

The good, the bad and the ugly of the 2016 financial results reported by the life insurance industry

We changed the survey format somewhat in the current year to improve the comparability of the information presented. In previous surveys we included separate columns for each individual insurer, even if they formed part of the same group. However, in the current year we used the consolidated financial information for the listed insurers that often have more than one life licence. This change allows for an easier reference to the results published by the groups, and a more useful analysis of the industry results. The reader should note that where consolidated financial statements were used, they also include the results of the groups' other subsidiaries which may comprise short-term insurance, asset management and foreign subsidiaries.

Industry overviews in recent months produced by the financial press covering the life industry are riddled with words such as 'woes, turmoil and losing traction'. The sentiment around the industry is not positive and naysayers point towards unexpected changes in CEOs, increasing lapse rates and poor investment results that clearly all is not well. The financial results for the life insurance industry summarised in this survey does show this strain, but perhaps not to the same extent. The table below presents some of the salient aggregated IFRS metrics of the participants in the survey:

	2016 R billion	2015 R billion
Profit before tax	38	43
Tax	12	14
Effective tax rate (%)	31%	32%
Total assets	2 314	2 300
Administration, management and other expenses	75	73
Policyholder liabilities for insurance and discretionary contracts	721	730
Policyholder liabilities for investment contracts	1 126	1 078

The aggregated profit before tax decreased from R43.3 billion to R38.2 billion (11.6% decrease). An analysis of the individual insurer's financial results point to a variety of different factors that contributed to the lower profit. These include:

- Above normal levels of claims reported in group income protection product lines. Risk portfolios reporting claims ratios in excess of 120% was not uncommon during 2016. The deterioration in claims experience was mainly due to poor economic conditions which history has shown is correlated with an increased frequency in disability claims. For example, Sanlam reported that its group risk profits declined by 38%, compared to 2015. As a remedial action during the latter part of 2016 continuing into 2017, we have seen increases in industry pricing, and in some instances benefit designs have been altered to make the claims ratio more palatable.
- Persistency challenges (surrenders and lapses). Insurers active in the lower income segment market, including direct insurers, had to fight a constant battle to retain policies on their books whilst their policyholders have shrinking disposable income. What was less easy to predict is how severely persistency in the affluent market segment would be affected by the economic conditions. The 2016 financial results of some insurers active in this segment makes clear reference to experience losses for products with an investment component, and the need to strengthen their actuarial assumptions. A clear focus for these insurers is to stop the bleeding.
- Lower returns earned on shareholder assets. Also, insurers that administer investment type contracts reported reduced asset management fees. Weak local equity markets coupled with the rand strengthening significantly against world currencies muted returns. A case in point, Liberty Holdings reported that its return on its shareholder portfolio reduced from R1.4 billion last year to R0.8 billion in 2016.
- The rand strength also had a negative impact on foreign subsidiary offshore earnings. In the current environment, expense management remained a priority. Limiting operating expenses to a 2.2% increase (to R74.8 billion) did not come easy especially when one considers that the industry often had to incur costs on large projects driven through a regulatory agenda (RDR, SAM and market conduct).

In line with the lower levels of profitability, tax incurred reduced from R13.7 billion to R12.0 billion. The so called 'fifth fund' or risk fund came into existence from 1 January, 2016 for risk policies issued on or after that date. Whilst the introduction of the new fund is generally expected to increase the tax payable by the industry, as acquisition expenses on risk products are no

longer set off against investment income on investment products, it will only become more evident as the risk fund grows and the other tax funds reduce in value over time.

The tax change also allowed insurers to elect to move some or all of its risk policies underwritten in prior years to the risk fund. Often, this election changed the insurer's view of future tax allowed for when determining the policyholder liabilities. We noticed a disparity in how insurers accounted for the change in their best estimate liability which again underlines the need for more comparability in the industry's financial reporting presentation and measurement bases. It is generally believed that IFRS 17 Insurance contracts, which was released in May 2017, will address some of these concerns when the standard becomes effective from 2021 year ends onwards.

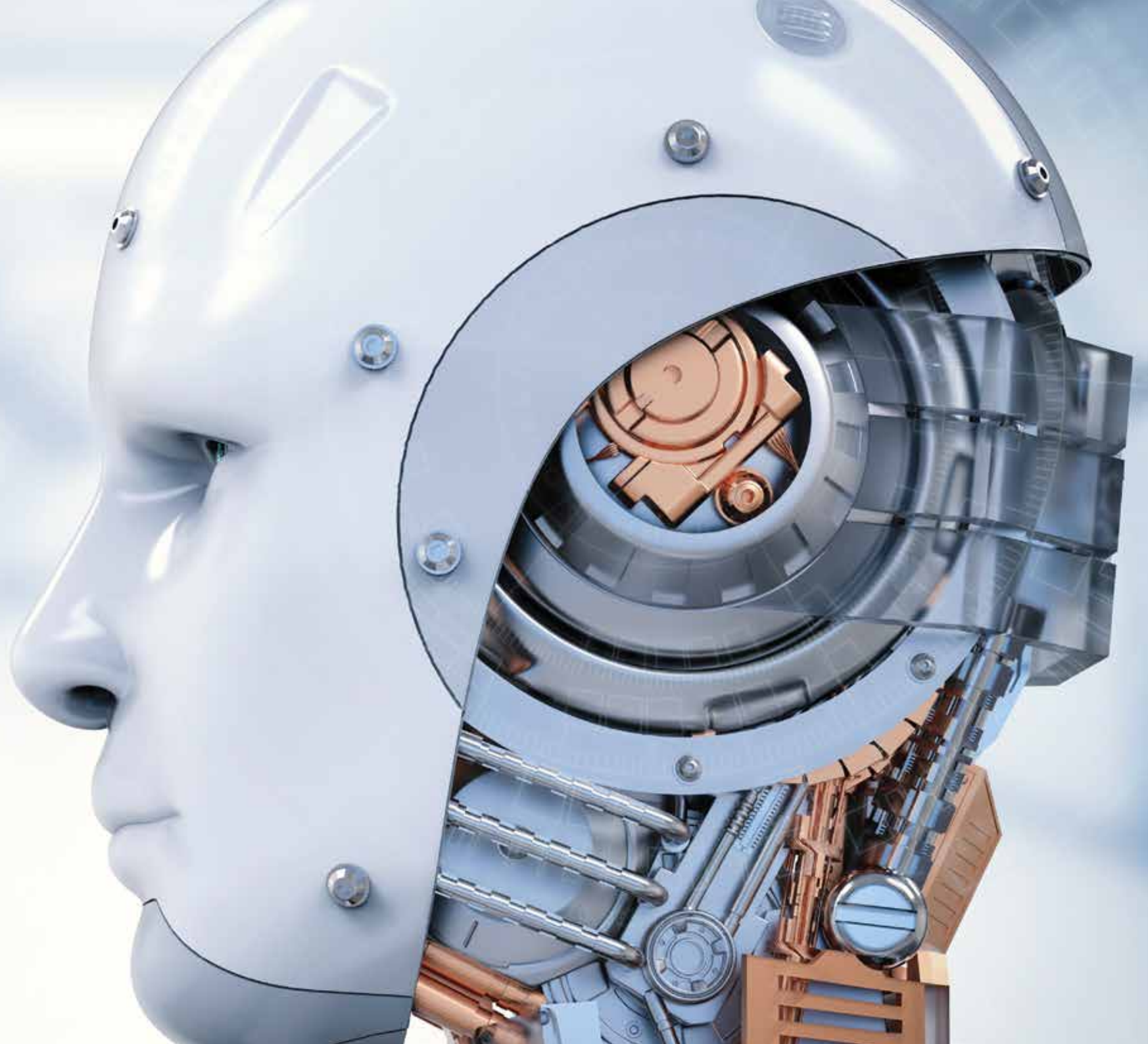
The total assets for the participants remained relatively unchanged at R2 314 billion (2015: R2 300 billion). This is not unexpected against the backdrop of the disappointing investment returns discussed above, but also speaks to some structural challenges in the industry. The investment returns achieved by asset managers of some wealth/insurance groups have been trailing the industry benchmarks for some time which is not fertile ground for skittish policyholders in an uncertain environment. Not surprisingly, inflows from discretionary single premium savings products were under pressure in the industry.

The R9 billion reduction in insurance contract liabilities compared to the R48 billion increase in the liabilities for investment contracts illustrates a point we have made before. The run-off of legacy business, which was predominantly classified as insurance contracts (as defined in IFRS 4) is being replaced with investment contracts that offer lower margins. Only those legacy insurers that are able to add new business with margins that approximate the older business will stand the test of time.

Expansion into other African territories has been on the board agendas of South African insurance groups for a number of years. These territories offer substantial

growth opportunities, and better profit margins to boot. A case in point is that – Sanlam, during 2016 concluded its transaction to acquire a 30% stake in Saham Finances and has since its year end announced the acquisition of a further 16.6% stake. In the past two years, we have noticed a shift in focus though. Against the backdrop of muted in-country growth local insurance groups are now integrating their existing investments across the continent, rather than looking for the next big acquisition. The focus is on building scale, improving the control and governance structures and better pricing and capital management within the African entities. The mantra is for subsidiaries in rest of Africa to add to group profitability in the short to medium term, rather than being a detractor.

As a general rule, the executive management teams of life insurers and wealth groups reported to their boards and shareholders that they were satisfied with their respective entities' 2016 financial performance achieved in a tough environment. Judging by the share prices of the listed insurers remaining relatively steadfast since the results were released, the message was well received. The 2017 operating environment will in all likelihood deteriorate further with South Africa's sovereign credit rating downgrade and political turmoil not aiding the economic recovery. Add to the mix some well-known banking brands making their intentions known to enter the insurance market and it is clear that for insurers to return to levels of profitability seen in 2015 and before, insurers will have their work cut out for them.



LONG TERM INSURERS | Statement of Financial Position | R'000

Accounting year end	Dec-16	Dec-15	Dec-16	Dec-15	Jun-16	Jun-15	Dec-16	Dec-15	Jun-16	Jun-15
Group/Company	Liberty Group Limited		Old Mutual Emerging Markets Limited		MMI Holdings Limited		Sanlam Limited		1Life Direct Insurance Limited	
Share capital and premium	29 000	29 000	41 623 000	41 182 000	13 856 000	13 804 000	22 000	22 000	398 000	398 000
Retained earnings/(deficit)	18 163 000	19 241 000			8 298 000	8 877 000	47 255 000	44 777 000	751 815	644 249
Other reserves	313 000	(10 000)			1 955 000	1 866 000	6 113 000	8 822 000	-	-
Non-controlling interests	-	-	3 638 000	4 475 000	290 000	501 000	5 696 000	6 571 000	-	-
Total shareholders' funds	18 505 000	19 260 000	45 261 000	45 657 000	24 399 000	25 048 000	59 086 000	60 192 000	1 149 815	1 042 249
Policyholder liabilities under insurance contracts and contracts with DPF's	202 791 000	204 096 000	166 016 000	173 518 000	114 093 000	111 329 000	192 232 000	197 495 000	-	-
Policyholder liabilities under investment contracts	101 088 000	97 091 000	400 381 000	386 609 000	257 985 000	246 490 000	306 073 000	296 938 000	-	-
Reinsurance contract liability	555 000	617 000	-	-	973 000	659 000	-	-	-	-
Cell owners interest	-	-	-	-	-	-	1 153 000	980 000	-	-
Current tax payable	552 000	332 000	1 708 000	1 654 000	32 000	166 000	1 728 000	2 001 000	25 503	-
Deferred tax liability/(asset)	2 500 000	4 321 000	2 486 000	3 103 000	4 091 000	4 064 000	189 000	1 812 000	314 931	284 316
Other liabilities	38 987 000	45 536 000	79 308 000	84 346 000	57 855 000	59 623 000	111 946 000	116 723 000	308 414	217 502
Total liabilities	346 473 000	351 993 000	649 899 000	649 230 000	434 024 000	421 506 000	611 593 000	613 948 000	648 848	501 818
Total investments	315 061 000	311 308 000	600 111 000	598 163 000	401 390 000	395 470 000	592 945 000	590 894 000	-	-
Assets arising from insurance contracts	7 314 000	7 579 000	-	-	-	-	-	-	1 293 490	1 211 784
PPE; goodwill and intangible assets	23 825 000	33 181 000	13 655 000	15 756 000	15 977 000	16 536 000	7 829 000	8 546 000	-	-
Reinsurers' share of policyholder liabilities	1 285 000	1 285 000	4 184 000	3 414 000	5 092 000	3 046 000	5 980 000	5 196 000	28 257	5 840
Deferred acquisition costs	698 000	651 000	2 822 000	1 988 000	-	-	3 597 000	3 463 000	-	-
Cash and cash equivalents	8 877 000	10 715 000	30 855 000	24 827 000	29 148 000	26 174 000	18 761 000	20 141 000	393 234	254 597
Other assets	7 918 000	6 534 000	43 533 000	50 739 000	6 816 000	5 328 000	41 567 000	45 900 000	83 682	71 846
Income tax asset	-	-	-	-	-	-	-	-	-	-
Deposits held with cell option	-	-	-	-	-	-	-	-	-	-
Total assets	364 978 000	371 253 000	695 160 000	694 887 000	458 423 000	446 554 000	670 679 000	674 140 000	1 798 663	1 544 067
Regulatory surplus assets to CAR	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1,83	1,91
Total assets/total liabilities	105%	105%	107%	107%	106%	106%	110%	110%	277%	308%
Increase in shareholders' funds	(4%)	12%	(1%)	12%	(3%)	3%	(2%)	14%	10%	15%

LONG TERM INSURERS | Statement of Financial Position | R'000

Accounting year end	Dec-16	Dec-15	Nov-16	Nov-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15
Group/Company	Absa Life Limited		AIG Life Limited		AVBOB Mutual Assurance Society		Bidvest Life Limited		Clientele Life Limited	
Share capital and premium	24 000	24 000	10 000	10 000	-	-	10 000	10 000	4 853	4 853
Retained earnings/(deficit)	1 226 779	1 200 816	319 346	243 838	5 778 852	5 271 404	71 770	185 004	622 325	563 600
Other reserves	11 781	12 660	-	-	-	-	23 131	112 017	25 644	25 717
Non-controlling interests		-	-	-	-	-				
Total shareholders' funds	1 262 560	1 237 476	329 346	253 838	5 778 852	5 271 404	104 901	307 021	652 822	594 170
Policyholder liabilities under insurance contracts and contracts with DPF's	2 039 087	1 854 804	145 484	198 227	6 970 017	6 179 232	24 761	26 733	679 362	689 676
Policyholder liabilities under investment contracts	26 710 022	21 665 284	-	-	-	-	-	-	909 819	942 336
Reinsurance contract liability	95 478	85 692	-	-	-	-	280	319	-	-
Cell owners interest	-	-	-	-	-	-	-	-	-	-
Current tax payable	9 710	-	-	-	-	-	14 654	-	7 283	-
Deferred tax liability/(asset)	9 640	15 314	-	-	274 678	214 012	4 081	20 720	(20 828)	(16 712)
Other liabilities	488 756	595 306	22 713	4 886	651 104	553 794	5 510	8 574	263 788	258 800
Total liabilities	29 352 693	24 216 400	168 197	203 113	7 895 799	6 947 038	49 286	56 346	1 839 424	1 874 100
Total investments	29 528 732	24 783 983	288 816	217 357	11 072 610	9 569 573	93 078	305 827	1 888 993	1 876 745
Assets arising from insurance contracts	-	-	-	-	-	-	-	-	-	-
PPE; goodwill and intangible assets	94 117	330 432	-	-	119 812	119 657	-	-	59 277	50 191
Reinsurers' share of policyholder liabilities	37 096	24 374	-	-	11 787	11 000	1 333	748	2 789	3 015
Deferred acquisition costs	369 561	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	204 023	154 667	125 727	172 000	2 082 969	2 203 817	603	1 853	165 020	156 995
Other assets	183 224	160 420	83 000	67 594	372 778	314 395	15 611	16 170	376 167	381 324
Income tax asset	198 500	-	-	-	14 695	-	-	2 072	-	-
Deposits held with cell option	-	-	-	-	-	-	43 562	36 696	-	-
Total assets	30 615 253	25 453 876	497 543	456 951	13 674 651	12 218 442	154 187	363 367	2 492 246	2 468 270
Regulatory surplus assets to CAR	3,10	3,50	6,40	4,90	4,60	4,60	8,64	26,88	2,35	2,32
Total assets/total liabilities	104%	105%	296%	225%	173%	176%	313%	645%	135%	132%
Increase in shareholders' funds	2%	4%	30%	(10%)	10%	10%	(66%)	(1%)	10%	1460%

LONG TERM INSURERS | Statement of Financial Position | R'000

Accounting year end	Jun-16	Jun-15	Dec-16	Dec-15	Dec-16	Dec-15	Jun-16	Jun-15	Mar-16	Mar-15
Group/Company	Hollard Life Assurance Company Limited		Nedgroup Life Assurance Company Limited		Nedgroup Structured Life Limited		OUTsurance Life Insurance Company Limited		Prescient Life Limited	
Share capital and premium	20 000	20 000	55 000	55 000	26 351	26 351	435 002	385 002	10 000	10 000
Retained earnings/(deficit)	1 893 269	2 354 187	1 059 987	1 307 409	42 751	36 814	91 828	31 877	48 127	45 786
Other reserves	-	-	-	-	-	-	(112)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total shareholders' funds	1 913 269	2 374 187	1 114 987	1 362 409	69 102	63 165	526 718	416 879	58 127	55 786
Policyholder liabilities under insurance contracts and contracts with DPF's	4 952 383	4 601 546	3 471 807	3 906 139	-	-	195 721	110 325	-	-
Policyholder liabilities under investment contracts	4 411 196	5 576 191	6 507 261	2 824 299	8 799 565	8 163 624	-	-	10 974 329	9 817 582
Reinsurance contract liability	-	-	-	-	-	-	-	-	-	-
Cell owners interest	-	-	-	-	-	-	-	-	-	-
Current tax payable	-	-	20 169	9 746	382	-	255	-	458	-
Deferred tax liability/(asset)	552 214	549 106	(242)	890	-	-	18 540	4 859	1 467	4 012
Other liabilities	1 233 777	1 119 541	119 395	132 745	1 349	1 168	48 854	68 348	7 958	8 861
Total liabilities	11 149 570	11 846 384	10 118 390	6 873 819	8 801 296	8 164 792	263 370	183 532	10 984 212	9 830 455
Total investments	10 550 711	11 224 844	10 370 006	7 634 977	8 799 565	8 163 624	667 883	501 724	11 037 659	9 880 249
Assets arising from insurance contracts	-	-	-	-	-	-	-	-	-	-
PPE; goodwill and intangible assets	18 604	11 379	192 532	5 920	-	-	-	149	-	-
Reinsurers' share of policyholder liabilities	135 610	127 095	127 270	132 019	-	-	89 163	71 231	-	-
Deferred acquisition costs	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	1 700 414	1 950 900	208 136	243 850	54 614	56 946	14 478	5 318	2 734	4 037
Other assets	621 300	906 353	335 433	219 462	16 219	7 387	18 564	21 989	1 946	1 955
Income tax asset	36 200	-	-	-	-	-	-	-	-	-
Deposits held with cell option	-	-	-	-	-	-	-	-	-	-
Total assets	13 062 839	14 220 571	11 233 377	8 236 228	8 870 398	8 227 957	790 088	600 411	11 042 339	9 886 241
Regulatory surplus assets to CAR	2,60	3,70	10,9	14,4	1,48	1,80	3,90	1,60	1,23	1,61
Total assets/total liabilities	117%	120%	111%	120%	101%	101%	300%	327%	101%	101%
Increase in shareholders' funds	(19%)	(88%)	15%	15%	9%	15%	26%	31%	4%	18%

LONG TERM INSURERS | Statement of Financial Position | R'000

Accounting year end	Dec-16	Dec-15	Jun-16	Jun-15	Dec-16	Dec-15
Group/Company	Provisional Provident Society Insurance Company Limited		Regent Life Assurance Company Limited		Zurich Life SA Limited	
Share capital and premium	10 000	10 000	144 688	144 688	17 500	17 500
Retained earnings/(deficit)	358 117	319 844	551 029	423 390	(48)	(2 648)
Other reserves	-	-	(1 633)	(6 512)	-	-
Non-controlling interests	-	-	47 449	45 876	-	-
Total shareholders' funds	368 117	329 844	741 533	607 442	17 452	14 852
Policyholder liabilities under insurance contracts and contracts with DPF's	27 098 131	25 577 153	108 596	122 627	-	-
Policyholder liabilities under investment contracts	1 464 987	1 139 647	253 379	246 425	-	-
Reinsurance contract liability	-	6 184	-	-	-	-
Cell owners interest	-	-	-	-	-	-
Current tax payable	-	-	2 590	-	1 092	404
Deferred tax liability/(asset)	231 684	331 214	138 145	122 334	-	-
Other liabilities	347 438	333 711	225 384	255 415	2 482	2 752
Total liabilities	29 142 240	27 381 725	728 094	746 801	3 574	3 156
Total investments	27 169 393	25 251 529	1 044 603	938 173	-	-
Assets arising from insurance contracts	-	-	-	-	-	-
PPE; goodwill and intangible assets	853 624	779 965	17 663	10 084	-	-
Reinsurers' share of policyholder liabilities	68 021	-	128 864	110 192	-	-
Deferred acquisition costs	-	-	-	-	-	-
Cash and cash equivalents	1 087 385	1 401 234	211 967	219 954	20 775	16 884
Other assets	288 222	265 908	62 661	75 840	251	1 124
Income tax asset	43 712	12 933	3 869	-	-	-
Deposits held with cell option	-	-	-	-	-	-
Total assets	29 510 357	27 711 569	1 469 627	1 354 243	21 026	18 008
Regulatory surplus assets to CAR	2,60	2,60	5,20	5,30	1,74	1,46
Total assets/total liabilities	101%	101%	202%	181%	588%	571%
Increase in shareholders' funds	12%	16%	22%	25%	18%	



LONG TERM INSURERS | Statement of Comprehensive Income | R'000

Accounting Year end	Dec-16	Dec-15	Dec-16	Dec-15	Jun-16	Jun-15	Dec-16	Dec-15	Jun-16	Jun-15
Group/Company	Liberty Group Limited		Old Mutual Emerging Markets Limited		MMI Holdings Limited		Sanlam Limited		1Life Direct Insurance Limited	
Recurring premiums	split provided, but includes investment contracts (Total is R38 013 000)	split provided, but includes investment contracts (Total is R36 427 000)	split provided, but includes investment contracts (Total is R74 263 000)	split provided, but includes investment contracts (Total is R67 045 000)	no split provided (total is R38 589 000)	no split provided (total is R35 297 000)	no split provided (total is R52 659 000)	no split provided (total is R48 308 000)	no split provided (total is R1 080 139)	no split provided (total is R860 597)
Single premiums										
Other premiums										
Reinsurance premiums	1 147 000	1 053 000	6 255 000	4 943 000	9 618 000	7 901 000	7 626 000	6 831 000	133 695	125 990
Net premium income	36 866 000	35 374 000	68 008 000	62 102 000	28 971 000	27 396 000	45 033 000	41 477 000	946 444	734 606
Service fees from investment contracts	1 330 000	1 401 000	11 723 000	10 922 000	7 679 000	7 355 000	5 530 000	5 446 000	-	-
Total net investment income	19 138 000	24 120 000	40 008 000	51 324 000	29 346 000	31 807 000	34 736 000	37 095 000	16 496	12 975
Commission received	-	-	-	-	-	-	1 396 000	1 275 000	13 310	1 996
Other unallocated income	577 000	524 000	1 286 000	1 366 000	-	-	-	-	13 032	14 477
Total income	57 911 000	61 419 000	121 025 000	125 714 000	65 996 000	66 558 000	86 695 000	85 293 000	989 282	764 054
Death/disability	split provided but included payments to investment contracts (nett total is R37 485 000)	split provided but included payments to investment contracts (nett total is R32 718 000)	split provided but included payments to investment contracts and change in insurance contracts (nett total is R69 895 000)	split provided but included payments to investment contracts and change in insurance contracts (nett total is R64 294 000)	9 710 000	8 172 000	split provided but included payments to investment contracts and change in insurance contracts (nett total is R41 566 000)	split provided but included payments to investment contracts and change in insurance contracts (nett total is R29 453 000)	no split provided (total is R442 127)	no split provided (total is R317 835)
Maturities					5 960 000	5 503 000				
Annuities					3 580 000	3 393 000				
Surrenders					3 220 000	3 266				
Withdrawals and other benefits					10 062 000	11 564 734				
Reinsurance recoveries	(1 074 000)	(923 000)	(4 425 000)	(3 584 000)	(5 923 000)	(4 026 000)	(5 441 000)	(3 514 000)	(113 181)	(92 632)
Net policyholder benefits under insurance contracts	36 411 000	31 795 000	65 470 000	60 710 000	26 609 000	24 610 000	36 125 000	25 939 000	328 946	225 203
Change in preference share liability	-	-	-	-	-	-	-	-	-	-
Change in assets arising from insurance contracts	-	-	-	-	-	-	-	-	(73 729)	(137 068)

LONG TERM INSURERS | Statement of Comprehensive Income | R'000 (continued)

Accounting Year end	Dec-16	Dec-15	Nov-16	Nov-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15
Group/Company	Absa Life Limited		AIG Life Limited		AVBOB Mutual Assurance Society		Bidvest Life Limited		Clientele Life Limited	
Recurring premiums	3 178 727	2 944 764	no split provided (total is R553 335)	no split provided (total is R615 355)	2 700 073	2 298 817	45 515	49 382	1 547 600	1 395 093
Single premiums	-	-			-	2 654	-	-		
Other premiums	-	-			-	-	-	-		
Reinsurance premiums	520 099	503 078	28 924	30 009	(1 957)	(1 919)	(2 272)	(4 675)	124 736	113 155
Net premium income	2 658 628	2 441 686	524 411	585 346	2 698 116	2 299 552	43 243	44 707	1 422 864	1 281 938
Service fees from investment contracts	98 562	77 432	-	-	-	-	-	-	-	-
Total net investment income	493 768	786 728	26 839	23 397	922 145	1 035 466	2 735	23 598	149 387	173 472
Commission received	-	-	-	-	-	-	1 807	1 498	-	-
Other unallocated income	-	-	-	-	536	422	-	-	150 586	159 373
Total income	3 250 958	3 305 846	551 250	608 743	3 620 797	3 335 440	47 785	69 803	1 722 837	1 614 783
Death/disability	736 099	713 031	197 433	234 361	605 957	520 027	23 985	6 704	181 183	188 043
Maturities	52 367	36 613	-	-	881	629	-	-	-	-
Annuities	-	-	2 035	1 635	-	-	-	-	-	-
Surrenders	160 960	169 077	-	-	192 371	174 220	-	-	189 045	186 265
Withdrawals and other benefits	84 714	54 599	-	-	128 462	110 814	-	-	22 049	18 620
Reinsurance recoveries	(163 162)	(172 645)	(6 519)	(6 627)	(1 038)	(798)	(10 261)	(556)	(99 536)	(117 250)
Net policyholder benefits under insurance contracts	870 978	800 675	192 949	229 370	926 633	804 892	13 724	6 149	292 741	275 678
Change in preference share liability	-	-	-	-	-	-	-	-	-	-
Change in assets arising from insurance contracts	-	-	-	-	-	-	-	-	226	227

LONG TERM INSURERS | Statement of Comprehensive Income | R'000 (continued)

Accounting Year end	Dec-16	Dec-15	Jun-16	Jun-15	Dec-16	Dec-15
Group/Company	Provisional Provident Society Insurance Company Limited		Regent Life Assurance Company Limited		Zurich Life SA Limited	
Recurring premiums	no split provided (total is R3 425 141)	no split provided (total is R3 063 836)	802 781	751 920	3 925	5 227
Single premiums						
Other premiums						
Reinsurance premiums	(210 978)	(179 042)	84 086	84 415	120	74
Net premium income	3 214 163	2 884 794	718 695	667 505	3 805	5 153
Service fees from investment contracts	44 041	50 253	-	-	-	-
Total net investment income	1 536 805	1 329 064	77 385	132 164	1 219	850
Commission received			-	-	-	-
Other unallocated income	219 132	979 415	57 200	54 876	-	-
Total income	5 014 141	5 243 526	853 280	854 545	5 024	6 003
Death/disability	no split provided (total is R2 295 786)	no split provided (total is R2 101 127)	206 272	213 010	40	109
Maturities			23 703	19 568	-	-
Annuities			(27)	(113)	-	-
Surrenders			82 109	84 659	-	-
Withdrawals and other benefits			2 301	-	-	-
Reinsurance recoveries	(17 609)	(149 585)	(53 762)	(66 327)	(962)	923
Net policyholder benefits under insurance contracts	40 911	2 146 201	260 596	250 797	(923)	1 032
Change in preference share liability	-	-	-	-	-	-
Change in assets arising from insurance contracts	-	15 295	-	-	-	-



LONG TERM INSURERS | Statement of Comprehensive Income | R'000 (continued)

Accounting Year end	Dec-16	Dec-15	Dec-16	Dec-15	Jun-16	Jun-15	Dec-16	Dec-15	Jun-16	Jun-15
Group/Company	Liberty Group Limited		Old Mutual Emerging Markets Limited		MMI Holdings Limited		Sanlam Limited		1Life Direct Insurance Limited	
Change in policyholder liabilities under insurance contracts	(556 000)	3 722 000	-	-	(674 000)	(869 000)	-	-	-	-
Fair value adjustments on policyholder liabilities under investment contracts	3 867 000	6 052 000	10 868 000	22 281 000	16 205 000	16 039 000	13 204 000	21 736 000	-	-
Acquisition costs	4 203 000	4 058 000	6 972 000	6 316 000	5 304 000	5 071 000	8 140 000	7 269 000	125 646	119 743
Administration, management and other expenses	10 009 000	9 648 000	26 859 000	25 066 000	14 210 000	16 299 000	17 717 000	16 890 000	444 735	416 130
Total expenses	53 934 000	55 275 000	110 169 000	114 373 000	61 654 000	61 150 000	75 186 000	71 834 000	825 598	624 008
Equity-accounted earnings	-	-	-	-	-	-	2 095 000	1 310 000	-	-
Profit/(loss) before tax	3 977 000	6 144 000	10 856 000	11 341 000	4 342 000	5 408 000	13 604 000	14 769 000	163 684	140 046
Tax	1 247 000	1 999 000	4 132 000	3 715 000	2 164 000	2 431 000	3 026 000	3 859 000	56 118	39 213
Profit/(loss) after tax	2 730 000	4 145 000	6 724 000	7 626 000	2 178 000	2 977 000	10 578 000	10 910 000	107 566	100 833
Other comprehensive income	113 000	(123 000)			83 000	68 000			-	-
Total comprehensive income/(loss) for the year	2 843 000	4 022 000			2 261 000	3 045 000			107 566	100 833
Other transfers to/(from) retained income	-	(16 000)			(32 000)	9 000			-	-
Other comprehensive income not charged against retained earnings	(139 000)	(56 000)	Information not available	Information not available	(265 000)	(21 000)	Information not available	Information not available	-	-
Ordinary dividends	3 500 000	2 250 000			2 475 000	3 094 000			-	-
Allocated to preference shareholders	-	-			-	-			-	-
Allocated to non-controlling interests	282 000	-			68 000	69 000			-	-
Change in retained earnings	(1 078 000)	1 700 000			(579 000)	(130 000)			107 566	100 833
Management expenses to net premium and service fees on investment contracts	26,20%	26,24%	33,69%	34,33%	38,77%	46,90%	35,04%	36,00%	46,99%	56,65%
Tax as a % of NIBT	31,36%	32,54%	38,06%	32,76%	49,84%	44,95%	22,24%	26,13%	34,28%	28,00%
Comments	Group		Group		Group		Group		Company	

LONG TERM INSURERS | Statement of Comprehensive Income | R'000

Accounting Year end	Dec-16	Dec-15	Nov-16	Nov-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15
Group/Company	Absa Life Limited		AIG Life Limited		AVBOB Mutual Assurance Society		Bidvest Life Limited		Clientele Life Limited	
Change in policyholder liabilities under insurance contracts	(3 695)	(125 389)	(52 743)	(38 388)	780 747	776 742	(1 972)	(1 095)	(10 314)	(5 878)
Fair value adjustments on policyholder liabilities under investment contracts	359 720	637 700	-	-	-	-	-	-	90 401	72 275
Acquisition costs	545 024	459 354	133 600	191 591	522 412	450 592	9 862	10 880	710 252	689 445
Administration, management and other expenses	491 836	491 574	173 237	104 577	723 729	669 070	20 370	22 649	160 447	152 372
Total expenses	2 263 863	2 263 914	447 043	487 150	2 953 521	2 701 296	41 984	38 582	1 243 753	1 184 119
Equity-accounted earnings	-	-	-	-	-	-	-	-	-	-
Profit/(loss) before tax	987 095	1 041 932	104 207	121 593	667 276	634 144	5 803	31 221	479 084	430 664
Tax	132 132	300 174	28 699	34 321	160 303	139 123	(3 922)	(6 254)	137 055	119 438
Profit/(loss) after tax	854 963	741 758	75 508	87 272	506 973	495 021	1 880	24 967	342 029	311 226
Other comprehensive income	-	-	-	-	475	(2 124)	-	-	-	-
Total comprehensive income/(loss) for the year	854 963	741 758	75 508	87 272	507 448	492 897	1 880	24 967	342 029	311 226
Other transfers to/(from) retained income	-	-	-	-	-	-	(88 886)	11 288	(10 237)	(18 729)
Other comprehensive income not charged against retained earnings	-	-	-	-	-	-	-	-	-	-
Ordinary dividends	829 000	704 000	-	115 000	-	-	204 000	27 279	273 067	219 662
Allocated to preference shareholders	-	-	-	-	-	-	-	-	-	-
Allocated to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Change in retained earnings	25 963	37 758	75 508	(27 728)	507 448	492 897	(113 234)	(13 600)	58 725	72 835
Management expenses to net premium and service fees on investment contracts	17,84%	19,51%	33,03%	17,87%	26,82%	29,10%	47,11%	50,66%	11,28%	11,89%
Tax as a % of NIBT	13,39%	28,81%	27,54%	28,23%	24,02%	21,94%	67,60%	20,03%	28,61%	27,73%
Comments	Company		Company		Society		Company		Company	

LONG TERM INSURERS | Statement of Comprehensive Income | R'000 (continued)

Accounting Year end	Jun-16	Jun-15	Dec-16	Dec-15	Dec-16	Dec-15	Jun-16	Jun-15	Mar-16	Mar-15
Group/Company	Hollard Life Assurance Company Limited		Nedgroup Life Assurance Company Limited		Nedgroup Structured Life Limited		OUTsurance Life Insurance Company Limited		Prescient Life Limited	
Change in policyholder liabilities under insurance contracts	(1 151 204)	(1 638 360)	(485 151)	(553 229)	-	-	51 533	41 351	-	-
Fair value adjustments on policyholder liabilities under investment contracts	-	-	(115 919)	66 063	-	-	-	-	367 330	242 977
Acquisition costs	488 690	430 028	335 963	355 889	-	-	-	-	-	-
Administration, management and other expenses	2 065 847	1 702 218	366 270	281 326	2 604	3 277	239 629	189 476	19 589	16 892
Total expenses	4 086 396	3 744 976	1 280 874	1 038 459	2 604	3 277	335 535	271 738	386 919	259 869
Equity-accounted earnings	-	-	-	-	-	-	-	-	-	-
Profit/(loss) before tax	1 582 412	1 468 715	906 872	1 011 808	8 246	11 754	83 222	52 094	3 371	10 865
Tax	350 930	392 630	254 294	282 665	2 309	3 291	23 271	14 563	1 030	2 180
Profit/(loss) after tax	1 231 482	1 076 085	652 578	729 143	5 937	8 463	59 951	37 531	2 341	8 685
Other comprehensive income	-	-	-	-	-	-	(112)	-	-	-
Total comprehensive income/(loss) for the year	1 231 482	1 076 085	652 578	729 143	5 937	8 463	59 839	37 531	2 341	8 685
Other transfers to/(from) retained income	-	9 612	-	-	-	-	-	-	-	-
Other comprehensive income not charged against retained earnings	-	-	-	-	-	-	112	-	-	-
Ordinary dividends	1 692 400	855 254	900 000	900 000	-	-	-	-	-	-
Allocated to preference shareholders	-	-	-	-	-	-	-	-	-	-
Allocated to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Change in retained earnings	(460 918)	230 443	(247 422)	(170 857)	5 937	8 463	59 951	37 531	2 341	8 685
Management expenses to net premium and service fees on investment contracts	41,99%	38,59%	22,38%	16,35%	60,08%	34,05%	66,91%	64,10%	95,66%	91,19%
Tax as a % of NIBT	22,18%	26,73%	28,04%	27,94%	28,00%	28,00%	27,96%	27,96%	30,55%	20,06%
Comments	Company		Company		Company		Company		Company	

LONG TERM INSURERS | Statement of Comprehensive Income | R'000

Accounting Year end	Dec-16	Dec-15	Jun-16	Jun-15	Dec-16	Dec-15
Group/Company	Provisional Provident Society Insurance Company Limited		Regent Life Assurance Company Limited		Zurich Life SA Limited	
Change in policyholder liabilities under insurance contracts	1 472 126	1 728 244	(32 703)	(36 646)	-	-
Fair value adjustments on policyholder liabilities under investment contracts	1 718 228	2 105 976	10 957	10 292	-	-
Acquisition costs			196 539	169 894	908	1 188
Administration, management and other expenses	1 134 417	1 084 073	194 912	180 796	1 803	1 410
Total expenses	4 768 039	4 865 794	630 301	575 133	2 711	3 631
Equity-accounted earnings	-					
Profit/(loss) before tax	246 102	377 732	222 979	279 412	3 236	2 372
Tax	207 829	332 562	67 867	63 298	636	130
Profit/(loss) after tax	38 273	45 170	155 112	216 114	2 600	2 242
Other comprehensive income	(582)	1 374	-	-	-	-
Total comprehensive income/(loss) for the year	37 691	46 544	155 112	216 114	2 600	2 242
Other transfers to/(from) retained income	-	-	(330)	(29 546)	-	-
Other comprehensive income not charged against retained earnings	582	-	-	-	-	-
Ordinary dividends	-	-	25 570	71 826	-	-
Allocated to preference shareholders	-	-	-	-	-	-
Allocated to non-controlling interests	-	-	-	-	-	-
Change in retained earnings	38 273	46 544	129 212	114 742	2 600	2 242
Management expenses to net premium and service fees on investment contracts	35,29%	37,58%	27,12%	27,09%	47,39%	27,36%
Tax as a % of NIBT	84,45%	88,04%	30,44%	22,65%	19,65%	5,48%
Comments	Company		Company		Company	