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**KPMG Insurance Survey 2021**

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# Our panel



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# Q&A

1. The impact on profit for life insurers is partially explained by the COVID-19 provisions of R9.9bn. What are the causes of the rest of the change?

In addition to the increased COVID-19 provisioning, the remaining contributors to the overall loss after tax for the life insurance industry is attributable to actual claims incurred, costs of moving towards staff working in a remote working environment, and other COVID-10 related costs such as premium holidays, donations to civil organisations and debt write-offs.

2. Which non-life insurers, in terms of GWP, has the market share positions 11 – 13?

The market share positions for numbers 11 to 13 for 2020, determined in terms of gross written premiums, is as follows:

11. Escap SOC Limited
12. Absa Insurance Company
13. Standard Insurance Limited

There were some changes in the 11 to 13 market share positions when compared to 2019. The market share positions for numbers 11 to 13 for 2019, determined in terms of gross written premiums, is as follows:

11. Absa Insurance Company
12. Standard Insurance Limited
13. Miway Insurance Limited

3. What happens if no one wants to take on business interruption risk anymore?

There are a number of options open to policyholders. Insurers may want to charge very specific rates to take on risk and these rates may be at a level that is not considered to be acceptable to policyholders. One alternative may be for businesses to pool funds in conjunction with government so that a type of fund is made available to contributing businesses in the event of a risk event arising. The second alternative may be for the establishment of a ring-fenced fund, an expansion to the remit of an entity such as Sasria, or the creation of a new insurance vehicle entirely.

4. Do you think that the driver of the longer life expectancy in women is a biological factor or a cultural factor?

Not surprisingly the jury is out on this one, as it is on the nature/nurture debate. I have always thought that it is a combination of nature and nurture and wouldn't expect this to be different. The fact that the life expectancy gap is consistent around the world suggests that there is something fundamental, in other words, biological, about the difference. However the variance of this gap over time and in different countries supports that culture and environment play a significant role.

5. We talk about non-life insurers pulling back from insuring things like pandemics. What is the sense you are getting from life insurers?

We have not heard much in the market about life insurers walking away from pandemic risk. We believe that COVID-19 will feed through into reinsurance pricing and therefore primary market pricing. Our view is that it is unlikely that life insurers would exclude pandemic risks in totality. Rather, like with HIV, the market will adapt and introduce special products and underwriting criteria. There is a tricky moral question which arises on whether insurers would require a vaccine and price differently for those vaccinated against COVID-19 and those who aren't. However, if COVID-19 becomes a seasonal illness like the flu, this might be unavoidable.



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