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Deloitte Insurance Industry, Regulatory and Actuarial Update

July 2026

Introduction

Our Actuarial & Insurance Solutions (AIS) team are pleased to present you with our 2026 insurance industry update.

This issue includes summaries of recent regulatory communications regarding the insurance industry experience, flavour-of-the-year topic, the derecognition of Moody and clarity around the calculation of risk margin for solvency reporting. Lastly, as a bonus read, see the link to our Deloitte Africa Insurance Outlook which provides insights into the developments and trends affecting the insurance market across Africa.

Feel free to reach out to us for more information or further clarity around various insurance and regulatory updates and trends.

We also note that we have launched a successful and enlightening Artificial Intelligence for Insurers training – don't miss out!



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Life & Non-life Insurance Industry Experience 2025-2026

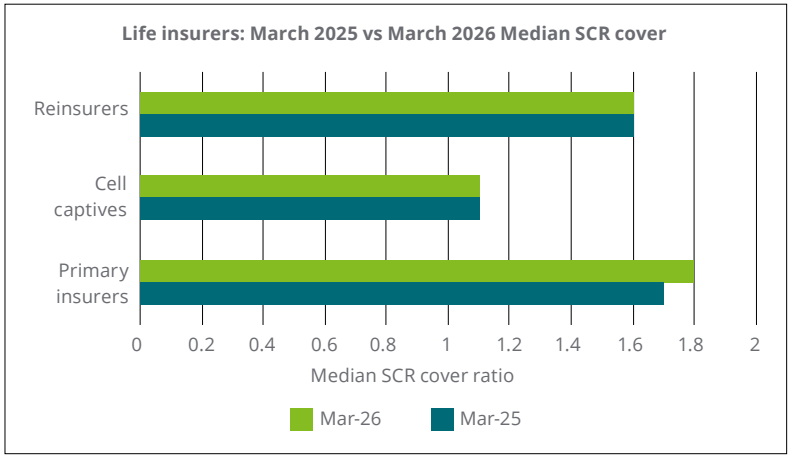
The Prudential Authority (PA) published Insurance Sector Reports which contain an analysis of the industry based on March 2025 – March 2026 results.

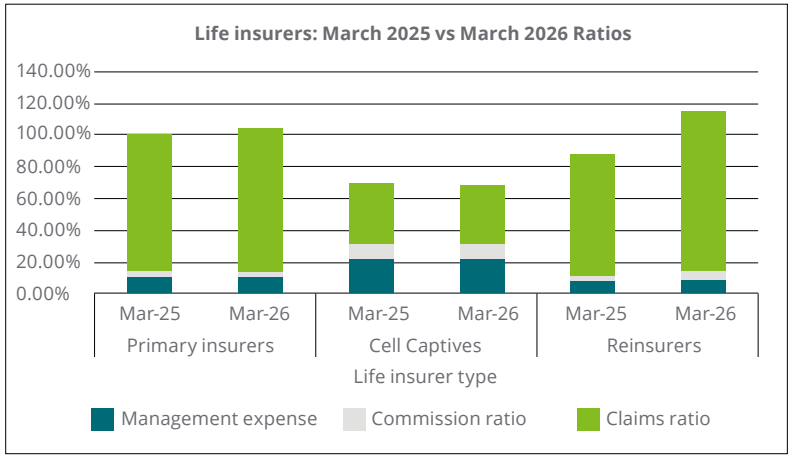
Life Insurance Experience

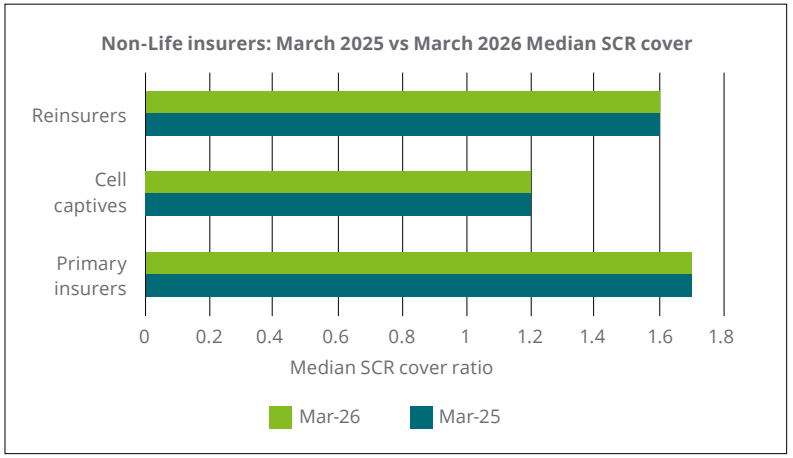
- The number of Life primary insurers considered has remained constant at 59 from 2025 to 2026.
- The average commission and expense ratios have decreased slightly while the average claims ratios increased from 2025 to 2026 for primary Life insurers. These ratios are expressed as a percentage of net written premium over the period.
- The median SCR cover ratio increased from 2025 to 2026 for Life primary insurers.

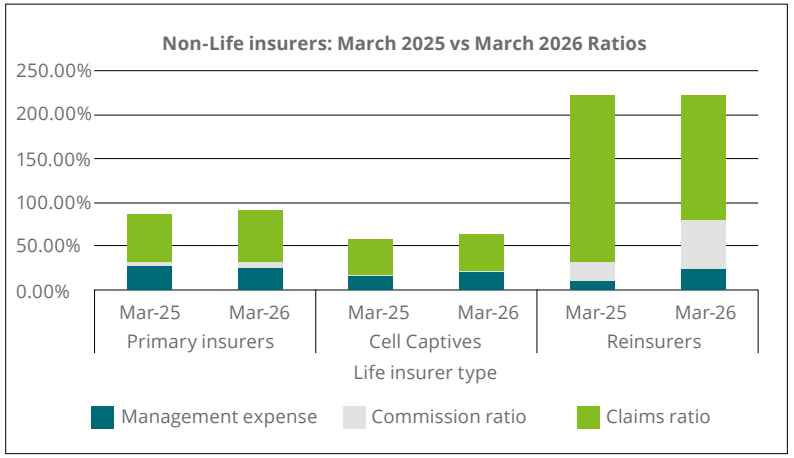
Non- Life Insurance Experience

- The number of Non-Life primary insurers considered has remained constant at 56 from 2025 to 2026.
- The average claims and commission ratios increased while the average expense ratio slightly decreased from 2025 to 2026 for primary Non-life insurers. These ratios are expressed as a percentage of net written premium over the period.
- The median SCR cover ratio and MCR cover ratio remained constant from 2025 to 2026 for Non-life insurers.









For more information refer to the PA published Insurance Special Reports namely "Selected South African insurance sector March 2026" or click here.

Prudential Authority (PA): Flavour-of-the-Year Topic

The 2026 flavour-of-the-year topic is applicable to life insurers and focusses on: ***"the effectiveness of anti-money laundering, counter-financing of terrorism and counter-proliferation financing (AML/CFT/CPF) controls".***

What is expected of the insurer?

- A non-executive member of the Board **must provide a presentation to the PA** on the effectiveness of their institution's AML/CFT/CPF controls during their scheduled prudential meeting.
- The presentation should last approximately 45 minutes.
- The PA must receive a copy of the presentation at least three weeks before the scheduled prudential meeting.
- Where no prudential meeting is scheduled for 2026 for a life insurer, the insurer must submit a copy of the presentation (where they have considered the flavour-of-the-year topic) for review by no later than **31 August 2026**.

Minimum aspects to be covered in the presentation

- Board oversight and assurance
- Understanding of ML/TF/PF risks
- Consideration of national and sector risk assessments
- Due diligence and record-keeping
- Politically exposed persons and prominent influential persons
- Transaction monitoring detection systems
- TF risk
- PF risk
- High-risk countries
- New technologies
- Cross-border subsidiaries.

Outcomes of these engagements

- The PA will communicate the overall thematic outcome of these engagements to the industry at an aggregate level.

For more information refer to the Prudential Communication here.

Derecognition of Moody's as a CRA

On 21 April 2026, the Prudential Authority published a communication highlighting their intention to derecognise Moody's Investors Services as an eligible external credit assessment institution (ECAI)

Summary of the communication

- On 16 April 2026 the FSCA published a notice of cancellation with regards to Moody's as a Credit Rating Agency (CRA) in terms of the CRS Act.
- Derecognition of Moody's will be effective 24 months from the date of publication of the FSCA CRA Notice 1 of 2026
- Moody's may continue to be used as an ECAI until the end of the 24-month notice period.
- After the 24-month period, the PA intends to issue an updated Directive on Matters relating to eligible ECAIs to replace Directive 7 of 2023, and to effect the derecognition of Moody's Ratings SA.

Which credit agencies are still recognised by the PA?

Fitch Ratings — *Derecognised by the PA in 2022/2023*

S&P Ratings

MOODY'S — *Derecognised by the PA in 2026*



For more information refer to the Prudential Communication 9 of 2026 - PA's intention to derecognise Moody's Ratings SA as an eligible ECAI or click here.

APN 406: Non-Life Insurance Regulatory Risk Margin Calculation

ASSA has released APN 406 to address inconsistencies in the calculation of the risk margin across the industry

Introduction

The note should be read in conjunction with the relevant FSI's and guidance notes. It sets out principles to be considered in calculating the risk margin reporting under the Act to promote good actuarial practice, consistency across the industry, clarity and compliance with the published regulations.

This APN considers the risk margin based on the SCR calculated under the standardised formula. This note does not cover calculating a risk margin using an internal or economic capital model.

Key takeaways from the APN

Allowance for new/renewal business

The risk margin is calculated in order to determine the own funds required to support **existing** insurance obligations over their contract boundary.

Therefore, future premiums or renewals should not be included in the calculation of the risk margin.

Calculation Interval

The FSI's do not explicitly state the time-step to be used.

However, an annual time-step is implied in Sections 14 of FSI 2.2 and Guidance Note to FSI 2.2.

Therefore, an annual time-step is recommended, with alternate interval allowed with proper justification.

Starting point of SCR Projection

The starting point for projection of the SCR must be from t=0.

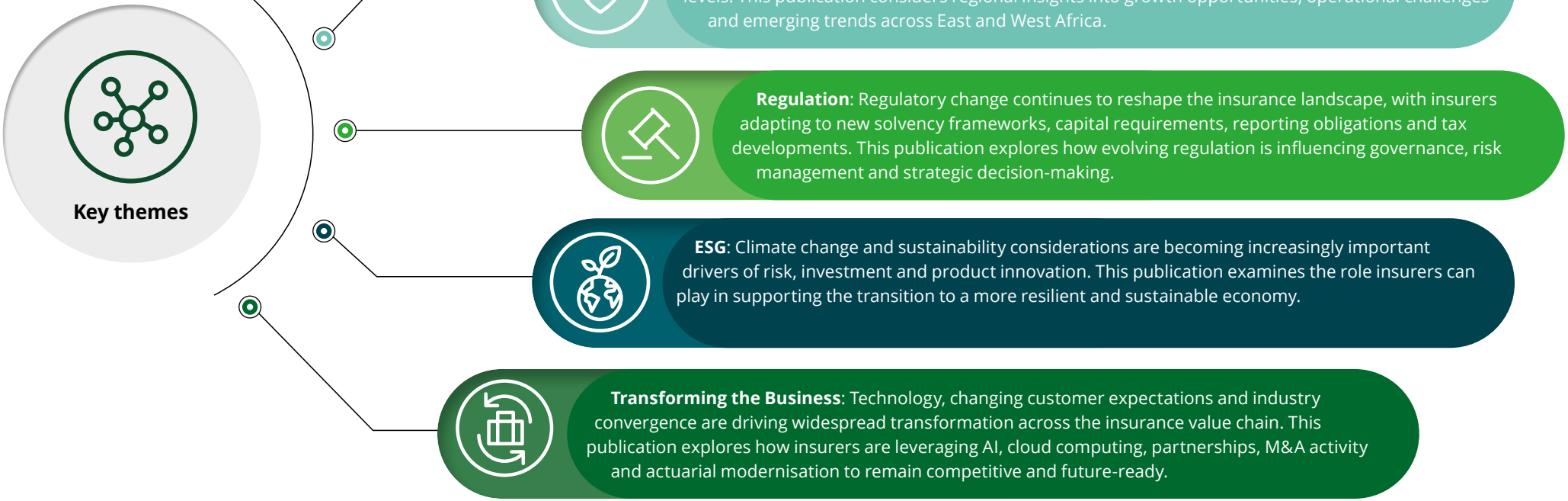
This is justified from the FSI's where all formula relating to risk margin must sum across t greater than and equal to 0.

For more information refer to the ASSA Published APN 406 or click here.



2025/26 Africa Insurance Outlook

Africa's insurance sector is at a defining inflection point, shaped by accelerating digital innovation, evolving regulation, and shifting customer expectations, creating both disruption and significant growth opportunity. Deloitte's Insurance Outlook highlights how insurers must transform business models — strengthening trust, embracing technology, and addressing ESG and demographic dynamics in order to unlock sustainable growth and expand insurance penetration across underserved markets.



For further reading, please click here.

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