MAYFAIR
INSURANCE

You are in safe hands

GLOBAL CREDIT RATING AGENCY
A+
(KE)
MAYFAIR INSURANCE CO. LTD

ANNUAL REPORT
AND FINANCIAL STATEMENTS
2022

Welcome to our Annual Report and Financial Statements.

2022

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FINANCIAL STATEMENTS:

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
	Kashif Chaudhry	- Executive Director
	Vivek Singh	- General Manager
	James Ndegwa	- Reinsurance Manager
	Andrea Kenneth	- Regional Coordination Manager
	Darshna Patel	- Finance Manager
	Gladys Gichogo	- Finance Manager
	Gibson Ndungu	- Head of Business Development
	James Macharia	- Head of Underwriting
	Eva Wambui	- Head of Claims
	Emma Mwangi	- Legal Manager
	Sammy Kigo	- Human Resources Manager
	Fred Karanja	- Business Development Manager
	Grace Njaaga	- Bancassurance Manager
	Priya Shah	- Mombasa Branch Manager
	Andrew Karanja	- Eldoret Branch 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:

KPMG Kenya
Certified Public Accountants
ABC Towers, 8th Floor
Waiyaki Way, Westland
P. O. Box 40612 – 00100, Nairobi

ADVOCATES:

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

PRINCIPAL BANKERS:

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

OUR VALUES AND GOALS

OUR MISSION

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

OUR VISION

To provide financial security through reliable and innovative Insurance solutions

OUR VALUES

- Integrity
- Professionalism
- Reliability
- Respect

KENYA

RWANDA

ZAMBIA

UGANDA

TANZANIA

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

Bharat Patel
Director

Deepa Doshi
Director

Alvin Rachier
Director

Bhavik Patel
Director

Diana Bird
Director

Shamil Manek
Director

BOARD STRATEGY COMMITTEE

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

BOARD INVESTMENT & HR COMMITTEE

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

BOARD AUDIT RISK & COMPLIANCE COMMITTEE

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

MANAGEMENT TEAM

Joshua Chiira
Managing Director

Kashif Chaudhry
Executive Director

Vivek Singh
General Manager

James Ndegwa
Reinsurance Manager

Andrea Kenneth
Regional Coordination Manager

Gibson Ndungu
Head of Business Development

Eva Wambui
Head of Claims

James Macharia
Head of Underwriting

Emma Mwangi
Legal Manager

MANAGEMENT TEAM CONT...

Darshna Patel
Finance Manager

Sammy Kigo
Human Resources Manager

Gladys Gichogo
Finance Manager

Fred Karanja
Business Development Manager

Grace Njaaga
Bancassurance Manager

Priya Shah
Mombasa Branch Manager

Andrew Karanja
Eldoret Branch Manager

Peter Ngugi
Deputy Manager IT

Joseph Karumba
Deputy Manager Actuarial

MANAGEMENT TEAM CONT...

Joel Njeru
Deputy Manager
Reinsurance

Gabriel Juma
Assistant Manager
Underwriting

Steve Obiero
Assistant Manager
Underwriting Technical

Martin Maina
Assistant Manager
Business Development

Consolata Kiura
Assistant Manager
Legal

Eric Kimutai
Assistant Manager
Claims

Christopher Kahiu
Assistant Manager
Claims

Success

is knowing you are well protected you may stumble but never fall.

GCR
RATINGS

Certifies that

Mayfair Insurance Company Limited

Has a

Financial Strength Rating of

National Scale: A+ (KE) / Outlook: Stable

29-May-23

DATE

Group Head of Ratings

GCR's ratings are subject to change.
To confirm the latest rating or to learn more about GCR, visit www.GCRratings.com

COMPANY ACTIVITIES

EVENTS WITH OUR PARTNERS

Mayfair Bancaladies Wine & Dine event

Golf Event With Our Partners

INTERMEDIARIES TRAINING

Intermediaries Training held in Mombasa

Intermediaries Training held in Eldoret

STAFF ACTIVITIES

Staff Team Building Helding In Naivasha

AKI Sports held in Nyayo Stadium

CORPORATE SOCIAL RESPONSIBILITY

At Mayfair Insurance Company, we understand that much needs to be done to promote an inclusive society, in which all people have the opportunity to better their lives and fulfil their potential. We recognize too, that many require assistance in various ways, with education being one of the initiatives that can make an enormous difference in their lives.

Through our educational sponsorship program over the years, Mayfair Insurance has and continues to extend support to needy children in the community. We believe education is a necessary investment as it is the backbone of any developing nation. The continued success of the students we are supporting affirms the future progress & security of each student as well as the community at large.

In 2022 our program supported students in the Primary, Secondary, and Tertiary levels of their education. More specifically we sponsored students at Starehe Boys' Centre, Starehe Girls Centre, as well as children with Albinism at the Salvation Army Thika Primary & High School for the Blind. Mayfair has also supported Toto Childrens' Home and made other donations to the Shree Cutchi Leva Patel Samaj in Eldoret, Ronald Koch Children Trust in Mombasa, and the Cerebral Palsy Foundation Centre.

In the short- to medium-term, we anticipate that we will increase our momentum with the intention of continuing to foster employee engagement in our CSR activities and mobilizing resources to do more and create a positive impact in our society.

SUPPORTING CHILDREN WITH ALBINISM

TOTO'S CHILDRENS HOME

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 2022.

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

Business Environment

Kenya's economy continued to rebound from the pandemic in 2022 with real gross domestic product (GDP) increasing by 6% year-on-year in the first half of 2022, driven by broad-based increases in services and industry.

This recovery was, however, dampened by global commodity price shocks, the long regional drought, and uncertainty in the run-up to the 2022 general elections. Notably, in December 2022, Fitch Ratings downgraded Kenya's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'B' from 'B+' with a Stable Outlook.

The downgrade was mainly attributable to Kenya's persistent fiscal and external deficits, high public debt, and high external financing costs which presently constrain access to international capital markets.

GCR Rating

The Global Credit Rating (GCR) affirmed the Company's financial strength rating of A+(KE); Outlook Stable in 2022. 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. 5.5 billion, a 30% growth from the prior period. The Company recorded an underwriting profit of Shs. 327 million, and an operating Gross Profit before income tax of Shs. 1.045 billion after taking into account investment and other income, a 72% growth from the prior period.

The shareholder's funds amounted to Shs. 4.26 billion as at 31st December 2022, while the total assets grew by 27% to close at Shs. 11.44 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 95.1M as at 31st December 2022, being a 19% growth from the prior period. The individual company performance was as below:

- Mayfair Tanzania posted a 24% growth to close at Gross Written Premiums of USD 14.3 M
- Mayfair Rwanda posted a 25% growth in Gross Premiums Written to close at USD 4.9M
- Mayfair Uganda posted a 34% growth to close at Gross Written Premiums of USD 4.7M
- Mayfair DRC posted a 58% growth to close at Gross Written Premiums of USD 17.6M
- Mayfair Zambia closed at Gross Written Premiums of USD 8.9M

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. 23.33 per share amounting to Shs. 350,000,000. 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.

During the year the key strategic plan was to ensure proper talent sourcing, career development, performance management, culture, engagement, and workforce planning. Very deliberate and clear initiatives aimed at having a workforce that is adequate and with the right skills and competencies will continue in place.

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.

2023 Outlook

According to the Kenya economic update report by the World Bank, Kenya's economy is projected to grow by an average five per cent (5%) this year, World Bank now says, as global and domestic shocks continue to impact on economies. Kenya has endured prolonged droughts which have lowered agricultural output, a sector already stressed by high production costs. The Kenyan shilling continues to record depreciation against the US Dollar.

This is the lowest the Kenyan shilling has gone against the dollar. Additionally, the aggressive public debt accumulation, especially external debt at a 10-year CAGR of 19.0% to Kshs 4.8 tn in December 2022, from Kshs 0.8 tn in the same period in 2012 has continued to exert pressure on the Kenyan shilling, due to the increased servicing costs.

Appreciation

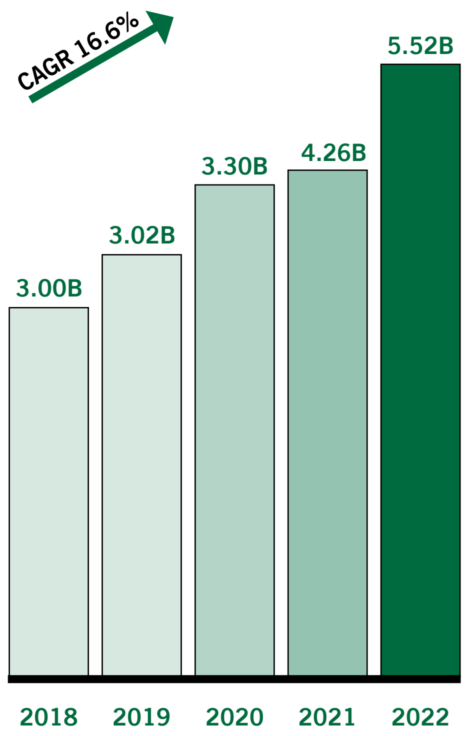
The Board of Directors would like to recognize the efforts of all those employees who have remained so committed to delivering outstanding service to our customers and stakeholders over the past year.

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.

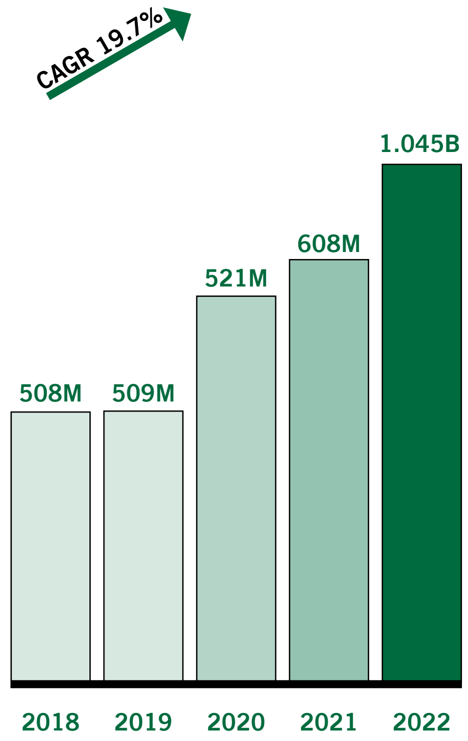
Moving forward, we remain steadfast in delivering on our strategy and growing shareholders' wealth. Lastly, I thank you, fellow board members for your contribution, dedication, and support as we together propel this great organization to higher heights.

CHAIRMAN'S REPORT CONT...

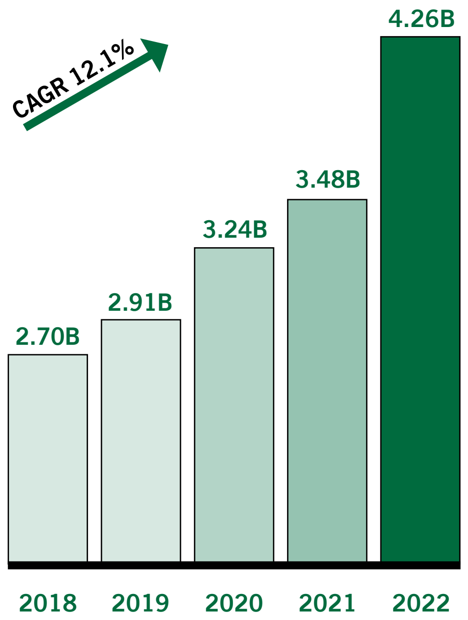
GROSS WRITTEN PREMIUM
(Figures in Kenyan Shillings)



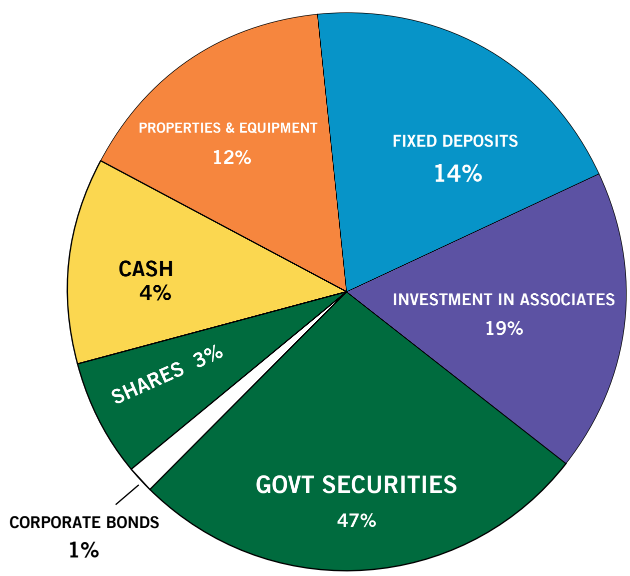
PROFIT BEFORE TAX
(Figures in Kenyan Shillings)



SHAREHOLDERS FUNDS
((Figures in Kenyan Shillings)



DISTRIBUTION OF ASSETS
(Figures in Kenyan Shillings)



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022 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 IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) 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 2022 was 209% (2021 - 195%).
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 1,045 million (2021 – Shs 608 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	2022
	Shs 000	Shs 000	Shs 000	Shs 000	**Shs 000**
Underwriting profit	273,952	270,026	193,109	178,010	**326,647**
Gross loss ratio %	35%	64%	89%	47%	**55%**
Profit before income tax	508,344	509,431	521,012	608,068	**1,044,615**
Net assets	2,700,638	2,906,185	3,236,889	3,479,005	**4,257,932**
Capital adequacy ratio %	242%	245%	255%	195%	**209%**

Dividend

The Directors recommend a first and final cash dividend of Shs. 23.33 per share amounting to Shs. 350,000,000 (2021 Cash dividend of Shs. 8.33 per share amounting to Shs 125,000,000).

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...

Relevant audit information

The Directors in office as at the date of this report can confirm that:

There is no relevant information of which the Company's auditor is unaware; and
Each Director has taken all the steps that they ought to have 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.

Employees

The average number of employees in 2022 was 105 (2021: 100). 2022 managerial staff averaged at 16 (2021: 13) while non-managerial staff averaged at 89 (2021: 87). During the year the key strategic plan was to ensure proper talent sourcing, career development, performance management, culture, engagement and workforce planning. Very deliberate and clear initiatives aimed at having a workforce that is adequate and with the right skills and competencies were put in place.

Auditor

The Company auditor, KPMG Kenya, who were appointed to office during the year continues in office by virtue of section 719 of the Kenyan Companies Act, 2015.

Professional indemnity cover

This is provided in line with best market practice to provide protection for the non-executive directors in undertaking their duties in such capacity.

Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the Directors held on 30 March 2023.

By order of the Board

Company Secretary

Date: 30th March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Mayfair Insurance Company Limited (the "Company") set out on pages 26 to 90 which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

The Directors' responsibilities include determining that the basis of accounting described in Note 2 as an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan 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 misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the year and of the profit or loss of the Company for that year. It also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and its profit or loss.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 30th March 2023.

VIshal Patel	**Bharat Shah**	**Joshua Chiira**
Chairman	***Director***	***Managing Director***

Date: 30th March 2023,

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 2022.

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 2022 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.

James I. O. Olubayi
Fellow of the Institute of Actuaries
Zamara Actuaries, Administrators & Consultants Limited

Date: 30th March 2023

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 financial statements of Mayfair Insurance Company Limited (the "Company") as set out on pages 26 to 90 which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mayfair Insurance Company Limited as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 (Continued)

Key audit matters (continued)

OUTSTANDING CLAIMS PROVISION SEE NOTE 2(H), 3 AND 28 TO THE FINANCIAL STATEMENTS	
THE KEY AUDIT MATTER	**HOW THE MATTER WAS ADDRESSED**
Outstanding claims provision constitute about 61% of the Company's total liabilities. Valuation of these provisions is highly judgmental, and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those provisions that are recognised in respect of claims that have occurred, but have not yet been reported to the Company (incurred but not reported (IBNR)). Small changes in the assumptions used to value the provisions, particularly those relating to the amount and timing of future claims, can lead to material impacts on the valuation of outstanding claims provision. The key assumptions that drive the reserving calculations (determination of insurance contract liabilities) include loss ratios, claim expense assumptions and claim development factors. The valuation of outstanding claims provision depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating outstanding claims provision, or for forming judgments over key assumptions, is not complete and accurate then material impacts on the valuation of outstanding claims provision may arise. Consequently, we have determined the valuation of outstanding claims provision to be a key audit matter.	Our audit procedures in this area included: • Obtaining an understanding of the processes, systems and applications used in determination of outstanding claims provision. This included assessing the design and operating effectiveness of key controls around the claims handling and reserve setting processes of the Company; • Inspecting claims received and claims paid immediately after 31 December 2022 to assess whether there were any unrecorded insurance contract liabilities at the end of the period; Checking samples of claims reserves through comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters; • Obtaining samples of outstanding claims reserves and comparing the estimated amount of the reserve to reports from loss adjusters; • Re-performing reconciliations between the data recorded in the financial systems and the data used in the actuarial reserving calculations including selecting a sample of the data and comparing to the policy documents to ensure its complete and accurate; • Evaluating the appropriateness of management's liability adequacy testing by assessing the historical incurred but not reported (IBNR) sufficiency as well as the Unexpired Risk Reserve through performing an actual vs expected analysis on prior years' reserves for any surpluses or shortfalls; • Using our internal actuarial specialists to assist us in assessing the appropriateness of the methodology and the reasonableness of the assumptions used by management in the estimation of IBNR reserves at 31 December 2022 by comparing economic assumptions to market observable data e.g. inflation rates and non-economic assumptions e.g. expense ratio and claims recovery rates against the Company's historical experience, current trends and our own industry knowledge.

REPORT OF THE AUDITOR CONT...

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

Other matter

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2022.

Other information

The directors are responsible for the other information. The other information comprise the information included in the Mayfair Insurance Company Limited Annual report and financial statements for the year ended 31 December 2022, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the financial statements, our responsibility is to read the other information identified 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, 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.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Kenyan 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 judgment and maintain professional skepticism 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.

REPORT OF THE AUDITOR CONT...

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

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

- 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 the directors' 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.

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 on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you based on our audit, that in our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Dr. Alexander Mbai – Practicing Certificate No. P2172.

For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100
Nairobi, Kenya

Date: 31st March 2023

STATEMENT OF PROFIT OR LOSS

Statement of profit or loss for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 Shs'000	2021 Shs'000
Gross written premiums		**5,520,093**	4,262,081
Gross earned premiums	5	**5,293,847**	4,143,472
Less: reinsurance premiums ceded		**(2,605,057)**	(2,117,153)
Net earned premiums		**2,688,790**	2,026,319
Investment income	6	**538,079**	427,508
Commissions earned		**746,699**	505,475
Other income	7	**38,369**	10,082
Total income		**4,011,937**	2,969,384
Net claims incurred	8	**(1,654,516)**	(1,209,379)
Operating and other expenses	9(a)	**(632,881)**	(550,325)
Commissions payable		**(860,541)**	(624,901)
Impairment losses on financial assets	9(b)	**(4,009)**	(13,461)
Finance cost	32	**(580)**	(1,262)
Total expenses		**(3,152,527)**	(2,399,328)
Share of profit of associate after tax	16	**185,205**	38,012
Profit before income tax		**1,044,615**	608,068
Income tax expense	11	**(255,716)**	(158,194)
Profit for the year		**788,899**	**449,874**

The notes set out on pages 31 to 90 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	Year ended 31 December	
		2022	2021
		Shs'000	Shs'000
Profit for the year		**788,899**	449,874
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Fair value gains/(loss) on equity investment at FVOCI	18	**120,902**	(18,211)
Exchange gain equity investments at FVOCI	18	**5,317**	2,451
Surplus on revaluation of building	12	**9,848**	9,496
Deferred income tax	33	**(21,039)**	(1,494)
Other comprehensive income for the year		**115,028**	(7,758)
Total comprehensive income for the year		**903,927**	442,116

STATEMENT OF FINANCIAL POSITION

Statement of profit or loss for the year ended 31 December 2022

	Notes	2022	2021
ASSETS		**Shs'000**	**Shs'000**
Property and equipment	12	**350,467**	353,025
Investment properties	15	**564,656**	426,089
Intangible assets	13	**9,995**	15,137
Investment in associates	16	**1,225,531**	971,716
Right-of-use assets	14	**9,342**	7,660
Investment in joint arrangements	17	**278,162**	321,288
Equity investments at fair value through other comprehensive income	18	**253,316**	373,844
Receivables arising out of direct insurance arrangements	21	**621,903**	695,553
Receivables arising out of reinsurance arrangements		**125,735**	155,313
Reinsurers' share of technical provisions and reserves	19	**2,190,434**	1,227,978
Deferred acquisition cost	20	**305,897**	247,904
Government securities at amortised cost	23	**3,725,790**	2,969,675
Corporate bonds at amortised cost	24	**29,556**	29,556
Other receivables	22	**299,340**	44,696
Deposits with financial institutions	25	**1,131,386**	910,962
Cash and bank balances	35(b)	**319,350**	264,097
TOTAL ASSETS		**11,440,860**	9,014,493
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	27(a)	**1,500,000**	1,500,000
Fair value revaluation reserve	27(b)	**137,668**	11,449
Property revaluation reserve	27(c)	**122,803**	133,994
Retained earnings	27(d)	**2,497,461**	1,833,562
Total equity		**4,257,932**	3,479,005
Liabilities			
Outstanding claims provision	28	**4,373,484**	2,808,190
Unearned premium reserve	30	**1,841,340**	1,584,973
Payables arising from direct insurance arrangements		**47,853**	98,795
Payables arising out of reinsurance arrangements		**380,112**	591,732
Deferred reinsurance commission	31	**160,187**	140,735
Lease liabilities	32	**10,230**	9,085
Other payables	34	**215,370**	199,095
Current income tax	11	**59,489**	31,382
Deferred income tax	33	**94,863**	71,501
Total liabilities		**7,182,928**	5,535,488
TOTAL EQUITY AND LIABILITIES		**11,440,860**	9,014,493

The financial statements on pages 26 to 90 were approved and authorised for issue by the board of Directors
on 30th March 2023

VIshal Patel
Chairman

Bharat Shah
Director

Joshua Chiira
Managing Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

2021:	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 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	449,874	442,116
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(390,271)	-	390,271	-
Transactions with owner:					
Dividends:					
Dividends Paid -2019	-	-	-	(200,000)	(200,000)
Balance at 31 December 2021	**1,500,000**	**11,449**	**133,994**	**1,833,562**	**3,479,005**

2022:	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 2022	**1,500,000**	**11,449**	**133,994**	**1,833,562**	**3,479,005**
Profit for the year	**-**	**-**	**-**	**788,899**	**788,899**
Other comprehensive income:	**-**	**126,219**	**(11,191)**	**-**	**115,028**
Total comprehensive income	**-**	**126,219**	**(11,191)**	**788,899**	**903,927**
Transactions with owner:					
Dividends:					
Dividends Paid - 2021	**-**	**-**	**-**	**125,000**	**125,000**
Balance at 31 December 2022	**1,500,000**	**137,668**	**122,803**	**2,497,461**	**4,257,932**

STATEMENT OF CASH FLOWS

Statement of profit or loss for the year ended 31 December 2022

	Notes	2022	2021
		Shs'000	Shs'000
Cash flows from operating activities			
Cash generated from operations	35(a)	**1,302,026**	1,288,366
Income tax paid	11(c)	**(225,286)**	(137,886)
Net cashflows generated from operating activities		**1,076,740**	**1,150,480**
Cash flows from investing activities			
Purchase of property and equipment	12	**(14,177)**	(8,042)
Purchase of intangible assets	13	**(9,265)**	(11,458)
Purchase of investment property	15	**(157,859)**	-
Proceeds from sale of property and equipment	12	**554**	30
Payment of lease liabilities	32	**(5,212)**	(5,415)
Net disposal of equity investments	18	**246,747**	508,862
Proceeds from sale of joint arrangements	17	**46,000**	(59)
Investment in associates	16	**(68,610)**	(534,690)
Purchase of equity investments	18	**-**	(3,534)
Purchase of joint arrangements	17	**(590)**	-
Net investments in treasury bonds maturing after 90 days	23	**(713,651)**	(1,047,528)
Net investments in corporate bonds	24	**-**	(29,556)
Net cashflows from investing activities		**(676,063)**	**(1,127,931)**
Cash flows from financing activities			
Dividends paid to shareholders		**(125,000)**	(200,000)
Net cashflows from financing activities		**(125,000)**	**(200,000)**
Net increase/(decrease) in cash and cash equivalents		**275,677**	**(177,451)**
Cash and cash equivalents at beginning of year		1,175,059	1,352,510
Cash and cash equivalents at end of year	**35(b)**	**1,450,736**	**1,175,059**

NOTES

Notes to the Financial Statements

1. General information

Mayfair Insurance Company Limited (the Company) transacts in general insurance business and is incorporated in Kenya under the 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 – 00100
Nairobi

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

i. Statement of compliance

The financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan Companies Act, 2015. For the Kenyan Companies Act 2015 reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss is represented by the statement of profit or loss.

ii. Basis of measurement

The financial statements have been prepared under the historical cost basis, except for the following items which are carried at fair value:

- Financial instruments at fair value through profit or loss,
- Financial assets at fair value through other comprehensive income, and;
- Investment properties

iii. Functional and presentation currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional currency of the company. Except as otherwise indicated, financial information presentation in Kenya shillings has been rounded to the nearest thousand (KShs '000').

iv. Use of estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

v. 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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

v. Going concern (continued)

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.

vi. Changes in accounting policy and disclosures

New standards, amendments, and interpretations effective and adopted through the year

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Company has not early adopted the new standards in preparing these financial statements.

Description	Effective date
Newly effective standards for 01 Jan 2022 to 31 Dec 2022	
Covid – 19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 Jan 2022
Onerous Contracts - Costs of Fulfilling a contract (Amendments to IAS 37)	1 Jan 2022
Annual Improvements to IFRS standards 2018 – 2020 (Amendments to IFRS 1)	1 Jan 2022
Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)	1 Jan 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 Jan 2022

The above standards and interpretations did not have a significant impact on the Company's financial statements.

New and amended standards and interpretations and interpretations in issue but not yet effective for the year ended 31 December 2022

Standards available for early adoption	Effective date
IFRS 17 Insurance Contracts	1 Jan 2023
Amendments to IFRS 17	1 Jan 2023
Disclosure of Accounting Policies (Amendments to IAS 8)	1 Jan 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income Taxes	1 Jan 2023
Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17)	1 Jan 2023
Classification of liabilities as current and non-current (Amendments to IAS 1)	1 Jan 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 Jan 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 Jan 2024
Non – current Liabilities with Covenants (Amendments to IAS 1)	1 Jan 2024

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

vi. Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations and interpretations in issue but not yet effective for the year ended 31 December 2022

The Company will apply IFRS 17 for the first time on 1 January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and are expected to have a material impact on the Company's financial statements in the period of initial application.

New and amended standards not yet adopted by the Company

a. Estimated impact of the adoption of IFRS 17

The Company is assessing the actual impact of adopting IFRS 17 on 1 January 2023 and 2022 and is continuing with the below:

1. The Company is continuing to refine the new accounting processes and internal controls required for applying IFRS 17
2. Although parallel runs were carried out in 2022, the new systems and associated controls in place have not been operational for a more extended period
3. The Company has not finalized the testing and assessment of controls over its new IT systems and changes to its governance framework; and
4. The new accounting policies, assumptions, judgments and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.

b. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

Identifying contracts in the scope of IFRS 17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts.

When identifying contracts in the scope of IFRS 17, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether other services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.

Disclosures and some of the presentation requirements of IAS 32 Financial Instruments: Presentation. On transition to IFRS 17, they will no longer be subject to those requirements because the presentation and disclosure requirements of IFRS 17 will apply to them.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

b. IFRS 17 Insurance Contracts (continued)

Level of aggregation

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- Any contracts that are onerous on initial recognition
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a CSM, against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Company expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the ‘coverage period’, which is relevant when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage). A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- Has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- Has a substantive right to terminate the coverage.

Some of the Company's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Company and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts

Measurement — Overview

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

All the insurance contracts and all reinsurance contracts are expected to be classified as contracts without direct participation features.

Premiums Allocation Approach (PAA)

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Company expects that it will apply the PAA to all contracts because the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts; The coverage period of each contract in the group is one year or less;
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. non - refundable commissions paid on issuance of a contract) are allocated only to that group and to the groups that will include renewals of those contracts.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Company will elect to recognise insurance acquisition cash flows under the balance sheet as assets and amortize the cost over the period of the cover. Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Company will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted.

The Company will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The Company will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

Impact Assessment

Although the PAA is similar to the company's current accounting treatment when measuring liabilities for remaining coverage, there could be some changes expected in the accounting for insurance contracts.

The company is in the process of assessing the impact of these changes in the company's total equity.

Measurement — Significant judgements and estimates

Estimates of future cash flows

In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities and other fulfilment activities. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Company will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Company's consolidated financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately.

Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into;

- An insurance service result, comprising insurance revenue and insurance service expenses; and
- Insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 will provide added transparency about the sources of profits and quality of earnings.

Insurance service result

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Company's current practice of recognising revenue when the related premiums are written.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Company will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

The Company will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2023 the Company will:

- Identify, recognise and measure each group of insurance contracts and reinsurance contracts as if IFRS 17 had always been applied;
- Identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022
- Derecognise previously reported balances that would not have existed if IFRS 17 had always been applied recognise any resulting net difference in equity.

If it is impracticable to apply a full retrospective approach to a group of contracts or to an asset for insurance acquisition cash flows, then the Company will choose between the modified retrospective approach and the fair value approach. However, if the Company cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it will apply the fair value approach.

The Company considers the full retrospective approach impracticable under any of the following circumstances.

- The effects of retrospective application are not determinable because the information required has not been collected (or has not been collected with sufficient granularity) or is unavailable because of system migrations, data retention requirements or other reasons. Such information includes for certain contracts:

(a) expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
(b) information about historical cash flows (including insurance acquisition cash flows and other cash flows incurred before the recognition of the related contracts) and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
(c) information required to allocate fixed and variable overheads to groups of contracts, because the Company's current accounting policies do not require such information; and
(d) information about certain changes in assumptions and estimates, because they were not documented on an ongoing basis.

- The full retrospective approach requires assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that cannot be made without the use of hindsight. Such assumptions and estimates include for certain contracts:

(a) assumptions about discount rates, because the Company was not subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before 2007; and
(b) assumptions about the risk adjustment for non-financial risk, because the Company was not subject to any accounting or regulatory framework that required an explicit margin for non-financial risk before 2016.

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

ii. Changes in accounting policy and disclosures (Continued)

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

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Company will apply each of the following modifications only to the extent that it does not have reasonable and supportable information to apply IFRS 17 retrospectively.
Fair value approach

For groups of reinsurance contracts covering onerous underlying contracts, the Company will establish a loss-recovery component at 1 January 2023. The Company will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 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.

(b) Insurance contracts

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.

2. Summary of significant accounting policies (continued)

(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 365ths 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 fair value through other comprehensive income (FVOCI) 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.

(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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(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.

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 end of each reporting period. 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.

The Company uses the Basic Chain Ladder techniques and the Bornhuetter-Ferguson Method, dependent on the class of business being projected, to estimate the ultimate cost of claims and the IBNR. These techniques/methods are used as they are appropriate for mature classes of business that have relatively stable development patterns. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated claims cost for each year. The development of insurance liabilities provides a measure of the group's ability to estimate the ultimate value of claims. In order to compute the Net Incurred But not Reported (IBNR) a reinsurance recovery rate is determined.

The key variable used in determining IBNR and outstanding claim reserves is the value of claims where actual claims incurred may differ from historical claims incurred. Outstanding claim reserves also include an unallocated loss adjustment expenses reserve. Determination of the level of expenses required to pay claims on run-off in the event the business was to be wound up, is an area of professional judgement.

(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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(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, and is computed using the 365th method

(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 annually 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.

(l) Property 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%
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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(l) Property and equipment (continued)

(i) Cost model (continued)

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.

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.

(m) Intangible assets

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. Amortisation is calculated to
write off the cost of computer software on a straight line basis over its estimated useful life of 3 years. 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.

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(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.

(iii) Measurement

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 two 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.

- FVOCI: 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 FVOCI. Movements in the carrying amount are taken through other comprehensive income (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)

2. Summary of significant accounting policies (continued)

(l) Property and equipment (continued)

(n) Financial assets (continued)

(iv) Determination of fair value

Equity Instruments

The Company subsequently measures all equity investments at FVOCI. 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 FVOCI 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 (Nairobi Stock Exchange). 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.

(v) Impairment

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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(ii) Recognition and derecognition

(v) 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 FVOCI:
- 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.
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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(v) Impairment (continued)

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

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.

The general approach

- 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.

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(ii) Recognition and derecognition
(v) Impairment (continued)
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.

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.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(v) Impairment (continued)

Significant increase in credit risk (SIICR) – (continued)

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.

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.

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(v) Impairment (continued)

Measurement of ECL (continued)

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.

(vi) 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 SIICR has occurred.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(vi) Modification of contracts (continued)

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 2022 was Nil (2021 – 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.

(p) 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.

(q) Foreign currency translation

(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'.

(r) 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

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

(s) 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.

(t) 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.

(u) 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.

(i) 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.

(ii) 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.

(v) 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)

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

(w) 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.

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%.

2. Summary of significant accounting policies (continued)

(w) Leases (continued)

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 2022.

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.

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.

2. Summary of significant accounting policies (continued)

(w) Leases (continued)

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

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.

(x) 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. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(y) 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.

(z) 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.

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.

3. Critical accounting estimates and judgement (continued)

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.

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.

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.

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.1 Insurance risk (continued)

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.

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.

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.1 Insurance risk (continued)

Reinsurance planning (continued)

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.

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 2022		Below 100M	100M - 250M	Over 250M	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Fire	Gross	103,393,081	88,493,704	1,258,898,509	1,450,785,294
	Net	21,868,463	18,717,126	266,267,096	306,852,684
Motor	Gross	30,468,951	3,698,620	5,377,261	39,544,832
	Net	29,767,360	3,613,454	5,253,442	38,634,255
Workmen's compensation	Gross	38,903,311	14,533,313	21,465,231	74,901,855
	Net	38,512,841	14,387,443	21,249,786	74,150,071
Engineering	Gross	28,514,919	24,637,832	320,589,240	373,741,991
	Net	10,080,875	8,710,209	113,337,865	132,128,949
Marine	Gross	221,993,332	-	-	221,993,332
	Net	143,512,063	-	-	143,512,063
Theft	Gross	28,675,729	14,881,138	19,330,357	62,887,224
	Net	8,019,292	4,161,575	5,405,818	17,586,684
Miscellaneous	Gross	12,656,928	5,567,411	10,892,822	29,117,161
	Net	5,154,438	2,267,286	4,436,020	11,857,744
Liability	Gross	19,482,396	8,889,918	49,061,997	77,434,311
	Net	10,809,712	4,932,528	27,221,810	42,964,050
Personal accident	Gross	9,405,185	1,180,903	6,056,834	16,642,922
	Net	5,712,293	717,228	3,678,653	10,108,174
Aviation	Gross	110,220,185	-	-	110,220,185
	Net	698,382	-	-	698,382
Gross		603,714,017	161,882,839	1,691,672,251	2,457,269,107
Net		274,135,719	57,506,849	446,850,490	778,493,058

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.1 Insurance risk (continued)

Claims reserving (continued)

Year ended 31 December 2021		Below 100M Shs'000	100M - 250M Shs'000	Over 250M Shs'000	Total Shs'000
Fire	Gross	77,399,252	66,245,695	942,401,583	1,086,046,530
	Net	13,412,323	11,479,551	163,306,420	188,198,295
Motor	Gross	24,647,426	2,991,946	4,349,859	31,989,231
	Net	23,596,498	2,864,374	4,164,388	30,625,260
Workmen's compensation	Gross	28,557,487	10,668,369	15,756,835	54,982,691
	Net	27,043,664	10,102,843	14,921,571	52,068,078
Engineering	Gross	18,835,958	16,274,890	211,770,040	246,880,888
	Net	3,878,216	3,350,907	43,602,237	50,831,359
Marine	Gross	274,884,923	-	-	274,884,923
	Net	183,383,223	-	-	183,383,223
Theft	Gross	23,379,144	12,132,499	15,759,920	51,271,563
	Net	6,251,076	3,243,967	4,213,861	13,708,905
Miscellaneous	Gross	10,063,908	4,426,818	8,661,214	23,151,939
	Net	2,093,845	921,021	1,802,007	4,816,873
Liability	Gross	14,187,447	6,473,805	35,727,869	56,389,121
	Net	8,807,324	4,018,828	22,179,250	35,005,402
Personal accident	Gross	5,174,336	649,683	3,332,214	9,156,233
	Net	2,962,101	371,918	1,907,560	5,241,579
Aviation	Gross	106,754,619	-	-	106,754,619
	Net	89,632	-	-	89,632
Gross		583,884,500	119,863,705	1,237,759,534	1,941,507,738
Net		271,517,902	36,353,409	256,097,294	563,968,606

NOTES (CONTINUED)

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.

	2022		**2021**	
	Shs '000		**Shs '000**	
	Effect on profit	**Effect on equity**	Effect on profit	Effect on equity
+5 percentage point movement	**5,829**	**4,080**	5,636	3,945
- 5 percentage point movement	**(5,829)**	**(4,080)**	(5,636)	(3,945)

(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.

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.

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.2 Insurance risk (continued)

(ii) Equity price risk (continued)

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	% change in price	Impact to OCI
	Shs'000		Shs'000
31 December 2022	**253,316**	**+/- 5%**	**12,666**
31 December 2021	373,844	+/- 5%	18,692

(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	% change in price	Impact to OCI
	Shs'000		Shs'000
31 December 2022	**302,491**	**+/- 5%**	**15,125**
31 December 2021	307,937	+/- 5%	15,397

(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.

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.2 Financial risk

(b) Credit risk (continued)

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

Maximum exposure to credit risk before collateral held

	2022	2021
	Shs'000	Shs'000
Other receivables	299,340	44,696
Receivables arising out of direct insurance arrangements	621,903	695,553
Receivables arising out of reinsurance arrangements	125,735	155,313
Government securities at amortised cost	3,725,790	2,969,675
Corporate bonds at amortised cost	29,556	29,556
Deposits with financial institutions	1,131,386	910,962
Bank balances	319,350	264,097
	6,253,060	5,069,852

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.

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.

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.2 Insurance risk (continued)

(b) Credit risk (continued)

Management of credit risk (continued)

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.

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

31 December 2022	Stage 1	Stage 2	Stage 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Receivable arising out of direct insurance arrangements	621,903	-	26,120	648,023
Receivable arising out of reinsurance arrangements	125,735	-	-	125,735
Government securities	3,725,790	-	5,295	3,731,085
Corporate bonds	29,556	-	6	29,562
Deposits with financial institutions	1,131,386	-	580	1,131,966
Other receivables	299,340	-	-	299,340
Cash and bank balances	319,350	-	-	319,350
	6,253,060	-	32,001	6,285,061

31 December 2021	Stage 1	Stage 2	Stage 3	Total
	Shs'000	Shs'000	Shs'000	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	29,556	-	6	29,562
Deposits with financial institutions	910,962	-	784	911,746
Other receivables	44,696	-	-	44,696
Cash and bank balances	264,097	-	-	264,097
	5,069,852	-	28,329	5,069,852

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.2 Financial risk (continued)

(b) Credit risk (continued)

31 December 2022		Stage 1 Shs'000	Stage 2 Shs'000	Stage 3 Shs'000	Total Shs'000
Receivable arising out of direct insurance arrangements	Gross	648,023	-	-	648,023
	ECL	(26,120)		-	(26,120)
	Net	621,903	-	-	621,903
Receivable arising out of rein-surance arrangements	Gross	125,735	-	-	125,735
	ECL	-	-	-	-
	Net	125,735	-	-	125,735
Government securities	Gross	3,731,085	-	-	3,731,085
	ECL	(5,295)	-	-	(5,295)
	Net	3,725,790	-	-	3,725,790
Corporate Bonds	Gross	29,562	-	-	29,562
	ECL	(6)	-	-	(6)
	Net	29,556	-	-	29,556
Deposits with financial institu-tions	Gross	1,131,966	-	-	1,131,966
	ECL	(580)	-	-	(580)
	Net	1,131,386	-	-	1,131,386
Staff loans	Gross	18,803	-	-	18,803
	ECL	-	-	-	-
	Net	18,803	-		18,803
Rent & other receivables	Gross	33,790	-	-	33,790
	ECL	-	-	-	-
	Net	33,790	-		33,790
Cash and bank balances	Gross	319,350	-	-	319,350
	ECL	-	-	-	-
	Net	319,350	-		319,350

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.2 Insurance risk (continued)

(b) Credit risk (continued)

31 December 2021		Stage 1	Stage 2	Stage 3	Total
		Shs'000	Shs'000	Shs'000	Shs'000
Receivable arising out of direct insurance arrangements	Gross	720,119	-	-	720,119
	ECL	(24,566)	-	-	(24,566)
	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	2,972,649	-	-	2,972,649
	ECL	(2,974)	-	-	(2,974)
	Net	2,969,675	-	-	2,969,675
Corporate Bonds	Gross	29,562	-	-	29,562
	ECL	(6)	-	-	(6)
	Net	29,556	-	-	29,556
Deposits with financial institutions	Gross	910,516	-	-	910,516
	ECL	446	-	-	446
	Net	910,962	-	-	910,962
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)

4. Financial risk management objectives and policies (continued)

4.2 Insurance risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the Company is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques.

The only short-term financial liabilities relates to other payables and lease liabilities that are due within 12 months from the reporting date.

At 31 December 2022	**Less than 12 months**	**Over 12 months**	**Total**
	Shs'000	**Shs'000**	**Shs'000**
Payables arising from			
- reinsurance arrangements	**380,112**	**-**	**380,112**
- insurance arrangements	**47,853**	**-**	**47,853**
Insurance contract liabilities	**4,373,484**	**-**	**4,373,484**
Lease liability	**5,906**	**6,418**	**12,324**
Other payables	**215,370**	**-**	**215,370**
	5,022,725	**6,418**	**5,029,143**

At 31 December 2021	Less than 12 months	Over 12 months	Total
	Shs'000	Shs'000	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	5,450	5,835	11,285
Other payables	199,096	-	199,096
	3,703,263	5,835	3,709,098

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)

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-adjusted 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:

- Shs 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 2022 and 2021 is illustrated below.

	2022	2021
	Ratio (%)	**Ratio (%)**
Capital adequacy ratio	**209%**	**195%**

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
31 December 2022	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Equity instruments at FVTOCI	**115,039**	**138,277**	**-**	**253,316**

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.4 Fair value estimation (continued)

(a) Fair value hierarchy of financial assets at fair value (continued)

	Level 1	Level 2	Level 3	Total
31 December 2021	Shs'000	Shs'000	Shs'000	Shs'000
Equity instruments at FVOCI	139,291	133,590	100,963	373,844

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

	2022	2021
	Shs'000	Shs'000
At 1 January	**100,963**	115,738
Additions	**-**	-
Disposals	**(246,747)**	-
Fair value gain/(loss)	**145,784**	(14,775)
At 31 December	**-**	100,963

(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 2022 and 31 December 2021:

At 31 December 2022	**Amortised cost**	**Fair value**
	Shs'000	**Shs'000**
Financial assets		
Government securities	3,725,790	3,478,145
Corporate bonds	29,556	20,063
Receivables arising out of direct insurance arrangements	621,903	621,903
Deposits with financial institutions	1,131,386	1,131,386
Other receivables	299,340	299,340
Cash and bank balances	319,350	319,350
Total	6,127,325	5,870,187

NOTES (CONTINUED)

4. Financial risk management objectives and policies (continued)

4.4 Fair value estimation (continued)

(b) Fair value hierarchy of financial assets at amortised cost (continued)

At 31 December 2021	Amortised cost	Fair value
	Shs'000	Shs'000
Financial assets		
Government securities	2,972,649	2,969,675
Corporate bonds	29,556	17,755
Receivables arising out of direct insurance arrangements	695,553	695,553
Deposits with financial institutions	910,962	910,962
Other receivables	44,696	44,696
Cash and bank balances	37,601	37,601
Total	4,691,017	4,676,242

5 Gross earned premium

	2022	2021
	Shs'000	Shs'000
Motor	1,221,442	1,051,009
Fire	1,865,609	1,234,721
Workmen's compensation	521,111	435,318
Marine	327,745	262,246
Personal accident	50,158	45,254
Engineering	522,743	511,536
Aviation	170,448	95,320
Miscellaneous	272,613	258,182
Theft	200,954	166,551
Others	141,024	83,335
Total	5,293,847	4,143,472

6 Investment income

	2022	2021
	Shs'000	Shs'000
Fair value loss on investment properties (Note 15)	(19,292)	-
Interest on bank deposits	81,157	90,583
Interest on Government securities	408,448	283,796
Rental income from investment properties (Note 15)	23,480	26,691
Dividends receivable on equity instruments	40,740	25,826
Interest on corporate bonds	3,546	612
Total	538,079	427,508

6 Investment income (continued)

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

	2022 Shs'000	2021 Shs'000
Deposits with financial institutions	**81,157**	90,583
Government security & corporate bonds	**411,994**	284,408
Equity investments	**40,740**	25,826
Investment property	**4,188**	26,691
Total investment income	**538,079**	427,508

7 Other income

Miscellaneous income	**38,369**	10,082

8 Net claims incurred

Motor	**871,548**	727,291
Workmen's compensation	**183,444**	228,688
Marine	**109,043**	106,904
Theft	**7,736**	8,781
Fire	**298,339**	26,137
Engineering	**109,745**	58,800
Personal accident	**4,246**	10,139
Other	**70,415**	42,639
	1,654,516	1,209,379

9 (a) Operating and other expenses

Staff costs (Note 10)	**309,683**	250,997
Depreciation of property and equipment (Note 12)	**26,140**	25,176
Depreciation of right of use asset (Note 14)	**4,223**	4,439
Amortisation of computer software (Note 13)	**14,407**	14,047
Subscriptions	**3,105**	2,794
Repairs and maintenance expenditure	**13,378**	15,272
Rates and parking	**7,466**	6,053
Printing and stationery	**7,151**	7,689
Telephone and postage	**8,884**	8,385
Travelling and entertainment	**19,668**	14,902
Advertising costs	**31,996**	19,617
Licenses and insurance	**11,495**	7,394
Auditors' remuneration	**6,770**	4,236
Directors' emoluments	**11,407**	12,986
Premium tax	**61,008**	46,955
Other expenses	**96,100**	109,383
	632,881	550,325

NOTES (CONTINUED)

9. (a) Operating and other expenses (continued)

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

(b) Net impairment losses on financial instruments

	2022 Shs'000	2021 Shs'000
Government securities	**2,321**	1,133
Corporate bonds	**-**	6
Deposits with financial institutions	**134**	(338)
Receivables arising out of direct insurance arrangements	**1,554**	12,660
	4,009	13,461

10 Staff costs

	2022 Shs'000	2021 Shs'000
Salaries and benefits	**284,455**	228,162
Defined contribution retirement schemes		
- Pension Fund	**24,981**	22,607
- National Social Security Fund	**247**	228
	309,683	250,997

The average number of employees during the year was as follows:

	2022	2021
Underwriting and claims	**60**	52
Management and administration	**45**	48
Total	**105**	100

11 Income tax expense

(a) Taxation charge

	2022 Shs'000	2021 Shs'000
Current tax expense in respect of the year	**253,393**	173,975
Deferred income tax – charge recognised (Note 33)	**7,225**	(15,781)
Over provision of deferred tax in prior years (Note 33)	**(4,902)**	-
At 31 December	**255,716**	158,194

NOTES (CONTINUED)

11 Income tax expense (continued)

(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.

	2022	2021
	Shs '000	Shs '000
Profit before income tax	**1,044,615**	608,068
Tax calculated at a tax rate of 30% (2021 – 30%)	**313,385**	182,420
Tax effect of:		
- Income not subject to tax	**(72,875)**	(44,689)
- Expenses not deductible for tax purposes	**20,108**	20,463
Deferred tax asset not recognised		
- Over provision of deferred tax in prior years	**(4,902)**	-
At 31 December	**255,716**	158,194

(c) Current income tax

	2022	2021
At 1 January	**31,382**	(4,707)
Taxation charge – Note (11(a))	**253,393**	173,975
Tax paid	**(225,286)**	(137,886)
At 31 December	**59,489**	31,382

NOTES (CONTINUED)

12 Property and equipment

	Building	Partitioning	Motor vehicles	Computer equipment	Furniture fittings and equipment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost or valuation						
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
At 1 January 2022	265,884	101,642	16,214	36,330	77,476	497,546
Additions	-	2,156	1,795	8,356	1,870	14,177
Disposals	-	(605)	(1,238)	-	(54)	(1,897)
At 31 December 2022	**265,884**	**103,193**	**16,771**	**44,686**	**79,292**	**509,826**
Comprising						
At cost	82,708	103,193	16,771	44,686	79,292	326,650
At valuation 2022	183,176	-	-	-	-	183,176
At 31 December 2022	**265,884**	**103,193**	**16,771**	**44,686**	**79,292**	**509,826**
Depreciation						
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
At 1 January 2022	-	56,759	12,492	27,491	47,779	144,521
Charge for the year	9,848	5,846	1,349	5,158	3,939	26,140
Eliminated on disposal	-	(333)	(1,114)	-	(7)	(1,454)
Reversal on revaluation	(9,848)	-	-	-	-	(9,848)
At 31 December 2022	**-**	**62,272**	**12,727**	**32,649**	**51,711**	**159,359**
Net book value						
At 31 December 2022	**265,884**	**40,921**	**4,044**	**12,037**	**27,581**	**350,467**
At 31 December 2021	265,884	44,883	3,722	8,839	29,697	353,025
Net book value (cost basis)						
At 31 December 2022	**56,770**	**40,921**	**4,044**	**12,037**	**27,581**	**141,353**
At 31 December 2021	58,872	44,883	3,722	8,839	29,697	146,013

NOTES (CONTINUED)

12 Property and equipment (continued)

The building was valued on 31 December 2022 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).

Details of the fair value hierarchy of the Company's property held at fair value as at 31 December 2022 are as follows:

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Property, plant and equipment	**-**	**-**	**265,884**	**265,884**
31 December 2021				
Property, plant and equipment	-	-	**265,884**	**265,884**

13 Intangible assets – computer software

	2022	2021
	Shs'000	Shs'000
Cost		
At 1 January	**100,676**	89,218
Additions	**9,265**	11,458
At 31 December	**109,941**	100,676
Amortisation		
At 1 January	**85,539**	71,492
Charge for the year	**14,407**	14,047
At 31 December	**99,946**	85,539
Net book value	**9,995**	15,137

NOTES (CONTINUED)

14 Right-of-use asset

	2022 Shs'000	2021 Shs'000
At 1 January	**7,660**	12,099
Lease modification	**5,905**	-
Depreciation	**(4,223)**	(4,439)
At 31 December	**9,342**	7,660

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

15 Investment properties

	2022 Shs '000	2021 Shs '000
Revaluation		
At 1 January	**426,089**	426,089
Additions	**157,859**	-
Revaluation loss	**(19,292)**	-
At 31 December	**564,656**	426,089

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 31 December 2022 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 Shs 23,479,961 (2021 – Shs 26,469,591) as disclosed in Note 6. Expenses relating to investment property amounted to Shs 854,175 (2021 – Shs 1,843,078).

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	Level 2	Level 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000
31 December 2022			**564,656**	**564,656**
31 December 2021	-	-	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 Mayfair Insurance Congo.

NOTES (CONTINUED)

16 Investment in associates (continued)

The share of net assets of the associate as at 31 December is as shown below:

	2022	2021
	Shs '000	Shs '000
At 1 January	**971,716**	399,014
Share of net profit		
- Mayfair Zambia	**44,196**	9,749
- Mayfair Rwanda	**34,303**	8,346
- Mayfair Tanzania	**25,434**	44,123
- Mayfair Uganda	**26,235**	5,137
- Mayfair Congo	**55,037**	(29,343)
Total	**185,205**	38,012
Additions	**68,610**	534,690
At 31 December	**1,225,531**	971,716

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 2022 and 31 December 2021. A summary of financial information as of 31 December 2022 in respect of the associate companies is set out below:

NOTES (CONTINUED)

16 Investment in associates (continued)

	Zambia	Rwanda	Tanzania	Uganda	Congo
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Total assets	1,696,904	1,047,293	2,124,838	998,922	3,234,055
Total liabilities	(1,346,740)	(613,711)	(1,601,311)	(498,019)	(1,978,349)
Net assets	350,164	433,582	523,467	500,903	1,255,706
Company's share of net assets	140,067	173,433	209,387	200,361	502,283
Net earned premiums	415,119	200,107	771,228	540,086	359,738
Profit before income tax	101,819	87,711	122,652	54,538	57,026
Income tax	(27,191)	(28,304)	(47,638)	(9,547)	(17,108)
Profit for the year	74,628	59,407	75,014	44,991	39,918
Cash flows from operating activities	(17,687)	121,378	96,364	(209,934)	77,805
Cash flows from investing activities	(16,253)	(153,818)	47,263	(5,231)	(47,618)
Cashflows from financing activities	(37,252)	(5,947)	(54,407)	186,034	-
Net movement in cash flows	(71,192)	(38,387)	89,220	(29,131)	30,187

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.

	2022	2021
	Shs'000	Shs'000
At 1 January	**321,288**	321,229
Additions	**590**	59
Disposals	**(43,716)**	-
At 31 December	**278,162**	321,288

Rushmore Investments Limited was disposed off in the year at Shs. 46M. The gain on disposal was Shs. 2.283M.

NOTES (CONTINUED)

17 Investment in joint arrangements (continued)

Name of joint arrangement	Principal activity	Place of incor-pora-tion	Proportion of ownership interest held by the Com-pany	Maximum loss exposure 2022 Shs'000	2021 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
				278,162	321,288

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.

18 Equity investments at FVOCI

2022	**Quoted shares Shs'000**	**Unquoted equity investments Shs'000**	**Total Shs'000**
At 1 January	**139,291**	**234,553**	**373,844**
Additions	**-**	**-**	**-**
Disposals	**-**	**(246,747)**	**(246,747)**
Exchange losses	**-**	**5,317**	**5,317**
Fair value (loss)/gain through other comprehensive income	**(24,252)**	**145,154**	**120,902**
At 31 December	**115,039**	**138,277**	**253,316**

2021	Quoted shares Shs'000	Unquoted equity invest-ments Shs'000	Total Shs'000
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)/gain through other comprehensive income	10,271	(28,482)	(18,211)
At 31 December	139,291	234,553	373,844

NOTES (CONTINUED)

18 Equity investments at FVOCI

The unquoted investments relate to ordinary shares in PTA Reinsurance Company Limited, Family Bank Company Limited, UAP Holdings. 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

	2022 Shs'000	2021 Shs'000
Reinsurers' share of		
- Unearned premiums	**845,525**	815,403
- Notified claims (Note 29)	**1,189,651**	317,690
- Claims incurred but not reported (Note 29)	**155,258**	94,885
	2,190,434	1,227,978

20 Deferred acquisition costs

	2022 Shs'000	2021 Shs'000
At 1 January	**247,904**	193,168
Net movement in the year	**57,993**	54,736
	305,897	247,904

21 Receivables arising out of direct insurance

	2022 Shs'000	2021 Shs'000
Premium receivables	**648,023**	720,118
Provision for impairment	**(26,120)**	(24,565)
	621,903	695,553

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

22 Other receivables

	2022	2021
	Shs'000	Shs'000
Prepayments and deposits	**1,749**	1,612
Loans receivable	**18,803**	17,164
Rent and other receivables	**32,041**	25,920
Other receivables	**246,747**	-
	299,340	44,696

NOTES (CONTINUED)

23 Government securities – amortised cost

	2022 Shs'000	2021 Shs'000
- Within 90 days	**20,770**	-
- In 1 to 5 years	**420,100**	91,868
- More than 5 years	**3,284,920**	2,877,807
	3,725,790	2,969,675
Movement in government securities		
At 1 January	**2,969,675**	1,912,145
Additions	**801,410**	1,108,404
Maturities/redemptions	**(40,000)**	(47,900)
Impairment provision	**(5,295)**	(2,974)
At 31 December	**3,725,790**	2,969,675

Government Bonds of Shs 490 million (2021: Shs 330 million) 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

	2022 Shs'000	2021 Shs'000
East Africa Breweries Limited	**29,556**	29,562
At 1 January	**29,556**	-
Additions	**-**	29,562
Impairment provision	**-**	(6)
At 31 December	**29,556**	29,556

25 Deposits with financial institutions

	2022	2021
Deposits maturing within 3 months	**1,131,386**	910,962
Movement in deposits with financial institutions		
At 1 January	**910,962**	1,292,678
Additions	**346,485**	66,492
Redemptions	**(125,481)**	(447,424)
Impairment provision	**(580)**	(784)
At 31 December	**1,131,386**	910,962

NOTES (CONTINUED)

26 Weighted average effective interest rates

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

	2022	2021
	%	%
Government securities	**12.5**	12.3
Deposits with financial institutions	**8.2**	7.6
Corporate Bonds	**12.3**	12.3

27 Share capital and reserves

(a) Share capital

	Total no. of shares	**Shs'000**
At 1 January 2021	15,000,000	1,500,000
At 31 December 2021	15,000,000	1,500,000
At 1 January 2022	**15,000,000**	**1,500,000**
At 31 December 2022	**15,000,000**	**1,500,000**

The total authorised number of ordinary shares is 15,000,000 (2021: 15,000,000), with a par value of Shs. 100 per share (2021: Shs. 100 per share). All issued shares are fully paid. All the ordinary shares rank equally with regards to Company's residual assets and are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

(a) Fair value revaluation reserve

The fair value revaluation reserve comprises the cumulative fair value changes for equity instruments measured at fair value through other comprehensive income (FVOCI). This reserve is not distributable.

(b) Property revaluation reserve

The property revaluation reserve comprises the cumulative fair value changes on the occupied property. This reserve is not distributable.

(c) Retained earnings

Retained earnings represent the percentage of net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business activities.

28 Outstanding claims provision

	2022	2021
	Shs '000	Shs '000
Outstanding claims	**3,798,263**	2,396,174
Claims incurred but not reported	**575,221**	412,016
At 31 December	**4,373,484**	2,808,190

NOTES (CONTINUED)

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	2018	2019	2020	2021	**2022**	Total
	Shs'000	Shs'000	Shs'000	Shs'000	**Shs'000**	Shs'000
Claims outstanding						
At end of accident year	905,476	1,105,694	1,275,506	1,316,704	**2,385,648**	-
One year later	1,665,994	1,174,217	1,420,625	1,698,161	**-**	-
Two years later	3,110,882	1,181,284	1,490,053	-	**-**	-
Three years later	3,502,857	1,186,832	-	-	**-**	
Four years later	3,529,361	-	-	-	**-**	--
Current estimate of cumulative claims	3,529,361	1,186,832	1,490,053	1,698,161	**2,385,648**	-
Less: Cumulative payments to date	(3,326,771)	(930,863)	(1,069,056)	(1,091,740)	**(724,217)**	-
Liability in the statement of financial position	202,590	255,969	420,997	606,421	**1,661,431**	3,147,408
Liability in respect of prior years	-	-	-	-	**-**	650,855
Incurred but not reported	-	-	-	-	**-**	575,221
Total gross claims liability included in the statement of financial position	-	-	-	-	**-**	4,373,484

NOTES (CONTINUED)

29 Movement in insurance liabilities and reinsurance assets

The table below shows the movement in the Company's outstanding claims provision and related re-insurance share of outstanding claims

At 1 January 2022	Gross out-standing claims Shs'000	Reinsurance share Shs'000	Net Shs'000
Notified claims	**2,396,174**	**317,690**	**2,078,484**
Incurred but not reported	**412,016**	**94,885**	**317,131**
Total at beginning of year	**2,808,190**	**412,575**	**2,395,615**
Claims paid in year	**1,468,065**	**446,510**	**1,021,555**
Increase in liabilities: -			
Arising from current year claims	**181,279**	**24,034**	**157,245**
Arising from prior year claims	**2,852,080**	**1,354,810**	**1,497,270**
At end of year	**4,373,484**	**1,344,909**	**3,028,575**
Notified claims	**3,798,263**	**1,189,651**	**2,608,612**
Incurred but not reported	**575,221**	**155,258**	**419,963**
Total at end of year	**4,373,484**	**1,344,909**	**3,028,575**
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

NOTES (CONTINUED)

30 Unearned premium reserve

	2022 Shs'000	2021 Shs'000
At 1 January	**1,584,973**	1,324,825
Net increase in the year	**256,367**	260,148
At 31 December	**1,841,340**	1,584,973

31 Deferred reinsurance commissions

	2022 Shs'000	2021 Shs'000
At 1 January	**140,735**	106,728
Increase in the year	**19,452**	34,007
At 31 December	**160,187**	140,735

32 Lease liabilities

	2022 Shs'000	2021 Shs'000
Opening balance	**9,085**	13,238
Lease modification	**5,777**	-
Interest on lease liability	**580**	1,262
Lease payments	**(5,212)**	(5,415)
	10,230	9,085
The balance sheet shows the following amounts relating to leases		
Current	**4,153**	4,153
Non-current	**6,077**	4,932
	10,230	9,085
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets	**4,223**	4.439
Interest expense	**580**	1,262
Expense relating to short-term leases (included in administrative expenses)	**573**	899

The total cash outflow for leases in 2022 was Shs 5.2 million (2021: Shs 5.4 million) that related to principal portion of lease payments, expenses related to short term leases and interest expense on the leases.

Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. If the extension option is taken up, the impact in our books is Shs 4.9 million.

NOTES (CONTINUED)

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:

	2022 Shs'000	2021 Shs'000
At 1 January	71,501	85,788
Charge to statement of profit or loss	7,225	(15,781)
Charge to statement of comprehensive income	21,039	1,494
Under provision of deferred tax in prior years	(4,902)	-
At 31 December	**94,863**	**71,501**

Year ended 31 December 2022	At 1 January 2022 Shs'000	(Credited/ charged to P/L Shs'000	(Credited)/ charged to OCI Shs'000	At 31 December 2022 Shs'000
Deferred income tax asset				
Leave pay provision	(3,425)	(51)	-	(3,476)
Unrealised exchange losses	(5,937)	5,267	-	(670)
Provisions	(5,198)	(5,423)	-	(10,621)
Deferred income tax asset	(14,560)	(207)	-	(14,767)
Deferred income tax liability				
PPE at historical cost basis	34,830	4,027	23,872	62,729
Revaluation surplus	54,452	(1,709)	(2,833)	49,910
Right of use asset	(3,221)	212	-	(3,009)
Deferred income tax liability	86,061	2,530	21,039	109,630
Net deferred tax liability	71,501	2,323	21,039	94,863

NOTES (CONTINUED)

33 Deferred income tax (continued)

Year ended 31 December 2021	At 1 January 2021	(Credited/ charged to P/L	(Credited)/ charged to OCI	At 31 December 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				
PPE at historical cost basis	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**

The charge to other comprehensive income relates to:

	2022	2021
	Shs'000	Shs'000
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property and equipment	**9,848**	9,496

34 Other payables

	2022	2021
Accrued expenses	**18,313**	15,156
Other liabilities	**197,057**	183,940
	215,370	199,096

NOTES (CONTINUED)

35 Notes to the statement of cashflows

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:

Cash generated from operations	2022 Shs'000	2021 Shs'000
Reconciliation of profit before income tax to cash generated from operations;		
Profit before income tax	**1,044,615**	608,068
Adjustments for:		
Depreciation (note 12)	**26,140**	25,176
Amortisation of intangible asset (note 13)	**14,407**	14,047
Fair value loss on investment properties (note 15)	**(19,292)**	-
Amortisation of leases (Notes 14)	**4,223**	4,439
Finance charge on leases (Note 32)	**580**	1,262
Impairment of financial assets as per IFRS 9 (Note 9(b))	**(4,009)**	(13,461)
Share of profit of associate after tax (Note 16)	**(185,205)**	(38,012)
Gain/ loss on disposal of property & equipment	**(111)**	43
Gain on disposal of joint arrangement	**(2,283)**	-
Changes in:		
- receivables arising out of reinsurance arrangements	**29,578**	(97,813)
- receivables arising out of direct insurance arrangements	**73,650**	(212,018)
- reinsurers share of technical provisions and reserves	**(962,456)**	139,586
- deferred acquisition cost	**(57,993)**	(54,736)
- other receivables	**(254,644)**	49,676
- outstanding claims provisions	**1,565,294**	123,681
- unearned premiums reserve	**256,367**	260,148
- payables arising out of reinsurance arrangements	**(211,620)**	319,972
- payables arising out of direct insurance arrangements	**(50,942)**	54,629
- deferred reinsurance commission	**19,452**	34,007
- other payables	**16,275**	69,672
Cash generated from operations	**1,302,026**	1,288,366

(b) Analysis of cash and cash equivalents

Cash and bank balances	**319,350**	264,097
Deposits with financial institutions maturing in 3 months (Note 24)	**1,131,386**	910,962
At 31 December	**1,450,736**	1,175,059

36 Related parties

The following transactions were carried out with related parties

Directors' fees	**11,407**	12,986
Directors and key management remuneration	**144,305**	113,832
Gross earned premiums	**4,236**	3,425

NOTES (CONTINUED)

37 Dividends

The Directors recommend a first and final cash dividend of Shs 23.33 per share amounting to Shs 350,000,000 in respect of the year ended 31 December 2022 (2021 dividends Shs 125,000,000). The movement in the dividend account is as follows:

	2022	2021
	Shs'000	Shs'000
Proposed at 1 January	**125,000**	200,000
Final dividend declared	**350,000**	125,000
Declared dividends paid	**(125,000)**	(200,000)
At 31 December	**350,000**	125,000

APPENDIX
COMPANY REVENUE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Class of insurance	Aviation	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Comercial	Personal Accident	Theft	Workmens' Compensation	Miscellaneous	**2022 Total**	2021 Total
Business	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	170,550	559,094	114,968	1,795,328	147,042	330,774	678,576	607,770	51,492	205,718	559,948	298,833	**5,520,093**	4,262,081
Unearned premium at the beginning of the year	28	56,701	19,969	57,332	24,742	26,611	228,904	152,763	6,728	13,515	153,495	28,782	**769,570**	650,960
Unearned premium at the end of the year	130	93,052	24,076	97,912	30,760	29,640	258,012	188,559	8,063	18,279	192,331	55,002	**995,816**	769,570
Premium ceded to re-insurers	169,469	366,158	48,653	1,457,601	65,458	116,939	5,685	23,935	20,218	148,188	5,620	177,133	**2,605,057**	2,117,153
Net earned premium	979	156,585	62,208	297,147	75,566	210,806	643,783	548,039	29,939	52,766	515,492	95,480	**2,688,790**	2,026,318
Claims paid	23	66,673	10,006	39,776	8,574	63,210	352,741	282,819	1,249	8,301	173,030	15,153	**1,021,555**	804,573
Claims outstanding brought forward	19	45,017	5,982	113,541	40,776	169,643	314,547	759,450	10,436	17,748	858,625	59,830	**2,395,614**	1,990,810
Claims outstanding carried forward	908	88,090	33,243	334,840	70,639	215,475	390,155	919,831	13,433	17,182	869,039	75,740	**3,028,575**	2,395,615
Claims incurred	912	109,746	37,267	261,075	38,437	109,042	428,349	443,200	4,246	7,735	183,444	31,063	**1,654,516**	1,209,378
Commissions (net)	(21,649)	(35,621)	11,932	62,983)	11,543	32,026	62,586	53,306	2,545	(1,798)	99,967	(38,012)	**113,842**	119,426
Expenses of management	3,132	61,593	6,916	60,610	14,607	36,845		27,947	8,535	32,618	77,523	92,657	**532,775**	472,549
Premium tax	1,885	6,179	1,271	19,842	1,625	3,656	7,500	6,717	569	2,274	6,189	3,303	**61,010**	46,955
Total expenses	(16,632)	32,151	20,119	17,469	27,775	72,527		87,970	11,649	33,094	183,679	57,948	**707,627**	638,930
Underwriting profit	16,699	14,688	4,822	18,603	9,354	29,237	35,556	16,869	14,044	11,937	148,369	6,469	**326,647**	178,010

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