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Non-life insurance industry results analysis

For the non-life insurance industry, the 2023 year-end results will not be remembered for large natural or man-made catastrophe events. Instead, it will be remembered for being a year of recovery following from a year of record-breaking losses, as well as the start of the transition to a new accounting standard, *IFRS 17 Insurance Contracts* (IFRS 17).

Economic environment

The overall operating environment was not conducive to insurance growth, with weak economic growth persisting in South Africa.

Consumer disposable income remained under pressure as headline inflation hovered near the upper limit of the Monetary Policy Committee's (MPC) target range for a large portion of the year.

Power supply disruptions exceeded previous levels, significantly increasing the risk of power surge claims for non-life insurers. The government continued to face challenges with repairs, maintenance and the development of new infrastructure.

Socio-economic tensions persisted, emphasising the need for a deeper understanding of the socio-political and economic factors driving unrest. These factors include unemployment, infrastructure and service delivery failures, xenophobia and political conflicts.

Crime levels remained high which, as expected, impacted the industry's attritional loss levels. According to Stats SA's August 2023 Victims of Crime (VoC) report:

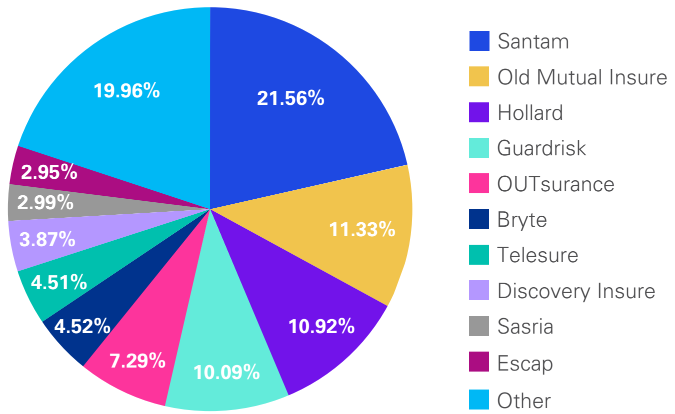
- 5.7% of households were victims of housebreaking and/or burglary.
- Housebreaking incidents rose by 10%, with KwaZulu-Natal and Gauteng being the highest contributors.
- Theft of personal property increased by 11%.
- Motor vehicle theft saw a 28% increase.

Market share

With IFRS 17 coming into effect for year-ends beginning on or after 1 January 2023, the market share analysis assessment and comparison is temporarily distorted. This is due to the different accounting bases applied with March and June 2023 reporters applying *IFRS 4 Insurance Contracts* (IFRS 4), and December 2023 reporters applying IFRS 17. The market share will therefore be evaluated using a combination of gross written premiums (GWP), under the IFRS 4 reporting basis, and insurance revenue, under the IFRS 17 reporting basis, measures.

During 2023 the market share of the top ten largest insurance companies accounted for 80% (2022: 79%) of total survey participants.

Market share based on GWP and insurance revenue - 2023

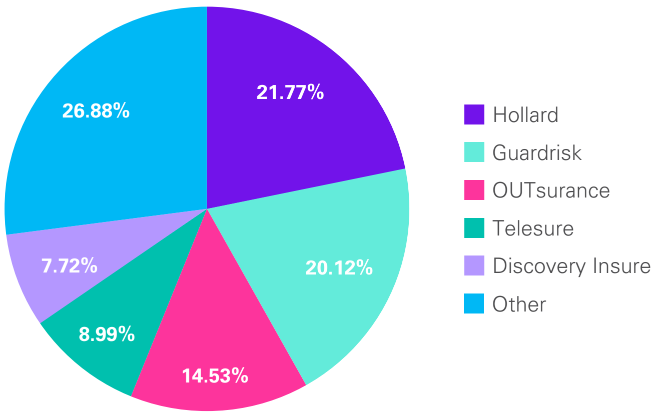


The market share positioning of non-life insurance companies remained consistent year-on-year, with the most notable changes being Hollard[1] overtaking Guardrisk Insurance Company Limited (Guardrisk), and Sasria SOC Limited (Sasria) securing a position within the top ten after being fourteenth during 2022.

Sasria increased its GWP from R3.15 billion in 2022 to R4.57 billion in 2023, which Sasria attributed to organic uptake of Sasria cover and price increases. Hollard experienced excellent top-line growth in GWP of 28.2%.

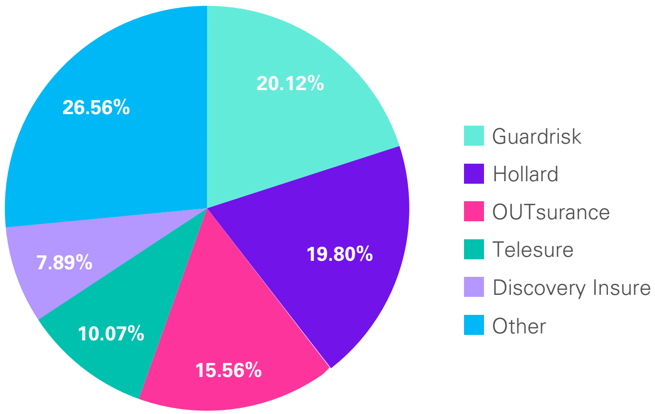
To improve market share comparability, we analysed the market share of the top five survey participants reporting under the old reporting basis (market share by GWP, under IFRS 4 i.e. March and June 2023 reporters) and the new reporting basis (market share by insurance revenue under IFRS 17 i.e. December 2023 reporters).

Market share by GWP - 2023



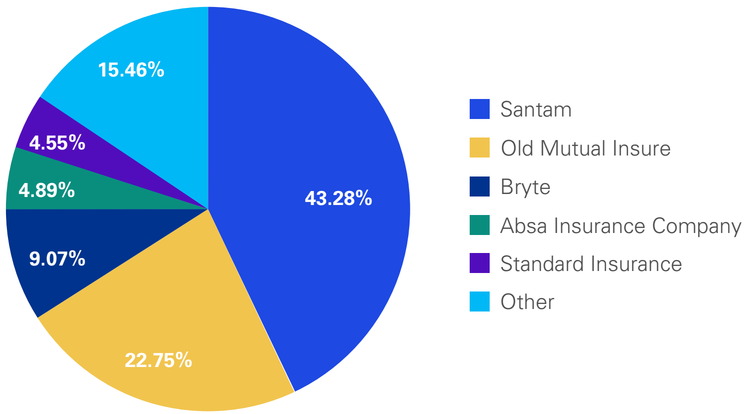
[1] The Hollard Insurance Company Limited and Hollard Specialist Insurance Limited have been combined into Hollard.

Market share by GWP - 2022



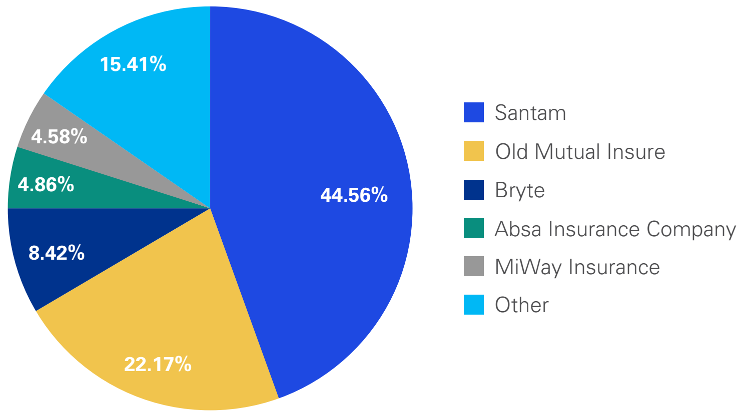
The most notable change is the switch in the top spot from Guardrisk to Hollard.

Market share by insurance revenue* - 2023



** The new reporting basis provides for comparison as the comparatives were restated, with the 2022 and 2023 financial information having been prepared under IFRS 17 for both years.*

Market share by insurance revenue* - 2022



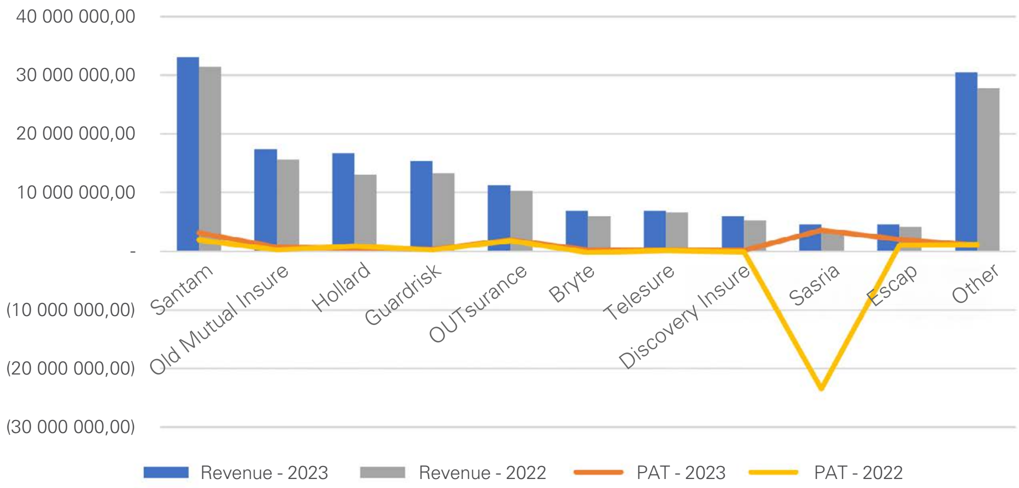
**The new reporting basis provides for comparison as the comparatives were restated, with the 2022 and 2023 financial information having been prepared under IFRS 17 for both years.*

One noteworthy movement in this segment relates to Standard Insurance Limited (SIL) that grew its insurance revenue by 7.3% from 2022 to 2023, which resulted in it replacing MiWay Insurance Company Limited (MiWay) in the top five category.

Profitability

The chart set out below indicates profit after tax (PAT) compared to revenue (GWP or insurance revenue) for the ten largest non-life insurance companies over 2022 and 2023, and the rest of the market (labelled as 'Other').

Premiums versus Profit After Tax



** The revenue metric used in our analysis is impacted by the implementation of IFRS 17. The financial results of survey participants with 31 December 2023 year-ends were prepared under an IFRS 17 basis of accounting. However, the previous metric, gross written premium, is not directly comparable to insurance revenue reported under IFRS 17. The purpose of this chart, however, is to analyse profits in relation to revenue/income. Therefore, the use of both gross written premium and insurance revenue measures are considered suitable for this analysis.*

The industry's PAT increased from an overall loss of R16.7 billion in 2022 to an overall profit of R13.7 billion in 2023. The loss experienced in 2022 was largely attributed to Sasria which experienced a loss of R23.5 billion, following the widespread looting and civil unrest that transpired in July 2021 in KwaZulu-Natal and Gauteng. Excluding Sasria, the industry's PAT increased from R6.7 billion in 2022 to R10.1 billion in 2023 with most of this increase attributable to Santam Limited (Santam), Escap SOC Limited (Escap) and Bryte Insurance Company Limited (Bryte), which contributed R1.3 billion, R1.0 billion and R0.5 billion respectively.

Sasria SOC Limited

Sasria's financial performance improved significantly during the year under review, following the significant losses experienced during 2022. As noted earlier, rate increases contributed to the 45% increase in GWP, which was diluted by an increase in reinsurance premiums of 146%. Following the claims experience emanating from the July 2021 civil unrest, Sasria purchased additional reinsurance cover and incurred additional reinsurance costs for reinstating the reinsurance cover utilised during the 2022 financial year. Sasria's earned premiums net of reinsurance amounted to R1.71 billion (2022: R2.06 billion) which is 17% lower when compared to the previous year. This is mainly due to the increased reinsurance costs. Claims estimates of R6 billion, relating to the 2021 riots, were reversed during 2023 resulting in incurred claims shifting into a net gain position. These factors contributed to a R27.6 billion year-on-year positive movement in incurred claims (net of reinsurance), which is the largest driver of the profit earned for 2023.

Santam

Santam experienced a R1.274 billion increase in PAT, placing them second, only to Sasria, in terms of absolute profitability. Their insurance service result decreased by R612 million, largely attributable to an increase in net reinsurance expense. It should be noted that in the 2022 year, Santam reported R4.4 billion in gross claims due to the KwaZulu-Natal floods, with a net loss of R0.57 billion after reinsurance and re-instatement premiums. The KwaZulu-Natal floods resulted in the largest natural catastrophe loss ever recorded by the company. Therefore, it is somewhat expected that in a 'normal' claims environment the net reinsurance result from reinsurance contracts held returns to an overall expense position.

In 2022, Santam reported an overall net reinsurance income result from reinsurance contracts held. Despite the 'normal' claims environment in 2023, Santam experienced significant claims from the Western Cape floods (June and September 2023) and the hail storm in Gauteng, for which the loss exposure amounted to R403 million and R180 million, respectively. Similar to the 2022 financial year, in 2023 Santam benefitted from reserve releases of contingent business interruption (CBI) claims provisions raised in previous years due to significant COVID-19 related business interruption claims. Santam's profitability was largely driven by an increase in investment income, with unrealised fair value gains increasing by R783 million, outweighing the increased cost associated with reinsurance. The weakening Rand also contributed favourably, with foreign exchange gains earned of R378 million. In aggregate, investment income for the year came in at R2.9 billion, dwarfing both the net insurance result of R 783 million, and administration, management and other expenses of R677 million.

Escap

Escap almost doubled its PAT, reporting R2.032 billion in 2023 compared to R1.031 billion in 2022, with investment income growth of 29% subsidising a 16% decline in net written premium. Escap reported a 52% increase in reinsurance premiums, as a result of a 45% property quota share treaty purchased and high reinsurance rates amidst reduced reinsurance market capacity and appetite for coal-related and public sector-related risks. The most prominent contributor to profit was net claims incurred, which decreased by R1.517 billion. Gross claims incurred during 2023 was R3.87 billion lower compared to 2022. Their reinsurance program for 2023, however, only allowed for recoveries of R1.7 million compared to R2.36 billion in 2022, despite the 52% increase in reinsurance premiums. The low recovery rate is likely attributable to losses being incurred from various loss events which did not breach excess of loss deductibles. Investment income was predominantly generated from money market securities, which generated higher yields than in 2022 due to the current inflationary and interest rate environments.

Bryte

Bryte experienced a substantial increase in profitability, with a loss after tax of R197 million experienced in 2022, compared to a PAT of R256 million in 2023. The insurance service result increased from a loss of R107 million in 2022 to a profit result of R358 million in 2023. The substantial increase to insurance revenue of 16.3% and the decrease in insurance service expense of 11.1% was crucial in the shift to profitability. The net expense from reinsurance contracts held of R 1.07 billion was reported during 2023, which is predominantly attributed to lower reinsurance recoveries compared to 2022 where a net reinsurance income result was reported.

Other noteworthy performances

Telesure[2]

Telesure saw significant growth in PAT, and topped the list based on relative PAT growth. This growth is mainly attributable to growth in investment income, income generated from value-added and primary care health products as well as non-recurring once-off expense items impacting PAT during the preceding financial period.

Old Mutual[3]

The results of Old Mutual Insure Limited (Old Mutual Insure) reflected increased profitability, with PAT increasing from R286 million in 2022 to R549 million in 2023. The 2023 performance is commendable despite the adverse insurance service result, which decreased from a profit of R369 million in 2022 to a loss of R184 million in 2023. Insurance revenue growth of 10% was far outweighed by net expenses from reinsurance contracts during the year. Investment income provided a safety net of R1.378 billion during 2023, which represents an increase of approximately 270% from 2022. Investment income accrued from unrealised fair value gains from investments in subsidiaries, amounted to R716 million. Old Mutual Insure's investment in Credit Guarantee Insurance Corporation of Africa Limited showed the most notable growth compared to 2022.

[2] Auto and General Insurance Company (RF) Limited, Budget Insurance Company (RF) Limited, Dial Direct Insurance (RF) Limited and First for Women Insurance Company (RF) Limited have been combined into Telesure.

[3] Old Mutual Insure Limited and Old Mutual Alternative Risk Transfer Insure Limited have been combined into Old Mutual.

Insurers experiencing downward pressure of PAT

Hollard[4]

Hollard's excellent top-line growth did not filter through to PAT. PAT decreased by 40% during 2023 compared to 2022, with net earned premium growth of 13% being outmatched by an increase in net incurred claims of 20%. The unfavourable insurance results were further amplified by an increase in management expenses of R704 million.

Momentum

Adverse claims experience plagued Momentum as net claims incurred increased by R349 million from 2022. Favourable investment results were, however, able to absorb approximately R40 million of these losses.

MiWay

MiWay Insurance Limited (MiWay) experienced a decrease in profitability, with PAT having decreased by R95 million from 2022 to 2023. The insurance service result decreased by approximately R156 million, but the impact of this decrease was absorbed by favourable investment income performance. The drivers of the insurance service result are attributable to various factors, with premium growth stagnating below inflation at 4.68%, net claims incurred having increased by 17% and attributable insurance expenses having increased by 20%. The increase in net claims incurred is mainly attributable to exposures to the Western Cape floods and the hail in Gauteng. Despite these events, gross claims incurred grew by 2.84%.

Claims incurred

The South African non-life insurance industry has experienced substantial challenges over the past two years, with claims costs soaring due to the ongoing power crisis, extreme weather events and rising motor vehicle accidents. These elements compounded the operational pressures faced by insurers, forcing them to adjust policies and implement new strategies to curb increasing claims costs. Here, we delve into the key contributors to this trend and the industry's response.

Load shedding and power surge claims

A challenge for non-life insurers has been the surge in claims related to power outages and load shedding. South Africa endured 332 days of load shedding in 2023, a sharp increase from 205 days in 2022. Load shedding caused extensive damage to electrical equipment, leading to a spike in claims related to power surges, geysers and damaged equipment. Insurers have had to adjust premiums and manage their portfolios more closely to mitigate the financial risks posed by recurring claims.

Discovery Insure reported an overwhelming rise in such claims. To manage the financial impact, the company implemented several initiatives aimed at restructuring and reducing the concentration risk posed by grid failure. Some of these measures included reviewing policy wording, altering excess structures for power surge claims, and ensuring that procurement panels and assessors were better trained in accurately assessing the growing number of claims.

Extreme weather events and climate change

Over the past few years, South Africa saw an increase in destructive weather events such as floods, storms and heavy rains, particularly in the Western Cape and KwaZulu-Natal regions. Relative to the previous year, 2023 was considered to be a 'normal' year as it related to weather-related catastrophe events. However, the extent of weather-related claims remained high.

Adverse rainfall conditions drove high claims frequency in the first quarter of 2023, followed by two severe flooding events in the Western Cape in June and September 2023. In the first quarter of 2023, Cape Town experienced the wettest March in over a century, with extreme storms linked to cut-off low[5] weather systems. These weather patterns caused significant flooding, landslides and road destruction. Another severe storm in September 2023 resulted in R1.4 billion in damages to agriculture and claimed eight lives. In April 2024, Cape Town experienced another destructive storm, with winds gusting up to 135 km/h, displacing over 1 500 people and razing entire communities.

4 The Hollard Insurance Company Limited and Hollard Specialist Insurance Limited have been combined into Hollard.

5 https://en.wikipedia.org/wiki/Cut-off_low#:~:text=7%20References-,Formation,separates%20into%20a%20closed%20circulation.

The increasing frequency and severity of these natural disasters has forced insurers to re-evaluate their exposure to climate-related risks. This shift has prompted discussions around the need for better climate prediction technologies, improved weather risk management strategies and adjustments to home and business insurance policies. The unpredictability of cut-off low systems, which brings substantial rainfall and extreme weather conditions, underscores the importance of this change. Insurance companies are now focusing on adapting their pricing models to reflect the higher risks posed by natural disasters.

Motor vehicle accidents and high-value theft

Another driver of rising claims is motor vehicle accidents, which continue to dominate the non-life insurance claims landscape. The deteriorating road infrastructure contributed to the increase in claims costs for non-life insurers.

Another factor which exacerbates the extent of motor claims costs is that approximately two-thirds of vehicles on South African roads are uninsured. This means that when involved in an accident with a third-party, there is a high probability that the third-party will be uninsured. The high number of uninsured motorists means that those who do insure their vehicles will have to pay higher premiums to effectively subsidise the uninsured. This situation does not only affect the insured financially but also negatively impacts their claims history. Reduced disposable income will increase the number of uninsured vehicles, thereby decreasing the likelihood of recoveries from third-parties. This reintroduces the discussion of compulsory third-party vehicle insurance legislation.

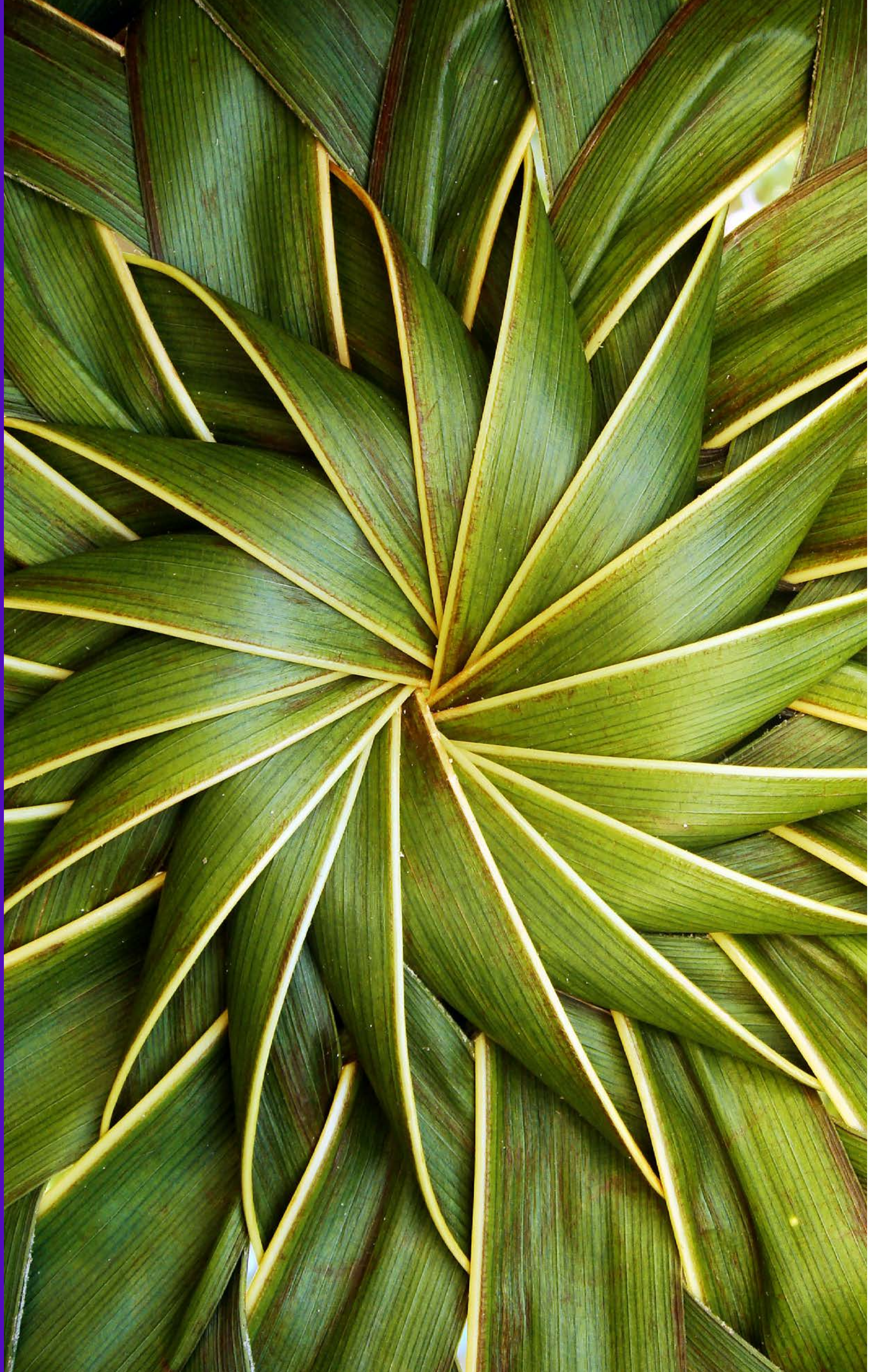
In addition to accident-related claims, there has been a noticeable rise in the theft of high-value vehicles, with keyless technology being specifically targeted, further impacting insurers' financial results. Discovery Insure, for example, experienced a spike in theft claims, primarily related to luxury vehicles. In response, the company introduced stricter underwriting criteria at the point of new business, ensuring that only specific risks were accepted. Additionally, the company repriced existing motor vehicles and rolled out initiatives to install Crowd Search devices in high-value vehicles to improve recovery rates.

While these measures have helped lower the loss ratio for high-value vehicles, motor vehicle-related claims remain a significant portion of non-life insurance portfolios, requiring continuous management and innovation to prevent further increases. Claims inflation also remained elevated, exacerbated by headline inflation and unfavourable exchange rates negatively impacting the cost of motor vehicle parts, and further straining the loss ratio.

To summarise, the non-life insurance industry in South Africa has been significantly impacted by rising claims costs, driven by systemic load shedding, increasing climate-related disasters and motor vehicle accidents. Insurers have had to respond swiftly with adjustments to policies, premiums and risk management strategies to maintain their financial stability. As these challenges persist, the industry will need to continue to innovate and adopt more robust risk assessment tools to manage these unpredictable and often costly events.

Cyber

A recent global IT system crash caused by a CrowdStrike Falcon sensor update ignited significant discussions on cybersecurity practices, vendor accountability and the implications for cyber insurance. Microsoft estimates that 8.5 million Windows devices were impacted by the crash globally. The crash had widespread effects because of the prevalence of CrowdStrike's presence across critical services. The air travel industry saw more than 3 000 flight cancellations and nearly 24 000 passenger delays. In healthcare, certain United States (US) emergency call centres were affected, with elective procedures and medical visits disrupted. The British healthcare system experienced issues with appointment and patient record systems. Financial institutions faced login challenges and trading delays in the US, while South American banks struggled with unstable digital services. While it was reported that companies in South Africa were not significantly impacted, it does highlight the potential loss as a result of such an event. Aon stated that this incident is likely to be the most significant cyber accumulation loss event since NotPetya in 2017. Aon urged companies to assess their third- and fourth-party exposures to this incident. Business interruption, including loss of income and additional expenses incurred because of system failure, is expected to be the most affected area.



Cost of reinsurance

Many non-life insurance companies that previously benefited from reinsurance contracts held are now reporting net payments or increased net payments due to reinsurers. South African insurers transferred significant losses to international reinsurers under their catastrophe programmes in respect of significant losses experienced in the recent past, for example, the 2023 civil unrests and looting in KwaZulu-Natal and Gauteng and the 2022 KwaZulu-Natal floods. This, including global losses experienced, led to significant pricing corrections and increases to attachment point levels with catastrophe cover. With the increase in reinsurance pricing and catastrophe retention levels, it is expected that an increasing extent of risk will now be absorbed by primary insurers.

In 2023, floods in the Western Cape and hail in Gauteng contributed to increasing reinsurance premiums and diminishing appetite from reinsurers. Despite these two major loss events, the fact that most non-life insurers are in a net payment position highlights the ongoing hardening of the reinsurance market in South Africa, driven by the increased frequency of natural catastrophe events. For insurers with a December 2023 year-end, net reinsurance expenses totalled R8.711 billion, a sharp shift from the net income of R1.045 billion reported in 2022. Looking at the net income/expense from reinsurance contracts in conjunction with reinsurance assets and liabilities, non-life insurers' net obligations towards reinsurers increased by approximately 20% from R20 billion in 2022 to R24 billion in 2023. This trend can also be observed for those insurers with a financial reporting year prior to December 2023, as reinsurance premiums written (net of reinsurance commission) increased by 22%.

Many non-life insurers, including Santam and OUTsurance Insurance Company Limited (OUTsurance), continue to rely on excess-of-loss treaties as a core part of their reinsurance structures, reflecting their internal risk appetite for ceding natural catastrophe losses. This remains consistent with previous periods and underscores the cautious approach taken in respect of risk management.

Additionally, new restrictions on reinsurance cover have emerged, affecting property damage and business interruption losses caused by power supply interruptions, including loadshedding, as well as power surge cover and the risk of a national grid failure. These limitations not only reduce the extent of risks that can be ceded but also impose more costs on non-life insurers.

Investment income

The MPC increased the repo rate by a total of 350 basis points through seven rate hikes in 2023, resulting in a time-weighted repo rate of 6.76%, about 1.6% higher than the previous year. Consequently, South Africa's bond yields rose in response to higher repo rates and negative sentiment surrounding the government's finances. The high returns are reflective of elevated risk, which may deter foreign investors as they are reliant on the government's ability to service its existing debt. Moreover, although these increased yields provided attractive returns for new entrants, it also raised repayment and interest obligations for issuers.

The Johannesburg Stock Exchange (JSE) All Share Index delivered a 12-month return of around 14% as of 30 June 2023 (compared to -0.04% for June 2022) and a 6-month annualised return of about 4.32% (compared to -19% in June 2022).

Total net investment income for survey participants for 2023 was R13 billion, a 97% increase from 2022, driven by higher accrued interest and fair value gains, with capital market conditions significantly improving in 2023. Non-life entities saw a 77% rise in average return on investment compared to the previous period.

There was a notable decrease in cash balances as the industry shifted to longer-term investments. For instance, Santam, contributing around 22% of non-life investment income, saw changes in portfolio composition:

Category	2023	2022	Change
Listed equities and similar securities	8.32%	8.67%	-0.35%
Unlisted equities and similar securities	11.60%	10.53%	1.07%
Government interest-bearing investments	10.97%	10.62%	0.35%
Corporate interest-bearing investments	50.91%	46.95%	3.95%
Mortgages and loans	0.58%	0.41%	0.18%
Structured notes	0.55%	0.68%	-0.13%
Investment funds	2.71%	2.01%	0.70%
Deposits and similar securities	6.80%	5.84%	0.96%
Cash at bank and in hand	7.56%	14.28%	-6.72%

With another survey participant we saw the following movements in its investment portfolio:

- 4.9% reduction in fixed interest rate instrument allocations;
- 5.6% increase in listed equities (comprising 3.25% local listed equities);
- listed equities making up around 48% of the total portfolio (up from 43% in 2022); and
- 2.19% rise in foreign investment.

Sasria invested R6.4 billion in financial assets, comprising about 60% of its 2023 cash flows. This marked a significant shift from 2022, as its investments soared by 22.41%, from R29 million in 2022 to R6.5 billion in 2023, reflecting a broader market trend away from cash and cash equivalents.

Corporate activity, new entrants, partnerships, products and innovation

Over the last few months, the non-life insurance industry saw limited acquisitions and strategic partnerships. Instead, major players prioritised capital investments, particularly in advanced technology, as they adapt to the rise of generative AI. This shift emphasises the industry's focus on becoming more customer-centric and expanding insurance access to underserved markets.

Insurtech remains a disruptive force in the industry, with a few players introducing innovations in direct consumer interaction. These tech-driven companies streamline the insurance value chain, allowing customers to easily access, purchase and manage policies online. Pineapple, for example, uses AI to analyse images of items to be insured and calculates premiums accordingly.

Generative AI is driving further improvements in claims processing, fraud detection and policy customisation, which helps insurers offer more precise pricing. The lower operational costs of Insurtech firms have intensified competition for traditional insurers, prompting some to invest in or acquire technological capabilities. Local examples include Hollard's funding of Naked Insurance and Old Mutual's support of Pineapple. In November 2023, Pineapple secured R400 million in funding. This was highlighted as the largest Insurtech capital raised in Africa, with contributions from the Mineworkers Investment Company (MIC) and Futuregrowth.

Technological advancements, such as geocoding, are helping insurers like Santam manage risk more effectively, particularly for properties exposed to extreme weather events. However, these innovations also carry risks, including potential inaccuracies in policy recommendations, cyberattacks and data breaches, as highlighted by recent cyberbreaches experienced by South African non-life insurers. Despite these challenges, the industry continues to embrace AI and technology to enhance efficiency and meet evolving customer demands.

Old Mutual

As part of its larger digital transformation efforts, Old Mutual Insure made significant investments in technology to improve the overall experience for its policyholders. By partnering with various Insurtech firms, the company aims to integrate digital solutions that streamline claims processing and enhance risk management.

The Old Mutual group successfully concluded the acquisition of a 100% ordinary equity interest in Genric Insurance Company Limited, a licensed non-life and specialist insurer focused on bringing innovative and niche insurance solutions to the market.

OUTsurance

Recently, OUTsurance Group Limited (OGL) increased its stake in OUTsurance Holdings Limited (OHL) by acquiring 69 996 930 treasury shares from the OUTsurance Holdings Share Trust. This transaction raised OGL's interest in OHL from 90.5% to 92.3%.

Additionally, OUTsurance significantly ramped up investments in AI-driven technologies, focusing particularly on improving its underwriting capabilities. By leveraging data analytics and AI, the company aims to provide more personalised and accurate premium offerings. These strategic investments are designed to enhance operational efficiency and differentiate OUTsurance's product offerings in the competitive insurance market.

OUTsurance also sold its investment unit, Outvest, to financial services group Alexforbes as part of its strategic review, while also focusing on the organic scale up of OUTsurance Ireland for its current trading year.

Santam

Santam is investing in digital transformation to enhance claims processing and customer engagement, driven by growing customer expectations and competitive pressures. The company is upgrading its technological infrastructure as part of this effort. Additionally, Santam is eyeing international growth, specifically in Asia and the Middle East, to diversify its premium base amid slow growth in South Africa. Currently, 82% of Santam's premiums are generated locally, but it sees emerging markets as key opportunities.

Santam plans to expand both organically and through acquisitions. In June 2024, its parent company Sanlam acquired a 60% stake in NMS Insurance Services (SA) Limited, a micro-insurer linked to MultiChoice.

In addition, Santam received Competition Tribunal approval during the year to acquire the MTN device insurance book in South Africa. This transaction is part of the broader strategic alliance between Sanlam and MTN through aYo Holdings Limited, the MTN Group's Insurtech platform. This enabled Santam to commence writing new device insurance business through this arrangement.

Corporation for Deposit Insurance

The Corporation for Deposit Insurance (CODI) was legally established on 24 March 2023, and became fully operational on 1 April 2024, pursuant to the Financial Sector Laws Amendment Act 23 of 2021. As of this date, all banks automatically became members, adhering to the new deposit insurance requirements. CODI has established a deposit insurance fund, financed by contributions from member banks, to safeguard depositors. CODI also launched public awareness campaigns and provided standardised materials to banks to ensure the consistent dissemination of deposit insurance information to depositors. CODI is ready to support bank resolution actions and depositor reimbursement in the unlikely event of a bank failure.

Overall, the non-life insurance industry is undergoing significant transformation, driven by technological advancements and strategic initiatives. Major players are prioritising investments in generative AI and Insurtech partnerships to enhance customer engagement and streamline operations. While acquisitions have been limited, companies like Old Mutual and Santam are focusing on digital solutions and international expansion to diversify their offerings. The emergence of disruptive Insurtech firms has intensified competition, prompting traditional insurers to innovate and adapt. As the landscape evolves, the industry's commitment to leveraging technology will be vital in meeting changing consumer demands and improving accessibility.

Conclusion

Compared to 2022, 2023 provided non-life insurers with a favourable external environment that contributed positively to both top- and bottom-line growth. The high interest rate environment, investment market stability and fewer extreme weather-related losses supported profitable growth.

While we hope that this positive trajectory continues into the future, insurers are encouraged to remain vigilant of the current risk landscape.

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