BANK OF GUYANA

ANNUAL REPORT 2018

August 2025

Presented To

The Insurance Industry

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1.0 EXECUTIVE SUMMARY

Sustained financial performance and robust oversight efforts by the Bank of Guyana ("the Bank") characterised Guyana's insurance industry in 2018. The Bank's multifaceted work encompassed licensing and compliance oversight, comprehensive review and analysis of regulated entities primarily utilising the CARAMELS framework, and significant advancements in the regulatory framework. Key regulatory developments included the official operation of the Insurance Act 2016 from 16 April 2018, and the commencement of drafting various guidelines for both the insurance and pension sectors. The Bank also actively engaged with stakeholders, including World Bank Consultants, regarding Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) obligations and industry development. Furthermore, the Bank managed pension plan registrations and reviews, prepared various financial reports, and continued administrative activities related to the liquidation of CLICO. Staff training throughout the year focused on critical topics such as AML/CFT, Risk-Based Supervision, and financial analysis.

In 2018, the industry comprised seventeen (17) registered insurance companies and six (6) registered and operational insurance brokers, a number unchanged from 2017. The total number of registered insurance agents decreased by one (1) percent to 186 after accounting for new registrations, terminations, resignations, and renewals.

Although Guyana's insurance sector posted steady results, it operated against a challenging backdrop. In 2018 the Latin American and Caribbean region saw insurance premiums decline by 5.5 percent as economic slowdowns and currency depreciations dampened demand. Life premiums were particularly weak, contracting 7.2 percent across the region[1]. These regional headwinds, coupled with modest domestic economic growth and continued capital strengthening by insurers, contributed to the contraction in Guyana's premium volumes. Notwithstanding these pressures, the Bank of Guyana advanced risk-based supervision and reinforced solvency standards, laying the foundation for long-term sector resilience.

From a financial perspective, 2018 saw total gross premiums decline by 20.2 percent to $9.82 billion, largely due to a 40.4 percent contraction in the life insurance sector. Conversely, total claims outflows decreased by 14.6 percent to $2.18 billion, with a notable 29.5 percent reduction in the life insurance sector. Expense management remained within prudent

[1] MAPFRE Global Risks. (2019)

thresholds, with a management expense ratio of 14.88 percent and a commission expense ratio of 13.59 percent, though a few insurers exhibited exceptionally high ratios. The general insurance sector demonstrated robust underwriting performance with a low combined ratio of 57.05 percent, indicating profitability from core activities, although there were outliers present. Investment performance declined, with total investment income falling by 13.8 percent to $1.21 billion and the weighted average investment yield dropping to 3.35 percent, despite an increase in invested assets.

Despite challenges in premium and investment income, the industry showed significant capital strengthening. Aggregate capital available increased by over 52 percent to $37.46 billion, and the industry's risk-based capital (RBC) ratio improved from 272.5 percent to 323.3 percent, significantly exceeding regulatory minimums. Both general and life insurance sectors contributed to this improvement, with the life sector's RBC ratio surging from 189.6 percent to 259.2 percent. Liquidity also improved, evidenced by the current ratio rising from 2.82 to 3.50. Statutory fund assets, critical for policyholder protection, increased by 36.6 percent to $27.12 billion. While overall profitability (return on assets (ROA) and return on equity (ROE)) experienced a moderate downturn, particularly in the life insurance sector, the industry remained profitable. Guyana's insurance penetration ratio stood at 1.09 percent, indicating substantial market expansion potential. Risk retention levels were moderate, with general insurers retaining a substantial portion of premiums, and life insurers maintaining very high retention ratios, reflecting their differing risk profiles. Total industry assets expanded by 5.6 percent to $65.88 billion, while total liabilities significantly declined by 24.7 percent to $28.46 billion.

These developments underscore the continued evolution and strengthening of Guyana's insurance industry under prudent regulation and sustained supervisory engagement.

Disclaimer:

This report provides an expanded and updated version of the insurance data presented in the Bank of Guyana's Annual Report and serves as a key input into the Bank's ongoing monitoring of financial stability within the insurance sector. The figures contained herein may differ from the summary statistics published earlier due to the use of audited financial statements received after the statutory reporting deadline under Section 19 of the Insurance Act 2016. The information previously published by the Bank was necessarily abridged and in some instances based on unaudited submissions to comply with the 90-day statutory publication window.

2.0 ACTIVITIES OF THE REGULATOR

Throughout 2018, the Bank commenced a range of significant activities focused on regulation, supervision, and development within both sectors. Key areas of completed work included licensing and compliance oversight, comprehensive review and analysis of regulated entities, advancement of the regulatory framework, and specific administrative and reporting functions. An insight into these areas is as follows:

2.1. Insurance Sector

2.1.1. Licensing and Compliance

A consistent activity was the registration and renewal of agents and brokers. Throughout the year, new insurance agents were registered. Broker registration renewals, such as that for Apex Insurance Brokers Inc., were completed early in the year, and several others, including Abdool & Abdool Inc., M.P. Insurance Brokers and Consultants Limited, and P & P Insurance Brokers and Consultants Limited, were completed by year-end. Communications were also sent regarding licensing fees for new and renewing agents and requesting individual application forms and compliance officer names from brokers.

Ensuring compliance with reporting requirements was another core completed task. The Bank updated databases for unaudited accounts and AML/CFT reports from insurance companies and brokers, and consistently received quarterly AML/CFT reports and quarterly accounts, forms, and documents from insurance companies, although extensions were sometimes granted. Audited Financial Statements were received from brokers for renewal purposes. Letters were regularly dispatched reminding entities of their submission deadlines.

Reviews of specific applications, such as those for new business classes (Health, Accident & Liability, Marine) from Demerara Mutual Life Assurance Society Ltd. and Assuria General (GY) Incorporated, were completed and discussed with the companies. The application for registration by Premier Insurance Company Inc. was analysed.

Other completed administrative and special projects included the consistent task of liaising with company compliance officers and accountants to resolve issues in submitted documents.

2.1.2. Supervision, Analysis and Risk Assessment

A substantial portion of the Bank's work involved the review and analysis of insurance companies' accounts, forms, and documents, primarily utilising the CARAMELS framework. Numerous completed reviews were reported across the year for companies such as Hand-in-Hand Mutual Life Insurance Company Ltd., Hand-in-Hand Mutual Fire Insurance Company Ltd., Guyana and Trinidad Mutual Fire Insurance Company Ltd., Guyana and Trinidad Mutual Life Insurance Company Ltd., Demerara Mutual Life Assurance Society, Demerara Fire and General Insurance Company Ltd., New India Assurance Company (Trinidad & Tobago) Ltd., Caricom General Insurance Company Inc., Assuria General (GY) Incorporated, Assuria Life (GY) Incorporated, Diamond Fire and General Insurance Inc., Massy United Insurance Ltd., GCIS Inc. and Frandec & Company (Insurance) Inc., covering various annual and quarterly periods. Draft assessments based on these reviews were completed for several companies. Follow-up communications were sent to companies like Hand in Hand Life/Fire addressing issues identified in these analyses.

2.1.3. Regulatory Framework Development

Development of the regulatory framework was a significant area of completed work. The Insurance Act 2016 officially came into operation on 16 April 2018, leading to the placement and disbursement of new insurance forms and compilation of the industry's solvency ratio as required by the new regulations. Drafting of Fit and Proper Guidelines for the insurance sector and trustees commenced early in the year and was an ongoing completed task reflected in multiple reports. Drafting of Corporate Governance and Own Risk and Solvency Assessment (ORSA) guidelines also commenced.

2.1.4. Stakeholder Engagement

Industry engagement and consultations were frequent completed tasks. Meetings were held with specific companies (e.g., Massy United Insurance Limited, Demerara Mutual Life Assurance Society Ltd., Assuria General (GY) Inc., Frandec & Company (Insurance) Inc., G.C.I.S Inc., Hand-in-Hand Mutual Life Insurance Company) to discuss regulatory issues, compliance, capital adequacy, and solvency based on reviews. Mr. Alan Mason, a World Bank Consultant, conducted discussions and seminars on AML/CFT obligations with the insurance sector and Bank staff. A consultative meeting on the "Development Role and Prospects for the Insurance Sector" was held with World Bank Consultant, Mr. Craig Thorburn. Presentations were made to the industry on topics like new assessment rates and risk-based capital implementation. Specific customer complaints, such as those against Hand-in-Hand Mutual Fire Insurance Company Ltd. and Caricom General

Insurance Company Inc., were investigated or monitored, with some resolutions reported.

2.2. Pension Sector

2.2.1 Registration, Review and Oversight

Within the pensions sector, registration and review of pension plans were key completed activities. Reviews of applications for registration for several plans, including the Guyana National Bureau of Standards Defined Contribution Pension Plan, Anna Regina Town Council Pension Plan, Cheddi Jagan International Airport Corporation Pension Plan, and C & S Limited Pension Plan, were completed. Reviews of Top 10 Pension Plans by asset size, specifically the GEC Superannuation Scheme and the GGMC Pension Plan (for 2017), were completed. A review of the Marian Academy Pension Plan registration compliance was completed. Reviews of Trust Deeds and Rules for the Machinery Corporation of Guyana Limited Group Pension Scheme and Roraima Airways Incorporated Pension Plan were completed.

Consultations were held with plan managers and brokers on the Revised Quarterly Forms for Pension Schemes and the Draft Private Pensions Act.

2.2.2. Regulatory Framework Development

Advancing the pension regulatory framework also saw completed milestones. A comprehensive review of the UK's Myners' report on institutional investment decision-making and suggestions for strengthening the Draft Private Pensions Act were completed. A report on the duties of governing trustees was completed. Drafting of Private Pensions Regulations commenced. Guidelines on trustees' knowledge and understanding for investment decisions were drafted. Explanatory notes on self-administered pension plans were completed by year-end. The Draft Private Pensions Law awaited stakeholder comments, with revision ongoing and regulation drafting commenced throughout the latter half of the year.

2.2.3. Administration and Reporting

Various pension plan administrative tasks and reporting were completed. A report on the wind-up of the William Fogarty Limited Pension Plan was completed, and a report to the Governor on this process was also completed. Decisions regarding the wind-up of other plans, such as the GCAA Pension Plan, were made following presentations. Quarterly pension data, such as that for June 2018, was received and processed, and audited financial statements for plans managed by North American Life Insurance Company and Hand-in-Hand Life Insurance

Company Ltd. were received and processed. A report on the Mayor and Councillors of the City of Georgetown Group Pension Plan and reports on the Guyana Pension System for the IDB and the Private Pensions Sector Contribution to the National Budget were completed. The Pension Sector Annual Report for 2017 was completed, with the 2018 report completed by December. Planning and organising work assignments for the Pension Section for 2019 were completed. Reconciliation of pension data with the Research Department was completed. Consultations with plan managers on revised quarterly forms were completed, forms amended, and packages dispatched.

Assistance was provided to the Bank Supervision Department during an on-site inspection of Trust Company (Guyana) Limited regarding its trust and pension management operations. A special audit for the Camex Restaurants Inc. Pension Plan was ordered and completed.

2.3. General Reporting and Administrative Activities

2.3.1. External Reporting and Data Coordination

Across both sections, general reporting and data coordination activities were completed. Contributions to the Bank of Guyana's 2017 Annual Report for both the insurance and pension sectors were prepared and submitted. Reports on Insurance Financial Soundness Indicators were prepared for Board meetings. A report on Pension Sector Financial Soundness Indicators was prepared for the Board. Data was compiled and submitted for external requests like the CARTAC Financial Stability Survey, OECD data request, and CERT data requests. Summaries of mortgage loans held by the insurance sector for various quarters were completed and submitted. Preparation of the 2017 audit folder for external auditors was completed.

2.3.2. Departmental Administration

The preparation of notes/minutes for meetings and drafting of letters to regulated entities were also routine completed activities. The Annual Confidential Reports (ACRs) for staff for 2017 were completed.

2.3.3. CLICO Liquidation

Finally, the liquidation of CLICO remained a significant ongoing special project throughout the year, with routine administrative activities, pursuit of debtors, and payouts to policyholders being continuously performed tasks.

3.0 TABLE OF ABBREVIATIONS

Throughout this report, various insurance companies are referenced in discussions, financial analyses, and graphical representations. To enhance readability and consistency, the table below provides a list of abbreviations used for insurers alongside their full company names. The table below serves as a quick reference for readers and ensures clarity in understanding industry-wide financial and regulatory assessments.

Abbreviation	Insurer Name	Insurance Business Line	Country of Incorporation	Regulatory Classification
ASSURIA GEN	Assuria General (GY) Incorporated	General	Guyana (Subsidiary of Assuria N.V., Suriname)	Domestic Insurer
ASSURIA LIFE	Assuria Life (GY) Incorporated	Life	Guyana (Subsidiary of Assuria N.V., Suriname)	Domestic Insurer
CGICI	Caricom General Insurance Company Incorporated	General	Guyana	Domestic Insurer
DEMF	Demerara Fire and General Insurance Company Limited	General	Guyana	Domestic Insurer
DEML	Demerara Mutual Life Assurance Society Limited	Life	Guyana	Domestic Insurer
DFGI	Diamond Fire and General Insurance Incorporated	General	Guyana	Domestic Insurer
FRANDEC	Frandec & Company (Insurance) Inc.	General	Guyana	Domestic Insurer
GCIS GEN	GCIS Incorporated	General	Guyana	Domestic Insurer
GCIS LIFE	GCIS Incorporated	Life	Guyana	Domestic Insurer
GTMF	Guyana and Trinidad Mutual Fire Insurance Company Limited	General	Guyana	Domestic Insurer
GTML	Guyana and Trinidad Mutual Life Insurance Company Limited	Life	Guyana	Domestic Insurer

HIHF	Hand-in-Hand Fire Insurance Company Limited	General	Guyana	Domestic Insurer
HIHL	Hand-in-Hand Life Insurance Company Limited	Life	Guyana	Domestic Insurer
MASSY	Massy United Insurance Limited	General	Barbados	Foreign Branch
NAFICO	North American Fire Insurance Company Limited	General	Guyana	Domestic Insurer
NALICO	North American Life Insurance Company Limited	Life	Guyana	Domestic Insurer
NEW INDIA	New India Assurance Company (Trinidad & Tobago) Ltd.	General	Trinidad & Tobago	Foreign Branch

4.0 THE INDUSTRY

The insurance sector is an integral component of the financial system, facilitating risk mitigation and economic stability. As the regulatory body responsible for its oversight, the Bank actively engages with and supervises key participants within this industry. This section provides a detailed account of the specific entities that constitute the insurance market and the Bank's direct engagement with them during 2018, focusing on insurance companies, insurance brokers, and insurance agents. While the overall regulatory and supervisory functions of the Bank are comprehensively outlined in Section 2.0, the following sub-sections highlight specific actions and progress made concerning each critical segment of the industry.

4.1 Insurance Companies

During 2018, there were seventeen (17) registered insurance companies operating in the jurisdiction, with *Appendix 1* providing details on their names, business classes, and registered addresses. The Bank undertook a comprehensive range of activities focused on the supervision, compliance, and development specific to these companies. These activities included processing applications for new companies, such as TRINRE Insurance Company Limited seeking to conduct business through its subsidiary, Premier Insurance Company Inc., for which preliminary reviews were conducted and requirements discussed with applicants. Requests from existing companies to conduct additional classes of business were also processed, including assessments for Assuria General (GY) Inc. for Class 3 Marine business and Demerara Fire & General Insurance Company Ltd. for Class 1 Accident and Liability, and Class 3 Marine & Aviation businesses. Towards the end of the year, reviews and examinations of re-submissions for these applications were in progress. Additionally, research into the licensing of captive insurers was ongoing, particularly in relation to potential contracts in the oil and energy market.

A significant focus for the Bank remained on ensuring regulatory compliance from these companies. Insurers were required to submit quarterly Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Reports and Accounts Forms and Documents, with the Bank regularly sending follow-up letters for outstanding submissions. Routine liaison with compliance officers and accountants helped resolve issues and discrepancies in submitted reports and documents. The Bank also confirmed balances for statutory deposit accounts from commercial banks and facilitated the return of certificates upon request. Furthermore, the assessment and collection of assessment fees for 2018 were completed early in the year, and a presentation on new assessment rates based on budget requirements was made to companies.

Core supervisory activities involved the review and analysis of company accounts, forms, and documents, primarily using the CARAMELS framework. This encompassed reviewing annual and quarterly submissions, completing draft assessments for companies like HIHF, and addressing issues identified with companies such as HIHL, HIHF, FRANDEC, and GTMF. Analytical work also extended to preparing Financial Soundness Indicators reports for Board Meetings and conducting preliminary reviews of companies like NEW INDIA.

Significant effort was directed towards the implementation of a RBC Regime. Meetings were held with various companies, including ASSURIA, FRANDEC, GCIS, and HIHL/HIHF, to discuss their capital adequacy and solvency positions based on reviews of their audited financial statements and risk evaluations. Discussions also covered Corporate Governance, Enterprise Risk Management (ERM), and Own Risk and Solvency Assessment (ORSA), with reports on ERM for insurers being completed and presented.

The operationalisation of the Insurance Act 2016 was a major undertaking, as the Act officially came into effect on 16 April 2018. This involved informing insurers of the commencement date, distributing new insurance forms on CDs, and compiling the industry's solvency ratio as required by the accompanying Regulations. Progress was also made on drafting various guidelines required under the Act, including Fit and Proper Guidelines for the insurance industry and key persons, Guidelines on Corporate Governance, Guidelines on Own Risk and Solvency Assessment (ORSA), and Guidelines for external auditors.

The Bank actively engaged in stakeholder consultation and liaison. Meetings were held with specific companies to discuss regulatory and compliance issues, as well as financial performance. Presentations were made to the industry on regulatory topics, such as the new assessment fee rates. The Bank also addressed customer complaints against insurance companies, with one motor claim against Hand in Hand Mutual Fire being settled by the company. Another complaint against Caricom General Insurance Company Inc. was investigated, and the complainant was informed that the Bank could not overrule a court decision. Contributions were provided to broader Bank of Guyana reports, including the Annual Report and Half Year Report on the Insurance Sector, and data was compiled for external bodies like CARTAC, CERT, AM Best and CAIR. Communications included approving Fit and Proper status for proposed directors and key personnel, requesting lists of reinsurers not meeting minimum ratings, and drafting memos on topics like facultative reinsurance.

4.2 Insurance Intermediaries

This sub-section details the activities concerning insurance intermediaries, encompassing both brokers and agents.

4.2.1 Brokers

The Bank recorded six (6) registered and operational insurance brokers throughout 2018, a number that remained unchanged from 2017. *Appendix 2* lists these brokers. The Bank's oversight in this area included managing the registration and renewal of insurance brokers throughout the year. Renewal of registration was completed for brokers such as Apex Insurance Brokers Inc., Raj Singh Insurance Brokers & Risk Management Consultants Inc., M.P. Insurance Brokers and Consultants Limited, P & P Insurance Brokers and Consultants Limited, and Abdool & Abdool Inc. Insurance Brokers and Financial Consultants. This process involved reviewing financial statements, with requests sent for outstanding information or addressing identified issues. Reviews of applications and financial statements for renewals were ongoing for several brokers towards the end of the year, including Insurance Brokers (Guyana) Limited.

Compliance monitoring was a regular activity for brokers, who were required to submit quarterly AML/CFT Reports; the Bank sent reminders and granted extensions for outstanding submissions. Submissions of Annual Audited Financial Statements were also required and followed up on. The Bank requested brokers to individually complete and submit Broker Application Forms for the Bank's records and to provide the name and designation of their appointed Compliance Officers. Compliance liaison with brokers was ongoing to resolve issues and discrepancies in their submissions. Engagement with the brokerage industry included specific meetings to discuss regulatory matters, such as a meeting held with all brokers to discuss the registration of Special Brokers. Presentations were also conducted, including one for Insurance Brokers (Guyana) Limited on relevant sections of the Insurance Act 2016 concerning their licence renewal, financial performance, and operations.

4.2.2 Insurance Agents

The Bank recorded a total of 185 registered agents by 31 December 2018, reflecting a one (1) percent decrease from the initial 188 agents at the start of 2018. This change accounted for new registrations, terminations, resignations, and renewals. Key activities related to insurance agents included the management of new agent registrations for various companies and business classes (e.g., General Life, Fire, Auto, and Health). Registration of existing agents for additional business classes was also completed. Renewal processes for agents for the 2018/2019 period were managed, with letters sent to companies regarding licensing fees for new and renewing agents, and renewals completed for agents from numerous companies.

AGENT REGISTRATION SUMMARY	
Total agents at 1 January 2018	188
Agents renewed during 2018	162
New agents registered in 2018	⬆ 23
Agents terminated in 2018	⬇ 26
Total agents at 31 December 2018	185

Continuous efforts were made throughout 2018 to cleanse and update the insurance agents' database. This involved updating records with new and terminated agents and compiling lists of inactive agents. The Bank also worked on enhancing the database system, meeting with the Information Services Department to discuss a Microsoft Access-based application. The Bank's website (www.bankofguyana.org.gy) was updated with information on new agents and agents with additional classes of business, and application forms for the registration of agents were placed on the website.

Under the development of the regulatory framework, the drafting of Fit and Proper Guidelines for insurance agents commenced and was ongoing throughout the year. Issues related to agent examinations were also addressed, such as a letter sent to the President of the Insurance Association of Guyana regarding academic misconduct at the Agent's Examination. Consultations were held with the insurance industry on matters concerning new agent registrations and renewals.

5.0 FINANCIAL PERFORMANCE

The year 2018 marked a period of steady financial performance for Guyana's insurance industry, underpinned by healthy capital buffers, a moderate claims environment, and measurable growth across both the life and general sectors. While results varied at the company level, industry-wide indicators generally pointed to sound underwriting, operational efficiency, and strengthened solvency.

Premium Activity

In 2018, premium activity across both the general and life insurance sectors contracted significantly. Total gross premiums declined from $12.31 billion in 2017 to $9.82 billion in 2018, representing a 20.2 percent decrease in overall premium volumes. Within this total, the general insurance sector recorded gross premiums of $7.11 billion, reflecting an 8.4 percent decline from the previous year, while the life insurance sector registered a more pronounced contraction of 40.4 percent, with gross premiums falling from $4.55 billion to $2.71 billion.

Premium trends in Guyana should also be viewed in a regional context. Across Latin America and the Caribbean, insurance premiums contracted by 5.5 percent in 2018 and life premiums fell 7.2 percent[2]. The 40.4 percent contraction in Guyanese life gross premiums and the 20.2 percent decline in total gross premiums therefore mirror regional pressures rather than signalling a uniquely local downturn. Weak demand for savings-type life products, exchange-rate volatility in neighbouring markets and insurers' deliberate shift toward capital strengthening contributed to subdued underwriting volumes. Highlighting these drivers helps stakeholders understand that the premium contraction does not necessarily reflect a deterioration in market fundamentals.

Net premiums also fell in 2018, declining by 21.3 percent across the industry, from $10.16 billion in 2017 to $7.99 billion in 2018. The general insurance sector experienced a 7.5 percent reduction in net premiums, while the life insurance sector faced a sharper contraction of 41.3 percent. These results may reflect broader macroeconomic pressures, a decline in new business acquisition, and potential lapses or non-renewals in existing life portfolios.

[2] MAPFRE Global Risks. (2019)

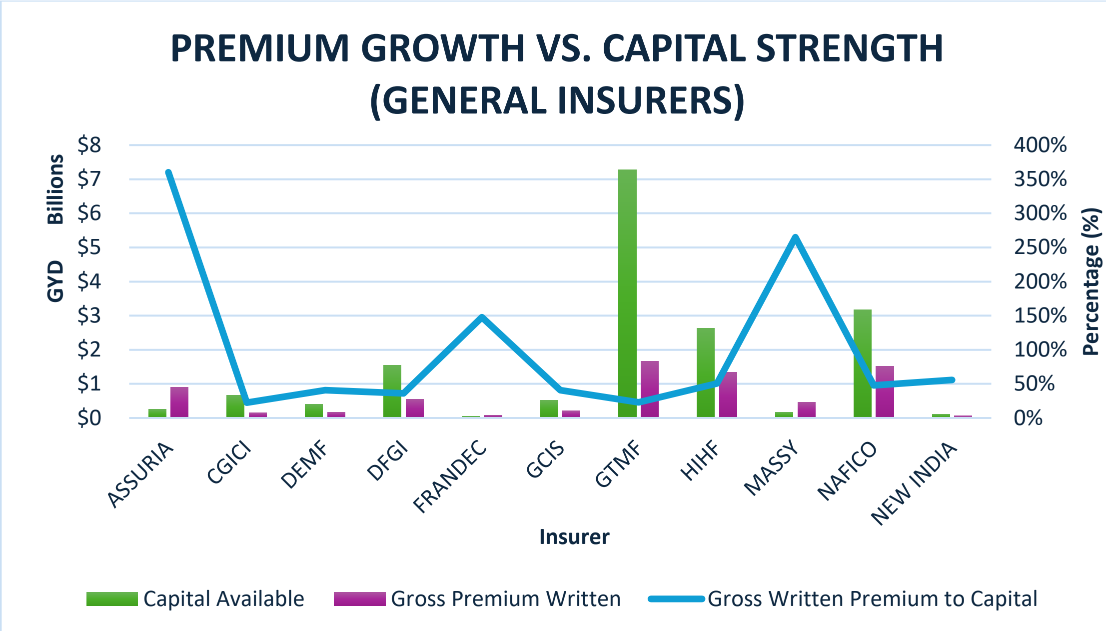
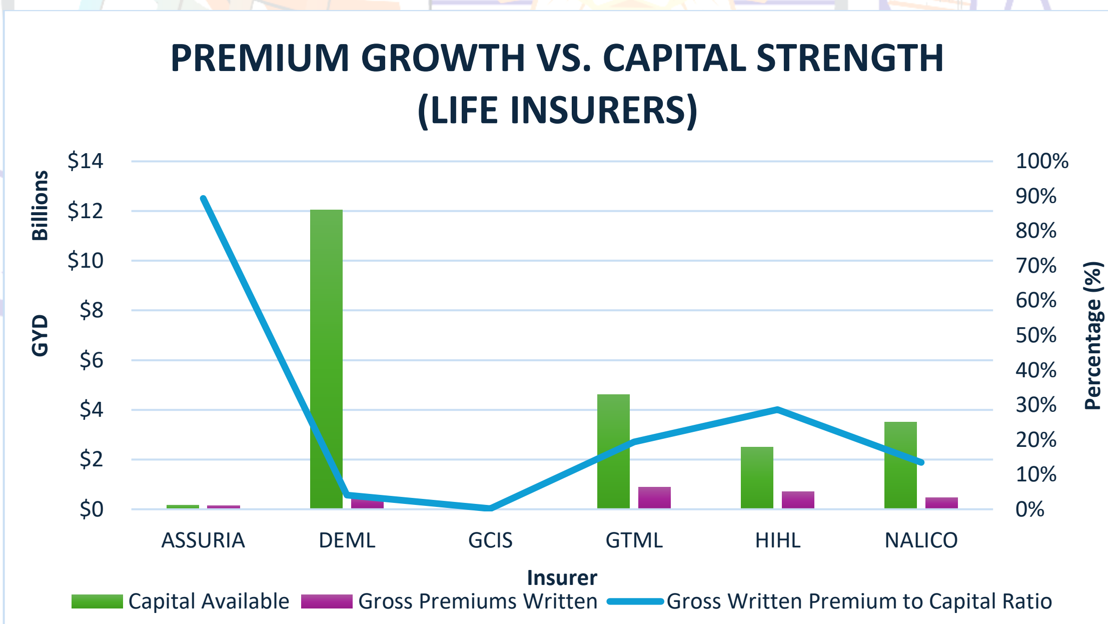


Figure 1 compares capital, gross premiums, and premium-to-capital ratios among general insurers. ASSURIA and MASSY displayed relatively high premium-to-capital ratios, indicating higher underwriting leverage relative to their capital base among general insurers.

Figure 1 illustrates the dispersion in underwriting leverage among general insurers. ASSURIA and MASSY exhibit relatively high premium-to-capital ratios, signalling a more aggressive underwriting stance, whereas GTMF and NAFICO display more modest leverage. Such narrative aids in interpreting capital utilisation patterns. Conversely, *Figure 2* shows that life insurers maintained conservative leverage; gross premiums to capital were well below those observed among general insurers, reflecting the longer-term nature of life liabilities.

Figure 2 compares capital available, gross premiums written, and premium-to-capital ratios for life insurers in 2018. Among life insurers, ASSURIA recorded the highest premium-to-capital ratio, while DEML held the highest capital base with minimal leverage.



An analysis of the premium-to-capital position among general insurers revealed varying degrees of underwriting leverage. ASSURIA and DFGI reported relatively balanced ratios, with gross premiums of $905.1 million and $555.0 million respectively, supported by available capital of $251.3 million and $1.54 billion. In contrast, CGICI maintained a conservative underwriting approach, with gross premiums of $148.8 million and a significantly higher capital base of $662.2 million, indicating a cautious risk exposure relative to available resources. FRANDEC was the smallest general insurer by premium volume, writing $84.2 million in gross premiums, all of which were retained as net premiums.

Among life insurers, GTML recorded the highest gross and net premium volumes, with $891.8 million and $809.0 million respectively, followed by HIHL which posted gross premiums of $713.4 million and net premiums of $622.3 million. DEML reported $490.8 million in gross premiums and $436.2 million in net premiums. ASSURIA contributed $145.8 million in gross premiums and $137.2 million in net premiums. GCIS reported minimal premium activity at $246,000. Premium-to-capital ratios among life insurers remained relatively modest, with GTML and HIHL reporting gross premium to capital ratios of 24 percent and 29 percent respectively.

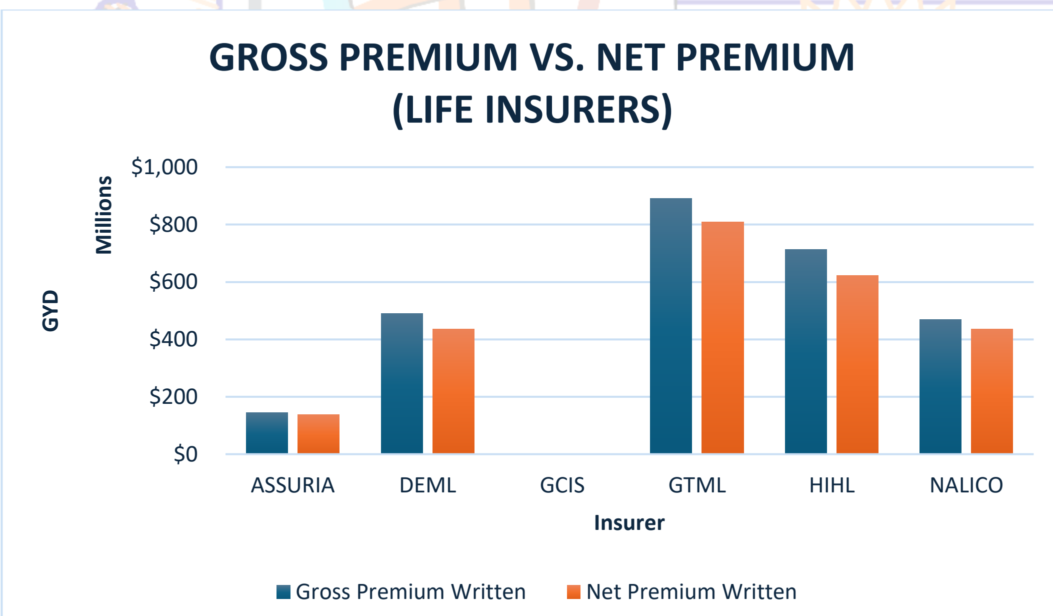


Figure 3 shows gross and net premiums written by life insurers. GTML and HIHL record the highest premiums, while GCIS writes the lowest. Across all insurers, net premiums remain closely aligned with gross premiums, suggesting relatively low reinsurance cessions.

The observed decline in premium volumes, particularly within the life insurance sector, underscores the need for improved outreach, enhanced policyholder retention strategies, and innovative product offerings.

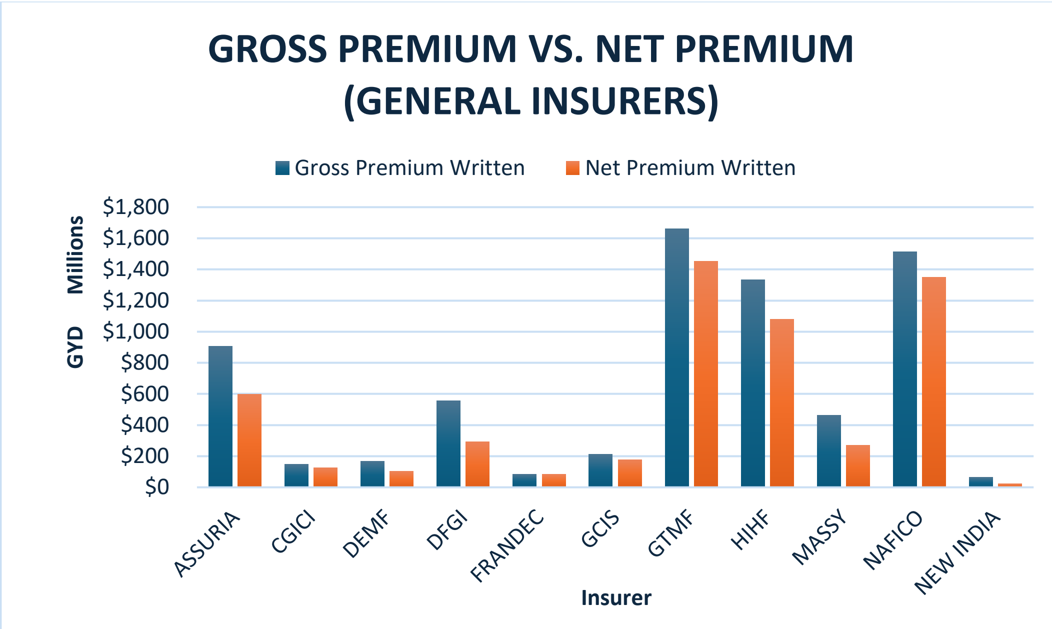


Figure 4 shows gross and net premiums written by general insurers. GTMF, NAFICO, and HIHF report the highest premium volumes, while NEW INDIA and FRANDEC record the lowest. Net premiums are consistently lower than gross premiums, reflecting varying levels of reinsurance across the market.

The general insurance segment displayed relative resilience, with several firms maintaining stable or only moderately reduced premium levels.

Claims Experience

The insurance industry recorded an overall decline in claims outflows in 2018, which may indicate either improved underwriting standards or reduced claim events across both the general and life sectors. Industry-wide, total net claims incurred fell from $2.55 billion in 2017 to $2.18 billion in 2018, reflecting a 14.6 percent reduction. Within this total, the general insurance sector accounted for $1.38 billion in net claims, a decrease of 2.7 percent from the previous year. The life insurance sector experienced a more significant decline, with net claims falling by 29.5 percent to $800.9 million.

Claims ratios, often referred to as loss ratios, varied widely among general insurers. FRANDEC reported the highest claims ratio at 52 percent, followed by ASSURIA at 35 percent. CGICI recorded the lowest claims ratio at 6 percent, which may reflect strong risk selection or limited exposure to high-risk portfolios. DFGI and DEMF reported moderate loss ratios of 24 percent and 21 percent respectively. These ratios suggest that most general insurers operated with reasonable claims burdens during the year under review, supporting improved underwriting performance across the sector.

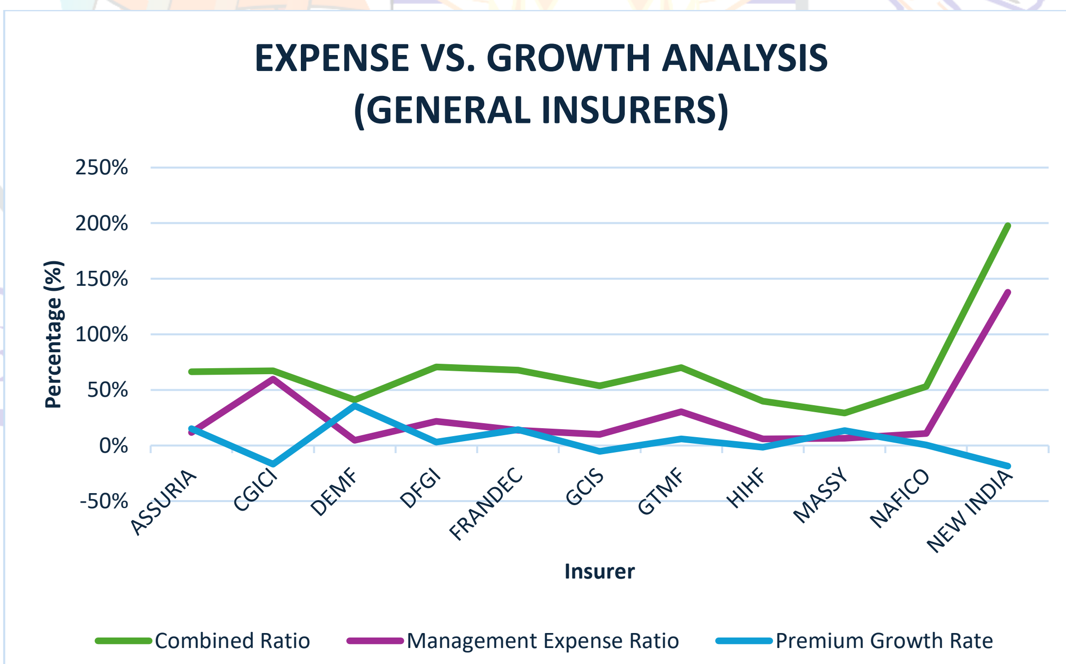
The substantial decline in life insurance claims may be attributable to improvements in mortality experience, policy surrenders, or lapse-related reductions in liabilities. However, the lack of detailed company-level data limits the extent to which specific drivers can be identified for the life sector.

Overall, the contraction in claims experience contributed positively to underwriting profitability, particularly in the general insurance segment. The wide range of loss ratios observed across insurers also highlights varying degrees of risk exposure and claims management effectiveness, underscoring the importance of tailored underwriting strategies and disciplined claims oversight.

Expense Management

Overall expense indicators remained within prudent thresholds in 2018, reflecting the insurance industry's sound cost efficiency. Based on total industry expenditures and premium volumes, the management expense ratio was recorded at 14.88 percent, while the commission expense ratio stood at 13.59 percent. These values reflect the proportion of net premiums consumed by administrative and intermediary costs respectively and are in line with established norms for markets of similar size and structure.

Figure 5 illustrates general insurers' premium growth in relation to combined and management expense ratios. New India had the highest expense and combined ratios with negative premium growth.



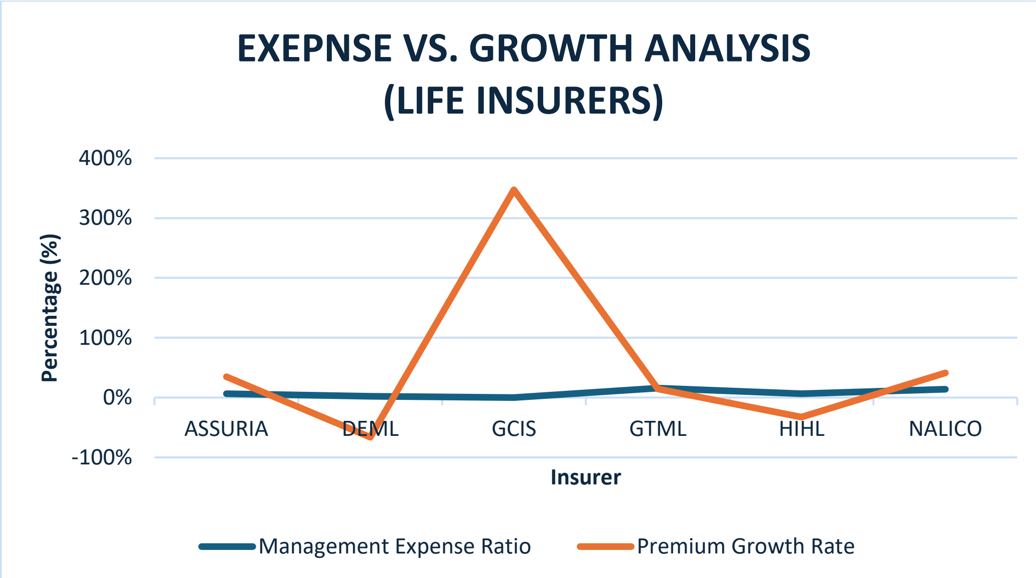


Figure 6 shows premium growth versus management expense ratios for life insurers. GCIS posted the strongest growth, while DEML experienced the largest decline.

The expense-vs-growth analysis in *Figures 5 and 6* demonstrates that elevated cost structures can quickly erode underwriting profitability. NEW INDIA's combined ratio of 198 percent, driven by a management expense ratio of 138 percent and commission expenses of 61 percent, underscores how operational inefficiencies translate into underwriting losses. In contrast, MASSY and HIHF, with combined ratios below 40 percent, exemplify disciplined cost control and prudent underwriting. Interpreting the figures in this manner clarifies why some insurers remain profitable despite declining premium volumes and highlights the need for industry-wide cost optimisation.

The industry-wide results represent a relatively stable expense environment compared to the prior year, with no significant upward pressure observed on operational or commission-related expenditures. However, a deeper analysis of company-level performance within the general insurance sector reveals a wider spectrum of cost-efficiency outcomes.

Among general insurers, management expense ratios varied significantly. NEW INDIA reported the highest ratio at 138 percent, far exceeding sustainable levels and suggesting either structural inefficiencies or a disproportionate cost base relative to its net premium income. Other insurers with elevated administrative costs included CGICI and GTMF, which recorded management expense ratios of 60 percent and 30 percent respectively. In contrast, insurers such as DEMF and MASSY reported low management expense ratios of 5 percent and 6 percent, indicating lean operational structures and more efficient use of resources. Moderate ratios were observed for ASSURIA, DFGI, and FRANDEC, ranging from 12 to 22 percent.

Commission expense ratios also showed notable differences. NEW INDIA again reported the highest ratio at 61 percent, followed by DFGI at 25 percent and ASSURIA at 20 percent. These figures suggest a heavy reliance on commission-based distribution networks, potentially reflective of aggressive market acquisition strategies. Conversely, CGICI and FRANDEC recorded commission expense ratios of just 2 percent, indicating minimal use of intermediaries or direct-channel dominance.

While the industry averages remain within acceptable parameters, the divergence in individual company performance points to the need for targeted improvements. Insurers with persistently high expense burdens should explore opportunities to streamline operations, adopt scalable administrative systems, and reassess distribution strategies. Enhanced cost management will be crucial for sustaining profitability, particularly in a competitive environment characterized by declining premiums and modest investment yields.

Underwriting Performance

In 2018, underwriting performance in the general insurance sector remained robust, as indicated by a low combined ratio of 57.05 percent. This ratio, which aggregates total net claims incurred, commission expenses, and management expenses as a proportion of total net premiums, is a core indicator of technical profitability. A ratio below 100 percent indicates that insurers are operating profitably from underwriting activities, without relying on investment income to offset operational losses.

The reported combined ratio of 57.05 percent reflects a stable claims environment, prudent underwriting, and moderate expense levels across the industry. It represents an improvement relative to 2017, where higher claims and commission costs were observed in certain segments. The result also confirms that, at the aggregate level, insurers in the general business line achieved surplus underwriting margins that could support capital accumulation and buffer against future shocks.

At the individual company level, underwriting performance varied. NEW INDIA reported a significantly elevated combined ratio of 198 percent, indicating underwriting losses far exceeding premium income. This result is an outlier in the general market and suggests challenges in cost containment or claims volatility. In contrast, all other general insurers maintained combined ratios well below the 100 percent threshold. Notably, MASSY, HIHF, and DEMF recorded combined ratios of 29 percent, 40 percent, and 41 percent respectively, reflecting robust underwriting controls and disciplined operational structures.

Mid-range performers such as ASSURIA, DFGI, FRANDEC, NAFICO, and GTMF posted ratios between 53 and 71 percent, demonstrating generally stable underwriting outcomes. These results underscore that while the industry overall remained profitable on a technical basis, disparities in efficiency and claims experience persist at the company level.

The consistently strong underwriting results suggest that the general insurance sector continues to operate with sustainable pricing models and adequate reserving practices. However, ongoing attention to actuarial oversight, risk-based pricing, and cost containment will be essential to maintaining these margins in a potentially softening premium environment.

Reinsurance arrangements and risk retention strategies also influenced underwriting outcomes across the industry in 2018. Insurers adopted varying degrees of risk transfer to manage capital exposure, claims volatility, and portfolio stability. While some companies maintained high retention levels, others ceded a larger portion of their premiums to reinsurers. These practices had a direct impact on combined ratios and underwriting profitability. A detailed analysis of risk retention and cession ratios, including sectoral trends and company-specific insights, is presented in the Financial Ratios section of this report.

Investment Performance

The investment performance of the insurance industry declined in 2018, with insurers earning lower returns despite an expansion in their aggregate invested asset base. Investment income remains an essential source of profitability and solvency support for insurers, particularly within the life insurance sector, where long-duration liabilities require dependable streams of investment returns.

At the industry-wide level, total investment income amounted to $1.21 billion in 2018, representing a decline of $193.6 million, or approximately 13.8 percent, compared to the $1.40 billion recorded in 2017. This reduction occurred despite an increase in the industry's average invested assets, which grew from $29.24 billion in 2017 to $36.03 billion in 2018. As a result, the industry's weighted average investment yield fell from 4.80 percent to 3.35 percent, indicating a notable contraction of 1.45 percentage points in overall investment performance.

In the general insurance segment, insurers earned a total of $403.77 million in investment income on an average invested asset base of $13.34 billion, yielding a sector-wide return of 3.03

percent. This was down from the 2017 yield of 3.56 percent, reflecting a modest reduction of 0.53 percentage points. The decline aligns with cautious investment positioning by general insurers, which typically facilitate low-risk, liquid assets to match short-term liabilities and regulatory capital requirements.

In contrast, the life insurance segment, while accounting for a larger share of invested assets, experienced a steeper decline in performance. Life insurers earned $804.70 million in investment income in 2018, compared to $1.00 billion in 2017. Despite an increase in average invested assets to $22.69 billion, the segment's weighted average investment yield declined from 5.62 percent to 3.55 percent, a fall of 2.07 percentage points. This may reflect lower reinvestment yields, a conservative shift in portfolio composition, or market volatility affecting long-term instruments typically held by life insurers.

While performance varied across companies, no single outlier had a material impact on the sectoral averages. The observed trends suggest that while insurers maintained sound investment practices and avoided excessive risk exposure, overall returns were pressured by external financial market conditions.

Although the insurance industry's investment asset base expanded in 2018, total income and yields declined, indicating a contraction in investment performance. Moving forward, insurers will need to balance return objectives with prudent risk management to maintain financial strength, particularly considering persistent global low-yield conditions and the importance of investment income to reserve adequacy and long-term solvency.

Capital and Solvency Position

Supported by healthy capital accumulation in both sectors, the insurance industry recorded a notable improvement in its capital and solvency position in 2018. The industry demonstrated an enhanced capacity to absorb risk and maintain policyholder protection, with all indicators reflecting an upward trajectory in prudential resilience.

At the industry-wide level, total capital available rose from $24.65 billion in 2017 to $37.46 billion in 2018, representing an increase of $12.81 billion, or 52 percent. This growth was accompanied by an increase in required capital, which rose from $9.05 billion to $12.14 billion, an expansion of $3.10 billion, or 34 percent. The faster pace of capital accumulation relative to required capital contributed to a higher overall solvency buffer across the industry.

The RBC ratio, a key prudential metric assessing capital adequacy relative to risk-weighted requirements, improved from 272.5 percent in

2017 to 323.3 percent in 2018, an increase of 50.8 percentage points. This indicates that the industry maintained more than three times the minimum regulatory capital required, well above supervisory thresholds and signalling strong solvency coverage.

The observed growth in capital was supported by a combination of factors, including retained earnings from underwriting and investment activities, capital injections by shareholders in select institutions, and conservative reserving practices. Additionally, subdued claims activity and effective expense management contributed to the preservation and strengthening of capital across many insurers.

In the general insurance sector, capital adequacy remained strong, underpinned by continued improvements in available capital. Capital available increased from $12.96 billion in 2017 to $16.07 billion in 2018, representing a growth of $3.11 billion or 24 percent. At the same time, the minimum required capital rose from $2.88 billion to $3.33 billion, an increase of $0.45 billion or 16 percent. As a result, the RBC ratio improved from 449.8 percent to 482.3 percent, reflecting the faster growth in capital accumulation relative to the increase in regulatory requirements. This sustained surplus above the minimum reinforces the general insurance sector's robust solvency position and its capacity to absorb adverse shocks and meet policyholder obligations.

The life insurance sector recorded a more pronounced improvement in capital adequacy. Capital available surged from $11.69 billion in 2017 to $21.39 billion in 2018, marking an increase of $9.70 billion, or 83 percent. Required capital also rose, from $6.17 billion to $8.25 billion, an increase of 34 percent. As a result, the sector's RBC ratio rose sharply from 189.6 percent to 259.2 percent, a gain of 69.6 percentage points. This improvement suggests that life insurers not only strengthened their capital base significantly but also enhanced their solvency position despite facing lower premium volumes and declining investment yields.

The overall improvement across both segments highlights the insurance industry's commitment to prudent capital management, regulatory compliance, and financial resilience. While the general sector maintained high surplus margins, the life sector closed a material portion of its previously narrower buffer, positioning both for continued stability under a risk-based supervisory regime.

Liquidity and Current Ratios

The insurance industry recorded a notable improvement in liquidity in 2018, as evidenced by a strengthening of its current ratio, a key measure of the ability to meet short-term obligations using readily available assets. The industry-wide current ratio rose from 2.82 in 2017 to 3.50 in 2018, reflecting enhanced financial flexibility and prudent working capital management.

Total current assets increased from $12.98 billion to $14.47 billion, while current liabilities decreased from $4.60 billion to $4.13 billion. The combination of increased liquid resources and reduced short-term obligations resulted in a 68 basis point improvement in the current ratio year-on-year. This indicates that the industry was well-positioned to meet its near-term liabilities, even under stressed conditions.

Although the aggregate improvement in liquidity is encouraging, the level of liquidity adequacy may vary across insurers. Some companies may maintain significantly higher liquidity buffers due to the nature of their underwriting activities, investment profile, or risk appetite, while others may operate closer to the regulatory minimum. These differences warrant ongoing monitoring by supervisory authorities.

Overall, the improvement in the current ratio suggests that insurers have taken steps to bolster short-term financial resilience, reduce reliance on external liquidity sources, and better align asset-liability maturity structures.

Statutory Fund Coverage

A significant increase in the statutory fund was recorded in 2018, reinforcing this vital regulatory requirement for insurers to hold adequate assets against policyholder liabilities. Statutory fund assets rose from $19.86 billion in 2017 to $27.12 billion in 2018, representing an increase of $7.26 billion, or 36.6 percent.

This growth reflects stronger reserving practices and improved capital allocation toward regulatory funds, particularly among life insurers, for whom the statutory fund serves as a key pillar of financial soundness. The increase in statutory fund assets may be attributed to a combination of retained surplus from underwriting operations, investment earnings, and recalibration of asset segregation in response to supervisory expectations.

The overall trajectory in statutory fund coverage supports the ongoing efforts to enhance the industry's policyholder protection framework and reinforces the financial integrity of insurers operating in the jurisdiction.

Profitability and Return Indicators

A moderate downturn in the insurance industry's profitability was observed in 2018, attributable to lower investment income, a contraction in life sector earnings, and less robust growth in underwriting revenues. While the industry remained profitable overall, return indicators point to diminished efficiency in the use of both assets and equity capital compared to the previous year.

Industry-wide, the return on assets (ROA) declined marginally from 2.8 percent in 2017 to 2.7 percent in 2018, suggesting a slight reduction in the ability of insurers to generate earnings from their asset base. A more notable decline occurred in the return on equity (ROE), which fell from 7.2 percent to 4.8 percent, representing a 2.4 percentage point drop. This decline indicates that industry profitability did not keep pace with capital expansion, potentially due to flat premium growth, reduced investment income, and increasing shareholder equity balances.

At the sectoral level, performance diverged significantly. The general insurance sector experienced improved profitability, with ROA increasing from 4.2 percent to 5.3 percent and ROE rising from 7.1 percent to 7.6 percent. This was supported by strong underwriting results, contained management expenses, and a relatively stable investment environment. In contrast, the life insurance sector recorded sharp declines, with ROA falling from 2.1 percent to 1.3 percent and ROE contracting steeply from 7.3 percent to 2.7 percent. The deterioration in life insurance profitability was primarily driven by a decline in investment returns and a slowdown in premium growth, particularly in the individual life segment.

Despite these variances, insurers remained capable of meeting regulatory capital requirements and funding future liabilities. However, the reduced ROE levels, especially among life insurers, signal the need for enhanced capital efficiency, improved investment strategies, and more dynamic product development to support long-term profitability.

6.0 FINANCIAL RATIOS

Insurance Penetration Ratio

The insurance penetration ratio, defined as the ratio of total gross premiums to gross domestic product (GDP), provides a key measure of the insurance sector's contribution to the broader economy. In 2018, Guyana's total gross premiums amounted to approximately $9.82 billion, while the estimated GDP stood at $897.8 billion. This yields an insurance penetration ratio of 1.09 percent, indicating that slightly over one percent of national economic output was directed toward insurance products and services. This level of penetration is consistent with patterns observed in developing economies and highlights the significant potential for expansion within the local insurance market. Opportunities remain for increasing public awareness, enhancing product accessibility, and strengthening the role of insurance in national financial resilience.

To contextualise Guyana's performance, it is useful to compare penetration ratios across markets. The Latin American and Caribbean region recorded an average insurance penetration of 2.9 percent in 2018, while advanced markets averaged about 7.8 percent. Some jurisdictions, such as Puerto Rico (13.4 percent) and Chile (4.6 percent), achieved significantly higher penetration[3]. Guyana's ratio of 1.09 percent is therefore well below regional and international benchmarks, underscoring the substantial potential for market expansion. Low penetration is often linked to limited public awareness, affordability constraints and lack of product diversity; tackling these structural factors should form part of future policy initiatives.

Risk Retention Ratio

Moderate risk retention levels in 2018 suggest that the Guyanese insurance industry adopted a balanced and controlled framework for underwriting risk and capital oversight. This pattern suggests that most insurers were strategically utilizing reinsurance as a tool for stabilizing earnings, enhancing solvency, and complying with prudential standards. However, significant differences in retention practices were observed between general and life insurance companies, aligned with the inherent differences in risk profiles and business models.

[3] MAPFRE Global Risks (2019).

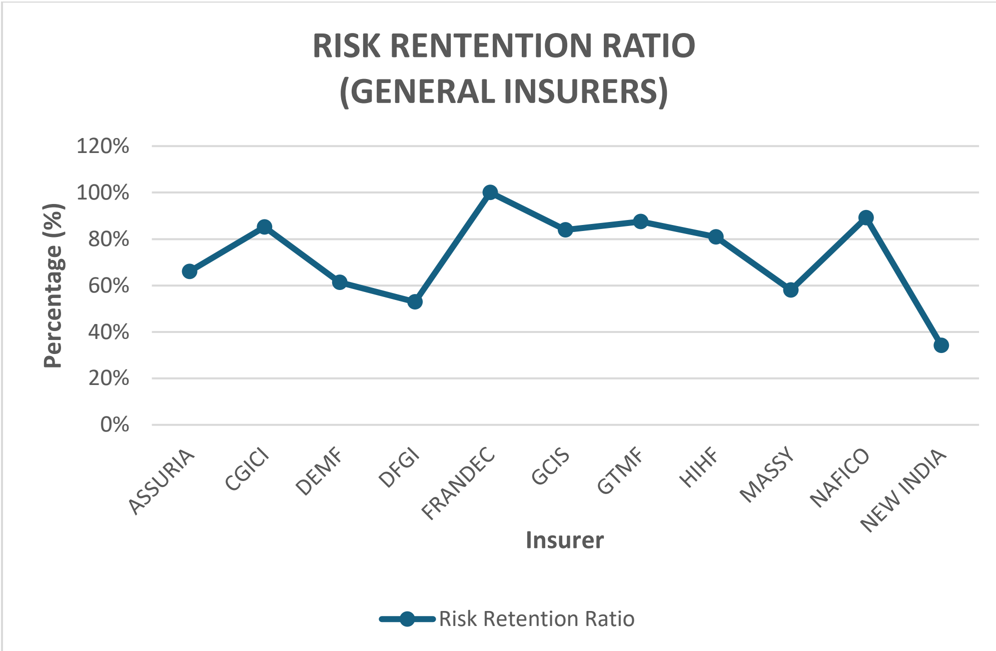


Figure 7 compares the risk retention ratios of general insurers. Most insurers retained over 60%, while New India retained the least.

General insurance companies demonstrated a wide range of risk retention strategies. The majority of firms retained a substantial portion of their written premiums, with risk retention ratios typically above 50 percent. This indicates a strong preference among general insurers to hold underwriting risk internally, which is consistent with the short-term and relatively predictable nature of most general insurance products, such as motor, property, and fire.

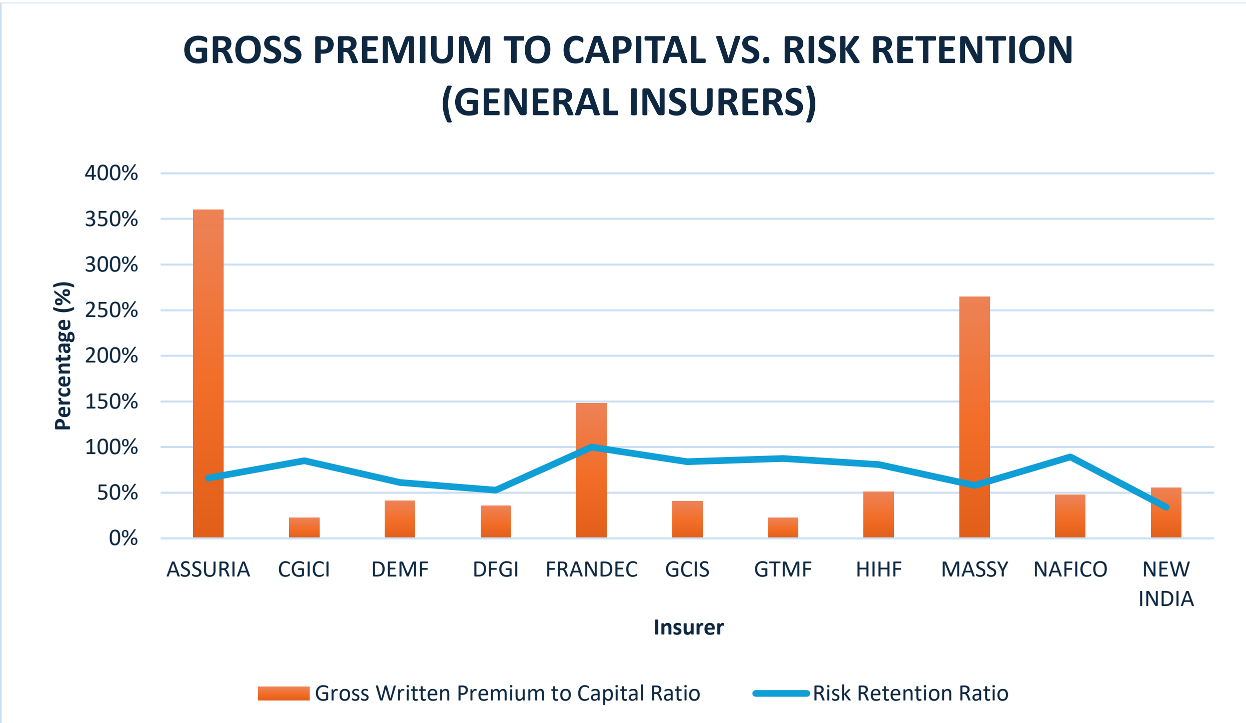


Figure 8 shows general insurers' premium leverage and retention ratios. ASSURIA, MASSY, and FRANDEC had the highest leverage levels, while retention varied widely.

Figure 8 not only displays premium leverage but also highlights varying risk appetites. ASSURIA, MASSY and FRANDEC show high gross-written-premium-to-capital ratios combined with substantial retention levels, indicating aggressive underwriting relative to capital. Conversely, CGICI and GTMF combine conservative leverage with high retention, reflecting prudent risk management. Highlighting these differences clarifies the relationship between individual strategies and their impact on solvency and profitability.

For example, ASSURIA and GTMF both recorded retention ratios of 66 percent and 88 percent, respectively, reflecting considerable in-house risk exposure. DFGI and GCIS also retained 53 percent and 84 percent of their business, respectively, signalling confidence in internal risk management and capital adequacy. Notably, CGICI reported a risk retention ratio of 85 percent, indicating that it retained most of its underwriting risk. This suggests a capital position robust enough to support high retention levels, though it also implies direct exposure to claims volatility.

Conversely, NEW INDIA reported a significantly lower retention ratio of 34 percent, suggesting a more conservative approach with greater reliance on reinsurance to manage underwriting volatility. While this may reduce solvency risk, extensive reliance on external reinsurers can also affect pricing flexibility and profitability.

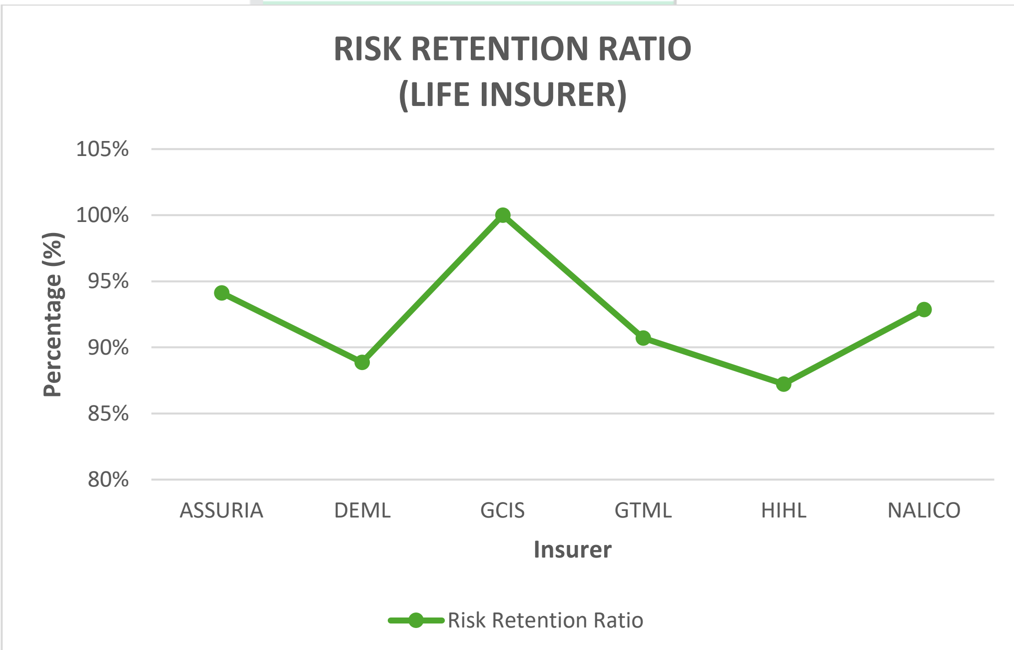


Figure 9 illustrates life insurers' retention levels in 2018. All exceeded 85%, with GCIS at full retention and HIHL lowest among peers.

In contrast, life insurers typically reported very high-risk retention ratios, often at or near 100 percent. For example, DEML, GTML recorded retention ratios of 89 percent and 91 percent, respectively, while GCIS reported a full 100 percent retention. This pattern is typical of life insurance operations, where risks are generally long-term, more predictable, and often managed through pooling, reserving, and conservative product design rather than through extensive reinsurance.

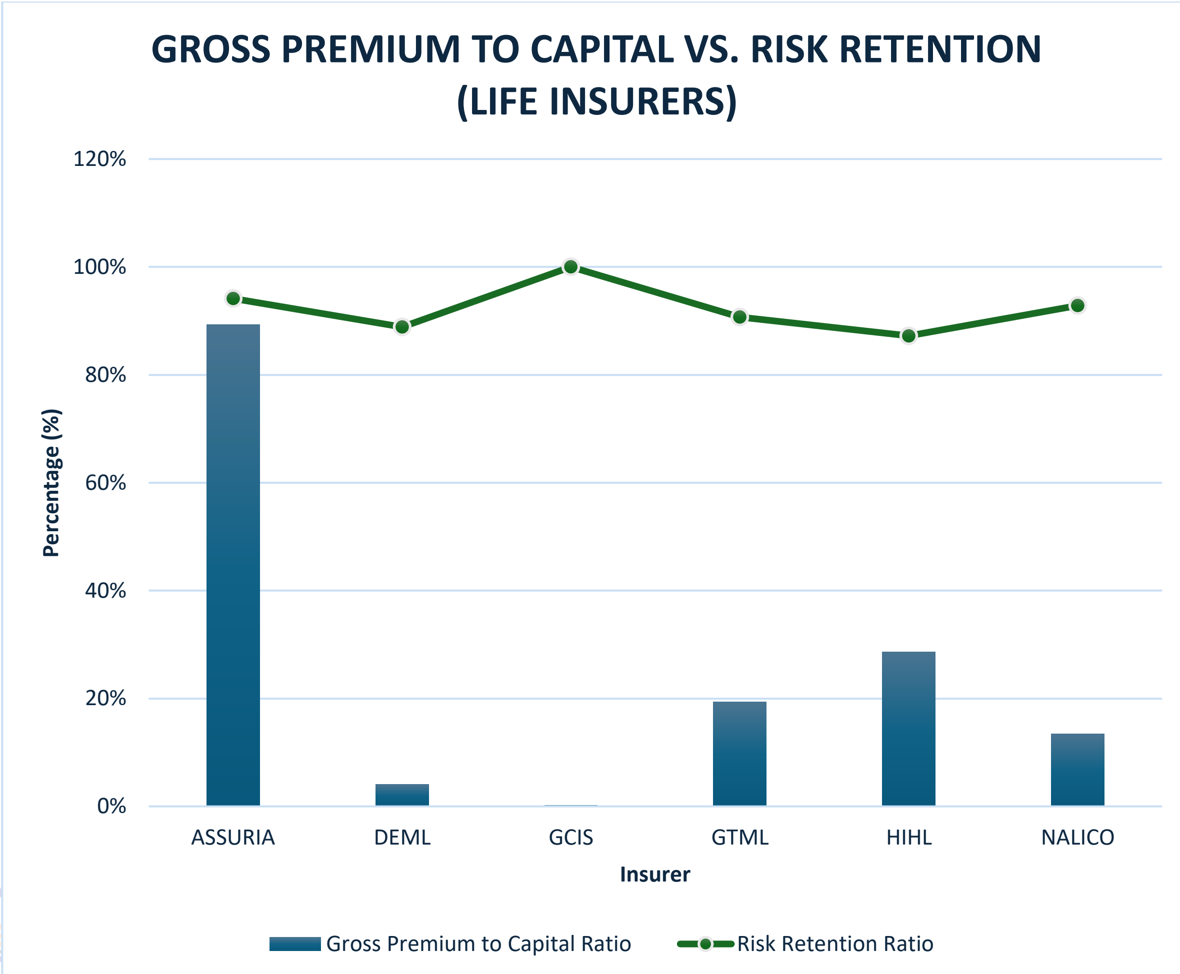


Figure 10 compares the estimated gross written premium to capital ratios and risk retention levels for life insurers as at end 2018. While premium leverage remained low across most insurers, risk retention ratios were relatively high and consistent, suggesting a strong reliance on internal risk bearing and limited reinsurance activity.

The high retention in this segment reflects the low volatility and long duration of life insurance liabilities, which allow companies to retain more of the risk without compromising solvency. It also underscores the reliance on robust actuarial reserving and prudent investment strategies as primary risk management tools.

Current Ratio

The current ratio, which compares current assets to current liabilities, serves as a key indicator of an insurer's short-term financial strength. A ratio above 1.0 typically reflects adequate liquidity to meet immediate obligations.

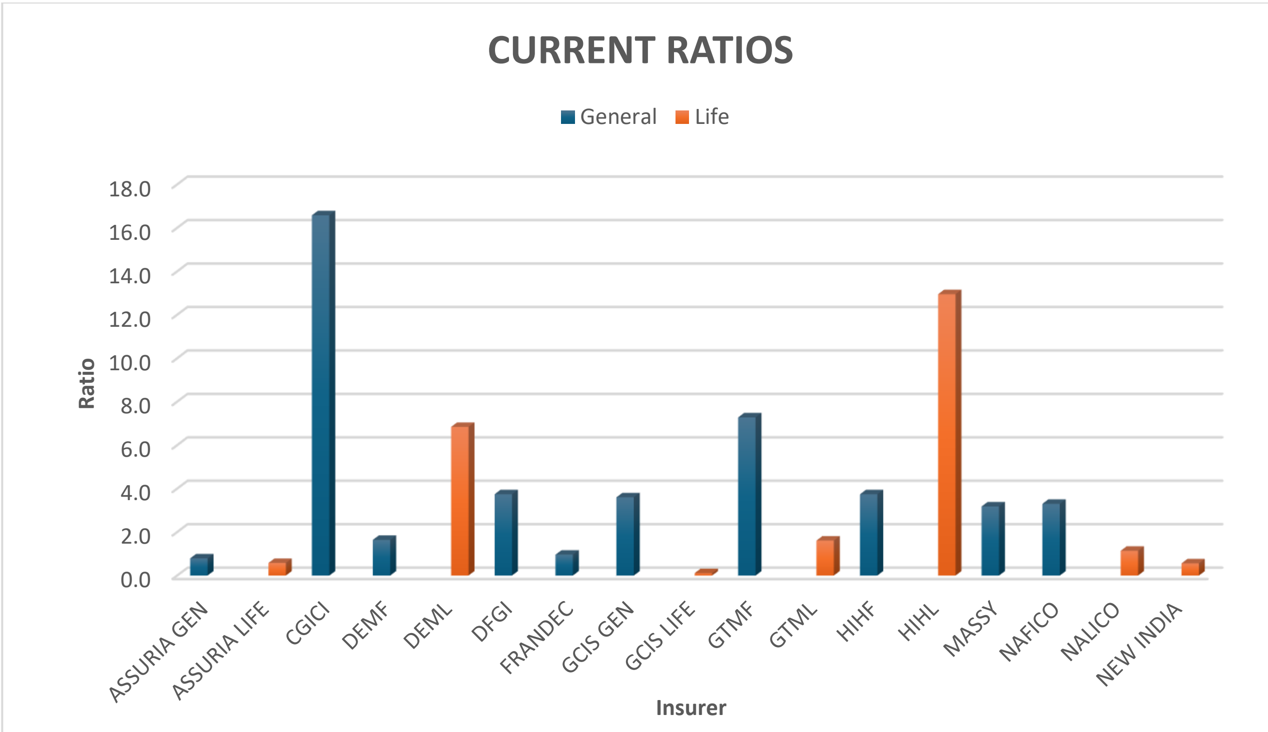


Figure 11 shows the current ratios of all insurers as at end-2018. HIHL and CGICI report the highest liquidity positions in their respective sectors, while GCIS Life posts the lowest ratio among all insurers.

In 2018, the insurance industry in Guyana demonstrated generally sound liquidity. Most general insurers reported current ratios well above the prudential baseline, reflecting the short-term nature of their business and the need for readily available funds to settle claims. Life insurers showed more variation, with some companies holding exceptionally strong liquidity positions and others operating with tighter margins, consistent with their longer-term liability structures.

Overall, while the majority of insurers maintained sufficient short-term resources, disparities in current ratios across the industry highlight the importance of ongoing regulatory oversight. The following sections provide a more detailed analysis of liquidity performance by insurance class.

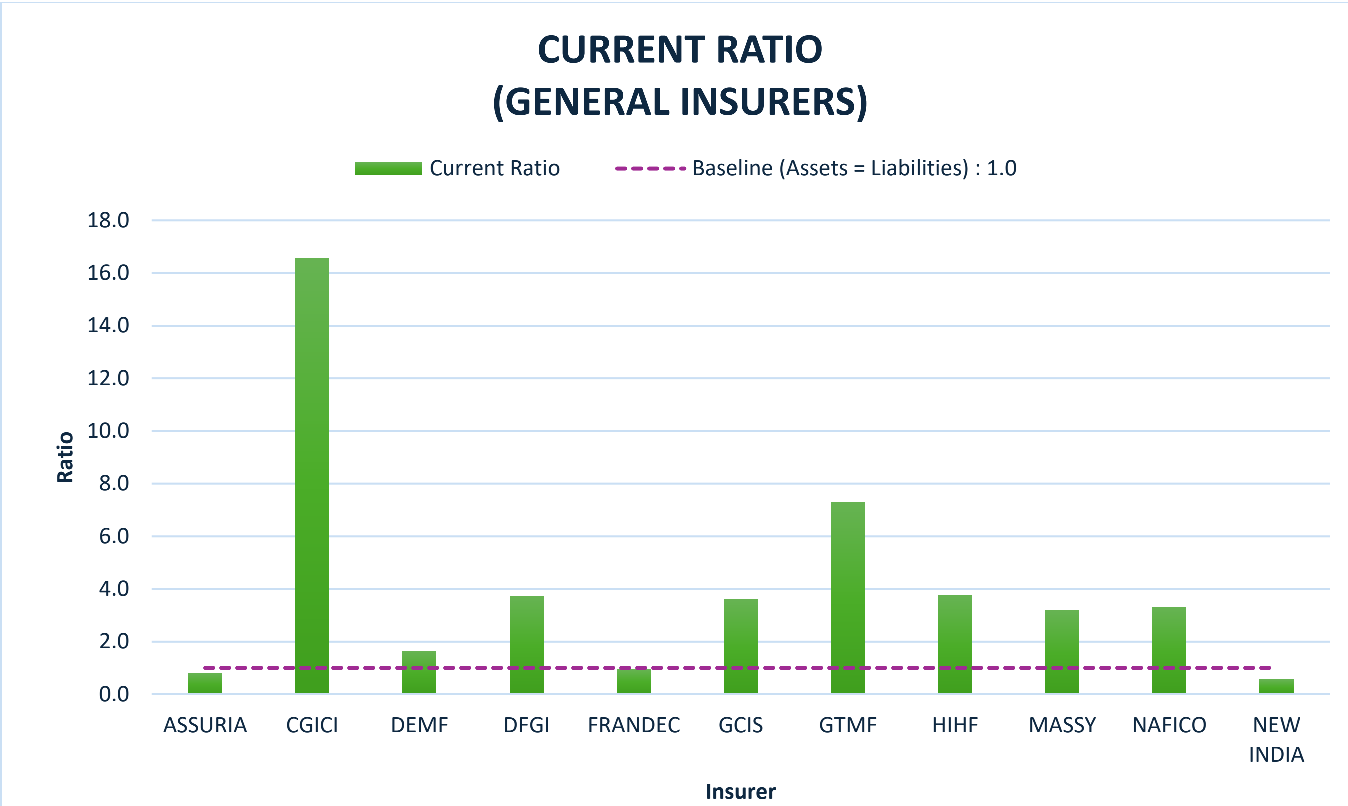


Figure 12 displays the current ratios of general insurers as at end-2018. CGICI records the highest liquidity at a ratio over 16.0, while most insurers maintain ratios above the 1.0 baseline, indicating adequate short-term asset coverage. FRANDEC and NEW INDIA fall below the threshold, suggesting weaker liquidity positions.

An assessment of the 2018 current ratios for general insurance companies indicates that the majority of firms operated with satisfactory liquidity, maintaining current assets in excess of current liabilities. This suggests an overall capacity within the sector to meet short-term obligations.

Several companies, including GTMF (7.28), HIHF (3.74), and MASSY (3.18), reported strong current ratios well above the 1.0 prudential threshold. These levels of liquidity reflect prudent asset-liability management and enhance the companies' ability to respond promptly to claims and operating expenses.

Other insurers, such as DFGI (3.74), GCIS General (3.60), NAFICO (3.30), and DEMF (1.64), also reported ratios comfortably above the baseline. These figures indicate no immediate concerns regarding their ability to meet short-term liabilities.

However, two general insurers reported current ratios that were below or marginally above the minimum acceptable level. NEW INDIA recorded a current ratio of approximately 0.56, indicating that its current liabilities significantly exceeded its current assets. This presents a potential liquidity concern and may warrant targeted regulatory scrutiny. CGICI reported a current ratio of 16.58, which, although above the prudential threshold, was based on relatively small values for current assets and liabilities. This narrow margin suggests a need for continued monitoring to ensure ongoing financial resilience.

Overall, the liquidity position of the general insurance sector in 2018 was stable and reassuring. Most companies demonstrated sound short-term financial strength, reflective of adequate cash flow management and a conservative asset structure. Although isolated concerns persist for a few smaller insurers, the sector's aggregate performance supports continued confidence in its ability to meet operational and policyholder obligations in a timely manner.

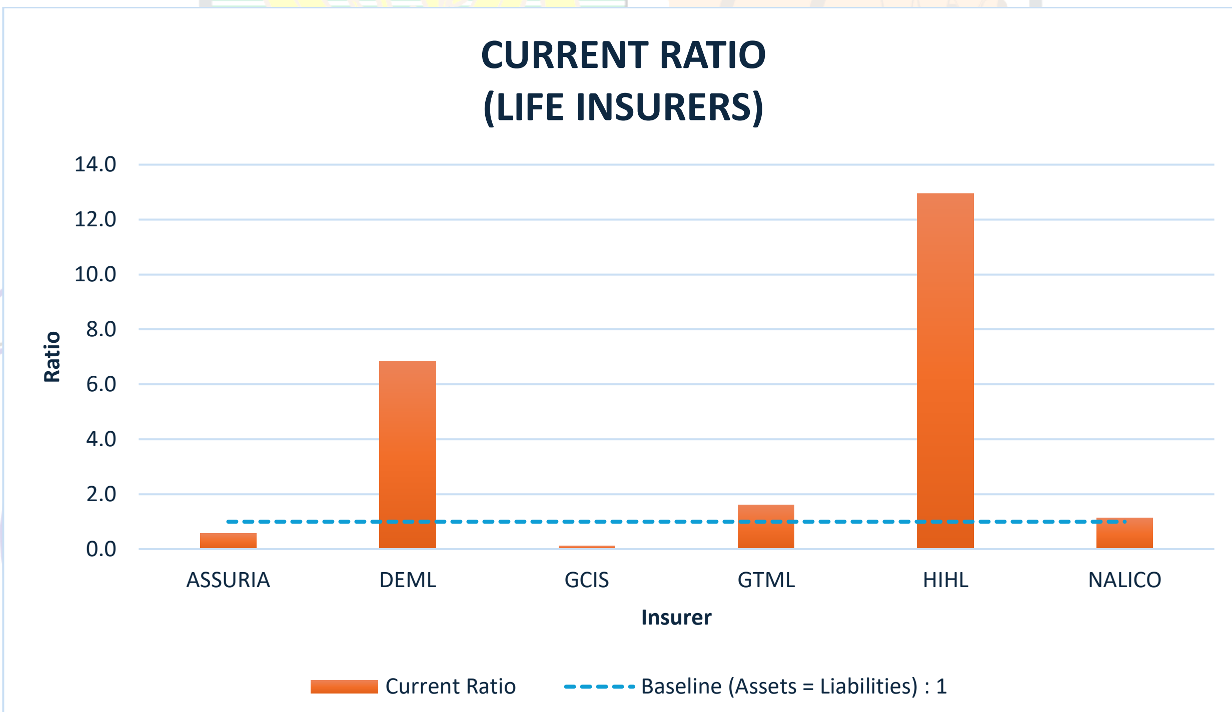


Figure 13 illustrates the estimated current ratios for life insurers as at end 2018. HIHL and DEML reported the highest liquidity positions, while GCIS and Assuria recorded current ratios below the 1.0 threshold, indicating potential short-term liquidity pressures relative to their liabilities.

The analysis of current ratios for life insurance companies in 2018 reveals more variation in liquidity positions across the sector. Unlike general insurers, life insurance companies tend to maintain a higher proportion of long-term assets relative to their liabilities due to the nature of their business. Nonetheless, short-term liquidity remains an important indicator of operational resilience and the ability to meet immediate obligations.

Among the life insurers, GTML recorded a current ratio of approximately 1.61. This indicates that the company maintained a strong buffer of current assets to cover its short-term liabilities. DEML also reported a notably high current ratio of 6.84, which reflects exceptional liquidity, likely due to the scale of its current assets relative to its operations. HIHL and ASSURIA demonstrated healthy liquidity as well, with current ratios of 12.95 and 0.58, respectively. Although ASSURIA's ratio was lower than some peers, it remained above the baseline and signalled a reasonable level of short-term solvency.

NALICO reported a current ratio of 1.14, suggesting a modest but sufficient liquidity position. In contrast, GCIS Life recorded the lowest current ratio among life insurers, at only 0.11. This indicates that its current assets were significantly lower than its current liabilities, which raises a potential liquidity concern. This finding warrants further review to assess whether the company's operational cash flows and asset structure can support its ongoing obligations.

Overall, the life insurance sector exhibited a mixed liquidity profile in 2018. While several companies maintained strong or adequate current ratios, the very low ratio reported by GCIS Life highlights the need for closer regulatory monitoring. Despite this outlier, the sector generally displayed sufficient short-term financial stability, supported by the inherently long-term nature of its liabilities and investment strategies.

Combined Ratio

The combined ratio is one of the most fundamental measures of underwriting performance in the insurance industry. It represents the sum of the loss ratio, management expense ratio, and commission expense ratio, each expressed as a percentage of net earned premiums. A combined ratio below 100 percent indicates technical profitability from underwriting activities, while a ratio above 100 percent reflects an underwriting loss, excluding investment income.

In 2017, the general insurance sector in Guyana posted an exceptionally efficient combined ratio of 41 percent, consisting of a 24 percent loss ratio, an 18 percent management expense ratio, and a slight offset due to net commission adjustments. This performance reflected robust underwriting discipline and relatively low claims experience across the market, allowing insurers to retain 59 cents on every dollar of premium earned as surplus from underwriting activities.

By contrast, the combined ratio in 2018 increased to 57 percent, indicating that 43 cents of every dollar in net earned premiums was retained after meeting claims and operational obligations. While still significantly below the 100 percent threshold and therefore indicative of healthy underwriting margins, the year-on-year rise points to a moderate increase in cost pressures. This could stem from increased claims incidence, higher operating expenses, or shifts in the pricing environment. Nonetheless, the 2018 ratio still reflects strong performance in absolute terms.

The persistence of a combined ratio below 60 percent over two consecutive years signals a period of technical strength for the general insurance sector. It also suggests that many companies had the capacity to absorb external shocks or market volatility, while still growing capital bases and maintaining regulatory solvency. This trend, in tandem with continued growth in gross premiums and capital positions, reinforces the view that the industry operated on a sound and sustainable financial footing throughout the period.

The combined ratio remains a fundamental measure of underwriting performance, representing the sum of incurred claims, commission expenses, and management expenses as a proportion of net earned premiums.

A ratio below 100 percent indicates technical profitability, while a value above that threshold reflects an underwriting loss. In 2018, general insurers in Guyana displayed a wide spectrum of underwriting efficiency, ranging from highly profitable operations to instances of severe imbalance between premiums earned and expenses incurred.

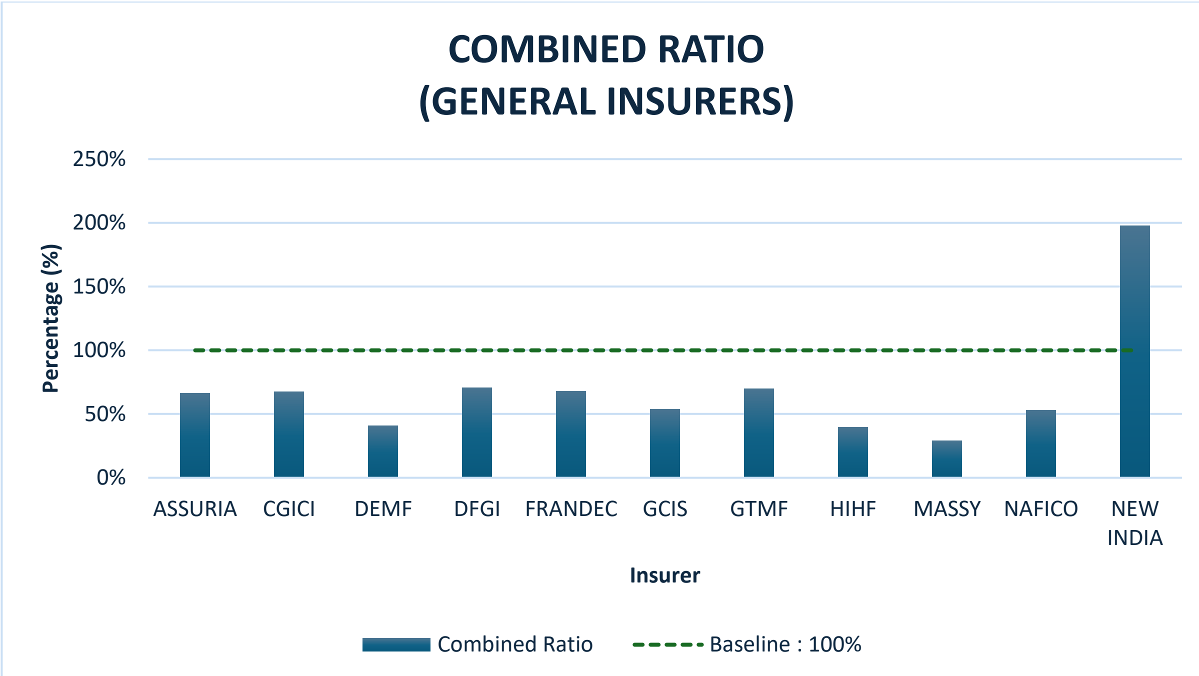


Figure 14 presents the estimated combined ratios for general insurers as at end 2018. Most insurers reported ratios well below the 100 percent threshold, indicating underwriting profitability. New India was the only insurer to exceed the benchmark, suggesting an underwriting loss for the period.

NEW INDIA recorded the highest combined ratio in the industry at 198 percent, significantly exceeding the benchmark for sustainable underwriting. This result was primarily driven by an unusually high management expense ratio of 138 percent and commission expenses of 61 percent, coupled with a negative claims ratio (–1 percent), which may indicate recoveries or reversals during the year. The outcome suggests serious operational inefficiencies and highlights the need for strengthened cost control and strategic re-evaluation of distribution and expense practices.

At the other end of the spectrum, MASSY recorded the lowest combined ratio at 29 percent, reflecting exceptional underwriting profitability supported by minimal claims and expense ratios. HIHF and DEMF also reported notably low combined ratios of 40 percent and 41 percent, respectively. These insurers exhibited effective cost control, prudent underwriting, and low claims incidence.

NAFICO, GCIS, and DFGI posted combined ratios of 53 percent, 54 percent, and 71 percent, respectively. These results point to sound underwriting performance and a balanced allocation of expenses in relation to premiums earned.

FRANDEC and CGICI recorded combined ratios of 68 percent and 67 percent, respectively, demonstrating moderate profitability and manageable expense burdens.

ASSURIA posted a combined ratio of 66 percent, indicating sustained technical profits through stable claims experience and efficient cost structures. GTMF stood at 70 percent, a reflection of moderate expense pressures mitigated by solid underwriting discipline.

Overall, while the general insurance industry in 2018 remained technically profitable on average, the dispersion in combined ratios underscores the need for continuous performance monitoring. Most companies maintained strong underwriting margins, but outlier results such as that of NEW INDIA highlight the importance of cost containment, process optimization, and robust oversight to ensure long-term sustainability across the sector.

Premium Growth Rate

Premium income is a core driver of insurer growth and financial stability. Analysing both gross and net premium volumes alongside capital allows for a more complete understanding of insurers' underwriting scale, capital efficiency, and risk appetite. A year-on-year comparison reveals evolving market dynamics between 2017 and 2018, highlighting notable shifts across both general and life insurance sectors.

In 2018, the insurance industry in Guyana recorded a total gross premium volume of $9.82 billion, representing a 20.2 percent decline from the previous year's total of $12.31 billion. This decrease was largely driven by a significant reduction in gross premiums written by life insurers. Net premiums also declined, falling from $10.16 billion in 2017 to $8.00 billion in 2018, representing a 21.3 percent drop across the industry. Despite this contraction in premium income, aggregate capital held by insurers increased substantially from $24.65 billion in 2017 to $37.46 billion in 2018, a rise of over 52 percent. This divergence between capital growth and premium decline signals a shift in industry posture toward capital strengthening and potentially more cautious underwriting.

The general insurance sector experienced a decline in gross premiums from $7.76 billion in 2017 to $7.11 billion in 2018, representing a drop of 8.4 percent. Net premiums similarly fell from $6.00 billion to $5.55 billion, reflecting a 7.5 percent contraction. In contrast, capital held by general insurers increased markedly by 31.2 percent, rising from $12.96 billion to $17 billion.

The gross premium to capital ratio consequently declined from 60 percent in 2017 to 42 percent in 2018, indicating a more conservative deployment of capital. A similar pattern was observed in the net premium to capital ratio, which fell from 46 percent to 33 percent. Despite a moderate decline in business volumes, the retention ratio remained relatively stable at 78 percent, suggesting consistency in the proportion of business underwritten and retained by general insurers. This trend may indicate a deliberate shift toward capital strengthening, likely driven by solvency considerations or revised risk appetites.

The life insurance sector saw a far more pronounced contraction in underwriting activity. Gross premiums fell sharply by 40.4 percent, dropping from $4.55 billion in 2017 to $2.71 billion in 2018. Net premiums followed a similar trajectory, decreasing from $4.16 billion to $2.44 billion, a decline of 41.3 percent. In stark contrast to this reduction in premium volume, life insurers almost doubled their capital holdings, with industry capital rising by 82.9 percent from $11.69 billion to $21.39 billion.

This dynamic significantly altered the sector's capital efficiency. The gross premium to capital ratio dropped from 39 percent in 2017 to 12 percent in 2018, while the net premium to capital ratio declined from 36 percent to 11 percent. These ratios suggest that life insurers adopted a notably conservative stance in 2018, maintaining high capital buffers and drastically reducing new business. The risk retention ratio, however, remained high at 90 percent, consistent with the sector's practice of retaining the majority of its underwritten business.

Across the industry, the decline in premium income amid sharp capital growth reflects a collective pivot towards capital reinforcement, possibly in response to regulatory changes, increased market uncertainty, or strategic shifts in underwriting priorities. While the general sector's premium performance softened moderately, the life sector's contraction was more severe, suggesting a sector-wide reassessment of growth targets or pricing strategies.

At the same time, increased capitalisation levels place insurers in a stronger position to meet solvency requirements and absorb future shocks, though they may also reflect a cautious investment outlook or lower business acquisition during the period. The downward trend in both gross and net premium to capital ratios across the sectors reinforces the industry's shift to a more risk-averse and well-capitalised foundation.

Investment Yield

In 2018, the Guyanese insurance industry earned a total of approximately $1.21 billion in investment income. General insurers contributed $403.8 million, while life insurers accounted for $804.7 million. These results translated to an average investment yield of 3 percent in the general insurance sector and 4 percent in the life insurance sector. The relatively modest returns suggest a conservative investment climate, shaped by risk tolerance, regulatory expectations, and prevailing market conditions.

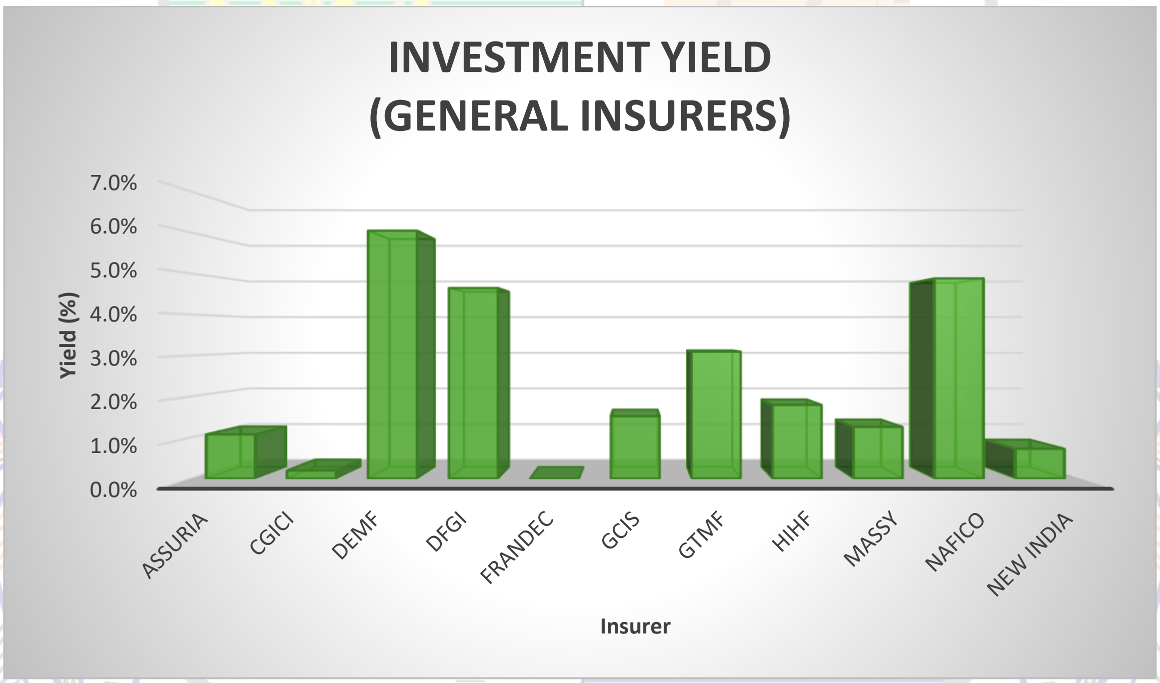


Figure 15 displays the estimated investment yields for general insurers as at end 2018. DEMF, NAFICO, and DFGI recorded the highest returns on invested assets, while CGICI, New India and FRANDEC reported the lowest yields, indicating variability in portfolio performance across the sector.

General insurance companies reported relatively modest investment yields, with most insurers achieving returns between 0 and 6 percent. This outcome aligns with the short-term nature of general insurance liabilities, which often necessitate the holding of highly liquid, low-risk assets such as short-dated government securities and bank deposits.

Among the general insurers, DEMF posted the highest yield at 6.0 percent, followed by DFGI and NAFICO, with yields of 4.6 percent and 4.9 percent, respectively. These results suggest a moderately active investment approach, potentially involving diversified portfolios or slightly higher-yielding instruments. In contrast, companies such as CGICI and MASSY reported investment yields below 1.5 percent, pointing to a more conservative investment posture or limited income generation capacity.

The overall sector average of 3 percent reflects both the conservative investment culture prevalent among general insurers and the need to maintain asset-liability matching in line with regulatory and operational liquidity requirements.

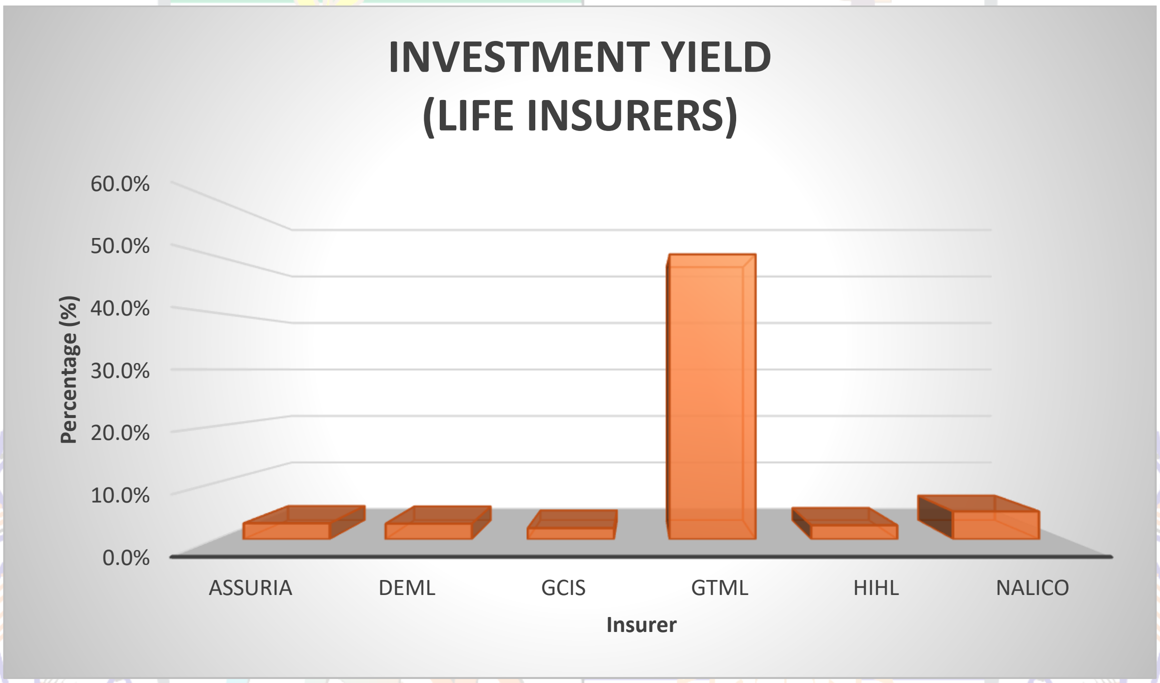


Figure 16 presents the estimated investment yields for life insurers as at end 2018. GTML reported an exceptionally high yield relative to its peers, while all other life insurers recorded yields within a narrow and modest range, reflecting conservative investment returns across most of the segment.

Life insurers reported an average investment yield of 4 percent in the updated industry summary. However, this figure was significantly inflated by GTML, which reported an exceptional yield of 50.3 percent which was far above its peers. This outlier likely reflects the realization of extraordinary investment gains or one-off income events and does not represent the broader sector experience.

When GTML is excluded, the average investment yield across the remaining life insurers drops to approximately 3 percent, which provides a more accurate reflection of sector-wide investment performance. Most life insurers, including ASSURIA (2.8 percent), DEML (2.8 percent), HIHL (2.5 percent), and NALICO (4.9 percent), reported stable and conservative yields consistent with long-term liability matching and prudent portfolio strategies. This pattern aligns with the typical approach of life insurers, who invest in longer-duration assets but remain cautious due to the extended time horizon of their obligations.

The contraction in investment yields was not unique to Guyana. Across Latin America, investment income fell in 2018 due to accommodative monetary policies and currency volatility[4]. Advanced markets also recorded subdued returns; average per-capita insurance spending there was USD 3 737 in 2018 and penetration was 7.8 percent, reflecting mature markets with low yields.[5] These broader conditions explain why insurers' investment returns declined despite growth in invested assets and underscore the importance of diversifying portfolios and strengthening asset-liability management.

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[4] MAPFRE Global Risks (2019).

[5] Swiss Re Institute (2019).

7.0 SOLVENCY

As detailed in section 5.0 the solvency and capital standing of the insurance industry strengthened significantly in 2018, reflecting improved financial resilience and adherence to regulatory capital requirements. Total capital available across the industry rose markedly from $24.65 billion in 2017 to $37.46 billion in 2018, representing a 52 percent increase. This expansion was driven by capital accumulation in both the life and general insurance sectors. General insurers reported $16.07 billion in capital available, up from $12.96 billion in 2017, while life insurers increased their capital base to $21.39 billion, up from $11.69 billion in the prior year.

The Bank's RBC framework defines an RBC ratio of 100 percent as the minimum capital adequacy threshold. Supervisory intervention levels are set at multiples of this minimum: first control level at 200 percent, second at 175 percent, third at 140 percent and fourth at 100 percent. Figures 17-20 demonstrate that all life and general insurers maintained solvency ratios well above the third control level. The industry's RBC ratio improved from 272.5 percent in 2017 to 323.3 percent in 2018, while general insurers averaged 482 percent and life insurers 259 percent. Articulating these thresholds alongside actual solvency positions provides a clearer understanding of capital sufficiency and the supervisory implications for individual firms.

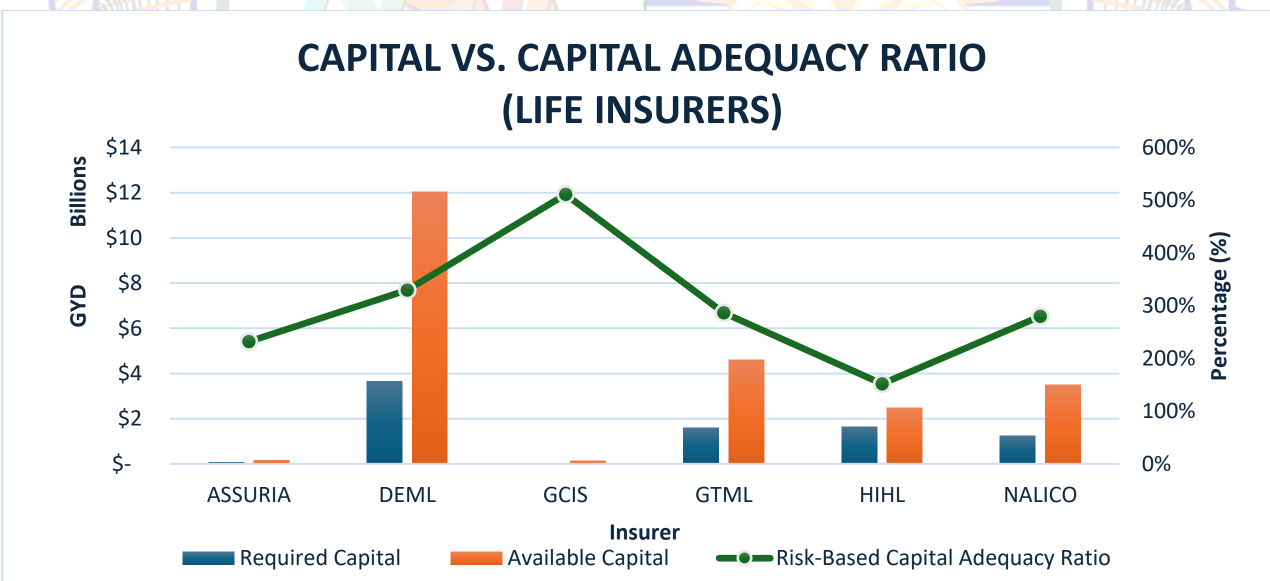

Figure 17 compares required and available capital levels with the corresponding capital adequacy ratios for life insurers as at end 2018. All insurers held available capital well above the required minimum, with GCIS and DEML reporting the highest solvency coverage, indicating strong risk-bearing capacity.

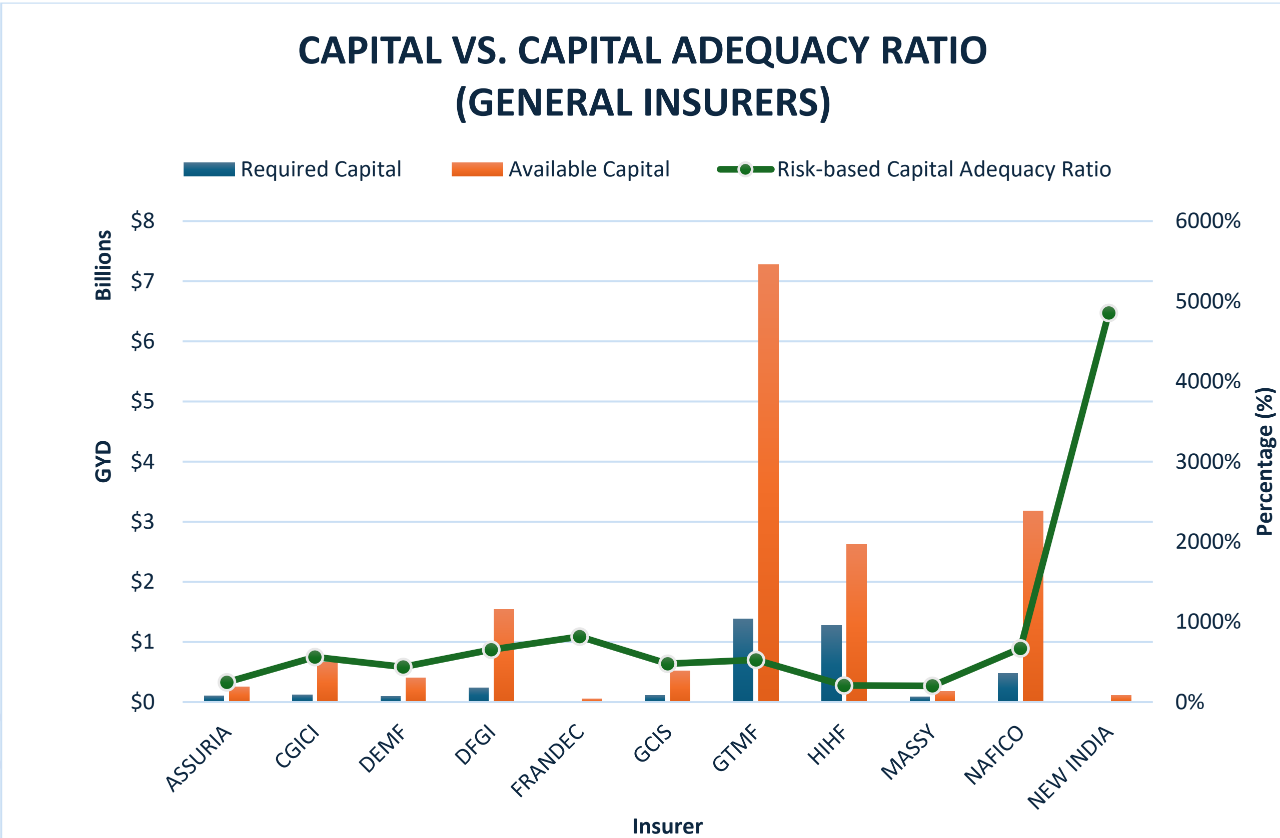

Figure 18 compares required and available capital levels with risk-based capital adequacy ratios across general insurers as at end 2018. All insurers exceeded the minimum capital requirements, with New India reporting an exceptionally high adequacy ratio driven by relatively low required capital. GTMF also maintained a strong capital buffer relative to risk exposure.

The minimum solvency requirement, measured by total capital required, also increased from $9.05 billion in 2017 to $12.14 billion in 2018. This rise was largely attributed to expanded business volumes and evolving risk exposures, particularly within the general insurance sector. General insurers' capital requirement rose from $2.88 billion to $3.33 billion, and life insurers' requirement increased from $6.17 billion to $8.25 billion over the same period.

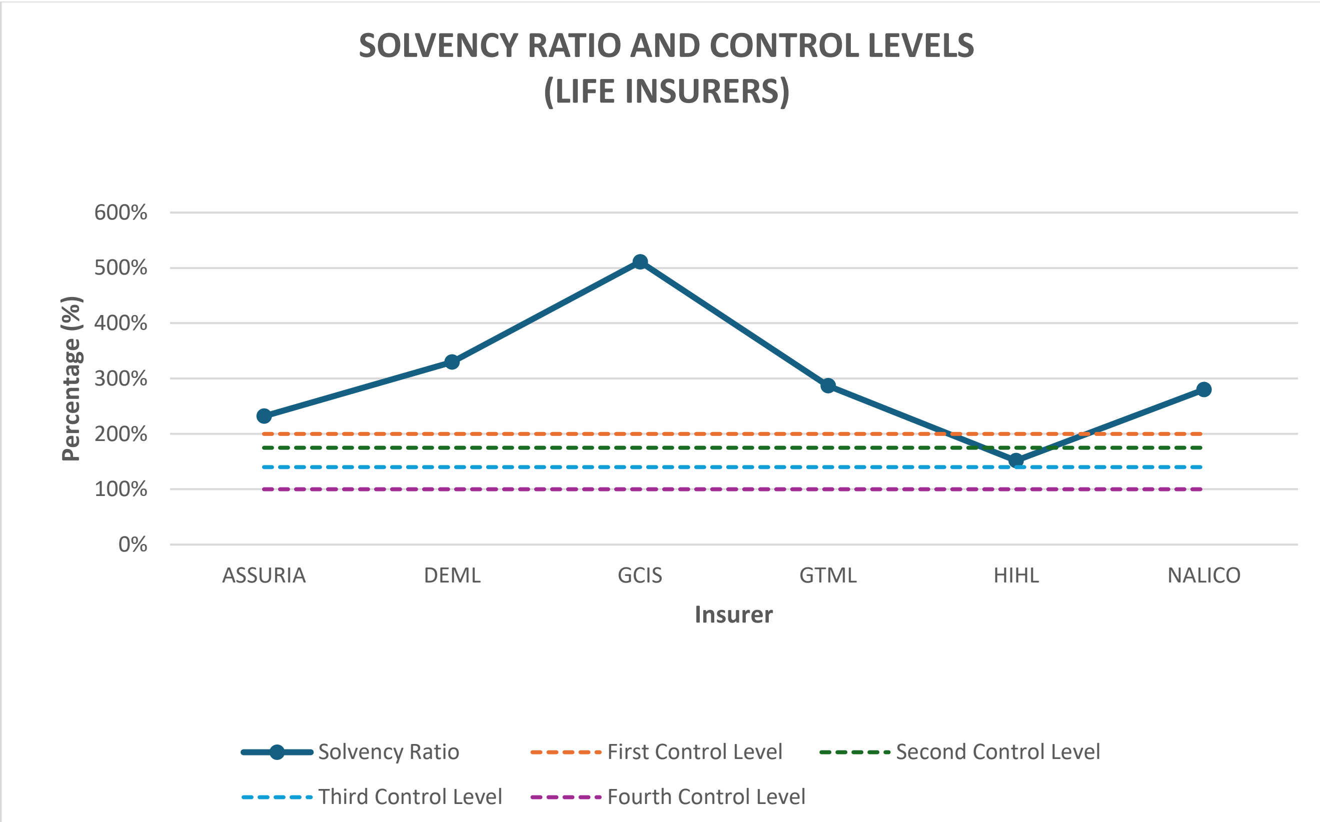

Figure 19 shows the solvency ratios of life insurers in relation to the four regulatory control levels. All insurers remained above the third control level, with GCIS reporting the highest ratio. HIHL was closest to the intervention threshold, suggesting elevated solvency risk relative to peers.

Despite these higher requirements, the industry's solvency ratios remained robust. The RBC ratio for general insurers stood at 482 percent in 2018, indicating a high level of surplus capital relative to regulatory requirements. The life insurance sector, while exhibiting a comparatively lower ratio of 259 percent, also maintained solvency levels well above the minimum threshold of 100 percent. This reflects strong capital adequacy in both segments. For a comprehensive breakdown of the solvency margin computation for both life and general insurance businesses, refer to *Appendix 3*.

Complementing the solvency ratios, the industry's premium-to-capital metrics showed signs of greater prudence. The gross premium to capital ratio for the industry declined from 49.9 percent in 2017 to 26.2 percent in 2018, while the net premium to capital ratio decreased from 41.2 percent to 21.3 percent. These declines suggest improved capitalization relative to underwriting risk, implying that insurers were writing less premium per unit of capital than in the previous year which is a trend consistent with strengthening solvency.

At the sector level, general insurers reported gross and net premium to capital ratios of 44.2 percent and 34.6 percent, respectively, while life insurers posted even lower ratios of 12.7 percent and 11.4 percent. These figures reinforce the view that the life insurance sector maintained a highly conservative capital position relative to premium exposure, thereby safeguarding its solvency margin.

The capital and solvency profile of the insurance industry in 2018 reflected enhanced financial stability, with insurers maintaining strong buffers against adverse events and regulatory breaches. The year-over-year improvement in capital strength and reduction in premium leverage positions the sector on solid ground for continued sustainable growth.

A marked disparity in solvency positions among individual general insurers emerged in 2018, as evidenced by variations in premium leverage and capital adequacy indicators. ASSURIA recorded the highest gross premium to capital ratio at 360 percent, and a net premium to capital ratio of 238 percent, indicating a more aggressive underwriting posture relative to its capital base. Despite this high exposure, ASSURIA maintained a healthy solvency ratio of 247 percent, well above the regulatory minimum, suggesting that its capital remained sufficient to support its business volume.

In contrast, CGICI reported the most conservative leverage ratios in the market, with gross and net premium to capital ratios of just 22 percent and 19 percent, respectively. Its solvency ratio stood at a robust 561 percent, reflecting significant excess capital relative to risk exposure. DEMF also maintained relatively low premium leverage, with gross and net premium to capital ratios of 41 percent and 25 percent, respectively. Its solvency ratio was strong at 432 percent, demonstrating effective capital management. DFGI reported a gross premium to capital ratio of 36 percent and a net premium to capital ratio of 19 percent, underscoring its cautious underwriting relative to capital held. Its solvency ratio was an impressive 654 percent, the second highest among the sampled insurers.

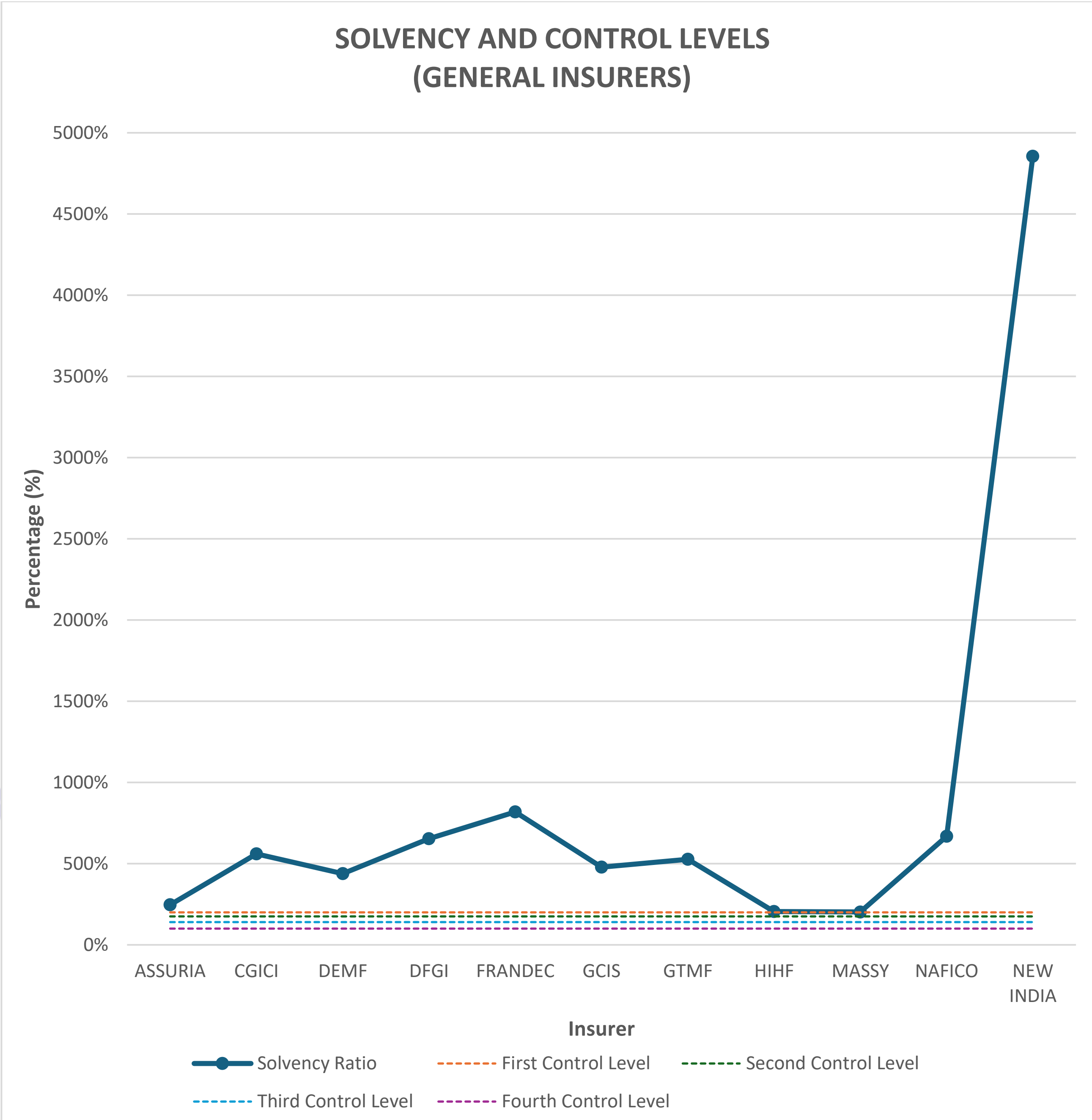

Figure 20 illustrates the solvency ratios of general insurers relative to the four regulatory control levels as at end 2018. All insurers exceeded the highest threshold, indicating strong solvency positions. New India recorded an exceptionally high solvency ratio, significantly above its peers.

The highest solvency ratio among general insurers was observed at NEW INDIA, which reported an astounding 4856 percent. This was a result of the company reporting a negative balance sheet amount which was adjusted to zero in final calculations of the required capital. This propelled the required capital amount to be $2.3 million of which the company reported to attain a total of $115 million as at December 2018. FRANDEC also reported an outstanding solvency ratio of 819 percent. This was accompanied by matching gross and net premium to capital ratios of 148 percent, suggesting high capital buffers relative to risk assumed.

Overall, all companies comfortably exceeded the 100 percent solvency requirement. However, the variation in premium-to-capital ratios reflects differing strategic approaches to risk appetite and capital deployment. Insurers such as ASSURIA appear to pursue growth through higher risk retention, while companies like CGICI and FRANDEC maintain a more conservative capital stance, supporting solvency resilience.

8.0 ASSETS AND LIABILITIES

The financial position of insurers, as reflected through their assets and liabilities, provides critical insight into the industry's overall stability, capacity for risk-bearing, and ability to meet policyholder obligations. In 2018, the insurance sector in Guyana demonstrated measured changes in the composition and growth of both assets and liabilities, underscoring evolving investment strategies and liability management practices.

Total assets across the industry expanded during the year, with notable increases in both current and non-current asset classes, particularly within the life insurance segment. This growth suggests strengthened investment portfolios and enhanced liquidity among insurers, in part due to improved premium collections and prudent reinvestment of reserves. General insurers also exhibited asset growth, although at a more moderate pace, reflecting conservative balance sheet management amid a competitive operating environment.

Conversely, total liabilities declined across the industry, driven largely by reductions in long-term obligations held by life insurers and a contraction in short-term liabilities among general insurers. This trend may reflect improvements in claim settlement practices, risk reinsurance, or adjustments in actuarial assumptions and provisioning methods. While a decline in liabilities can positively impact solvency positions, continued oversight is warranted to ensure that reserve adequacy is maintained, particularly in light of insurers' long-term obligations.

The following subsections provide a detailed breakdown of the asset and liability performance across both sectors, supported by comparisons to 2017 and company-level insights where applicable.

Assets

Guyana's insurance sector saw sustained asset growth in 2018, underscoring its enhanced financial robustness and capacity to withstand shocks. Total industry assets increased from $62.34 billion in 2017 to $65.88 billion in 2018, reflecting an overall growth rate of 5.6 percent. This expansion was observed across both the life and general insurance sectors, although the underlying asset structures and growth dynamics varied.

The life insurance sector maintained the largest share of industry assets, with total assets rising from $40.37 billion to $42.70 billion, representing a 5.8 percent increase. This growth was driven primarily by a significant expansion in current assets, which grew by 24.5 percent from $7.18 billion to $8.94 billion, likely reflecting improved liquidity positions, increased cash balances, or receivables. In contrast, non-current assets rose marginally by 1.7 percent, from $33.19 billion to $33.76 billion, indicating slower growth in long-term investments or fixed holdings.

The general insurance sector also saw an increase in total assets, which rose from $21.97 billion in 2017 to $23.19 billion in 2018, marking a 5.5 percent increase. However, unlike the life sector, the composition of growth was concentrated in non-current assets, which grew by 9.2 percent, from $16.17 billion to $17.65 billion, suggesting strategic reallocation towards longer-term investment instruments. Conversely, current assets in the general sector declined by 4.6 percent, moving from $5.80 billion to $5.53 billion, which may warrant closer monitoring in subsequent years to assess potential liquidity constraints.

Across the industry, these shifts in asset structure suggest a broader alignment with long-term liability profiles, especially within the life insurance sector, while general insurers appear to be increasing investment in fixed or long-duration assets. The increase in total non-current assets industry-wide may also reflect regulatory capital retention, investment in reinsurance assets, or acquisitions of property and equipment.

These developments indicate a cautiously optimistic trend in the financial position of insurers, with overall asset growth aligning well with premium activity and capital strengthening observed elsewhere in the report. However, the mixed trends in current assets, especially the contraction in the general sector, should prompt insurers and regulators to monitor liquidity positions more closely in the near term.

Liabilities

The insurance industry experienced a significant reduction in total liabilities in 2018, marking a reversal of the upward trend seen in the previous year. Total industry liabilities fell from $37.82 billion in 2017 to $28.46 billion in 2018, representing an overall contraction of 24.7 percent. This significant reduction was observed across both the life and general insurance sectors, with more pronounced changes within the life sector.

The life insurance sector, which typically holds the bulk of industry liabilities due to long-term policy obligations, experienced a 25.7 percent decline, with total liabilities decreasing from $28.68 billion to $21.31 billion. The most substantial contraction occurred in non-current liabilities, which dropped by 28.6 percent, from $26.38 billion to $18.84 billion. This shift may suggest a reduction in long-term policyholder obligations, reclassifications, or changes in reserving assumptions. On the other hand, current liabilities in the life sector increased by 7.8 percent, moving from $2.29 billion to $2.47 billion, possibly due to short-term obligations, such as claims payable or accruals.

The general insurance sector also recorded a contraction in total liabilities, albeit to a lesser degree, declining by 21.8 percent, from $9.15 billion in 2017 to $7.15 billion in 2018. This decline was driven by reductions in both current and non-current liabilities. Current liabilities fell by 27.8 percent, from $2.30 billion to $1.66 billion, while non-current liabilities decreased by 19.8 percent, from $6.85 billion to $5.49 billion. These reductions could reflect improvements in claims settlement cycles, lower outstanding claim reserves, or risk transfer through reinsurance arrangements.

Across the industry, the marked reduction in total liabilities, particularly non-current liabilities, could indicate a shift in liability management strategies or the culmination of efforts to settle longer-duration obligations. While a reduction in liabilities may strengthen solvency ratios and enhance balance sheet health, it is essential to examine the underlying causes to ensure that they are not driven by premature reserve releases or underestimation of future obligations.

9.0 STATUTORY FUND

Expanding on the overview provided in Section 5.0, this section offers a detailed analysis of the statutory fund, which remains a cornerstone of regulatory protection within the life insurance industry, serving as a ring-fenced pool of assets dedicated to meeting policyholder liabilities. In accordance with the requirements of the Insurance Act, licensed life insurers are obligated to maintain a statutory fund of sufficient value to support their actuarial reserves and ongoing commitments to policyholders.

In 2018, the total statutory fund assets reported by the insurance industry amounted to $27.12 billion, reflecting a significant increase of 36.5 percent from the $19.86 billion recorded in 2017. This growth underscores the sector's continued efforts to strengthen its policyholder protection mechanisms and maintain robust capital discipline.

The statutory fund held by life insurers grew to $19.87 billion in 2018, up 32.3 percent from $15.02 billion in the previous year. This expansion was driven primarily by steady premium inflows, prudent reserving practices, and reinvestment of surplus assets into high-quality instruments eligible under the statutory fund framework. At the company level, statutory fund holdings in 2018 were dominated by life insurers, consistent with the statutory requirements governing long-term business. DEML held the largest statutory fund among life insurers, reporting assets of $6.51 billion. This was closely followed by HIHL, which maintained a statutory fund valued at $5.75 billion. GTML and NALICO also held significant statutory fund assets amounting to $3.77 billion and $3.34 billion, respectively.

Although statutory fund requirements are principally applicable to life insurers, general insurers also reported assets designated for statutory purposes, totalling $7.24 billion in 2018. This figure reflects a 49.7 percent increase from the prior year’s $4.84 billion, suggesting enhanced prudence and possible anticipation of future regulatory shifts or internal policies reinforcing reserve segregation. Among general insurers, GTMF was the only company reporting statutory fund assets, totalling $3.72 billion. While statutory fund requirements are not typically mandated for general insurers under the prevailing legal framework, the presence of designated statutory assets may reflect internal risk management practices or preparation for potential regulatory shifts.

The distribution of statutory fund assets reveals a strong commitment by life insurers to meet their policyholder obligations, with all major life companies maintaining substantial reserves. The concentration of statutory assets among the top four life insurers underscores their dominant market share in the long-term insurance segment. Furthermore, the observed levels indicate not only compliance with statutory minimums but also the existence of prudential buffers, reinforcing the financial security offered to policyholders.

10.0 CLAIMS

Building on the overall claims experience discussed in Section 5.0, the insurance industry's net claims incurred fell to $2.18 billion in 2018, down 14.6 percent from the $2.55 billion reported in the previous year. This decline was driven by improvements in claims experience across both sectors but was more pronounced in the life insurance segment.

General insurers reported net claims incurred of $1.38 billion in 2018, representing a marginal decline of 2.7 percent compared to $1.42 billion in 2017. The corresponding loss ratio for the general insurance sector stood at 24.8 percent, a slight increase from the 23.6 percent recorded in 2017. This indicates that, although the absolute value of claims declined, claims costs constituted a slightly larger proportion of net earned premiums in 2018, reflecting a mild deterioration in underwriting efficiency or possible reserve strengthening in some lines of business.

The life insurance sector saw a more significant shift, with net claims incurred declining from $1.14 billion in 2017 to $801 million in 2018 which reflected a reduction of 29.5 percent. This substantial decline may be attributed to favourable mortality experience, lower benefit payouts, or changes in policyholder behaviour, such as decreased surrenders or lapse rates. It also contributed to the overall reduction in industry-wide claims outflows.

These results demonstrate an improvement in total industry claims experience during 2018, driven largely by a healthier claims profile within the life insurance sector. Nevertheless, the slight rise in the general insurance loss ratio warrants continued monitoring, particularly in segments with volatile loss patterns such as motor and property.

At the company level, variations in claims experience were observed across general insurers in 2018, with some entities exhibiting notably higher claims ratios than others. FRANDEC reported the highest claims ratio at 52.0 percent, indicating that more than half of its net earned premiums were absorbed by claims-related costs. While this level of claims activity may reflect volatility in specific lines of business or adverse risk selection, it also signals the need for enhanced underwriting controls and pricing adequacy.

GCIS and ASSURIA followed with claims ratios of 37.0 percent and 35.0 percent, respectively, with both being above the industry average for general insurers. These levels suggest moderate claims burdens, potentially driven by the nature of risks underwritten or a higher incidence of claims during the year. Despite this, the ratios remained well within solvency tolerances, and neither company crossed critical loss ratio thresholds. NAFICO and GTMF posted more competitive claims ratios of 27.0 percent and 26.0 percent, respectively, demonstrating relatively efficient claims management and strong underwriting experience. GTMF was notable for managing a high volume of business while maintaining a controlled loss environment. The results reinforce its positioning as one of the more stable performers within the general insurance market.

The absence of life insurers among those with the highest claims ratios underscores the generally more stable claims experience characteristic of the life insurance segment. Life insurers tend to experience less volatile claims profiles, barring catastrophic mortality events or surrender shocks.

The dispersion of claims ratios among general insurers underscores the importance of sound underwriting, risk pricing, and claims reserve adequacy. These differences offer valuable insights for regulatory monitoring and peer benchmarking as the industry continues to mature under evolving actuarial and financial reporting standards.

11.0 OTHER ACTIVITIES

Throughout the year, the Bank participated in various local and overseas training sessions, workshops, presentations, and discussions. Some of the significant themes covered included AML/CFT obligations and training, Risk-Based Supervision, financial analysis, including ratios and cost structures and macro-prudential stress testing, as well as broader topics such as business continuity and the development role and prospects for the insurance sector. While preparatory work, including drafting of the Trustees toolkit, was ongoing during 2018, the trustee training sessions initially planned for the year were subsequently noted in later reports as being scheduled for 2019. A structured overview of the training activities for the year 2018 is as follows:

January 2018

In January 2018, staff members of the Bank participated in several training sessions and presentations. On 11 January 2018, one staff member attended a presentation on "Investigating the 2017 Operational Risk Management Posture of the Commercial Bank Industry", with an additional six staff members attending a session on the same topic on 12 January 2018 at the Bank of Guyana. A "Business Continuity and Disaster Management" workshop, hosted by the European Union in collaboration with the Consultative Association of Guyanese Industries, was attended by one staff member on 12 January 2018 at the Pegasus Hotel Guyana. Later in the month, this workshop was attended by four staff members on 30 January 2018 and seven staff members on 31 January 2018 at the Bank of Guyana. On 18 January 2018, two staff members attended a "Counterfeit Detection Training Session" at the Bank of Guyana. An Association of Chartered Certified Accountants' (ACCA) presentation on changes to the ACCA Professional Qualifications and Examinations was attended by two staff members on 29 January 2018 at the Bank of Guyana. Additionally, Mr. Alan Mason, a World Bank Consultant, conducted discussions on AML/CFT obligations with the insurance sector during January 29 – February 2, 2018, and subsequently held seminars with Bank of Guyana Staff and the insurance industry in early February.

February 2018

Training continued in February 2018 with a focus on Anti-money Laundering and Countering the Financing of Terrorism. Twelve staff members attended the "Anti-money Laundering and Countering the Financing of Terrorism Training 2018" held on February 01-02, 2018 at the Bank of Guyana. Staff also attended a meeting with the insurance industry regarding AML/CFT at the Bank of Guyana on February 02, 2018, conducted by Mr. Alan Mason.

March 2018

In March 2018, training included a consultative meeting and a webinar. Thirteen staff members attended the Consultative Meeting on "Development Role and Prospects for the Insurance Sector", conducted by World Bank Consultant, Mr. Craig Thorburn, on 7 March 2018 at the Bank of Guyana. Additionally, nine staff members attended a webinar on "Contagion in Banking and Currency Crises" on 22 March 2018 at the Bank of Guyana.

April 2018

April 2018 saw staff participate in various training events. A webinar on "Risk Based Supervision: New Risks and Opportunities" was attended by ten staff members on 19 April 2018 at the Bank of Guyana. One staff member attended the "Introduction to Commercial Mediation" workshop hosted by the Chartered Institute of Arbitrators, CIArb Caribbean Branch, on 24 April 2018 at the CARICOM Secretariat. Three staff members attended the "Bank of Guyana Orientation Seminar" on 25 April 2018 at the Bank of Guyana. One staff member also attended the "Administrative Professional Day Luncheon" on 25 April 2018.

May 2018

A webinar on "Ratios and Cost Structures in Insurance Supervision" was attended by nine staff members on 24 May 2018 at the Bank of Guyana.

June 2018

Training in June 2018 included both overseas and local participation. One staff member attended overseas workshops for CAPS/CAIR/CARTAC - Annual General Meeting in St. Kitts and Nevis during the period 18 - 22 June 2018. Locally, three staff members attended "AML/CFT Training" organised by the Bank of Guyana on 13 June 2018. One staff member attended "Time Management Training" hosted by the Bank of Guyana during the period 14 - 15 June 2018. Furthermore, twelve staff members attended an insurance industry meeting hosted by Chris Jennings of Total Risk Solutions (TRS) on 28 June 2018.

July 2018

Local training in July 2018 focused on administrative skills. Two staff members attended the "Memo Writing Training" hosted by the Bank of Guyana during the period 3 - 4 July 2018.

September 2018

In September 2018, thirteen staff members attended the Risk-Based Supervision Workshop for Banking and Insurance, sponsored by CARTAC, held on September 3 - 6, 2018 at the Bank of Guyana.

November 2018

In November 2018, two staff members attended the Financial Stability Unit (FSU) training on Macro-prudential Stress Testing Framework, conducted with the Bank Supervision Department, from 27-30 November 2018 at the Bank of Guyana.

It should be noted that no training was recorded during the months of August, October and December. Overall, these training engagements in 2018 were integral to equipping the Bank's staff with the knowledge and skills necessary for effective supervision and regulatory functions in the insurance and pensions sectors.

12.0 REFERENCES

- MAPFRE Global Risks. (2019, April 10). The insurance market in Latin America experienced a 5.5 % decrease in premiums in 2018 to 150.59 billion dollars; 55.4 % of these premiums were recorded in non-life insurance and the remaining 44.6 % in life insurance. Retrieved from https://www.mapfreglobalrisks.com/en/risks-insurance-management/topicality/the-insurance-market-in-latin-america-experienced-a-5-5-decrease-in-premiums-in-2018-to-150-59-billion-dollars-55-4-of-these-premiums-were-recorded-in-non-life-insurance-and-the-remaining-44-6-in-lif

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13.0 APPENDICES

Appendix 1: Insurance Companies

No.	Name of Insurance Company	Long-term Insurance Classes	General Insurance Classes	Registered Address
1	Assuria General (GY) Inc.	N/A	Class 1,2,3,4	Lot 78 Church Street, South Cummingsburg, Georgetown
2	Assuria Life (GY) Inc.	Class 1,3	N/A	Lot 78 Church Street, South Cummingsburg, Georgetown
3	Caricom General Insurance Company Inc.	N/A	Class 1,2,3,4	Lot 'A' Ocean View Drive, Ruimzeight Gardens, West Coast Demerara
4	Demerara Fire and General Insurance Company Limited	N/A	Class 1,2,3,4	Lot 61-62 Avenue of the Republic & Robb Streets, Georgetown
5	Demerara Mutual Life Assurance Company Limited	Class 1, 2,3	N/A	Lot 61-62 Avenue of the Republic, Georgetown
6	Diamond Fire & General Insurance Inc.	N/A	Class 1,2,3,4	Lot 11 Lamaha Street, Queenstown, Georgetown
7	Frandec & Company (Insurance) Inc.	N/A	Class 1	Lot 92 Middle Street South Cummingsburg, Georgetown
8	The Guyana and Trinidad Mutual Fire Insurance Company Limited	N/A	Class 1,2,3,4	Lot 27-29 Robb & Hinck Streets, Georgetown
9	The Guyana and Trinidad Mutual Life Insurance Company Limited	Class 1, 2, 3	N/A	Lot 27-29 Robb & Hinck Streets, Georgetown
10	G.C.I.S. Incorporated	N/A	Class 2,4	Lot 47 Main Street, Georgetown
11	G.C.I.S. Incorporated	Class 1, 2, 3	N/A	Lot 47 Main Street, Georgetown
12	The Hand-in-Hand Mutual Fire Insurance Company Limited	N/A	Class 1,2,3,4	Lot 1-4 Avenue of the Republic, Georgetown
13	Hand-in-Hand Mutual Life Assurance Company Limited	Class 1, 2, 3	N/A	Lot 1-4 Avenue of the Republic, Georgetown
14	Massy United Insurance Ltd.	N/A	Class 1,2,3,4	Lot 126 'F' Carmichael Street, South Cummingsburg, Georgetown
15	North American Fire and General Insurance Company Limited	N/A	Class 1,2,3,4	Lot 30-31 Regent & Hinck Streets, Georgetown
16	North American Life Insurance Company Limited	Class 1, 2, 3	N/A	Lot 30-31 Regent & Hinck Streets, Georgetown
17	The New India Assurance Company (Trinidad & Tobago) Limited	N/A	Class 1,2,4	Lot 58 'B' Brickdam, Stabroek, Georgetown

The Classes of insurance business are defined in Schedule 2 of the Act as follows:

Class	Long-Term Insurance	General Insurance
1	General Life	Accident and Liability
2	Health	Auto
3	Annuities and Pensions	Marine and Aviation
4	N/A	Fire

Appendix 2: Insurance Brokers

No.	Names of Insurance Brokers	Address	Initial Date of Registration (yy/mm/dd)	Long–Term Insurance Classes	General Insurance Classes
1	Abdool & Abdool Inc. Insurance Brokers & Financial Consultants	Lot 11 Avenue of the Republic, Robbstown, Georgetown	30/12/2005	Class 1, 2, 3	Class 1, 2, 3, 4
2	Apex Insurance Brokers Inc.	Lot 125 'D' Barrack Street, Kingston, Georgetown	27/02/2006	Class 1, 2, 3	Class 1,2,3,4
3	Insurance Brokers - Guyana Limited	Lot 125 Carmichael Street, South Cummingsburg, Georgetown	30/09/2005	Class 1, 2, 3	Class 1,2,3,4
4	MP Insurance Brokers & Consultants Limited	Lot 92 Middle Street, North Cummingsburg, Georgetown	01/12/2005	Class 1, 2, 3	Class 1,2,3,4
5	P&P Insurance Brokers & Consultants Limited	Lot 272-273 Lamaha Street, North Cummingsburg Georgetown	30/12/2005	Class 1, 2, 3	Class 1,2,3,4
6	Raj Singh Insurance Brokers & Risk Management Consultants Inc.	Lot 86 First Street, Alberttown, Georgetown	01/07/2005	Class 1, 2, 3	Class 1,2,3,4

Appendix 3: Computation of Solvency Margin

LIFE INSURANCE BUSINESS **Computation of Solvency Margin**	**Reported Balance Sheet Amounts (000's)**	**Adjusted Balance Sheet Amounts (000's)**
Actuarial and other reserves (Class 1, 2 and 3)	28,501,304	1,995,091
Foreign currency reserve pursuant to investment Regulation	-	-
(a) Sub-total of Actuarial Liabilities	**28,501,304**	**1,995,091**
Assets		
Cash and obligation of Bank of Guyana	3,708,483	-
Investment income due and accrued	117,730	2,355
Term Deposit and debt securities	12,016,232	123,045
Residential mortgage loans	183,433	11,006
Commercial mortgage loans	-	-
Preferred shares	-	-
Common shares	19,084,102	3,816,820
Related Party Investments	7,940,746	1,191,112
Other Investments	670,579	100,587
Real Estate	1,408,000	229,185
Receivables (intermediaries & policyholders)	699,443	257,442
Real Estate for the Insurer's own use	4,381,411	438,141
Deferred expenses	-	-
Goodwill and other intangibles	89,419	89,419
(b) Sub Total of Assets	**50,419,478**	**6,259,112**
(c) Capital Required after application of risk-based factors from the table above (a+b)		8,254,204
(d) Actual Capital		22,948,719
(e) Solvency Ratio (d) as percent of (c)		**259 percent**
Excess Solvency		13,136,624

GENERAL INSURANCE BUSINESSES Computation of Solvency Margin	Reported Balance Sheet Amounts (000's)	Adjusted Balance Sheet Amounts (000's)
Unearned Premiums and Provisions for Unexpired Risks (all lines)	3,135,467	313,547
Outstanding Claims	1,353,568	146,579
Amounts receivables from non-accepted reinsurers	-	-
Foreign currency reserve pursuant to investment Regulation	-	-
(a) Sub-total of Actuarial Liabilities	**4,489,035**	**460,126**
Assets		-
Cash, and obligation of Bank of Guyana	1,953,715	-
Investment income due and accrued	42,635	853
Term Deposit and debt securities	4,909,026	82,006
Residential mortgage loans	44,041	2,642
Commercial mortgage loans	9,427	1,131
Preferred shares		-
Common shares	7,169,602	1,433,920
Other Investments (specify)	298,392	44,759
Related Party Investments	-	-
Real Estate	53,085	7,963
Receivables (intermediaries & policyholders)	1,414,822	718,282
Real Estate for the Insurer's own use	3,356,163	335,616
Deferred Assets	267,816	133,908
Goodwill and other intangibles	111,211	111,211
(b) Sub Total of Assets	**19,629,935**	**2,872,292**
(c) Capital Required after application of risk-based factors from the table above (a+b)		3,332,417
(d) Actual Capital		16,815,181
(e) Solvency ratio (d) as a percent of (c)		**482 percent**
Excess Solvency		12,740,234

Appendix 4: Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME - GENERAL INSURANCE COMPANIES (G$ 000s)	ASSURIA GEN	CGICI	DEM FIRE	DFGI	FRANDEC
	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana
Premiums					
Gross Premiums Written	905,148	148,820	166,786	555,009	84,229
Reinsurance Assumed	-				-
Reinsurance Ceded	308,014	22,160	64,472	261,292	-
Net Premiums Written	**597,134**	**126,660**	**102,314**	**293,717**	**84,229**
(Increase) decrease in unearned premium provision	(23,270)		(6,847)	(2,640)	
(Increase) decrease in unexpired risk provision	-				
Net Premiums Earned	**573,864**	**126,660**	**95,467**	**291,077**	**84,229**
Incurred Claims	**208,208**	**7,060**	**21,932**	**69,359**	**43,830**
Increase (Decrease) in Catastrophe Provision	-			-	
Claims	**208,208**	**7,060**	**21,932**	**69,359**	**43,830**
Commissions paid	117,352	2,547	15,145	74,076	1,832
Reinsurance commissions received	93,168		4,364	88,956	
Commissions Expense	**24,184**	**2,547**	**10,781**	**(14,880)**	**1,832**
Management Expenses (Underwriting)	69,911	75,660	4,801	64,279	11,497
Total Claims and Expenses	**302,303**	**85,267**	**37,514**	**118,758**	**57,159**
Underwriting Income (Loss)	**271,561**	**41,393**	**57,953**	**172,319**	**27,070**
Other Income & Expenses					
Net Investment Income	9,222	1,476	22,351	45,124	
Other Income (specify)	6,243	16,676	-	1,265	-
Management Expenses (Administration)	161,974	54,979	44,428	58,494	13,321
Current Income Tax	50,156	4,458	10,222	63,095	5,806
Deferred Income Tax					
Surplus (Deficit) of Revenue over Expenditures	**74,896**	**108**	**25,654**	**97,119**	**7,943**
Other Comprehensive Income	-		26,401	-	
Fair Value adjustment for Equity Investments					
	-	**-**	**26,401**	**-**	**-**
Total Comprehensive Income for the Year	**74,896**	**108**	**52,055**	**97,119**	**7,943**

STATEMENT OF COMPREHENSIVE INCOME - GENERAL INSURANCE COMPANIES (G$ 000s)	GCIS GEN Current YTD Guyana	GTM FIRE Current YTD Guyana	HIH FIRE Current YTD Guyana	MASSY UNITED Current YTD Guyana	NAFICO Current YTD Guyana	NEW INDIA Current YTD Guyana
Premiums						
Gross Premiums Written	211,445	1,660,797	1,334,782	463,301	1,512,377	64,164
Reinsurance Assumed	-	-				
Reinsurance Ceded	34,009	207,380	254,965	194,149	163,944	42,227
Net Premiums Written	**177,436**	**1,453,417**	**1,079,817**	**269,152**	**1,348,433**	**21,937**
(Increase) decrease in unearned premium provision	-	-		(2,195)		1,029
(Increase) decrease in unexpired risk provision	(10,135)	1,486	25,590		(8,341)	102
Net Premiums Earned	**167,301**	**1,454,903**	**1,105,407**	**266,957**	**1,340,092**	**23,068**
Incurred Claims	**66,142**	**372,807**	**202,399**	**20,446**	**367,197**	**(311)**
Increase (Decrease) in Catastrophe Provision	-				(2,808)	
Claims	**66,142**	**372,807**	**202,399**	**20,446**	**364,389**	**(311)**
Commissions paid	11,541	205,166	162,929	40,905	201,214	13,449
Reinsurance commissions received	5,794	2,458	3,596	42,125	13,014	9,802
Commissions Expense	**5,747**	**202,708**	**159,333**	**(1,220)**	**188,200**	**3,647**
Management Expenses (Underwriting)	17,620	440,163	64,067	17,318	147,672	30,237
Total Claims and Expenses	**89,509**	**1,015,678**	**425,799**	**36,544**	**700,261**	**33,573**
Underwriting Income (Loss)	**77,792**	**439,225**	**679,608**	**230,413**	**639,831**	**(10,505)**
Other Income & Expenses						
Net Investment Income	6,500	102,130	255,743	2,203	157,868	295
Other Income (specify)	5,695	(3,134)	220,791	16,118	1,885	
Other Expenses (specify)	27,083	69,590	14,082		-	
Management Expenses (Administration)	66,931	188,637	714,146	113,145	221,508	
Current Income Tax	-	67,978	49,951	55,561	218,367	
Deferred Income Tax	(468)	(20,198)		17,310		
Surplus (Deficit) of Revenue over Expenditures	**(3,559)**	**232,214**	**377,963**	**62,718**	**359,709**	**(10,210)**
Other Comprehensive Income	-		-		-	
Fair Value adjustment for Equity Investments	65,041	1,982,473			163,894	
	65,041	**1,982,473**	**-**	**-**	**163,894**	**-**
Total Comprehensive Income for the Year	**61,482**	**2,214,687**	**377,963**	**62,718**	**523,603**	**(10,210)**

STATEMENT OF COMPREHENSIVE INCOME – LIFE COMPANIES (G$ 000s)	ASSURIA LIFE	DEM LIFE	GCIS LIFE	GTM LIFE	HIH LIFE	NALICO
	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana	Current YTD Guyana
Revenue						
Premiums						
Gross Premiums	145,759	490,762	246	891,814	713,392	469,708
Reinsurance Ceded	8,556	54,590	-	82,801	91,090	33,513
Net Premiums	**137,203**	**436,172**	**246**	**809,013**	**622,302**	**436,195**
Investment Income	17,867	332,991	2,222	103,417	128,569	219,629
Other Income	5,926		9,503	16,352	380,066	88,159
	160,996	**769,163**	**11,971**	**928,782**	**1,130,937**	**743,983**
Expenditure						
Claims paid: Gross	11,496	97,479	33	363,260	225,052	103,601
Reinsurance Recoveries	-		-			
Net Claims	**11,496**	**97,479**	**33**	**363,260**	**225,052**	**103,601**
Commissions	26,562	37,268		82,421	64,659	29,195
Management Expenses (Underwriting)	8,609	9,686		127,519	39,176	61,299
Surrenders	10,997	60,174		37,155	36,257	20,577
Annuities and Pensions		11,684			22,003	34,307
Management Expenses (Administration)	22,599	504,561	106	54,651	132,605	90,833
Current Income Tax	2,688	5,458		2,159	2,681	30,203
Deferred Income Tax						
Other Expenses (specify)	75,025	92,728	92	335,268	48,147	252,504
	157,976	**819,038**	**231**	**1,002,433**	**570,580**	**622,519**
Surplus (Deficit) of Revenue over Expenditure	3,020	(49,875)	11,740	(73,651)	560,357	121,464
Other Comprehensive Income	40,215	5,907,319	40,057	1,785,770	1,072,127	1,064,353
Total Comprehensive Income for the Year	**43,235**	**5,857,444**	**51,797**	**1,712,119**	**1,632,484**	**1,185,817**

Appendix 5: Statutory Fund Requirements – Guyana Business Only

	STATUTORY FUND REQUIREMENT 2018				
	No.	Insurance Companies	Admissible Assets G$ ('000)	Required Assets G$ ('000)	Excess/(Shortfall) G$ ('000)
Life Insurers	1	ASSURIA LIFE	490,521	407,621	82,900
	2	DEML	6,511,066	6,319,258	191,808
	3	GCIS LIFE	7,758	940	6,818
	4	GTML	3,770,553	3,591,779	178,774
	5	HIHL	5,747,626	5,467,677	279,949
	6	NALICO	3,344,604	3,344,604	-
General Insurers	7	ASSURIA GEN	299,378	303,973	(4,595)
	8	CARICOM	80,185	49,892	30,293
	9	DEMF	170,608	117,842	52,766
	10	DFGI	462,094	194,069	268,025
	11	FRANDEC	35,974	1,703	34,271
	12	GCIS GEN	98,408	106,955	(8,547)
	13	GTMF	3,723,757	1,338,113	2,385,644
	14	HIHF	1,625,029	1,261,647	363,382
	15	MASSY	169,834	276,618	(169,834)
	16	NAFICO	538,708	538,708	-
	17	NEW INDIA	40,535	12,193	28,342
	TOTAL		**27,116,638**	**23,333,592**	**3,783,046**