



SDA  
ACTUARIAL SERVICES

# Comparative Expense Ratios for AFM Members

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AFM 2018 Conference



 SDA  
ACTUARIAL SERVICES

# Overview

Aims of presentation

Information surveyed

Non-Life observations

Life observations



# Aims of presentation

Share information with AFM members on level of expense ratios of similar firms

Discuss trends over last two years

Show results by sector

Suggest possible areas of further investigation



# Information surveyed:

29 companies

## SFCR documents

- Premium Claims and Expenses
- SCR/MCR
- Own Funds

## Report and Accounts

- Profit & Loss account
- Notes to the accounts

2016 and 2017  
year ends

# Information surveyed:

## Comparative information

Written/Earned Premium

Claims Incurred

Expenses Incurred

Split of Expenses (acquisition/ongoing)

Investment Expenses and Income

Link with Own Fund and Solvency



# AFM General Insurers:

7 Cash Plan Providers

4 additional Non-Life Insurers

Expense information from Report and Accounts

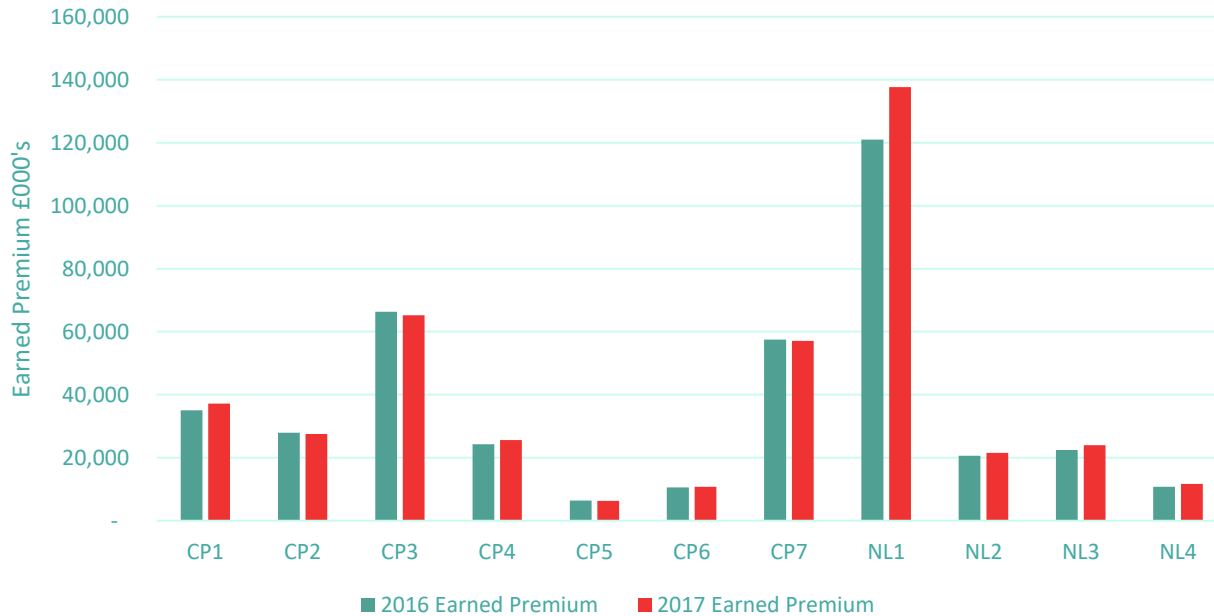
Solvency information from SFCR

Comparisons shown between last two year-ends



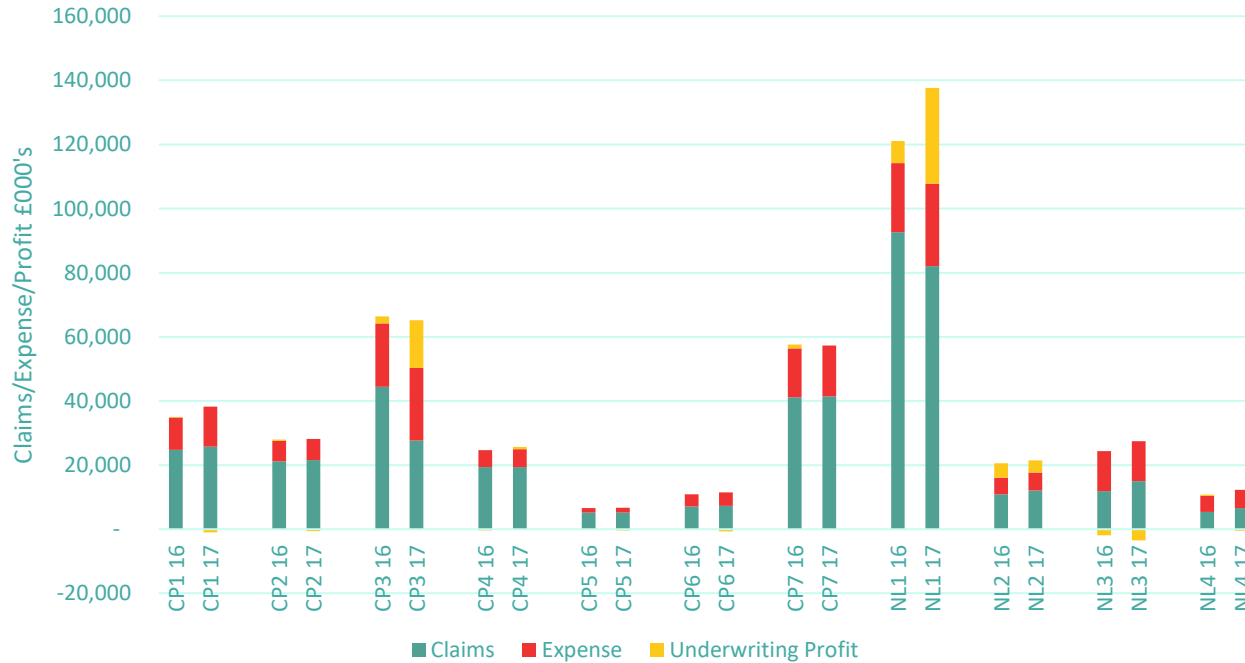
# GI Earned Premium

General Insurer Earned Premium 2016/2017



# GI Claims and Expenses

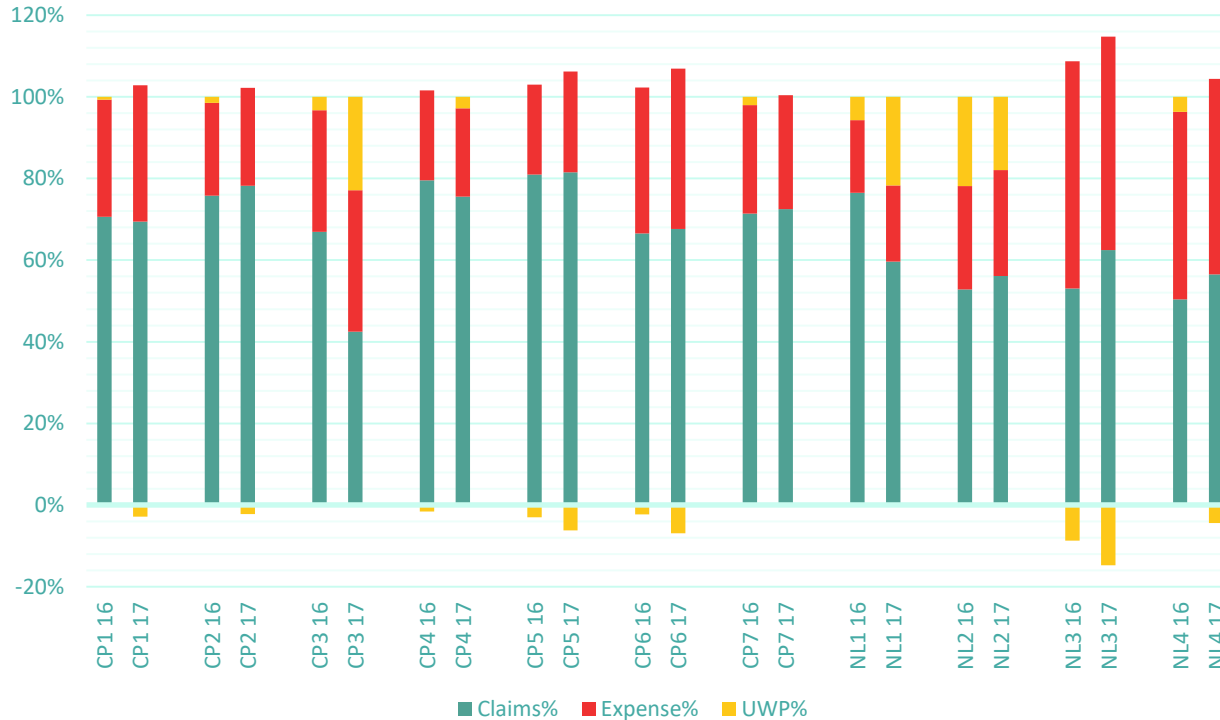
## General Insurer Profitability





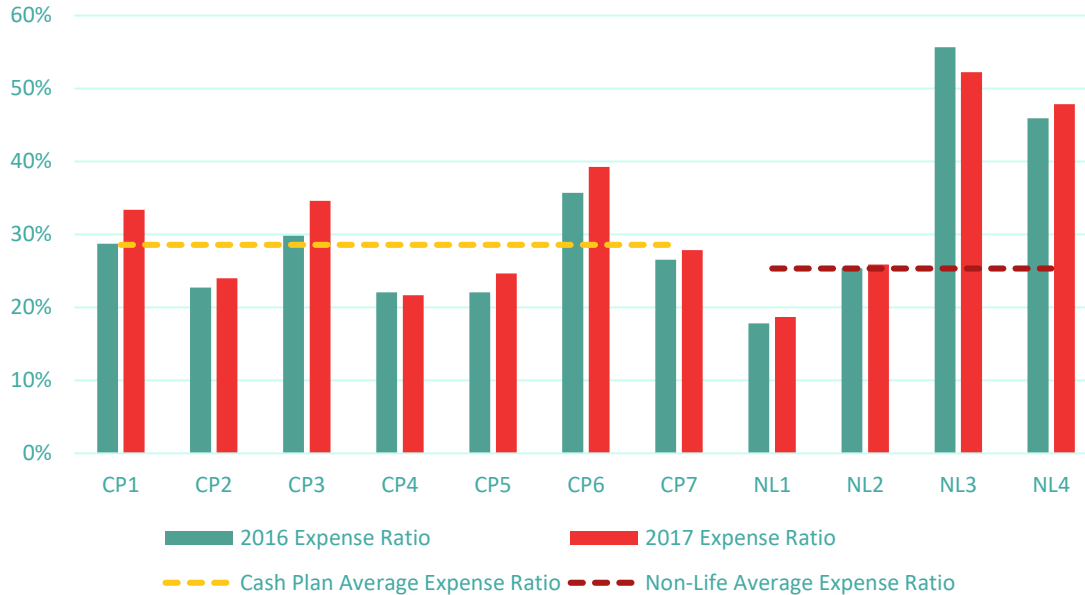
# GI Ratios

General Insurers Profitability Ratios



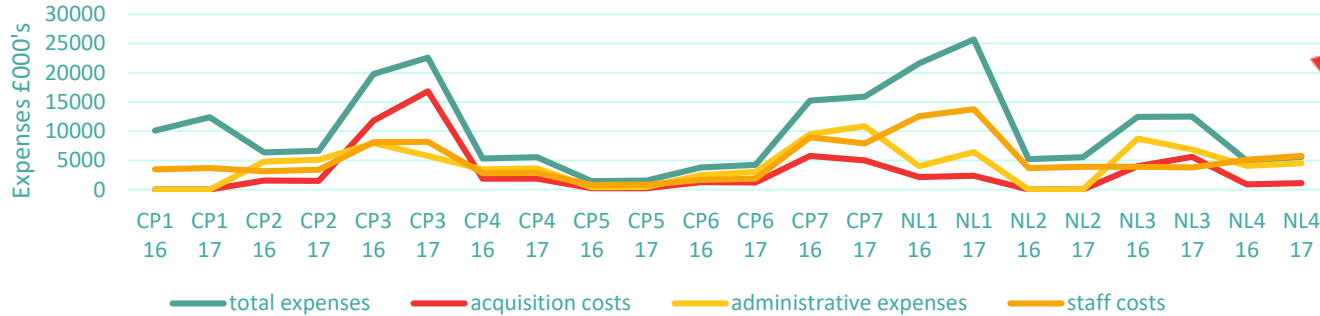
# GI Expense Ratios

2016 and 2017 Expense Ratios

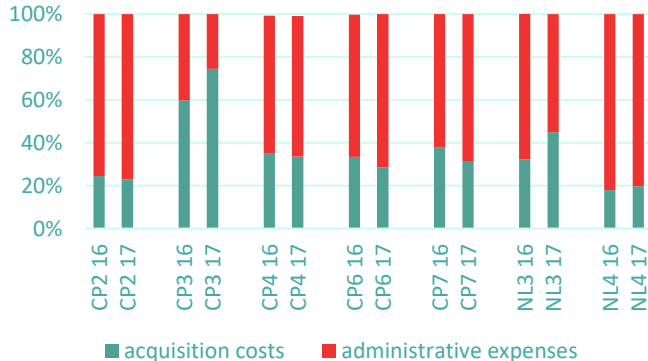


# GI Expenses split by Type

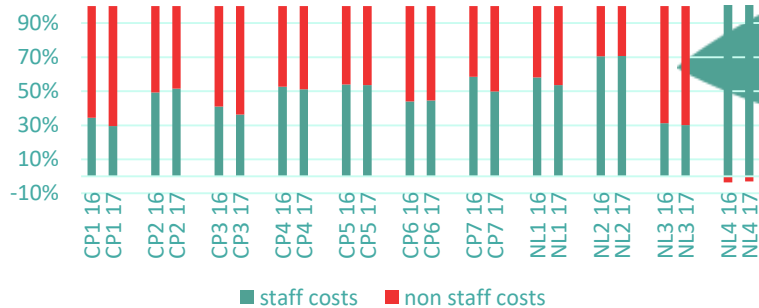
Expenses by Type



Acquisition Costs/Admin Costs split

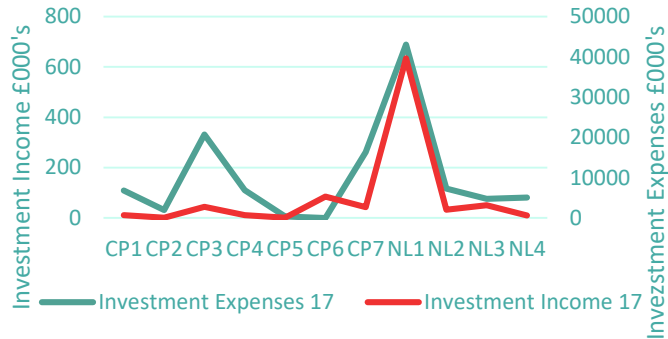


Staff Costs vs Non Staff Costs (as % of Total)



# GI Investment Expenses

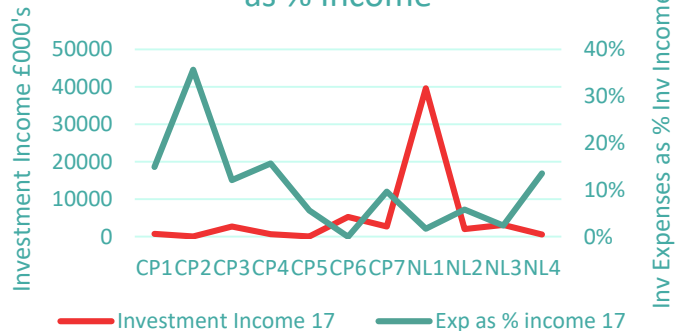
## Investment Income vs Investment Expenses



## 2017 Investment Income vs Investment Expenses



## Investment Income vs Inv Expenses as % Income

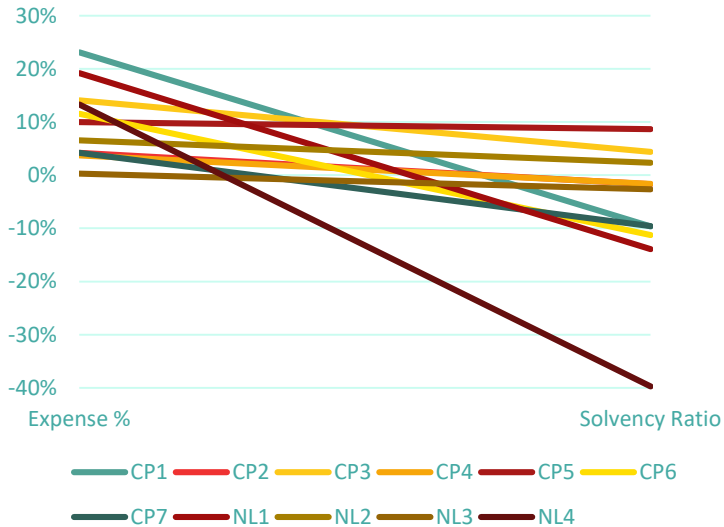


## 2017 Investment Income vs Inv Expenses % Income

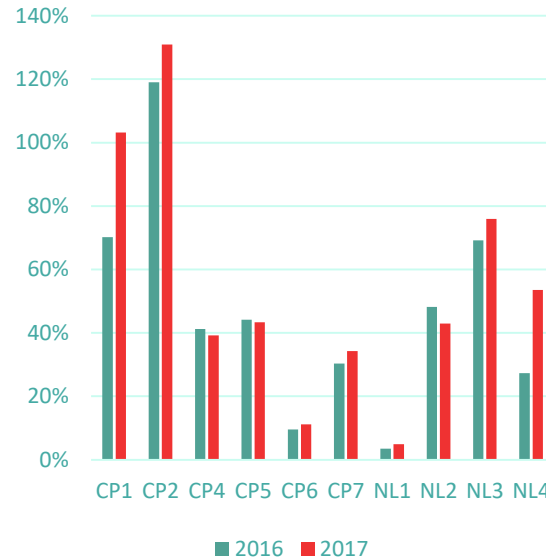


# GI Impact on Own Funds

% change in expenses and Solvency Ratios



Total Operating Expenses as a % of Excess Own Funds



# AFM Income Protection Providers:

7 Providers

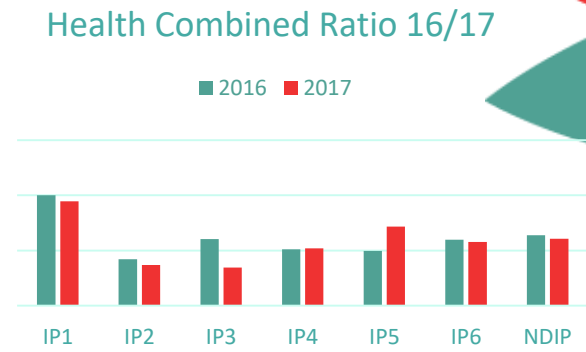
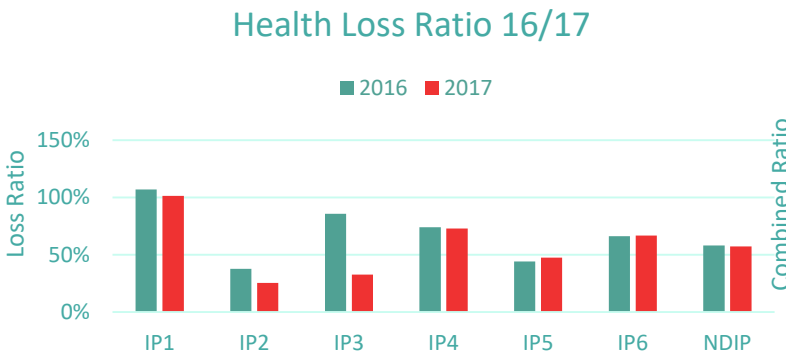
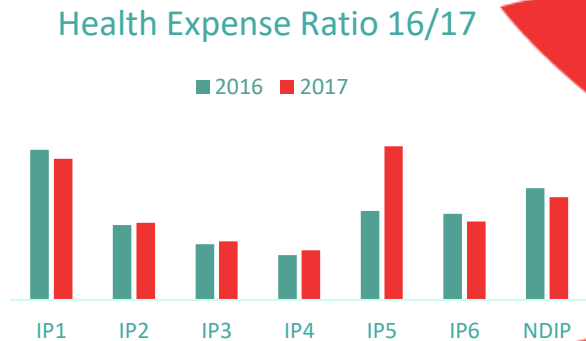
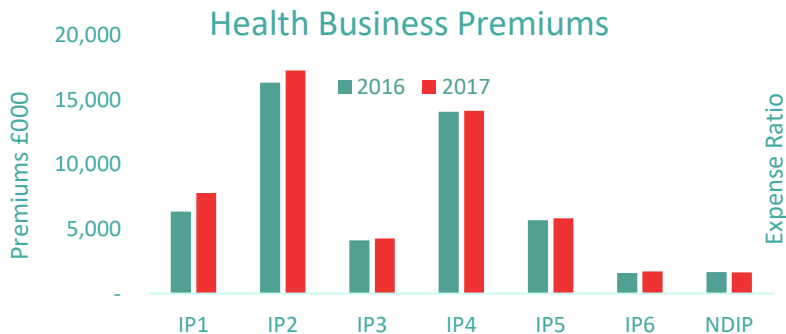
Expense information from Report and Accounts

Solvency information from SFCR

Similar measures used as for General Insurers (Loss Ratios and Expense Ratios)

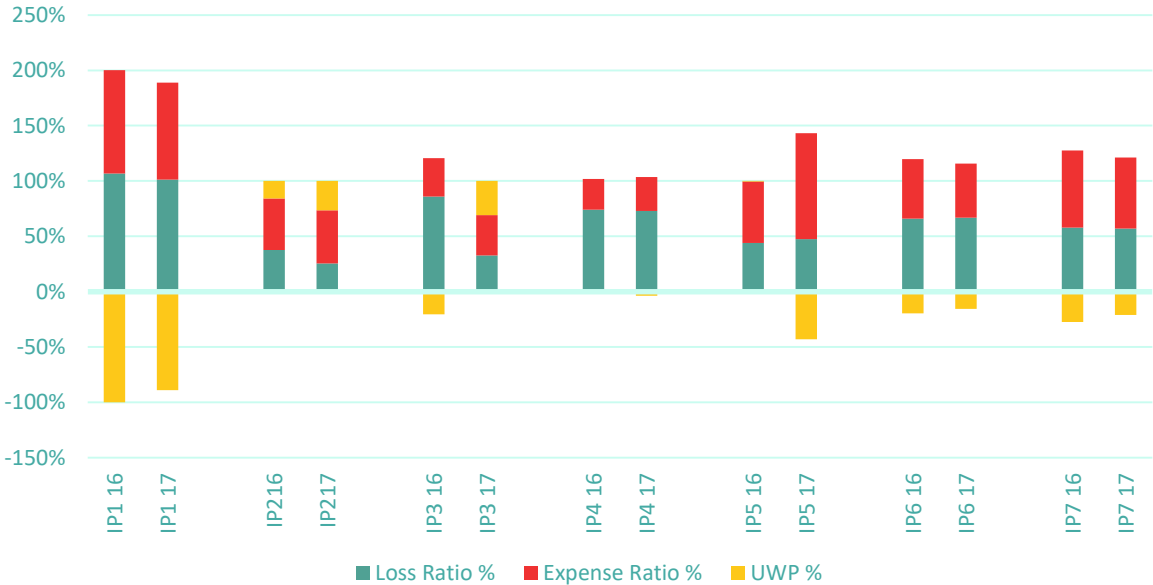


# IP Loss and Expense Ratios and Premium



# Underwriting profit

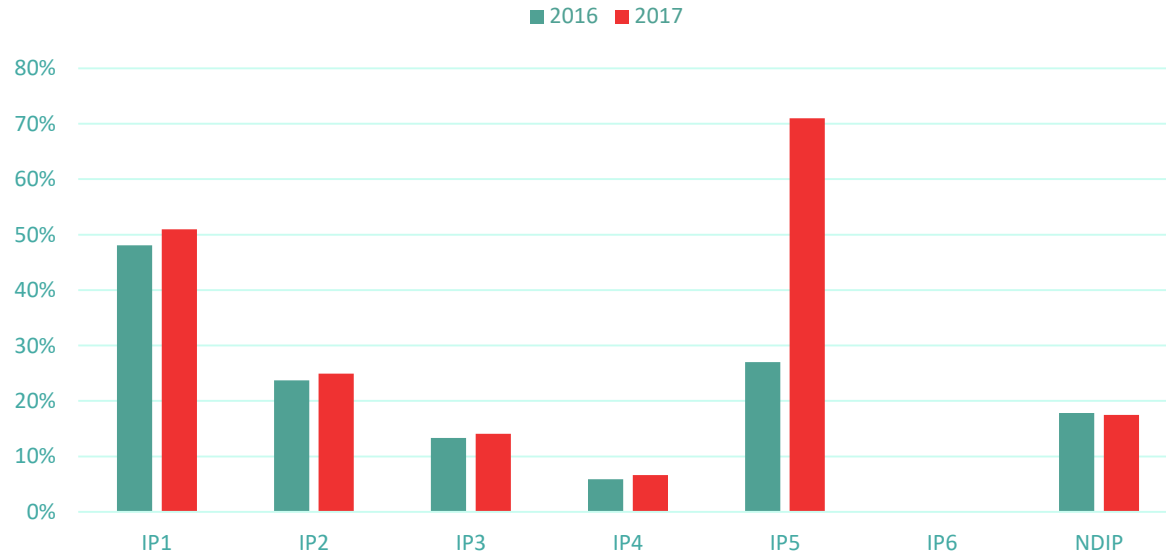
## Health Profitability





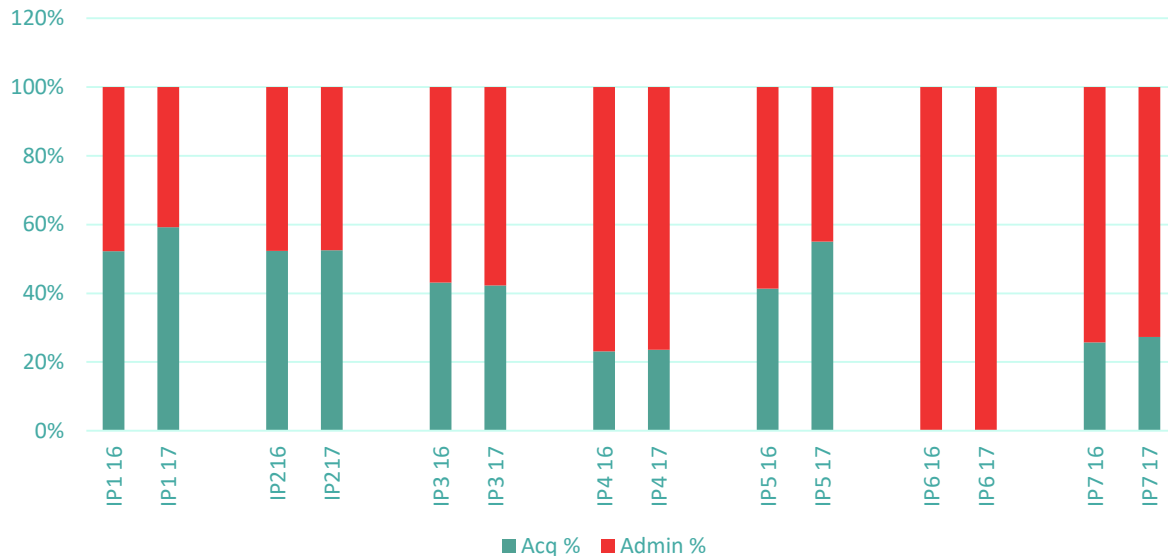
# Acquisition Expenses as % of premium

Acquisition Expenses as % Premiums



# Acquisition as % of expenses

Split of Expenses Acquisition/Administration



# AFM Savings Providers:

11 Providers

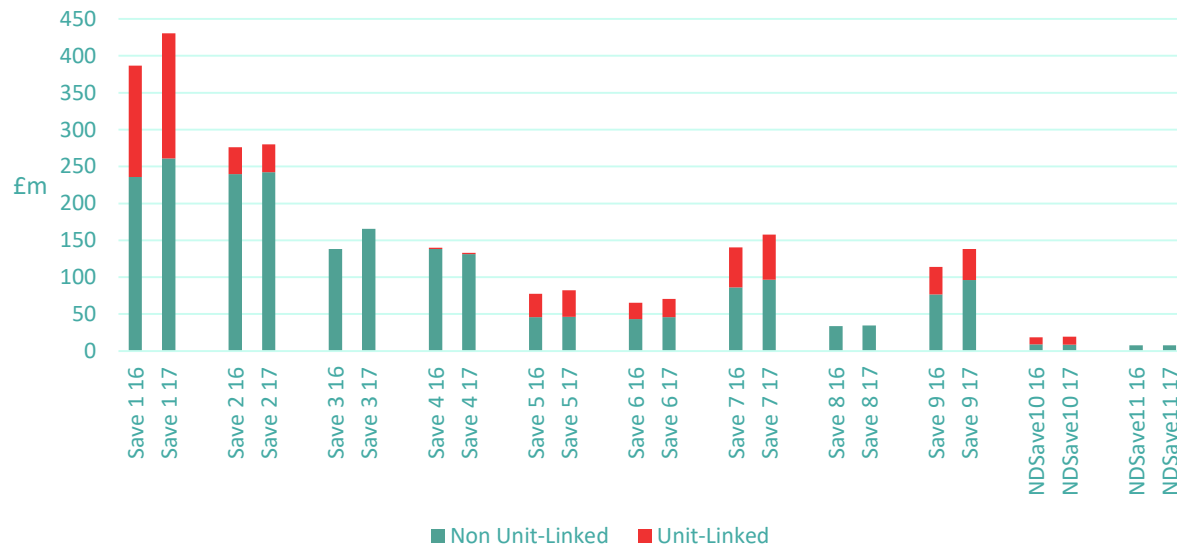
Expense information from Report and Accounts

Solvency information from SFCR



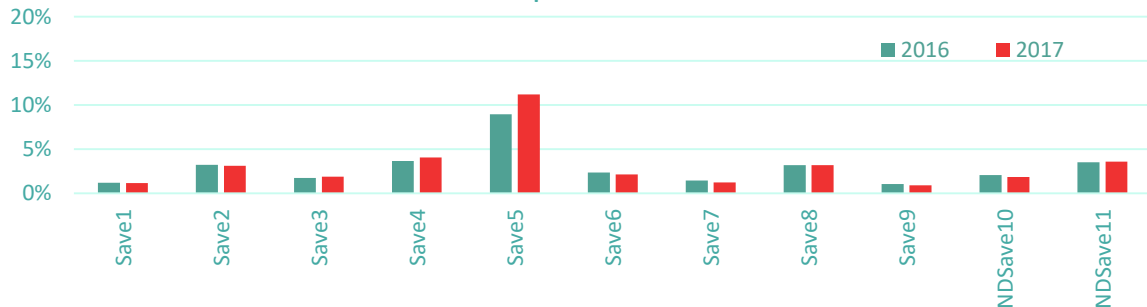
# Funds under management

Funds Under Management (split Unit-Linked and Non Unit-Linked)

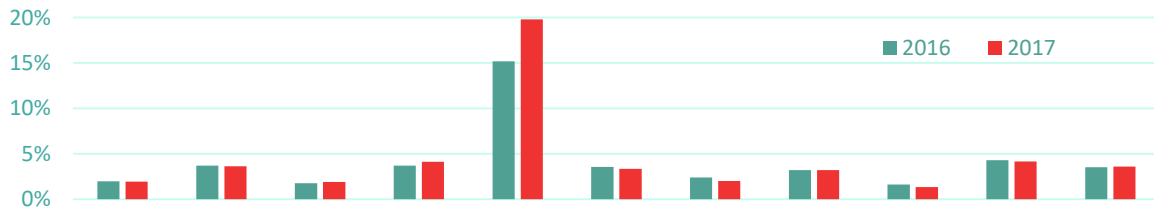


# Total expenses as % funds

## Total Expenses as % FUM



## Total Expenses as % Non UL FUM



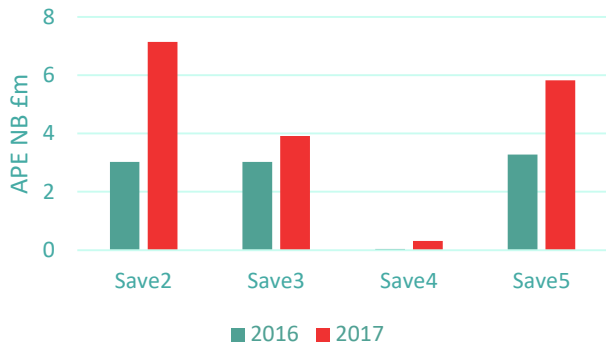
# Written premiums and Expenses

Written Premium including Expenses

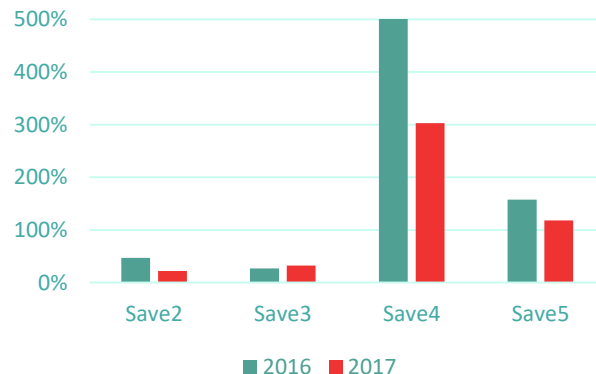


# New APE and Acquisition costs as % APE

APE New Business

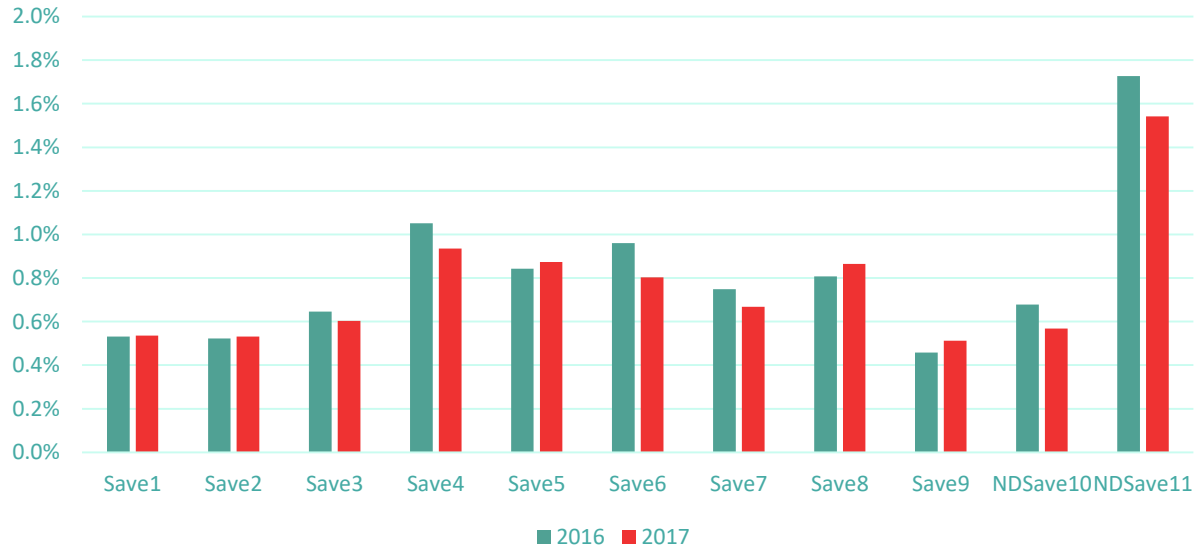


Acquisition costs as % of APE



# Professional Fees

Professional Fees as a % Non Unit-Linked Funds Under Management





# Key Takeaways

Useful to Benchmark yourself against competitors

Need to allow for differences in Business Model

Managing expenses is important in a competitive market – you achieve what you measure

Expenses cannot be considered in isolation

