Contents

A Symbol of Trust Security and Progress

COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. R.C. Kantaria - Chairman (Alternate Mr. Vijay Kantaria)
Mrs. R. Thatthi - Managing Director/Principal Officer
Mr. S.K. Shah
Mr. A.R. Kantaria
Mr. S.O.J. Mainda
Mr. P.T. Warutere
Mr. S. Oueslati - Alternate Mr. F. Jiwa
Mr. B. Yohannes - Alternate Mr. V.S.P. Shah

COMPANY SECRETARIES

Adili Corporate Services Kenya
Certified Public Secretaries
P.O. Box 764-00606 NAIROBI

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

L.R. No. 209/2259/1
Tausi Court, Tausi Road
Off Muthithi Road, Westlands
P. O. Box 28889-00200 NAIROBI
Mobile: 0729145888/0735145020

INDEPENDENT AUDITOR

Grant Thornton LLP
Certified Public Accountants (Kenya)
5th Floor, Avocado Towers, Muthithi Road, Westlands
P. O. Box 46986-00100 NAIROBI

ACTUARIES

Zamara Actuaries Administrators & Consultants Ltd
P. O. Box 52439-00200 NAIROBI

PRINCIPAL BANKER

Prime Bank Limited
Westlands, Sarit Centre Branch
P. O. Box 43825-00100 : NAIROBI

LEGAL ADVISORS

Mandla & Sehmi Advocates LLP
P.O. Box 48642-00100 NAIROBI

Macharia, Mwangi & Njeru Advocates
P.O. Box 10627-00100 NAIROBI

Wanja & Kibe Advocates
P.O. Box 1382-80100 MOMBASA

Daly & Inamdar Advocates
P.O. Box 80483-80100 MOMBASA

Muchui & Company Advocates
P.O. Box 61901-00200 NAIROBI

Mucheru Law LLP Advocates
P.O. Box 7769-00200 NAIROBI

BOARD OF DIRECTORS

Dr. Rasik Kantaria (Chairman)

Mrs Rita Thatthi
(MD and Principal Officer)

Mr. Amar Kantaria

Mr. Shantilal Shah

Dr. Steve Mainda

Mr. Skander Khalil

Mr. Peter Warutere

MANAGEMENT TEAM

Mrs. Rita Thatthi
Managing Director and Principal Officer

Ms Winnie Muoki
Assistant General Manager

Mr. Steve Ogunde
Reinsurance Manager

Ms Lilian Wandungi
Claims Manager

Mr. Mohamed Fayaz
Finance Controller

Mr. Sammy Muriuki
Head of Risk and Compliance

Mr. Samuel Wanjiku
Head of Internal Audit

Mr. Antony Kariuki
ICT Manager

CHAIRMAN'S STATEMENT

I am delighted to present the Annual Report and Financial Statements for Tausi Assurance Company ltd for the year ended 31.12.2022.

This was the first year of the new 3 year Strategic Plan that runs from 2022 to 2024, having completed a successful 5-year strategic plan, which ran from 2017 to 2021. The strategic direction of the Company is to achieve sustainable growth and profitability using best business practice.

Guided by our clear vision and a rich record of accomplishments, we continue to strive to achieve and even surpass our strategic ambitions. In the year 2022, the Company recorded a growth of 25% in its gross written premium having closed at a premium of Ksh 1.64B against a premium of Ksh 1.322 B in 2021. The profit before tax for the year 2022 was Ksh 437m compared to Ksh 361m for the year 2021. The risk based capital ratio stood at an impressive 357% at the end of 2022 (331% in 2021). The shareholders fund increased from Ksh 2.16B in 2021 to Ksh 2.29B in 2022. The Company declared a good dividend of Ksh 252m in 2022, which was in keeping with the dividend history.

Tausi embraces sound corporate governance practices, which are a core part of our ethos. The Board of Directors have created structures to ensure ethical and transparent operations whilst focusing on the end goals. The Company runs a fully automated and paperless operation, which has enabled us to provide seamless service to our esteemed clients and partners.

Tausi supports various charity projects namely Jaipur Foot Trust, Faraja Cancer Support Trust, Famine Relief Fund, Eye surgeries for the needy .

I take this opportunity to thank the Insurance Regulatory Authority and all other business partners for their guidance and assistance throughout the year. On behalf of the Board of Directors, I thank the Management and Staff for their tireless efforts towards achieving the strategic plans and goals . I thank the Board of Directors for their wise counsel and support throughout the year.

In conclusion, my pledge to our esteemed agents, brokers and clients is that they will always be our first priority. I record my gratitude to them for working with us and for the confidence, they have bestowed upon us.

DR. RASIK KANTARIA

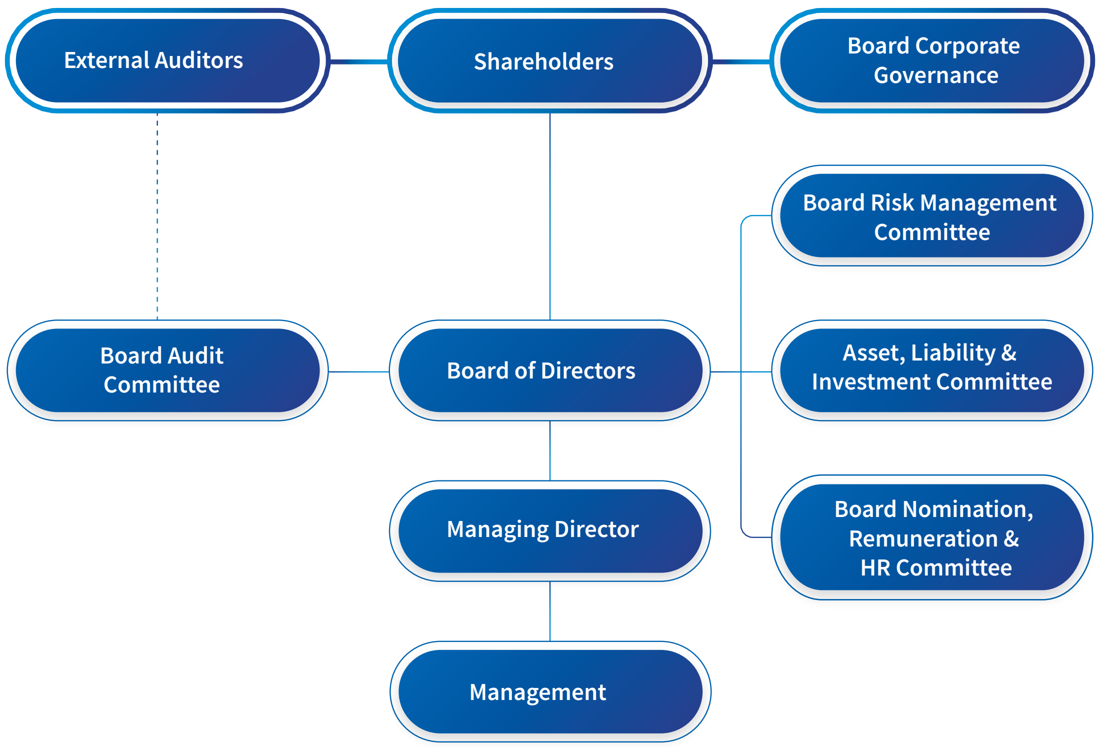
CORPORATE GOVERNANCE STATEMENT

Tausi Assurance Company's principles and recommendations of Corporate Governance

Tausi Assurance Company Ltd has adopted a system of comprehensive controls and accountability. These form the foundation of independent reporting to the Shareholders and all other stakeholders of the Company. These principles enhance openness and integrity across all aspects of the Company's operations including at the Board of Directors level.

The Board of Directors continuously seek and provide accountability to the shareholders and stakeholders of the Company.

Corporate Governance Structure



Composition of the Board of Directors

The Board of Directors comprises of six non-executive Directors and the Managing Director. The latter is also the principal officer of the Company. The non-executive Directors come with a vast blend of expertise, experience and skill, which adds a substantial value to the Company.

Board of Directors

The Board is responsible for the corporate governance of the Company. The main goals of the Board are to:

- Increase in Shareholder value by ensuring the Company pays dividends in line with the market returns.
- Ensure there is transparency and accountability to the Shareholders of the Company
- Ensure that there is compliance with the laws of the Country at all levels of the Organization including at the Board level

To achieve the above goals, the Board assumes the following primary responsibilities:

- Assisting in developing initiatives for profit sustainability by ensuring the strategic objectives set materialize
- Review and monitor financial performance of the Company by providing guidance to the Management on achieving the budgets and strategic plans

- To identify, monitor and evaluate the risks that are inherent in the industry that the Company operates in and advise the Management on the actions to mitigate these risks.
- Act on behalf of, and being accountable to the Shareholders

Board Committees

The Company has constituted the following Board committees that act as oversight for the Board of Directors:

- Board Audit Committee
- Board Risk Management Committee
- Board Asset, Liability and Investment Committee
- Board Corporate governance, Nomination, Remuneration and Human Resource Committee

We have established the above committees to oversee key aspects of our business:

- The audit committee ensures the accuracy of the financial reporting and compliance with the laid down operational frameworks within the Company and compliance with the relevant regulations
- The Board risk management is established to ensure effective operation and implementation of the risk management framework within the Company. It also monitors implementation of the strategic plan and operation of the budget. Its key responsibility is to identify, assess and mitigate the risks that could affect our business.
- The asset, liability and investment committee is established to ensure that the assets of the Company are invested in viable investments to optimize the investment income of the Company. It also ensures that the investments are done in accordance with the approved Investment policy.
- Board Nomination, Remuneration, and Human Resource Committee is established to ensure that there is transparency and fairness in remuneration of Board of Directors and Senior Management and other members of the staff. It also ensures that there is a succession plan at all levels of Management to ensure continuity and smooth operations of the Company. It is responsible for recruitment of persons in control functions and senior management positions.

Corporate Social Responsibility

The Board is conscious of the Company's social responsibility and has ensured that the community at large and the environment benefit from the funds that have been donated to various worthy causes. The Company's staff have also participated in CSR activities. Some of the activities or projects that the Company supported in 2022 are listed below:

1. Donation of food for Kenyans affected by the drought through the Rotary Disaster relief fund
2. Donation to the Jaipur foot trust to fit artificial limbs to amputees
3. Rhino Ark Charitable trust
4. Funds to Faraja Cancer Support Trust
5. Sponsorship to the needy for eye operations at Lions Sight First Hospital
6. Sponsorship to the Asian foundation by sponsoring for charity golf tournament
7. Donating to Amara Charitable Trust by sponsoring bowling event

Tausi Staff attending the Charity Bowling event through sponsorship to Amara Charitable Trust

Winnie Muoki (Assistant General Manager (far right) presenting gift for the sponsorship of Golf tournament through the Asian Foundation

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2022,which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The company underwrites all classes of general insurance business as defined by Section 31 of the Kenyan Insurance Act (cap 487) with the exception of aviation.

RESULTS

	2022 Shs	2021 Shs
Profit before tax	437,412,367	361,049,167)
Tax (charge	(71,659,118)	(49,605,839)
Profit for the year	365,753,249	311,443,328

BUSINESS REVIEW

During the year, the company's net earned premiums increased from Shs. 834,598,797 to Shs. 1,001,156,797.This was mainly attributed to increase in overall gross written premiums which was as a result of improved performance of various products offered by the company.

The profit before tax improved from Shs. 361,049,167 to Shs. 437,412,367. This was as a result of reduction in net claims ratio from 34% to 32%. Profitability improved also as a result of management of expenses and working within the budgets. Our expenses increased by 12% over one year while at the same time our Net Earned Premiums increased at the rate of 20%. This led to an improvement in combined ratio from 87% to 82%.

Investment income also contributed to improved profitability which increasd by 9%.

As at 31 December 2022, the net asset position of the company was Shs. 2,291,786,159 compared to Shs. 2,164,219,908 as at 31 December 2021.

Key performance indicators	2022 Shs	2021 Shs
Gross premiums written	1,645,872,015	1,322,352,651
Gross earned premiums	1,632,690,634	1,309,104,902
Less: reinsurance premium ceded	(631,533,837)	(474,506,895)
Net earned premiums	1,001,156,797	834,598,007
Investment and other income	283,242,435	260,335,056
Fair value (loss)/gain on quoted shares	(15,801,142)	7,040,209
Commissions earned	200,501,916	146,520,980
Net income	1,469,100,006	1,248,494,252
Profit for the year	365,753,249	311,443,328

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall performance of the company. The company's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions, innovativeness to sustain market share and other factors such as the impact of coronavirus outbreak. The directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the company.

The Company pays particular attention to the credit risk and free cash flows. These are always material and key consideration throughout the financial year and are closely monitored.

In addition to the business risks discussed above, the company's activities expose it to a number of financial and insurance risks which are described in detail in Note 3 to the financial statements.

DIVIDEND

The directors recommend payment of final dividend of Shs 252,000,000 for the year. (2021: Shs 198,000,000).

During the year, no interim dividend was declared (2021: Shs. 17 per share; Shs 102,000,000)

Therefore total dividend for the year ended 31 December 2022 was Shs 42 per share (2021: Shs 50 per share) amounting to a total of Shs. 252,000,000 (2021: Shs 300,000,000).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

DIRECTORS INDEMNITIES

In line with sound governance practicies, the company maintains Directors' and Officers' liability insurance, which gives appropriate cover for legal action brought against its Directors. The company has also granted indemnities to each of its directors and the secretary to the extent permitted by law.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

(a) there is, so far as the director is aware, no relevant audit information of which the company's auditor is unaware; and

(b) the director has taken all the steps that the director 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.

APPOINTMENT OF THE AUDITOR

Grant Thornton LLP has expressed willingness to continue in office in accordance with the company's Articles of Association and Section 717 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

The Report of Directors was approved by the Board of Directors on 10TH MARCH 2023 and signed on its behalf by the Secretary.

BY ORDER OF THE BOARD

____

ADILI CORPORATE SERVICES KENYA

COMPANY SECRETARY NAIROBI

10TH MARCH 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other

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

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or

ii. Selecting suitable accounting policies and then applying them consistently; and

iii. Making accounting estimates and judgements that are reasonable in the circumstances.

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

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 10TH MARCH 2023 and signed on its behalf by:

Mr. Shantilal Shah	**Dr. Rasik Kantaria**	**Mrs. Rita Thatthi**
(Director)	**(Chairman)**	**(Director & Principal officer)**

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF TAUSI ASSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of Tausi Assurance Company Limited set out on pages 8 to 49, which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity, 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 Tausi Assurance Company Limited financial position as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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' Code of Ethics for Professional Accountants (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

This section of the audit report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgment, were of most significance in the audit of the financial statements. 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.

Key Audit Matter	How the matter was addressed in the audit
Estimation of insurance contract liabilities	
As disclosed in note 26 in the financial statements, insurance contract liabilities amounted to Ksh 789 Million as at 31 December 2022. Valuation of these liabilities is highly judgmental because it requires several assumptions to be made with high estimation uncertainty such as loss ratios and estimates of the frequency and severity of claims. The significant accounting judgements and assumptions are further described in note 2(a). Small changes in the assumptions used to value the liabilities particularly those relating to the amount and timing of future claims, can lead to material impacts on the valuation of insurance liabilities. The valuation of insurance liabilities depends on complete and 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 insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate, then material impacts on the valuation of insurance liabilities may arise. Consequently, we have determined the valuation of insurance contract liabilities to be a key audit matter.	We performed the following procedures: • Review of sensitivity analysis over key judgements and assumptions. • Review of completeness of data used in the determination of the actuarial reserves • Evaluation of the key controls designed to ensure the integrity of the data used in the actuarial reserving process (including both current and prior year case reserve data). • Review of the reasonableness and appropriateness of the assumptions and methodology used actuarial valuation based on the review of the valuation report prepared by the independent actuary. • We also compared samples of claims case reserves to appropriate documentation and controls over individual claims reserves. • Assessed the adequacy of the Company's disclosures in respect of the assumptions used in valuation.

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Allowance for expected credit losses	
The expected credit losses on financial assets carried at amortised cost are determined under application of IFRS 9 Financial Instruments. This was a key audit matter because significant judgement was involved in determining the credit losses on insurance and reinsurance receivables, mortgages and other loans, deposits with financial institutions, investments in government securities and cash and bank balances as disclosed in note 3(b) Credit risk. **Key areas of judgement included:** • the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model; • the identification of exposures with a significant deterioration in credit quality; • assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors; and • the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	Our audit procedures included the following: • We assessed and tested the design and operating effectiveness of the controls over the: i. data used to determine the expected credit losses on financial assets carried at amortised cost. ii. expected credit loss model, including model build and approval, ongoing monitoring/ validation, model governance and mathematical accuracy. • We assessed the modelling techniques / methodology against the requirements of IFRS 9 - Financial Instruments. • We assessed and tested the material modelling assumptions as well as overlays with a focus on the: i. key modelling assumptions adopted by the Company; ii. basis for and data used to determine overlays; and iii. sensitivity of the collective provisions to changes in modelling assumptions. • In addition, we assessed the adequacy of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the report of the rectors statement of directors' responsibilities and the general insurance business revenue account 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.

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

When we read the other reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on pages 6 - 7 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Elizabeth Muhindi, Practicing Certificate No. 2123.

28TH MARCH, 2023

For and on behalf of Grant Thornton LLP
Certified Public Accountants (Kenya) Nairobi

T/166/1222/055/0323/AUD

Tausi Assurance Company Limited Annual Report

FINANCIAL STATEMENTS

A Symbol of Trust Security and Progress

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022	2021
		Shs	Shs
Gross premiums written		1,645,872,015	1,322,352,651
Gross earned premiums	4	1,632,690,634	1,309,104,902
Less: reinsurance premium ceded	4	(631,533,837)	(474,506,895)
Net earned premiums	4	**1,001,156,797**	**834,598,007**
Investment and other income	5 (a and b)	283,242,435	260,335,056
Fair value adjustments	5 (c)	(15,801,142)	7,040,209
Commissions earned	6	200,501,916	146,520,980
Net income		**1,469,100,006**	**1,248,494,252**
Claims incurred	7	(417,445,498)	(380,044,164)
Less: amounts recoverable from reinsurers	7	94,158,220	94,908,353
Net claims payable	7	**(323,287,278)**	**(285,135,811)**
Operating and other expenses	8	(423,924,603)	(376,248,819)
Commissions payable	10	(284,475,758)	(226,060,455)
Total operating and commission expenses		**(708,400,361)**	**(602,309,274)**
Profit before tax		**437,412,367**	**361,049,167**
Income tax charge	11	(71,659,118)	(49,605,839)
Profit for the year		**365,753,249**	**311,443,328**
Other comprehensive income:			
Items that shall not be reclassified subsequently to profit or loss:			
Surplus on revaluation of property, plant and equipment	13	19,034,246	-
Deferred income tax on surplus on revaluation of property, plant and equipment	13	(5,710,274)	-
Changes in fair value of quoted shares - Fair value through other comprehensive income	24	(15,320,187)	10,325,392
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Changes in fair value of Government securities - Fair value through other comprehensive income		(40,572,190)	(16,357,591)
Total other comprehensive loss		(42,568,405)	(6,032,199)
Total comprehensive income for the year attributable to shareholders of the company		**323,184,844**	**305,411,129**
Dividend - interim paid during the year		-	102,000,000
- final proposed for the year		252,000,000	200,000,000
	34	252,000,000	302,000,000
Earnings per share	35	60.96	51.91

The notes on pages 18 to 55 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

CAPITAL EMPLOYED	Notes	2022 Shs	2021 Shs
Share capital	12	600,000,000	600,000,000
Revaluation reserves	13(a)	188,714,716	178,793,586
Fair value reserve - Fair value through other comprehensive income	13(b)	(51,237,602)	2,273,368
Retained earnings	13(c)	1,302,309,045	1,183,152,954
Proposed dividend	34.	252,000,000	200,000,000
Shareholders' funds		2,291,786,159	2,164,219,908
REPRESENTED BY			
Assets			
Property and equipment	14	251,889,125	239,546,782
Intangible assets	15	16,366,684	16,056,049
Prepaid lease rentals	16	91,232,877	89,965,754
Mortgage and other loans	17	26,716,589	56,926,365
Government securities - Amortised cost	21(a)	1,391,050,051	961,450,600
Receivables arising out of reinsurance arrangements	18.	21,592,100	17,351,533
Receivables arising out of direct insurance arrangements	19.	159,237,371	124,259,912
Reinsurers' share of insurance contract liabilities	20.	341,046,807	272,642,057
Deferred acquisition costs	21.	37,605,275	35,435,387
Other receivables	22.	33,811,428	21,050,886
Tax recoverable	11	43,363,044	59,228,168
Government securities-Fair value through other comprehensive income	23.	730,368,907	891,796,814
Quoted shares - Fair value through other comprehensive income	24(b)	88,866,981	104,187,168
Quoted shares - Fair value through profit or loss	24(a)	83,695,504	99,496,646
Deposits with financial institutions	25(b)	370,905,130	318,250,633
Cash and cash equivalents	25(a)	53,992,414	75,498,027
Total assets		3,741,740,287	3,383,142,781
Liabilities			
Insurance contract liabilities	26.	789,989,775	707,730,200
Payables arising out of reinsurance arrangements	28.	123,294,755	68,180,321
Unearned premium reserve	29.	391,324,485	339,167,240
Deferred tax	30.	72,049,855	66,060,315
Other payables	31.	73,295,258	37,784,797
Total liabilities		1,449,954,128	1,218,922,873
Net assets		2,291,786,159	2,164,219,908

The financial statements on pages 9 to 55 were approved and authorised for issue by the Board of Directors on 10TH MARCH 2023 and were signed on its behalf by:

Sushah

Mr. Shantilal Shah
(Director)

Dr. Rasik Kantaria
(Director)

Mrs. Rita Thatthi
(Director & Principal officer)

The notes on pages 17 to 55 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

2021	Notes	Share capital Shs	Fair value reserve Shs	Revaluation reserve Shs	Retained earnings Shs	Proposed Dividend Shs	Total Shs
1st January							
Profit for the year		600,000,000	8,305,567	182,091,428	1,170,411,784	-	1,960,808,779
Other comprehensive income:					311,443,328	-	311,443,328
Change in fair value of Government securities - Fair value through other comprehensive income	18(b)	-	(16,357,591)	-	-	-	(16,357,591)
Change in fair value of quoted shares - Fair value through other comprehensive income	20(b)	-	10,325,392	-	-	-	10,325,392
Transfer of excess depreciation	11	-	-	(4,711,203)	4,711,203	-	
Deferred income tax on transfer of excess depreciation	11	-	-	1,413,361	(1,413,361)	-	
Total comprehensive income for the year Transactions with owners:		-	**(6,032,199)**	**(3,297,842)**	**314,741,170**	-	**305,411,129**
Dividend:							
- Interim for 2021	34	-	-	-	(102,000,000)		(102,000,000)
- Final for 2021		-	-	-	(200,000,000)	200,000,000	-
31 December 2021		600,000,000	2,273,368	178,793,586	1,183,152,954	200,000,000	2,164,219,908
2022							
1st January		600,000,000	2,273,368	178,793,586	1,183,152,954	200,000,000	2,164,219,908
Profit for the year		-			365,753,249		365,753,249
Other comprehensive income:		-	-	-	-	-	
Change in fair value of Government securities - Fair value through other comprehensive income	18(b)	-	(40,572,190)	-	-	-	(40,572,190)
Change in fair value of quoted shares - Fair value through other comprehensive income	20(b)	-	(15,320,187)	-	-	-	(15,320,187)
Surplus on revaluation of property plant and equipment	11	-	-	19,034,246	-	-	19,034,246
Deferred tax on Surplus on revaluation of property plant and	11		-	(5,710,274)	-	-	(5,710,274)
Loss/gain on marurity of government securities AVS		-	2,381,407	-	-	-	2,381,407
Transfer of excess depreciation			-	(4,861,203)	4,861,203	-	-
Deferred income tax on transfer of excess depreciation	11	-	-	1,458,361	(1,458,361)	-	-
Total comprehensive income for the year Transactions with owners:			**(53,510,970)**	**9,921,130**	**369,156,091**	-	**325,566,251**
Dividend:							
- Interim dividend for 2022 (paid)		-	-	-	-	-	-
- Proposed final dividend for 2022	34	-	-	-	(250,000,000)	52,000,000	(198,000,000)
31st December		**600,000,000**	**(51,237,602)**	**188,714,716**	**1,302,309,045**	**252,000,000**	**2,291,786,159**

STATEMENT OF CASH FLOWS

	Notes	2022	2021
		Shs	Shs
Cash flows from operating activities			
Cash generated from operations	32.	579,060,145	353,755,700
Tax paid	11	(55,514,728)	(78,296,204)
Net cash generated from operations		523,545,417	275,459,496
Cash flows from investing activities			
Purchase of property and equipment	14	(9,365,243)	(4,067,707)
Purchase of intangible assets	13.	(6,910,514)	(6,787,493)
Proceeds from disposal of property and equipment	14.	2,870,000	-
Repayment of mortgage and other loans	17	29,896,432	9,450,258
Sale of government securities at amortised cost	23.	(429,981,808)	(36,972,987)
Purchase of government securities at fair value through other comprehensive income	22(b)	(50,502,500)	(203,868,914)
Sale of government securities at fair value through other comprehensive income	22(b)	170,523,915	36,215,546
Placement of fixed deposits maturing in over 90 days	24(b)	38,092,062	46,844,138
Net cash used in investing activities		(255,377,656)	(159,187,159)
Cash flows from financing activities			
Dividend paid	34.	(198,000,000)	(102,000,000)
Net cash used in financing activities		(198,000,000)	(102,000,000)
Increase in cash and cash equivalents		70,167,761	14,272,337
Movement in cash and cash equivalents			
1 January	25.	165,679,350	151,407,013
Increase during the year		70,167,761	14,272,337
31 December	25.	235,847,111	165,679,350

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and other comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in Note 3.

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 and as a result the financial statements are prepared on a going concern basis.

i) New Standards and Interpretations

- **New standards, amendments and interpretations adopted by the company**

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the company is for years beginning on or after January 1, 2022.

The company has adopted the amendment for the first time in the 2022 annual report and financial statements The impact of the amendment is not material.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

a) Basis of preparation (Cont.)

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the company is for years beginning on or after January 1, 2022.

The company has adopted the amendment for the first time in the 2022 annual report and financial statements.

The impact of the amendment is not material.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the company is for years beginning on or after January 1, 2022.

The company has adopted the amendment for the first time in the 2022 annual report and financial statements.

The impact of the amendment is not material.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and quipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the company is for years beginning on or after January 1, 2022.

The company has adopted the amendment for the first time in the 2022 annual report and financial statements.

The impact of the amendment is not material.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after January 1, 2022.

The company has adopted the amendment for the first time in the 2022 annual report and financial statements.

The impact of the amendment is not material.

- Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2023 or later periods:

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after January 1, 2024.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

a) Basis of preparation (Cont.)

Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

The effective date of the amendment is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

b) Insurance contracts

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.In contrast to the requirements in IFRS 4, which are largely based on grand fathering previous localaccounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurancecontracts.

The main features of the new accounting model for insurance contracts are, as follows:

The measurement of the present value of future cash flows, incorporating an explicit risk adjustment,remeasured every reporting period (the fulfillment cash flows);

A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfillment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)

Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;

The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.

Insurance services results (earned revenue less incurred claims) are presented separately from theinsurance finance income or expense.

Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b) Insurance contracts (Cont.)

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted; provided the entity also applies IFRS 9 and IFRS 15 onor before the date it first applies IFRS 17. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Both the Company's audit committee and the Board Risk from a IFRS 17 Steering committee that provide oversight and governance over the implementation of the IFRS 17 project. The committee is comprised ofexecutive management as well as senior management from various functions including finance, Actuarial, riskinformation technology and operations. Accounting policy papers, actuarial methodologies and disclosure requirements have been defined and are being implemented. The IFRS 17 project team remains up to date,and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. Where applicable, the policy and methodology papers are updated to requirements.The company has made significant progress in the implementation of IFRS 17.

However, the following still need to be finalised to complete the transition to IFRS 17;

Completing any remaining system development and key controls required to implement IFRS 17. Produce and request business sign-off, as well as external audit sign-off of transition balances.

Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements. Finalise the management reporting and key performance measures.

Continue engaging with the executive committee and business through various training initiatives. Finalise and implement future financial and data governance processes and accountabilities.

The company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

A number of insurance and investment contracts contain a discretionary participation feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the company; andThat are contractually based on:
- the performance of a specified pool of contracts or a specified type of contract;
- realised and/or unrealised investment returns on a specified pool of assets held by the company; or- the profit or loss of the company, fund or other entity that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the basis for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders); the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the relevant local appointed

Recognition and measurement

The company issues contracts that transfer insurance risk. As a general guideline, the company defines a significant insurance risk as the possibility of having to pay claims on the occurrence of an insured event.

Premium income

Premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium.

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage.The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Unearned premiums are computed based on the 1/365th method Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b) Insurance contracts (Cont.)

Claims

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 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 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"). Outstanding claims are not discounted.

Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used.

Commissions

Commissions payable are recognised in the period in which the related premiums are written. Commissions receivable are recognised in income in the period in which the related premiums ceded.

Reinsurance contracts held

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets (Note 1 (e)).

Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivables are impaired, the company reduces the carrying amount of the insurance receivables accordingly and recognises that impairment loss in profit or loss. The company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

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 for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c) Other income

Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss and fair value through other comprehensive income, are recognised in profit or loss using the effective interest rate method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income for financial instruments measured at fair value through other comprehensive income and fair value through profit or loss equities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

Rental income

Rental income from operating leases is recognized on a straight-line basis over the period of the lease.

d) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Buildings are subsequently measured at fair value, based on periodic valuations, less subsequent

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income. 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.

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 can be reliably measured. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss during the financial year in which they are

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %	
Buildings	2	(Straight line basis)
Motor vehicles	25	
Furniture and fittings	12.5	
Computer equipment	30	

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit. On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e) Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument.

- Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

The company classifies its financial assets into the following categories:

i) Amortised cost:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognised.

ii) Fair Value Through Other Comprehensive Income (FVTOCI):

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income.

Notwithstanding the above, the company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e) Financial instruments (Cont.)

- Financial assets (cont.)

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Receivables arising out of direct insurance arrangements
- Receivables arising out of reinsurance arrangements
- Mortgage and other loans
- Government securities
- Deposits with financial institutions
- Cash and bank balances
- Quoted shares
- Other receivables

No impairment loss is recognised on investments measured at fair value through profit and loss (FVTPL).

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

All financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e) Financial instruments (Cont.)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a curently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is amortised over its estimated useful life which is estimated to be at five years.

g) Impairment of non-financial assets and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, management determines the recoverable amount of the CGU to which the asset belongs. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i) Accounting for leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as 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.

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.

Leasehold land is subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

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.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserves to retained earnings.

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 recognised in profit or loss on a straight-line basis over the lease period.

The company as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Assets leased to third parties under operating leases are included in property and equipment in the statement of financial position.

j) Employee benefits

i) Retirement benefit obligations

The company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the company and employees. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j) Employee benefits (Cont.)

The company and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

The company's contributions to the defined contribution scheme and NSSF are charged to of profit or loss in the year to which they relate.

ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

k) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or in equity, in which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

l) 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.

m) Share capital

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Incurred but not reported claims (IBNR)

Incurred but not reported claims (IBNR) Estimates are 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 reporting date (IBNR). It can take a significant period before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position 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, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed 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 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. This amount is determined using actuarial rates based on the different classes as determined by the Kenya Insurance Regulatory Authority

b) Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing companys of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model is applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- **Stage 1** - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- **Stage 2** - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- **Stage 3** - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont.)

b) Measurement of expected credit losses (ECL): (Cont.)

For receivables arising out of direct insurance arrangements, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

The carrying amounts of the company's financial assets that are subject to impairment assessment are disclosed in notes 3.2(b).

c) Useful lives, depreciation methods and residual values of property and equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment, intangible assets and prepaid lease rentals are disclosed in notes 14, 15 and 16, respectively.

d) Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate:

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received 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, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of equipment, the following factors are normally the most relevant:

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont.)

d) Accounting for leases under IFRS 16 (Cont.)

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

e) Income Taxes

Income taxes the Company is subject to income taxes in Kenya. Significant judgement is required in determining the Company's provision for income taxes and to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The Company uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Company assumes that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Company concludes that it is probable that a particular tax treatment will be accepted, it determines taxable profit

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont.)

e) Income Taxes (Cont.)

(tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Company concludes that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss)

f) Valuation of investment property

Valuation of investment property estimates are made in determining valuation of investments properties. The management uses experts in determination of the values to adopt. In performing the valuation, the valuers use discounted cash flows projections which incorporates assumptions around the continued demand of the rental space, sustainability of growth in rent rates as well as makes reference to the recent sales made of similar sizes and within the similar locality. The independent valuers also use the highest and best in use principle in determining the values of the investment properties. The changes in these assumptions could result in significant change in the carrying value of the investment property. Management monitors the investment property market and economic conditions that may lead to significant change in values and conducts formal and independent property valuation every year and adjusts the recorded fair values accordingly for any significant change

g) Revaluation of property

The fair value measurements as of (date) were performed by R.R. Oswald & Company Limited Valuers, independent valuers not related to the company. R.R. Oswald & Company Limited Valuers are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

3.1 Insurance risk

The company's activities expose it to a variety of risks, including insurance and financial risks (credit risk, and the effect of changes in debt and equity market prices and interest rates). The company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the company manages them.

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.

i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of exposure to asbestos, and the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.1 Insurance risk (Cont.)

ii) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Claims on casualty contracts/general risks are payable on a claims-occurrence basis. The company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

3.2 Financial risk

The company is exposed to financial risk through its financial assets and financial 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 types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk,interest rate risk, equity price risk and other price 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 credit risk.

The company manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

a) Market risk

i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar on cash and bank balances.

The assets denominated in US dollar at year end totalled Shs. 6,063,320 (2021: Shs. 4,666,491) representing 0.16% (2021: 0.13%) of total assets. At 31 December 2022, if the Kenya Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, the effect on the post tax profit for the year would be Shs. 365,306 (2021: Shs. 326,654).

ii) Price risk

The company is exposed to equity securities price risk because of investments in quoted shares and treasury bonds classified either as at fair value through profit or loss or fair value through other comprehensive income. The company is not exposed to commodity price risk. To manage its price risk arising from investments in equity the company diversifies its portfolio on several counters. Diversification of the portfolio is done in accordance with limits set by the company and guidelines per the Kenyan Insurance Act. All quoted shares and treasury bonds held by the company are traded on the Nairobi Securities Exchange (NSE).

The table below summarises the impact of increases/decreases of the NSE index on the company's post-tax profit for the year and on other comprehensive income. The analysis is based on the assumption that the equity indexes had increased by 5% with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the index:

	Impact on profit		Impact on other comprehensive	
Index	**2022**	**2021**	**2022**	**2021**
	Shs	**Shs**	**Shs**	**Shs**
Increase	4,184,775	4,974,832	4,443,349	5,209,358

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

a) Market risk (Cont.)

iii) Cash flow and interest rate risk

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk.

The company's fixed interest rate financial instruments are government securities, deposits with financial institutions and commercial papers.

No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The government securities, deposits with financial institutions, commercial paper and loans at year end totalled Shs. 2,519,040,677 (2021: Shs. 2,239,181,605) representing a significant portion of total assets. At the reporting date, if the interest rates had been 5 basis points higher/lower with all other variables held constant, the effect on the post tax profit for the year would have been an increase/decrease by Shs. 88,607,347 (2021: Shs. 78,371,356).

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and - nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

b) Credit risk(Cont.)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance **As at 31 December 2022**	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**	**Total**
	Shs	**Shs**	**Shs**
Receivables arising out of direct insurance arrangements	-	162,316,514	162,316,514
Receivables arising out of reinsurance arrangements	-	22,348,604	22,348,604
Mortgage and other loans	30,532,864	-	30,532,864
Government securities - Amortised Cost	1,392,313,633	-	1,392,313,633
Government securities - Fair value through other comprehensive income	731,056,247	-	731,056,247
Other receivables	99,965,401	-	99,965,401
Deposits with financial institutions	370,386,514	11,165,498	381,552,012
Cash and cash equivalents balances	55,593,563	-	55,593,563
Gross carrying amount	2,679,848,222	195,830,616	2,875,678,838
Loss allowance	(18,018,987)	(15,001,145)	(33,020,132)
Exposure to credit risk	2,661,829,235	180,829,471	2,842,658,706

Basis for measurement of loss allowance **As at 31 December 2021**	**12-month expected credit losses**	**Lifetime expected credit losses (see note below)**	**Total**
	Shs	**Shs**	**Shs**
Receivables arising out of direct insurance arrangements	-	128,316,035	128,316,035
Receivables arising out of reinsurance arrangements	-	21,646,353	21,646,353
Mortgage and other loans	60,429,296	-	60,429,296
Government securities - Amortised Cost	962,331,825	-	962,331,825
Government securities - Fair value through other comprehensive income	892,587,630	-	892,587,630
Other receivables	77,221,339	-	77,221,339
Deposits with financial institutions	316,170,287	11,165,498	327,335,785
Cash and cash equivalents	77,734,090	-	77,734,090
Gross carrying amount	2,386,474,467	161,127,886	2,547,602,353
Loss allowance	(16,499,939)	(19,516,441)	(36,016,380)
Exposure to credit risk	2,369,974,528	141,611,446	2,511,585,974

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

b) Credit risk(Cont.)

b) financial assets that are credit impaired at the statement of financial position date;

c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient.

The age analysis of receivables arising out of direct insurance arrangements and out of reinsurance

	Receivables arising out of direct reinsurance arrangements		Receivables arising out of reinsurance arrangements	
	2022	2021	2022	2021
	Shs	Shs	Shs	Shs
0 to 30 days past	33,975,445	54,970,859	17,379,348	3,420,079
31 to 60 days past	99,397,928	49,543,444	245,355	41
61 to 90 days past	20,625,669	17,179,733	561,491	407,144
Over 90 days past	8,317,472	6,621,999	4,162,410	17,819,089
Expected credit loss	(3,079,143)	(4,056,123)	(756,504)	(4,294,820)
	159,237,371	124,259,912	21,592,100	17,351,533

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance As at 31 December 2022	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
	Shs	Shs	Shs
At start of year	16,499,941	19,516,442	36,016,383
Changes arising from whether the loss allowance is measured at an amount equal to:			
12-month or lifetime expected credit losses	1,519,048	(4,515,296)	(2,996,248)
At end of year	18,018,989	15,001,146	33,020,135

Basis for measurement of loss allowance As at 31 December 2021	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
	Shs	Shs	Shs
At start of year	14,863,100	19,658,742	34,521,842
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	1,636,841	(142,300)	1,494,541
Total	16,499,941	19,516,442	36,016,383

Basis for measurement of loss allowance As at 31 December 2022	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
	Shs	Shs	Shs
Receivables arising out of direct insurance arrangements	-	3,079,143	3,079,143
Receivables arising out of reinsurance arrangements	-	756,504	756,504
Mortgage and other loans	3,816,275	-	3,816,275
Government securities - Amortised Cost	1,263,582	-	1,263,582
Government securities - fair value through other comprehensive income	687,340	-	687,340
Other receivables	3,759	-	3,759
Deposits with financial institutions	10,646,882	11,165,498	21,812,380
Cash and cash equivalents	1,601,149	-	1,601,149
Total	18,018,987	15,001,145	33,020,132

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

b) Credit risk(Cont.)

Basis for measurement of loss allowance As at 31 December 2021	12-month expected credit losses Shs	Lifetime expected credit losses (see note below) Shs	Total Shs
Receivables arising out of direct insurance arrangements		4,056,123	4,056,123
Receivables arising out of reinsurance arrangements		4,294,820	4,294,820
Mortgage and other loans	3,502,931	-	3,502,931
Government securities - Amortised Cost	881,225	-	881,225
Government securities - fair value through other comprehensive income	790,816	-	790,816
Other receivables	3,752	-	3,752
Deposits with financial institutions	9,085,152	11,165,498	20,250,650
Cash and cash equivalents	2,236,063	-	2,236,063
Total	16,499,939	19,516,441	36,016,380

The company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

c) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The company is exposed to daily calls on its available cash for claims settlement and other expenses. The company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. On large claims arrangements are in place to obtain cash calls from reinsurers.

The table below presents the undiscounted cash flows payable by the company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the reporting date. All figures are in Kenya Shillings.

	Up to 3 months	4 - 12 months	1 - 5 years	Total
As at 31 December 2022	**Shs**	**Shs**	**Shs**	**Shs**
Liabilities				
Insurance contract liabilities	78,998,978	165,897,853	545,092,944	789,989,775
Creditors arising from reinsurance arrangements	123,294,755	-	-	123,294,755
Other payables	73,295,258	-	-	73,295,258
Total financial liabilities	275,588,991	165,897,853	545,092,944	986,579,788
As at 31 December 2021				
Liabilities				
Insurance contract liabilities	70,773,020	148,623,342	488,333,838	707,730,200
Creditors arising from reinsurance arrangements	68,180,321	-	-	68,180,321
Other payables	37,784,797	-	-	37,784,797
Total financial liabilities	176,738,138	148,623,342	488,333,838	813,695,318

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

d) Fair Value Measurement

The compnay specifies a hierachy of valaution techniques based on wheter the inputs to those valaution techniques are obsevable or unobservable. These two types of inputs have created the following fair value hieararchy.

Level 1:- Quoted market prices in active markets for indetical assets or liabilities . This Level includes equity securities and debt instruments listed on the Nairobi securities exchange limited.

Level 2:- Inputs other than quoted prices included within leve 1 that are observables for the asset or liability, either directly as pricesor indirectly as derived from prices.

Level 3:- Inputs for the assets or liabilities that are not bases on obsevable market data (unobseververable inputs). This level includes equity investments and debt intruments and debt instruments with significant unobservable components, property, equipment and investment property.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The following table presents the company's assets that are measured at fair value at 31 December 2022 and 31 December 2021:

As at 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs	**Shs**	**Shs**	**Shs**
Assets				
Financial assets				
Quoted shares - Fair value through profit or loss	83,695,504	-	-	83,695,504
Quoted shares - Fair value through other comprehensive income	88,866,981	-	-	88,866,981
Government securities - Fair value through other comprehensive income	730,368,907	-	-	730,368,907
	902,931,392	-	-	902,931,392
As at 31 December 2021				
Assets				
Financial assets				
Quoted shares - Fair value through profit or loss	99,496,646	-	-	99,496,646
Quoted shares - Fair value through other comprehensive income	104,187,168	-	-	104,187,168
Government securities - Fair value through other comprehensive income	891,796,814	-	-	891,796,814
	1,095,480,628	-	-	1,095,480,628

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

e) Financial risk assets by category

	Fair value through profit or loss upon initial recognition	Amortised cost	Fair value through comprehensive income	Total
As at 31 December 2022	**Shs**	**Shs**	**Shs**	**Shs**
Quoted shares	83,695,504	-	88,866,981	172,562,485
Government securities	-	1,391,050,051	730,368,907	2,121,418,958
Mortgage and other loans	-	26,716,589	-	26,716,589
Receivables arising out of reinsurance arrangements	-	21,592,100	-	21,592,100
Reinsurers share of insurance contract liabilities	-	341,046,807	-	341,046,807
Receivables arising out of direct insurance arrangements	-	159,237,371	-	159,237,371
Other receivables	-	33,811,428	-	33,811,428
Deposits with financial institutions	-	370,905,130	-	370,905,130
Cash and cash equivalents	-	53,992,414	-	53,992,414
	83,695,504	2,398,351,890	819,235,888	3,301,283,282

	Fair value through profit or loss upon initial recognition	Amortised cost	Fair value through comprehensive income	Total
As at 31 December 2021	**Shs**	**Shs**	**Shs**	**Shs**
Quoted shares	99,496,646	-	104,187,168	203,683,814
Government securities	-	961,450,600	891,796,814	1,853,247,414
Mortgage and other loans	-	56,926,365	-	56,926,365
Receivables arising out of reinsurance arrangements	-	17,351,533	-	17,351,533
Reinsurers share of insurance contract liabilities	-	272,642,057	-	272,642,057
Receivables arising out of direct insurance arrangements	-	124,259,912	-	124,259,912
Other receivables	-	21,050,886	-	21,050,886
Deposits with financial institutions	-	318,250,633	-	318,250,633
Tax recoverable		59,228,168		59,228,168
Cash and cash equivalents	-	75,498,027		75,498,027
	99,496,646	1,906,658,181	995,983,982	3,002,138,809

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Cont.)

3.2 Financial risk (Cont.)

f) Financial liabilities by category

	As at 31 December 2022			As at 31 December 2021		
	Fair value through profit or loss	Amortised cost	Total	Fair value through profit or loss	Amortised cost	Total
	Shs	Shs	Shs	Shs	Shs	Shs
Insurance contract liabilities	-	789,989,775	789,989,775	-	707,730,200	707,730,200
Payables arising out of reinsurance arrangements	-	123,294,755	123,294,755	-	68,180,321	68,180,321
Other payables	-	73,295,258	73,295,258	-	37,784,797	37,784,797
	-	986,579,788	986,579,788	-	813,695,318	813,695,318

g) Capital management

Internally imposed capital requirements

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

- to comply with the capital requirements as set out in the Kenyan Insurance Act;
- to comply with regulatory solvency requirements as set out in the Kenyan Insurance Act;
- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The insurance capital requirements regulations 2015 under Section 180 of the Insurance Act require that a company, should maintain risk based capital determined by its size and risk profile. Such a company should achieve the prescribed capital requirement and maintain a capital adequacy ratio which shall at all times be atleast 100%. The capital adequacy status of the company as at the reporting date is as follows:

	2022	2021
	Shs	Shs
Tier-1 Capital	1,902,309,045	1,783,152,954
Tier-2 Capital	389,477,114	381,066,954
Deductions	(149,379,627)	(176,048,586)
Total capital available (TCA)	**2,142,406,532**	**1,988,171,322**
Absolute amount minimum 1	600,000,000	600,000,000
Volume of business minimum 2	166,919,601	161,399,328
Risk based capital minimum	310,366,381	273,818,332
Minimum required capital	**600,000,000**	**600,000,000**
Capital adequacy ratio	**357 %**	**331 %**

4. GROSS EARNED PREMIUMS

The gross earned premium of the company can be analysed between the principal classes of business as shown below:

	Gross	Reinsurance	Net
Year ended 31 December 2022	**Shs**	**Shs**	**Shs**
Fire	516,915,225	(390,148,655)	126,766,570
Motor	359,723,703	(7,246,955)	352,476,748
Workmen's compensation	191,122,909	(7,940,655)	183,182,254
Marine	243,208,481	(110,394,675)	132,813,806
Theft	117,348,800	(8,367,638)	108,981,162
Engineering	95,739,439	(72,635,725)	23,103,714
Public liability	28,183,950	(8,145,094)	20,038,856
Personal accident	12,921,277	(2,168,235)	10,753,042
Miscellaneous	67,526,850	(24,486,205)	43,040,645
	1,632,690,634	(631,533,837)	1,001,156,797

	Gross	Reinsurance	Net
Year ended 31 December 2021	**Shs**	**Shs**	**Shs**
Fire	392,538,280	(299,193,554)	93,344,726
Motor	315,756,549	(6,309,981)	309,446,568
Workmen's compensation	169,644,629	(7,923,691)	161,720,938
Marine	164,604,888	(59,472,350)	105,132,538
Theft	102,313,768	(10,317,506)	91,996,262
Engineering	86,716,948	(71,540,271)	15,176,677
Public liability	27,203,067	(4,820,932)	22,382,135
Personal accident	11,988,487	(1,387,109)	10,601,378
Others	38,338,286	(13,541,501)	24,796,785
	1,309,104,902	(474,506,895)	834,598,007

5. INVESTMENT INCOME

	2022	2021
	Shs	**Shs**
Interest income determined using the effective interest rate method		
Interest from Government securities	234,453,735	219,337,526
Interest from bank deposits and current accounts	32,268,221	23,790,481
Interest on staff and mortgage loans	3,458,860	5,622,129
	270,180,816	248,750,136

5b Other income

	2022	2021
	Shs	**Shs**
Foreign exchange (loss)	(1,189,545)	-
Rental income	2,163,604	4,397,466
Loss on disposal of government securities carried at fair value through other comprehensive income	(2,381,407)	-
Miscellaneous income	276,636	293,597
Gain on disposal of property and equipment	787,707	-
Dividend income	13,404,624	6,893,857
	13,061,619	11,584,920

5. INVESTMENT INCOME (Cont.)

5c

Fair value (loss) /gain on quoted shares at fair value through profit or loss (Note 23(a)	(15,801,142)	7,040,209
	(15,801,142)	7,040,209
	267,441,293	267,375,265

6. COMMISSION EARNED

	2022 Shs	2021 Shs
Fire	146,760,600	106,533,844
Motor	(200,354)	(1,295)
Workmen's compensation	(88,401)	170,219
Marine	26,849,076	15,479,343
Theft	178,917	407,731
Engineering	20,711,920	19,619,918
Public liability	1,016,415	775,220
Personal accident	340,916	113,051
Others	4,932,826	3,422,950
	200,501,916	146,520,980

7. CLAIMS PAYABLE

The claims of the company can be analysed between the principal classes of business as follows:

Year ended 31 December 2022	Gross Shs	Reinsurance Shs	Net Shs
Motor	193,238,345	(12,575,945)	180,662,400
Fire	37,861,019	(16,217,755)	21,643,264
Workmen's compensation	34,225,213	(1,502,880)	32,722,333
Marine	63,298,584	(28,280,039)	35,018,545
Theft	24,590,004	(205,995)	24,384,009
Engineering	43,167,708	(35,358,476)	7,809,232
Public liability	6,982,359	(17,130)	6,965,229
Personal accident	1,667,889	-	1,667,889
Others	12,414,377	-	12,414,377
	417,445,498	(94,158,220)	323,287,278

Year ended 31 December 2021	Gross Shs	Reinsurance Shs	Net Shs
Motor	206,301,842	(25,947,117)	180,354,725
Fire	37,578,820	(25,716,130)	11,862,690
Workmen's compensation	8,282,582	(376,367)	7,906,215
Marine	62,039,917	(17,662,959)	44,376,958
Theft	20,376,166	-	20,376,166
Engineering	36,239,366	(25,205,780)	11,033,586
Public liability	1,797,046	-	1,797,046
Personal accident	973,014	-	973,014
Others	6,455,411	-	6,455,411
	380,044,164	(94,908,353)	285,135,811

8. OPERATING AND OTHER EXPENSES

	2022 Shs	2021 Shs
Amortisation of intangible assets (Note 15)	6,599,879	5,662,544
Amortisation of leasehold land (Note 16)	1,267,123	1,267,123
Auditors' remuneration	2,914,600	2,500,000
Directors' remuneration		
- Fees to executives	4,620,000	4,620,000
- Other fees	2,616,139	4,300,000
Repairs and maintenance	1,624,568	4,549,122
Other operating expenses	197,738,572	177,849,643
Staff costs (Note 9)	195,103,115	164,771,534
	423,924,603	376,248,820

9. STAFF COSTS

	2022 Shs	2021 Shs
Salaries and wages	169,768,120	146,521,443
Contribution to National Social Security Fund	179,000	166,891
Retirement benefit costs - defined contribution scheme	8,173,744	6,800,287
Other staff costs	16,982,251	11,282,913
	195,103,115	164,771,534

The average number of persons employed during the year, by category, were:

	2022	2021
- Underwriting	24	21
- Claims	14	12
- Management, administration and finance	35	40
Total	73	73

10. COMMISSION PAYABLE

	2022 Shs	2021 Shs
Fire	113,954,224	86,254,174
Motor	35,562,065	31,257,230
Workmen's compensation	37,872,920	34,005,729
Marine	41,042,897	28,104,941
Theft	21,670,220	18,961,474
Engineering	19,948,839	16,291,526
Public liability	5,106,421	4,936,906
Personal accident	2,498,964	2,414,734
Others	4,024,526	2,336,433
Medical	2,794,681	1,497,308
	284,475,758	226,060,455

11. TAX

	2022 Shs	2021 Shs
Current Tax	71,379,852	50,472,153
Deferred tax (credit) (Note 29)	279,266	(866,314)
	71,659,118	49,605,839

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	437,412,367	361,049,167
Tax calculated at the rate of 30% (2021: 30%)	131,223,710	108,314,750
Tax effect of:		
- Expenses not deductible for tax purposes	8,869,278	1,398,827
- Effect of change of tax rate	-	-
- Income not subject to tax	(68,433,870)	(60,107,738)
Tax charge	71,659,118	49,605,839

12 SHARE CAPITAL: AUTHORISED, ISSUED AND FULLY PAID

6,000,000 (2021: 6,000,000) ordinary shares of Shs. 100 each	600,000,000	600,000,000

13 (A) REVALUATION RESERVE

Leasehold land	61,160,851	60,234,721
Buildings	127,553,865	118,558,865
	188,714,716	178,793,586

The movement on the reserve is as follows:

Leasehold land		
At start of year	60,234,721	61,082,563
Revaluation surplus	2,534,246	-
Deferred tax on revaluation surplus	(760,274)	-
Transfer of excess depreciation	(1,211,203)	(1,211,203)
Deferred tax on transfer of excess depreciation	363,361	363,361
At end of year	61,160,851	60,234,721

Buildings		
At start of year	118,558,865	121,008,865
Revaluation surplus	16,500,000	-
Deferred tax on revaluation surplus	(4,950,000)	-
Transfer of excess depreciation	(3,650,000)	(3,500,000)
Deferred tax on transfer of excess depreciation	1,095,000	1,050,000
At end of year	127,553,865	118,558,865

The revaluation reserve is not distributable.

(b) Fair value reserve - Fair value through other comprehensive income

Fair value reserve - Fair value through other comprehensive income relates to valuation gains on valuation of financial instruments designated at fair value through other comprehensive income.

(c) Retained earnings

The retained earnings balance represents the amount available for distribution as dividend to the shareholders.

14 PROPERTY AND EQUIPMENT

December 31 ,2022	Buildings	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost/valuation	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
1 January	225,000,000	7,424,924	43,642,884	51,338,033	327,405,841
Additions	-	3,000,000	396,685	5,968,558	9,365,243)
Disposal	-	(4,451,900)	-	-	(4,451,900)
Reversal on revaluation	-	-		-	-
Surplus on revaluation	16,500,000	-	-	-	16,500,000
Elimination of accumulated depreciation	(9,000,000)	-	-		(9,000,000)
31 December	232,500,000	5,973,024	44,039,569	57,306,591	339,819,184
Comprising					
Cost	-	5,973,024	44,039,569	57,306,591	107,319,184
Valuation	232,500,000	-	-	-	232,500,000
Accumulated depreciation					
1 January	9,000,000	4,682,826	31,037,729	43,138,504	87,859,059
On disposal	-	(2,369,607)	-	-	(2,369,607)
Charge for the year	4,650,000	914,951	1,625,230	4,250,426	11,440,607
Reversal on revaluation	(9,000,000)	-	-	-	(9,000,000)
31 December	4,650,000	3,228,170	32,662,959	47,388,930	87,930,059
Net book value	227,850,000	2,744,854	11,376,610	9,917,661	251,889,125

Leasehold land and buildings were professionally valued by R.R. Oswald & Company Limited on the basis of current open market value on 28 December 2022. The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred tax was credited to the revaluation reserve in shareholder's equity, through the statement of comprehensive income.

Revaluation of property and equipment is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets and replacement costs. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.

The company has rented out a portion of the building to third parties and is earning rent from it, however, in management's assessment, the portion that the company is using for administrative purposes is significant, hence the entire building has been classified as owner occupied property.

14. Property and equipment (Cont.)

Year ended 31 December 2021	**Buildings**	**Motor vehicles**	**Furniture and fittings**	**Computer equipment**	**Total**
Cost/valuation	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
At start of year	225,000,000	7,424,924	43,229,344	47,683,866	323,338,134
Additions	-	-	413,540	3,654,167	4,067,707
Disposal	-	-	-	-	-
At end of year	225,000,000	7,424,924	43,642,884	51,338,033	327,405,841
Accumulated depreciation					
At start of year	4,500,000	3,768,793	29,236,992	39,624,420	77,130,205
Disposal	-	-	-	-	-
Charge for the year	4,500,000	914,033	1,800,737	3,514,084	10,728,854
At end of year	9,000,000	4,682,826	31,037,729	43,138,504	87,859,059
Net book value	216,000,000	2,742,098	12,605,155	8,199,529	239,546,782

If leasehold land and buildings were stated on the historical cost basis, the carrying values would be as follows:

	Leasehold land	**Buildings**	**Total**
Year ended 31 December 2022	**Shs**	**Shs**	**Shs**
Cost	5,000,000	50,000,000	55,000,000
Elimination of accumulated depreciation	(1,206,940)	(21,000,000)	(22,206,940)
	3,793,060	29,000,000	32,793,060
Year ended 31 December 2021			
Cost	5,000,000	50,000,000	55,000,000
Elimination of accumulated depreciation	(1,151,020)	(20,000,000)	(21,151,020)
	3,848,980	30,000,000	33,848,980

15. INTANGIBLE ASSET - SOFTWARE

Cost	**2022 Shs**	**2021 Shs**
1 January	50,855,668	44,068,175
Additions	6,910,514	6,787,493
31 December	57,766,182	50,855,668
Amortisation		
1 January	34,799,619	29,137,075
Charge for the year	6,599,879	5,662,544
31 December	41,399,498	34,799,619
Net book value	16,366,684	16,056,049

16. PREPAID LEASE RENTALS

	Leasehold land	
Cost	**2022**	**2021**
	Shs	**Shs**
1 January	92,500,000	92,500,000
Reinstatement of cost before revaluation	2,534,246	-
Elimination of accumulated armortisation	(2,534,246)	-
31 December	92,500,000	92,500,000
Accumulated depreciation		
1 January	2,534,246	1,267,123
Charge for the year	1,267,123	1,267,123
Reversal for accumulated armortisation	(2,534,246)	-
31 December	1,267,123	2,534,246
Carrying amount	91,232,877	89,965,754

The company lease on leasehold land is for a period of 99 years, with options to renew. The lease does not contain any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

17. MORTGAGE AND OTHER LOANS

Mortgage loans	**2022**	**20212**
	Shs	**Shs**
1 January	56,306,974	65,223,662
Amount advanced	-	-
Repayment	(26,342,885)	(5,413,757)
Expected credit loss	(3,816,275)	(3,502,931)
31 December	26,147,814	56,306,974
Other loans		
1 January	619,391	3,038,647
Amount advanced	-	-
Repayment	(50,616)	(2,419,256)
31 December	568,775	619,391
Total mortgage and other loans	26,716,589	56,926,365

The mortgage and other loans relates to staff mortgage loans given to staff at interest rate of 7.5% and third party mortgage loans given at 14%. The loans were issued in 2017.

18. RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

	2022	**2021**
	Shs	**Shs**
Receivables arising out of reinsurance arrangements	22,348,604	21,646,353
Expected credit loss	(756,504)	(4,294,820)
	21,592,100	17,351,533
The movement in the provisions for the expected credit losses is as below;		
1 January	4,294,820	460,267
This have been changed	(3,538,316)	3,834,553
31 December	756,504	4,294,820

19. RECEIVABLES ARISING OUT OF DIRECT INSURANCE ARRANGEMENTS

	2022 Shs	2021 Shs
Receivables arising out of direct insurance arrangements	162,316,514	128,316,035
Expected credit loss	(3,079,143)	(4,056,123)
	159,237,371	124,259,912
The movement in the provisions for the expected credit losses is as below;		
1 January	4,056,123	7,576,680
(Write back)/charge for the year	(976,980)	(3,520,557)
31 December	3,079,143	4,056,123

20. REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES

	2022 Shs	2021 Shs
Reinsurers' share of:	141,093,108	102,117,244
- unearned premium (Note 28)	177,609,098	153,104,135
- notified claims outstanding (Note 26)	22,344,601	17,420,678
- claims incurred but not reported (Note 26)	341,046,807	272,642,057

21. DEFERRED ACQUISITION COSTS

	2022			2021		
	Gross Shs	Re-insurance Sh	Net Shs	Gross Shs	Re-insurance Sh	Net Shs
At 1 January	56,166,701	20,731,314	35,435,387	50,790,196	16,232,943	34,557,253
Increase/during the year	9,983,513	7,813,624	2,169,889	5,376,505	4,498,371	878,134
At 31 December	66,150,214	28,544,938	37,605,276	56,166,701	20,731,314	35,435,387

Commissions and other acquisition costs that vary with and are related to securing new insurance contracts and renewing existing contracts are capitalized as an intangible asset. All other costs are recognized as expenses when incurred. The deferred policy acquisition costs are subsequently amortized over the term of the insurance contracts.

22. OTHER RECEIVABLES

	2022 Shs	2021 Shs
Deposits	3,258,266	3,457,232
Sundry debtors	247,995	223,004
Prepayments	30,308,926	17,374,402
Expected credit loss	(3,759)	(3,752)
	33,811,428	21,050,886

23. GOVERNMENT SECURITIES

a) Government securities - At amortised cost

Treasury bills and bonds maturing:

	2022	2021
Between 1 and 5 years of the reporting date	210,767,333	225,809,295
After 5 years of the reporting date	1,181,546,300	736,522,530
Expected credit loss	(1,263,582)	(881,225)
	1,391,050,051	961,450,600

23. GOVERNMENT SECURITIES (Cont.)

Treasury bonds whose face value is Shs.180,000,000 (2021: Shs. 184,000,000) are held under lien in favour of the Commissioner of Insurance in accordance with Section 32 of the Kenyan Insurance Act.

b) Government securities - At fair value through other comprehensive income

	2022 Shs	2021 Shs
Treasury bills and bonds maturing:		
Between 1 and 5 years of the reporting date	222,755,633	304,017,857
After 5 years of the reporting date	508,300,614	588,569,773
Expected credit loss	(687,340)	(790,816)
	730,368,907	891,796,814

The movement in government securities - At fair value through other comprehensive income is analysed as follows:

As at 1st January	891,796,814	734,142,304
Sales during the year	(168,142,508)	(36,215,546)
Loss on maturity of investments	(2,381,407)	(537,791)
Purchase during the year	50,502,500	203,868,914
Accrued interest	(937,778)	7,051,596
Expected credit loss	103,476	(155,072)
Fair value (loss)	(40,572,190)	(16,357,591)
As at 31st December	730,368,907	891,796,814

24. QUOTED EQUITY INVESTMENTS

a) At fair value through profit or loss		
1 January	99,496,646	92,456,437
Fair value(loss)/ gain	(15,801,142)	7,040,209
31 December	83,695,504	99,496,646
b) At fair value through other comprehensive income		
1 January	104,187,168	93,861,776
Fair value(loss)/ gain	(15,320,187)	10,325,392
31 December	88,866,981	104,187,168

Weighted average effective interest rates

The following table summarises the weighted average effective interest rates at the year end on the principal interest-bearing investments:

	2022 %	2021 %
Government securities	11.05	11.84
Deposits with financial institutions	8.70	7.48
Mortgage and other loans	12.95	9.88

25. CASH AND CASH EQUIVALENTS

	2022 Shs	2021 Shs
Cash and cash equivalents	55,593,563	77,734,090
Expected credit loss Allowance	(1,601,149)	(2,236,063)
	53,992,414	75,498,027

25. CASH AND CASH EQUIVALENTS (Cont.)

	2022 Shs	2021 Shs
b) Deposits with financial institutions maturing:		
Below three months from the reporting date	180,253,548	87,945,260
After three months from the reporting date	201,298,464	239,390,525
Expected credit loss Allowance	(10,646,882)	(9,085,152)
	370,905,130	318,250,633

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

b) Deposits with financial institutions maturing:		
Deposits with financial institutions maturing in below three months from the reporting date	180,253,548	87,945,260
Cash at bank and in hand	55,593,563	77,734,090
	235,847,111	165,679,350

26. INSURANCE CONTRACT LIABILITIES

Short term non-life insurance contracts:		
- claims reported and claims handling expenses	662,031,176	605,017,758
- claims incurred but not reported (IBNR)	127,958,599	102,712,442
Total gross insurance liabilities	789,989,775	707,730,200

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2021 and 2022 are not material.

The company uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development 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 each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year.

The development of insurance liabilities provides a measure of the company's ability to estimate the ultimate value of claims.

26. INSURANCE CONTRACT LIABILITIES (Cont.)

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 and Prior years**	**2019**	**2020**	**2021**	**2022**	**Total**
	Shs	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
Estimate of ultimate claims costs:						
At end of accident year	4,016,849,041	464,073,859	336,517,021	382,072,558	449,743,663	5,649,256,142
One year later	(51,213,734)	496,363	15,059,105	9,109,744	-	(26,548,522)
Two years later	(15,332,004)	(12,572,124)	(13,715,687)	-	-	(41,619,815)
Three years later	3,169,332	(4,724,747)	-	-	-	(1,555,415)
Four years later	(6,980,459)	-	-	-	-	(6,980,459)
Current estimate of cumulative claims	3,946,492,176	447,273,351	337,860,439	391,182,302	449,743,663	5,572,551,931
Less: cumulative payments to date	3,793,470,901	294,448,274	357,456,017	274,953,078	190,192,485	4,910,520,755
Liability	153,021,275	152,825,077	(19,595,578)	116,229,224	259,551,178	662,031,176
Provision for incurred but not reported claims (IBNR)						127,958,599
Total gross claims liability included in the statement of financial position						**789,989,775**

27. MOVEMENTS IN REINSURANCE LIABILITIES AND ASSETS

	2022			**2021**		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	Shs	**Shs**	**Shs**	**Shs**	**Shs**	**Shs**
Notified claims	605,017,758	153,104,135	451,913,623	590,041,243	164,679,947	425,361,296
Incurred but not reported	102,712,442	17,420,678	85,291,764	109,426,927	15,218,361	94,208,566
At start of year	707,730,200	170,524,813	537,205,387	699,468,170	179,898,308	519,569,862
Cash paid for claims settled in year Increase in liabilities:	(364,614,809)	94,158,220	(458,773,029)	(362,408,639)	94,908,353	(457,316,992)
- arising from current year claims	449,743,663	121,430,789	328,312,874	382,072,558	103,159,591	278,912,967
- arising from prior year claims	(2,869,279)	(186,160,123)	183,290,844	(11,401,889)	(207,441,439)	196,039,550
At end of year	789,989,775	199,953,699	590,036,076	707,730,200	170,524,813	537,205,387
Notified claims	662,031,176	177,609,098	484,422,078	605,017,758	153,104,135	451,913,623
Incurred but not reported	127,958,599	22,344,601	105,613,998	102,712,442	17,420,678	85,291,764
	789,989,775	**199,953,699**	**590,036,076**	**707,730,200**	**170,524,813**	**537,205,387**

28. PAYABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

	2022 Shs	2021 Shs
Payables arising out of reinsurance arrangements	123,294,755	68,180,321
	123,294,755	68,180,321

29. UNEARNED PREMIUM RESERVES

	2022			2021		
	Gross Shs	Re-insurance Sh	Net Shs	Gross Shs	Re-insurance Sh	Net Shs
At start of year	339,167,240	102,117,244	237,049,996	300,195,391	76,393,144	223,802,247
(Decrease)/increase	52,157,245	38,975,864	13,181,381	38,971,849	25,724,100	13,247,749
At end of year	391,324,485	141,093,108	250,231,377	339,167,240	102,117,244	237,049,996

30. DEFERRED TAX

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% The movement on the deferred tax account is as follows:

	2022 Shs	2021 Shs
At start of year	66,060,315	66,926,629
Charge to other comprehensive income	5,710,274	-
(Credit) to profit or loss (Note 11)	279,266	(866,314)
At end of year	72,049,855	66,060,315

Deferred tax (asset)/liability in the statement of financial position and deferred tax credit to profit or loss and other comprehensive income are attributable to the following items:

2022	At start of year	Charge to profit or loss	At end of year
Deferred tax liability	Shs	Shs	Shs
Property and equipment			
- historical cost	(443,016)	(498,331)	(941,347)
- revaluation	79,020,409	5,710,274	84,730,683
Provisions	(12,517,079)	777,596	(11,739,483)
Net deferred tax liability	66,060,314	5,989,540	72,049,854

2021	At start of year	Charge to profit or loss	At end of year
Deferred tax liability	Shs	Shs	Shs
Property and equipment			
- historical cost	(81,611)	(361,405)	(443,016)
- revaluation	79,020,409	-	79,020,409
Provisions	(12,012,169)	(504,910)	(12,517,079)
Net deferred tax liability	66,926,629	(866,315)	66,060,314

31. OTHER PAYABLES

	2022 Shs	2021 Shs
Accrued expenses	9,257,128	7,381,437
Other liabilities	64,038,130	30,403,360
	73,295,258	37,784,797

32. CASH FROM OPERATIONS

	2022 Shs	2021 Shs
Profit before tax	437,412,367	361,049,167
Adjustments for:		
Depreciation on property and equipment (Note 14)	11,440,607	10,728,854
Amortisation of leasehold land (Note 16)	1,267,123	1,267,123
Amortisation of intangible assets (Note 15)	6,599,879	5,662,544
Gain on disposal of property and equipment	(787,707)	-
Expected credit loss	(2,996,248)	1,494,540
Fair value (gain)/loss on quoted shares through profit or loss (Note (23)(a))	15,801,142	(7,040,209)
Accrued Interest movement on Government securities - Fair value through other comprehensive income (Note 22)	937,778	(7,051,596)
Gain on maturity of - Available-for- sale assets	2,381,407	537,791
Changes in working capital:		
-(decrease) in receivables arising out of direct insurance arrangements	(34,000,479)	(50,053,030)
- decrease in receivables arising out of reinsurance arrangements	(702,251)	(8,646,366)
- (decrease)/increasein reinsurers share of insurance contract liabilities	(68,404,750)	(16,350,606)
- increase/(decrease) in deferred acquisition costs	(2,169,888)	(878,134)
- (decrease)/increase in other receivables	(12,760,549)	(5,973,410)
- increase/(decrease) in insurance contract liabilities	82,259,575	8,262,030
- increase/(decrease) in payables arising out of reinsurance arrangements	55,114,434	21,296,127
- increase/(decrease) in unearned premium reserves	52,157,245	38,971,849
- increase in other payables	35,510,461	479,026
Cash from operations	579,060,145	353,755,700

33. RELATED PARTY DISCLOSURES

Related parties are defined as entities which are related to the company through common shareholdings or common directorships. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

	2022 Shs	2021 Shs
i) Transactions with related parties		
Gross premiums written	117,656,976	110,718,228
Gross claims incurred	10,164,416	9,921,442
Commission paid	21,824,038	20,867,755
ii) Outstanding balances		
Outstanding premiums	(21,298,573)	(11,658,097)
Claims payable		
Prime Bank Limited	20,000	2,149,000
Prime Merchant Insurance Agency	12,201,091	8,297,551
	12,221,091	10,446,551
Deposits with Prime Bank Limited	340,776,066	271,096,279
Current account balances with Prime Bank Limited	55,595,720	77,571,924
Staff mortgage loans	14,046,072	15,548,806
Staff motor vehicle loans	47	137,531
iii) Directors' remuneration		
Fees for services as a director	2,616,139	4,300,000
Other emoluments	4,620,000	4,620,000
iv) Key management compensation		
Remuneration of senior management	98,019,691	72,826,404

34. DIVIDEND

The directors recommend payment of final dividend of Shs 252,000,000 for the year. (2021: Shs 102,000,000)

198,000,000). During the year, no interim dividend was declared (2021: Shs. 17 per share; Shs

Therefore total dividend for the year ended 31 December 2022 was Shs 42 per share (2021: Shs 50 per

share) amounting to a total of Shs. 252,000,000 (2021: Shs 300,000,000)

In accordance with the Kenyan Companies Act, 2015, these financial statements reflect this dividend payable, which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2022.

Payment of dividend is subject to withholding tax at a rate of 0%, 5% or 15% depending on the tax status or residency of the shareholder.

35. EARNINGS PER SHARE

Basic earnings per share is calculated on the profit attributable to the shareholders and on the weighted average number of shares outstanding during the year adjusted for the effect of the bonus shares issued if any.

i) Transactions with related parties	**2022 Shs**	**2021 Shs**
Net profit for the year attributable to shareholders	365,753,249	311,443,328
Adjusted weighted average number of ordinary shares in issue	6,000,000	6,000,000
Earnings per share - basic and diluted (Shs.)	60.96	51.91

There were no potentially dilutive shares outstanding as at 31st December 2022 and 2021.

36. CONTINGENT LIABILITIES

As is common with the insurance industry in general, the company is subject to litigation arising in the normal course of insurance business.

The directors are of the opinion that this litigation will not have a material effect on the financial position or profits of the company.

37. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Director's Report.

GENERAL INSURANCE BUSINESS REVENUE ACCOUNT

Class of insurance business	Engineering	Fire Domestic	Fire Industrial	Public Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Theft	Workmen's' Compensation	Medical	Miscella-neous	31st Dec 2022 Total	31st Dec 2021 Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Gross premiums written	96,202,347	74,221,540	446,474,574	31,529,003	241,371,485	213,099,655	155,479,772	12,678,029	116,468,869	189,686,154	29,080,221	39,580,366	1,645,872,015	1,322,352,651
Change in net unearned premiums	(462,908)	(291,834)	(3,489,055)	(3,345,053)	1,836,996	(8,545,933)	(309,791)	243,248	879,931	1,436,755	(1,133,737)	-	(13,181,381)	(13,247,749)
Gross earned premiums	95,739,439	73,929,706	442,985,519	28,183,950	243,208,481	204,553,722	155,169,981	12,921,277	117,348,800	191,122,909	27,946,484	39,580,366	1,632,690,634	1,309,104,902
Less: premiums ceded to reinsurers	(72,635,725)	(27,297,336)	(362,851,319)	(8,145,094)	(110,394,675)	(4,024,474)	(3,222,481)	(2,168,235)	(8,367,638)	(7,940,655)	-	(24,486,205)	(631,533,837)	(474,506,895)
Net earned premiums	23,103,714	46,632,370	80,134,200	20,038,856	132,813,806	200,529,248	151,947,500	10,753,042	108,981,162	183,182,254	27,946,484	15,094,161	1,001,156,797	834,598,007
Gross claims paid	(42,568,696)	(5,420,822	(21,934,762	(4,046,449)	(57,112,940)	(79,786,500	(82,469,191)	(619,361)	(24,201,906)	(34,918,913)	(10,308,800)	(1,226,469)	(364,614,809)	(362,408,639)
Changes in net outstanding claims	(599,012)	(17,904)	(10,487,531)	(2,935,910)	(6,185,644)	(18,089,517)	(12,893,137)	(1,048,528)	(388,098)	693,700	(863,108)	(16,000)	(52,830,689)	(17,635,525)
Less: reinsurance recoverable	35,358,476	332,974	15,884,781	-	28,280,039	650,680	11,925,265	-	-	1,502,880	-	-	94,158,220	94,908,353
Net claims incurred	(7,809,232)	(5,105,752)	(16,537,512)	(6,965,229)	(35,018,545)	(97,225,337)	(83,437,063)	(1,667,889)	(24,384,009)	(32,722,333)	(11,171,908)	(1,242,469)	(323,287,278)	(285,135,811)
Commissions receivable	20,711,920	6,871,550	139,889,050	1,016,415	26,849,076	(38,411)	(161,943)	340,916	178,917	(88,401)	-	4,932,826	200,501,916	146,520,980
Commissions payable	(19,948,839)	(14,491,679)	(99,462,544)	(5,106,421)	(41,042,897)	(20,221,033)	(15,341,033)	(2,498,964)	(21,670,220)	(37,872,920)	(2,794,681)	(4,024,526)	(284,475,758)	(226,060,455)
Expenses of management	(9,891,080)	(19,694,425)	(35,097,280)	(9,814,394)	(54,971,907)	(87,750,353)	(63,903,477)	(4,411,036)	(45,370,862)	(76,279,890)	(621,212)	(6,335,128)	(414,141,043)	(364,448,562)
Total expenses and commissions	(9,127,999)	(27,314,554)	5,329,226	(13,904,401)	(69,165,729)	(108,009,797)	(79,406,453)	(6,569,084)	(66,862,164)	(114,241,211)	(3,415,893)	(5,426,828)	(498,114,885)	(443,988,037)
Underwriting profit/ (loss)	**6,166,483**	**14,212,064**	**68,925,914**	**(830,774)**	**28,629,532**	**(4,705,886)**	**(10,896,016)**	**2,516,069**	**17,734,989**	**36,218,710**	**13,358,683**	**8,424,864**	**179,754,634**	**105,474,159**
Retention Ratio	24%	63%	19%	74%	54%	98%	98%	83%	93%	96%	100%	38%	62%	64%
Net Incurred claims ratio	34%	11%	21%	35%	26%	48%	55%	16%	22%	18%	40%	8%	32%	34%
Management Exp Ratio	43%	42%	44%	49%	41%	44%	42%	41%	42%	42%	2%	42%	41%	44%
Net Commissions Ratio	-3%	16%	-50%	20%	11%	10%	10%	20%	20%	21%	10%	-6%	8%	10%
Expense Ratio	40%	59%	-7%	69%	52%	54%	52%	61%	61%	62%	12%	36%	50%	53%
Combined Ratio	73%	70%	14%	104%	78%	102%	107%	77%	84%	80%	52%	44%	82%	87%