MAYFAIR
INSURANCE

You are in safe hands

Annual Report
and Financial Statements
2021

Welcome to our Annual Report and Financial Statements.

2021

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DIRECTORS

Vishal Patel	Chairman
Joshua Chiira	Managing Director
Bharat .V. Shah	
Diana Bird	
Rajnikant Varia	
Deepa Doshi	
Shamil Manek	
Alvin Rachier	
Bhavik Patel	

MANAGEMENT

Joshua Chiira	Managing Director
Vivek Singh	General Manager - Operations
James Ndegwa	Reinsurance Manager
Gibson Ndungu	Business Development Manager
James Macharia	Underwriting Manager
Priya Shah	Senior Branch Manager - Mombasa
Andrew Karanja	Branch Manager - Eldoret
Andrea Kenneth	Regional Coordination Manager
Yves Godelet	Group ICT Manager
Eva Wambui	Claims Manager
Emma Mwangi	Legal Manager
Darshna Patel	Finance Manager
Gladys Gichogo	Finance Manager
Sammy Kigo	HR & Administration Manager
Grace Njaaga	Bancassurance Manager

SECRETARY

Azali Certified Public Secretaries LLP
Adlife Plaza, 4th Floor, Suite 4E
Ring Road, Kilimani
P.O Box 6219 – 00200
Nairobi

REGISTERED OFFICE

8th Floor, Mayfair Centre
Ralph Bunche Road
P O Box 45161 – 00100 Nairobi

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower, Waiyaki Way / Chiromo Road, Westlands
P O Box 43963 - 00100, Nairobi

ADVOCATES

LJA Associates LLP
3rd Floor, Cavendish Block
14 Riverside, Riverside Drive
P. O. Box 49594-00100
Nairobi

MayfairCIB Bank Limited
Mayfair Center
P O Box 2051 – 00606,
Nairobi.

Stanbic Bank Kenya Limited
Kenyatta Avenue
P O Box 72833 – 00200
Nairobi.

OUR VALUES AND GOALS

VISION

To be distinguished as a reliable and Innovative Pan-African Financial Services Leader

MISSION

To provide financial security through reliable and innovative Insurance solutions

CORE VALUES

- Integrity
- Professionalism
- Reliability
- Respect

- KENYA
- ZAMBIA
- TANZANIA
- RWANDA
- UGANDA
- DR CONGO

Our Regional presence and growing customer base shows our commitment to deliver exceptional customer experience.

BOARD OF DIRECTORS

Vishal Patel
Chairman

Joshua Chiira
Managing Director

Rajnikant Varia
Director

Diana Bird
Director

Bharat Shah
Director

Deepa Doshi
Director

Alvin Rachier
Director

Bhavik Patel
Director

Shamil Manek
Director

- ✓ Mr. Rajnikant Varia
- ✓ Ms. Diana Bird
- ✓ Mr. Shamil Manek
- ✓ Mr. Joshua Chiira

- ✓ Mr. Bharat Shah
- ✓ Mr. Alvin Rachier
- ✓ Mr. Bhavik Patel
- ✓ Mr. Joshua Chiira

- ✓ Ms. Deepa Doshi
- ✓ Mr. Rajnikant Varia
- ✓ Mr. Alvin Rachier
- ✓ Mr. Joshua Chiira

MANAGEMENT TEAM

Joshua Chiira
Managing Director

Vivek Singh
General Manager

James Ndegwa
Reinsurance Manager

Yves Godelet
Group ICT Manager

James Macharia
Underwriting Manager

Andrea Kenneth
Regional Coordination Manager

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Business Development Manager

Eva Wambui
Claims Manager

Priya Shah
Senior Branch Manager, Mombasa

Andrew Karanja
Branch Manager - Eldoret

Emma Mwangi
Legal Manager

Sammy Kigo
HR & Administration Manager

MANAGEMENT TEAM

Gladys Gichogo
Finance Manager

Peter Ngugi
Deputy IT Manager

Darshna Patel
Finance Manager

Joseph Karumba
Actuarial Asst. Manager

Joseph Mbatha
Marketing, Branding & Communications Asst. Manager

Grace Njaaga
Bancassurance Manager

Joel Njeru
Reinsurance Asst. Manager

Consolata Makumi
Legal Asst. Manager

Gabriel Juma
Asst. Manager Underwriting

Steve Obiero
Asst. Manager, Underwriting Technical

VISHAL PATEL - CHAIRMAN, MAYFAIR INSURANCE

CHAIRMAN'S REPORT

It is a great honor to present to you the annual report and financial statements for the year ended 31st December 2021.

These accounts have been prepared in accordance with International Financial Reporting Standards (IFRS).

Allow me briefly to report to you matters on a few areas of interest:

Business Environment

Kenya's economy has demonstrated resilience to the COVID-19 shock, with output in the first half of the year rising above pre-pandemic levels. In 2021, gross domestic product (GDP) was expected to grow by 5%.

Economic activity in Kenya has continued to adapt to the pandemic and associated restrictions. A mix of containment measures, such as a nightly curfew, were in effect through most of 2021, while more economically disruptive measures such as lockdowns and travel restrictions were phased, limiting the impact on economic activities.

The vaccine rollout, which had a slow start due to supply constraints, has picked up as new shipments of vaccines have arrived, particularly since September. This has supported economic recovery and growth through the last two quarters of 2021.

GCR Rating

The Global Credit Rating (GCR) affirmed the Company's financial strength rating of A+(KE); Outlook Stable in 2021. The financial strength rating reflects the Company's strong financial position attributed to very strong risk-adjusted capitalization, sound liquidity, and robust earnings. The Company's Risk-adjusted capitalization remains very strong, supported by solid internal capital generation and preservation.

Business and Financial Results

The Board takes note of our business resilience and is pleased with Mayfair Insurance Company's overall performance in the year. The Company reported Gross Written Premiums amounting to Shs. 4.3 billion, a 29% growth from the prior period. The Company recorded an underwriting profit of Shs. 178 million, and an operating Gross Profit before income tax of Shs. 608 million after taking into account investment and other income, a 16.7% growth from the prior period.

The shareholder's funds amounted to Shs. 3.48 billion as at 31st December 2021, while the total assets grew by 14% to close at Shs. 9.01 billion.

Regional Performance

On the regional front, the Company continues to be keen on bolstering operations to optimize returns across the Associates. This is yielding result, with the Group posting a total Gross Written Premium of USD 85.1M as at 31st December 2021, being a 26% growth from the prior period. The individual company performance was as below:

- Mayfair Tanzania posted a 22% growth to close at Gross Written Premiums of USD 11.8 million
- Mayfair Rwanda posted a 26% growth in Gross Premiums Written to close at USD 4M
- Mayfair Uganda posted a 33% growth to close at Gross Written Premiums of USD 3.7M
- Mayfair DRC posted a 56% growth to close at Gross Written Premiums of USD 11.1M
- Mayfair Zambia declined by 9% to close at Gross Written Premiums of USD 16.9M
- With these results, we are optimistic about our regional business as they continue to post profitable results.

Dividends

The Board recommends a first and final cash dividend of Shs. 8.33 per share amounting to Shs. 125,000,000. The Directors recognize the need to retain adequate reserves for re-investing back to support the ambitious growth strategy as well as meeting the statutory capital requirements.

CHAIRMAN'S REPORT CONT...

Board of Directors & Corporate Governance

Our Board of Directors remains strong with a diverse mix of skills and a wealth of experience. They are strong profiles with insight and knowledge. In the last couple of years, we have deliberately aimed at strengthening areas that we consider strategically important to the Company.

Three Committees sit Quarterly:

The Board Strategic Committee, chaired by Mr. Rajnikant Varia and includes Directors Mrs. Diana Bird, Mr. Shamil Manek, and Mr. Joshua Chiira.

The Board Audit, Risk, and Compliance Committee, chaired by Ms. Deepa Doshi, and includes Directors, Mr. Rajnikant Varia, Mr. Alvin Rachier, and Mr. Joshua Chiira.

The Board Investment & HR Committee, chaired by Mr. Bharat Shah and includes Directors Mr. Alvin Rachier, Mr. Bhavik Patel, and Mr. Joshua Chiira.

The responsible Committees charged with compliance to corporate governance standards report regularly to the Board of Directors.

Human Resources

We have strong, consistent people policies designed to make Mayfair Insurance Company a great place to work, and these policies are undergoing a complete review with the ongoing staff optimization exercise.

The Board of Directors acknowledges and appreciates the incredible efforts towards our common goal. We shall endeavor to continue with our commitment to the skills development of the staff as well as the creation of an enabling environment to realize their maximum potential.

Strategic Direction

The Board approved the robust 3-year Strategic plan that is hinged on 6 key pillars: Profitable Growth, Customer Centricity, Technology, People Management, Brand awareness as well as leveraging on Group synergy.

The Board will continue to monitor the execution and implementation of this strategy closely. As we head into the future, the Board is optimistic about the opportunities arising from the various strategies underlying the pillars.

2022 Outlook

According to the Kenya economic update report by the World Bank, Kenya's economic performance is expected to be robust. Real GDP growth of 4.9% per year on average is projected over 2022–23, similar to the pre-pandemic pace (5.0% average annual growth, 2010-19).

The Central Bank of Kenya has also maintained an accommodative monetary policy stance by keeping the key policy rate unchanged to support the economic recovery

In contrast, the General elections are scheduled to be held in August 2022, likely creating temporary headwinds for investment, based on the historical precedent suggesting that some private investment activity is usually paused ahead of elections.

The growth of government consumption and investment is therefore expected to remain subdued in the year.

Appreciation

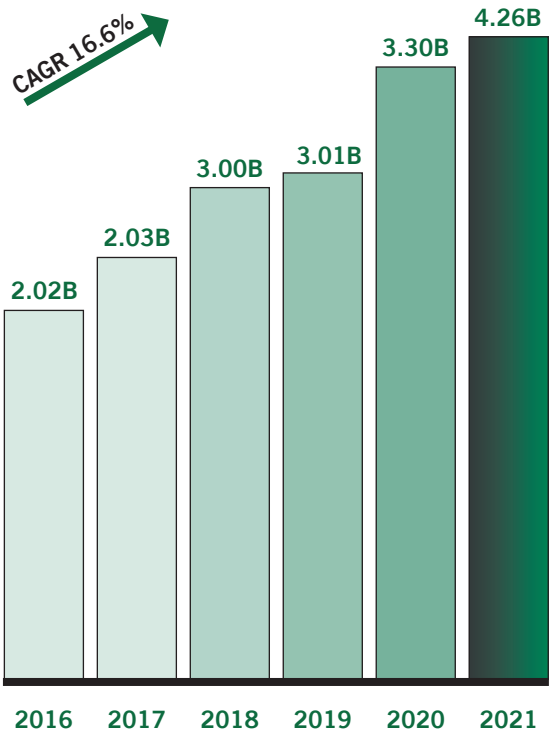
The Board of Directors would like to recognize the efforts of all those employees who have remained so committed to delivWering an outstanding service to our customers and stakeholders over the past year.

The Board of Directors wishes to thank our loyal customers, partners, directors, and our dedicated staff for their continued confidence in the Company and we look forward to sharing more successes with you. We will strive to be worthy of the trust you have bestowed on us. Moving forward, we remain steadfast in delivering on our strategy and growing shareholders' wealth.

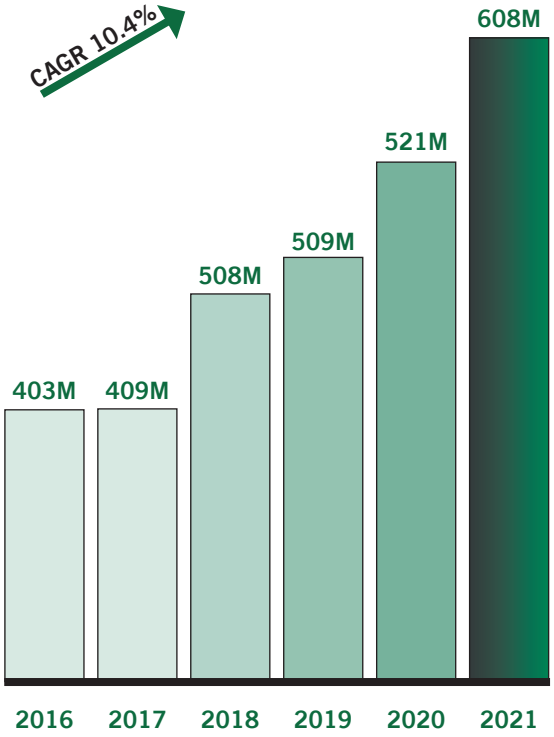
Lastly, I thank you, fellow board members for your contribution, dedication, and support as we together propel this great organization to higher heights.

CHAIRMAN'S REPORT CONT...

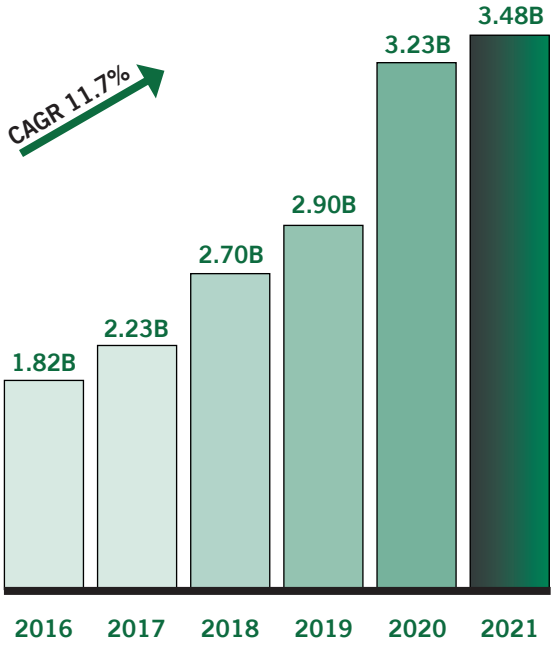
GROSS WRITTEN PREMIUM
(Figures in thousands (Ksh '000)



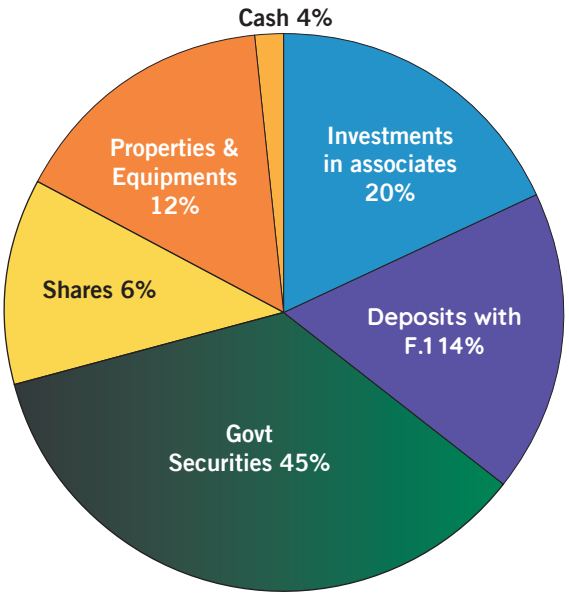
PROFIT BEFORE TAX
(Figures in thousands (Ksh '000)



SHAREHOLDERS FUNDS
(Figures in thousands (Ksh '000)



DISTRIBUTION OF ASSETS
(Figures in thousands (Ksh '000)



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2021 which disclose the state of affairs of Mayfair Insurance Company Limited ("the Company"). The annual report and financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2015.

Business review

Principal activity

The principal activity of the Company is the underwriting of general classes of insurance business as defined by the Insurance Act.

Principal risks and mitigation strategies

Key risks that the Company is exposed to are included in Note 4 of the financial statements.

The following are also risks faced by the Company:

- Capital adequacy risk – The Company's Capital Adequacy Ratio at 31 December 2021 was 195% (2020 - 255%).
- Credit risk – The Company's credit control policy is to maintain outstanding premiums days to less than 90 days.

Company's Performance

The Company recorded a profit before tax of Shs 608 million (2020: Shs 521 million).

Key performance indicators

The table below highlights some of the key performance indicators over a period of 4 years.

Performance Indicator	2018	2019	2020	2021
	Ksh 000	Ksh 000	Ksh 000	Ksh 000
Underwriting profit	273,952	270,026	193,109	178,010
Gross loss ratio %	35%	64%	89%	47%
Profit before income tax	508,344	509,431	521,012	608,068
Net assets	2,700,638	2,906,185	3,236,889	3,479,005
Capital adequacy ratio %	242%	245%	255%	195%

Dividend

The Directors recommend a first and final cash dividend of Shs. 8.33 per share amounting to Shs. 125,000,000 (2020: Cash dividend of Shs. 13.33 per share amounting to Shs. 200,000,000)

Directors

The Directors who held office during the year and to the date of this report are set out on page 1.

REPORT OF THE DIRECTORS CONT...

Auditor

Disclosure to the auditor

The Directors confirm that with respect to each Director at the time of approval of this report:

a. there was, so far as each Director is aware, no relevant audit information of which the Company's auditor is unaware; and
b. each Director had taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of appointment of the auditor

In accordance with the Insurance Regulatory Authority's Guideline to the Insurance Industry on External Auditors, an audit firm is permitted to carry out the audit for a specific insurer for a period of up to seven (7) consecutive years. PricewaterhouseCoopers have been the Company's auditors for the last seven years and will cease to be auditors of the Company. At the forthcoming Annual General Meeting the Directors will recommend to the members appointment of new auditors to replace PricewaterhouseCoopers in accordance with Section 719 of the Companies Act, 2015 and Insurance Act (Cap 487).

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract which sets out the terms of the auditor's appointment and the associated fees on behalf of the shareholders.

By order of the Board

By order of the Board

AZALI CERTIFIED PUBLIC SECRETARIES P. O. Box 6219 - 00200 NAIROBI

Company Secretary

Azali Certified Public Secretaries LLP
Company Secretary
Nairobi
30th March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the financial year and its profit or loss for that year. The Directors are responsible for ensuring that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; disclose with reasonable accuracy at any time the financial position of the company; and that enables them to prepare financial statements of the company that comply with prescribed financial reporting standards and the requirements of the Companies Act. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
ii. Selecting suitable accounting policies and then apply them consistently; and
iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having assessed the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 30th March 2022 and signed on its behalf by:

Vishal Patel
Chairman

Bharat Shah
Director

Joshua Chiira
Managing Director

REPORT OF THE CONSULTING ACTUARY

I have conducted an Insurance Liability Valuation of the short-term business of Mayfair Insurance Company Limited as at 31 December 2021.

The valuation was conducted in accordance with the generally accepted actuarial principles and the requirements of The Kenya Insurance Act. These principles require prudent provision for insurance liabilities in the financials on a best estimate basis.

I verify that the calculation of the short-term insurance liabilities as at 31 December 2021 is appropriate.

I am satisfied that the Unearned Premium Reserve, Deferred Acquisition Cost, Outstanding Claims Reserve, Incurred But Not Reported Reserve as per the valuation are sufficient and appropriate given the nature of the business and existing liabilities.

REPORT OF THE AUDITOR

Independent auditor's report to the shareholders of Mayfair Insurance Company Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Mayfair Insurance Company Limited (the Company) set out on pages 22 to 84 which comprise the statement of financial position at 31 December 2021, the statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Mayfair Insurance Company Limited at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE AUDITOR CONT...

Independent auditor's report to the shareholders of Mayfair Insurance Company Limited

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of outstanding claims provision Outstanding claims provision included in Note 28 of the financial statements is made up of notified claims and incurred but not reported ("IBNR") claims. This is an area of focus because estimation of the outstanding claims involves significant judgement given the uncertainty in estimating the amounts likely to be paid in settlement of notified claims. There is further uncertainty in relation to IBNR claims as there is generally less information available in relation to these claims. The IBNR provision is determined annually by the Company's consulting actuaries who provide an estimate for the valuation which relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience.	Our procedures included the following: • Evaluated and tested controls around the claims handling, settling and valuation; • Tested the reasonableness of the Company's estimation process for a sample of claims outstanding by comparing the estimated claims provision to supporting documentation; • Assessed the adequacy of the reserves by comparing the claim reserves held in the prior periods against subsequent claim payments and amounts still outstanding relating to that period; • Tested the consistency of the reserving methods year on year; and • Assessed the adequacy of disclosures in the financial statements.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE AUDITOR CONT...

Independent auditor's report to the shareholders of Mayfair Insurance Company Limited

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

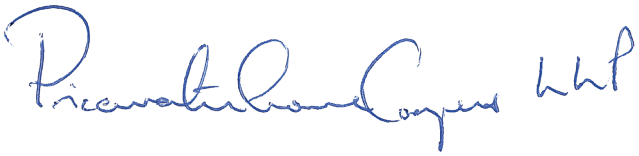
From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT OF THE AUDITOR CONT...

Independent auditor's report to the shareholders of Mayfair Insurance Company Limited

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

In our opinion the information given in the report of the directors on page 14 – 15 is consistent with the financial statements.



Certified Public Accountants
Nairobi (30th March 2022)
CPA Kang'e Saiti Practising certificate No. 1652
Signing partner responsible for the independent audit

STATEMENT OF PROFIT OR LOSS

for the year ended 31st December 2021

	Notes	2021 Shs'000	2020 Shs'000
Gross written premiums		**4,262,081**	3,300,417
Gross earned premiums	5	**4,143,472**	3,319,296
Less: reinsurance premiums ceded		**(2,117,153)**	(1,632,218)
Net earned premiums		**2,026,319**	1,687,078
Investment income	6	**427,508**	354,297
Commissions earned		**505,475**	451,687
Other income	7	**10,082**	14,097
Total income		**2,969,384**	2,507,159
Net claims incurred	8	**(1,209,379)**	(1,056,547)
Operating and other expenses	9(a)	**(550,325))**	(458,292)
Commissions payable		**(624,901)**	(471,064)
Impairment losses on financial assets	9(b)	**(13,461)**	(5,691)
Finance cost	32	**(1,262)**	(3,219)
Total expenses		**(2,399,328)**	(1,994,813)
Share of profit of associate after tax	16	**38,012**	8,666
Profit before income tax		**608,068**	521,012
Income tax expense	11	**(158,194)**	(127,122)
Profit for the year		**449,874**	393,890

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2021

	Notes	2021 Shs'000	2020 Shs'000
Profit for the year		**449,874**	393,890
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Fair value (loss)/gains on equity investment at FVTOCI	18	**(18,211)**	42,816
Exchange gain on equity investments at FVTOCI	18	**2,451**	34,830
Surplus on revaluation of building	12	**9,496**	9,168
Deferred income tax		**(1,494)**	-
Other Comprehensive (loss)/income for the year		**(7,758)**	86,814
Total comprehensive income for the year		**442,116**	480,704

STATEMENT OF FINANCIAL POSITION

for the year ended 31st December 2021

ASSETS	Notes	2021 Shs'000	2020 Shs'000
Property and equipment	12	**353,025**	360,736
Investment properties	15	**426,089**	426,089
Intangible assets	13	**15,137**	17,726
Investment in associate	16	**971,716**	399,014
Right-of-use assets	14	**7,660**	12,099
Investment in joint arrangements	17	**321,288**	321,229
Equity investments at fair value through other comprehensive income	18	**373,844**	894,932
Receivables arising out of direct insurance arrangements	21	**695,553**	483,535
Receivables arising out of reinsurance arrangements		**155,313**	57,500
Reinsurers' share of technical provisions and reserves	19	**1,227,978**	1,367,564
Deferred acquisition cost	20	**247,904**	193,168
Government securities at amortised cost	23	**2,969,675**	1,912,145
Corporate Bonds at amortised cost	24	**29,556**	-
Other receivables	22	**44,696**	94,372
Deposits with financial institutions	25	**910,962**	1,292,678
Current income tax	11	**-**	4,707
Cash and bank balances	35(B)	**264,097**	59,832
TOTAL ASSETS		**9,014,493**	7,897,326
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	27	**1,500,000**	1,500,000
Fair value revaluation reserve		**11,449**	417,480
Property revaluation reserve		**133,994**	125,992
Retained earnings		**1,833,562**	1,193,417
Total equity		**3,479,005**	3,236,889
Liabilities			
Outstanding claims provision	28	**2,808,190**	2,684,509
Unearned premium reserve	30	**1,584,973**	1,324,825
Payables arising from insurance arrangements		**98,795**	44,166
Payables arising out of reinsurance arrangements		**591,732**	271,760
Deferred reinsurance commission	31	**140,735**	106,728
Lease liabilities	32	**9,085**	13,238
Deferred income tax	33	**71,501**	85,788
Other payables	34	**199,095**	129,423
Current income tax	11	**31,382**	-
Total liabilities		**5,535,488**	4,660,437
TOTAL EQUITY AND LIABILITIES		**9,014,493**	**7,897,326**

The financial statements on pages 22 to 84 were approved for the issue by the board of Directors on 30th March_2022 and signed on its behalf by

Vishal Patel
Chairman

Bharat Shah
Director

Joshua Chiira
Managing Director

STATEMENT OF CHANGE OF EQUITY

for the year ended 31st December 2021

	Notes	Share capital	Fair value revaluation reserve	Property revaluation reserve	Retained earnings	Total equity
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Balance at 1 January 2020		**1,000,000**	**339,834**	**116,824**	**1,449,527**	**2,906,185**
Profit for the year		-	-	-	393,890	393,890
Other comprehensive income:		-	77,646	9,168	-	86,814
Total comprehensive income		-	77,646	9,168	393,890	480,704
Transactions with owner:						
Issue of bonus shares		500,000	-	-	(500,000)	-
Dividends:						
Dividends Paid – 2019		-	-	-	(150,000)	(150,000)
Balance at 31 December 2020		**1,500,000**	**417,480**	**125,992**	**1,193,417**	**3,236,889**
Balance at 1st January 2021		**1,500,000**	**417,480**	**125,992**	**1,193,417**	**3,236,889**
Profit for the year		**-**	**-**	**-**	**449,874**	**449,874**
Other comprehensive income:		**-**	**(15,760)**	**8,002**	**-**	**(7,758)**
Total comprehensive income		**-**	**(15,760)**	**8,002**	**-**	**(7,758)**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings		**-**	**(390,271)**	**-**	**390,3271**	**-**
Transactions with owner:						
Dividends:						
Dividends Paid – 2020		**-**	**-**	**-**	**(200,000)**	**(200,000)**
		1,500,000	**11,449**	**133,994**	**1,833,562**	**3,479,005**

STATEMENT OF CASH FLOW

for the year ended 31st December 2021

	Notes	2021 Shs'000	2020 Shs'000
Cash flows from operating activities			
Cash generated from operations	35(a)	**1,288,323**	943,469
Income tax paid	11(c)	**(137,886)**	(124,191)
Net cashflows generated from operating activities		**1,150,437**	819,278
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(8,042)**	(14,603)
Purchase of intangible assets	13	**(11,458)**	(22,500)
Proceeds from sale of PPE		**30**	103
Payment of lease liabilities	32	**(5,415)**	(2,801)
Proceeds from sale of shares		**512,312**	-
Investment in joint arrangements	17	**(59)**	(677)
Investment in associates	16	**(534,690)**	-
Purchase of equity investments	18	**(3,534)**	-
Net investments in treasury bonds/ bills maturing after 90 days	23	**(1,047,485)**	(316,033)
Net investments in corporate bonds	24	**(29,556)**	-
Net cashflows from investing activities		**(1,127,888)**	(356,511)
Cash flows from financing activities			
Dividends paid to shareholders		**(200,000)**	(150,000)
Net cashflows from financing activities		**(200,000)**	(150,000)
Net (decrease)/increase in cash and cash equivalents		**(177,451)**	312,767
Cash and cash equivalents at beginning of year		**1,352,510**	1,039,743
Cash and cash equivalents at end of year	35(b)	**1,175,059**	1,352,510

NOTES

Notes to the Financial Statements

1. General information

Mayfair Insurance Company Limited (the Company) deals with general insurance business and is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability Company. The Company is domiciled in Kenya and the address of its registered office is:

Mayfair Centre, 8th floor,
Ralph Bunche Road
PO Box 45161
Nairobi 00100.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Going concern

The financial performance of the Company is set out in the Director's report and in the statement of profit or loss and other comprehensive income. The financial position of the Company is set out in the statement of financial position and disclosures in respect of risk management are set out in Note 4.

Based on the financial performance and position of the Company and its risk management policies the directors are of the opinion that the Company is well placed to continue in business for the foreseeable future. As a result, the financial statements are prepared on going concern basis.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

Changes in accounting policy and disclosures

New and amended standards not yet adopted by the Company

The following standards have been issued and effective for annual periods beginning on or after 1 January 2021 but did not have a material impact on the Company:

Number	Effective date	Executive summary
Covid-19-related Rent Concessions – Amendments to IFRS 16	1 June 2020/ 1 April 2021	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. * The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022. If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

New and amended standards not yet adopted by the Company (continued)

Number	Effective date	Executive summary
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022.	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognized in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	These amendments include minor changes to: -IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. -IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

Changes in accounting policy and disclosures(continued)

New and amended standards not yet adopted by the Company (continued)

The following standards and interpretations have been issued but were not mandatory for annual reporting periods ending 31 December 2020:

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	1 January 2023 (deferred from 1 January 2021)	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned • profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023

Directors do not plan to apply the above standards, until they become effective. Based on their assessment of the potential impact of application of the above, only IFRS 17 is expected to have a significant impact on the Company's financial statements.

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

b. Insurance Contract

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts in the company are classified in accordance with the provisions of the Insurance Act. The business mainly relates to general insurance business.

Classes of Short term insurance include aviation, engineering insurance, fire insurance - domestic risks, Fire insurance - industrial and commercial risks, liability insurance, marine insurance, motor insurance - private vehicles, motor insurance - commercial vehicles, personal accident insurance, theft insurance, workmen's Compensation and employer's liability insurance and miscellaneous insurance (i.e. class of business not included under those listed above).

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third-party risks but exclusive of transit risks.

Personal accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

c. Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below.

Premium income for general business is recognised on assumption of risks and includes estimates of premiums due but not yet received, less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the reporting date and are calculated using the 365th basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Commissions receivable are recognised as income in the period in which they are earned.

Interest income for all interest-bearing financial instruments is recognised using the effective interest method. Dividends income from equity instruments at FVTOCI is recognised as income in the period in which the right to receive payment is established. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

2. Summary of significant accounting policies(continued)

d. Reinsurance

The Company assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance assumed are recognised as income in the same manner as they would be if the reinsurance were considered direct business. Premiums ceded and claims reimbursed are presented on a gross basis in profit and loss and statement of financial position as appropriate.

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recognised in the profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. The Company also assumes reinsurance risk in the normal course of business for non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

e. Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recognised in profit or loss.

f. Claims incurred

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims provisions represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the reporting date, but not settled at that date. Outstanding claims provisions are computed on the basis of the best information available at the time the records for the year are closed and include provisions for claims incurred but not reported ("IBNR") at the reporting date based on the Company's experience but subject to the minimum percentage set by the Commissioner of Insurance. Outstanding claims are not discounted.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

g. Commissions payable and deferred acquisition costs

A proportion of commission payable is deferred and amortised over the period in which the related premiums are earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

h. Outstanding claims provision

The outstanding claims provision, which is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims and therefore the ultimate cost of this category of claims cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

i. Unearned premium reserve

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract at which time it is recognised as premium income

j. Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

k. Investment property

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined periodically by external independent valuers. Fair value is based on open market basis determined using the highest and best use valuation model.

Investment properties are not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss for the year.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

I. Property, plant and equipment

i. Cost model

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Partitioning	12.5%
Buildings	2.5%
Motor vehicles	25%
Furniture, fittings and equipment	12.5%
Computer hardware	30%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

ii. Revaluation model

Buildings are stated at valuation less accumulated depreciation and any accumulated impairment losses and are revalued annually. Any surplus arising on the revaluation is recognised in other comprehensive income and accumulated in the revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and charged against the revaluation surplus; all other decreases are charged to profit or loss. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

The annual depreciation on the revaluation surplus element of property, plant and equipment is transferred from the revaluation surplus to retained earnings net of the resultant deferred tax.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

m. Intangible assets

Intangible assets represent computer software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over the useful economic life from the date it is available for use, currently at 30% and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method is reviewed at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense is recognised in profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

n. Financial assets

i. Classification

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income, an
- those to be measured at amortised cost.

ii. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2. Summary of significant accounting policies (continued)

n. Financial assets (continued)

ii. Measurements

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through other comprehensive income are expensed in profit or loss.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

(i) the Company's business model for managing the financial assets; and
(ii) the cash flow characteristics of the asset

.
Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

iii. Determination of fair value

Equity Instruments

The Company subsequently measures all equity investments at FVTOCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings. Dividends earned are recognised in the profit or loss statement and are included in the 'investment income' line item.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (NSE). The quoted market price used for financial assets held by the Company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. E.g. a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

iv. Impairment

The Company assesses impairment on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

iv. Impairment (continued)

The Company recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

- Government securities measured at amortised cost
- Receivables arising from direct insurance arrangements
- Rent receivables;
- Staff loans;
- Corporate bonds at amortised cost;
- Deposits with financial institutions at amortised cost; and
- Cash and bank balances.

The Company recognises loss allowances at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion that result from default events that are possible within the 12 months after the reporting date.

The Company recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Company will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in government securities; and
- Other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for premium and rent receivables are measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

No impairment loss is recognised on equity investments and financial assets measured at FVTPL.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

iv. Impairment (continued)

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Company follows one of the approaches below:

- The general approach
- The simplified approach

The Company applies the approaches below to each of its assets subject to impairment under IFRS 9:

Financial Asset	Impairment approach
Government securities	General approach
Receivables arising out of direct insurance arrangements	Simplified approach
Rent and inter-company receivables	General approach
Loans receivable	General approach
Corporate bonds at amortised cost	General approach
Deposits with financial institutions at amortised cost	General approach
Cash and bank balances	General approach

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

iv. Impairment (continued)

The General Approach

Under the general approach, at each reporting date, the Company determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Company will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Company will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Company will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

The Simplified Approach

Under the simplified approach, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Definition of default

The Company will consider a financial asset to be in default when:

- the counterparty or borrower is unlikely to pay their credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the counterparty or borrower is more than 90 days past due on any material credit obligation to the Company. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Company;

or

In assessing whether the counterparty or borrower is in default, the Company considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: e.g. Overdue status and non-payment of another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

iv. Impairment (continued)

Significant increase in credit risk (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on a variety of external actual and forecast information. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a best estimate and is aligned with information used by the Company for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

iv. Impairment (continued)

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables (i)Probability of Default; (ii) Loss given default (LGD); and (iii) Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Company uses internally developed PD tables based on the default history of obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)).The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-¬value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are classified on the basis of shared risk characteristics, which include: instrument type; credit risk grading; collateral type; date of initial recognition; remaining term to maturity; industry; and geographic location of the borrower. The classifications are subject to regular review to ensure that exposures within a particular Company remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided by rating agencies.

Insurance receivables

The ECL of operating insurance receivables are determined at using a provision matrix. Loss rates are calculated with reference to days past due and actual credit loss experience over the past few years and incorporation of forward looking information.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

n. Financial assets (continued)

v. Modification of contracts

The Company rarely renegotiates or otherwise modifies the contractual cash flows of securities. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the counterparty is in financial difficulty;
- Whether any substantial new terms are introduced that affect the risk profile of the instrument;
- Significant extension of the contract term when the borrower is not in financial difficulty;
- Significant change in interest rate;
- Change in the currency the security is denominated in;or
- Inclusion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a SICR has occurred.

The Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2021 was KShs Nil (2020: Nil). The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

The Company writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Company is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full.

o. Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortised cost. Amounts due to related parties and other payables are classified at amortised cost.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies(continued)

p. Foreign currency transaction

(i) *Functional and Presentation currency*

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which the entity operates (the Functional Currency'). The financial statements are presented in currency' Kenya Shillings' which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the Functional Currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income'.

q. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

r. Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

s. Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

t. Income tax expense

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

a) *Current income tax*

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

u. Employee benefits

Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the employees and the employer, with the employer contributing 5% while the employee contribution is voluntary. The Company also contributes to the statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions to these schemes are determined by local statute and are currently limited to Shs 200 per employee per month.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

v. Leases

Leases under which the Company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

Leases where the Company assumes substantially all the risks and rewards incidental to ownership were classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

NOTES (CONTINUED)

Notes to the Financial Statements

2. Summary of significant accounting policies(continued)

v. Leases (continued)

Measurement of lease liabilities

Lease liability were measured at the liability accruing from over the lease period adjusted for by the amount of payments and the interest on the liability discounted at the rate of 13%.

Measurement of right of use assets

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2021

The Company's leasing activities and how these are accounted for

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. Summary of significant accounting policies(continued)

v. Leases (continued)

The Company's leasing activities and how these are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less

w. Impairment on non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

x. Associates

Associates are all entities over which the Company has significant influence but not control or joint control.
The Company holds 40% of the voting rights in the Associate Companies.
Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

y. Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has investments in joint operations. The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

NOTES (CONTINUED)

Notes to the Financial Statements

3. Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The ultimate liability arising from claims made under insurance contracts

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the statement of financial position date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, as well as by significant business lines. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

3. Critical accounting estimates and judgement (continued)

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

4. Financial risk management objectives and policies

4.1 Insurance Risk

The Company's activities expose it to a variety of insurance and financial risks. Financial risks include credit risk, liquidity risk and market risk which includes the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates.

The Company's overall risk management programme focuses on the unpredictability of financial markets, identification and management of risks. It seeks to minimise potential adverse effects on its financial performance by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.1 Insurance Risk (continued)

Insurance risk in the Company arises from

a. Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
b. Unexpected claims arising from a single source;
c. Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
d. Inadequate reinsurance protection or other risk transfer techniques; and
e. Inadequate reserves

(a), (b) and (c) can be classified as the core insurance risk, (d) relates to reinsurance planning, while (e) is about reserving.

Core insurance risk

This risk is managed through:

- Diversification across a large portfolio of insurance contracts;
- Careful selection guided by a conservative underwriting philosophy;
- Continuous monitoring of the business performance per class and per client and corrective action taken as deemed appropriate;
- A minimum of one review of each policy at renewal to determine whether the risk remains within the acceptable criteria;
- Having a business acceptance criteria which is reviewed from time to time based on the experience and other developments; and
- Having a mechanism of identifying, quantifying and accumulating exposures to contain them within the set underwriting limits.

Reinsurance planning

Reinsurance purchases are reviewed annually to verify that the levels of protection being sought reflect developments in exposure and risk appetite of the Company. The bases of these purchases is underpinned by the Company's experience, financial modelling by and exposure of the reinsurance broker. Reinsurance is placed with providers who meet the Company's counter-party security requirements.

Claims reserving

The Company's reserving policy is guided by the prudence concept. Estimates are made of the estimated cost of settling a claim based on the best available information upon registration of a claim, and this is updated as and when additional information is obtained and annual reviews done to ensure that the reserves are adequate. Management is regularly provided with claims settlement reports to inform on the reserving performance.

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (Continued)

4.1 Insurance Risk (Continued)

The table below sets out the concentration of insurance liabilities by the class of business represented by the maximum insured loss (gross and net of reinsurance) arising from insurance contracts.

Year ended 31 December 2021	Gross sum assured Shs'000	Ceded under reinsurance contracts Shs'000	Net sum assured Shs'000
Fire	1,086,046,530	897,848,235	188,198,295
Motor	31,989,231	1,363,971	30,625,260
Workmen's compensation	54,982,691	2,914,613	52,068,078
Engineering	246,880,888	196,049,529	50,831,359
Marine	274,884,923	91,501,700	183,383,223
Theft	51,271,563	37,562,658	13,708,905
Miscellaneous	23,151,939	18,335,066	4,816,873
Liability	56,389,121	21,383,719	35,005,402
Personal accident	9,156,233	3,914,654	5,241,579
Aviation	106,754,619	106,664,987	89,632
	1,941,507,738	1,377,539,132	563,968,606

Year ended 31 December 2020	Gross sum assured Shs'000	Ceded under reinsurance contracts Shs'000	Net sum assured Shs'000
Fire	916,330,613	843,498,008	72,832,605
Motor	29,961,073	2,656,318	27,304,755
Workmen's compensation	43,614,157	1,752,080	41,862,077
Engineering	237,773,017	172,370,607	65,402,410
Marine	185,261,420	87,725,143	97,536,277
Theft	40,153,640	30,723,177	9,430,463
Miscellaneous	18,437,077	14,409,470	4,027,607
Liability	56,780,520	26,513,522	30,266,998
Personal accident	15,873,003	7,459,888	8,413,115
Aviation	67,254,808	66,996,354	258,454
	1,611,439,328	1,254,104,567	357,334,761

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.2 Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk. Appraisal of investment portfolio is done on a regular basis and the investment spread reviewed depending on the existing interest rates

a. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and comprises of three types of risk: interest rate risks, equity price risk and foreign exchange currency risk. The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant:

i. Interest rate risk

The Company is exposed to the risk that the level of interest income and in effect the cash flows will fluctuate due to changes in market interest rates. To manage this risk, the Company ensures that the investment maturity profiles are well spread.

The sensitivity analysis presented below shows how profit and equity would change if the interest rates had increased/(decreased) on the reporting date with all other variables held constant.

	2021 Shs '000		2020 Shs '000	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
+ 5 percentage point movement	5,636	5,636	4,527	4,527
- 5 percentage point movement	(5,636)	(5,636)	(4,527)	(4,527)

(ii) *Equity price risk*

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.2 Financial Risk (continued)

a. Market Risk (continued)

ii. Equity price risk (continued)

The Company is exposed to equity securities price risk as a result of its holdings in equity investments which are listed and traded on the Nairobi Securities Exchange. Exposure to equity price risks in aggregate is monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes.

The Company has a defined investment policy which sets limits on the company's exposure to equity securities both in aggregate terms and by category/share. This policy of diversification is used to manage the Company's price risk arising from its investments in equity securities.

Changes in the price of equities would have the following impact on the other comprehensive income with all other variables held constant:

	Gross Portfolio Shs'000	% change in price	Impact to OCI Shs'000
31st December 2021	**373,844**	**+/- 5%**	**18,692**
31st December 2020	**894,932**	+/- 5%	**38,348**

iii. Foreign exchange currency risk

Foreign exchange currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations.

The following sensitivity analysis shows how profit and other comprehensive income would change if the exchange rates changed at the reporting date with all other variables held constant, mainly as a result of translation of US Dollar denominated equity investments and cash balances.

	Gross Portfolio Shs'000	% change in price	Impact to OCI Shs'000
31st December 2021	**307,937**	**+/- 5%**	**15,397**
31st December 2020	**604,452**	+/- 5%	**30,223**

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.2 Financial Risk (continued)

b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the Company by failing to discharge a contractual obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- Net exposure limits are set for each counterparty or group of counterparties i.e. limits are set for investments and cash deposits, and minimum credit ratings for investments that may be held.
- Reinsurance is placed with counterparties that have a good credit rating.
- Ongoing monitoring by the management credit committee.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Directors include details of provisions for impairment on receivables and subsequent write offs.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency.

The table below shows the carrying amounts of financial assets bearing credit risk

Maximum exposure to credit risk before collateral held

	2021 Shs'000	2020 Shs'000
Other receivables	**44,696**	94,372
Receivables arising out of direct insurance arrangements	**695,553**	483,535
Receivables arising out of reinsurance arrangements	**155,313**	57,500
Government securities at amortised cost	**2,969,675**	1,912,145
Corporate bonds at amortised cost	**29,556**	-
Deposits with financial institutions	**1,137,458**	1,292,678
Bank balances	**37,601**	59,832
	5,069,852	**3,900,062**

No collateral is held for the above amounts.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the Company's management through the Managing Director.

The Company has no significant concentrations of credit risk. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved periodically by the Board Investment Committee (BIC) and ratified quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.2 Financial Risk (continued)

b. Credit risk (continued)

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. BIC makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Management of the Company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rates.

Owing to the fact that there is no readily available credit rating information, the Company assesses the credit quality of the institution, taking into account its financial position, pas experience and other factors.

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.2 Financial Risk (continued)

b. Credit risk (continued)

The table below provides the information regarding the credit risk exposure of the Company.

31 December 2021	Stage 1 Shs'000	Stage 2 Shs'000	Stage 3 Shs'000	Total Shs'000
Receivable arising out of direct insurance arrangements	695,553	-	24,565	720,118
Receivable arising out of reinsurance arrangements	155,313	-	-	155,313
Government securities	2,969,675	-	2,974	2,972,649
Corporate bonds	29,550	-	6	29,556
Deposits with financial institutions	1,608,639	-	784	1,609,423
Staff loans	17,164	-	-	17,164
Rent & other receivables	25,920	-	-	25,920
Cash and bank balances	37,601	-	-	37,601
	5,539,415	-	28,329	5,567,744

31 December 2020	Stage 1 Shs'000	Stage 2 Shs'000	Stage 3 Shs'000	Total Shs'000
Receivable arising out of direct insurance arrangements	483,535	-	11,905	495,440
Receivable arising out of reinsurance arrangements	57,500	-	-	57,500
Government securities	1,912,145	-	1,841	1,913,986
Deposits with financial institutions	1,291,894	-	784	1,292,678
Staff loans	15,908	-	-	15,908
Rent & other receivables	76,831	-	-	76,831
Cash and bank balances	59,832	-	-	59,832
	3,897,645	-	14,530	3,912,175

NOTES (CONTINUED)

Notes to the Financial Statements

31 December 2021		Stage 1 Shs'000	Stage 2 Shs'000	Stage 3 Shs'000	Total Shs'000
Receivable arising out of direct insurance Arrangements	-gross	695,553	-	24,565	720,118
	-ECL	-	-	(24,565)	(24,565)
	net	695,553	-	-	695,553
Receivable arising out of reinsurance Arrangements	-gross	155,313	-	-	155,313
	-ECL	-	-	-	-
	net	155,313	-	-	155,313
Government securities	-gross	2,969,675	-	2,974	2,972,649
	-ECL	-	-	(2,974)	(2,974)
	net	2,969,675		-	2,969,675
Corporate Bonds	-gross	29,556	-	6	29,562
	-ECL	-	-	(6)	(6)
	net	29,556		-	29,556
Deposits with financial institutions	-gross	1,137,458	-	784	1,138,242
	-ECL	-	-	(784)	(784)
	net	1,137,458	-	-	1,137,458
Staff loans	-gross	17,164	-	-	17,164
	-ECL	-	-	-	
	net	17,164			17,164
Rent & other receivables	-gross	27,532	-	-	27,532
	-ECL	-	-	-	-
	net	27,532	-	-	27,532
Cash and bank balances	-gross	37,601	-	-	37,601
	-ECL	-	-	-	-
	net	37,601	-	-	37,601

NOTES (CONTINUED)

Notes to the Financial Statements

31 December 2020		Stage 1	Stage 2	Stage 3	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Receivable arising out of direct insurance Arrangements	-gross	483,535	-	11,905	495,440
	-ECL	-	-	(11,905)	(11,905)
	net	483,535	-	-	483,535
Receivable arising out of reinsurance Arrangements	-gross	57,500	-	-	57,500
	-ECL	-	-	-	-
	net	57,500	-	-	57,500
Government securities	-gross	1,912,145	-	1,841	1,913,986
	-ECL	-	-	(1,841)	(1,841)
	net	1,912,145	-	-	1,912,145
Deposits with financial institutions	-gross	1,291,894	-	784	1,292,678
	-ECL	-	-	(784)	(784)
	net	1,291,894	-	-	1,291,894
Staff loans	-gross	15,908	-	-	-
	-ECL	-	-	-	-
	net	15,908			15,908
Rent & other receivables	-gross	76,831	-	-	76,831
	-ECL	-	-	-	-
	net	76,831			76,831
Cash and bank balances	-gross	59,832	-	-	59,832
	-ECL	-			
	net	59,832	-	-	59,832

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.2 Financial Risk (continued)

c. Liquidity Risk

As at December 2021	Less than 12 months Shs'000	Over 12 months Shs'000	Total Shs'000
Payables arising from			
– Reinsurance arrangements	591,732	-	591,732
– Insurance arrangements	98,795	-	98,795
Insurance contract liabilities	2,808,190	-	2,808,190
Lease liability	9,085	-	9,085
Other payables	199,096	-	199,096
Deferred reinsurance commissions	140,735	-	140,735
	3,847,633	-	3,847,633

As at December 2020			
Payables arising from			
- Reinsurance arrangements	271,760	-	271,760
- Insurance arrangements	44,166	-	44,166
Insurance contract liabilities	2,684,509	-	2,684,509
Lease liability	13,238	-	13,238
Other payables	129,422	-	129,422
Deferred reinsurance commissions	106,728	-	106,728
	3,249,823	-	3,249,823

4.3 Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the financial position are to:

- to allocate capital efficiently to support growth;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- to comply with the capital requirements as set out in the Insurance Act; and
- to comply with the regulatory solvency requirements as set out in the Insurance Act.

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.3 Capital Management (continued)

An important aspect of the Company's overall capital management process is the setting of target risk-a justed rate of return which is aligned to performance objectives and ensures that the Company is focused on the creation of value for shareholders.

The Company has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders. The Company considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital. The Company manages as capital all items that are eligible to be treated as capital for regulatory purposes.

Externally imposed capital requirements

The Insurance Act in Kenya requires a general insurance Company to hold the minimum level paid up capital as the higher of:

- Khs 600 million
- Risk based capital determined from time to time, or
- 20% of the net earned premiums of the preceding financial year.

During the year the Company met requirements for the minimum paid up capital for an insurance business as prescribed by section 41 (1) of the Insurance Act.

The Capital Adequacy Ratio of the Company as at 31 December 2021 and 2020 is illustrated below.

	2021 Ratio (%)	2020 Ratio (%)
Capital Adequacy Ratio	**195%**	255%

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.4 Fair Value Estimation

a. Fair value hierarchy of financial assets at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
31 December 2021				
Equity instruments at FVOCI	**139,291**	**133,590**	**100,963**	**373,844**
31 December 2020				
Equity instruments at FVOCI	129,020	650,174	115,738	894,932

Level 2 Assets Valuation Technique

Assets under level 2 comprise unquoted shares that are valued using the OTC (Over The Counter) prices issued by the counterparty based on recent shares traded.

Level 3 Movement

The table below shows the movement in Level 3 Equity Instruments

	2021	2020
	Ksh'000	Ksh'000
At 1 January	**115,738**	**117,500**
Disposals	**-**	**(1,762)**
Fair Value Loss	**(14,775)**	**-**
At 31 December	**100,963**	**115,738**

NOTES (CONTINUED)

Notes to the Financial Statements

4. Financial risk management objectives and policies (continued)

4.4 Fair Value Estimation (continued)

b. Fair value hierarchy of financial assets at amortised cost

The following table presents the fair value of the Company's financial assets measured at amortised cost at 31 December 2021 and 31 December 2020:

Financial assets	Amortised cost Shs '000	Fair Value Shs '000
At 31 December 2021		
Government securities	2,972,649	2,969,675
Corporate bonds	29,562	29,556
Receivables arising out of direct insurance arrangements	720,118	695,553
Deposits with financial institutions	1,138,242	1,137,458
Other receivables	25,920	25,920
Loans receivable	17,164	17,164
Cash and bank balances	37,601	37,601
Total	4,941,256	4,912,927

Financial assets	Amortised cost Shs '000	Fair Value Shs '000
At 31 December 2020		
Government securities	1,913,986	1,913,986
Receivables arising out of direct insurance arrangements	495,440	495,440
Deposits with financial institutions	1,293,462	1,293,462
Other receivables	76,831	76,831
Loans receivable	15,908	15,908
Cash and bank balances	59,832	59,832
Total	3,855,459	3,855,459

NOTES (CONTINUED)

Notes to the Financial Statements

5. Gross earned premium

	2021 Shs'000	2020 Shs'000
Motor	1,051,009	990,496
Fire	1,234,721	994,749
Workmen's compensation	435,318	377,499
Marine	262,246	247,508
Personal accident	45,254	46,343
Engineering	511,536	267,486
Aviation	95,320	61,073
Miscellaneous	258,182	129,846
Theft	166,551	135,482
Others	83,335	68,814
Total	**4,143,472**	**3,319,296**

6. Investment Income

Interest on bank deposits	90,583	89,552
Interest on Government securities	283,796	204,314
Rental income from investment properties (Note 15)	26,691	25,470
Dividends receivable on equity instruments	25,826	34,961
Interest on corporate bonds	612	-
Total	**427,508**	**354,297**

Investment income earned analyzed by category of assets, is as follows:

	2021 Shs'000	2020 Shs'000
Deposits with financial institutions	90,583	89,552
Government security & corporate bonds	284,408	204,314
Equity investments	25,826	34,961
Investment property	26,691	25,470
Total investment income	427,508	354,297

NOTES (CONTINUED)

Notes to the Financial Statements

7. Other Income

	2021 Shs'000	2020 Shs'000
Miscellaneous income	10,082	14,097
	10,082	14,097

8. Claims Incurred

Motor	727,291	603,641
Workmen's compensation	228,688	204,676
Marine	106,904	97,868
Theft	8,781	11,792
Fire	26,137	92,735
Engineering	58,800	36,577
Personal accident	10,139	(83)
Other	42,639	9,341
	1,209,379	1,056,547

9. (a) Operating and other expenses

Staff costs (Note 10)	250,997	218,895
Depreciation of property, plant and equipment (Note 12)	25,176	25,842
Depreciation of right of use asset (note 14)	14,047	2,499
Amortisation of computer software (Note 13)	4,439	11,593
Subscriptions	2,794	3,256
Repairs and maintenance expenditure	15,272	13,502
Rent, rates and parking	6,053	5,611
Printing and stationery	7,689	10,840
Telephone and postage	8,385	7,447
Traveling and entertainment	14,902	8,982
Advertising costs	19,617	12,565
Licenses and insurance	7,394	8,252
Auditors' remuneration	4,236	4,000
Directors' emoluments	12,986	9,480
Premium tax	46,955	36,988
Other expenses	109,383	78,540
	550,325	458,292

The other expenses majority relate to miscellaneous office expenses, electricity and consultancy fees.

NOTES (CONTINUED)

Notes to the Financial Statements

9. (b) Net impairment losses on financial instruments	2021 Shs'000	2020 Shs'000
Government securities	1,133	251
Corporate Bonds	6	-
Bank and cash balances	(338)	341
Receivables arising out of direct insurance arrangements	12,660	5,099
	13,461	5,691

10. Staff costs

Salaries and benefits	228,162	204,139
Defined contribution retirement schemes		
– Pension Fund	22,607	14,523
– National Social Security Fund	228	233
	250,997	218,895
The average number of employees during the year was as follows		
Underwriting and claims	52	48
Management and administration	48	47
Total	100	95

NOTES (CONTINUED)

Notes to the Financial Statements

11. Income tax expense	2021	2020
	Shs'000	Shs'000
a. Taxation charge		
Current tax expense in respect of the year	173,975	126,763
Deferred income tax – charge recognized (Note 33)	(15,781)	359
At 31 December	158,194	127,122
b. Reconciliation of taxation charge to expected based on accounting profit		
The Company's income tax expense is computed in accordance with income tax rules applicable to general insurance companies.		
Profit before income tax	608,068	521,012
Tax calculated at a tax rate of 30% (2020: 25%))	182,420	130,253
Tax Effect of:		
- Income not subject to tax	(44,689)	(28,793)
- Expenses not deductible for tax purposes	20,463	25,662
At 31 December	158,194	127,122
c. Current Income Tax		
At 1 January	(4,707)	(7,279)
Taxation charge – Note (11a)	173,975	126,763
Tax paid	(137,886)	(124,191)
At 31 December	(31,382)	(4,707)

NOTES (CONTINUED)

Notes to the Financial Statements

12. Property and equipment

	Building Shs'000	Partitioning Shs'000	Motor vehicles Shs'000	Computer equipment Shs'000	Furniture fittings and equipment Shs'000	Total Shs'000
Cost or valuation						
At 1 January 2020	265,884	92,688	16,360	27,652	72,843	475,427
Additions	-	8,954	230	3,774	1,645	14,603
Disposals	-	-	(376)	-	-	(376)
At 31 December 2020	265,884	101,642	16,214	31,426	74,488	489,654
At 1 January 2021	**265,884**	**101,642**	**16,214**	**31,426**	**74,488**	**489,654**
Additions	**-**	**-**	**-**	**4,904**	**3,138**	**8,042**
Disposals	**-**	**-**	**-**	**-**	**(150)**	**(150)**
At 31 December 2021	**265,884**	**101,642**	**16,214**	**36,330**	**77,476**	**497,546**
Comprising						
At cost	**82,708**	**101,642**	**16,214**	**36,330**	**77,476**	**314,370**
At valuation 2021	**183,176**	**-**	**-**	**-**	**-**	**183,176**
At 31 December 2021	**265,884**	**101,642**	**16,214**	**36,330**	**77,476**	**497,546**
Depreciation						
At 1 January 2020	-	43,020	9,905	20,393	39,235	112,553
Charge for the year	9,168	7,327	1,655	3,310	4,382	25,842
Eliminated on disposal	-	-	(309)	-	-	(309)
Reversal on revaluation	(9,168)	-	-	-	-	(9,168)
At 31 December 2020	-	50,347	11,251	23,703	43,617	128,918
At 1 January 2021	**-**	**50,347**	**11,251**	**23,703**	**43,617**	**128,918**
Charge for the year	**9,496**	**6,412**	**1,241**	**3,788**	**4,239**	**25,176**
Eliminated on disposal	**-**	**-**	**-**	**-**	**(77)**	**(77)**
Reversal on revaluation	**(9,496)**	**-**	**-**	**-**	**-**	**(9,496)**
At 31 December 2021	**-**	**56,759**	**12,492**	**27,491**	**47,779**	**144,521**

NOTES (CONTINUED)

Notes to the Financial Statements

12. Property and equipment

	Building Shs'000	Partitioning Shs'000	Motor vehicles Shs'000	Computer equipment Shs'000	Furniture fittings and equipment Shs'000	Total Shs'000
Net book value						
At 31 December 2021	265,884	44,883	3,722	8,839	29,697	353,025
At 31 December 2021	265,884	51,295	4,963	7,723	30,871	360,736
Net book value (cost basis)						
At 31 December 2021	**259,236**	**44,883**	**3,722**	**8,839**	**29,697**	**346,377**
At 31 December 2020	**259,236**	51,295	4,963	7,723	30,871	354,088

The building was valued on 31 December 2021 by Gimco Limited, registered valuers, on an open market value basis using the highest and best use valuation principle.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
31 December 2021				
Property, plant and equipment	-	-	265,884	265,884
31 December 2020				
Property, plant and equipment	-	-	265,884	265,884

NOTES (CONTINUED)

Notes to the Financial Statements

13. Intangible assets – computer software

Cost	2021 Shs'000	2020 Shs'000
At 1 January	89,218	66,718
Additions	11,458	22,500
At 31 December	100,676	89,218
Amortisation		
At 1 January	71,492	59,899
Charge for the year	14,047	11,593
At 31 December	85,539	71,492
Net book value	15,137	17,726

14. Right -of -use Asset

At 1 January	12,099	14,598
Depreciation	(4,439)	(2,499)
At 31 December	7,660	12,099

The Company leases rental property in the two branches - Eldoret and Mombasa.-

15. Investment Properties

Revaluation		
At 1 January	426,089	426,089
Additions	-	-
At 31 December	426,089	426,089

NOTES (CONTINUED)

Notes to the Financial Statements

15. Investment Properties (continued)

Investment properties comprise a building and leasehold land. The building constructed on the land is held for the purposes of earning rental income and capital appreciation. The investment properties are held at fair value. The properties were valued on 31st December 2021 by Gimco Limited, registered valuers, on an open market value basis using the highest and best use valuation principle.

Rental income arising from investment properties during the year amounted to Ksh 26,691,055 (2020: Ksh 25,469,591) as disclosed in note 6. Expenses relating to investment property amounted to Ksh 1,843,078 (2020: Ksh 1,424,334).

Details of the fair value hierarchy of the Company's Investment property held at fair value as at 31 December 2021 are as follows:

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
31 December 2021	-	-	**426,089**	**426,089**
31 December 2020	-	-	426,089	426,089

16. Investment in Associates

The Company has a 40% equity interest in Mayfair Insurance Company Zambia Limited, Mayfair Insurance Company Tanzania Limited, Mayfair Insurance Company Rwanda Limited, Mayfair Insurance Uganda Limited and, during the year, invested in Mayfair Insurance Congo. The share of net assets of the associate as at 31 December is as shown below:

	2021 Shs '000	2020 Shs '000
At 1 January	**399,014**	**390,348**
Share of net profit		
– Mayfair Zambia	**9,749**	**(7,123)**
– Mayfair Rwanda	**8,346**	**17,534**
– Mayfair Tanzania	**44,123**	**7,949**
– Mayfair Uganda	**5,137**	**(9,694)**
– Mafair DR Congo	**(29,343)**	**-**
Total	**38,012**	**8,666**
Additions	**534,690**	**-**
At 31 December	**971,716**	**399,014**

NOTES (CONTINUED)

Notes to the Financial Statements

16. Investment in Associates (continued)

Company	% owned	Country of incorporation
Mayfair Insurance Company Zambia Limited	40	Zambia
Mayfair Insurance Company Tanzania Limited	40	Tanzania
Mayfair Insurance Company Rwanda Limited	40	Rwanda
Mayfair Insurance Company Uganda Limited	40	Uganda
Mayfair Insurance Company Congo Limited	40	Congo

The year ends of all the associates is 31 December, which coincides with the year end of the Company. There are no immaterial associates and no significant restrictions on transfer of funds, cash, or dividends on any of the associates at both 31 December 2021 and 31 December 2020. A summary of financial information as of 31st December 2021 in respect of the associate companies is set out below:

	Zambia Shs'000	Rwanda Shs'000	Tanzania Shs'000	Uganda Shs'000	DR Congo Shs'000
Total assets	2,218,490	837,302	1,810,358	776,235	2,501,752
Total liabilities	(1,978,815)	(484,154)	(1,350,475)	(517,766)	(1,383,639)
Net assets	239,675	353,148	459,883	258,469	1,118,113
Company's share of net assets	95,870	141,259	183,953	103,388	447,245
Net earned premiums	210,633	151,295	491,827	208,054	118,253
Profit before income tax	138,504	35,321	130,601	3,738	64,274
Income tax	(65,102)	(10,633)	(35,203)	(2,946)	(19,282)
Profitl for the year	73,402	24,688	165,804	791	44,992
Cash flows from operating activities	(246,504)	82,034	63,984	(64,828)	3,095
Cash flows from investing activities	(32,505)	(134,207)	(6,754)	(1,921)	(293)
Cash flows from financing activities	(41,736)	51,645	(27,120)	105,247	-
Net movement in cash flows	(320,745)	(528)	30,110	38,498	2,802

NOTES (CONTINUED)

Notes to the Financial Statements

17. Investment in joint arrangements

The Company holds interests in joint operations for the acquisition and the development of real estate projects in the above companies. Currently, the Company has deposited funds with the Companies that are serving as vehicles for execution of joint arrangement projects. The joint operations have not yet commenced full operation.

	2021 Shs'000	2020 Shs'000
At 1 January	321,229	320,552
Additions	59	677
At 31 December	321,288	321,229

Name of Joint arrangement	Principal activity	Place of incorporation	Portion of ownership interest held by the company	Maximum loss exposure 2021 Shs' 000	Maximum loss exposure 2020 Shs' 000
Mayfair Estates Limited	Real Estate	Kenya	50%	70,350	70,350
Kitisuru Development Limited	Real Estate	Kenya	30%	138,953	138,953
Sealine Holdings Limited	Real Estate	Kenya	30%	68,859	68,859
Rushmore Investments Limited	Real Estate	Kenya	20%	43,126	43,067
				321,288	321,229

The maximum loss exposure is the cost invested by the company in the joint arrangements. The carrying amounts of the joint investment in the joint arrangement are carried at cost as they have not commenced any operations.

NOTES (CONTINUED)

Notes to the Financial Statements

18. Equity investments at FVOCI

	Quoted shares Shs'000	Unquoted equity investments Shs'000	Total Shs'000
2021			
At 1 January	129,020	765,912	894,932
Additions	-	3,534	3,534
Disposals	-	(508,862)	(508,862)
Exchange losses	-	2,451	2,451
Fair value (loss)/gains through other comprehensive income	10,271	(28,482)	(18,211)
At 31 December	139,291	234,553	373,844
2020			
At 1 January	159,880	659,168	819,048
Additions	-	-	-
Disposals	-	(1,762)	(1,762)
Exchange losses	-	34,830	34,830
Fair value (loss)/gains through other comprehensive income	(30,860)	73,676	42,816
At 31 December	129,020	765,912	894,932

The unquoted investments relate to ordinary shares in PTA Reinsurance Company Limited, Family Bank Company Limited, UAP Holdings and Mayfair Bank. The investments are carried at fair value and are denominated in US Dollar in the case of the investment in PTA Reinsurance and in Kenya shillings in all other cases. The investments denominated in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the end of reporting period. The exchange gains and losses are dealt with through other comprehensive income.

19. Reinsurers' share of technical provisions and reserves

	2021 Shs'000	2020 Shs'000
Reinsurers' share of		
- Unearned premiums	815,403	673,865
- Notified claims (Note 26)	317,690	633,421
- Claims incurred but not reported (Note 29)	94,885	60,278
	1,227,978	1,367,564

NOTES (CONTINUED)

Notes to the Financial Statements

20. Deferred acquisition costs

	2021 Shs'000	2020 Shs'000
At 1 January	193,168	194,343
Net movement in the year	54,736	(1,175)
	247,904	193,168

21. Receivables arising out of direct insurance

Premium receivables	720,118	495,440
Provision for impairment	(24,565)	(11,905)
	695,553	483,535

The amounts receivable do not carry interest and are due within period ranging from 30 days to 90 days.

22. Other receivables

Prepayments and deposits	1,612	1,633
Loans receivable	17,164	15,908
Rent and other receivables	25,920	76,831
	44,696	94,372

23. Government Securities - amortised cost

In 1 to 5 years	91,868	71,045
More than 5 years	2,877,807	1,841,100
	2,969,675	1,912,145

NOTES (CONTINUED)

Notes to the Financial Statements

23. Government securities – amortised cost (continued)

Movement in government securities	2021 Shs'000	2020 Shs'000
At 1 January	**1,912,145**	1,588,695
Additions	**1,108,404**	330,291
Maturities/ redemptions	**(47,900)**	(5,000)
Impairment provision	**(2,974)**	(1,841)
At 31 December	**2,969,675**	1,912,145

Government Bonds of Shs 330 million (220: Shs 330) are held by the Central Bank of Kenya under lien to the Commissioner of Insurance in accordance with the Kenyan Insurance Act

24. Corporate Bonds - amortised cost

East Africa Breweries Limited	**29,562**	-
At 1 January	**-**	-
Additions	**29,562**	-
Impairment provision	**(6)**	-
At 31 December	**29,556**	-

25. Deposits with financial institutions

Deposits maturing within 3 Months	**910,962**	1,292,678
Movement in deposits with financial institutions		
At 1 January	**1,292,678**	975,933
Additions	**66,492**	538,457
Redemptions	**(447,424)**	(220,928)
Impairment provision	**(784)**	(784)
At 31 December	**910,962**	1,292,678

NOTES (CONTINUED)

Notes to the Financial Statements

26. Weighted average effective interest rates

The following table summarizes the weighted average effective interest rates realised during the year on interest-bearing investments:

	2021	2020
	%	%
Government securities	12.3	12.4
Deposits with financial institutions	7.6	7.1
Corporate Bonds	12.3	-

27. Share capital

	Total no. of Shares	Shs' 000
At 1 January 2020	10,000,000	1,000,000
At 1 December 2020	15,000,000	1,500,000
At 1 January 2021	15,000,000	1,500,000
At 1 December 2021	15,000,000	1,500,000

All shares are fully paid and are Shs. 100 each.

28. Outstanding claims provision

	2021 Shs'000	2020 Shs'000
Outstanding claims	2,396,174	2,353,094
Claims incurred but not reported	412,016	331,415
At 31 December	**2,808,190**	**2,684,509**

NOTES (CONTINUED)

Notes to the Financial Statements

28. Outstanding claims provision (Continued)

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year ends.

Accident year	2017	2018	2019	2020	2021	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs '000	Shs'000
Claims outstanding						
At end of accident year	669,585	905,476	1,105,694	1,275,506	**1,316,704**	
One year later	679,110	1,665,994	1,174,217	1,420,625	-	
Two years later	665,879	3,110,882	1,181,284	-	-	
Three years later	702,744	3,502,857	-	-	-	
Four years later	715,313	-	-	-	-	
Current estimate of cumulative claims	3,432,631	9,185,209	3,461,195	2,696,131	**1,316,704**	
Less: Cumulative payments to date	(583,419)	(3,307,618)	(900,399)	(964,643)	**(595,255)**	
Liability in the statement of financial position	131,894	195,239	280,885	455,981	**721,449**	1,785,448
Liability in respect of prior years						610,726
Incurred but not reported						412,016
Total gross claims liability included in the statement of financial position						2,808,190

NOTES (CONTINUED)

Notes to the Financial Statements

29. Movement in insurance liabilities and reinsurance assets

The table below shows the movement in the Company's outstanding claims provision and related reinsurance share of outstanding claims.

	Gross outstanding claims	Reinsurance share	Net
	Shs'000	Shs'000	Shs'000
At 1 January 2021			
Notified claims	**2,353,094**	**633,421**	**1,719,673**
Incurred but not reported	**331,415**	**60,278**	**271,137**
Total at beginning of year	**2,684,509**	**693,699**	**1,990,810**
Claims paid in year	**1,858,273**	**1,053,700**	**804,573**
Increase in liabilities: -			
- Arising from current year claims	**294,267**	**179,213**	**115,054**
- Arising from prior year claims	**1,687,687**	**593,363**	**1,094,324**
At end of year	**2,808,190**	**412,575**	**2,395,615**
Notified claims	2,396,174	317,690	2,078,484
Incurred but not reported	412,016	94,885	317,131
Total at end of year	**2,808,190**	**412,575**	**2,395,615**
At 1 January 2020			
Notified claims	1,812,770	477,394	1,335,376
Incurred but not reported	323,091	66,065	257,026
Total at beginning of year	**2,135,861**	**543,459**	**1,592,402**
Claims paid in year	2,309,320	1,651,181	658,139
- Increase in liabilities: -			
- Arising from current year claims	753,792	549,676	204,116
Arising from prior year claims	2,104,176	1,251,745	852,431
At end of year	**2,684,509**	**693,699**	**1,990,810**
Notified claims	2,353,094	633,421	1,719,673
Incurred but not reported	331,415	60,278	271,137
Total at end of year	**2,684,509**	**693,699**	**1,990,810**

NOTES (CONTINUED)

Notes to the Financial Statements

30. Unearned premium reserve

	2021 Shs'000	2020 Shs'000
At 1 January	1,324,825	1,244,267
Increase (Decrease) in the year	260,148	80,558
At 31 December	1,584,973	1,324,825

31. Deferred reinsurance commissions

At 1 January	106,728	99,666
Increase in the year	34,007	7,062
At 31 December	140,735	106,728

32. Lease liabilities

Opening balance	13,238	15,434
Interest on lease liability	1,262	605
Lease payments	(5,415)	(2,801)
The balance sheet shows the following amounts relating to leases	9,085	13,238
Current	4,153	4,153
Non-current	4,932	9,085
	9,085	13,238
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets	4.439	2,499
Interest expense	1,262	605
Expense relating to short-term leases (included in administrative expenses)	-	-

The total cash outflow for leases in 2021 was Shs 5.4 million (2020: Shs 2.8 million) that related to principal portion of lease payments, expenses related to short term leases and interest expense on the leases.

NOTES (CONTINUED)

Notes to the Financial Statements

33. Deferred income tax

Deferred income tax is calculated using the enacted tax rate of 30% (2020: 30%). Deferred tax assets and liabilities, and the deferred tax charge/(credit) in the statement of profit or loss (P/L) and in other comprehensive income (OCI) are attributable to the following items:

	2021 Shs'000	2020 Shs'000
At 1 January	85,788	85,429
Charge to statement of profit or loss	(15,781)	359
Charge to statement of comprehensive income	1,494	-
At 31 December	71,501	85,788

NOTES (CONTINUED)

Notes to the Financial Statements

33. Deferred income tax (continued)

Year ended 31 December 2021	At 1 Jan 2021	(Credited/ charged to P/L	(Credited)/ charged to OCI	At 31 Dec 2021
	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax asset				
Leave pay provision	(3,425)	-	-	(3,425)
Unrealised exchange losses	(670)	(5,267)	-	(5,937)
Provisions	(1,770)	(3,428)	-	(5,198)
Deferred income tax asset	(5,865)	(8,695)	-	(14,560)
Deferred income tax liability				
Accelerated capital allowances	38,181	(3,351)	-	34,830
Revaluation surplus	52,958	-	1,494	54,452
Right of use asset	514	(3,735)	-	(3,221)
Deferred income tax liability	91,653	(7,086)	1,494	86,061
Net deferred tax liability	85,788	(15,781)	1,494	71,501

Year ended 31 December 2020	At 1 Jan 2020	(Credited/ charged to P/L	(Credited)/ charged to OCI	At 31 Dec 2020
	Shs'000	Shs'000	Shs'000	Shs'000
Deferred income tax asset				
Leave pay provision	(3,763)	338	-	(3,425)
Unrealised exchange losses	(670)	-	-	(670)
Provisions	(63)	(1,707)	-	(1,770)
Deferred income tax asset	(4,496)	(1,369)	-	(5,865)
Deferred income tax liability				
Accelerated capital allowances	41,434	(3,253)	-	38,181
Revaluation surplus	49,629	3,329	-	52,958
Right of use asset	(1,138)	1,652	-	514
Deferred income tax liability	89,925	1,728	-	91,653
Net deferred tax liability	85,429	359	-	85,788

NOTES (CONTINUED)

Notes to the Financial Statements

33. Deferred income tax (continued)

The charge to other comprehensive income relates to:

	2021 Shs'000	2020 Shs'000
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property and equipment	9,496	9,168

34. Other payables

Accrued expenses	15,156	20,144
Other liabilities	183,940	109,278
	199,096	129,422

35. Notes to the statement of cash flows

a. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations;

Profit before income tax	608,068	521,012
Adjustments for:		
Depreciation (note 12)	25,176	25,842
Amortisation of intangible asset (note 13)	14,047	11,593
Amortisation of leases (Notes 14)	4,439	2,499
Finance charge on leases (Note 31)	1,262	605
Impairment of financial assets as per IFRS 9	(13,461)	(5,691)
Share of profit of associate after tax	(38,012)	(8,666)
Changes in:		
– Receivables arising out of reinsurance arrangements	(97,813)	22,952
– Receivables arising out of direct insurance arrangements	(212,018)	(46,708)
– Re-insurers share of technical provisions and reserves	139,586	(249,676)
– Deferred acquisition cost	(54,736)	1,175
– Other receivables	49,676	(68,751)
– Outstanding claims provisions	123,681	548,648
– Unearned premiums reserve	260,148	80,558
– Payables arising out of reinsurance arrangements	319,972	98,677
– Payables arising out of direct insurance arrangements	54,629	10,147
– Deferred reinsurance commission	34,007	7,062
– Other payables	69,672	(7,809)
Cash generated from operations	1,288,323	943,469

NOTES (CONTINUED)

Notes to the Financial Statements

35. Notes to the statement of cash flows

b. Analysis of cash and cash equivalents

	2021 Shs'000	2020 Shs'000
Cash and bank balances	264,097	59,832
Deposits with financial institutions maturing in 3 months (Note 24)	910,962	1,292,678
At 31 December	1,175,059	1,352,510

36. Related parties

The following transactions were carried out with related parties

Directors' fees	12,986	9,480
Directors and key management remuneration	113,832	98,107
Gross earned premiums	3,425	2,195

37. Dividends

The Directors recommend a first and final cash dividend of Shs. 8.33 per share amounting to Shs. 125,000,000 in respect of the year ended 31 December 2021(2020 dividends Shs. 200,000,000). The movement in the dividend account is as follows:

Proposed at 1 January	200,000	150,000
Final dividend declared	125,000	200,000
Declared dividends paid	(200,000)	(150,000)
At 31 December	125,000	200,000

COMPANY REVENUE ACCOUNTS

Notes to the Financial Statements

Class of insurance business	Aviation	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commer-cial	Personal Accident	Theft	Work-mens' Compen-sation	Miscella-neous	2021 Total	2020 Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross premium written	95,305	522,855	94,701	1,188,968	90,482	269,445	584,990	493,838	44,351	169,126	443,993	264,027	4,262,081	3,300,417
Unearned premium at the beginning of the year	44	45,382	15,657	12,696	17,593	19,412	208,046	145,802	7,632	10,939	144,820	22,937	650,960	669,838
Unearned premium at the end of the year	28	56,701	19,969	57,332	24,742	26,611	228,904	152,763	6,729	13,515	153,495	28,781	769,570	650,959
Premium ceded to re-insurers	95,225	415,202	42,701	1,018,525	34,313	89,691	4,847	41,153	18,962	123,905	23,536	209,093	2,117,153	1,632,218
Net earned premium	96	96,334	47,688	125,807	49,020	172,555	559,285	445,724	26,292	42,645	411,782	49,090	2,026,318	1,687,078
Claims paid	-	40,862	5,424	-2,119	2,334	48,980	329,802	241,102	1,227	1,886	134,561	514	804,573	658,139
Claims outstanding brought forward	17	27,079	4,101	92,592	30,732	111,718	248,954	668,654	1,524	10,853	764,498	30,088	1,990,810	1,592,402
Claims outstanding carried forward	19	45,017	5,983	113,543	40,776	169,642	314,547	759,449	10,436	17,748	858,625	59,830	2,395,615	1,990,810
Claims incurred	2	58,800	7,306	18,832	12,378	106,904	395,395	331,897	10,139	8,781	228,688	30,256	1,209,378	1,056,547
Commissions (net)	(2,111)	2,473	6,579	(37,669)	8,914	21,146	54,347	42,372	3,456	(2,617)	81,083	(58,547)	119,426	19,377
Expenses of management	536	20,612	8,817	118,152	4,935	31,352	91,576	50,093	2,952	13,117	72,531	57,876	472,549	381,057
Premium tax	1,050	5,760	1,043	13,099	997	2,968	6,445	5,441	489	1,863	4,891	2,909	46,955	36,988
Total expenses	(525)	28,845	16,439	93,582	14,846	55,466	152,368	97,906	6,897	12,363	158,505	2,238	638,930	437,422
Underwriting profit	619	8,689	23,943	13,393	21,796	10,185	11,522	15,921	9,256	21,501	24,589	16,596	178,010	193,109

Vishal Patel
Chairman

Bharat Shah
Director

Joshua Chiira
Managing Director

REGIONAL PRESENCE

KENYA
Mayfair Centre, 8th Floor,
Ralph Bunche Road
+254 20 2999000, +254 724/733 256925
info@mayfair.co.ke
ke.mayfairinsurance.africa

TANZANIA
TAN-RE House, 2nd floor
Longido street, Upanga, Dar es Salaam
+255 22 2922337 +255 785 032 970
info@mayfair.co.tz
tz.mayfairinsurance.africa

UGANDA
2B, 2nd Floor, plot 9
Yusuf Lule Road, Kampala
+256 312 181 957 +256 702 779 950
info@mayfair.co.ug
ug.mayfairinsurance.africa

ZAMBIA
Plot 1194 Lunzua road, Rhodes park,
Lusaka, Zambia
+260 211 255182/3
info@mayfairzambia.com
zm.mayfairinsurance.africa

RWANDA
Makuza peace building, 2nd floor
KN4, Avenue de la paix, Nyagenge, kigali
+250 788 302124
info@mayfair.co.rw
rw.mayfairinsurance.africa

DR CONGO
Building 1113, 2nd floor, Office 2A,
Boulevard du 30 Juin.
Kinshasa, DR Congo
info@mayfair.co.cd
cd.mayfairinsurance.africa