WAICA REINSURANCE (KENYA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

WAICA REINSURANCE (KENYA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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WAICA REINSURANCE (KENYA) LIMITED

COMPANY INFORMATION

DIRECTORS

Ezekiel Abiola Ekundayo*	Chairman
William Brownfield Coker**	
Eric Ato Botchway***	
George Otieno****	
Dr. Habil Olaka, EBS****	
Jacqueline Oyuyo Githinji****	
Charles Edwin Etemesi ****	

* Nigerian   ** Gambian   *** Ghanaian   **** Kenyan

PRINCIPAL OFFICER

Charles Edwin Etemesi	Chief Executive Officer

SECRETARY

FCS Lazarus Kimang'a, EBS
PO Box 25426 – 00100
Nairobi

REGISTERED OFFICE

3rd Floor, Real Towers Annex
Hospital Road, Upper Hill
PO Box 20495 – 00100
Nairobi

BANKERS

Ecobank Kenya Limited
Stanbic Bank Kenya Limited
NCBA Bank Kenya PLC
Bank of Africa Kenya Limited
KCB Bank Kenya Limited
UBA Bank Kenya Limited
Co-operative Bank of Kenya Limited
Equity Bank Kenya Limited
I & M Bank Kenya Limited
Absa Bank Kenya PLC

AUDITOR

KPMG Kenya
Certified Public Accountants (Kenya)
8th Floor, ABC Towers, Waiyaki Way
PO Box 40612 – 00100
Nairobi

WAICA REINSURANCE (KENYA) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors submit their report together with the audited financial statements of WAICA Reinsurance (Kenya) Limited (the "Company") for the year ended 31 December 2023, which discloses the state of affairs of the Company.

1. Incorporation

The Company was incorporated on 3 November 2017 under the Kenyan Companies Act, 2015 as a private company limited by shares, and is domiciled in Kenya.

2. Principal activity

The principal activities of the Company are to provide reinsurance services and technical assistance to insurance and reinsurance institutions from around the world.

3. Directors

The Directors who served during the year up to the date of this report are set out on page 1.

4. Results

The results for the year are set out on page 14.

5. Business overview

During the year 2023, the Company performed well in the backdrop of an increasingly competitive business environment. The Company recorded Insurance Revenue growth of 49% from KShs 3.392 billion in 2022 (Restated) to KShs 5.057 billion in 2023 (Note 7). The growth is attributable to expansion to new markets and treaties. The total asset base of the Company also improved by 59%, growing from KShs 3.117 billion in 2022 (Restated) to KShs 4.965 billion in 2023. The Company posted profit before tax of KShs 1,031 million during the year reflecting as significant improvement of 54% on KShs 669 million (Restated) profit before tax recorded in 2022. Principal risks and uncertainties facing the Company are set out on Note 5 to the financial statements.

The outlook for 2023 was positive amidst effects of Global inflation and Russia-Ukraine war. The Company in 2024 will focus on increased marketing in the country and within the East Africa region. This is expected to yield significant growth in 2024 as the company seeks to increase its participation in Treaty businesses in addition to the Facultative businesses largely underwritten in 2023. The Directors are committed to achieving the laid down strategies and delivering value to the shareholders.

6. Dividend

The Directors do not recommend payment of a dividend for the period (2022 – Nil).

7. Share capital

Details of the Company's share capital are shown in Note 25 to these financial statements.

8. Environmental, Social and Governance (ESG) statement

WAICA Reinsurance (Kenya) Limited is a forward-looking reinsurance and financial services organisation committed to developing its people, enhancing the environment, and maintaining sound investing and underwriting principles.

The Board and Management are committed to integrating ESG into its business decisions, operations, investments, underwriting, products and services. We are committed to aligning our operations with the UN Sustainable Development Goals.

Our key ESG objectives include the following:

(a) Incorporating environmental, social and governance (ESG) related issues into our business selection, in particular our underwriting, investment and financial analysis, and decision-making processes.
(b) Incorporate ESG into our corporate governance and compliance, employee wellbeing, and reduce stakeholders' inequality.
(c) Providing economic and social development to the countries where we operate.
(d) Leading the digital transformation change in Africa's insurance industry.

WAICA Re will continue to build on its ESG practices, annually strive to reduce its carbon footprint, improve its community impact through corporate social responsibility, and ensure a well-diversified workforce and Board.

The Company is also a signatory to the UN Principles for Responsible Investing (PRI) to ensure that it follow the same principles and actions for responsible investing while accepting local laws and regulations.

9. Employee involvement and training

There are various forums where the staff meet and discuss issues that relate to them and their progress at the workplace. These include unit meetings and regular general meetings.

There is an approved training schedule for staff and the Company also has a staff performance appraisal process through which staff are appraised and promotions and/or salary increments made.

10. Relevant audit information

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

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

(b) each director has taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

WAICA REINSURANCE (KENYA) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

11. Auditor

The Company's auditor, KPMG Kenya, continues in the office in accordance with the provisions of the Kenya Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

12. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the Directors held on 28 February 2024

BY ORDER OF THE BOARD

FCS Lazarus Kimang'a, EBS
Secretary

Date: 28 February 2024

WAICA REINSURANCE (KENYA) LIMITED

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Shareholders being the ultimate owners of the entity appoint a Board of Directors to conduct the business of the Company on their behalf. The Board executes its responsibilities through Management and Board Committees that it creates from time to time. The responsibilities for daily operations are delegated to a management team appointed by the Board. A clear segregation of responsibilities between the Board and Management is always maintained. The Board makes all policy decisions while management implements the decisions of the Board.

1. Board of Directors

The Directors who served during the year are set out on Page 1. The current Board is made up of seven Directors inclusive of a non-executive Chairman.

The Board meets on a quarterly basis and for all meetings held in 2023, all members of the Board attended.

2. Board committees

Tabulated below are Board Committees, their composition and membership, and functions.

Committee	Composition & membership		Main functions
Strategy and Operations Committee	George Otieno (Chairman) William Brownfield Coker Eric Ato Botchway	Non-Executive Non-Executive Non-Executive	Strategic decision making and strengthening the Enterprise risk management environment of the Company.
Finance and Investment Committee	Eric Ato Botchway (Chairman) Dr. Habil Olaka, EBS George Otieno	Non-Executive Non-Executive Non-Executive	Enhancing financial reporting and maximizing investment returns.
HR and Remuneration Committee	William Brownfield Coker (Chairman) Dr. Habil Olaka, EBS Jacqueline Oyuyo Githinji	Non-Executive Non-Executive Non-Executive	Management & development of human resources.
Audit and Risk Committee	Dr. Habil Olaka, EBS (Chairman) William Brownfield Coker Jacqueline Oyuyo Githinji	Non-Executive Non-Executive Non-Executive	Strengthening the control environment and ensuring compliance with all regulatory bodies.

The Board and Management Committees meet on a quarterly basis and for all meetings held in 2023, all members of the committees attended. The Chief executive officer attends all Board committees, and the Company Secretary is the Secretary of all the Board committees.

The Chief Finance Officer attends the meetings by invitation.

Charles Edwin Etemesi
Principal Officer

Dr. Habil Olaka, EBS
Director

Ezekiel Abiola Ekundayo
Chairman

Date: 28 February 2024

WAICA REINSURANCE (KENYA) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for the preparation and presentation of the financial statements of WAICA Reinsurance (Kenya) Limited (the "Company") set out on pages 14 to 87 which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policies.

The Directors' responsibilities include determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

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

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 28 February 2024

Charles Edwin Etemesi	Dr. Habil Olaka, EBS	Ezekiel Abiola Ekundayo
Principal Officer	*Director*	*Chairman*

Date: 28 February 2024

WAICA REINSURANCE (KENYA) LIMITED

REPORT OF THE CONSULTING ACTUARY
FOR THE YEAR ENDED 31 DECEMBER 2023

I have conducted an actuarial valuation of the reinsurance liabilities of WAICA Reinsurance (Kenya) Limited (the "Company") as at 31 December 2023.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Insurance Act, Cap 487 of the Laws of Kenya. Those principles require that prudent principles for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the audited financial statements of the Company.

In my opinion, the reinsurance liabilities reserves of the Company were adequate at 31 December 2023.

Abed Mureithi, FIA

Actuarial Services East Africa Ltd
PO Box 10472 – 00100
Nairobi

Date: 28 February 2024

KPMG

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
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Nairobi, Kenya

Telephone +254-20-280600
Email info@kpmg.co.ke
Website www.kpmg.com/eastafrica

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAICA REINSURANCE (KENYA) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of WAICA Reinsurance (Kenya) Limited (the "Company") as set out on pages 14 to 87, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAICA REINSURANCE (KENYA) LIMITED (CONTINUED)

Report on the audit of the financial statements (Continued)

Key audit matters (continued)

<table>
<tr><th colspan="2">Valuation of reinsurance and retrocessionaire contract liabilities</th></tr>
<tr><td colspan="2">See Notes 3(a), 3(o) and 21 to the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>At 31 December 2023, the Company held reinsurance and retrocessionaire contract liabilities as a result of its insurance operations. The Company applies IFRS 17 Insurance contracts (effective 1 January 2023) to reinsurance contracts and retrocessionaire contracts it issues, and retrocessionaire contracts it holds.

Transition from IFRS 4 - Insurance contracts ('IFRS 4') to IFRS 17 - Insurance contracts ('IFRS 17'), effective 1 January 2023

With the transition to IFRS 17, the Company has restated reinsurance and retrocessionaire contract liabilities and disclosures to reflect the requirements of IFRS 17.

In doing so, the Company has made certain key judgments and assumptions to develop its accounting policies. The key judgments applied on transition were:

— The determination of the transition approach applied for the insurance contracts issued by the Company, being the fully retrospective approach;
— The valuation of reinsurance and retrocessionaire contract liabilities including related and the resultant effect on opening retained earnings. This includes various assumptions made including best estimate assumptions regarding expected claims and lapses, expected premiums on insurance contracts, expected expenses, commissions and charges.</td><td>Our audit of the reinsurance and retrocessionaire contract liabilities, actuarial assumptions, models and methodologies applied in the valuation of material lines of the insurance business included the following audit procedures that were executed with the assistance of our actuarial specialists:

Transition from IFRS 4 to IFRS 17

— We obtained an understanding of the Company's chosen key accounting policies and methodologies and assessed whether these comply with the requirements of IFRS 17. This included an assessment of the appropriateness of management's elected transition approach applied (i.e., fully retrospective approach) for the groups of reinsurance contracts it issues and retrocessionaire contracts it holds;
— We assessed the appropriateness of management's data and assumptions applied in valuing reinsurance and retrocessionaire contract liabilities as at the transition date (being 1 January 2022) and related opening adjustment in retained earnings for groups of contracts for which the fully retrospective approach was applied; and
— We evaluated the adequacy of transition disclosure in accordance with IFRS 17 requirements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAICA REINSURANCE (KENYA) LIMITED (CONTINUED)

Report on the audit of the financial statements (Continued)

Key audit matters (continued)

<table>
<tr><th colspan="2">Valuation of reinsurance and retrocessionaire contract liabilities</th></tr>
<tr><td colspan="2">See Notes 3(a), 3(o) and 21 to the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Determination of year-end reinsurance and retrocessionaire contract liabilities

As at 31 December 2023, the value of reinsurance and retrocessionaire contract liabilities was KShs 2.49 Billion. All contracts were accounted for under the simplified premium allocation approach. The reinsurance and retrocessionaire contract liabilities reflects, within the liability for remaining coverage component, the premiums received for which insurance cover should still be provided and outstanding premiums for which cover has already been provided. It also includes a liability for incurred claims element, which represents the estimate of unsettled claims for which the insured event has occurred plus a risk adjustment for non-financial risk.

In valuing reinsurance and retrocessionaire contract liabilities, management applies significant judgment. Various assumptions are made including best estimate assumptions regarding the expected claims and lapses, expected premiums on insurance contracts, expected expenses, commission and charges. Changes to these assumptions may result in material changes to the valuation.

The most significant assumptions made in the valuation of reinsurance and retrocessionaire contract liabilities arising from the Company's insurance contracts relate to:

— Discount rates
— Confidence levels applied in determining the risk adjustment for non-financial risk.</td><td>Procedures over year-end reinsurance and retrocessionaire contract liabilities

Our procedures over the year-end reinsurance and retrocessionaire contract liabilities included the following:

— With the assistance of our actuarial specialists, we assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and Company accounting policy. We challenged key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data (discount rate and confidence levels) and our assessment of the Company's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the assumptions around the discount rate (and associated illiquidity premium) and the confidence levels applied in the determination of the risk adjustment for non-financial risk.
— We assessed the appropriateness of management's allocation of groups of contracts into the various measurement buckets as required by IFRS 17. Where management applied the premium allocation approach (PAA) to measure a group of contracts, we assessed compliance of these groups with the eligibility criteria in IFRS 17.</td></tr>
</table>

KPMG

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAICA REINSURANCE (KENYA) LIMITED (CONTINUED)

Report on the audit of the financial statements (Continued)

Key audit matters (continued)

<table>
<tr><th colspan="2">Valuation of reinsurance and retrocessionaire contract liabilities</th></tr>
<tr><td colspan="2">See Notes 3(a), 3(o) and 21 to the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Determination of year-end reinsurance and retrocessionaire contract liabilities (continued)

We considered the valuation of reinsurance and retrocessionaire contract liabilities (including the transition from IFRS 4 to IFRS 17) to be a key audit matter in our audit of the financial statements because of the following:

— The significant judgments and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing reinsurance and retrocessionaire contract liabilities; and
— The material nature of the reinsurance and retrocessionaire contract liabilities on the Company's statement of financial position and resultant impact on the statement of comprehensive income for the year ended 31 December 2023.</td><td>Procedures over year-end reinsurance and retrocessionaire contract liabilities (continued)

— For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Company, we assessed management's valuation models. We assessed the adequacy of the assumptions applied by management, e.g., claims triangles, and assessed the adequacy of the year-end valuation with amongst others reference to prior years and key ratios.
— We evaluated whether the IFRS 17 specific disclosures in the financial statements are adequate and in accordance with IFRS Accounting Standards.
— We evaluated the accuracy of the risk adjustment, including calculation method, and its related release by performing independent recalculation.</td></tr>
</table>

Other information

The Directors are responsible for the other information. The other information comprises the information included in the *WAICA Reinsurance (Kenya) Limited Annual Report and Financial Statements for the year ended 31 December 2023*, but does not include the financial statements and our auditor's report thereon.

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAICA REINSURANCE (KENYA) LIMITED (CONTINUED)

Report on the audit of the financial statements (Continued)

Directors' responsibilities for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal controls, as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAICA REINSURANCE (KENYA) LIMITED (CONTINUED)

Report on the audit of the financial statements (Continued)

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

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

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

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

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you solely based on our audit of the financial statements that in our opinion, the information in the report of the Directors on pages 2 to 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Dr. Alexander Mbai, practicing certificate No. P/2172.

For and on behalf of:

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

Date: 28 March 2024

WAICA REINSURANCE (KENYA) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of Kenya shillings	**Note(s)**	**2023**	**2022 Restated***
Insurance revenue	7	5,057,217	3,392,064
Insurance service expenses	8	(3,672,359)	(2,287,952)
Net expenses from reinsurance contracts	9	(695,728)	(381,521)
Insurance service result		**689,130**	**722,591**
Investment return	10	209,057	106,114
Insurance service result and investment return		**898,187**	**828,705**
Net finance income from reinsurance contracts issued	11	53,210	8,551
Net finance expense from retrocessionaire contracts held	12	(27,638)	(2,226)
Net financial result		**923,759**	**835,030**
Personnel expenses	13(a)	(156,104)	(126,166)
Other operating expenses	13(b)	(227,349)	(200,817)
Other finance income	14	490,644	161,128
Other income	15	35	-
Profit before taxation		**1,030,985**	**669,175**
Income tax expense	17(a)	(356,855)	(199,732)
Total comprehensive income for the year		**674,130**	**469,443**

*See Note 3(a)

The notes set out on pages 18 to 87 form an integral part of these financial statements.

WAICA REINSURANCE (KENYA) LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

In thousands of Kenya shillings	Note(s)	31 December 2023	31 December 2022 Restated*	1 January 2022 Restated*
ASSETS				
Cash and cash equivalents	18	40,291	54,264	23,741
Investments	19	4,106,756	2,492,588	1,676,632
Other receivables	20	92,557	75,355	15,549
Tax recoverable	17	74,855	-	-
Reinsurance contract assets	21	589,391	380,202	83,133
Retrocessionaire contract assets	21	154	6,122	-
Deferred tax asset	22	-	156,228	115,197
Property and equipment	23	60,725	55,905	21,691
Intangible assets	24	628	1,138	1,648
TOTAL ASSETS		**4,965,357**	**3,221,802**	**1,937,591**
EQUITY AND LIABILITIES				
Share capital	25	1,102,550	1,102,550	1,102,550
Retained earnings		1,233,328	559,198	89,755
Total equity		**2,335,878**	**1,661,748**	**1,192,305**
LIABILITIES				
Tax payable	17	-	107,767	87,306
Other payables	26	130,422	96,671	92,481
Deferred tax liability	22	7,692	-	-
Reinsurance contract liabilities	21	1,427,562	831,679	366,538
Retrocessionaire contract liabilities	21	1,063,803	523,937	198,961
Total liabilities		**2,629,479**	**1,560,054**	**745,286**
TOTAL EQUITY AND LIABILITIES		**4,965,357**	**3,221,802**	**1,937,591**

*See Note 3(a)

The financial statements set out on pages 18 to 87 were approved and authorised for issue by the Board of Directors on 28 February 2024 and were signed on its behalf by:

Charles Edwin Etemesi	Dr. Habil Olaka, EBS	Ezekiel Abiola Ekundayo
Principal Officer	*Director*	*Chairman*

The notes set out on pages 18 to 87 form an integral part of these financial statements.

WAICA REINSURANCE (KENYA) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of Kenya Shillings	**Share capital**	**Retained earnings**	**Total**
Balance as at 1 January 2022, as previously reported	1,102,550	235,389	**1,337,939**
Impact of initial application of IFRS 17, net of tax (Note 3(a))	-	(145,634)	(145,634)
Restated balance as at 1 January 2022	**1,102,550**	**89,755**	**1,192,305**
Total comprehensive income for the year			
Profit for the year (restated)	-	469,443	469,443
Restated balance as at 31 December 2022	**1,102,550**	**559,198**	**1,661,748**
Total comprehensive income for the year			
Profit for the year	-	674,130	674,130
Balance as at 31 December 2023	**1,102,550**	**1,233,328**	**2,335,878**

The notes set out on pages 18 to 87 form an integral part of these financial statements.

WAICA REINSURANCE (KENYA) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of Kenya shillings	Note(s)	2023	2022 Restated*
Net cash flow from operating activities	27(a)	1,609,121	871,827
Investing activities			
Acquisition of property and equipment	23	(17,499)	(25,431)
Purchase of government securities	19	(156,817)	(513,526)
Purchase of fixed deposits	19	(1,457,351)	(302,430)
Proceeds from sale of property and equipment		35	-
Net cash out flow from investing activities		**(1,631,632)**	**(841,387)**
Financing activities			
Payment of principal lease liabilities	30(d)	(2,778)	(1,336)
Net cash flow from financing activities		**(2,778)**	**(1,336)**
Net increase in cash and cash equivalents		**(25,289)**	**29,104**
Cash and cash equivalents at the beginning of the year		54,264	23,741
Effect of exchange rate fluctuations on cash and cash equivalents		11,316	1,419
Cash and cash equivalents at the end of the year	18	**40,291**	**54,264**

*See Note 3(a)

The notes set out on pages 18 to 87 form an integral part of these financial statements.

1. REPORTING ENTITY

The Company is incorporated as a limited company in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The entity was incorporated on 3 November 2017 and was licensed to offer reinsurance services in accordance with the regulations on 9 October 2018. The address of the Company's registered office is set out on page 1.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards'') and in the manner required by the Kenyan Companies Act, 2015.

For purposes of reporting under the Kenyan Companies Act, 2015 the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

Details of the entity's material accounting policies are included on Note 3.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis of accounting unless otherwise stated.

(c) Functional and presentation currency

The financial statements are presented in Kenya shillings (KShs), which is the Company's functional currency. Except as otherwise indicated, financial information presentation is in thousands of Kenya shillings (KShs '000).

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 4 - *Critical accounting estimates and judgements.*

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below:

(a) Reinsurance contracts

A reinsurance contract is a contract under which the Company accepts significant insurance risks from a cedant by agreeing to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) occurs.

(i) Changes in accounting policies and disclosures

New and amended standards and interpretations

In these financial statements, the company has applied IFRS 17 for the first time. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Company has restated comparative information for 2022 applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies have been summarised, as follows:

(a) Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

However, IFRS 17 establishes specific principles for the recognition and measurement of reinsurance contracts issued and retrocession contracts held by the Company.

Under IFRS 17, the Company's reinsurance contracts issued and retrocession contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred reinsurance acquisition cash flows and less amounts recognised in revenue for reinsurance services provided:
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart:
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision):

3. MATERIAL ACCOUNTING POLICIES (Continued)

(a) Reinsurance contracts (continued)

(i) Changes in accounting policies and disclosures – continued

(a) Changes to classification and measurement – continued

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses:
- Measurement of the asset for remaining coverage (reflecting retrocession premiums paid for retrocession held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts retrocession onerous direct contracts.

The Company expenses insurance acquisition cash flows for all product lines.

The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 3(a).

(b) Changes to presentation and disclosures

For presentation in the statement of financial position, the company aggregates reinsurance issued, and retrocession contracts held and presents separately:

- Portfolios of reinsurance issued that are assets.
- Portfolios of reinsurance contracts issued that are liabilities.
- Portfolios of retrocession contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of reinsurance contracts issued include any assets for reinsurance acquisition cash flows.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(a) Reinsurance contracts (continued)

(i) Changes in accounting policies and disclosures – continued

(b) Changes to presentation and disclosures – continued

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in unearned premium
- Net insurance claims
- Commission expense

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

(c) Transition

On transition date, 1 January 2022, the company:

- Has identified, recognised and measured each group of reinsurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for reinsurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and impairment loss was identified and recognised.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity (net of applicable taxes).

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(a) Reinsurance contracts (continued)

(ii) Changes in accounting policies and disclosures – continued

(c) Transition – continued

Details of the impact on initial application on equity IFRS 17 are as follows:

	KShs '000	KShs'000
Retained earnings (IFRS 4) at 1 January	-	**235,389**
Changes in equity		
Discounting of future cash flows when measuring liabilities for incurred claims	89,022	-
Risk adjustment for non-financial risk	(30,321)	-
Loss component	(14,575)	-
Net impact of recognising pipeline premiums	(252,175)	-
Deferred tax (Note 22)	62,415	-
Impact of initial application of IFRS 17, net of tax		(145,634)
Retained earnings (IFRS 17) at 1 January		**89,755**

(b) Translation of foreign currencies

Transactions in foreign currencies during the period are converted into Kenya shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date. Resulting exchange differences are recognised in the profit or loss for the period.

Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with the banks net of bank overdrafts and investments government securities and bank deposits with maturities of three months or less from the date of acquisition.

(d) Finance income and expenses

Finance income and expenses comprises net foreign currency gains and losses and interest expenses. Interest expenses are recognised on a time proportion basis in profit or loss using the effective interest method. Foreign currency gains and losses are recognised on a net basis.

(e) Other income

Dividends receivable are recognised as income in the period in which the right to receive payment is established. Interest income is recognized on a time proportion basis that considers the effective yield on the asset.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments

Financial instruments include balances with banks, reinsurance and other receivables, balances due to related parties, and reinsurance and other payables.

(i) Recognition and initial measurement

Reinsurance receivables are initially recognised when they are originated.

(ii) Classification and subsequent measurement

Financial assets

A financial instrument is a contract that gives rise to both a financial asset for one enterprise and a financial liability of another enterprise. On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through the comprehensive income (FVOCI) – debt investment; (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

3. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement – continued

Business model assessment – continued

— the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

— contingent events that would change the amount or timing of cash flows;
— terms that may adjust the contractual coupon rate, including variable-rate features;
— prepayment and extension features; and
— terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement – continued

Assessment whether contractual cash flows are solely payments of principal and interest – continued

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(iii) De-recognition – continued

Financial assets – continued

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when the Company has an enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

(g) Impairment of assets

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Impairment of assets (continued)

(i) Non-derivative financial assets – continued

Financial instruments and contract assets – continued

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired.

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 includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(g) Impairment of assets (continued)

(i) Non-derivative financial assets – continued

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets (other than insurance and reinsurance contract assets, deferred tax asset and employee benefits assets) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset of CGU exceeds its recoverable amount.

Impairment losses are recognised in profit and loss. Impairment losses recognised for a CGU are allocated to reduce the carrying amounts of the assets in the CGU on a pro-rata basis.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Income tax

Income tax expense comprises current tax and change in deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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 reassessed 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. MATERAIL ACCOUNTING POLICIES (Continued)

(i) Share capital

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

(j) Employee benefits

(i) Pension obligations

The Company operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security Fund. A defined contribution is a pension plan under which the company pays fixed contribution into the separate entity. The Company has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees' service in the current and prior period.

The Company makes contribution for all staff at the rate prescribed by the pension laws of Kenya.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) Gratuity

Gratuity provisions are made for both permanent and contracted staff. Gratuity on permanent staff is based on the current basic salary multiplied by the number of years the employee has served the company whereas for the contracted staff it is calculated at 15% of annual basic pay.

(k) Provisions

(i) Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise those termination penalties and employee termination payments.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(l) **Property and equipment**

(i) Recognition and measurement

All property and equipment are initially recorded at cost. These are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

(ii) Depreciation

Depreciation is calculated on other property and equipment on the straight-line basis to write down the cost of each asset, or the revalued amount to its residual value over its estimated useful life, as follows:

Motor vehicle	4 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

(iii) Subsequent costs

The cost of replacing a component of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iv) Disposal of property and equipment

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

(m) **Intangible assets**

An intangible asset arises from the purchases of accounting software. Acquired intangible assets are measured on initial recognition at cost.

The Company recognises an intangible asset at cost if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite.

The intangible assets are amortised on a straight-line basis over their useful lives (5 years).

Amortisation method, useful lives and residual values are reviewed at each reporting date, and adjusted prospectively, if appropriate.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after I January 2019.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The Company determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(n) Leases (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "property and equipment" and lease liabilities are presented in other payables in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has selected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that companies contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Reinsurance and retrocession contracts classification

(i) Reinsurance contracts

The Company issues reinsurance contracts in the normal course of business, under which it accepts significant insurance risk from a cedant by agreeing to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) occurs.

As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Reinsurance contracts can also transfer financial risk. The Company issues non-life reinsurance to cedants. Non-life reinsurance products offered include casualty, engineering, fire & property, motor, marine & aviation and oil & gas. These products protect cedant against ceded risks of claims made by primary policyholders.

Casualty reinsurance contracts protect the cedants against ceded risk of claims made by primary policyholders for causing harm to third parties as a result of the legitimate activities of the primary policyholder.

Under property reinsurance contracts, the Company compensates cedants of a portion of claims payable to primary policyholders for damage suffered to their properties or for the value of property lost or the loss of earnings caused by the inability of the primary policyholder to use the insured properties in their business activities (business interruption cover).

Personal accident reinsurance contracts compensate the cedants for a portion of claims made by primary policyholders for bodily injuries suffered by the primary policyholder or his/her family members or employees.

(ii) Retrocession contracts held

Contracts entered into by the Company with retrocesisonaires under which the Company is compensated for losses which meet the classification requirement for reinsurance contracts are classified as retrocession insurance contracts held. Contracts that do not meet these classifications are classified as financial assets.

The Company uses retrocession arrangements to increase its aggregate underwriting capacity, to diversify its risk and to reduce its risk of catastrophic loss on reinsurance assumed. The ceding of risk to retrocessionaires does not relieve the company of its obligation to its cedants. The company regularly reviews the financial condition of its retrocessionaires.

(iii) Separating components from reinsurance and retrocessionaire contracts

The Company assesses its reinsurance and retrocession products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) reinsurance contract. Currently, the Company's products do not include any distinct components that require separation.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Reinsurance and retrocession contracts classification (continued)

(iii) Separating components from reinsurance and retrocessionaire contracts – continued

Some retrocession contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the retrocession contracts and are, therefore, non-distinct investment components which are not accounted for separately.

(iv) Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). No group of contracts for level of aggregation purposes contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Reinsurance and retrocession contracts classification (continued)

(iv) Level of aggregation – continued

For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

(v) Recognition

The Company recognises groups of reinsurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of retrocession contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of retrocession contracts held. (However, the Company delays the recognition of a group of retrocession contracts held that provide proportionate coverage until the date any underlying retrocession contract is initially recognised, if that date is later than the beginning of the coverage period of the group of retrocession contracts held.
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of retrocessionaire contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

(vi) Contract boundary

The Company includes in the measurement of a group of reinsurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(o) Reinsurance and retrocession contracts classification (continued)

(vi) Recognition – continued Contract boundary – continued

A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Or

- Both of the following criteria are satisfied:
- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

(p) Reinsurance and retrocession contracts accounting treatment

(i) Measurement - Premium Allocation Approach

	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	Coverage period for, accident, marine, aviation, motor and property reinsurance and liability retro insurance assumed is one year or less and so qualifies automatically for PAA. Engineering reinsurance includes contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(i) Measurement - Premium Allocation Approach – continued

	IFRS 17 Options	Adopted approach
Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	There is no allowance as the premiums are received within one year of the coverage period.
Liability for Incurred Claims, (LIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For some claims within the Motor, accident, property product line, the incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money. For all other business, the LIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	The change in LIC as a result of changes in discount rates are captured within profit or loss.

(ii) Reinsurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the reinsurance contracts that it issues and retrocession contracts that it holds, as:

— The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to 3 (p)(i)

Or

— For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(ii) Reinsurance contracts – initial measurement – continued

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

There is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

(iii) Retrocession contracts held – initial measurement

The Company measures its retrocession assets for a group of retrocession contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(iv) Reinsurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows, with the exception of property insurance product line for which the Company chooses to expense insurance acquisition cash flows as they occur
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims.

The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

(v) Retrocession contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(v) Retrocession contracts held – subsequent measurement – continued

contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

(vi) Reinsurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

With the exception of the property insurance product line, for which the Company chooses to expense insurance acquisition cash flows as they occur, the Company uses a systematic and rational method to allocate:

(a) Reinsurance acquisition cash flows that are directly attributable to a group of insurance contracts:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Reinsurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(vi) Insurance acquisition cash flows – continued

- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

(vii) Reinsurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)
  Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

(viii) Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(viii) Presentation – continued

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

— *Reinsurance revenue*

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

— *Loss components*

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in note 3(o)(iv) indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

— *Loss-recovery components*

where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(viii) Presentation – continued

— *Reinsurance finance income and expense*

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

For all business, the Company does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL. The change in LIC as a result of changes in discount rates are captured within profit or loss.

— *Net income or expense from retrocession contracts held*

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

(ix) **Other disclosures**

— *Use of 80% confidence level for the risk adjustments*

The Company adjusts the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. The purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The risk adjustment for non-financial risk relates to risk arising from insurance contracts other than financial risk. Financial risk is included in the estimates of the future cash flows, or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for nonfinancial risk are insurance risk and other non-financial risks such as lapse risk and expense risk. The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts using a marginal approach.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(ix) Other disclosures – continued

— *Use of 80% confidence level for the risk adjustments – continued*

The risk adjustment has been derived based on a value at risk model based off the Solvency 2 standard model. The Company has chosen a confidence level based on the 80th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

— *Approach used to determine discount rates*

The bottom-up approach was used to derive the discount rate for the cash. Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). However, due to lack of data the yield curve used has not been adjusted for an illiquidity premium hence the risk-free rates have been used to discount the liabilities.

— *Yield curves used*

The entity issues contracts in various underlying currencies therefore a multi-currency modelling approach was undertaken based on exposures representing 90% of the liabilities with the remaining liabilities modelled using the Kenya yield curve.

The list below summarizes the yield curves which have been used to discount the liabilities.

(i) KES – Kenya Government bond yield curve
(ii) USD – US Government Bond Yield Curve
(iii) UGX – Uganda Government bond Yield Curve
(iv) TZS – Tanzania Government Bond Yield Curve
(v) ZMW – Zambia Government Bond Yield Curve
(vi) MUR – Mauritius Government Bond Yield Curve

The tables below set out the yield curves used to discount the cash flows of insurance contracts.

2023	1year	2years	3years	4years	5years	>5years
USD	4.77%	3.76%	3.46%	3.54%	3.72%	3.87% to 4.15%
MUR	4.30%	4.64%	4.90%	5.12%	5.31%	5.47% to 5.89%
UGX	12.67%	14.23%	15.25%	15.90%	16.29%	16.51% to 16.59%
KES	16.98%	18.68%	17.73%	16.79%	16.20%	15.88% to 15.58%
ZMW	16.96%	21.57%	24.63%	26.67%	27.97%	28.75% to 29.31%
TZS	16.98%	18.68%	17.73%	16.79%	16.20%	15.88% to 15.58%

3. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Reinsurance and retrocession contracts accounting treatment (continued)

(ix) Other disclosures – continued

2022	1year	2years	3years	4years	5years	>5years
USD	4.73%	4.07%	3.81%	3.75%	3.77%	3.77% to 3.99%
MUR	4.80%	5.21%	5.55%	5.85%	6.12%	6.35% to 7.04%
UGX	12.81%	14.03%	14.89%	15.51%	15.95%	16.25% to 16.68%
KES	10.98%	13.06%	14.10%	14.61%	14.81%	14.84% to 14.49%
ZMW	21.03%	25.08%	27.39%	28.69%	29.35%	29.61% to 29.22%
TZS	10.98%	13.06%	14.10%	14.61%	14.81%	14.84% to 14.49%

(x) New standards, amendments and interpretations

(a) New standards, amendments and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new standards and amendments became effective as at 1 January 2023:

New standard or amendments	Effective for annual periods beginning on or after
— Initial application of IFRS 17 and IFRS 9 Comparative information Amendments to IFRS 17	1 January 2023
— Amendments to IFRS 17	1 January 2023
— Classification of liabilities as current or non-current (IAS1 amendment)	1 January 2023
— Definition of Accounting Estimates (IAS 8 amendment)	1 January 2023
— Disclosure Initiative: Accounting Policies	1 January 2023
— Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IAS12 amendment)	1 January 2023

Except for IFRS 17, these new standards and amendments have no material impact on the Company's financial statements.

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3. MATERIAL ACCOUNTING POLICIES (Continued)

(x) New standards, amendments and interpretations (continued)

(b) Standards issued but not yet effective – continued

The following new standards and amendments were not yet effective as at 31 December 2023:

New standard or amendments	Effective for annual periods beginning on or after
— Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2024
— Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
— Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
— Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
— Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	Optional

We expect that the above standards and amendments, issued but not yet effective, will have no material impact on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

— Notes 3(g)(i) – impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL;
— Notes 3(f) (ii) – classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding;
— Notes 5(g), 21 and 3(a) – classification of reinsurance, retrocessionaire and investment contracts: assessing whether the contract transfers significant insurance risk.
— Notes 3(o) – level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

- Notes 21 – measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract
- Note 5– transition to IFRS 17: determining whether sufficient reasonable and supportable information is available to apply a full or modified retrospective approach.

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This section provides details of the company's exposure to risk and describes the methods used by management to control risk.

The most important types of financial risk to which the company is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations and arises principally from the trading activities and reinsurance contract assets as well as placement and balances with other counterparties, security deposits, staff expense advances, other receivables and bank balances. The board of directors has the responsibility of managing the company's credit risk. For risk management reporting purposes, the company considers and consolidates all elements of credit risk exposure.

5. FINACIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

The amounts that best represent the company's maximum exposure to the credit risk as at 31 December 2023 and 31 December 2022 are made up as follows:

	2023			2022		
All figures are in thousands of Kenya shillings	**Gross**	**ECL**	**Net**	**Gross**	**ECL**	**Net**
Classification of credit risk bearing assets:						
Cash in the bank (Note 18)	40,918	628	40,290	55,048	830	54,218
Due from related party (Note 20)	65,266	-	65,266	57,658	-	57,658
Sundry receivables (Note 20)	21,971	-	21,971	9,960	-	9,960
Deposits with financial institutions (Note 19)	3,088,014	33,879	3,054,135	1,614,256	17,472	1,596,784
Investment in Government securities (Note 19)	1,055,775	3,154	1,052,621	898,503	2,699	895,804
Reinsurance contract assets (Note 21)	589,798	407	589,391	381,525	1,323	380,202
Retrocessionaire contract assets (Note 21)	154	-	154	6,122	-	6,122
	4,861,876	**38,068**	**4,823,828**	**3,023,072**	**22,324**	**3,000,748**

The following tables show reconciliations from the opening balance to the closing balance of the loss allowance by class of financial instrument.

All figures are in thousands of Kenya shillings	**Cash in bank**	**Deposits with financial institutions**	**Investment in government securities**	**Reinsurance contract assets**
2023:				
Balance as at 1 January	830	17,472	2,699	1,328
Net additions to expected credit losses	(202)	16,407	455	(921)
Balance as at 31 December	**628**	**33,879**	**3,154**	**407**
2022:				
Balance as at 1 January	353	14,697	1,146	-
Net additions to expected credit losses	275	19,182	1,553	1,328
Balance as at 31 December	**628**	**33,879**	**3,154**	**407**

5. FINACIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

Impairment approach

The expected credit loss for each asset was determined by estimating the probability of default, loss given default and the exposure at default. The probability of default for each of the assets was determined using the following approaches:

Low risk financial assets

- Reference to external credit ratings published by Standards & Poor. The default rates based on the tier of the banks was used for cash and bank deposits.
- For unrated banks in the same tier as a rated bank, a similar rating has been applied to banks in the same tier. For example, Standards & Poor has given a B+ rating to a Bank – all other unrated banks in the same tier have been rated as B+.
- For Government T-bills, Standards & Poor B+ Sovereign grade was used to determine the default rate based on Kenya's rating obtained from S&P.
- The government's bond rating was taken as the maximum rating for all other financial institutions.
- The loss given default was derived from the Moody's analytical global LGD tables for banking institutions.

Reinsurance receivables

- Analysis of historical ageing of premium receivables, with the assumption that receivables that are outstanding for over two years are defaulted. The assumed the minimum default rate for receivables is 0.1%. The historic default rates are determined based on the movements between March 2019 and December 2023.
- The loss given default was derived from the Moody's analytical global LGD tables for insurance counterparties.

Sundry and other receivables

- No impairment was assessed for the sundry receivables as they relate mostly intercompany balances with WAICA Reinsurance Corporation PLC with insignificantly low risk of default.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated insurance and reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines.

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

The table below shows the contractual maturity of financial liabilities at the reporting date:

All figures are in thousands of Kenya shillings

2023:	Due on demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Total
Liabilities						
Other payables	-	13,338	11,193	4,686	36,107	65,324
Related party	-	-	18,142	-	-	18,142
Lease liabilities	-	662	1,867	2,165	55,758	60,452
Reinsurance contract liabilities	-	-	-	285,512	1,142,050	1,427,562
Retrocessionaire contract liabilities	-	-	-	212,761	851,042	1,063,803
Total financial liabilities	-	**14,000**	**31,202**	**505,124**	**2,084,957**	**2,635,283**

2022:	Due on demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Total
Liabilities						
Other payables	-	-	7,981	9,826	53,918	71,725
Lease liabilities	-	564	1,692	3,559	55,758	61,573
Reinsurance contract liabilities	-	-	-	166,336	665,343	831,679
Retrocessionaire contract liabilities	-	-	-	104,787	419,150	523,937
Total financial liabilities	-	**564**	**9,673**	**284,508**	**1,194,169**	**1,488,914**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk on cash balances, fixed deposits, related party balances, underwriting income and expenses and management expenses that are denominated in a currency other than the respective functional currency. The currencies in which these transactions primarily are denominated are KShs.

5. **FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)**

(c) **Market risk (continued)**

Currency risk – continued

The following exchange rates were applied during the period:

	Average rate		Closing rates	
	2023	2022	2023	2022
	KShs	KShs	KShs	KShs
USD Dollar	139.85	117.55	156.46	123.37

The Company's exposure to foreign currency risk was as follows: based on notional amounts.

All figures are in thousands of Kenya shillings

	2023	2022
	USD	USD
Assets		
Cash and cash equivalents	23,402	27,038
Fixed deposits	2,734,320	1,414,223
	2,757,722	**1,441,261**
Liabilities		
Other payables	(18,142)	(295,059)
Net position	**2,739,580**	**1,146,202**

Sensitivity analysis on exchange rates

A 10 percent strengthening of the shilling against US Dollar at 31 December 2023 and 31 December 2022 would have decreased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant.

Effect in Kenya Shillings on profit or loss before tax and in equity

	On profit or loss		On equity	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
USD Dollar	**(273,958)**	**(114,620)**	**(191,771)**	**(80,234)**

On the same basis, a 10 percent weakening of the shilling against the above currencies at 31 December 2022 and 31 December 2023 would have had equal but opposite effect on the currencies to the amounts shown above.

Interest risk

The Company's has fixed interest rate financial instruments which are government securities and deposits with financial institutions. Included in the table below are the company's assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(c) Market risk (continued)

Interest risk – continued

2023:

All figures are in thousands of Kenya Shillings	**Due within 3 months**	**Due after 3 months but within 12 months**	**Due between 1 and 5 years**	**Over 5 years**	**Total**
Government securities	14,918	423,036	157,264	461,933	1,057,151
Deposits with financial institutions	569,797	2,517,449	-	-	3,087,246
Impairment of investments	-	(37,641)	-	-	(37,641)
Total assets	**584,715**	**2,902,844**	157,264	**461,933**	**4,106,756**

2022:

All figures are in thousands of Kenya Shillings	**Due within 3 months**	**Due after 3 months but within 12 months**	**Due between 1 and 5 years**	**Over 5 years**	**Total**
Government securities	14,918	453,350	-	430,235	898,503
Deposits with financial institutions	185,304	1,429,782	-	-	1,615,086
Impairment of investments	-	(21,001)	-	-	(21,001)
Total assets	**200,222**	**1,862,131**	-	**430,235**	**2,492,588**

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(c) Market risk (continued)

Interest risk – continued

The Company's approach to managing interest rate risk is the maintenance of highly liquid short-term investment portfolio. The Company monitors the investment portfolio closely to redirect to investment vehicles with high returns.

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The Company did not have any variable-rate instruments at the year-end (2022 – Nil).

Market stress risk

To address stress risk, the company has undertaken relevant analysis, equal to the nature, scale and complexity of the business. Stress testing has been used to assess the Company's ability to meet liabilities requirements in stressed conditions, as a key component of effective risk management.

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(c) **Market risk (continued)**

Market stress risk – continued

The table below shows results for different scenarios.

	31 December 2023		31 December 2022	
	LIC at end period	**Impact on LIC**	**LIC at end period**	**Impact on LIC**
Base result				
Insurance contract liabilities (net)	1,370,084	-	754,032	-
Reinsurance contract liabilities (net)	919,609	-	397,810	-
Net insurance contract liabilities	**2,289,693**		**1,151,842**	
Yields - 1% decrease				
Insurance contract liabilities (net)	1,402,555	32,471	770,545	16,513
Reinsurance contract liabilities (net)	918,176	(1,433)	396,869	(941)
Net insurance contract liabilities	**2,320,731**	**31,038**	**1,167,414**	**15,572**
Yields - 1% increase				
Insurance contract liabilities (net)	1,313,553	(56,531)	723,673	(30,359)
Reinsurance contract liabilities (net)	921,592	1,983	399,825	2,015
Net insurance contract liabilities	**2,235,145**	**(54,548)**	**1,123,498**	**(28,344)**
Yields - FX decrease 10%				
Insurance contract liabilities (net)	1,297,345	(72,739)	739,795	(14,237)
Reinsurance contract liabilities (net)	836,217	(83,392)	357,967	(39,843)
Net insurance contract liabilities	**2,133,562**	**(156,131)**	**1,097,762**	**(54,080)**
Yields - FX increase 10%				
Insurance contract liabilities (net)	1,442,823	72,739	768,269	14,237
Reinsurance contract liabilities (net)	1,003,001	83,392	437,653	39,843
Net insurance contract liabilities	**2,445,824**	**156,131**	**1,205,922**	**54,080**

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(d) Fair value

The fair values of financial assets and financial liabilities approximate to the carrying amounts as shown in the statement of financial position.

2023:	**Financial liabilities at amortised cost**	**Financial assets at amortised cost**	**Total carrying value**	**Fair value**
All figures are in thousands of Kenya Shillings				
Financial assets				
Due from related party	-	65,266	65,266	65,266
Other receivables	-	21,971	21,971	21,971
Investments	-	4,106,756	4,106,756	4,106,756
Cash and bank balances	-	40,291	40,291	40,291
	-	**4,234,284**	**4,234,284**	**4,234,284**
Financial liabilities				
Other liabilities	94,602	-	94,602	94,602
	94,602	-	**94,602**	**94,602**

2022:	**Financial liabilities at amortised cost**	**Financial assets at amortised cost**	**Total carrying value**	**Fair value**
Financial assets				
Due from related party	-	47,565	47,565	47,565
Other receivables	-	9,960	9,960	9,960
Investments	-	2,492,588	2,492,588	2,442,372
Cash and bank balances	-	54,264	54,264	54,264
	-	**2,604,377**	**2,604,377**	**2,604,377**
Financial liabilities				
Other liabilities	71,725	-	71,725	71,725
	71,725	-	**71,725**	**71,725**

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(e) Capital management

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

- to comply with the capital requirements as set out in the Insurance Act.
- to comply with regulatory solvency requirements as set out in the Insurance Act.
- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders.
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Kenyan Insurance Act requires each reinsurance company to hold a minimum level of paid up capital determined as the higher of the following for general business:

- One billion shillings; or
- Risk based capital determined by the Authority from time to time; or
- 20% of the net earned premium or the preceding financial year

During the year the Company held the minimum paid up capital required and Capital Adequacy Ratio (CAR) of 229% (2022 – 160%).

Capital	**2023**	**2022**
Tier-1 Capital	2,335,878,714	1,804,603,474
Tier-2 Capital	-	-
Deductions	44,231,761	202,574,957
Total Capital Available (TCA)	**2,291,646,953**	**1,602,028,517**
Absolute Amount Minimum (A)	1,000,000,000	1,000,000,000
Volume of Business Minimum (B)	507,288,980	219,273,395
Risk Based Capital Minimum (C)	819,597,224	477,343,759
Minimum Required Capital: higher of (A, B, C)	**1,000,000,000**	**1,000,000,000**
Capital Adequacy Ratio	**229%**	**160%**

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(f) Operational risk (continued)

The primary responsibility for the development and implementation of controls to address
operational risk is assigned to senior management within the Company.

This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including reinsurance whether this is effective.

(g) Reinsurance risk

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

For a portfolio of reinsurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its reinsurance contracts is that the actual claims and benefit payments may exceed the carrying amount of the reinsurance liabilities and the pricing is inadequate to meet its obligations. 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.

Experience shows that the larger the portfolio of similar reinsurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its reinsurance underwriting strategy to diversify the type of risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate reinsurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The Company minimizes its exposure by purchasing retrocession protection from credible counter parties.

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(g) Reinsurance risk (continued)

Concentration of reinsurance exposure by the main classes of business in which the Company operates (gross and net of retrocession):

31 December 2023

Class of business		0 – 20 Million KShs'000	20 – 250 million KShs'000	250 – 1000 Million KShs'000	Over 1000 Million KShs'000	Totals KShs'000
Aviation	Gross	369,805	2,130,285	8,153,010	4,959,630	**15,612,730**
	Net	369,805	819,540	329,700	70,650	**1,589,695**
Engineering	Gross	2,502,766	34,620,611	71,317,120	137,003,652	**245,444,149**
	Net	2,502,766	9,785,798	3,438,300	1,318,800	**17,045,664**
Fire Domestic	Gross	-	1,221,233	715,402	-	**1,936,635**
	Net	-	541,650	23,550	-	**565,200**
Fire Industrial	Gross	2,253,258	68,073,219	243,127,074	801,002,798	**1,114,456,349**
	Net	2,253,258	15,203,314	10,526,850	7,371,150	**35,354,572**
Liability	Gross	3,180,719	38,522,626	41,612,627	33,065,680	**116,381,652**
	Net	3,180,719	9,974,666	2,048,850	282,600	**15,486,835**
Marine	Gross	2,008,022	20,332,779	23,206,281	4,003,500	**49,550,582**
	Net	2,008,022	5,266,978	942,000	47,100	**8,264,100**
Motor Private	Gross	510,916	1,141,707	-	-	**1,652,623**
	Net	510,916	471,000	-	-	**981,916**
Motor Commercial	Gross	810,869	2,699,394	-	-	**3,510,263**
	Net	810,869	871,350	-	-	**1,682,219**
Personal Accident	Gross	793,175	7,084,249	4,771,879	3,132,368	**15,781,671**
	Net	793,175	2,358,801	164,850	47,100	**3,363,926**
Theft	Gross	268,173	9,289,706	8,273,029	36,513,527	**54,344,435**
	Net	268,173	2,370,212	353,250	400,350	**3,391,985**
Workmen Compensation	Gross	105,384	4,190,764	989,959	-	**5,286,107**
	Net	105,384	1,036,200	70,650	-	**1,212,234**

5. **FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)**

(g) **Reinsurance risk (continued)**

31 December 2023

Class of business		0 – 20 Million KShs'000	20 – 250 Million KShs'000	250 – 1000 Million KShs'000	Over 1000 Million KShs'000	Totals KShs'000
Medical	Gross	72,168	-	-	-	**72,168**
	Net	72,168	-	-	-	**72,168**
Miscellaneous	Gross	3,829,499	19,190,014	61,499,006	88,632,528	**173,151,047**
	Net	3,829,499	7,277,746	2,731,800	753,600	**14,592,645**
Total	**Gross**	**16,704,754**	**208,496,587**	**463,665,387**	**1,108,313,683**	**1,797,180,411**
Total	**Net**	**16,704,754**	**55,977,255**	**20,629,800**	**10,291,350**	**103,603,159**

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(g) Reinsurance risk (continued)

Concentration of reinsurance exposure by the main classes of business in which the Company operates (gross and net of retrocession):

31 December 2022

Class of business		0-20 Million KShs'000	20- 250 Million KShs'000	250 -1000 Million KShs'000	Over 1,000 Million KShs'000	Totals KShs'000
Aviation	**Gross**	41,829	588,800	4,589,871	1,299,929	**6,520,429**
	Net	41,829	588,800	4,081,257	1,299,929	**6,011,815**
Engineering	**Gross**	1,047,408	24,035,876	55,632,154	77,682,853	**158,398,291**
	Net	1,042,802	23,949,358	53,989,906	70,377,136	**149,359,202**
Fire domestic	**Gross**	-	771,576	252,642	-	**1,024,218**
	Net	-	771,576	252,642	-	**1,024,218**
Fire industrial	**Gross**	1,392,258	34,833,420	145,891,903	478,853,345	**660,970,926**
	Net	1,337,261	34,070,228	139,522,004	423,952,814	**598,882,307**
Liability	**Gross**	1,566,218	18,383,003	22,859,889	316,186,530	**358,995,640**
	Net	1,561,033	18,307,804	21,600,113	316,186,530	**357,655,480**
Marine	**Gross**	729,373	10,564,087	22,781,376	10,852,126	**44,926,962**
	Net	729,373	10,564,087	22,608,162	10,294,482	**44,196,104**
Motor private	**Gross**	318,142	326,784	-	-	**644,926**
	Net	318,142	326,784	-	-	**644,926**
Motor commercial	**Gross**	520,006	1,317,965	-	5,868,222	**7,706,193**
	Net	520,006	1,020,191	-	5,868,222	**7,408,419**
Personal accident	**Gross**	416,354	3,127,887	977,639	-	**4,521,880**
	Net	416,354	3,043,563	977,639	-	**4,437,556**
Theft	**Gross**	121,627	1,990,142	5,389,638	6,293,357	**13,794,764**
	Net	121,627	1,668,917	4,683,812	6,293,357	**12,767,713**

5. FINANCIAL AND REINSURANCE RISK MANAGEMENT (Continued)

(g) Reinsurance risk (continued)

31 December 2022

Class of business		0-20 Million KShs'000	20- 250 Million KShs'000	250 -1000 Million KShs'000	Over 1,000 Million KShs'000	Totals KShs'000
Workmen's' compensation	Gross	142,168	4,048,590	4,038,287	5,536,969	**13,766,014**
	Net	116,919	4,032,904	4,038,287	5,536,969	**13,725,079**
Medical	Gross	9,368	-	-	-	**9,368**
	Net	9,368	-	-	-	**9,368**
Miscellaneous	Gross	1,179,123	11,702,351	37,361,958	971,943,594	**1,022,187,026**
	Net	1,143,643	9,452,181	23,997,834	486,717,943	**521,311,601**
Total	**Gross**	**7,483,874**	**111,690,481**	**299,775,357**	**1,874,516,925**	**2,293,466,637**
Total	**Net**	**7,358,357**	**107,796,393**	**275,751,656**	**1,326,527,382**	**1,717,433,788**

6. OPERATING SEGMENTS

(a) Basis of segmentation

The Company has the following strategic divisions, which are reportable segments. These divisions offer different products and are managed separately based on the Company's management and internal reporting structure;

Reportable segment

- Aviation
- Engineering
- Fire domestic
- Fire industrial
- Liability
- Marine
- Motor private
- Motor commercial
- Personal accident
- Theft
- Workmens' compensation
- Medical
- Miscellaneous

The Company's Management Committee reviews internal management reports from each division at least monthly.

Information about reportable segments

Information relating to each reportable segment is set out in Appendices on pages 86 to 87. Segment profit before tax, as included in management reports reviewed by the Company's management, is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

7. INSURANCE REVENUE

Contracts measured under the PAA	2023 KShs'000	2022 Restated KShs'000
Aviation	55,831	43,017
Engineering	840,250	480,671
Fire domestic	9,873	636
Fire industrial	2,125,035	1,418,352
Liability	679,097	198,772
Marine	176,606	127,242
Motor private	15,335	62,048
Motor commercial	86,017	46,029
Accidents and others	252,209	154,510
Theft	105,200	30,352
Workmen compensation	165,919	198,698
Medical	458,276	88,717
Miscellaneous	87,569	543,020
Total insurance revenue (Note 21)	**5,057,217**	**3,392,064**

8. INSURANCE SERVICE EXPENSES

(a) Incurred claims and reinsurance contracts expenses

	2023 KShs'000	2022 Restated KShs'000
Recognition of claims incurred in the period (current service cost)	2,179,491	1,113,699
Change in risk adjustment for incurred claims	61,711	37,349
Losses on onerous contracts	9,163	11,546
Reversal of losses on onerous contracts	(12,326)	(14,396)
	2,238,039	**1,148,198**

(b) Reinsurance contract acquisition cashflows

	2023 KShs'000	2022 Restated KShs'000
Amount attributed to insurance acquisition cashflows incurred during the year		
Amortisation of insurance acquisition cashflows (Note 21)	1,434,320	1,139,754
Totals	**1,434,320**	**1,139,754**
Total reinsurance service expense (Note 21)	**3,672,359**	**2,287,952**

9. NET EXPENSES FROM REINSURANCE CONTRACTS HELD

(a) Allocation of reinsurance premiums

	2023 KShs'000	2022 Restated KShs'000
Retro premium allocation	(875,658)	(624,472)
Release retro commission	158,353	152,287
Net amount (Note 21)	**(717,305)**	**(472,185)**
(b) Amounts recoverable from reinsurers for incurred claims (Note 21)	21,577	90,664
Totals net expense from reinsurance contracts held (Note 21)	**(695,728)**	**(381,521)**

10. INVESTMENT RETURN

	2022 KShs'000	2023 Restated KShs'000
Interest revenue calculated using the effective interest method	225,623	110,796
Other investment revenue	74	123
Net impairment loss on financial assets	(16,640)	(4,805)
	209,057	**106,114**

11. NET FINANCE INCOME FROM REINSURANCE CONTRACTS ISSUED

	2023 KShs'000	2022 KShs'000
Finance income/expense from contracts issued within the scope of IFRS 17		
Interest accretion on liability for incurred claims (Best estimate liability)	39,261	(1,372)
Effect on changes in interest rates and other financial assumptions	(25,134)	(9,392)
Interest accretion on LIC (Risk adjustment)	6,669	2,213
Interest accretion on loss component	-	-
Exchange differences on insurance contracts	(74,006)	-
	(53,210)	**(8,551)**

12. NET FINANCE EXPENSE FROM RETROCESSIONAIRE CONTRACTS HELD

	2023 KShs'000	2022 KShs'000
Interest accretion on reinsurance liability for incurred Claims (best estimate liability) recognised in profit or loss	(4,912)	2,220
Effects of changes in interest rates and other financial assumptions	1,852	13
Interest accretion on reinsurance liability for incurred claims (risk adjustment) recognised in profit or loss	(448)	(7)
Exchange differences on reinsurance contracts	31,146	-
	27,638	**2,226**

13. MANAGEMENT EXPENSES

(a) Personnel expenses

	2023	2022
Salaries and wages	142,281	117,560
Other employee benefits	9,876	5,539
Other staff costs	3,947	3,067
	156,104	**126,166**

	2023	**2022**
Number of staff	**13**	**10**

Other employee benefits comprise of provisions made for the period for staff gratuity for staff on contract basis at 15% of annual basic pay and staff travelling allowances. As at 31 December 2023, there were no outstanding leave days. (2022 – Nil).

13. MANAGEMENT EXPENSES (Continued)

(b) Other operating expenses

	2023 KShs'000	2022 KShs'000
Travelling and marketing	18,500	26,167
Directors' remuneration	25,208	24,187
Board expenses	32,911	18,511
Other operating costs	47,851	11,531
Legal and professional fees	17,435	9,365
Depreciation on property and equipment (Note 23)	12,679	6,206
Communication	4,812	5,150
Meetings, conferences, and trainings	9,701	4,005
Auditors' fees	7,014	3,300
Short term lease payments	2,970	2,780
Insurance	3,211	2,040
Repairs and maintenance	1,085	714
Motor running expenses	927	610
Advertising	549	524
Amortisation of intangible assets (Note 24)	510	510
Actuarial difference	41,958	85,106
Printing and stationery	28	111
	227,349	**200,817**

14. OTHER FINANCE INCOME

Forex exchange gain	497,162	173,667
Finance cost on investment	(1,944)	(8,657)
Interest expenses on lease liability (Note 30(b))	(4,574)	(3,882)
	490,644	**161,128**

15. OTHER INCOME

Gain on disposal of property and equipment	**35**	-

16. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	2023 KShs'000	2022 KShs'000
Depreciation on property and equipment (Note 23)	12,679	6,206
Amortisation of intangible assets (Note 24)	510	510
Directors' remuneration (Note 29(a))	25,208	24,187
Auditor's remuneration (Note 13(b))	7,014	3,300

17. TAXATION

(a) Income tax charge

	2023 KShs'000	2022 KShs'000
Current income tax		
Current tax charge	192,935	240,763
Deferred income tax (Note 22)		
Prior year deferred tax adjustment	166	355
Current year movement	163,754	(41,386)
Total current tax charge	**356,855**	**199,732**

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

	2023 KShs'000	2022 KShs'000
Accounting profit before taxation	1,030,985	809,988
Tax at the applicable rate of 30%	309,296	242,997
Tax effect of expenses not deductible and exempt income for tax purposes	(13,142)	(1,385)
Prior year deferred tax adjustment	166	355
Impact of IFRS 17 adoption	60,535	(42,235)
	356,855	199,732

(b) Current tax

	2023 KShs'000	2022 KShs'000
Balance brought forward	107,767	87,305
Current period charge	192,935	240,763
Tax paid	(375,557)	(220,301)
Tax (recoverable)/payable	**(74,855)**	**107,767**

18. CASH AND CASH EQUIVALENTS

	2023 KShs'000	2022 KShs'000
Cash in the bank	40,290	54,218
Cash at hand	1	46
	40,291	54,264

19. INVESTMENTS

	2023 KShs'000	2022 KShs'000
Balance 1 January	2,492,588	1,676,632
Purchase of government securities	156,817	513,526
Additional fixed deposits with financial institutions:		
– Classified as investments in statement of cash flows	1,457,351	302,430
Balance 31 December	**4,106,756**	**2,492,588**
Maturity analysis:		
Due within 3 months of placement	915,957	-
Due after 3 months but within 12 months of placement	2,572,921	2,492,588
Due after 12 months of placement	617,878	-
	4,106,756	2,492,588

19. INVESTMENTS (Continued)

The treasury bills (Government securities) are invested with the Central Bank of Kenya. The term deposits are held to maturity with other commercial banks incorporated in Kenya and governed by the Central Bank of Kenya. The investments are measured at amortised cost.

20. OTHER RECEIVABLES

	2023 KShs'000	2022 KShs'000
Due from related party (Note 29(b))	65,266	57,658
Sundry receivables*	27,291	17,697
	92,557	**75,355**

*Sundry receivables include staff loans, prepayments and accountable imprest.

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES

Movement in retrocessionaire contract balances

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

2023:	Asset for remaining coverage excluding loss recovery component KShs'000	Loss recovery component KShs'000	Asset for incurred claims KShs'000	Total KShs'000
Opening retrocessionaire contract liabilities	(98,102)	-	(425,835)	(523,937)
Opening retrocessionaire contract assets	(21,903)	-	28,025	6,122
Net retrocessionaire contract assets/(liabilities) opening balance	**(120,005)**	**-**	**(397,810)**	**(517,815)**
Allocation of retrocession premiums	**(717,305)**	**-**	**-**	**(717,305)**
Amounts recoverable from reinsurers for incurred claims	**-**	**-**	**21,577**	**21,577**
Amounts recoverable for incurred claims and other expenses	-	-	(15,406)	(15,406)
Changes to amounts recoverable for incurred claims	-	-	36,983	36,983
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-
Retrocession investment components	**-**	**-**	**-**	**-**
Net income or expense from reinsurance contracts held	**(717,305)**	**-**	**21,577**	**(695,728)**
Retrocession finance income	(32,225)	-	(103,639)	(135,864)
Total changes in the statement of comprehensive income	**(749,530)**	**-**	**(82,062)**	**(831,592)**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in retrocessionaire contract balances (continued)

2023:	Asset for remaining coverage excluding loss recovery component KShs'000	Loss recovery component KShs'000	Asset for incurred claims KShs'000	Total KShs'000
Cash flows				
Premiums paid	439,188	-	-	439,188
Amounts received	(146,789)	-	(6,643)	(153,432)
Total cash flows	**292,399**	**-**	**(6,643)**	**285,756**
Other movements	**433,095**	**-**	**(433,095)**	**-**
Net retrocessionaire contract assets/(liabilities) closing balance	**(144,040)**	**-**	**(919,609)**	**(1,063,649)**
Closing retrocessionaire contract liabilities	(144,040)	-	(919,763)	(1,063,803)
Closing retrocessionaire contract assets	-	-	154	154
Net retrocessionaire contract assets/(liabilities) closing balance	**(144,040)**	**-**	**(919,609)**	**(1,063,649)**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in reinsurance contract balances (continued)

2023:	Liability for remaining coverage excluding loss component KShs'000	Loss component KShs'000	Liability for incurred claims KShs'000	Total KShs'000
Opening reinsurance Contract Liabilities	(123,630)	11,008	944,301	831,679
Opening reinsurance Contract Assets	(191,256)	1,323	(190,269)	(380,202)
Net reinsurance contract (asset)/liabilities opening balance	**(314,886)**	**12,331**	**754,032**	**451,477**
Insurance revenue	**(5,057,217)**	**-**	**-**	**(5,057,217)**
Insurance service expenses	**1,434,320**	**(3,163)**	**2,241,202**	**3,672,359**
Incurred claims and other directly attributable expenses	-	(12,326)	2,559,431	2,547,105
Changes to liabilities for incurred claims	-	-	(318,229)	(318,229)
Losses on onerous contracts and reversal of those losses	-	9,163	-	9,163
Amortisation of insurance acquisition cash flows	1,434,320	-	-	1,434,320
Investment components	**-**	**-**	**-**	**-**
Net income or expense from insurance contracts held	**(3,622,897)**	**(3,163)**	**2,241,202**	**(1,384,858)**
Reinsurance finance expenses	(54,917)	1,581	105,277	51,941
Total changes in the statement of comprehensive income	**(3,677,814)**	**(1,582)**	**2,346,479**	**(1,332,917)**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in reinsurance contract balances (continued)

2023:	Liability for remaining coverage excluding loss component KShs'000	Loss component KShs'000	Liability for incurred claims KShs'000	Total KShs'000
Cash flows				
Premiums received	4,143,651	-	-	4,143,651
Claims and other expenses paid	-	-	(1,229,516)	(1,229,516)
Insurance acquisition cash flows	(1,194,525)	-	-	(1,194,525)
Total cash flows	**2,949,126**	**-**	**(1,229,516)**	**1,719,610**
Other movements	**500,912**	**-**	**(500,912)**	**-**
Net reinsurance contract (asset)/liabilities closing balance	**(542,662)**	**10,749**	**1,370,084**	**838,171**
Closing reinsurance contract liabilities	(375,178)	10,342	1,792,398	1,427,562
Closing reinsurance contract assets	(167,484)	407	(422,314)	(589,391)
Net reinsurance contract (asset)/liabilities closing balance	**(542,662)**	**10,749**	**1,370,084**	**838,171**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in retrocessionaire contract balances (continued)

2022:	Asset for remaining coverage excluding loss recovery component KShs'000	Loss recovery component KShs'000	Asset for incurred claims KShs'000	Total KShs'000
Opening retrocessionaire contract liabilities	(80,822)	-	(118,139)	(198,961)
Opening retrocessionaire contract assets	-	-	-	-
Net retrocessionaire contract assets/(liabilities) opening balance	**(80,822)**	**-**	**(118,139)**	**(198,961)**
Allocation of retrocessionaire premiums	**(472,185)**	**-**	**-**	**(472,185)**
Amounts recoverable from reinsurers for incurred claims	**-**	**-**	**90,664**	**90,664**
Amounts recoverable for incurred claims and other expenses	-	-	(59,935)	(59,935)
Changes to amounts recoverable for incurred claims	-	-	150,599	150,599
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-
Retrocession investment components	**-**	**-**	**-**	**-**
Net income or expense from reitrocession contracts held	**(472,185)**	**-**	**90,664**	**(381,521)**
Retrocession finance income	(14,058)	-	(11,332)	(25,390)
Total changes in the statement of comprehensive income	**(486,243)**	**-**	**79,332**	**(406,911)**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in retrocessionaire contract balances (continued)

2022:	Asset for remaining coverage excluding loss recovery component KShs'000	Loss recovery component KShs'000	Asset for incurred claims KShs'000	Total KShs'000
Cash flows				
Premiums paid	130,239	-	-	130,239
Amounts received	(22,032)	-	(20,149)	(42,181)
Total cash flows	**108,207**	**-**	**(20,149)**	**88,058**
Other movements	**338,855**	**-**	**(338,855)**	**-**
Net retrocession contract assets/(liabilities) closing balance	**(120,005)**	**-**	**(397,810)**	**(517,815)**
Closing retrocession contract liabilities	(98,102)	-	(425,835)	(523,937)
Closing retrocession contract assets	(21,903)	-	28,025	6,122
Net retrocession contract assets/(liabilities) closing balance	**(120,005)**	**-**	**(397,810)**	**(517,815)**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in reinsurance contract balances (continued)

2022:	**Liability for remaining coverage**			
	Excluding loss component KShs'000	**Loss component KShs'000**	**Liability for incurred claims KShs'000**	**Total KShs'000**
Opening Insurance contract liabilities	(25,462)	14,033	377,967	366,538
Opening Insurance contract assets	(156,018)	541	72,344	(83,133)
Net insurance contract (asset)/liabilities opening balance	**(181,480)**	**14,574**	**450,311**	**283,405**
Insurance revenue	**(3,392,064)**	-	-	**(3,392,064)**
Insurance service expenses	**1,139,754**	**(2,850)**	**1,151,048**	**2,287,952**
Incurred claims and other directly attributable expenses	-	(14,396)	1,288,988	1,274,592
Changes to liabilities for incurred claims	-	-	(137,940)	(137,940)
Losses on onerous contracts and reversal of those losses	-	11,546	-	11,546
Amortisation of insurance acquisition cash flows	1,139,754	-	-	1,139,754
Investment components	-	-	-	-
Net income or expense from insurance contracts held	**(2,252,310)**	**(2,850)**	**1,151,049**	**(1,104,111)**
Insurance finance expenses	(22,817)	606	19,543	(2,668)
Total changes in the statement of comprehensive income	**(2,275,127)**	**(2,244)**	**1,170,592**	**(1,106,779)**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in reinsurance contract balances (continued)

2022:

	Liability for remaining coverage			
	Excluding loss component KShs'000	**Loss component KShs'000**	**Liability for incurred claims KShs'000**	**Total KShs'000**
Cash flows				
Premiums received	2,476,409	-	-	2,476,409
Claims and other expenses paid	-	-	(488,273)	(488,273)
Insurance acquisition cash flows	(713,285)	-	-	(713,285)
Total cash flows	**1,763,124**	**-**	**(488,273)**	**1,274,851**
Other movements	**378,599**	**-**	**(378,599)**	**-**
Net reinsurance contract (asset)/liabilities closing balance	**(314,886)**	**12,331**	**754,032**	**451,477**
Closing reinsurance contract liabilities	(123,630)	11,008	944,301	831,679
Closing reinsurance contract assets	(191,256)	1,323	(190,269)	(380,202)
Net reinsurance contract (asset)/liabilities closing balance	**(314,886)**	**12,331**	**754,032**	**451,477**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in reinsurance contract balances (continued)

The table below shows the breakdown of Net Liability for incurred claims into PVFCF(Present value future cashflows) and risk adjustment

2023:

Calculation of reinsurance liability	Liability for remaining cover		Liability for incurred claims		
	Non-onerous KShs'000	Loss component KShs'000	Risk adjustment KShs'000	PVFCF KShs'000	Reinsurance contract liability KShs'000
Opening balance	**(314,886)**	**12,331**	**71,590**	**682,442**	**451,477**
Cash Inflows - Premiums Received	4,143,651	-	-	-	4,143,651
Insurance Revenue	(5,057,217)	-	-	-	(5,057,217)
Paid Claims net of recoveries	-	-	-	1,229,516	1,229,516
Maintenance Expenses Allocated	-	-	-	-	-
Change in the Liability for Remaining Coverage	-	-	-	949,976	949,976
Change in Loss Component - New loss arising in period	-	9,163	-	-	9,163
Change in Loss Component - Reversal	-	(12,326)	-	-	(12,326)
Change in Risk Adjustment	-	-	61,711	-	61,711
Amortised Deferred Acquisition Costs	1,434,320	-	-	-	1,434,320
Other Immediate Acquisition Costs	-	-	-	-	-
Investment Component	-	-	-	-	-
Insurance Finance Expenses	-	-	6,668	14,128	20,796
Cash Outflows - Claims, commissions and expenses paid	(1,194,525)	-	-	(1,229,516)	(2,424,041)
Outstanding balances transferred to LIC at expiry of cover	500,912	-	-	(500,912)	-
Currency impact	(54,917)	1,581	10,082	74,400	31,146
Closing balance	**(542,661)**	**10,749**	**150,051**	**1,220,033**	**838,172**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in reinsurance contract balances (continued)

The table below shows the breakdown of Net Liability for incurred claims into PVFCF (Present value future cashflows) and risk adjustment;

2023:	**Liability for remaining cover**		**Liability for incurred claims**		
Calculation of retrocession liability	**Non-onerous KShs'000**	**Loss recovery component KShs'000**	**Risk adjustment KShs'000**	**PVFCF KShs'000**	**Reinsurance contract liability KShs'000**
Opening balance	**120,005**	-	**(4,569)**	**402,379**	**517,815**
Cash inflows	146,789	-	-	6,643	153,432
Insurance revenue	875,658	-	-	-	875,658
Amounts recovered from reinsurers	-	-	-	(6,643)	(6,643)
Change in outstanding amounts due from reinsurers	-	-	-	(14,215)	(14,215)
Change in Loss Recovery Component - New loss arising in period	-	-	-	-	-
Change in Loss Recovery Component - Reversal	-	-	-	-	-
Change in Risk Adjustment	-	-	(720)	-	(720)
Reinsurer Commission amortised	(158,353)	-	-	-	(158,353)
Other Related Income (Reinsurance Profit Commission)	-	-	-	-	-
Insurance Finance Expenses	-	-	(448)	(3,060)	(3,508)
Cash outflows	(439,188)	-	-	-	(439,188)
Outstanding balances transferred to LIC at expiry of cover	(433,095)	-	-	433,095	-
Currency impact	32,224	-	(438)	107,585	139,371
Closing balance	**144,040**	-	**(6,175)**	**925,784**	**1,063,649**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in retrocession contract balances (continued)

The table below shows the breakdown of Net Liability for incurred claims into PVFCF(Present value future cashflows) and risk adjustment;

2022:

	Liability for remaining cover		Liability for incurred claims		
Calculation of reinsurance liability	**Non-onerous KShs'000**	**Loss component KShs'000**	**Risk adjustment KShs'000**	**PVFCF KShs'000**	**Reinsurance contract liability KShs'000**
Opening balance	**(181,481)**	**14,575**	**30,415**	**419,897**	**283,406**
Cash Inflows - Premiums Received	2,476,409	-	-	-	2,476,409
Insurance Service Expenses	1,139,754	(2,850)	37,349	1,113,700	2,287,953
Paid Claims net of recoveries	-	-	-	488,273	488,273
Maintenance Expenses Allocated	-	-	-	-	-
Change in the Liability for Remaining Coverage	-	-	-	625,426	625,426
Change in Loss Component - New loss arising in period	-	11,546	-	-	11,546
Change in Loss Component - Reversal	-	(14,396)	-	-	(14,396)
Change in Risk Adjustment	-	-	37,349	-	37,349
Amortised Deferred Acquisition Costs	1,139,754	-	-	-	1,139,754
Other Immediate Acquisition Costs	-	-	-	-	-
Investment Component	-	-	-	-	-
Insurance Finance Expenses	-	-	2,213	(10,764)	(8,551)
Cash Outflows - Claims, commissions and expenses paid	(713,285)	-	-	(488,273)	(1,201,558)
Outstanding balances transferred to LIC at expiry of cover	378,599	-	-	(378,599)	-
Currency impact	(22,817)	606	1,613	26,481	5,883
Closing balance	**(314,886)**	**12,331**	**71,590**	**682,442**	**451,477**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

Movement in retrocession contract balances (continued)

The table below shows the breakdown of Net Liability for incurred claims into PVFCF(Present value future cashflows) and risk adjustment

2022:

Calculation of retrocession liability	Liability for remaining cover		Liability for incurred claims		
	Non-onerous KShs'000	Loss recovery component KShs'000	Risk adjustment KShs'000	PVFCF KShs'000	Retrocession contract liability KShs'000
Opening balance	80,822	-	(94)	118,232	198,960
Cash inflows	22,032	-	-	20,149	42,181
Insurance revenue	624,472	-	-	-	624,472
Amounts recovered from reinsurers	-	-	-	(20,149)	(20,149)
Change in outstanding amounts due from reinsurers	-	-	-	(66,113)	(66,113)
Change in Loss Recovery Component - New loss arising in period	-	-	-	-	-
Change in Loss Recovery Component - Reversal	-	-	-	-	-
Change in Risk Adjustment	-	-	(4,403)	-	(4,403)
Reinsurer Commission amortised	(152,287)	-	-	-	(152,287)
Other Related Income (Reinsurance Profit Commission)	-	-	-	-	-
Insurance finance expenses	-	-	(7)	2,234	2,227
Cash outflows	(130,239)	-	-	-	(130,239)
Outstanding balances transferred to LIC at expiry of cover	(338,855)	-	-	338,855	-
Currency impact	14,058	-	(65)	9,171	23,164
Closing balance	**120,005**	**-**	**(4,569)**	**402,379**	**517,815**

21. REINSURANCE AND RETROCESSIONAIRE CONTRACT ASSETS AND LIABILITIES (Continued)

The claims development tables per accident year are shown below:

In thousands of Kenya Shillings

Underwriting year/booking period	0	1	2	3	4	5	**Total**
2019	2,654	14,517	6,894	13,063	9,334	-	**46,462**
2020	12,297	66,005	93,143	27,892	-	-	**199,337**
2021	28,598	220,549	301,677	-	-	-	**550,824**
2022	161,016	792,315	-	-	-	-	**953,331**
2023	162,439	-	-	-	-	-	**162,439**

Estimate of undiscounted gross cumulative claims	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
At the end of accident year	2,654	12,297	28,598	161,016	162,439	-
One year later	17,171	78,302	249,147	953,331	-	-
Two years later	24,065	171,444	550,824	-	-	-
Three years later	37,128	199,337	-	-	-	-
Four years later	46,462	-	-	-	-	-
Gross liabilities from accident years 2019 to 2023	-	137,757	553,315	756,677	1,473,546	2,921,295
Effect of discounting	-	-	-	-	-	(643,200)
Risk adjustment	-	-	-	-	-	150,051
Unpaid premiums transferred to the LIC	-	-	-	-	-	(1,058,062)
Gross liabilities for incurred claims included in the statement of financial position						**1,370,084**

22. DEFERRED TAX (ASSET)/LIABILITY

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

2023	Balance at 1 January 2023 KShs'000	Transition to IFRS 17 KShs'000	Prior year adjustment KShs'000	(Credited)/ charged to profit or loss KShs'000	Balance at 31 December 2023 KShs'000
Property and equipment	(3,480)	-	47	38	(3,395)
Reinsurance contracts	(104,650)	-		60,535	(44,115)
Provisions	(100,198)	-	119	18,720	(81,359)
Unrealised exchange gains	52,100	-	-	84,461	136,561
	(156,228)	-	**166**	**163,754**	**7,692**

2022	Balance at 1 January 2022 KShs'000	Transition to IFRS 17 KShs'000	Prior year adjustment KShs'000	(Credited)/ charged to profit or loss KShs'000	Balance at 31 December 2022 KShs'000
Property and equipment	(4,107)	-	-	627	(3,480)
Reinsurance contracts	-	(62,415)		(42,235)	(104,650)
Provisions	(58,859)	-	355	(41,694)	(100,198)
Unrealised exchange gains	10,184	-	-	41,916	52,100
	(52,782)	**(62,415)**	**355**	**(41,386)**	**(156,228)**

Deferred tax assets have been recognised because it is probable that future taxable profit will be available against which the Company can use the benefits therefrom.

23. PROPERTY AND EQUIPMENT

2023:	Right of use lease asset KShs'000	Motor vehicle KShs'000	Computer equipment KShs'000	Furniture and equipment KShs'000	Total KShs'000
Cost					
At 1 January	40,891	17,301	3,738	46,558	108,488
Additions	-	11,006	1,242	5,251	17,499
Disposals	-		-	(565)	(565)
At 31 December	40,891	28,307	4,980	51,244	125,422
Depreciation					
At 1 January	9,931	16,926	2,693	23,033	52,583
Charge for the year	4,350	2,898	471	4,960	12,679
Disposal	-	-	-	(565)	(565)
At 31 December	14,281	19,824	3,164	27,428	64,697
Net book value at 31 December 2023	**26,610**	**8,483**	**1,816**	**23,816**	**60,725**

23. PROPERTY AND EQUIPMENT (Continued)

2022:	Right of use lease asset KShs'000	Motor vehicle KShs'000	Computer equipment KShs'000	Furniture and equipment KShs'000	Total KShs'000
Cost					
At 1 January	25,903	17,301	2,625	22,240	68,069
Additions	14,988	-	1,113	24,318	40,419
At 31 December	40,891	17,301	3,738	46,558	108,488
Depreciation					
At 1 January	7,061	15,533	2,368	21,415	46,377
Charge for the year	2,870	1,393	325	1,618	6,206
At 31 December	9,931	16,926	2,693	23,033	52,583
Net book value at 31 December	**30,960**	**375**	**1,045**	**23,525**	**55,905**

24. INTANGIBLE ASSETS

	2023 Software KShs'000	2022 Software KShs'000
Cost		
At 1 January and at 31 December	2,655	2,655
Depreciation		
At 1 January	1,517	1,007
Charge for the year	510	510
At 31 December	2,027	1,517
Net book value at 31 December	**628**	**1,138**

25. SHARE CAPITAL

	2023 KShs'000	2022 KShs'000
Authorised, issued and fully paid:		
1,102,550 Ordinary shares of KShs 1,000 each		
Balance at 1 January and 31 December	**1,102,550**	**1,102,550**

The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regards to residual assets.

As at 31 December 2023 and 31 December 2022, the Company has complied with the Insurance Act on the minimum capital required for an insurance company carrying out reinsurance business in Kenya.

26. OTHER PAYABLES

	2023 KShs'000	2022 KShs'000
Other creditors*	40,423	7,585
Lease liabilities (Note 30(b))	35,820	38,598
Other liabilities**	54,179	50,488
	130,422	**96,671**

*Includes all payroll and other accrued expenses.
** Includes statutory liabilities.

The estimated fair values of accounts due to other trading parties and trade payables are the amounts repayable on demand.

27. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash flows from operating activities

	2023 KShs'000	2022 KShs'000
Profit before taxation	1,030,985	669,175
Interest on lease liability (Note 30)	4,573	3,882
Depreciation (Notes 23)	12,679	6,206
Amortisation of intangible asset (Note 24)	510	510
Gain on disposal of property and equipment	(35)	-
Exchange rate fluctuations on cash and cash equivalent	(11,316)	(1,419)
Net changes in:		
Reinsurance contract assets	(209,189)	(297,069)
Retrocessionaire contract assets	5,968	(6,122)
Other receivables (Note 20)	(17,202)	(59,807)
Other payables, net of lease liabilities (Note 26)	36,529	(9,463)
Reinsurance contract liabilities (Note 21)	595,883	465,141
Retrocessionaire contract liabilities (Note 21)	539,866	324,976
Net cash flows from operating activities before tax and lease interest paid	**1,989,251**	**1,096,010**
Payment of lease interest	(4,573)	(3,882)
Income tax paid (Note 17(b))	(375,557)	(220,301)
Net cash flows from operating activities	**1,609,121**	**871,827**

(b) Analyses of cash and cash equivalents

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

	2023 KShs'000	2022 KShs'000
Cash and bank balances (Note 18)	40,290	54,218
Cash at hand (Note 18)	1	46
	40,291	**54,264**

28. CONTINGENT LIABILITIES

The Company has no legal matters either for or against pending in any courts.

Government securities of KShs 275 million (2022 – KShs 215 million) are held under lien with the Central Bank of Kenya as security deposit in favor of the Commissioner of Insurance as required under the provisions of Section 32 of the Insurance Act (Cap 487).

The Company is involved in a tax claim dispute with Kenya Revenue Authority arising from the assessment done from year 2019 to 2021. Majority of the issues have been resolved and closed. The only pending matter relates to withholding tax on acquisition costs/commissions amounting to KShs 53,843,160.00. The company objected to the assessment and has made an appeal to the Tax Appeals Tribunal (TAT) on this matter. The outcome of the appeal remains uncertain. The Company is using the services of tax consultants/advisers in this matter. The Directors are of the opinion that this will not be payable and as a result, no provision has been made in these financial statements.

29. RELATED PARTY TRANSACTIONS

The Company's fully owned by WAICA Reinsurance Corporation PLC, a company incorporated in Sierra Leone. The transactions are carried out at arm's length and are due on demand, non interest bearing and unsecured. Transactions are in the ordinary course of business. The amounts due from related parties are non-interest bearing.

	2023 KShs'000	2022 KShs'000
(a) Directors' and key management remuneration		
Directors' fees	15,079	14,339
Directors' sitting allowance	10,129	9,848
	25,208	**24,187**
Short-term employee benefits	55,467	46,945
Post-employment benefits	24,035	13,382
Key management remuneration	**79,502**	**60,327**
(b) Balances due from and to parent company		
Due from related party	65,266	57,658
Due to related party	18,142	-

These balances have arisen from the transactions detailed in (c) below.

(c) Reinsurance transactions

The following reinsurance transactions were carried out with WAICA Reinsurance Corporation PLC:

		2023 KShs'000	2022 KShs'000
(i)	*Gross premium ceded out*	563,341	281,065
(ii)	***Commissions earned*** Commission earned by WAICA Reinsurance (Kenya) Limited	219,520	115,647
(iii)	***Outstanding commission balance*** Balance receivable by WAICA Reinsurance (Kenya) Limited	28,713	174,194

29. RELATED PARTY TRANSACTIONS (Continued)

(c) Reinsurance transactions (Continued)

(iv) ***Outstanding premium balance***		
Balance receivable from WAICA Reinsurance (Kenya) Limited	95,710	417,866

30. LEASES

The Company leases its office premises. The lease runs for an initial period of six years and three months with an option to renew the lease at the expiry of the lease.

Information about leases for which the Company is a lessee is presented below.

(a) Right-of-use assets

Right-of-use assets relate to its leased office premises that are presented within property and equipment under Note 23.

	2023 KShs'000	2022 KShs'000
At 1 January	30,960	18,842
Addition	-	14,988
Depreciation charge for the year	(4,350)	(2,870)
At 31 December	**26,610**	**30,960**

(b) Leases liabilities

The movement in lease liabilities during the year 2023 is as follows:

	2023 KShs'000	2022 KShs'000
At 1 January	38,598	24,946
Additions	-	14,988
Lease interest charge	4,573	3,882
Lease rental payments	(7,351)	(5,218)
Balance at 31 December	**35,820**	**38,598**

Maturity analysis – Contractual undiscounted cash flows

Tenancy

	2023	2022
Less than one year	4,694	5,815
Later than one year and not later than five years	55,758	44,746
Later than five years	-	11,012
Total undiscounted lease liability at 31 December	**60,452**	**61,573**

31. LEASES (Continued)

(c) Amount recognised in profit or loss

Finance cost on lease liabilities (Note 14)	4,573	3,882
Depreciation charge for the year	4,350	2,870
Expensed relating to short term lease (Note 13(b))	2,970	2,780
Balance at 31 December	**11,893**	**9,532**

(d) Amounts recognised in statement of cash flows

	2023 Kshs'000	2022 Kshs'000
Payment of principal lease liabilities (Note 30(b))	2,778	1,336
Payment of lease interest	4,573	3,882
Total lease payments	**7,351**	**5,218**

31. SUBSEQUENT EVENTS

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. There were no such events post year end to the date the financial statements were signed.

WAICA REINSURANCE (KENYA) LIMITED

REVENUE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2023

REVENUE ACCOUNT PER CLASS	Aviation	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Medical	Miscellaneous	Motor Commercial	Motor Private	Personal Accident	Theft	Workmen Compensation	Total
Reinsurance Revenue	55,831	840,250	9,873	2,125,035	679,097	176,606	458,276	87,569	86,017	15,335	252,209	105,200	165,919	5,057,217
Incurred claims and insurance contracts expenses	(23,628)	(316,198)	(3,996)	(852,261)	(275,484)	(131,590)	(183,504)	(157,681)	(73,173)	(13,045)	(102,312)	(37,860)	(67,307)	(2,238,039)
Insurance contract acquisition cash flows	(14,083)	(250,414)	(3,112)	(669,285)	(184,473)	(49,219)	(123,228)	23,875	(15,872)	(2,830)	(68,511)	(32,098)	(45,071)	(1,434,321)
Reinsurance service expenses	(37,711)	(566,612)	(7,108)	(1,521,546)	(459,957)	(180,809)	(306,732)	(133,806)	(89,045)	(15,875)	(170,823)	(69,958)	(112,378)	(3,672,360)
Insurance service results before reinsurance contracts held	18,120	273,639	2,766	603,489	219,139	(4,203)	151,544	(46,237)	(3,028)	(540)	81,386	35,242	53,541	1,384,858
Allocation of reinsurance premiums	(4,467)	(141,228)	(1,629)	(354,238)	(53,890)	(21,217)	(35,599)	(53,319)	(4,222)	(753)	(20,014)	(13,562)	(13,167)	(717,305)
Amounts recoverable from reinsurers for incurred claims	-	(37,262)	14	3,066	16,799	10,077	10,918	5,287	(2,337)	(417)	6,239	5,089	4,104	21,577
Net expenses / (income) from reinsurance contracts held	(4,467)	(178,490)	(1,615)	(351,172)	(37,091)	(11,140)	(24,681)	(48,032)	(6,559)	(1,170)	(13,775)	(8,473)	(9,063)	(695,728)
Insurance Service Result	13,653	95,149	1,151	252,317	182,048	(15,343)	126,863	(94,269)	(9,587)	(1,710)	67,611	26,769	44,478	689,130
Finance income/expense from contracts issued within the scope of IFRS 17	602	6,382	73	24,491	9,995	3,472	669	669	1,506	1,301	822	341	2,887	53,210
Finance income and expense from reinsurance contracts held	(313)	(3,315)	(38)	(12,721)	(5,192)	(1,804)	(347)	(347)	(782)	(676)	(427)	(177)	(1,500)	(27,638)
Reinsurance Finance Result	290	3,067	35	11,770	4,803	1,669	321	321	724	625	395	164	1,387	25,572
Reinsurance result	13,943	98,216	1,186	264,087	186,851	(13,674)	127,184	(93,948)	(8,863)	(1,085)	68,006	26,933	45,865	714,702
Investment Income	2,555	27,070	308	103,882	42,395	14,728	1,445	12,245	2,837	2,837	6,387	5,520	3,488	225,697
Other finance income	5,556	58,851	670	225,845	92,170	32,020	3,142	26,622	6,167	6,167	13,886	12,000	7,583	490,679
Other operating expenses	(4,530)	(47,986)	(546)	(184,151)	(75,154)	(26,109)	(2,562)	(21,707)	(5,029)	(5,029)	(11,322)	(9,785)	(6,183)	(400,093)
Profit before taxation	17,524	136,150	1,618	409,663	246,263	6,965	129,210	(76,788)	(4,888)	2,890	76,957	34,668	50,753	1,030,985

WAICA REINSURANCE (KENYA) LIMITED

REVENUE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2022 Restated

REVENUE ACCOUNT PER CLASS	Aviation	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Medical	Miscellaneous	Motor Commercial	Motor Private	Personal Accident	Theft	Workmen Compensation	Total
Reinsurance Revenue	43,017	480,671	636	1,418,352	198,772	127,242	88,717	543,020	46,029	62,048	154,510	30,352	198,698	3,392,064
Incurred claims and insurance contracts expenses	(7,546)	(206,827)	(227)	(501,581)	(46,498)	(99,592)	(30,109)	(120,749)	(13,930)	(18,778)	(36,144)	(19,738)	(46,480)	(1,148,199)
Insurance contract acquisition cash flows	(10,126)	(152,979)	(216)	(481,183)	(58,679)	(35,705)	(26,355)	(237,014)	(10,089)	(13,600)	(45,611)	(9,539)	(58,657)	(1,139,753)
Insurance service expenses	(17,672)	(359,806)	(443)	(982,764)	(105,177)	(135,297)	(56,464)	(357,763)	(24,019)	(32,378)	(81,755)	(29,277)	(105,137)	(2,287,952)
Insurance service results before reinsurance contracts held	25,345	120,865	193	435,588	93,595	(8,055)	32,253	185,257	22,010	29,670	72,755	1,075	93,561	1,104,112
Allocation of reinsurance premiums	(4,181)	(111,400)	(128)	(283,377)	(10,977)	(9,913)	(3,799)	(25,775)	-	-	(8,532)	(3,132)	(10,972)	(472,186)
Amounts recoverable from reinsurers for incurred claims	-	36,342	22	47,898	734	(1,629)	254	2,787	1,044	1,407	571	501	734	90,665
Net expenses / (income) from reinsurance contracts held	(4,181)	(75,058)	(106)	(235,479)	(10,243)	(11,542)	(3,545)	(22,988)	1,044	1,407	(7,961)	(2,631)	(10,238)	(381,521)
Insurance Service Result	21,164	45,807	87	200,109	83,352	(19,597)	28,708	162,269	23,054	31,077	64,794	(1,556)	83,323	722,591
Finance income/expense from contracts issued within the scope of IFRS 17	97	1,026	12	3,936	1,606	558	107	107	242	209	132	55	464	8,551
Finance income and expense from reinsurance contracts held	(25)	(267)	(3)	(1,025)	(418)	(145)	(28)	(28)	(63)	(54)	(34)	(14)	(121)	(2,226)
Insurance Finance Result	72	759	9	2,911	1,188	413	79	79	179	155	98	41	343	6,325
Reinsurance result	21,236	46,566	96	203,020	84,540	(19,184)	28,787	162,348	23,233	31,232	64,892	(1,515)	83,666	728,916
Investment Income	1,256	13,303	151	51,053	20,835	7,238	710	6,018	1,394	1,394	3,139	2,713	1,714	110,919
Other finance income	1,824	19,325	220	74,162	30,267	10,515	2,025	2,025	4,560	3,941	2,490	1,032	8,742	161,128
Other operating expenses	(3,757)	(39,794)	(453)	(152,712)	(62,324)	(21,651)	(2,125)	(18,001)	(4,170)	(4,170)	(9,389)	(8,114)	(5,127)	(331,788)
Profit before taxation	20,559	39,400	14	175,523	73,318	(23,083)	29,398	152,390	25,017	32,396	61,131	(5,885)	88,995	669,175