FINANCIAL SERVICES AUTHORITY

St. Vincent & the Grenadines

ANNUAL

INSURANCE AND PENSION

REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2022

Purpose of the Report

Section 8 of the Act requires the Supervisor of Insurance to prepare and submit an annual report to the Minister of Finance on or before the last day of June or as soon as possible thereafter. However, due to the fact that the said Act permits insurance companies up to six (6) months after the end of their financial year to file their annual returns, the timing of the submission of this instant report necessarily takes into account this legislated timeframe.

The objectives of this report are:

- To report on the state of affairs of the insurance industry and pension plans;
- To report on compliance issues in relation to the Act;
- Provide information on the financial status and operating performance of the insurance industry; and
- Provide information on pension fund plans operating in the State.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

1. Financial Highlights

1.1 In 2022, Gross Premium Income in the insurance industry totaled $124.9m. This represented approximately 5.2 percent of Gross Domestic Product at market prices, and an increase of 15.4 percent in the gross premium income of $108.2m reported in 2021. The increase in gross premium income was primarily noted in the short-term segment of the market.

1.2 British American Insurance Company Limited and CLICO International Life Insurance Company Limited remained under Judicial Management during the period under review.

1.3 There was an increase of 9.5 percent in the total claims paid in the short-term insurance sub-sector and a decrease of 3.4 percent in the long-term sub-sector compared with the previous year. Claims continue to be a significant component of insurers' expenditure amounting to 73.4 percent of total underwriting expenses for the short-term insurance sub-sector and 25.9 percent of total policyholders benefit or 15.8 percent of total expenses for the long-term sub-sector.

1.3.1 Policyholder Benefits (which includes claims, annuity payments, policy surrenders etc.) in the long-term insurance sub-sector, for the period under review, amounted to $23.3m. This represented 61.2 percent of the total expenses and a decrease of 5.2 percent when compared with the previous year. There was a slight decrease in claims expense of 3.2 percent and a significant decrease in Annuity and Deposit Administration Fund provisions of 67.0 percent compared with the previous year. Other policy-holders benefits increased significantly by 206.7 percent, while annuity payments and policy surrenders increased by 45.6 percent and 16.3 percent respectively when compared with the previous year.

1.4 For the short-term insurance sector, the loss ratio increased by 11.1 percentage points while the loss ratio of the long-term insurance sector decreased by 2.8 percentage points.

1.5 Reinsurance expense for long-term insurance companies amounted to $1.0m representing a retention ratio of 97.1 percent. Only (1) company had more than 10 percent of gross premiums ceded to reinsurers, one (1) company ceded between 6 percent and 10 percent, four (4) companies ceded between 1 percent and 5 percent, while one (1) company ceded less than 1 percent.

1.6 As at the end of 2022, total assets in the insurance industry amounted to $318.3m, total liabilities stood at $231.7m and equity at $86.6m.

1.7 The overall insurance penetration ratio, based on the estimated GDP at market price using 2021 figures (an indicator of the level of development of the insurance sector in the country) increased from 4.5 percent in 2021 to 5.2 percent in 2022. In the short-term insurance sector, the ratio increased from 3.2 percent in 2021n to 3.8 percent in 2022, while in the long-term sector, it increased from 1.3 percent in 2021 to 1.4 in 2022.

2. The Insurance Industry

2.1. Introduction and Overview

The domestic insurance industry is the largest component of the non-bank financial sector in St. Vincent and the Grenadines ("St. Vincent"). The industry comprises insurance companies and intermediaries, an Association of Underwriters, pension funds plans and the National Insurance Services. The focus of this report, however, is on private insurance companies which offer services to individuals as protection against financial loss, Association of Underwriters, insurance intermediaries and pension fund plans.

Private insurance companies can be divided into two groups, namely; long-term insurance or life insurance and short-term insurance or motor and general insurance. The insurance industry in St. Vincent is comprised of two (2) types of insurers, namely:

1. Indigenous or domestically incorporated companies; and
2. Companies incorporated in CARICOM countries and operating through local agencies/branches.

The market is, however, dominated by branches/agencies of CARICOM-based insurance companies. As at December 31 2022, there were twenty-three (23) companies registered under Section 8 of the Act, to conduct insurance business in St. Vincent. Of these companies, British American Life Insurance Company Limited ("BAICO") and CLICO International Life Insurance Company Limited ("CLICO") remained under Judicial Management. One company surrendered its license at the end of the year.

There were fourteen (14) insurance companies registered to undertake short-term insurance business. Four (4) of these companies were locally incorporated while the other ten (10) were branches of CARICOM-based/foreign owned companies. Nine (9) companies were registered to undertake long-term insurance business. Of these, two (2) were registered to write life business only, while the other seven (7) were registered to conduct business in both segments of the market. No new insurance company was registered during the review year.

Table 1: Number of Companies Registered to Transact Insurance Business by Sector/Type of Business as at December 31, 2022

Insurance Class	**Number of Companies**
Life (only)	2
General	14
Life & General	7
Total	**23**

Source: Insurance Companies and Financial Services Authority

Table 2: Insurers by License Type 2022

Short-Term (only)	**Long-Term (only)**	**Long & Short-Term/ Composite***
Locally Incorporated		
Metrocint General Insurance Company Ltd.	Demerara Mutual Assurance Society Ltd.	British American Insurance Company Limited**
St. Hill Insurance Company Ltd.	CUNA Caribbean Insurance Society (OECS) Ltd.	CLICO Int'l Life Insurance Company Limited**
St. Vincent Insurances Limited		Guardian Life of the Caribbean
West Indian Insurances Ltd		Pan American Life of the Eastern Caribbean
Foreign Incorporated		G.T.M Life Insurance Company Ltd.
Beacon Insurance Company Limited		GK Life EC Ltd.
Caribbean Alliance Insurance Company Ltd.		Sagicor Life (EC) Inc.
CGI Consumers' Guarantee Insurance		
G.T.M Fire Insurance Company Ltd.		
Guardian General Insurance Limited		
Gulf Insurance Limited		
Island Heritage Insurance Company Ltd.		
CG United Insurance Ltd.		
M & C General Insurance		
GK Insurance (Eastern Caribbean) Limited		

*Composite include life and health insurance business (with health being considered short term)
**Under judicial management

2.2. Underwriters

Lloyd's Underwriters continue to be the only Association of Underwriters registered to transact reinsurance business in St. Vincent. Although Lloyd's is registered/licensed as an Association of Underwriters, it is regulated and supervised as a general insurance company.

2.3. Insurance Intermediaries

The number of insurance intermediaries registered as at the end of 2022 was one hundred and twenty-one (121), compared with one hundred and thirty-eight (138) in 2021. This represented a 12.3 percent decrease in total registered intermediaries. The number of Sales Representatives decreased by 14.0 percent, moving from one hundred and fourteen (114) in 2021 to ninety-eight (98) in 2022, while Adjusters decreased from three (3) in 2021 to two (2) in 2022. The number of registered Agents and Brokers remained constant at fifteen (15) and six (6) respectively in 2022, when compared with 2021. The information on intermediaries is summarized as follows: -

Table 3: List of Registered Intermediaries

Intermediaries	2022	2021	% Change
Sales Representatives	98	114	-14.0%
Agents	15	15	0.0%
Brokers	6	6	0.0%
Adjusters	2	3	-33.3%
Total	**121**	**138**	-12.3%

Source: Financial Services Authority

2.4. Pension Fund Plans

Part VIII of the Act makes provision for the registration of pension plans. Under the Act, all pension plans are required to be registered with the Authority. As at December 31, 2022 there were thirty-three (33) pension fund plans registered with the Authority. Of those, three (3) were operated by companies that are under Judicial Management, namely; CLICO International Life Insurance Company Ltd. and British American Insurance Company Ltd., and three (3) new plans were registered during the year.

3. Regulation & Supervision of the Insurance Sector

The FSA is the Supervisor of Insurance, as defined by Schedule 6 (6) of the FSA, Act # 33 of 2011. Accordingly, the FSA has full regulatory and supervisory responsibility for the general administration of the Insurance Act.

3.1. Legislative Framework

The regulation of the domestic insurance industry is established under several laws, the principal laws and regulations being:

The Insurance Act, Chapter 306 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009 (the "Act");

Under Section 9 of the Act, no person may carry on insurance business in St. Vincent and the Grenadines, unless that person:

(a) is a company, or an association of underwriters, and registered under the Act; and has

(i) made the requisite deposit with the Supervisor of Insurance; and

(ii) filed with the Supervisor of Insurance the names and addresses of one or more persons resident in the state and authorized to accept on behalf of the company service of process in legal proceedings.

The Financial Services Authority Act No. 33 of 2011;

The Proceeds of Crime Act 2013 as amended, the Anti-Money Laundering and Terrorism Financing Regulations 2014 and the Anti-Money Laundering and Terrorism Financing (Amendment) Regulations 2017; and The Anti-Money Laundering and Terrorist Financing Code, 2017.

3.2. Regulatory & Supervisory Framework

The current supervisory framework for the insurance industry is divided into three broad categories; namely licensing, monitoring (offsite supervision and on-site inspection), and enforcement. The initial licensing process (review of application and supporting documentation as to legal compliance and sufficiency, due diligence assessment and issue of licence) is designed to limit entry into the market to fit and proper owners and managers. All domestically licensed entities have free access to the local insurance market without discrimination.

Offsite supervision activities encompass the conduct of prudential meetings and ongoing monitoring and analysis of business and strategic plans, quarterly returns, and annual audited financial statements. Offsite supervision covers both the parent institution and the licensee. It also includes communication with the insurer on a regular basis to discuss their operations, performance and future strategies, ensuring compliance with the various legislation and regulations. Accordingly, the Authority relies on the work of external auditors and actuaries to aid in its assessment.

On-site inspections involve the staff of the FSA visiting the offices of licensees, conducting interviews with senior management, reviewing and assessing the company's operations and risk management processes with respect to legal and regulatory compliance (including AML/CFT), presenting and discussing the inspection findings to the licensee during a planned exit meeting, preparing an internal inspection report, and issuing the final report/external letter indicating the corrective actions to be taken within a reasonable time. The process also includes discussions with the external auditors, members of the board of directors and other stakeholders as may be deemed necessary. The focus of AML/CFT regulation is primarily on ensuring that customer due diligence measures are undertaken, proper compliance functions exist and are effectively carried out and monitoring the level of reporting to the Financial Intelligence Unit. The inspection cycle depends on the nature of the institution's operations and the level of risk assigned based on the risk assessment. The on-site inspection process is used in conjunction with the regular offsite monitoring system that is carried out. As a result, consideration is given to whether there are any issues raised by the offsite monitoring system, which should be addressed during the on-site visit.

The Authority has adopted a risk-based approach to supervising insurance institutions which fall under its regulation. In this regard, a risk assessment matrix and report of each institution is completed annually and updated on a quarterly basis. Using the risk-based framework allows the Authority to detect problems at an early stage and take regulatory action on a timely basis. If an entity fails, the risk-based framework seeks to ensure that it either returns to compliance or it exits the market. This approach is efficient and flexible since it takes into consideration the nature of business activities and the extent of risks within each licensee. The level and frequency of supervisory scrutiny and the degree of intervention depends on the risk profile of the institution. Licensees that are well managed relative to their risks will require less supervision.

3.2.1 Prudential Guidelines

The FSA has also issued Guidelines to clarify how certain provisions of the Insurance Act are to be applied. All Guidelines, prior to implementation, are subject to an appropriate consultation process with the insurance sector, including the local Insurance Association, to ensure that supervisory objectives are understood by key stakeholders in the regulatory environment.

In May 2022, a Code of Market Conduct for Insurance Brokers was issued to the sector pursuant to Section 10 of the Financial Services Authority Act.

Below is a list of Guidelines that the FSA has issued to the insurance and pensions sectors on relevant compliance matters.

1. Guidance Note No. 1 - Role of the Principal Representative- Issued December 1, 2014. Amended June 30, 2022.
2. Guidance Note No. 2 - Insurance Intermediaries - Issued December 1, 2014
3. Guidance Note No. 3 - The Establishment and maintenance of Insurance Funds - Issued December 5, 2015.
4. Guidance Note No. 4 - Registration of a Private Pension Plan and a Pension Plan Amendment - Issued: September 12, 2016.
5. Guidance Note No. 5 - Reporting Requirements for Pension Fund Plan - Issued: September 12, 2016.
6. Competency Standard for Insurance Intermediaries - Issued: September 14, 2017.
7. Guidance Note No. 7 - Complaints Handling for Insurance Entities - Issued: September 14, 2017.
8. Guidance Note No. 8 - Business Continuity Management for Insurance Companies - Issued: December 11, 2019.
9. Guidance Note No. 9 - Reinsurance Arrangements and Sound Practices and Procedures - Issued: July 15, 2020.
10. Guidance Note No. 10 - Risk Management and Internal Controls for Insurance Companies - Issued: October 7, 2021.
11. Code of Market Conduct for Insurance Brokers - Issued: May 2022

3.3. Prudential Regulatory Requirements of Insurers

3.3.1. Statutory Deposit

Section 22 of the Act states that no insurer shall be licensed to carry on and may not carry on any class of insurance business unless the appropriate amount specified has been deposited with the Supervisor of Insurance. A deposit shall be in the form of cash or prescribed securities or partly in one and partly in the other. The appropriate deposits are as follows:

Long Term Insurance Business	$500,000.00
Motor Vehicle Insurance Business	$500,000.00 or an amount equal to thirty per centum of the gross premium income in respect of motor vehicle insurance business, whichever is greater.
General Insurance Business	$200,000.00 or an amount equal to thirty per centum of gross premium income in respect of general insurance business, whichever is greater.

Listed hereunder are the deposits held by the Authority on behalf of insurance companies as at December 31, 2022.

Table 4: Statutory Deposit Held by the Authority

	Deposit Requirement at Fiscal Year End	Actual Deposit as at Report Date			Deposit Excess (Deficiency)
		Government Securities	Cash	Total Deposit	
Motor and General Insurance Companies	15,820,729	16,888,677	20,287,995	37,176,672	21,355,943
Long Term Insurance Companies	9,317,734	4,714,352	8,052,676	12,767,028	3,449,294
Grand Total	25,138,463	21,603,029	28,340,671	49,943,700	24,805,237

Source: Insurance Companies and Financial Services Authority

As referenced in the table above, total assets pledged to the Authority exceeded the deposit requirement of the insurance industry as a whole, as at the end of December 2022. In certain instances, some companies have increased their statutory deposit beyond the required amount in order to satisfy their Insurance Fund (“the Fund”) requirement.

3.3.2. Insurance Fund

Section 29 of the Act states that every company shall in respect of each class of business being transacted, establish an Insurance Fund equal to its liabilities and contingency reserves in respect of policies in the State, in that class of business as established by the revenue account of the company, less the amount held on deposit with the Supervisor. Within four months (4) months of the end of each financial year, a company shall place in trust the assets of its long-term Insurance Fund and of its motor vehicle Insurance Fund, as the case may be.

The Insurance Fund provides access to assets in the event of a company's demise and is used as regulatory capital to provide a buffer for insurance liabilities and to support the overall quality of assets on the insurers' balance sheet.

As at December 31, 2022, total liabilities and contingency reserves of all insurance companies (excluding those under judicial management) amounted to approximately EC$115.9m. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2022 was approximately $138.5m or 119.5 percent of insurance liabilities. The FSA continues to work with all insurance companies to ensure that they satisfy this statutory requirement with respect to their Insurance Fund as well as that of the Statutory Deposit. Accordingly, where shortfalls exist, companies are required to satisfy the deficiency within the shortest possible timeframe, and this is closely monitored by the Authority.

In addition, the Insurance Fund and Statutory Deposits are monitored quarterly using the quarterly returns.

3.4. Supervision

As part of its statutory functions, the FSA monitors the insurance companies to ascertain the safety and soundness of their operations. In addition to meeting the requirements for licensing, the application screening process requires analysis of the company's capital structure, premiums written, cost of insurance benefits and burden of losses. All companies' statutory returns are also monitored for solvency, to ensure the financial soundness of the sector.

During 2022, the FSA continued the application of a risk-based supervisory framework. The framework provides a structured approach for understanding and assessing key risks inherent in an institution's activities, whether its risk management processes (i.e., identification, assessment, measurement, monitoring, control, mitigation and reporting of risks) are adequate in the context of the key risks and whether its earnings, capital and liquidity are sufficient to enable it to support its risk profile and withstand unexpected shocks. The FSA has a supervisory framework for offsite or desk monitoring and on-site examinations. Insurance companies are subject to an annual offsite risk assessment based on the annual returns and audited financial statements for the year end. Accordingly, as at the end of December 2022, nine (9) risk assessments reports and matrices were prepared, and one (1) AML on-site examination conducted. The results of the on-site revealed that the company was largely compliant with respect to its AML/CFT/CFP Governance framework, reporting and record-keeping. The completed Risk Assessments indicated that the overall financial performance of the companies was satisfactory and the operational management of the inherent risks was acceptable. While these companies were not expected to fail or result in any undue loss to policyholders there were aspects in some of their risk profiles that may create vulnerabilities under adverse circumstances, namely; earnings and liquidity. Three (3) prudential meetings with insurers were conducted during the review period to ensure that required actions arising out of the previous examinations were addressed/implemented and to ensure ongoing regulatory compliance. The prudential meetings are used as an alternative to on-site examinations where companies are rated as low risk, based on internal assessments.

The FSA will continue to enhance its supervisory and regulatory regime by identifying and responding to new and emerging risks through integration of a macro-prudential framework in conjunction with the current risk-based supervisory approach. In addition, the FSA will also continue to work with all insurance companies to strengthen their corporate governance and risk management practices, capital and internal controls and compliance with regulatory requirements.

3.5. Capital Adequacy & Solvency

Solvency, both as an economic requirement in the market and as a regulatory and supervisory tool, is critical to the insurance sector and underpins the prospect for insurers to contribute effectively to financial sector development. One of the principal aims of insurance supervision is the protection of the interest of the policyholders through a properly managed and financially sound insurance sector. Consequently, it is necessary that insurance companies have appropriate capital adequacy and solvency regimes in place so that the benefits of the claimants and policyholders are secured.

The solvency standards as outlined in the Act state that a company is insolvent if for:

Long Term Insurance Business	the value of its liabilities exceeds its assets;
Short-term Insurance Business	the excess of assets over liabilities is less than the greater of five hundred thousand dollars or twenty percent of its premium income in its last financial year;
Long-term and short-term Insurance Business	its total assets over its total liabilities is less than five hundred thousand dollars or twenty percent of its premium income with respect to its short-term business in its last financial year.

The FSA monitors the solvency position of each company quarterly and annually based on the returns for the same periods. As at December 31, 2022, all companies satisfied the solvency standards as outlined above. The capital of each company was also adequate based on the requirements of the Act.

4. Long-Term Insurance Business

BAICO and CLICO continued under Judicial Management and did not conduct any new business during the year under review. Accordingly, data as at the reporting period was not available for these two companies. The table below illustrates the types of businesses transacted by long-term insurance companies during 2022: -

Table 5: Long-term Insurance Companies by Class of Business

Companies	Type of Business				
	Ordinary Life	Group Life	Annuities & Pensions	Accident & Sickness	Others
Pan- American Life Insurance Co.	*	-	-	*	*
British American Life Insurance Co.	*	*	*	*	*
CLICO International Life	*	*	*	-	-
Demerara Mutual Life Insurance Co.	*	-	-	-	-
Guardian Life of the C'bean	*	*	-	*	-
GTM Life Insurance Co.	*	*	-	*	-
Sagicor Life EC	*	*	*	-	-
Scotia Life of the Eastern Caribbean	*	-	-	*	*
CUNA Caribbean Insurance OECS Ltd	*	-	-	-	-

* Business Written

** Others are small amounts of premiums that do not fall under the other major categories for example industrial life insurance etc. The amount of premiums under this section tends to be very small.

4.1. Analysis of Revenue Account

Table 6: Long-term Insurance Companies - Summary of Revenue Account

INCOME STATEMENTS	2022	2021	2020	2019	2018
Net Premiums written	32,690,000	29,208,000	28,305,000	36,921,000	21,943,000
Investment Income	6,247,000	6,750,000	6,762,000	7,584,000	3,983,000
Reinsurance commissions	124,000	144,000	291,000	325,000	340,000
Other Revenue	629,000	839,000	756,000	762,000	572,000
Total Revenue	**39,690,000**	**36,941,000**	**36,114,000**	**45,592,000**	**26,838,000**
Claims	6,032,000	6,234,000	7,984,000	4,327,000	3,520,000
Annuity Payments	3,133,000	2,152,000	2,659,000	1,978,000	1,937,000
Policy surrenders	6,961,000	5,987,000	5,549,000	5,015,000	5,507,000
Change in insurance, annuity and deposit administration fund provisions	2,669,000	8,085,000	5,956,000	15,406,000	1,709,000
Interest on policy holder amounts	986,000	970,000	887,000	794,000	938,000
Other policy holder benefits	3,512,000	1,145,000	364,000	573,000	381,000
Total Policy Holder benefits	**23,293,000**	**24,573,000**	**23,399,000**	**28,093,000**	**13,992,000**
Commission Expense	4,095,000	4,176,000	4,134,000	3,673,000	3,829,000
Management expenses	9,447,000	9,771,000	9,270,000	9,433,000	7,588,000
Other Expenses	1,233,000	1,318,000	1,086,000	1,543,000	1,029,000
Total expenses	**38,068,000**	**39,838,000**	**37,889,000**	**42,742,000**	**26,438,000**
Net Income before tax	**1,622,000**	**(2,897,000)**	**(1,775,000)**	**2,850,000**	**400,000**
Tax	205,000	174,000	162,000	232,000	114,000
Net Income after tax	**1,417,000**	**(3,071,000)**	**(1,937,000)**	**2,618,000**	**286,000**

Source: Insurance Companies and Financial Services Authority

4.1.1. Premium Income

In this segment of the market, net premium income generated in 2022 amounted to $32.7m. There was an increase of approximately $3.5m or 11.9 percent, when compared with the previous year. Of this amount, premiums for individual life accounted for 78.7 percent while annuities and group life accounted for 9.7 and 5.9 percent respectively.

Figure 1: Net Premium Long-term Insurance Companies 2022

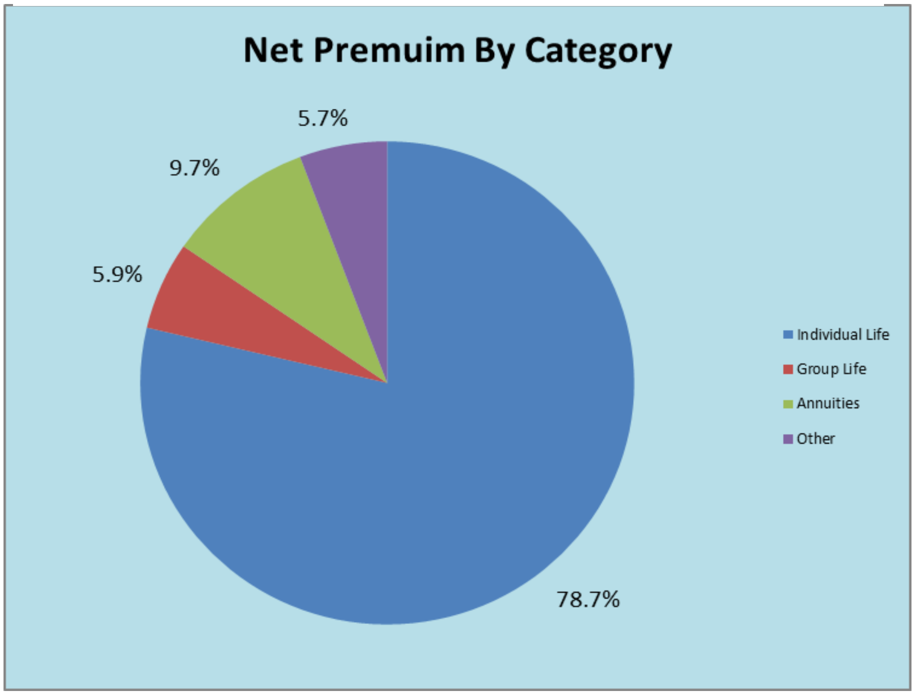


Table 7: Long-term Insurance Companies - Net Premium by Category EC$

Years	Individual Life	Group Life	Annuities	Other	Total
2022	25,721,000	1,925,000	3,168,000	1,876,000	32,690,000
2021	23,362,000	1,982,000	1,836,000	2,028,000	29,208,000
2020	22,803,000	1,657,000	2,657,000	1,188,000	28,305,000
2019	22,828,000	1,488,000	11,568,000	1,037,000	36,921,000
2018	17,195,000	2,304,000	1,734,000	710,000	21,943,000

Source: Insurance Companies and Financial Services Authority

4.1.2. Expenses of Life Insurers

Total expenditure for life insurers amounted to $38.1m in 2022, decreasing by 4.4 percent compared with $39.8m in the previous year. A major expense item for life insurers is policyholders' benefit, which accounted for 61.2 percent of total expenditure, followed by management expenses and commission expenses with 24.8 and 10.8 percent respectively.

4.1.3. Policyholder Benefits

Policyholder Benefits for the period under review amounted to $23.3m and represented 61.2 percent of total expenses or a decrease of 5.2 percent compared with the previous year. Of mention is the significant decrease in annuity and deposit administration fund provisions of 67.0 percent when compared with the previous year. The table below shows the breakdown of policyholder's benefits: -

Table 8: Policyholder Benefits- Long-term Insurance Companies 2022 EC$

Total Policy Holder benefits	**2022**	**2021**
Claims	6,032,000	6,234,000
Annuity Payments	3,133,000	2,152,000
Policy surrenders	6,961,000	5,987,000
Change in insurance, annuity and deposit administration fund provisions	2,669,000	8,085,000
Interest on policy holder amounts	986,000	970,000
Other policy holder benefits	3,512,000	1,145,000
Total Policy Holder benefits	**23,293,000**	**24,573,000**
Total Expenses	**38,068,000**	**39,838,000**

Source: Insurance Companies and Financial Services Authority

4.1.4. Reinsurance

Life insurance companies traditionally reinsure only a small portion of their insurance business. Table 9 shows the extent of reinsurance within the long-term insurance segment. In 2022, of the total premiums collected, approximately $1.0m was ceded to reinsurers, representing a retention ratio of 97.1 percent compared with 96.2 percent in 2021.

Table 9: Retention Ratio - Long-term Companies 2022

Years	**Gross Premium**	**Ceded Premium**	**Net Premium**	**Retention Ratio**
2022	33,660,000	970,000	32,690,000	97.1%
2021	30,363,000	1,155,000	29,208,000	96.2%
2020	30,497,000	2,192,000	28,305,000	92.8%
2019	39,213,000	2,292,000	36,921,000	94.2%
2018	24,227,000	2,284,000	21,943,000	90.6%

Source: Insurance Companies and Financial Services Authority

Table 10 shows the percentage of premiums reinsured by number of companies. As can be seen, only one (1) company reinsured more than 10% of its life business.

Table 10: Reinsurance - Long-term Insurance Companies 2022

	Long-term Insurance		
Percentage Reinsurance	No. of Companies	Reinsurance Amount	Market Share %
More than 10%	1	421,000	43.4%
From 6%-10%	1	99,000	10.2%
From 1%-5%	4	450,000	46.4%
Less than 1%	0	0	0.0%
Zero %	1	0	0.0%

Source: Insurance Companies and Financial Services Authority

4.2. Analysis of Balance Sheet

4.2.1. Financial Position of Long-term Companies

As at December 31, 2022, the total assets, including statutory deposits for companies registered to conduct long-term insurance business stood at $195.0m, down marginally by 0.02 percent at the end of 2022. Government securities accounted for 47.0 percent of total assets, (up from the previous year's 42.9 percent) while cash and deposits accounted for 26.8 percent (up from the previous year's 23.7 percent).

Figure 2: Assets- Long-term Insurance Companies

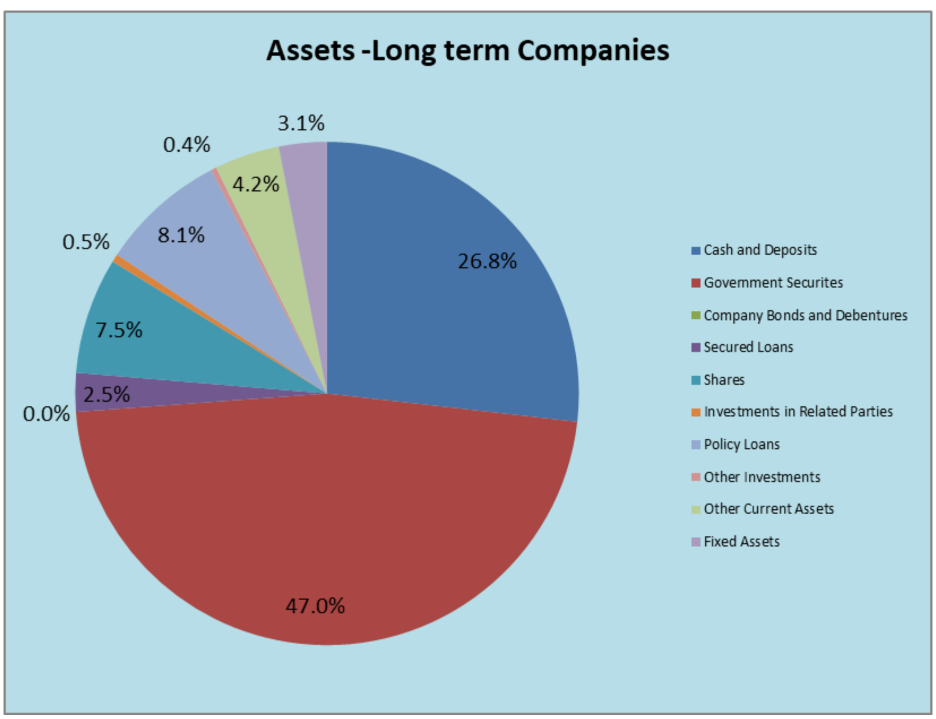


Table 11: Financial Position of Long-term Companies EC$

Year	Assets	Liabilities	Equity
2022	194,924,000	156,218,000	38,704,000
2021	194,957,000	149,095,000	45,859,000
2020	184,241,000	140,655,000	43,586,000
2019	168,165,000	126,060,000	42,105,000
2018	139,400,000	114,610,000	24,787,000

Source: Insurance Companies and Financial Services Authority

Liabilities increased by 4.8 percent to $156.2m in 2022, up from 149.1m in 2021. Life Insurance and Annuity Provisions was the largest component of liabilities, accounting for 61.0 percent of the total, followed by Deposit Administration Fund representing 19.0 percent.

Equity decreased by 15.6 percent to $38.7m in 2022, down from $45.9m in 2021. The category of Reserves was the largest component of equity accounting for 56.9 percent of the total capital, followed by Head Office Account representing 43.2 percent, while Retained Earnings was negative and stood at $14,000 compared with $4.7m in 2021.

4.2.2. Investments

Total Cash and Investments held by long-term insurance companies as at December 31, 2022 amounted to $180.8m, an increase of 9.1 percent compared with $165.7m in 2021. Cash and Deposits recorded the largest increase of 12.8 percent, followed by Policy Loans and Government Securities with 11.9 percent and 9.6 percent respectively. Secured Loans decreased by 18.9 percent. The investment portfolio of the Long-term Companies remained conservative, with the majority of investments held in Government Securities (50.7 percent) and Cash and deposits (28.9 percent). Details of investments are given below.

Table 12: Details of Investment- Long-term Insurance Companies 2022 EC$

Type of Investments	2022	2021	% change
Cash and Deposits	52,232,000	46,296,000	12.8%
Government Securites	91,684,000	83,667,000	9.6%
Company Bonds and Debentures	-	-	-
Secured Loans	4,849,000	5,979,000	-18.9%
Shares	14,548,000	13,986,000	4.0%
Investments in Related Parties	1,008,000	1,008,000	-
Policy Loans	15,753,000	14,072,000	11.9%
Other Investments	700,000	700,000	0.0%
Total Cash and Investments	**180,774,000**	**165,708,000**	**9.1%**
Total Assets	**194,924,000**	**194,957,000**	**-0.02%**

Source: Insurance Companies and Financial Services Authority

5. General Insurance Business

The table below illustrates the types of business transacted during 2022 by companies registered to conduct general insurance business in St. Vincent and the Grenadines.

Table 13: General Insurance Companies by Class of Business

Companies	Type of Business				
	Motor	**Property**	**Marine Transport & Aviation**	**Employers Liability**	**Others**
Locally owned					
Metrocint General Insurance Co. Ltd	*	*	*	*	*
St. Hill Insurance Co. Ltd.	*	*	*	*	*
St. Vincent Insurances Ltd.	*	*	*	*	*
West Indian Insurances Ltd.	*	*	-	-	*
Foreign-owned					
The Beacon Insurance Company Limited	*	*	*	*	*
Caribbean Alliance Insurance Co Ltd.	*	*	*	*	*
Consumers' Guarantee Insurance Company Ltd (CGI)	*	*	*	*	*
G.T.M Fire Insurance Company Limited	*	*	-	-	-
Gulf Insurance Limited	*	*	*	*	*
CG United Insurance	*	*	*	*	*
Island Heritage Insurance Company	-	*	-	*	*
Guardian General Insurance Ltd.	*	*	*	*	*
M & C General Insurance Co. Ltd.	*	*	*	*	*
GK Insurance (Eastern Caribbean) Limited	*	*	*	*	*
Pan- American Life Insurance Company of the Eastern Caribbean Ltd.	-	-	-	-	*
British American Insurance Company Limited	-	-	-	-	*
Guardian Life of the Caribbean Limited	-	-	-	-	*
CLICO International Life Insurance	-	-	-	-	*
GTM Life Insurance Company	-	-	-	-	*
GK Life Insurance Eastern Caribbean Limited	-	-	-	-	*
Sagicor Life Eastern Caribbean Inc.	-	-	-	-	*

Source: Insurance Companies and Financial Services Authority

**Other is small amounts of premium that does not fall under the other major category such as pecuniary loss etc. The amount of premium under this section tends to be very small.

5.1. Analysis of Revenue Account

Total income in the short-term insurance sector amounted to $38.9m in 2022, an overall increase of 7.5 percent compared to the previous year. Gross premium income increased by 17.2 percent and reinsurance ceded increased by 44.5 percent. Other income changed by -116.9 percent moving from $-3.9m in 2021 to $0.7m in 2022.

Table 14: Income of Short-term Insurance Companies 2018-2022 (EC$)

	2022	2021	2020	2019	2018
INCOME	$	$	$	$	$
Gross Premium	91,212,326	77,809,684	70,455,701	68,329,395	65,469,974
Less: Reinsurance/Ref	54,117,397	37,452,732	39,480,492	36,856,237	33,160,648
Net Premium	**37,094,929**	**40,356,952**	**30,975,209**	**31,473,158**	**32,309,326**
Change in Reserves	1,145,539	(182,163)	147,948	(30,668)	(2,047,210)
Other Income	670,139	(3,976,766)	1,071,412	2,165,684	679,182
Total Income	**38,910,607**	**36,198,023**	**32,194,569**	**33,608,174**	**30,941,298**

Source: Insurance Companies and Financial Services Authority

5.1.1. Gross Premium

Gross premium income for this segment of the market totaled $91.2m in 2022, an increase of 17.2 percent when compared with the 2021 figure of $77.8m. CG United Insurance continued to be the market leader in general insurance with a 30.2 percentage market share, increasing from the 21.8 percentage market share held in 2021. Sagicor Life EC's general component of its business, accounted for 9.3% of the market followed by Metrocint General with 7.5 percent. The table below provides details.

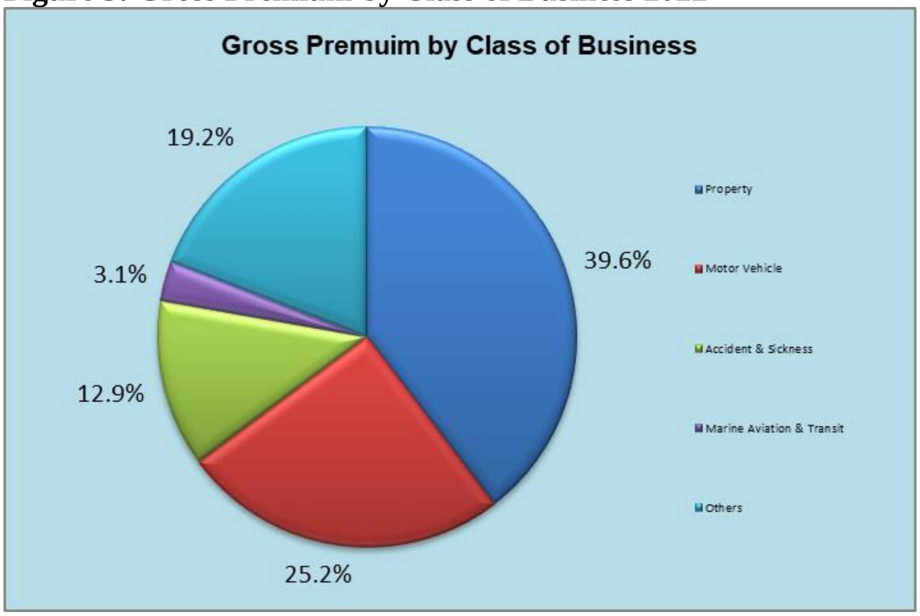
Table 15: Gross Premium Written - Short-term Insurance Business 2021-2022 (EC$)

	2022	2021
Short-Term Insurance Companies	**Market Share**	**Market Share**
CG United Insurance	30.19%	21.75%
St. Vincent Insurances	6.86%	10.62%
Caribbean Alliance	6.98%	8.08%
Metrocint General	7.51%	7.86%
Beacon Insurances	6.41%	7.11%
St. Hill Insurance Co. Ltd	5.38%	5.90%
Guardian General	6.44%	7.61%
CGI Ltd.	3.26%	3.76%
West Indian Insurances	5.54%	5.47%
M & C General	4.04%	4.62%
Sagicor Life EC	9.29%	8.23%
Guardian Life of the Caribbean	1.89%	2.85%
G.T.M Fire	2.32%	2.35%
Island Heritage Insurance	0.93%	1.02%
Pan-American life	1.21%	1.11%
Gulf Insurance	0.83%	0.80%
GTM Life	0.29%	0.36%
GK Insurance EC Inc.	0.62%	0.50%
Total	**100.0%**	**100.0%**

Source: Insurance Companies and Financial Services Authority

The largest component of the short-term insurance gross premium was the property portfolio, which accounted for 39.6 percent, followed by motor vehicle 25.2percent.

Figure 3: Gross Premium by Class of Business 2022



5.1.2. Reinsurance

Reinsurance plays a crucial role in preserving the financial soundness of general insurers and forms a vital part of their risk transfer strategy. It is also an important risk management tool which can be used to reduce insurance risks and the volatility of financial results, stabilize solvency, make more efficient use of capital, better withstand catastrophic events and increase underwriting capacity. Table 16 shows the extent of reinsurance within the short-term insurance segment. In 2022, $54.1m was ceded to reinsurers in the short-term segment, representing a retention ratio of 40.7 percent compared with 51.9 percent in 2021.

Table 16: Retention Ratio- Short-term Insurance Companies 2022 (EC$)

Years	Gross Premium	Ceded Premium	Net Premium	Retention Ratio
2022	91,212,326	54,115,397	37,096,929	40.7%
2021	77,809,684	37,455,732	40,353,952	51.9%
2020	70,455,701	39,480,492	30,975,209	44.0%
2019	68,329,395	36,856,237	31,473,158	46.1%
2018	65,469,974	33,160,648	32,309,326	49.3%

Source: Insurance Companies and Financial Services Authority

5.2. Analysis of Balance Sheet

5.2.1. Financial Position of Short-term Companies

As at December 31, 2022, total assets for companies registered to conduct motor and general insurance business only, stood at $123.4m, an increase of 8.5 percent over the 2021 figure of $113.7m. Liabilities increased by 8.8 percent, and equity increased by 3.9 percent. All companies recorded positive equity. Ten (10) of the fourteen (14) companies recorded equity greater than $1.0 million.

Table 17: Financial Position of Short-term Companies in St. Vincent & the Grenadines

	Assets	**Liabilities**	**Equity**
Years	**EC$**	**EC$**	**EC$**
2022	123,403,818	75,509,017	47,896,801
2021	113,749,572	69,372,160	46,089,317
2020	111,027,998	61,699,532	49,327,466
2019	112,794,838	58,035,655	54,761,183
2018	105,517,789	54,883,633	50,631,156

Source: Insurance Companies and Financial Services Authority

6. Specific Insurance Market Indicators

6.1 Insurance Penetration

The insurance industry is an important source of financing in many economies, including St. Vincent, and insurance companies invest in significant amounts of long-term bonds and other securities. Insurance penetration ratios measure the level of insurance market development relative to the size of the economy. The table below demonstrates that there was an improvement in the insurance penetration ratio in both the short-term and the long-term segment of the market. The short-term segment increased by 0.6 percent while the long-term segment increased by 0.1 percent in 2022. It should however be noted that the GDP at market price is based on 2021 figures. The overall ratio increased by 0.7 percent during 2022. An increasing insurance penetration ratio indicates that the growth in insurance premiums was higher than the growth in national GDP. Growth in insurance penetration ratios is characteristic of higher levels of economic development, which may have resulted in a greater demand for insurance cover.

Table 18: Insurance Companies Premium to GDP[1]

	2022	2021	2020	2019	2018
GDP at market prices (EC$M)	2,411	2,411	2,197	2,283	2,191
Insurance Market					
Gross Premiums (EC$M)	124.9	108.2	101.0	107.5	89.7
Gross Premium/GDP ratio (%)	5.2	4.5	4.6	4.7	4.1
Long-Term Insurance					
Gross Premiums (EC$M)	33.7	30.4	30.5	39.2	24.2
Gross Premium/GDP ratio (%)	1.4	1.3	1.4	1.7	1.1
Short-Term Insurance					
Gross Premiums (EC$M)	91.2	77.8	70.5	68.3	65.5
Gross Premium/GDP ratio (%)	3.8	3.2	3.2	3.0	3.0

Source: Insurance Companies and Financial Services Authority

6.2 Loss/Claims Ratio

In the insurance industry, claims have historically been the largest component of insurance expenditure. The claims ratio is a very reliable indicator of underwriting performance particularly for general insurers. The claims/loss ratio represents, as a percentage, the proportion of annual claims paid by an insurer in comparison to the premiums received. While there is no set standard of acceptable range, lower loss ratios indicate better underwriting performance.

In the short-term insurance segment of the industry, the claims/loss ratios are typically higher given the nature of the business and the levels of claims. The loss ratio has fluctuated over a five-year period, trending downwards in 2020 and 2021, which is indicative of an improvement in the performance of the sector. In 2022 however, we are again seeing an increase in the loss ratio which stood at 58.2 percent, the highest, over the five-year period. The table below provides details for a five-year period.

Table 19: Loss Ratio- Short-term Insurance 2022 (%)

Year	Net Premium	Net Claims	Loss Ratio
2022	35,949,390	20,920,640	58.2
2021	40,539,115	19,111,590	47.1
2020	31,123,157	15,442,818	49.6
2019	31,473,158	18,028,671	57.3
2018	30,262,116	16,474,926	54.4

Source: Insurance Companies and Financial Services Authority

The loss ratio for the long-term insurance sector has also fluctuated over the past five (5) years ranging from as low as 11.0 percent in 2019 and increasing to as high as 26.2 percent in 2020. The ratio currently stands at 18.5 percent, decreasing by 2.8 percentage points from the previous year. The table below summarizes this information.

Table 20: Loss Ratio- Long-term Insurance 2022 (%)

Year	Net Premium	Net Claims	Loss Ratio
2022	32,690,000	6,032,000	18.5
2021	29,208,000	6,234,000	21.3
2020	30,497,000	7,984,000	26.2
2019	39,213,000	4,327,000	11.0
2018	24,227,000	3,520,000	14.5

Source: Insurance Companies and Financial Services Authority

7. Pension Fund Plans

The legislative framework governing the regulation and supervision of pension funds in St. Vincent is outlined in Part VIII of the Insurance Act. This provides for the registration of private pensions and regulatory submissions of annual accounts and triennial actuarial valuations. Accordingly, the FSA has been involved in the registration process, collection of fees and maintenance of a registration database. Currently, the offsite supervision is limited to the review of financial statements and actuarial reports.

The regulation and supervision of pension fund plans continue to be an important part of building public confidence in a funded-pension system. In a continued effort to strengthen the supervision of the pension sector, follow-ups on the areas of concerns and deficiencies identified were conducted during the year. Additionally, the FSA continues to implore upon the trustees, the importance of the timely submission of the audited financial statements in order to enhance the supervisory methodology for the registered plans.

This sector will continuously be assessed to ensure effective supervision and compliance with applicable legislation and guidelines.

7.1. Registered Entities

As at the end of December 2022, there were thirty-three (33) private pension plans registered with the FSA. Three new plans were registered during the year.

7.2. Reporting Requirements

Sections 180 and 181 outline the reporting requirements for pension plans. Pursuant to Section 180, trustees of registered plans are required to submit to the supervisory authority, the audited balance sheet and statement of accounts for each accounting year, in the format set out in Schedule 5 of the Act. The accounts are to be submitted within six (6) months of the expiration of the accounting year. In addition, pension plans are required to submit actuarial reports every three years.

8. Concluding Remarks

The FSA will continue its supervision of the insurance and pensions sectors, as mandated by governing legislation under both the Insurance Act and the FSA Act, and in keeping with international standards and best practices. Such supervision will include but will not be limited to the off-site and on-site surveillance of the sectors through the review of annual and quarterly returns, actuarial reports, preparation of risk assessment reports and the conduct of on-site examinations. In addition, the FSA continues to provide guidance to the insurance and pensions sectors through issued guidelines to promote and maintain high standards of conduct and management in the provision of insurance and pension services. During the year, a Code of Market Conduct for Insurance Brokers was issued to the sector.

The FSA continues to enhance its supervisory and regulatory regime by identifying and responding to new and emerging risks through a macro-prudential approach to regulation in conjunction with the current risk-based supervisory approach. The FSA will also continue to work with all insurance companies to strengthen their corporate governance and risk management practices, capital adequacy and internal controls and compliance with regulatory requirements. The FSA recognizes that the overall effectiveness of its function heavily hinges on the collaboration and cooperation with the regulated entities. To this end, the FSA is committed to continually improving communication with licensees to achieve its stated objectives.

The ongoing overall objective of the regulation and supervision of these sectors is to promote sound and prudential management, compliance with legislative requirements and best practices, as well as financial stability at both the micro and macro level, in the best interest of all policy holders, subscribers and the public of St. Vincent and the Grenadines.