



# INSURANCE INDUSTRY **REPORT 2018**



INSURERS ASSOCIATION OF ZAMBIA

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**INSURERS ASSOCIATION OF ZAMBIA**

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## 1.0 ECONOMIC OUTLOOK ZAMBIA 2018

### 1.1 Gross Domestic Product

Real GDP growth has continued, at an estimated 4.0% in 2018, compared with 4.1% in 2017. Agriculture output contracted by more than 35% due to a rain shortage in early 2018. Copper production continued to increase by an estimated 4%–4.5% in 2018. Construction also contributed to growth, thanks to public infrastructure projects and investment in commercial buildings and residential housing, towing cement production, which increased at an estimated 10% in 2018.

High capital investment, high debt servicing cost, and a large wage bill have contributed to fiscal deficits, which peaked at 9.3% of GDP in 2015 before declining to 7.8% in 2017 and an estimated 7.1% in 2018, thanks to a fiscal consolidation program. However, the 2018 deficit still missed its target, 6.1% of GDP, due mainly to high capital spending, rising debt servicing, and growing arrears.

In 2018, domestic debt was an estimated 20% of GDP while external debt, including government guarantees, fell to an estimated 39.2% of GDP. High public and publicly guaranteed debt led to Zambia being classified as being at high risk of debt distress in 2017.

### 1.2 Inflation

The year on year inflation rate as measured by the all items Consumer Price Index (CPI) for December 2018 increased to 7.9 percent from 7.8 percent recorded in November 2018. This means that on average, prices of goods and services increased by 7.9 percent between December 2017 and December 2018. The increase in the annual rate of inflation is mainly attributed to Non-food items such as Household Furniture & furnishings and Transport (Domestic and Regional Airfare).

### 1.3 Monetary Policy

In December 2018, the BoZ kept the main policy rate unchanged at 9.75% amid rising inflationary pressures, which at the time was 0.1ppt below the 8% upper inflation target.

### 1.4 Foreign Exchange

The kwacha was relatively stable for most part of the year, depreciating only by 2.9% up to end-August. Kwacha depreciated by 15.3% against the US dollar to a quarterly average of K11.89 per US dollar from K10.31 per US dollar in the third quarter. The depreciation was mainly on account of a higher net demand for foreign exchange, mainly for oil procurement.

*Source: Bank of Zambia MPC report and African Development Bank Group*

## 2.0 WORLD INSURANCE PERFORMANCE 2018

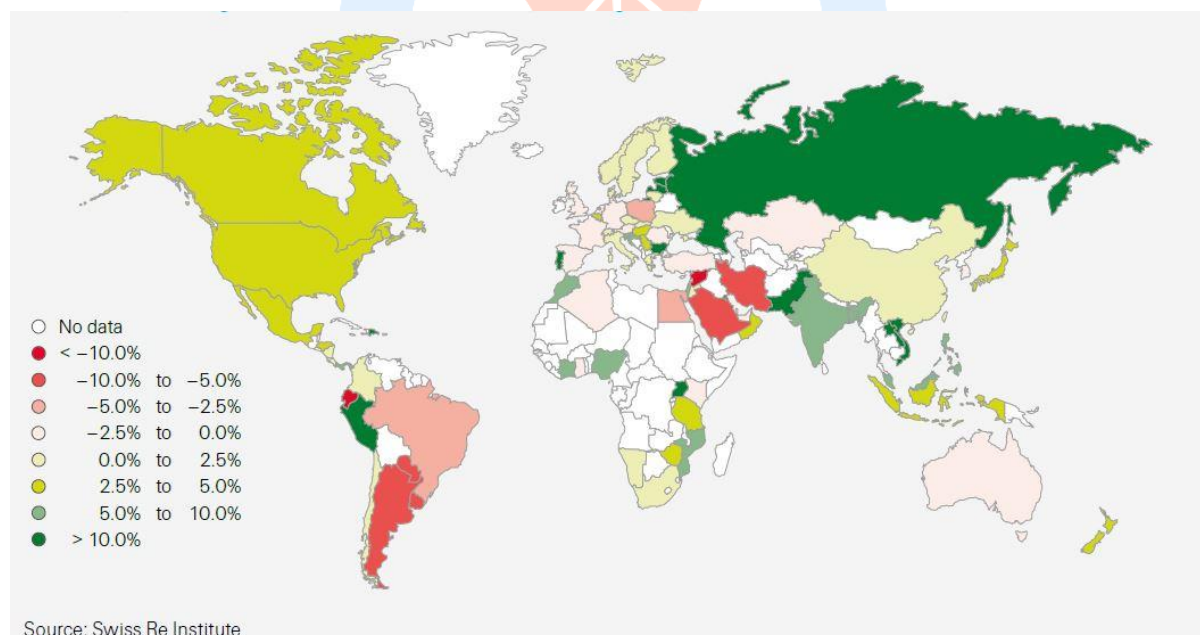
Global direct premiums surpassed the USD 5 trillion mark for the first time ever in 2018, reaching USD 5 193 billion (6.1% of global GDP). Total premiums expanded in both nominal and real terms, but overall growth was slower than in 2017 due to weakness in the life sector. The latter was due to shrinking markets in Europe, China and Latin America. Non-life insurance premium growth was steady at 3%, outpacing the historic average as advanced markets slowed and emerging markets improved.

The future looks promising. We forecast stronger growth in global life premiums in 2019/20, at a rate well above the annual average of the last 10 years. This will be mostly driven by emerging markets, in particular a bounce back in China. In the advanced markets, life premiums will grow slowly, but also faster than the historical average. The US and Canada will outperform other advanced markets in premium growth rate terms. By line of business, traditional savings business will remain unattractive for consumers, particularly in advanced markets, due to low interest rates. While mortality protection gaps present significant growth opportunities, mortality risk provide much smaller premium volumes than do savings policies.

**Table 1: Real Premium Growth Rates 2018**

Markets	Life	Non-Life	Total
Advanced	0.8%	1.9%	1.3%
Emerging	-2.0%	7.1%	2.1%
World	0.2%	3.0%	1.5%

Source: Swiss Re Sigma 2018



### 2.1 Global Life Insurance Premiums

Global life insurance premiums grew by just 0.2% in real terms to USD 2 820 billion in 2018. This was a significant deceleration from 2017, mainly due to contraction in China. It was also below the already-weak annual average of the previous 10 years (0.6%). The outlook is more promising: we expect global life premiums to grow by around 3% annually over the next two years. Most of the improvement will come from emerging markets, in particular China where we expect a recovery in demand for savings products. In advanced markets, growth will remain low but positive.

## 2.2 Global Non-life Insurance Premiums

Last year global non-life premiums written were USD 2 373 billion, up 3% in real terms from the previous year. We expect global premium growth to maintain the healthy pace of around 3% in 2019/20, above the 10-year average of around 2%. We forecast that premiums in advanced markets will grow by around 1.8%, with most regions following their respective long-term trends. Emerging market premiums will grow by around 7%, about the same as in 2018, but below the long-term average of 7.7%. Premium growth in emerging Asia will remain solid, but we see notable slowdown on the back of slower economic growth and weaker demand for motor insurance. Growth rates in other emerging markets will mostly improve.

### 2.3 Insurance Performance in Africa

#### 2.3.1 Life Insurance

Premium growth in Africa remained weak in 2018, amid still challenging economic conditions and a competitive environment. Even so, the 1.5% growth was an improvement from the stagnation of the previous two years. In Africa, the largest market South Africa stagnated on the back of a weak macro environment and persistent high unemployment, which impacted the middle-income segment in particular. The strongest growth in Africa was led by Morocco, where savings products boosted growth while protection products grew only moderately. The Nigerian life market is estimated to have registered higher growth. Several smaller countries also showed solid performance. In Kenya, however, things came to a halt after a multi-year growth spell as traditional life products stalled. Weaker sales in many markets weighed on sector profitability. We expect life premium growth in 2019/20 to improve slightly from 2018.

#### 2.3.2 Non- Life Insurance

Premiums contracted by 1.3% in 2018, reflecting the still weak economic environment in many markets. We expect premium growth will resume over the next two years, but that it will fall short of the long-term average. The two largest markets in the Middle East (Saudi Arabia and the UAE) contracted last year. Health insurance still contributes positively, but increased competition and liberalisation of motor rates led to declining premium volumes overall. The South African market is estimated to have stagnated. However, growth was stronger in many smaller markets (eg, Pakistan, Côte d'Ivoire or Uganda). In Nigeria, early estimates indicate that the market has expanded for the first time since 2011 as the economy gradually gets up to speed. We expect market conditions to remain challenging over the next two years both in terms of top-line growth as well as profitability, given economic weakness and strong competition. In Africa, non-resource intensive countries are expected to grow more strongly. In many markets medical insurance, infrastructure developments and low insurance penetration levels will provide stimulus over the longer term. In Pakistan, a national health insurance scheme is currently being implemented. Following the example of other markets, this will help develop the scope of insurance. In the UAE, an infrastructure spending plan will provide some support for the commercial lines. On the other hand, price pressure remains high in motor and in health lines of business across the MEA region.

**Table 2: 2018 Premiums in Middle east and Africa**

	US\$ bn	World Market Share
Life	54	1.9%
Non-Life	56	2.4%

Source: Swiss Re Sigma 2018



### 3.0 Zambian Insurance Sector

In 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 2014-2018**

Year	Non-Life	Life	Total
2014	15	8	23
2015	21	10	31
2016	22	11	33
2017	22	12	34
2018	21	10	31

### 3.1 Gross Written Premiums

The industry recorded gross written premiums of ZMW 3.201 billion in 2018 compared to ZMW 2.821 billion in 2017 representing a growth of 13%. The gross written premium for non-life insurance was ZMW 1.907 billion (ZMW 1.799 in 2017) and life insurance was ZMW 1.294 billion (ZMW 1.022 billion 2017).

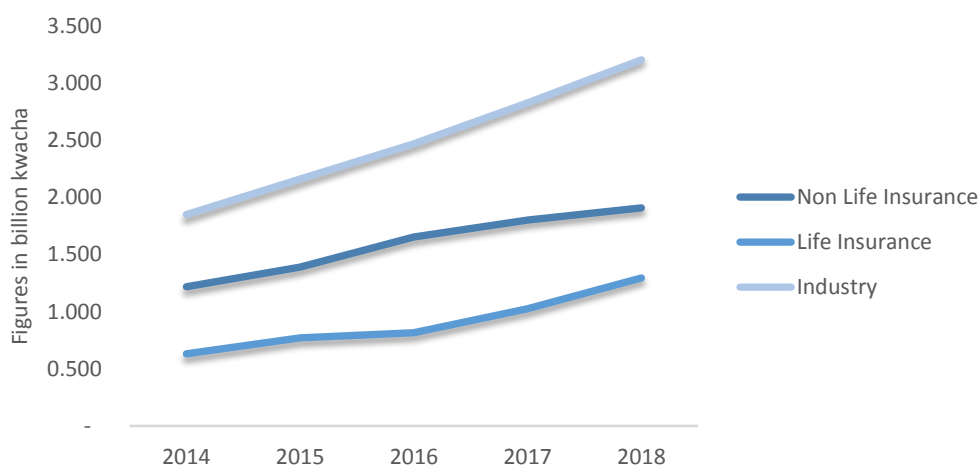
The industry growth over the past years is depicted in table and figure below:

**Table 4: Growth in Gross Written Premiums (2014 – 2018)**

Year	2014	2015	2016	2017	2018
Non-life Insurance	1.217	1.388	1.652	1.799	1.907
Life Insurance	0.630	0.770	0.814	1.022	1.294
Total	1.848	2.159	2.467	2.821	3.201

Figures in billion kwacha.

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

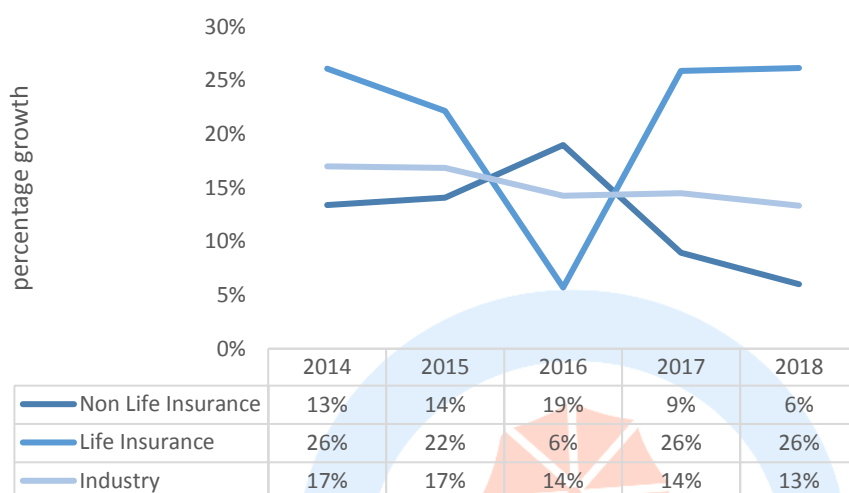




Non-life insurance premium grew by 6% in 2018 (9%:2017) while life insurance premiums grew by 26% in 2018 (26%:2017). The insurance industry as a whole grew by 13% in 2018 a reduction of 1% from the growth recorded in 2017 of 14%. The growth of 13% is the lowest growth rate recorded in the last five years.

The percentage growth of the insurance industry over the past five 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 growth in premiums ceded in 2018 from 2017 was the lowest recorded from 2014 at 8%. The total premiums ceded were K 1.130 billion in 2018 and K 1.042 billion in 2017.

**Table 5 Premiums Ceded to Reinsurers 2013-2017**

Year	2014	2015	2016	2017	2018
<b>Non-life Premiums ceded</b>	0.509	0.607	0.728	0.868	0.875
<b>% of Gross Premiums - Non Life</b>	42%	44%	44%	48%	46%
<b>Life Ins Premiums ceded</b>	0.106	0.135	0.184	0.174	0.254
<b>% of Gross Premiums - Life</b>	17%	18%	23%	17%	20%
<b>Total Premiums ceded</b>	0.615	0.742	0.912	1.042	1.13
<b>% of Gross Premiums - Industry</b>	33%	34%	37%	37%	36%
<b>% Growth- Total Premiums ceded</b>	15%	21%	23%	14%	8%

*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 2014 to 2018 are shown below:

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

Year	2014	2015	2016	2017	2018
<b>Gross Domestic Product-Mkt Price</b>	171.316	232.269	216.094	245.685	279.441
<b>Life Insurance Premiums</b>	0.630	0.770	0.814	1.022	1.294
<b>Life Insurance Penetration</b>	0.37%	0.33%	0.38%	0.43%	0.46%
<b>Non-life Insurance Premiums</b>	1.217	1.388	1.652	1.799	1.907
<b>Non-Life Insurance Penetration</b>	0.71%	0.60%	0.76%	0.73%	0.68%
<b>Total Industry Premiums</b>	1.848	2.159	2.467	2.821	3.201
<b>Insurance Industry Penetration**</b>	1.08%	0.93%	1.14%	1.16%	1.15%

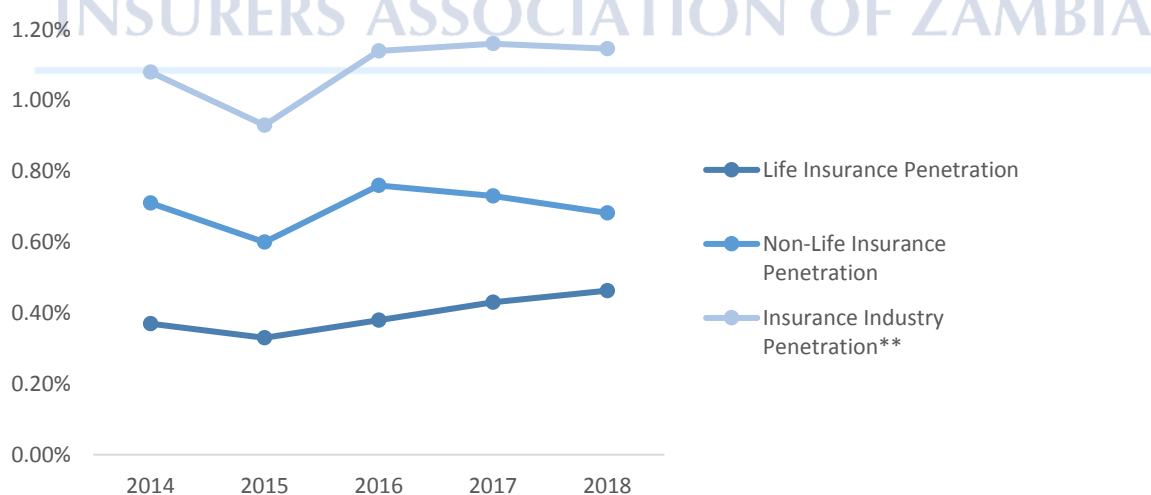
**Figures in billion kwacha**

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

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 2018 was 1.15% as compared to 1.16% in 2017.

Life insurance recorded a penetration ratio of 0.46% in 2018 compared to 0.43% in 2017 while non-life insurance recorded 0.68% in 2018 compared to 0.76% in 2017.

**Figure 4.1 : Insurance Penetration, Percentage of GDP**



### 3.1.3 Regional Analysis

In comparison with countries within the region i.e. Kenya, Tanzania and Uganda, the growth in premiums of 13% of the Zambian Insurance Industry in 2018 was only bettered by Uganda. Uganda had a growth rate of 17.5%, Kenya had a growth rate of 3.5% while Tanzania had a negative growth rate of 3.5%. The negative growth in Tanzania was as a result of a general slowdown in activity within the Tanzanian market for several classes of insurance business. Further, the implementation of the cash and carry model eliminated credit sells of insurance had a negative bearing on the gross written premiums.

Kenya's bigger base in premiums (US\$ 2.1 billion) when calculating growth is most likely the reason Zambia (US\$304 million) recorded a bigger growth rate.

Uganda recorded premiums of US\$ 230 million and Tanzania US\$ 284 million.

Figure 4.2 : Regional Gross Written Premiums

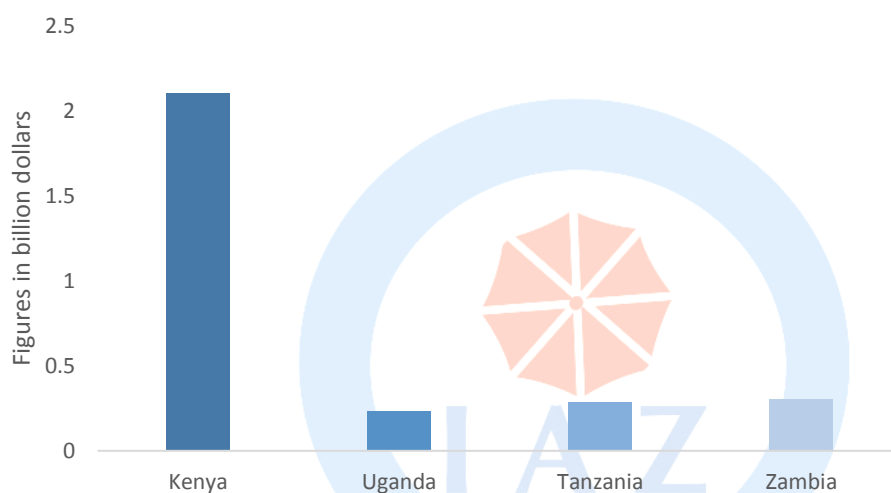
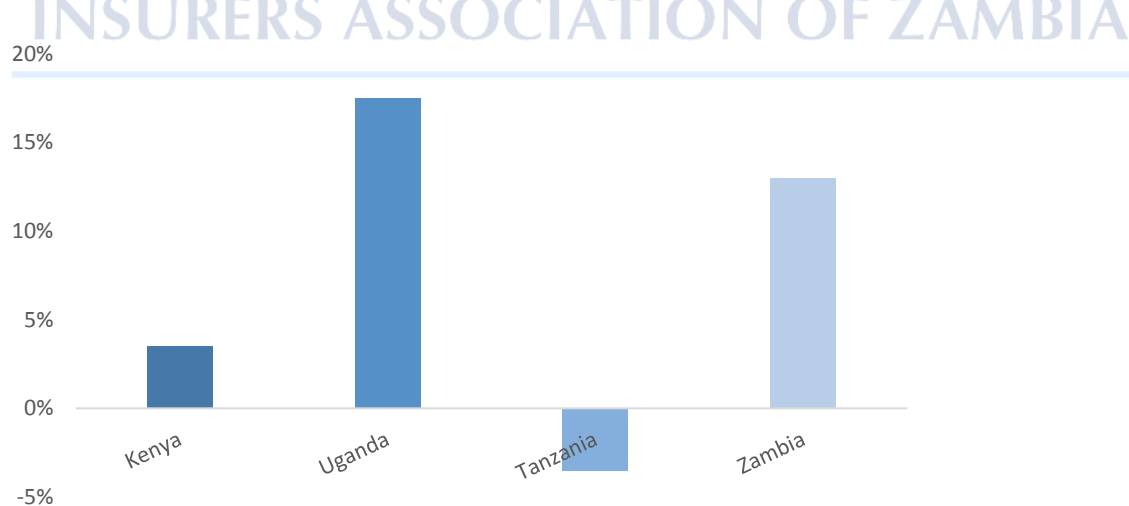


Figure 4.3 : Regional Gross Written Premiums Growth



Source: PwC 2019 Zambia Insurance Industry Survey

### 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.

In 2018 net claims increased by 14% from 2017. Claims recorded in 2018 amount to K 901 million and K 794 million in 2017. Earned premiums increased by 17% being the highest increase in 5 years from 2014 as they grew from K 1.72 billion in 2017 to K 1.90 billion in 2018.

**Table 7: Net Claims analysis 2014-2018**

Year	2014	2015	2016	2017	2018
<b>Earned Premium</b>	1.21	1.33	1.51	1.72	2.01
<b>% increase in earned premiums</b>	14%	10%	14%	14%	17%
<b>Net Claims</b>	0.52	0.58	0.76	0.79	0.9
<b>% increase in claims</b>	25%	13%	30%	4%	14%
<b>Loss Ratio</b>	43%	44%	50%	46%	45%

### 3.3 Total Expenses

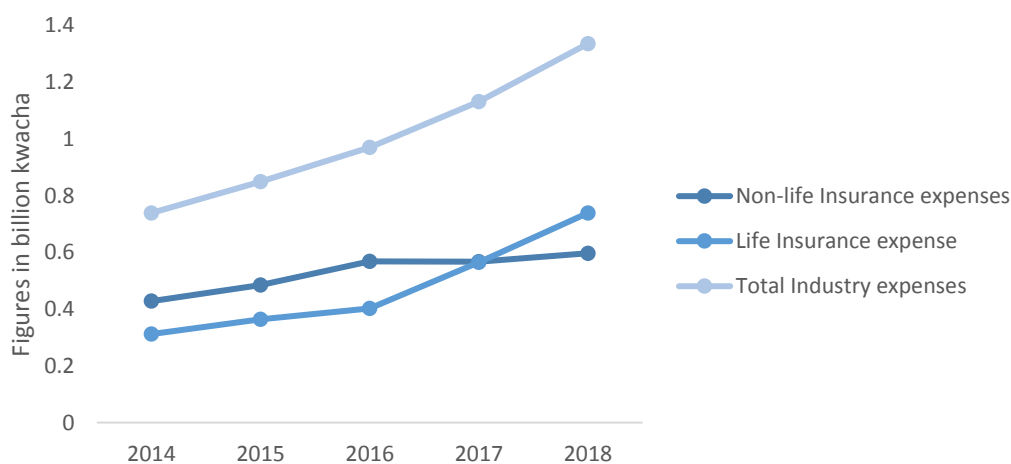
Total expenses include net commissions and other expenses besides claims. The total expenses in 2019 were K 1.336 billion (2017: K 1.132 billion) of which non-life insurance expenses were K 0.597 billion (2016: K 0.567 billion) and life insurance expenses amounted to K 0.739 billion (2017: K 0.565 billion). Total industry expenses have increased by 18% between 2017 and 2018. The major contributor to the increase in industry expenses is the increase in other direct expenses from the life insurance sector.

**Table 8: Expenses 2014-2018**

Year	2014	2015	2016	2017	2018
<b>Non-life Insurance expenses</b>	0.428	0.485	0.568	0.567	0.597
<b>Life Insurance expense</b>	0.312	0.364	0.402	0.565	0.739
<b>Total Industry expenses</b>	0.739	0.849	0.970	1.132	1.336

*Figures in billion kwacha.*

**Figure 5: Change in expenses 2014-2018**



### 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.

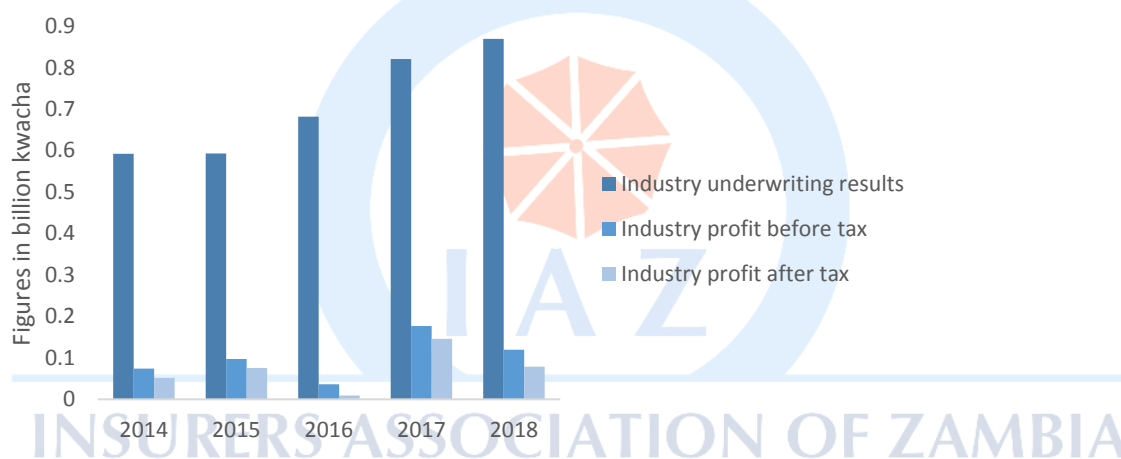
The industry recorded an increase of 21% in underwriting profit from K 682 million in 2016 to K 824 million in 2017. Industry profit before tax and industry profit after tax both reduced by 392% and 1500% respectively.

**Table 9: Industry Profitability 2014-2018**

Year	2014	2015	2016	2017	2018
Industry underwriting results	0.592	0.593	0.682	0.821	0.869
Industry profit before tax	0.074	0.097	0.036	0.177	0.120
Industry profit after tax	0.052	0.076	0.009	0.146	0.079

Figures in billion kwacha

**Figure 6: Industry Profitability 2014-2018**



### 3.5 Insurance Premium Receivables

In the past 5 years, on average, about 35% of Insurance Business written during a calendar year remains uncollected at the year end.

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 affects the ability to pay claims hence the current proposals for insurance to be done on cash and carry basis.

**Table 10: Insurance Industry Receivable Analysis 2014-2018**

	2014	2015	2016	2017	2018
Gross Written Premiums	1.84	2.16	2.45	2.82	3.20
Gross Debtors	0.76	0.81	0.89	0.96	1.01
Provision for/Bad Debts	0.21	0.24	0.27	0.31	0.31
% Debtors / GWP	41%	38%	36%	34%	32%
% Bad Debts /Debtors	28%	29%	30%	33%	30%

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 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.

## 5.0 Combined industry Analysis

### 5.1 Ratio Analysis

#### 5.1.1 Ration Analysis: Non-life Insurance

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

**Table 11: Non-life Insurance Ratio analysis 2014-2018**

	2014	2015	2016	2017	2018
<b>Risk Retention</b>	0.58	0.56	0.56	0.50	0.54
<b>Loss Ratio</b>	0.39	0.40	0.42	0.37	0.38
<b>Expenses Ratio</b>	0.62	0.63	0.64	0.64	0.61
<b>Combined Ratio</b>	1.01	1.03	1.06	1.02	0.99

#### 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 2014-2018**

	2014	2015	2016	2017	2018
<b>Risk Retention</b>	0.83	0.82	0.77	0.83	0.80
<b>Loss Ratio</b>	0.49	0.49	0.61	0.55	0.51
<b>Expenses Ratio</b>	0.60	0.65	0.65	0.67	0.71
<b>Combined Ratio</b>	1.09	1.14	1.26	1.22	1.23

#### 5.1.3 Ratio Analysis: Industry

**Table 13: Insurance Industry Ratio Analysis 2014-2018**

	2014	2015	2016	2017	2018
<b>Risk Retention</b>	0.67	0.66	0.63	0.62	0.65
<b>Loss Ratio</b>	0.43	0.44	0.50	0.46	0.45
<b>Expenses Ratio</b>	0.61	0.64	0.64	0.66	0.66
<b>Combined Ratio</b>	1.04	1.08	1.14	1.12	1.11

**Table 14: Ratio Formulas**

Ratio	Formula	Significance in Analysis
<b>Risk Retention</b>	$\frac{\text{Net premium Written}}{\text{Gross Premium written}}$	Indicates the level of risks retained by the insurer. Reinsurance plays an essential role in the risk spreading process.
<b>Loss Ratio</b>	$\frac{\text{Net claims Incurred} \times 100}{\text{Net Premium Earned}}$	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.



<b>Expenses Ratio</b>	$\frac{\text{Management Expenses +/- Net commission paid/ (earned) x 100}}{\text{Net Premium Earned}}$	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
<b>Combined Ratio</b>	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	2014	2015	Growth	2016	Growth	2017	Growth	2018	Growth
<b>Gross Written Premiums</b>	1.84	2.16	17%	2.45	14%	2.82	15%	3.20	13%
<b>Reinsurance Ceded</b>	0.61	0.74	21%	0.91	23%	1.04	14%	1.13	8%
<b>Net Written Premium</b>	1.22	1.42	16%	1.54	9%	1.74	13%	2.07	19%
<b>Change in Net Provision for UPR</b>	(0.02)	(0.09)	372%	(0.03)	-63%	(0.01)	-66%	(0.06)	415%
<b>Earned Premium</b>	1.21	1.33	10%	1.51	14%	1.72	14%	2.01	17%
<b>Net Claims Incurred</b>	0.52	0.58	13%	0.76	30%	0.79	5%	0.90	13%
<b>Commissions and other expenses</b>	0.74	0.85	15%	0.97	14%	1.13	17%	1.34	18%
<b>Investment and other income</b>	0.13	0.20	60%	0.25	25%	0.38	51%	0.25	-34%
<b>Total Profit /(loss)before tax</b>	0.07	0.10	32%	0.04	-63%	0.18	397%	0.12	-32%
<b>Taxation</b>	0.02	0.02	-1%	0.03	23%	0.03	23%	0.04	25%
<b>Total profit/(loss) after tax</b>	0.05	0.08	46%	0.01	-88%	0.14	1510%	0.08	-45%

**Table 16: Detailed Statement of Comprehensive Income**

Company	Gross Insurance 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	35.1	12.4	22.7	0.2	23.0	5.9	15.7	0.7	2.0	(2.0)	4.1
A/pride	32.8	15.0	17.8	(2.3)	15.5	7.0	4.9	1.0	4.7	1.7	3.0
Adv/tage	29.5	8.9	20.6	-	20.6	4.5	11.2	2.5	7.4	2.7	4.8
Aplus	14.9	(0.1)	15.0	0.6	15.6	2.5	11.5	0.1	1.8	(1.0)	2.8
Barclays/l	72.2	3.2	69.1	-	69.1	23.0	54.6	8.2	(0.3)	-	(0.3)
Diamond	33.4	15.4	17.9	1.2	19.1	7.3	13.9	1.6	(0.6)	0.9	(1.5)
G/alliance	22.0	9.4	12.6	(1.4)	11.3	3.2	6.9	4.3	5.4	2.1	3.3
Golden lotus	18.6	1.7	16.9	(7.3)	9.6	4.4	5.7	0.8	0.3	0.1	0.2
Goldman	81.6	9.5	72.0	(0.0)	72.0	26.3	45.8	0.4	0.3	0.0	0.3
Hollard	158.3	68.8	89.4	(6.0)	83.4	43.7	44.4	9.0	4.4	2.0	2.3
HOLLARD life	25.4	16.2	9.2	(0.2)	9.0	(1.2)	17.0	3.0	(3.8)	(0.1)	(3.7)
Innovate	17.8	0.8	17.0	(0.8)	16.2	0.8	15.4	0.1	0.1	0.0	0.0
Innovate	1.3	0.0	1.3	0.9	0.4	0.1	3.3	0.1	(2.9)	-	(2.9)
Liberty	83.6	36.4	47.2	-	47.2	6.1	39.5	0.8	2.4	-	2.4
Madison	286.6	133.8	152.8	(2.5)	150.2	49.3	87.2	14.4	28.2	10.9	17.3
Madison/l	171.3	14.2	157.1	-	157.1	38.7	157.9	55.7	16.1	-	16.1
Mayfair	171.2	124.2	47.0	(6.8)	40.2	24.3	10.6	5.4	10.8	3.7	7.1
Meanwood	40.1	5.0	35.1	(2.9)	32.2	15.2	28.0	0.7	(10.3)	(6.4)	(3.9)
Metropolitan	83.2	6.8	76.4	-	76.4	51.8	30.9	1.4	(4.9)	-	(4.9)
Nico	198.3	112.2	86.1	(2.8)	83.3	39.2	47.4	9.7	6.3	1.6	4.7
Phoenix	41.9	21.1	20.8	0.3	21.1	7.0	13.5	1.1	1.8	1.9	(0.1)
Professional	462.8	252.9	209.9	(12.7)	197.3	85.9	92.8	13.7	32.3	9.4	22.9
Prudential	178.5	30.1	148.4	-	148.4	131.7	93.7	83.9	6.9	-	6.9
Sanlam	386.5	137.0	249.5	-	249.5	137.4	161.7	22.3	(27.3)	0.6	(27.9)
Savenda	19.2	2.3	16.9	(2.8)	14.1	2.1	11.7	1.0	1.3	0.9	0.4
Ses	98.0	6.8	91.2	-	91.2	53.3	67.0	29.8	0.6	1.8	(1.2)
Ultimate	11.9	1.3	10.6	(5.2)	5.3	0.8	7.7	0.1	(3.1)	-	(3.1)
Veritas	3.5	0.3	3.3	(0.3)	3.0	1.1	2.0	0.1	0.1	-	0.1
Zsic	227.5	80.2	147.4	(6.5)	140.8	35.5	121.4	28.0	12.0	5.8	6.2
Zsic/l	194.1	3.0	191.0	-	191.0	93.7	113.8	44.4	27.9	4.2	23.7
<b>Total</b>	<b>3,201.3</b>	<b>1,129.1</b>	<b>2,072.2</b>	<b>(57.3)</b>	<b>2,013.1</b>	<b>900.6</b>	<b>1,337.1</b>	<b>344.5</b>	<b>119.8</b>	<b>40.9</b>	<b>78.9</b>

### 5.3 Combined Industry Statement of Financial Position

**Table 17 : Combined Industry Statement of Financial Position**

	2017	2018	Growth
<b>Shareholders Capital and Reserves</b>	0.507	0.567	12%
<b>Total Assets</b>	3.306	3.559	8%
<b>Total Liabilities</b>	2.799	2.992	7%
<b>Net Assets</b>	0.507	0.567	12%
<b>Profit/(loss)</b>	0.085	0.079	-7%
<b>ROCE</b>	17%	14%	-18%

*Figures in billion kwacha*

The insurance industry shareholders capital, life fund and reserves increased by 12% from K 0.507 billion kwacha in 2017 to K0.567 billion kwacha in 2018.

Total assets and liabilities grew by 8% and 7% respectively being an increase from 3.306 billion to 3.559 billion and 2.799 billion to 2.992 from 2017 to 2018 respectively.

Net assets grew by 12% from K0.507 billion in 2017 to K0.567 billion in 2018.

Industry profits dropped by 5% from K0.085 billion to K0.079 billion for years ranging from 2017 to 2018.

As the industry profit increased less than the Shareholders capital and reserves in 2018, the Return on Capital Employed appropriately decrease by 18% to 14% from the 17% calculated in 2017.



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**INSURERS ASSOCIATION OF ZAMBIA**

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	Shareholders Capital and Reserves		Total Assets		Total Liabilities		Net Assets		Profit/(loss)		ROCE	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
African Grey	1.74	(2.33)	47.71	44.45	45.97	46.78	1.74	(2.33)	4.07	(12.40)	234%	-532%
Africa Pride	14.80	16.43	37.50	33.42	22.70	16.99	14.80	16.43	2.98	0.93	20%	6%
Advantage	14.85	13.10	23.56	21.80	8.71	8.70	14.85	13.10	4.75	3.10	32%	24%
A plus General	6.83	4.04	22.70	20.98	15.87	16.93	6.83	4.04	2.78	0.60	41%	15%
Barclays Life	18.41	18.73	75.26	70.83	56.85	52.10	18.41	18.73	(0.32)	(4.35)	-2%	-23%
Swan	6.55	(14.05)	39.43	45.05	32.88	59.10	6.55	(14.05)	(1.54)	(16.73)	-24%	119%
General alliance	16.88	13.55	32.21	22.99	15.34	9.44	16.88	13.55	3.33	1.21	20%	9%
Golden lotus	10.45	10.26	21.74	15.84	11.28	5.57	10.45	10.26	0.19	0.04	2%	0%
Goldman	11.95	11.62	61.52	61.51	49.57	49.89	11.95	11.62	0.33	0.35	3%	3%
Hollard	33.89	31.80	152.58	116.27	118.69	84.47	33.89	31.80	2.33	5.00	7%	16%
Hollard life	8.25	11.98	34.40	27.22	26.15	15.24	8.25	11.98	(3.73)	(7.07)	-45%	-59%
Innovate	15.16	4.34	43.15	25.38	27.99	21.04	15.16	4.34	0.04	0.89	0%	21%
Innovate life	12.56	9.19	17.17	10.39	4.61	1.20	12.56	9.19	(2.90)	(2.95)	-23%	-32%
Liberty life	13.93	11.53	39.21	24.87	25.29	13.33	13.93	11.53	2.39	3.69	17%	32%
Madison General	59.05	50.08	203.23	185.33	144.18	135.25	59.05	50.08	17.25	13.46	29%	27%
Madison life	63.90	63.94	351.82	294.62	287.92	230.69	63.90	63.94	16.09	12.52	25%	20%
Mayfair	25.15	18.06	248.09	233.25	222.94	215.20	25.15	18.06	7.10	2.81	28%	16%
Meanwood	9.60	13.54	53.88	48.96	44.28	35.42	9.60	13.54	(3.94)	(11.78)	-41%	-87%
Metropolitan	0.47	0.90	27.55	30.84	27.08	29.94	0.47	0.90	(4.89)	(14.00)	-1040%	-1549%
Nico	32.86	29.79	198.98	306.37	166.12	276.59	32.86	29.79	4.70	5.00	14%	17%
Phoenix	11.77	9.90	44.96	47.83	33.18	37.93	11.77	9.90	(0.07)	(1.49)	-1%	-15%
Professional	161.46	145.92	256.61	223.46	95.15	77.54	161.46	145.92	22.90	21.63	14%	15%
Prudential	94.97	88.18	318.50	270.65	223.53	182.47	94.97	88.18	6.93	3.35	7%	4%
Sanlam	4.17	47.39	319.77	270.64	315.61	223.24	4.17	47.39	(27.94)	42.21	-670%	89%
Savenda	8.47	8.02	22.60	20.27	14.14	12.25	8.47	8.02	0.45	0.64	8%	-162%
Ses	8.77	5.77	74.69	68.23	65.92	62.46	8.77	5.77	(1.16)	7.67	-13%	133%
Ultimate	8.82	11.47	17.83	13.66	9.01	2.19	8.82	11.47	(3.10)	0.02	-35%	0%
Veritas	11.95	0.93	13.38	2.40	1.43	1.47	11.95	0.93	0.06	0.39	0%	42%
Zsic General	(102.14)	(109.43)	344.04	346.39	446.18	455.83	(102.14)	(109.43)	6.20	47.39	-6%	-43%
Zsic life	(18.09)	(17.76)	414.84	402.04	432.93	419.80	(18.09)	(17.76)	23.67	(17.46)	-131%	98%
<b>Total</b>	<b>567.44</b>	<b>506.90</b>	<b>3,558.93</b>	<b>3,305.94</b>	<b>2,991.50</b>	<b>2,799.04</b>	<b>567.44</b>	<b>506.90</b>	<b>78.93</b>	<b>84.71</b>	<b>14%</b>	<b>17%</b>

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 one (21) companies wrote non-life insurance business in 2018.

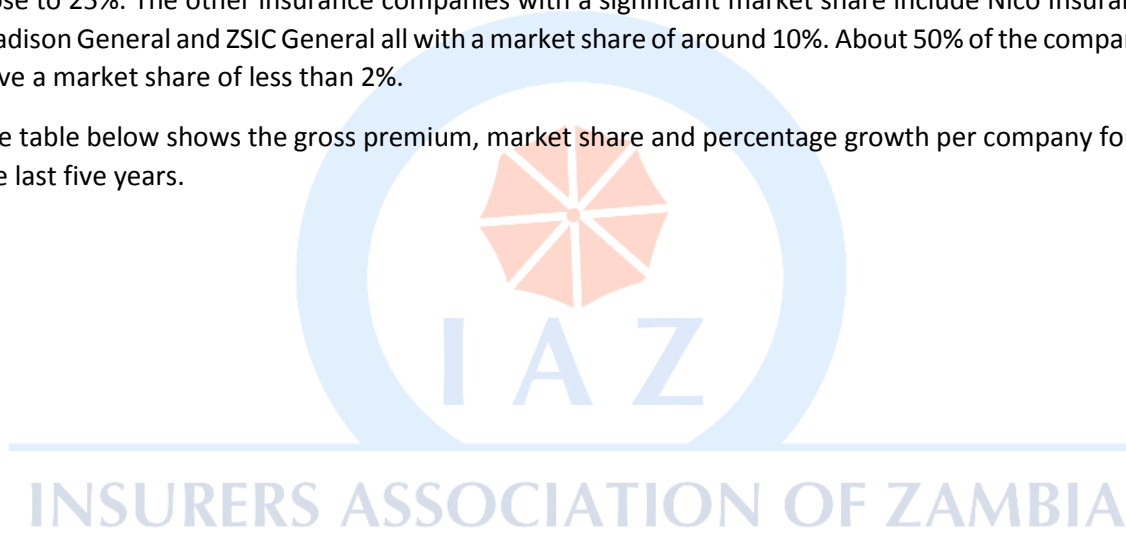
### 6.1 Gross Premiums

Gross premiums for 2018 were K 1.907 billion and in 2017 K 1.799 billion being an increase of 6% compared to an increase of 9% in 2017.

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.



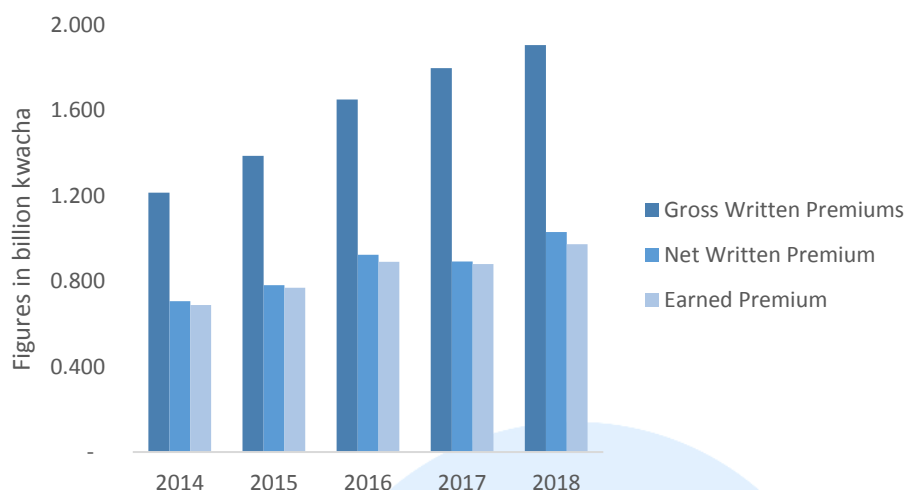
COMPANY	2014			2015			2016			2017			2018		
	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share
ACACIA	-		0%	0.02		0%	4.57	26642%	0%	5.55	21%	0%	-	-100%	0%
ADVANTAGE	12.66	-4%	1%	14.36	13%	1%	19.25	34%	1%	21.03	9%	1%	29.52	40%	2%
AFRICA PRIDE	-	0%	0%	7.03		1%	23.40	233%	1%	29.67	27%	2%	32.81	11%	2%
AFRICAN GREY	18.49	31%	2%	31.59	71%	2%	33.94	7%	2%	33.06	-3%	2%	35.15	6%	2%
APLUS	9.49	118%	1%	14.43	52%	1%	15.41	7%	1%	15.71	2%	1%	14.94	-5%	1%
DIAMOND	52.47	-5%	4%	56.31	7%	4%	57.19	2%	3%	44.19	-23%	2%	33.36	-25%	2%
FOCUS	17.42	318%	1%	30.70	76%	2%	23.78	-23%	1%	21.40	-10%	1%	-	-100%	0%
GENERAL ALL	5.72	97%	0%	6.11	7%	0%	15.20	149%	1%	16.04	6%	1%	22.04	37%	1%
GOLDEN LOTUS	-	0%	0%	-	0%	0%	14.44	0%	1%	11.80	-18%	1%	18.56	57%	1%
GOLDMAN	75.95	5%	6%	81.87	8%	6%	99.05	21%	6%	80.83	-18%	4%	81.56	1%	4%
HOLLARD	79.83	41%	7%	101.16	27%	7%	130.96	29%	8%	133.09	2%	7%	158.26	19%	8%
INNOVATE	-	0%	0%	-	0%	0%	11.65	0%	1%	17.08	47%	1%	17.76	4%	1%
MADISON GEN	199.18	-15%	16%	208.79	5%	15%	213.39	2%	13%	255.28	20%	14%	286.59	12%	15%
MAYFAIR	30.52	28%	3%	43.10	41%	3%	52.08	21%	3%	100.18	92%	6%	171.22	71%	9%
MEANWOOD	27.83	88%	2%	41.09	48%	3%	37.60	-8%	2%	43.33	15%	2%	40.13	-7%	2%
NICO	173.92	59%	14%	210.13	21%	15%	234.55	12%	14%	236.14	1%	13%	198.30	-16%	10%
PHOENIX	27.99	2%	2%	44.42	59%	3%	49.31	11%	3%	43.08	-13%	2%	41.90	-3%	2%
PICZ	282.96	6%	23%	310.35	10%	22%	353.76	14%	21%	424.09	20%	24%	462.85	9%	24%
SAVENDA	-	0%	0%	-	0%	0%	4.69	0%	0%	11.64	148%	1%	19.19	65%	1%
ULTIMATE	-	0%	0%	4.88	0%	0%	3.52	-28%	0%	2.77	-21%	0%	11.86	328%	1%
VERITUS G	-	0%	0%	1.93	0%	0%	3.15	63%	0%	3.59	14%	0%	3.55	-1%	0%
ZSIC GI	202.81	17%	17%	180.42	-11%	13%	251.43	39%	15%	249.32	-1%	14%	227.52	-9%	12%
NON-LIFE TOTAL	1,217.23	13%	100%	1,388.66	14%	100%	1,652.34	19%	100%	1,798.88	9%	100%	1,907.06	6%	100%

Table 19: 2014-2019 GWP, Growth and Market share

## 6.2 Gross Written Premium Growth

Non-life Insurance premiums have grown by K 690 million in the last 5 years, a growth rate of 57%. This is an average of K 138 million every year.

**Figure 7: Non-life Insurance Gross Written Premiums 2014-2018**



## 6.3 Claims Analysis

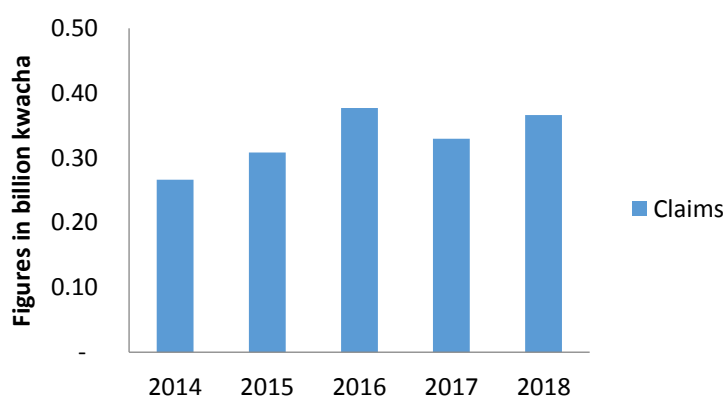
Non-life insurance incurred net claims of K 0.33 billion in 2017 compared to K 0.377 billion in 2016. This signifies decrease of 1% amounting to K 0.047 billion from the net claims recorded in 2016. The loss for the year 2017 has been the lowest in the past 5 years.

**Table 20: Claims Analysis 2014-2018**

Year	2014	2015	2016	2017	2018
<b>Earned Premiums</b>	0.689	0.769	0.891	0.881	0.974
<b>Net Claims</b>	0.266	0.308	0.377	0.330	0.37
<b>% change in net claims</b>	11%	12%	16%	-1%	10%
<b>Loss Ratio</b>	39%	40%	42%	37%	38%

Figures in billion kwacha

**Figure 8: Claims Analysis 2014-2018**





#### 6.4 Expenses

The total Non-life insurance expenses were K 5697 million in 2018 and K 567 million in 2017. Of this, K 28 million was net commissions paid out in 2018 and K 28 million in 2017.

#### 6.5 Reinsurance

The total of premiums ceded has been at an average of 45% of gross premiums written. Total premiums ceded in 2018 amounted to K 875 million whereas K 868 million premiums were ceded in 2017.

**Table 21: Non-life Premiums Ceded**

Year	2014	2015	2016	2017	2018
<b>Non-life premiums ceded</b>	0.509	0.607	0.728	0.868	0.875
<b>% of Gross Written Premiums</b>	42%	44%	44%	48%	46%
<b>% growth</b>	8%	19%	20%	19%	1%

*Figures in billion kwacha*

#### 6.6 Summary of Revenue Account

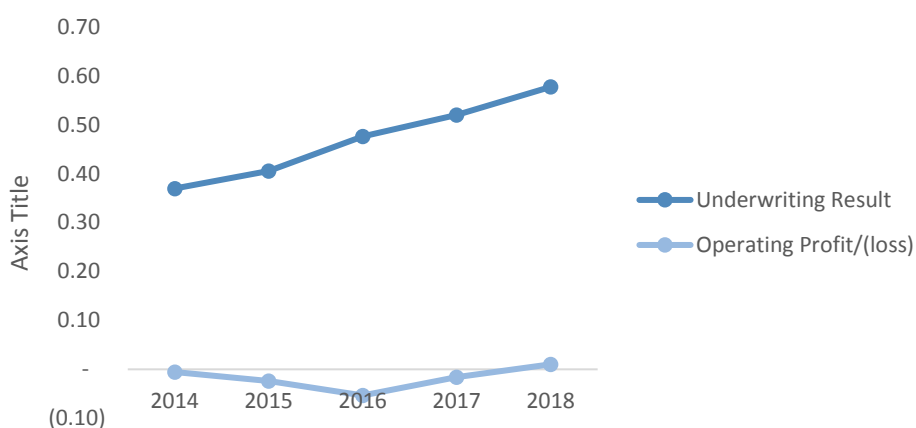
Non-life insurance even though experiencing underwriting profits over the last five years it has recorded operating losses with only 2018 having recorded a profit. The table below depicts the trend

**Table 22: Summary of Revenue Account 2014-2018**

	2014	2015	2016	2017	2018
<b>Gross Written Premiums</b>	1.22	1.39	1.65	1.80	1.91
<b>Earned Premium</b>	0.69	0.77	0.89	0.88	0.97
<b>Direct Insurance Expenses</b>	0.32	0.36	0.42	0.36	0.40
<b>Underwriting Result</b>	0.37	0.41	0.48	0.52	0.58
<b>Administrative expenses</b>	0.37	0.43	0.53	0.53	0.57
<b>Operating Profit</b>	(0.01)	(0.02)	(0.05)	(0.02)	0.01

*Figures in billion kwacha*

**Figure 9: Revenue Account 2014-2018**



## 7.0 Life Insurance Sector

### 7.1 Premiums Income

The life insurance niche recorded its tied highest percentage growth yet, growing by a staggering 26% amounting in 2018. All the life companies recorded a positive growth percentage in 2018 with ZSIC life leading the line with a growth of 55% increasing its market share from 12% to 15%. Other notable and impressive premium growths of 2018 include Barclays Life, Hollard life, Liberty Life, Prudential and Speciality Emergency Services growing by 33%, 49%, 42%, 31% and 27% respectively.

Sanlam Life still has the biggest market share of premiums with 30% of the market premiums. Its market share has reduced by 1% nonetheless. 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.



**Table 23: Growth and Market Share of Life Insurance 2014-2018**

	2014			2015			2016			2017			2018		
	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%	0%	1.31	0%	0%	1.30	-1%	0%	-	-100%	0%
<b>Barclays Life</b>	39.43	29%	6%	42.82	9%	6%	42.96	0%	5%	54.16	26%	5%	72.24	33%	6%
<b>Focus Life</b>	-	0%	0%	5.33	0%	1%	12.97	143%	2%	8.70	-33%	1%	-	-100%	0%
<b>Hollard life</b>	5.73	22%	1%	7.24	26%	1%	12.75	76%	2%	17.08	34%	2%	25.44	49%	2%
<b>Innovate Life</b>	-	0%	0%	-	0%	0%	-	0%	0%	-	0%	0%	1.10	100%	0%
<b>Liberty Life</b>	-	0%	0%	20.22	0%	3%	36.76	82%	5%	58.85	60%	6%	83.62	42%	6%
<b>Madison Life</b>	128.80	13%	20%	136.52	6%	18%	172.29	26%	21%	154.87	-10%	15%	171.32	11%	13%
<b>Metropolitan</b>	2.24	47%	0%	31.16	1291%	4%	62.72	101%	8%	74.35	19%	7%	83.24	12%	6%
<b>Prudential</b>	102.14	34%	16%	121.65	19%	16%	109.68	-10%	13%	136.04	24%	13%	178.51	31%	14%
<b>Regent Life</b>	2.99	-34%	0%	2.38	-20%	0%	0.60	-75%	0%	-	-100%	0%	-	0%	0%
<b>Speciality E S</b>	-	0%	0%	-	0%	0%	-	0%	0%	77.29	0%	8%	97.98	27%	8%
<b>Sanlam Life</b>	222.40	48%	35%	236.75	6%	31%	237.38	0%	29%	318.21	34%	31%	386.53	21%	30%
<b>Zsic Life</b>	127.19	8%	20%	166.63	31%	22%	125.25	-25%	15%	124.82	0%	12%	194.05	55%	15%
<b>Total</b>	<b>630.91</b>	<b>26%</b>	<b>100%</b>	<b>770.71</b>	<b>22%</b>	<b>100%</b>	<b>814.68</b>	<b>6%</b>	<b>100%</b>	<b>1,025.68</b>	<b>26%</b>	<b>100%</b>	<b>1,294.03</b>	<b>26%</b>	<b>100%</b>

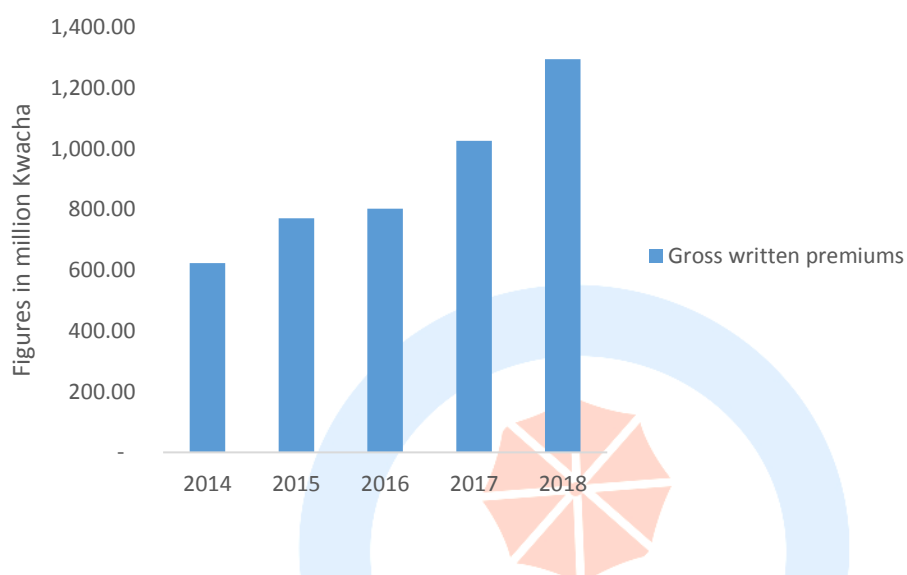
Figures in K' million

## 7.2 Gross Written Premiums Growth

Life insurance premiums increased by 26%, the tied highest increase in the past five years in 2018. In 2018 life insurance premiums were k 1,294 million, an increase from K 1,026 million in 2017 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% each year but a record low of 6% growth was recorded in 2016.

**Figure 10 Gross Written Premiums 2014-2018**



## 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 2014-2018**

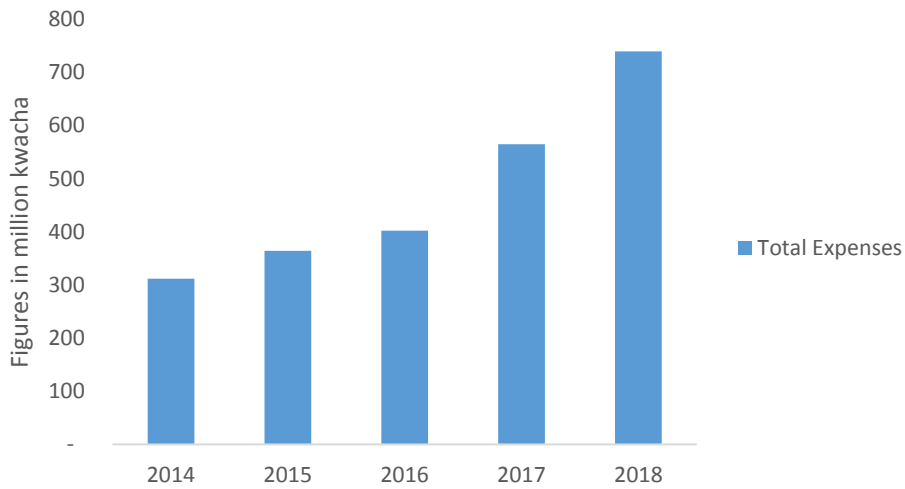
	2014	2015	2016	2017	2018
<b>Net Claims Incurred</b>	251.77	274.78	379.19	464.75	534.73
<b>% change in net claims</b>	55%	9%	38%	23%	15%
<b>Earned Premiums</b>	516.79	559.46	618.36	842.41	1,039.24
<b>Loss Ratio</b>	49%	49%	61%	55%	51%

*Figures in million kwacha*

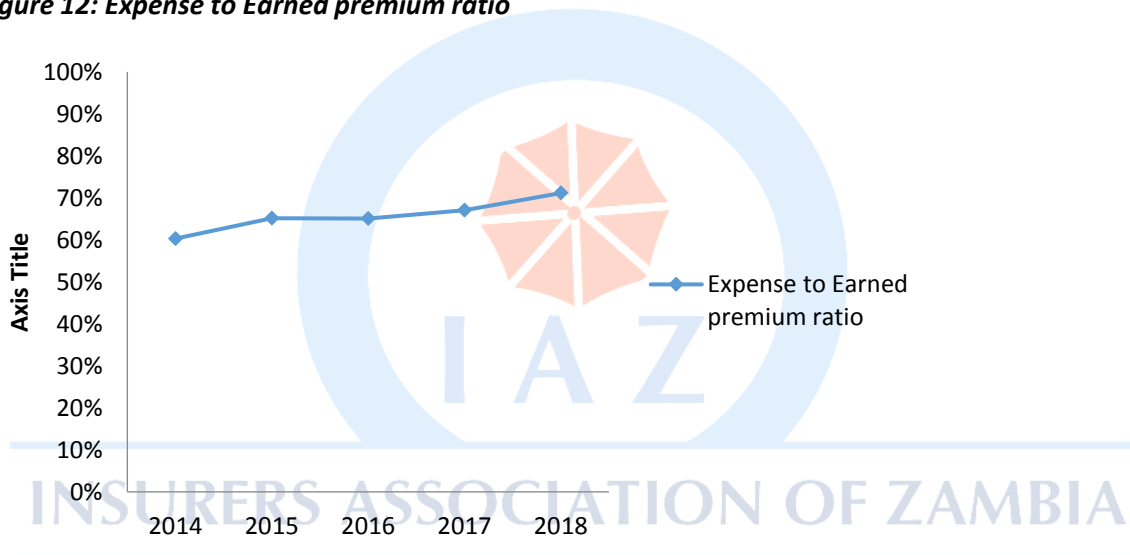
## 7.4 Expenses

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 2014-2018**

Year	2014	2015	2016	2017	2018
Life Ins Premiums ceded	0.106	0.135	0.184	0.174	0.254
% of Gross Premiums	17%	18%	23%	17%	20%
% Growth	26%	22%	6%	-5%	46%

*Figures in billion kwacha*

7.6 Summary of Revenue Accounts

**Table 26: Summary of Revenue Accounts**

	2014	2015	2016	2017	2018
<b>GWP</b>	622.81	770.71	802.58	1,022.59	1,294.26
<b>Earned Premium</b>	516.79	559.46	618.36	839.32	1,039.24
<b>Net Claims</b>	251.77	274.78	379.19	464.75	534.73
<b>Total Other Expenses</b>	311.69	364.44	402.30	564.82	739.41
<b>Underwriting profit/(loss)</b>	222.25	187.78	206.74	305.53	292.48
<b>Investment income &amp; Non insurance premium income</b>	89.33	113.17	202.25	216.02	123.66
<b>Total Profit /(loss)before tax</b>	42.66	33.41	39.12	64.32	14.65

*\*Figures in million Kwacha*

