



INSURERS ASSOCIATION OF ZAMBIA



INSURANCE INDUSTRIAL REPORT 2017

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

Unity: Unity in purpose in the provision of superior value to all consumers of insurance products

Integrity in order to enhance and protect the integrity of the entire industry and therefore

Trust creating trust among different stakeholders including government, regulator and consumers

Commitment through commitment to excellence in service delivery

Professionalism in a manner that is professional,

Transparency transparent and fair.

Table of Contents

List of tables	4
List of figures.....	5
1.0 ECONOMIC OVERVIEW.....	7
1.1 World Economy.....	7
1.2 Zambia's Economic Review.....	7
1.3 Economic Outlook 2018.....	8
2.0 World Insurance Performance 2017.....	8
2.1 Global Life Insurance Premiums	9
2.2 Global Non-Life Insurance Premiums	10
2.3 Insurance Performance in Africa.....	10
3.0 Zambian Insurance Sector.....	11
3.1 Gross Written Premiums.....	12
3.1.1 Premiums Reinsured	13
3.1.2 Contribution to National GDP.....	13
3.2 Claims.....	14
3.3 Total Expenses	15
3.4 Profitability.....	16
3.5 Insurance Premium Receivables	16
4.0 Industry Regulatory environment.....	17
4.1 Regulatory Framework.....	17
4.2 Fiscal Policy Environment	17
4.3 Other industry matters	17
5.0 Combined industry Analysis.....	18
5.1 Ratio Analysis	18
5.1.1 Ration Analysis: Non-life Insurance.....	18
5.1.2 Ratio Analysis: Life Insurance	18
5.1.3 Ratio Analysis: Industry.....	18
5.2 Combined Statement of Comprehensive Income.....	19
5.3 Combined Industry Statement of Financial Position	21
6.0 Non-Life Insurance Sector.....	23
6.1 Gross Premiums	23
6.2 Gross Written Premium Growth.....	25
<i>Figures in billion kwacha.....</i>	<i>25</i>
6.3 Claims Analysis.....	25

<i>Figure 8: Claims Analysis 2013-2017</i>	26
6.4 Expenses.....	26
6.5 Reinsurance.....	26
6.6 Summary of Revenue Account.....	26
7.0 Life Insurance Sector.....	28
7.1 Premiums Income	28
7.2 Gross Written Premiums Growth	30
7.3 Claims.....	30
7.4 Expenses.....	31
7.5 Reinsurance.....	31
7.6 Summary of Revenue Accounts	32



List of tables

<i>Table 1: Real Premium Growth Rates 2017</i>	9
<i>Table 2: 2017 Premiums in Africa</i>	11
<i>Table 3: Number of Insurance Companies 2013-2017</i>	11
<i>Table 4: Growth in Gross Written Premiums (2012 – 2017)</i>	12
<i>Table 5 Premiums Ceded to Reinsurers 2013-2017</i>	13
<i>Table 6: Insurance Performance relative to national GDP</i>	14
<i>Table 7: Net Claims analysis 2013-2017</i>	15
<i>Table 8: Expenses 2013-2017</i>	15
<i>Table 9: Industry Profitability 2013-2017</i>	16
<i>Table 10: Insurance Industry Receivable Analysis 2013-2017</i>	16
<i>Table 11: Non-life Insurance Ratio analysis 2013-2017</i>	18
<i>Table 12: Life Insurance Ratio analysis 2013-2017</i>	18
<i>Table 13: Insurance Industry Ratio Analysis 2013-2017</i>	18
<i>Table 14: Ration Formulas</i>	18
<i>Table 15: Combined industry Statement of Comprehensive Income</i>	19
<i>Table 16: Detailed Statement of Comprehensive Income</i>	20
<i>Table 17 : Combined Industry Statement of Financial Position</i>	21
<i>Table 18 Detailed Industry Statement of Financial Position</i>	22
<i>Table 19: Detailed Statement of Comprehensive Income 2017</i>	24
<i>Table 20: Claims Analysis 2013-2017</i>	25
<i>Table 21: Non-life Premiums Ceded</i>	26
<i>Table 22: Summary of Revenue Account 2013-2017</i>	27
<i>Table 23: Growth and Market Share of Life Insurance 2013-2017</i>	29
<i>Table 24: Life Insurance Claims 2013-2017</i>	30
<i>Table 25: Life Insurance Premiums Ceded 2013-2017</i>	32
<i>Table 26: Summary of Revenue Accounts</i>	32

List of figures

<i>Figure 1: Real Premium Growth Rate per Region 2017</i>	9
<i>Figure 2: Growth in Gross Written Premiums</i>	12
<i>Figure 3: Percentage Growth of Gross Written Premiums</i>	13
<i>Figure 4: Insurance Penetration, Percentage of GDP</i>	14
<i>Figure 5: Change in expenses 2013-2017 Industry</i>	15
<i>Figure 6: Industry Profitability 2013-2017</i>	16
<i>Figure 7: Non-life Insurance Gross Written Premiums 2013-2017</i>	25
<i>Figure 8: Non-Life Insurance Claims Analysis 2013-2017</i>	26
<i>Figure 9: Non-Life Insurance Revenue Account 2013-2017</i>	27
<i>Figure 10 Life Insurance Gross Written Premiums 2012-2017</i>	30
<i>Figure 11: Life Insurance Total expenses</i>	31
<i>Figure 12: Expense to Earned premium ratio Life Insurance</i>	31



INSURERS ASSOCIATION OF ZAMBIA

Disclaimer

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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 2017

The expansion of total direct insurance premiums cooled to 1.5% in real terms in 2017, (2016: 2.2%). Both the non-life and life sector slowed, but falling life premiums in advanced

markets were the main cause of drag on overall global premium growth. While the life segment among advanced markets continues to underperform since the financial crisis, the non-life segment is following the recovery of the overall economy quite closely.

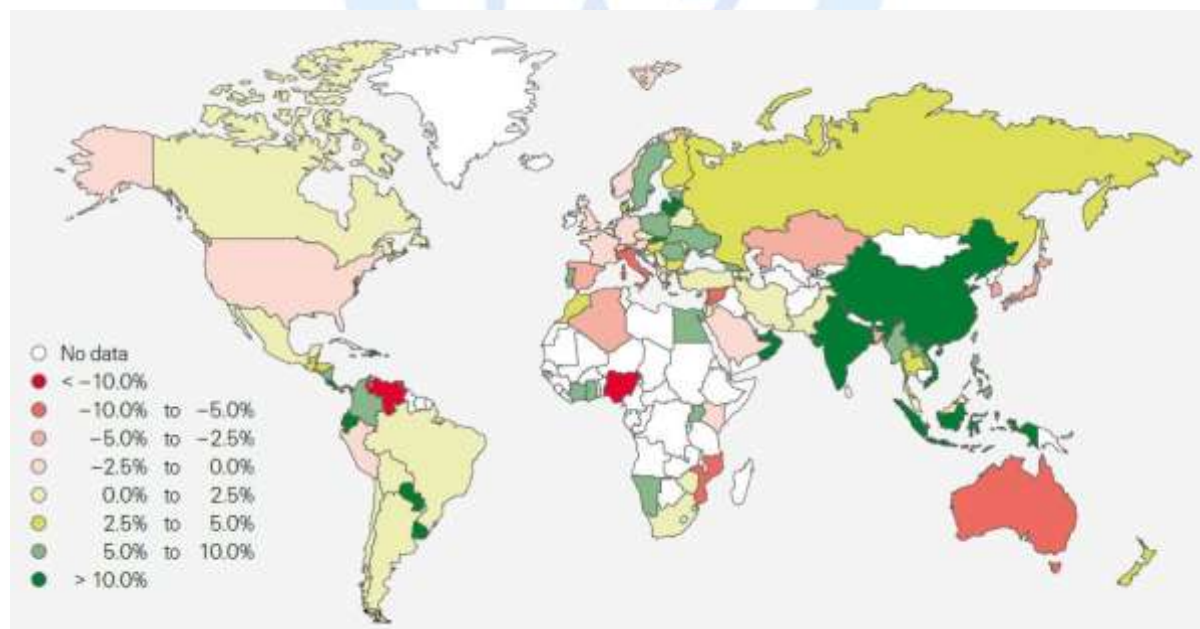
Looking ahead, we expect global life insurance premium growth to improve over the next few years. While advanced markets are expected to grow at a moderate pace, emerging markets are set to outperform, mainly driven by strong growth in China. Nevertheless, in terms of absolute volume, advanced markets will contribute around half of the additional future annual premium income over the next five years. Life business will be challenging among advanced markets, but strong in emerging ones. The global non-life sector is expected to improve, supported by advanced markets, due to a solid economic environment, especially in the US. In emerging markets, non-life premium growth will remain robust, but slightly lower than in the recent past due to less strong growth in emerging Asia and ongoing soft rates.

Table 1: Real Premium Growth Rates 2017

	Life	Non-Life	Total
Industrialised Countries	-2.7%	1.9%	-0.6%
Emerging markets	1.4%	6.1%	10%
World	0.5%	2.8%	1.5%

Source: Swiss Re Sigma 2017

Figure 1: Real Premium Growth Rate per Region 2017



2.1 Global Life Insurance Premiums

Global life premiums increased only marginally by 0.5% to USD 2 657 billion in 2017 (2016: 1.4%). The slowdown was primarily driven by advanced markets, which declined 2.7% in 2017 (2016: -1.9%) as all regions experienced negative growth mostly due to low interest rates that continued to adversely affect the supply and demand for savings products. In emerging markets, life premium

growth remained strong at 14%, mainly driven by China. In other emerging markets, the expansion was much slower at 5.8%. The main cause was the weak performance of Latin America, while other emerging Asia and CEE developed favourably.

2.2 Global Non-Life Insurance Premiums

Global non-life insurance premiums increased 2.8% to USD 2234 billion in 2017, down from 3.3% in 2016, but remained slightly above the 10-year average. The slowdown was mainly due to lower growth in emerging markets, while growth in advanced markets was roughly steady. Growth trends diverged in advanced markets. North America and Western Europe showed improvements, while growth in all advanced Asia markets except Taiwan deteriorated. The slowdown in emerging market growth was largely driven by China, where the speed of expansion halved to a still robust 10%, about the same as other emerging Asia. The moderate pace in CEE continued, but premiums continued to decline in Latin America and the Caribbean.

2.3 Insurance Performance in Africa

2.3.1 Life insurance

Based on preliminary data, we estimate that African life insurance premiums stagnated in 2017, after a decline of 1.0% in 2016. Growth was worse than expected last year as more data became available. In 2017, sluggish developments in South Africa, by far the largest market in Africa (85% market share), are the main cause of the relative stagnation. The weak economic environment and high unemployment are having lasting effects on demand for life insurance products. Elsewhere, developments are mixed. A number of markets have seen continuous healthy to strong growth in 2017, eg Uganda (18%), Cote d'Ivoire (12%), Namibia (12%), Egypt (9.7%) and Algeria (6%). On the other hand, in Kenya (5.1%) and Morocco (3.1%), growth has weakened considerably, as the sales of savings products has eased. On the other hand, a number of markets declined sharply, such as Zimbabwe (-3.7%), Nigeria (-20%) and Mozambique (-39%). Such volatility, on the one hand, reflects the weak economic conditions in these markets, and on the other hand, shows that these markets are mostly still very small. Because of this, regulatory changes or distributional activities of individual companies can have a big impact on overall market growth.

In South Africa, the economy has received a short term confidence boost after President Zuma was forced to resign and technocrat ministers replaced Zuma allies in sectors vital to fiscal discipline and economic reform. We expect these developments to boost demand for life insurance, but many economic reforms are needed to boost longer term growth potential. Elsewhere, the economic situation is also improving. As insurance penetration is low, new ways to offer life insurance to low income segments will provide major growth opportunities in the coming years.

2.3.2 Non-life insurance

Non-life premiums in Africa grew only marginally in 2017 (1.0%) after declining by about the same in 2016. Growth in South Africa (44% of the African non-life market) was weak at just 1.3%, reflecting the political uncertainty and slow economic growth. While premium growth

was sluggish, the devastation from major disasters in 2017, including forest fires in Knysna, floods in Durban and hailstorms in Gauteng, lowered the profitability of South African non-life insurers. Elsewhere in Africa, premium growth varied. Non-life insurers benefitted from economic reforms and a reviving economy in Egypt (9.9%), in Uganda (7.3%), in Zimbabwe (7.5%), in Ghana (5.0%) and Morocco (3.0%). In other markets, such as Kenya, the non-life market shrank. For example, medical business in Kenya decreased after years of strong growth. Also in Nigeria, premiums are estimated to have declined 5.6%, which is still an improvement over the previous year (-15%).

Going forward, we predict stronger non-life insurance market growth in Africa as the economies continue their cyclical recoveries, particularly in the resource-intensive countries. Additional support is likely to come from rate hikes in lines that performed poorly in recent years, eg, motor. In South Africa, the recent presidential change will likely promote business confidence and stronger investment in South Africa. In our view, this should underpin insurance demand and bolster premium growth even as the headwinds of high unemployment and low personal income growth persist. Other growth areas are infrastructure and natural resource extraction-related lines of business, agriculture and the growing segment of personal insurance buyers, particularly microinsurance. We also expect medical insurance to grow strongly. *(Source: Swiss Re Sigma 2016)*

Table 2: 2017 Premiums in Africa

Class	USD billion	World Market Share in %
Life	45	1.7%
Non-life	22	1.0%

(Source: Swiss Re Sigma 2016)

3.0 Zambian Insurance Sector

At the time of putting this report together (Q1 2018), there were 31 licenced insurance companies of which 21 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.

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 2.824 billion in 2017 compared to ZMW 2.467 billion in 2016 representing a growth of 15%. The gross written premium for non-life insurance was ZMW 1.799 billion (ZMW 1.652 in 2016) and life insurance was ZMW 1.048 billion (ZMW 0.814 billion 2016).

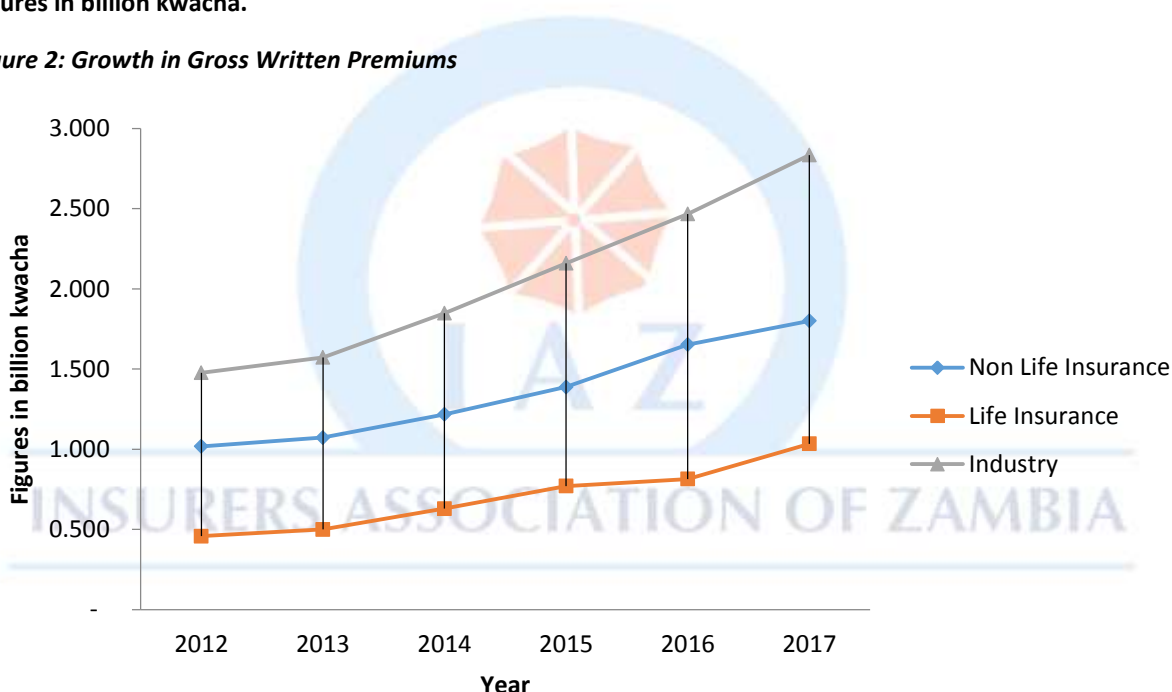
The industry growth over the past years is depicted in table and figure below:

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	1.799
Life Insurance	0.458	0.500	0.630	0.770	0.814	1.025
Total	1.477	1.573	1.848	2.159	2.467	2.824

Figures in billion kwacha.

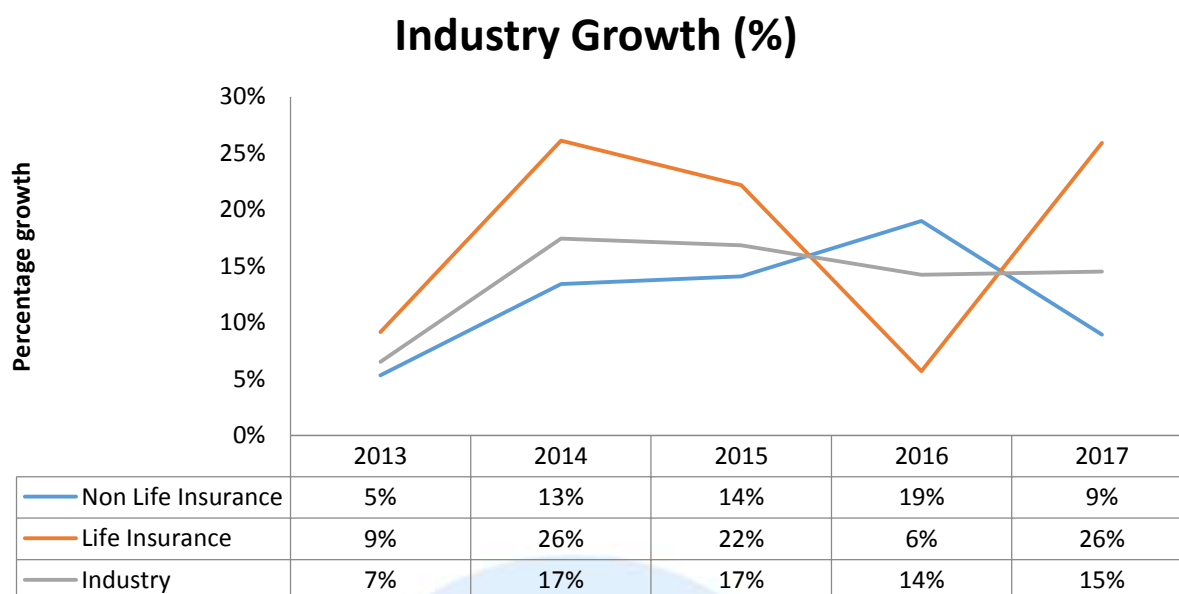
Figure 2: Growth in Gross Written Premiums



Non-life insurance premium grew by 9% in 2017 (19%:2016) while life insurance premiums grew by 26% in 2017 (6%:2016).

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 Ceded to Reinsurers 2013-2017

Year	2013	2014	2015	2016	2017
Non-life Premiums ceded	0.472	0.509	0.607	0.728	0.868
% of Gross Premiums - Non Life	44%	42%	44%	44%	48%
Life Ins Premiums ceded	0.064	0.106	0.135	0.184	0.174
% of Gross Premiums - Life	13%	17%	18%	23%	17%
Total Premiums ceded	0.536	0.615	0.742	0.912	1.042
% of Gross Premiums - Industry	34%	33%	34%	37%	37%
% Growth- Total Premiums ceded	2%	15%	21%	23%	14%

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	2013	2014	2015	2016	2017
Gross Domestic Product-Mkt Price	155.256	171.316	232.269	216.094	245.685
Life Insurance Premiums	0.500	0.630	0.770	0.814	1.025
Life Insurance Penetration	0.32%	0.37%	0.33%	0.38%	0.43%
Non-life Insurance Premiums	1.073	1.217	1.388	1.652	1.799
Non-Life Insurance Penetration	0.69%	0.71%	0.60%	0.76%	0.73%
Total Industry Premiums	1.573	1.848	2.159	2.467	2.846
Insurance Industry Penetration**	1.01%	1.08%	0.93%	1.14%	1.16%

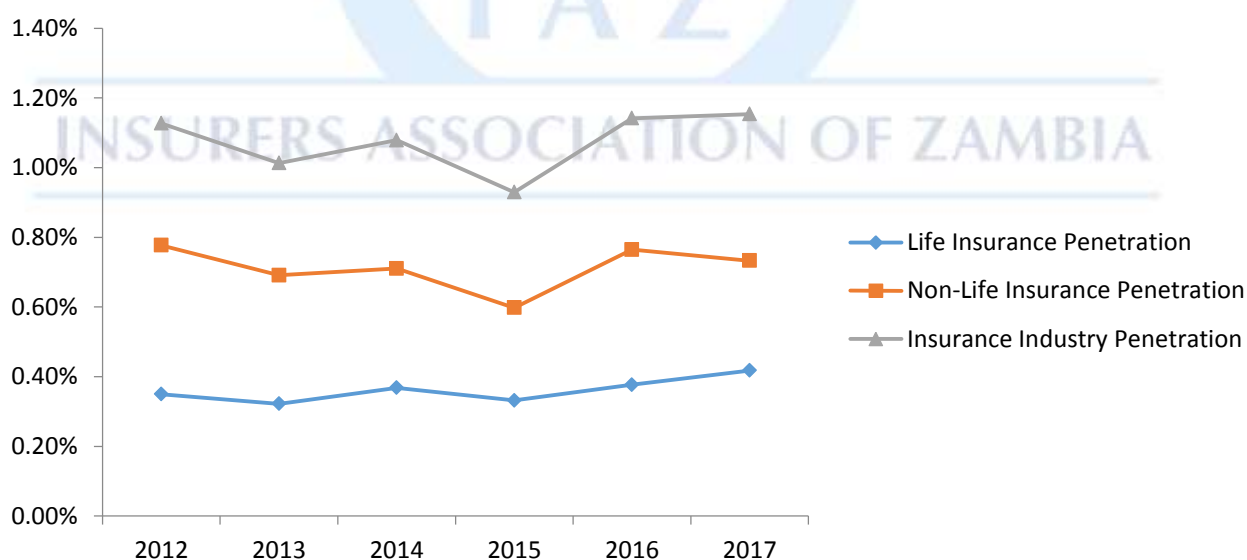
Figures in billion kwacha

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

The insurance penetration has remained low and constant around the 1% mark for the past 5 years as depicted in the Table above and the Figure below. The penetration of insurance in 2017 was 1.16% as compared to 1.14% in 2016.

Life insurance recorded a penetration ratio of 0.43% in 2017 compared to 0.38% in 2016 while non-life insurance recorded 0.73% in 2017 compared to 0.76% in 2016.

Figure 4: Insurance Penetration, Percentage of GDP



3.2 Claims

The industry has been recording a rise in the loss ratio throughout the five year analysis. This trend is birthed by the steady increase in both earned premiums and claims.

The increase in claims by 4% has been the lowest in the past 5 years. Claims recorded in 2017 amount to K 794 million and K 760 million in 2016. Earned premiums increased by 14% as they grew from K 1.51 billion in 2016 to K 1.72 billion in 2017.

Table 7: Net Claims analysis 2013-2017

Year	2013	2014	2015	2016	2017
Earned Premium	1.06	1.21	1.33	1.51	1.72
% increase in earned premiums	20%	14%	10%	14%	14%
Net Claims	0.41	0.52	0.58	0.76	0.79
% increase in claims	29%	25%	13%	30%	4%
Loss Ratio	39%	43%	44%	50%	46%

3.3 Total Expenses

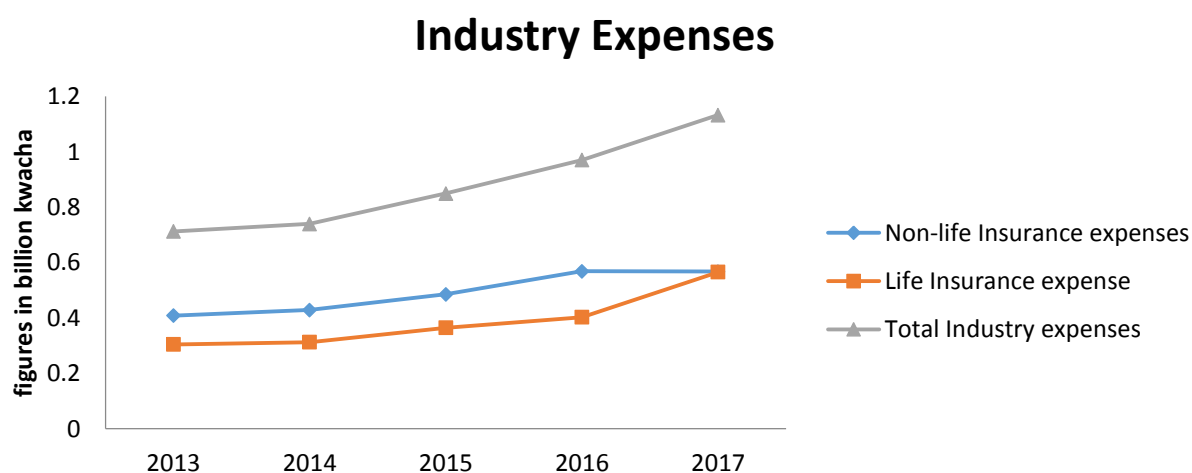
Total expenses include net commissions and other expenses besides claims. The total expenses in 2017 were K 1.132 billion (2016: K 0.970 billion) of which non-life insurance expenses were K 0.567 billion (2016: K 0.568 billion) and life insurance expenses amounted to K 0.565 billion (2016: K 0.402 billion). Total industry expenses have increased by 17% between 2016 and 2017.

Table 8: Expenses 2013-2017

Year	2013	2014	2015	2016	2017
Non-life Insurance expenses	0.408	0.428	0.485	0.568	0.567
Life Insurance expense	0.304	0.312	0.364	0.402	0.565
Total Industry expenses	0.712	0.739	0.849	0.970	1.132

Figures in billion kwacha.

Figure 5: Change in expenses 2013-2017



3.4 Profitability

The Non Insurance Premium revenue, investment income and other income earnings of the industry increased by 51% from K 252 million in 2016 to K 380 million in 2017.

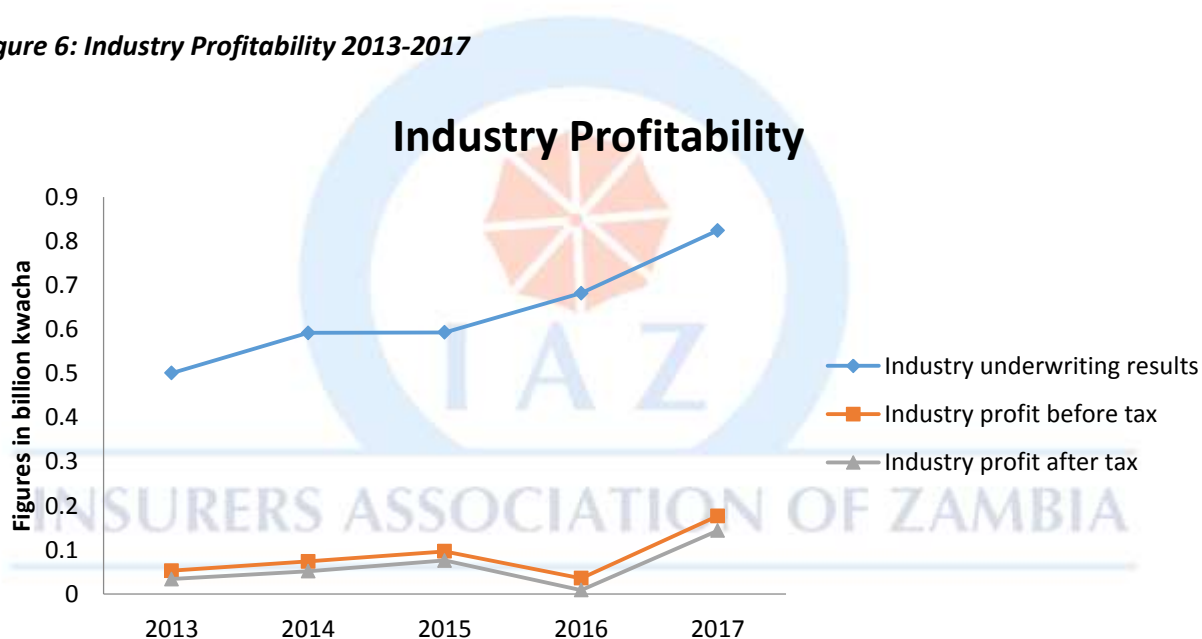
The industry recorded an increase of 21% in underwriting profit from K 682 million in 2016 to K 824 million in 2017. Industry profit before tax and industry profit after tax both reduced by 392% and 1500% respectively.

Table 9: Industry Profitability 2013-2017

Year	2013	2014	2015	2016	2017
Industry underwriting results	0.501	0.592	0.593	0.682	0.824
Industry profit before tax	0.053	0.074	0.097	0.036	0.177
Industry profit after tax	0.034	0.052	0.076	0.009	0.146

Figures in billion kwacha

Figure 6: Industry Profitability 2013-2017



3.5 Insurance Premium Receivables

In the past 5 years, on average, about 38% of Insurance Business has been written on credit as depicted in the figure below.

The table below then depicts how about 30% of debt at the end of the year is either provided for as bad or is actually written off. This is definitely not good for the growth of the insurance industry in Zambia.

Table 10: Insurance Industry Receivable Analysis 2013-2017

	2013	2014	2015	2016	2017
Gross Written Premiums	1.57	1.84	2.16	2.45	2.82
Gross Debtors	0.63	0.76	0.81	0.89	0.96
Bad Debts	0.20	0.21	0.24	0.27	0.31

% Debtors / GWP	40%	41%	38%	36%	34%
% Bad Debts /Debtors	32%	28%	29%	30%	33%

Figures in billion kwacha

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 1st 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 18th 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.

5.0 Combined industry Analysis

5.1 Ratio Analysis

5.1.1 Ratio Analysis: Non-life Insurance

The table below depicts ratio analysis for the non-life insurance niche

Table 11: Non-life Insurance Ratio analysis 2013-2017

	2013	2014	2015	2016	2017
Risk Retention	0.56	0.58	0.56	0.56	0.50
Loss Ratio	0.40	0.39	0.40	0.42	0.37
Expenses Ratio	0.66	0.62	0.63	0.64	0.64
Combined Ratio	1.06	1.01	1.03	1.06	1.02

5.1.2 Ratio Analysis: Life Insurance

The table below depicts ratio analysis for the non-life insurance niche

Table 12: Life Insurance Ratio analysis 2013-2017

	2013	2014	2015	2016	2017
Risk Retention	0.87	0.83	0.82	0.77	0.83
Loss Ratio	0.37	0.49	0.49	0.61	0.55
Expenses Ratio	0.69	0.60	0.65	0.65	0.67
Combined Ratio	1.06	1.09	1.14	1.26	1.22

5.1.3 Ratio Analysis: Industry

Table 13: Insurance Industry Ratio Analysis 2013-2017

	2013	2014	2015	2016	2017
Risk Retention	0.66	0.67	0.66	0.63	0.62
Loss Ratio	0.39	0.43	0.44	0.50	0.46
Expenses Ratio	0.67	0.61	0.64	0.64	0.66
Combined Ratio	1.06	1.04	1.08	1.14	1.12

Table 14: Ratio Formulas

Ratio	Formula	Significance in Analysis
Risk Retention	$\frac{\text{Net premium Written}}{\text{Gross Premium written}}$	Indicates the level of risks retained by the insurer. Reinsurance plays an essential role in the risk spreading process.
Loss Ratio	$\frac{\text{Net claims Incurred} \times 100}{\text{Net Premium Earned}}$	The ratio measures the company's loss experience as a proportion of premium income earned during the year. The loss ratio is a reflection on the nature of risk underwritten and the adequacy or inadequacy of pricing of risks.
Expenses Ratio	$\frac{\text{Management Expenses} + /(-) \text{ Net commission paid/ (earned)} \times 100}{\text{Net Premium Earned}}$	Expense ratio reflects the efficiency of insurance operations. Expense ratio for an insurer would be analysed by class of business, along with the trend of the same
Combined Ratio	Loss Ratio + Expense Ratio	Combined ratio is a reflection of the underwriting expense as well as operating expenses structure of the insurer.

(Source: Care Rating)

5.2 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 15: Combined industry Statement of Comprehensive Income

Year	2013	2014	Growth	2015	Growth	2016	Growth	2017	Growth
Gross Written Premiums	1.57	1.84	17%	2.16	17%	2.45	14%	2.82	15%
Reinsurance Ceded	0.54	0.61	14%	0.74	21%	0.91	23%	1.04	14%
Net Written Premium	1.04	1.22	18%	1.42	16%	1.54	9%	1.74	13%
Change in Net Provision for UPR	0.02	(0.02)	-183%	(0.09)	372%	(0.03)	-63%	(0.01)	-66%
Earned Premium	1.06	1.21	14%	1.33	10%	1.51	14%	1.72	14%
Net Claims Incurred	0.41	0.52	25%	0.58	13%	0.76	30%	0.79	5%
Commissions and other expenses	0.71	0.74	4%	0.85	15%	0.97	14%	1.13	17%
Investment and other income	0.12	0.13	6%	0.20	60%	0.25	25%	0.38	51%
Total Profit /(loss)before tax	0.05	0.07	40%	0.10	32%	0.04	-63%	0.18	397%
Taxation	0.02	0.02	17%	0.02	-1%	0.03	23%	0.03	23%
Total profit/(loss) after tax	0.03	0.05	52%	0.08	46%	0.01	-88%	0.14	1510%

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	33,429,000				-				-		-
A/PRIDE	29,665,318	19,312,270	10,353,048	(2,211,889)	8,141,159	2,860,821	4,725,561	987,445	1,542,222	608,175	934,047
ACACIA	5,545,722				-		-	-	-		-
ADVANTAGE	21,030,710	4,219,807	16,810,903		16,810,903	3,558,878	9,760,576	1,331,458	4,822,907	1,724,425	3,098,482
APLUS LIFE	1,298,535				-		-	-	-		-
APLUS GENERAL	15,710,535	253,414	15,457,121	(485,249)	14,971,872	1,922,794	12,943,682	183,822	289,218	19,005	270,213
BARCLAYS/L	54,158,676	1,703,542	52,455,134		52,455,134	21,353,767	46,907,044	11,457,440	(4,348,237)		(4,348,237)
DIAMOND	44,190,219	14,615,949	29,574,270	4,487,249	34,061,519	15,856,315	21,715,070	1,977,906	(1,531,960)	267,189	(1,799,149)
FOCUS LIFE	8,700,000				-		-	-	-		-
FOCUS	21,399,000	4,468,000	16,931,000	2,554,000	19,485,000	3,540,000	16,848,000	5,504,000	4,601,000	(1,257,000)	5,858,000
G/ALLIANCE	16,044,750	5,862,808	10,181,942	(867,254)	9,314,688	2,758,009	5,656,639	729,710	1,629,750	417,143	1,212,607
GOLDEN LOTUS	11,799,148	2,932,000	8,867,148	(4,307,000)	4,560,148	1,741,637	2,711,000	-	107,511	70,933	36,578
GOLDMAN	80,832,927	5,216,470	75,616,457	898,896	76,515,353	27,513,063	49,508,546	1,029,248	522,992	172,563	350,429
HOLLARD LIFE	17,082,203	13,579,302	3,502,901	337,070	3,839,971	2,989,741	10,154,700	2,099,367	(7,205,103)	(135,873)	(7,069,230)
HOLLARD INS	133,088,000	66,091,000	66,997,000		66,997,000	33,456,000	30,011,000	4,978,000	8,508,000	3,504,000	5,004,000
INNOVATE LIFE							2,969,936	23,671	(2,946,265)		(2,946,265)
INNOVATE G	17,082,869	933,486	16,149,383	(2,641,506)	13,507,877	2,433,308	10,183,193	-	891,376		891,376
LIBERTY	58,848,000	31,463,000	27,385,000		27,385,000	4,718,000	20,356,000	1,380,000	3,691,000		3,691,000
MADISON G	255,278,284	106,006,158	149,272,126	(1,227,791)	148,044,335	53,984,480	80,469,611	6,244,634	19,834,878	6,372,360	13,462,518
MADISON LIFE	154,873,964	14,786,067	140,087,897		140,087,897	52,562,876	135,814,547	60,812,692	12,523,166		12,523,166
MAYFAIR	100,183,275	70,808,869	29,374,406	2,242,755	31,617,161	13,276,730	17,063,894	3,313,928	4,590,465	1,779,925	2,810,540
MEANWOOD	43,331,430	4,349,359	38,982,071	(540,955)	38,441,116	9,682,871	50,771,130	4,944,303	(17,068,582)	(5,290,572)	(11,778,010)
METROPOLITAN	74,350,740	3,496,045	70,854,695		70,854,695	53,234,382	28,562,353	1,944,943	(8,997,097)	4,999,271	(13,996,368)
NICO	236,135,000	170,906,000	65,229,000	(1,233,000)	63,996,000	28,831,000	39,340,000	9,223,000	5,048,000	43,000	5,005,000
PHOENIX	43,077,121	22,473,671	20,603,450	737,190	21,340,640	10,098,906	13,310,693	365,379	(1,703,580)	217,396	(1,920,976)
PROFESSIONAL	424,094,588	252,485,351	171,609,237	(5,175,135)	166,434,102	69,605,337	79,578,526	14,312,347	31,562,586	9,929,684	21,632,902
PRUDENTIAL	136,044,806	23,103,444	112,941,362		112,941,362	101,075,072	83,310,703	74,798,155	3,353,742	(953,443)	2,400,299
SANLAM	318,205,495	85,476,511	232,728,984		232,728,984	147,120,627	77,975,584	36,876,823	44,509,596	2,298,392	42,211,204
SAVENDA	11,644,018	1,518,582	10,125,436	(2,254,916)	7,870,520	1,767,402	6,922,679	1,462,797	643,236		643,236
SES	77,293,404		77,293,404		77,293,404	41,271,635	48,069,540	22,030,302	9,982,531	(98,857)	10,081,388
ULTIMATE	2,771,724	81,961	2,689,763	141,998	2,831,761	444,944	2,476,543	120,003	30,277	10,597	19,680
VERITAS	3,593,945	271,631	3,322,314	148,294	3,470,608	734,462	2,351,843	7,860	392,163		392,163
ZSIC GENERAL	249,322,000	115,021,000	134,301,000	(1,378,000)	132,923,000	45,631,000	110,993,000	71,977,000	48,276,000	934,000	47,342,000
ZSIC LIFE	124,821,000		124,821,000		124,821,000	40,420,000	110,703,000	40,056,000	13,754,000	5,218,000	8,536,000
TOTAL	2,824,926,406	1,041,435,697	1,734,517,452	(10,775,243)	1,723,742,209	794,444,057	1,132,164,593	380,172,233	177,305,792	32,757,199	146,454,475

Table 16: Detailed Statement of Comprehensive Income

5.3 Combined Industry Statement of Financial Position

Table 17 : Combined Industry Statement of Financial Position

	2016	2017	Growth
Shareholders Capital and Reserves	0.72	0.80	11%
Total Assets	2.77	3.28	18%
Total Liabilities	2.45	2.73	11%
Net Assets	0.32	0.55	71%
Profit/(loss)	0.09	0.15	67%
ROCE	13%	19%	50%

Figures in billion kwacha

The insurance industry shareholders capital, life fund and reserves increased by 11% from K 0.720 billion kwacha in 2016 to K0.800 billion kwacha in 2017.

Total assets and liabilities grew by 18% and 11% respectively being an increase from 2.77 billion to 3.28 billion and 2.45 billion to 2.73 from 2016 to 2017 respectively.

Net assets grew by 71% from K0.320 billion in 2016 to K0.550 billion in 2017.

Industry profit grew by a staggering 67% from K0.09 billion to K0.150 billion for years ranging from 2016 to 2017.

As the industry profit increased more than the Shareholders capital and reserves in 2017, the Return on Capital Employed appropriately increase by 50% to 19% from the 13% calculated in 2016.

INSURERS ASSOCIATION OF ZAMBIA

	Shareholders Capital and Reserves		Total Assets		Total Liabilities		Net Assets		Profit/(loss)		ROCE	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
A/GREY	-	-	-	-	-	-	-	-	-	-	0%	0%
A/PRIDE	16.43	4.35	33.42	16.70	16.99	12.35	16.43	4.35	0.93	2.04	6%	47%
ACACIA	-	-	-	-	-	-	-	-	-	-	0%	0%
ADV/TAGE	13.10	5.79	21.80	12.04	8.70	6.25	13.10	5.79	3.10	1.21	24%	21%
APLUS	2.15	5.29	20.15	21.89	18.00	16.60	2.15	5.29	0.27	(1.63)	13%	-31%
APLUS LIFE	-	-	-	-	-	-	-	-	-	-	0%	0%
BARCLAYS	18.73	23.08	70.83	63.63	52.10	40.55	18.73	23.08	(4.35)	1.62	-23%	7%
DIAMOND	1.21	2.13	47.86	50.93	46.66	48.80	1.21	2.13	(1.80)	0.89	149%	42%
FOCUS	15.91	10.05	40.99	30.14	25.08	20.09	15.91	10.05	5.86	(0.39)	37%	-4%
G/ALLIANCE	13.55	10.88	22.99	18.73	6.05	5.17	16.94	13.56	1.21	2.21	9%	20%
GOLDEN LOTUS	10.26	5.23	15.84	10.78	5.57	5.55	10.26	5.23	0.04	0.14	0%	3%
GOLDMAN	11.62	11.16	61.51	66.97	49.89	55.81	11.62	11.16	0.35	3.17	3%	28%
HOLLARD	31.80	26.23	98.96	70.99	67.16	44.77	31.80	26.23	5.00	2.15	16%	8%
HOLLARD LIFE	11.98	2.05	27.22	14.35	15.24	12.30	11.98	2.05	(7.07)	1.99	-59%	97%
INNOVATE	4.34	(1.95)	25.38	12.93	21.04	14.88	4.34	(1.95)	0.89	(5.85)	21%	300%
INOVATE LIFE	9.19	-	10.39	-	1.20	-	9.19	-	(2.95)	-	-32%	0%
LIBERTY LIFE	11.53	7.84	24.92	40.25	13.39	32.41	11.53	7.84	3.69	0.07	32%	1%
MADISON	50.08	35.21	180.63	159.29	122.69	121.59	57.94	37.71	13.46	(13.61)	27%	-39%
MADISON LIFE	63.94	61.41	294.62	249.89	230.69	188.47	63.94	61.41	12.52	21.91	20%	36%
MAYFAIR	18.06	15.25	233.25	81.71	215.20	66.46	18.06	15.25	2.81	0.19	16%	1%
MEANWOOD	13.54	7.93	48.96	43.76	35.42	35.83	13.54	7.93	(11.78)	1.87	-87%	24%
METROPOLITAN	0.90	12.25	30.84	33.34	29.94	21.09	0.90	12.25	(14.00)	(7.04)	-1549%	-57%
NICO	29.79	20.75	306.37	285.18	276.59	264.43	29.79	20.75	5.01	3.30	17%	16%
PHOENIX	9.90	10.38	47.83	41.34	37.93	30.96	9.90	10.38	(1.92)	(3.06)	-15%	-29%
PROFESSIONAL	145.92	120.74	223.46	221.13	77.54	100.40	145.92	120.74	21.63	27.55	15%	23%
PRUDENTIAL	88.18	83.88	270.65	232.26	182.47	148.39	88.18	83.88	4.31	12.56	5%	15%
SANLAM	47.39	45.18	270.64	239.70	223.24	194.51	47.39	45.18	42.21	(2.57)	89%	-6%
SAVENDA	8.02	1.63	20.27	4.59	12.25	7.46	8.02	(2.87)	0.64	(2.63)	8%	-162%
SES	8.20	(9.85)	67.67	28.52	59.47	38.37	8.20	(9.85)	10.08	(3.54)	123%	36%
ULTIMATE	11.47	1.25	13.66	3.21	2.19	1.96	11.47	1.25	0.02	0.97	0%	77%
VERITAS	0.93	0.27	2.40	2.03	1.47	1.76	0.93	0.27	0.39	(0.81)	42%	-299%
ZSIC GI	109.43	151.57	346.39	318.46	455.83	470.03	(109.43)	(151.57)	47.34	37.05	43%	24%
ZSIC LIFE	17.76	45.06	402.04	399.24	419.80	444.30	(17.76)	(45.06)	8.54	10.47	48%	23%
TOTALS	795.31	715.04	3,281.97	2,773.99	2,729.79	2,451.54	552.19	322.45	146.45	90.26	19%	13%

Table 18 Detailed Industry Statement of Financial Position

(figures in million kwacha)

6.0 Non-Life Insurance Sector

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 2017 were K 1.799 billion and in 2016 K 1.652 billion being an increase of 9% compared to an increase of 19% in 2016.

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



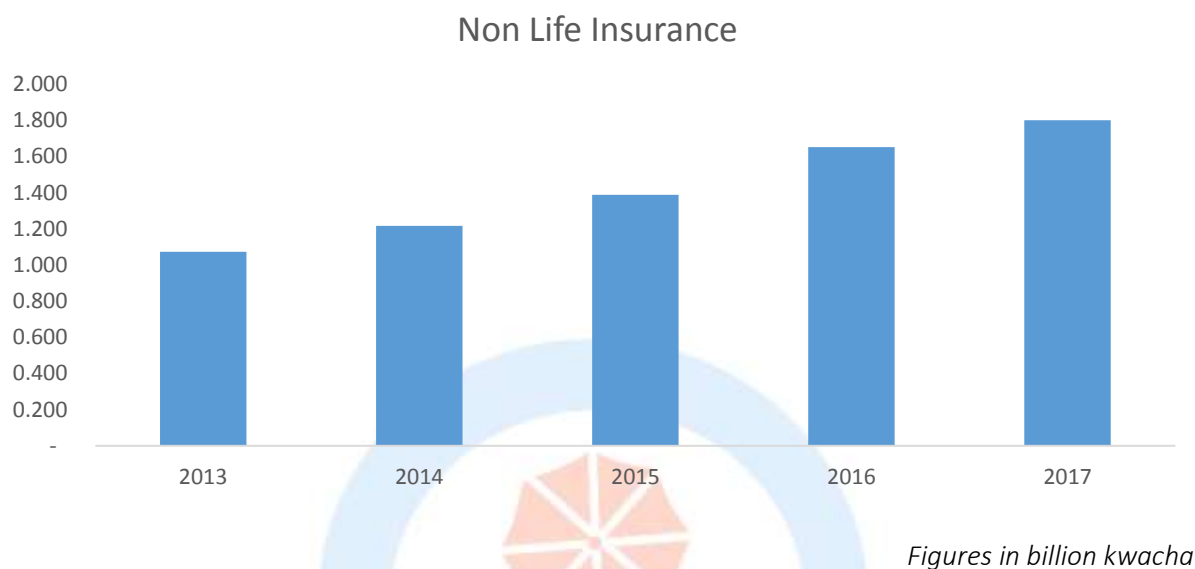
COMPANY	2013			2014			2015			2016			2017		
	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share
ACACIA	-		0.00%	-		0.00%	17,101		0.00%	4,573,154	26642%	0.28%	5,545,722	21%	0.31%
ADVANTAGE	13,217,000		1.23%	12,659,000	-4%	1.04%	14,360,000	13%	1.03%	19,250,000	34%	1.17%	21,030,710	9%	1.17%
AFRICA PRIDE	-		0.00%	-	0%	0.00%	7,028,000		0.51%	23,397,000	233%	1.42%	29,665,318	27%	1.65%
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%	15,710,535	2%	0.87%
DIAMOND	54,985,000		5.12%	52,473,000	-5%	4.31%	56,313,000	7%	4.06%	57,194,000	2%	3.46%	44,190,219	-23%	2.46%
FOCUS	4,165,000		0.39%	17,416,000	318%	1.43%	30,703,000	76%	2.21%	23,784,000	-23%	1.44%	21,399,000	-10%	1.19%
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%	11,799,148	-18%	0.66%
GOLDMAN	72,324,000		6.74%	75,945,000	5%	6.24%	81,866,000	8%	5.90%	99,054,331	21%	5.99%	80,832,927	-18%	4.49%
HOLLARD	56,534,000		5.27%	79,832,000	41%	6.56%	101,158,000	27%	7.28%	130,964,000	29%	7.93%	133,088,000	2%	7.40%
INNOVATE	-		0.00%	-	0%	0.00%	-	0%	0.00%	11,652,062	0%	0.71%	17,082,869	47%	0.95%
MADISON GEN	234,967,000		21.89%	199,179,000	-15%	16.36%	208,788,000	5%	15.0%	213,386,000	2%	12.9%	255,278,284	20%	14.19%
MAYFAIR	23,782,000		2.22%	30,521,000	28%	2.51%	43,097,000	41%	3.10%	52,080,000	21%	3.15%	100,183,275	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%	43,331,430	15%	2.41%
NICO	109,708,000		10.22%	173,924,000	59%	14.29%	210,126,000	21%	15.1%	234,548,000	12%	14.2%	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%	43,077,121	-13%	2.39%
PICZ	266,539,000		24.83%	282,960,000	6%	23.25%	310,345,000	10%	22.4%	353,760,069	14%	21.4%	424,094,588	20%	23.57%
SAVENDA	-		0.00%	-	0%	0.00%	-	0%	0.00%	4,693,000	0%	0.28%	11,644,018	148%	0.65%
ULTIMATE	-		0.00%	-	0%	0.00%	4,878,000	0%	0.35%	3,519,000	-28%	0.21%	2,771,724	-21%	0.15%
VERITUS G	-		0.00%	-	0%	0.00%	1,925,000	0%	0.14%	3,145,000	63%	0.19%	3,593,945	14%	0.20%
ZSIC GI	173,580,000		16.17%	202,813,000	17%	16.66%	180,418,000	-11%	13.0%	251,430,000	39%	15.2%	249,322,000	-1%	13.86%
NON-LIFE TOTAL	1,073,332,000		100%	1,217,234,000	13%	100%	1,388,656,101	14%	100%	1,652,340,616	19%	100%	1,799,249,583	9%	100.00%

Table 19: Detailed Statement of Comprehensive Income 2017

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 Analysis

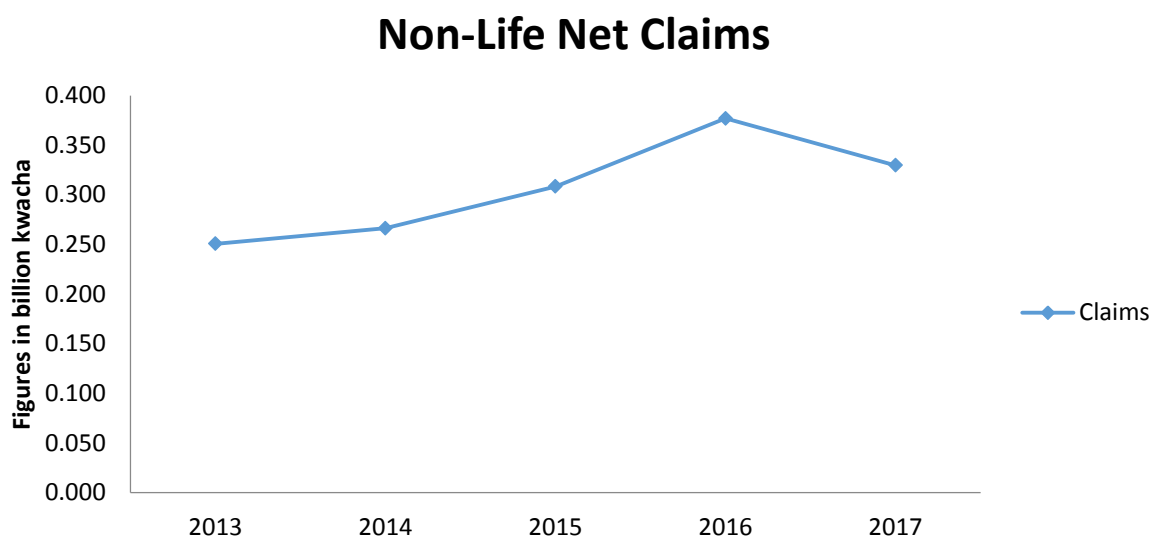
Non-life insurance incurred net claims of K 0.33 billion in 2017 compared to K 0.377 billion in 2016. This signifies decrease of 1% amounting to K 0.047 billion from the net claims recorded in 2016. The loss for the year 2017 has been the lowest in the past 5 years.

Table 20: Claims Analysis 2013-2017

Year	2013	2014	2015	2016	2017
Earned Premiums	0.621	0.689	0.769	0.891	0.881
Net Claims	0.251	0.266	0.308	0.377	0.330
% change in net claims	19%	11%	12%	16%	-1%
Loss Ratio	40%	39%	40%	42%	37%

Figures in billion kwacha

Figure 8: Claims Analysis 2013-2017



6.4 Expenses

The total Non-life insurance expenses were K 567 million in 2017 and K 568 million in 2016. Of this, K 28 million was net commissions paid out in 2016 and K 34 million in 2015.

6.5 Reinsurance

The total of premiums ceded has been at an average of 45% of gross premiums written. Total premiums ceded in 2017 amounted to K 868 million whereas K 728 million premiums were ceded in 2016.

Table 21: Non-life Premiums Ceded

Year	2013	2014	2015	2016	2017
Non-life premiums ceded	0.472	0.509	0.607	0.728	0.868
% of Gross Written Premiums	44%	42%	44%	44%	48%
% growth	1%	8%	19%	20%	19%

Figures in billion kwacha

6.6 Summary of Revenue Account

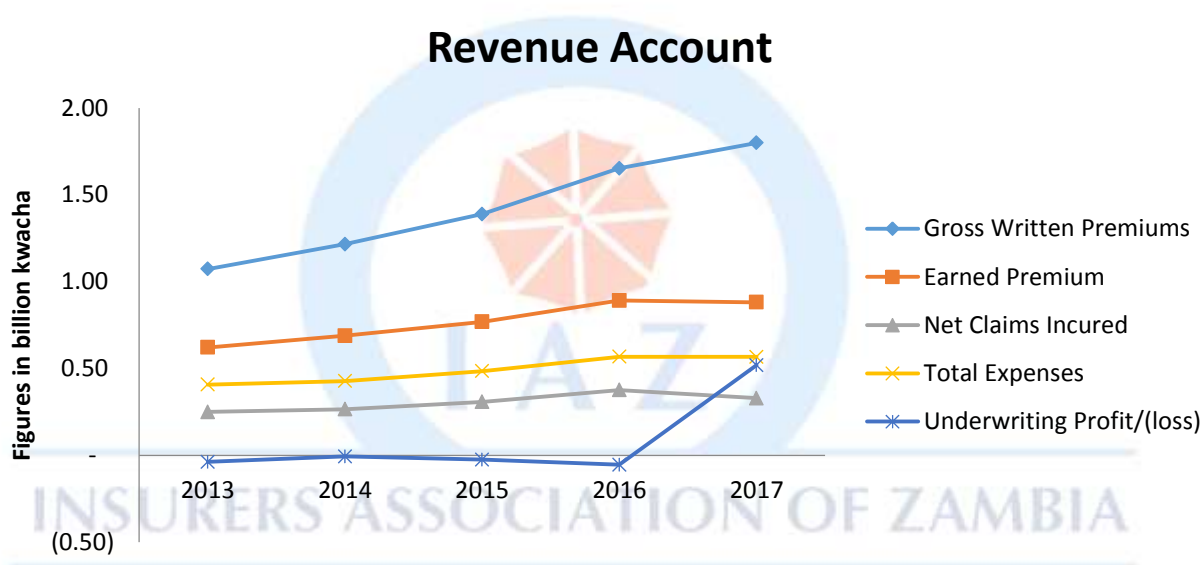
Non-life insurance has experienced underwriting losses over the last five years with the height being in 2016. An underwriting loss of K 50 million was recorded in 2016 being an increase from 2015's underwriting loss of K 20 million.

Table 22: Summary of Revenue Account 2013-2017

	2013	2014	2015	2016	2017
Gross Written Premiums	1.07	1.22	1.39	1.65	1.80
Earned Premium	0.62	0.69	0.77	0.89	0.88
Net Claims Incurred	0.25	0.27	0.31	0.38	0.33
Total insurance expenses	0.41	0.43	0.48	0.57	0.57
Operating Profit/(loss)	(0.04)	(0.01)	(0.02)	(0.05)	0.52

Figures in billion kwacha

Figure 9: Revenue Account 2013-2017



7.0 Life Insurance Sector

7.1 Premiums Income

The life insurance niche recorded its tied highest percentage growth yet, growing by a staggering 29% amounting to K 211 million. The big growers include Barclays life, Hollard Life, Liberty Life and Sanlam Life growing by 26%, 34%, 60%, and 34% respectively.

Companies that experienced negative growth rates include; A Plus life, Focus Life and Madison life. A considerable development in 2017 was that Regent life and Hollard merged.

Sanlam Life still has the biggest market share of premiums standing at 31% in 2017 an increase from the 29% computed in 2016. Other players with market share of 10% and more include 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
APLUS LIFE	-		-	-	0%	-	-	0%	0.00%	1,311,565		0.16%	1,298,535	-1%	0.13%
BLAZ	30,526,521		6.10%	39,432,771	29%	6.25%	42,818,359	9%	5.56%	42,964,805	0%	5.27%	54,158,676	26%	5.28%
FOCUS LIFE	-		-	-	0%	-	5,330,786	0%	0.69%	12,974,048	143%	1.59%	8,700,000	-33%	0.85%
HOLLARD	4,682,670		0.94%	5,726,703	22%	0.91%	7,242,484	26%	0.94%	12,747,456	76%	1.56%	17,082,203	34%	1.67%
LIBERTY LIFE	-		-	-	0%	-	20,220,000	0%	2.62%	36,759,000	82%	4.51%	58,848,000	60%	5.74%
MADISON LIFE	114,421,145		22.87%	128,796,246	13%	20.41%	136,522,994	6%	17.71%	172,288,273	26%	21.15%	154,873,964	-10%	15.10%
METROPOLITAN	1,525,877		0.30%	2,239,546	47%	0.35%	31,160,005	1291%	4.04%	62,718,626	101%	7.70%	74,350,740	19%	7.25%
PRUDENTIAL	76,454,611		15.28%	102,144,643	34%	16.19%	121,650,670	19%	15.78%	109,676,940	-10%	13.46%	136,044,806	24%	13.26%
REGENT LIFE	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%
SPECIALITY													77,293,404		7.54%
SANLAM	149,907,854		29.96%	222,399,574	48%	35.25%	236,752,212	6%	30.72%	237,379,021	0%	29.14%	318,205,495	34%	31.02%
ZSIC LIFE	118,283,000		23.64%	127,185,000	8%	20.16%	166,630,000	31%	21.62%	125,251,000	-25%	15.37%	124,821,000	0%	12.17%
TOTAL	500,315,898		100%	630,910,935	26%	100%	770,712,283	22%	100%	814,675,549	6%	100%	1,025,676,823	26%	100%

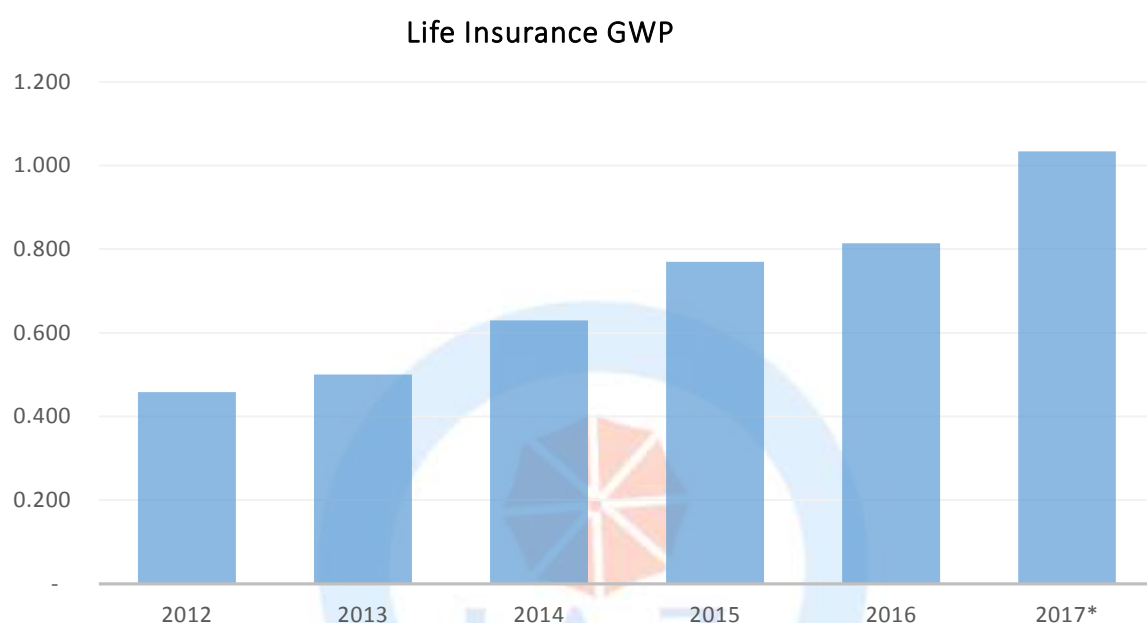
Table 23: Growth and Market Share of Life Insurance 2013-2017

7.2 Gross Written Premiums Growth

Life insurance premiums increased by 26%, the tied 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 2012-2017



7.3 Claims

Claims as well as Earned premiums have been increasing over the past five years. The decrease in 2017's Loss Ratio shows that claims increased less than the earned premiums.

Table 24: Life Insurance Claims 2013-2017

	2013	2014	2015	2016	2017
Net Claims Incurred	162.41	251.77	274.78	379.19	464.75
% change in net claims	50%	55%	9%	38%	23%
Earned Premiums	438.16	516.79	559.46	618.36	842.41
Loss Ratio	37%	49%	49%	61%	55%

Figures in million kwacha

7.4 Expenses

Expenses include all expenses in a company's income statement excluding claims. There was an increase of expenses from K 364 million in 2015 to K 402 million in 2016.

Figure 11: Total expenses

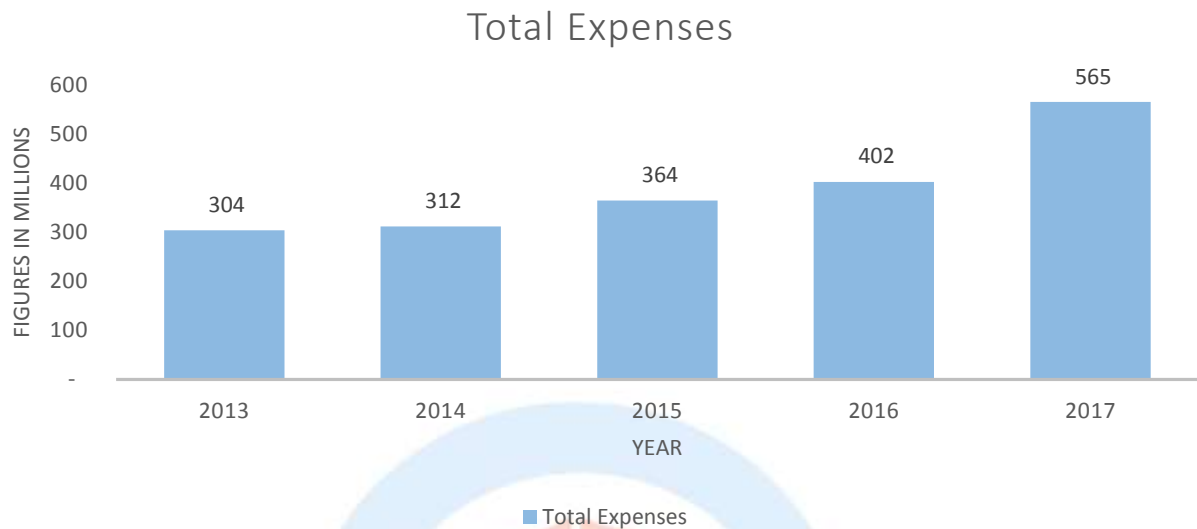


Figure 12: Expense to Earned premium ratio



7.5 Reinsurance

As Life insurance has been growing the percentage of premiums ceded has also increased. The total premiums ceded amounted to K 174 million in 2017, a growth of -5% from the 2016 figure of K 184 million.

Table 25: Life Insurance Premiums Ceded 2013-2017

Year	2013	2014	2015	2016	2017
Life Ins Premiums ceded	0.064	0.106	0.135	0.184	0.174
% of Gross Premiums	13%	17%	18%	23%	17%
% Growth	9%	26%	22%	6%	-5%

Figures in billion kwacha

7.6 Summary of Revenue Accounts

Table 26: Summary of Revenue Accounts

	2013	2014	2015	2016	2017
GWP	500.21	622.81	770.71	802.58	1,025.68
Earned Premium	438.16	516.79	559.46	618.36	842.41
Net Claims	162.41	251.77	274.78	379.19	464.75
Total Other Expenses	303.82	311.69	364.44	402.30	564.82
Underwriting profit/(loss)	214.45	222.25	187.78	206.74	305.53
Investment income & Non insurance premium income	85.54	89.33	113.17	202.25	212.93
Total Profit /(loss)before tax	57.47	42.66	33.41	39.12	64.32

**Figures in million Kwach*

INSURERS ASSOCIATION OF ZAMBIA