<b>Total Expenses</b>	478.93	527.52	606.24	736.12	813.92
<b>Underwriting profit/(loss)</b>	(10.30)	(28.07)	(46.67)	(79.76)	(163.13)
<b>Investment income</b>	68.89	85.54	89.33	113.17	202.25
<b>Total Profit /(loss)before tax</b>	58.59	57.47	42.66	33.41	39.12

*\*Figures in million Kwach*