

Satisfactory results coming out of SA's major life insurers, stats show

The country's five major life insurers' results are performing decently. This, in spite of the impact of the macro-economic operating environment for South Africa.



Source: [Pexels](#)

This is according to PwC's latest report results which cover the year ended 31 December 2022.

"As a whole in 2022, the industry performed adequately and published decent results," Alsue du Preez, PwC Africa's insurance leader said. "In our report, entitled *Trust and leadership through transition*, our insurance-industry experts analysed the performance of Discovery, Liberty, Momentum Metropolitan Holdings, Old Mutual and Sanlam, and the results were mostly aligned to expectations.

"The combined IFRS earnings for all the major life insurers in 2022 amounted to R26bn, aligned to pre-Covid-19 results. The era of IFRS 4-reporting will come to an end when Discovery and Momentum post their full-year results for the year ended 30 June 2023," du Preez added.

"We are seeing that significant effort is being focused on the immediate priority of IFRS 17 compliance, and the interest of all stakeholders has naturally increased to understand the implications of the new standard on the insurers. Our 2023 report therefore provides high level commentary on the 2022 results, and a longer discussion on reporting under IFRS 17 going

forward, including what we have observed globally."

"IFRS 17 compliance is a milestone, not the destination," said Dewald van den Berg, PwC partner and insurance accounting expert. "Further changes to operationalise and mature IFRS 17, and beyond, are expected and will be required."



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Van den Berg says insurers should start by looking for opportunities to eliminate, streamline and automate processes that are manual, heavily spreadsheet-based and repetitive. "Insurers who prioritise quick wins and deliver benefits will often find that this provides the confidence to drive some of the more strategic changes across the business," he said.

Embedded value and the adoption of IFRS 17

"With the adoption of IFRS 17, many insurers are questioning what embedded value (EV) will look like in the new world," said Renasha Govender, PwC South Africa actuarial, risk and quants partner. "IFRS 17 arguably provides a good representation of the profitability of the insurance business, and disclosures are detailed enough for analysts and readers of financial statements to draw views.

"Enhanced solvency and assessment management regime (Sam) information along with the detailed contractual service margin (CSM) build ups required for IFRS 17 reporting already provide substantial information on free surplus, return on equity, cashflows, capital coverage and new business value. Insurers are therefore considering what EV disclosure will look like going forward."

Liberty is a first mover in this space, she says, disclosing more Sam own funds information and particularly the new business value on a Sam basis. Govender adds that UK-listed insurers don't report EV anymore and have not done so for a while.

Du Preez concluded: "Trust helps institutions and individuals to go further together — and win today's race while running tomorrow's. The relevance to the insurance industry in 2023 cannot be emphasised enough as groups are transitioning and reporting IFRS 17 results. As the insurance market prepares to present the IFRS 17 results for FY23, the change is an opportunity to further build trust and enhance clarity."

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