



ANNUAL REPORT 2023

.....Covering your Risks Beyond.....

Covering your risk beyond

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Board Chairperson's Report



As we reflect on the past year, we cannot ignore the host of events which have shaped our business landscape. From geopolitical tensions and climate change to the domestic economic challenges, the new Insurance Act No. 38 of 2021 and International Financial Reporting Standard 17 (IFRS17), our Company has navigated through these challenges with agility to emerge with yet another successful year.

Economic Overview

The ongoing conflicts around the world have had profound implications on global stability and security and these have reverberated across industries, impacting supply chains, market dynamics and generally increasing commodity prices. These also continued to adversely impact the domestic macroeconomic fundamentals in 2023, driving depreciation of the Kwacha against foreign currencies towards the end of the year, whilst fuelling inflation to double digit levels.

Industry Review

Zambia Reinsurance PLC (Zambia Re) began the year under the new Insurance Act No. 38 of 2021, which took effect on 23 December 2022 and the attendant General (Insurance) Regulations, which came into effect on 30 December 2022. The significant impact on the insurance industry is primarily in terms of compliance and risk management. The Act has modernized the insurance industry, leading to a risk-based approach to capital assessment and a transition to perpetual licensing, thus making the industry more stable and robust.

The IFRS17 came into effect on 1 January 2023 and represents a significant change in the recognition of revenue among many other things and it has had a significant impact on the overall performance results. The planning and implementation process began prior to 2023 and although it has been costly, the Board was determined to ensure its timely implementation. The Company has been working hard with actuarial consultants to ensure full compliance.

Governance

Corporate Governance remains the keystone of our Company and underpins our operating framework. The Board remains committed to the principles and mechanisms of corporate governance guidelines; those under the Lusaka Securities Exchange (LuSE) as a listed entity, as well as the newly introduced guidelines set by the Pensions and Insurance Authority. We continue to do our share for the environment, society and communities in which we operate as we place great value on our relationships with not only society, but also with our clients and employees.

Climate change remains one of the most pressing challenges of our time, with far-reaching implications for businesses, communities and ecosystems worldwide. The increasing frequency and severity of extreme weather events underscores the urgency in addressing climate-related risks.

Board Chairperson's Report

CONTINUED

As co-stewards of the environment, we are committed to playing our part by enhancing paperless business processes and turn to the use of clean energy as we rethink the usage of the diesel generator at our offices.

As required by the new Insurance Act, the Company applied for the perpetual licence which was granted; suffice to mention that each Director was approved as a Fit and Proper person by the Pensions and Insurance Authority.

On behalf of the Board of Directors, I would like to thank Mr. Simomo Akapelwa for the services he rendered to the Company during his tenure of office; he stepped down from the Board during the year.

Our Performance

During 2023, Zambia Re focused on its strategic objectives with renewed emphasis on bottom line results.

Once again, the Company gave a strong performance and remained resilient in the face of economic turbulences and a changing regulatory landscape.

The Company realised a profit of ZMW 15.514 million for the year and a total comprehensive income of ZMW 18.598 million. As a result, the earnings per share increased from 0.13 the previous year to 0.34 at the end of the financial year.

Zambia Re showed a strong financial position with total assets increasing to ZMW 151.652 million in 2023.

Zambia Re undergoes a financial strength rating annually by GCR Rating Agency. I am pleased to announce that the Company's national scale financial rating was upgraded in 2023 from A- to A with a Stable Outlook, coming on the back of consistently strong capitalisation and liquidity.

Dividend

The Directors have recommended the declaration of a Dividend for the financial year 2023 at the forthcoming Annual General Meeting of Members. This reflects our steadfast commitment to Shareholder value and confidence in future growth prospects.

Outlook

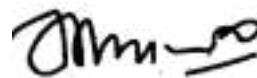
The Company continues to consolidate its position in the domestic market, whilst expanding its reach further into the continent.

Zambia Re remains well positioned to leverage on the opportunities presented by the new Insurance Act and the anticipated economic stability.

We continue to focus on the improvement of operational efficiencies through the use of sophisticated ICT solutions so as to provide quality additional capacity to the market and increase local retention levels.

On behalf of the Board of Directors, I would like to express my sincere gratitude to the Management team and all our people, the Shareholders, partners, and stakeholders for their diligence, continued commitment, loyalty and support in attaining our strategic objectives.

Finally, I wish to thank my fellow Directors for their continued counsel, diligence and determination to drive Zambia Re forward.



Mrs. Joyce Muwo-Mwansa
Chairperson

“.....the Company's national scale financial rating was upgraded in 2023 from A- to A with a Stable Outlook, coming on the back of consistently strong capitalisation and liquidity..... Zambia Re remains well positioned to leverage on the opportunities presented by the new Insurance Act and the anticipated economic stability.....”

The Managing Director's Report

The past year has reminded us of the profound truth that change is the only constant. The year 2023 presented us with unique circumstances thanks to the confluence of new regulatory changes and the introduction of a new international financial reporting standard, all amidst difficult economic conditions.

Firstly, the 20% Withholding Tax (WHT) which hampered our operations during 2022, was withdrawn with effect from 1st January 2023. This came as a huge relief and gave impetus to our strategic objectives.

The new Insurance Act No. 38 of 2021 came into effect on 23rd December 2022 along with the General (Insurance) Regulations issued by the Pensions and Insurance Authority, which took effect on 30th December 2022.

The new International Financial Reporting Standard 17 (IFRS 17) which came into effect on 1st January 2023, has had a profound impact on the insurance industry, replacing IFRS 4 and introducing a different approach to the recognition of insurance contracts. The implementation process of this standard has been lengthy and costly.

Despite some of these changes, the Company recorded a strong and consistent outcome for the shareholders. The gross reinsurance revenue showed a slight reduction of 3% over the preceding year, due to the implementation of IFRS 17. The top performance came from the Fire class of business. There was a reduction in the retrocession service expenses from 56% in the previous year to 50% in 2023 and the reinsurance finance income increased by over 2000% when compared to the previous year.

Our risk adjustment capitalisation remained strong, resulting in the upgrade of our national financial strength rating from A- to A with a Stable Outlook.

The domestic market remains our key driver for growth even as we extend our reach to other markets within the continent.

The Company closed the year with a strong bottom line mainly driven by exchange gains as the local currency depreciated rapidly against foreign currencies, in the second half of the year.

We continue to upskill our people through targeted training and exposure to international fora for personal development and the Zambia Re team has continued to excel in meeting the reinsurance needs of clients.

Looking Ahead

As we enter the coming year, we are poised to reposition ourselves to harness the opportunities created under the new Insurance Act.

The years of hard work have enabled us to build a solid foundation that allows us to set ambitious and yet realistic goals for the next few years.

Together with the relationships we have built with our partners over the years, both domestic and international, we are in a good position to meet our strategic objectives. Sustainability remains key to our core operations and Zambia Re remains committed to the highest standard of business integrity and professionalism.

The Managing Director's Report

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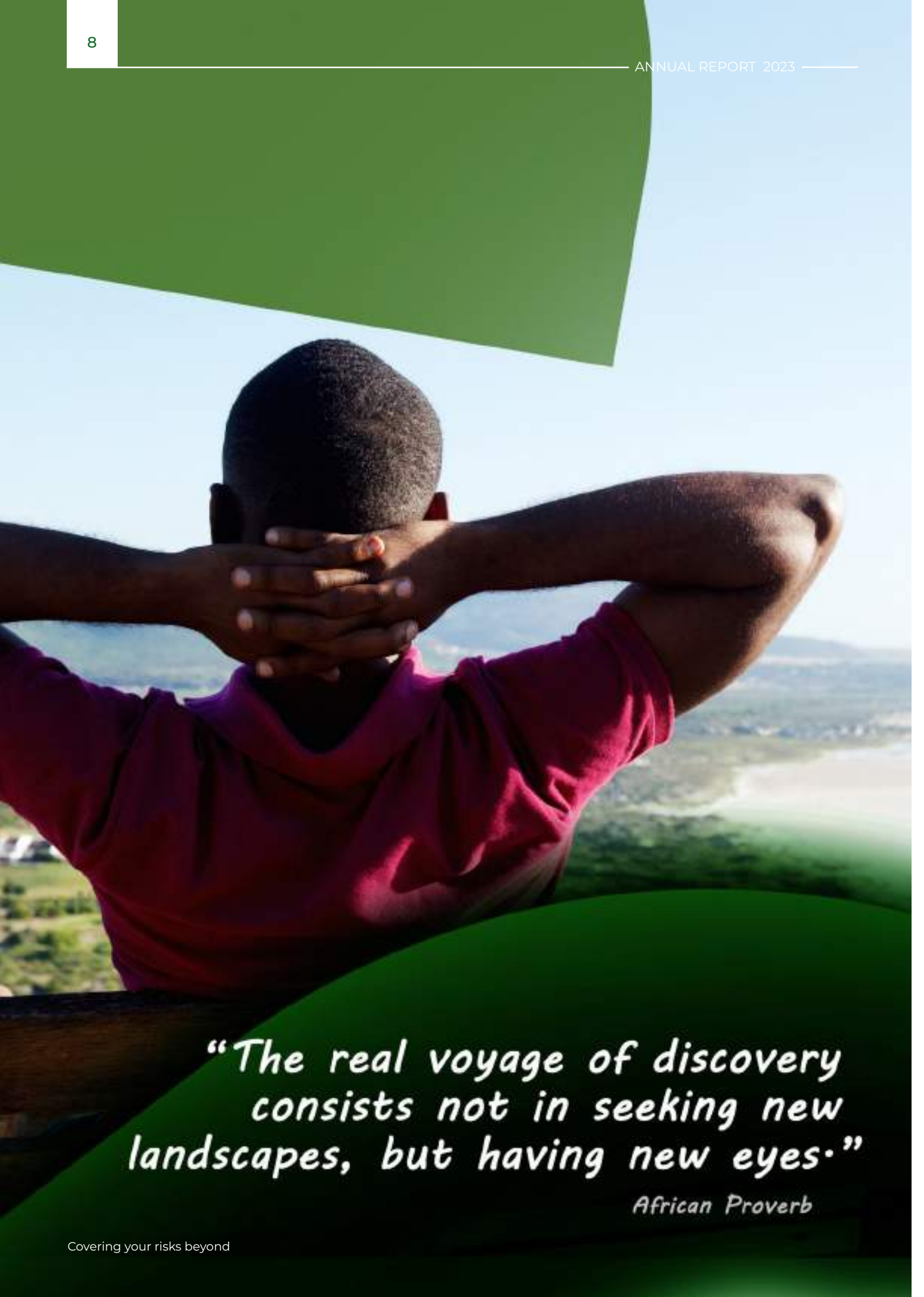
Looking Ahead (Cont)

We will continue to embrace change as an opportunity for innovation, growth and transformation, ensuring the long-term success and sustainability of our Company and value for our shareholders.



Exhilda Lumbwe
Managing Director

“.....The years of hard work have enabled us to build a solid foundation that allows us to set ambitious and yet realistic goals for the next few years..... We will continue to embrace change as an opportunity for innovation, growth and transformation.....”

A photograph of a person from behind, wearing a red t-shirt, with their hands clasped behind their head. They are looking out over a vast, hazy landscape under a clear blue sky. The image is framed by large green abstract shapes in the top-left and bottom-right corners.

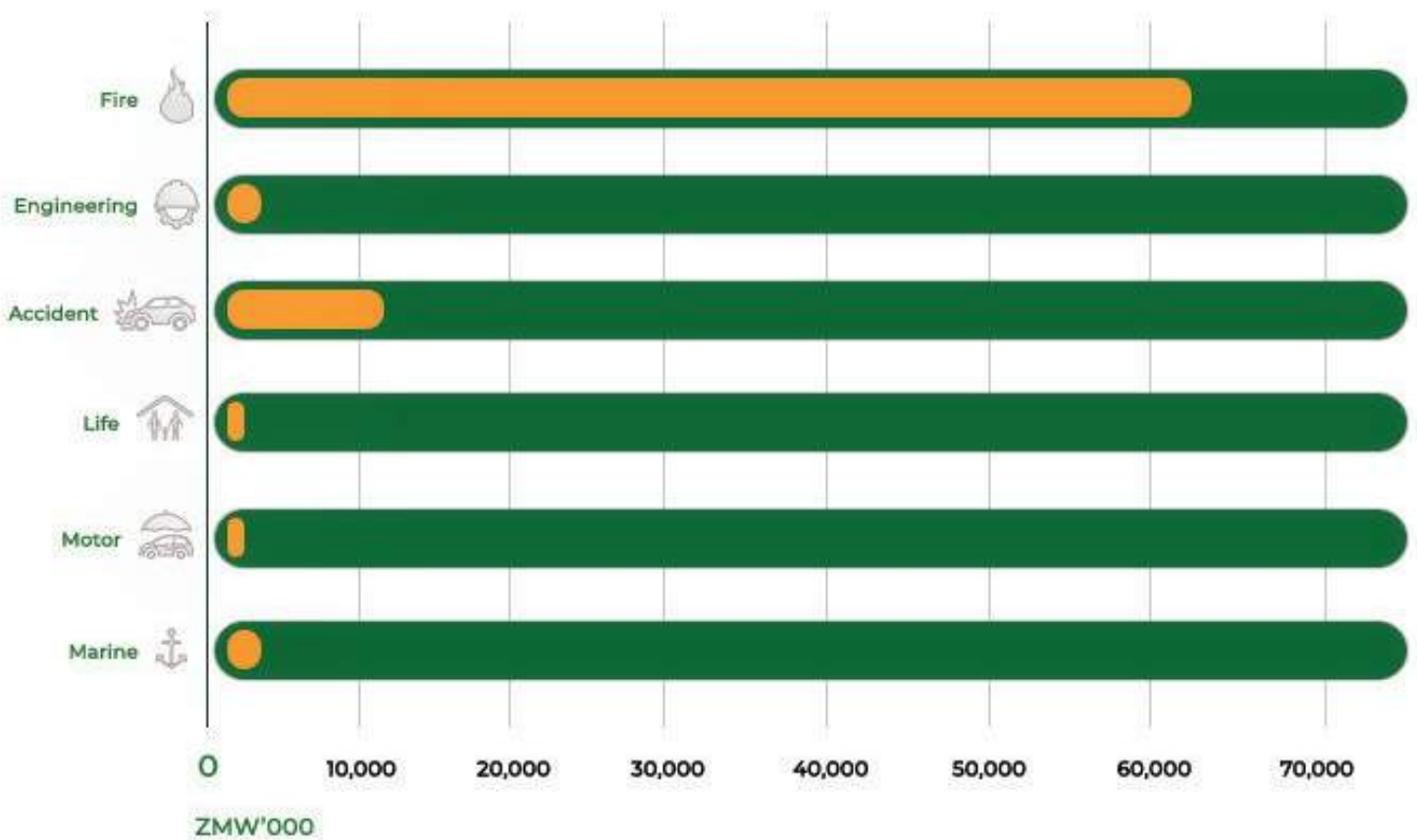
*“The real voyage of discovery
consists not in seeking new
landscapes, but having new eyes.”*

African Proverb

Performance Highlights

2023 Reinsurance Revenue

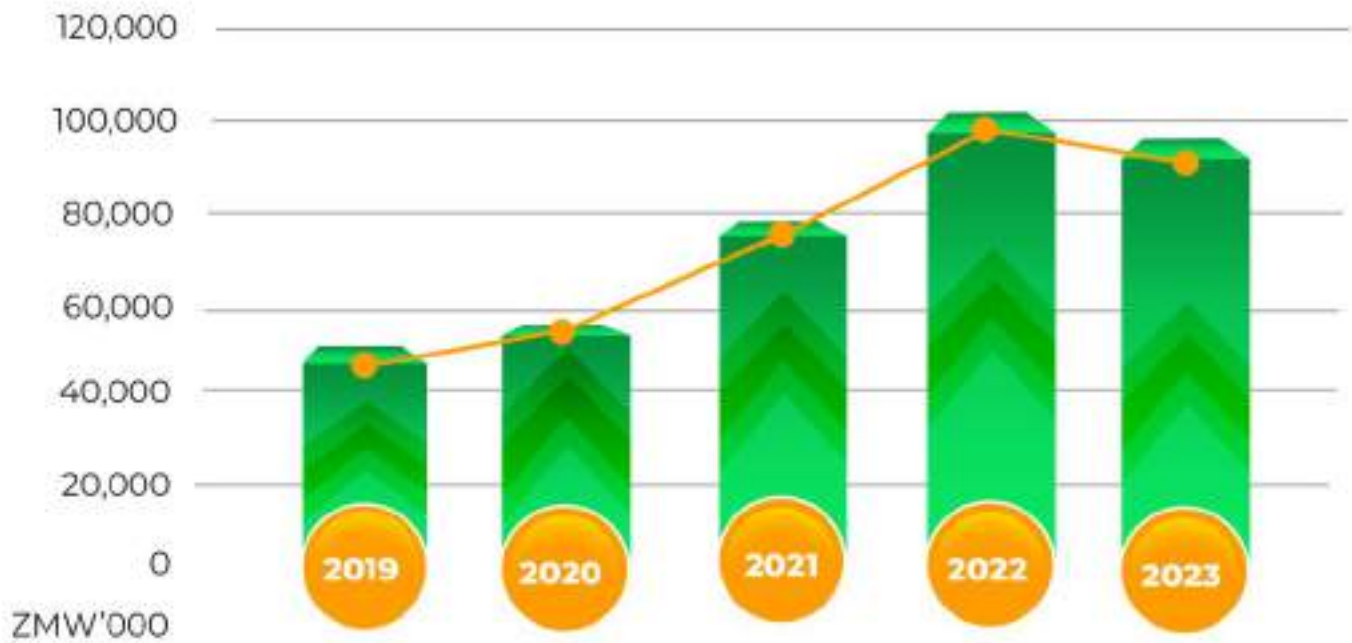
Per Class



Performance Highlights CONTINUED

Reinsurance Revenue

Past 5 Years



Covering your
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A Rated

Covering your risks beyond

Board of Directors



JOYCE MUWO MWANSA
Board Chairperson



EXHILDA LUMBWE
Managing Director



MONAKOPA SIKAULU
Director



NATHAN DeASSIS
Director



MWANGALA MOONO
Director



Senior Management



EXHILDA LUMBWE

Managing Director



BRIAN MATEYO

Chief Operating Officer



CHAMA CHIPULU

Chief Financial Officer

Corporate Governance Report

Statement Of Corporate Governance

The principal corporate governance rules applying to Zambia Reinsurance PLC ("the Company"), are contained in the Lusaka Securities Exchange (LuSE) Corporate Governance Code for listed and quoted companies and Corporate Governance Guidelines Pursuant to Section 60 of the Insurance Act No. 38 of 2021, issued by the Pensions and Insurance Authority (PIA).

The Board of Directors of Zambia Reinsurance PLC is committed to attaining high standards of Corporate Governance based on the core principles of accountability, integrity and transparency and believes it has complied with the LuSE Code and PIA guidelines throughout the year under review.

The Board And Board Committees

As at 31 December 2023, the Board of Directors comprised of an independent Chairperson, the Managing Director with other independent Non – Executive Directors. There is a clear separation between the Chairperson and the Managing Director and no individual or group dominates the Board's decision-making processes.

The Board has the necessary mix of individual skills and gender diversity to ensure an overall balance of knowledge and expertise required to carry out its mandate.

The Board manages the overall control of the Company's affairs with reference to matters reserved for the Board's decision. It takes responsibility for setting and reviewing the strategic direction of the Company and meets formally at least four (4) times during the year, as well as when required, to review and monitor the performance of the Company and management.

The role of the Board is set out in its Board Charter which includes the approving and monitoring the Company's annual Strategic Plan, risk management, the annual budget as well as the appointment of senior members of management.

The Managing Director manages the day-to-day operations and is assisted by senior members of management.

The Board is satisfied that all the Directors have sufficient time to devote to their roles on the Board and that there is no undue reliance on any one individual or individuals.

	5 Jan	9 Mar	28 Jun	22 Aug	14 Sep	8 Dec	Total
Mrs. Joyce Muwo-Mwansa-Independent Chairperson	✓	✓	✓	✓	✓	✓	6
Mr. Munakopa Sikaulu Independent Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mr. Nathan DeAssis Independent Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mrs. Mwangala Moono Independent Non-Executive Director	n/a	n/a	n/a	✓	✓	✓	3
Mrs. Exhilda Lumbwe Managing Director	✓	✓	✓	✓	✓	✓	6

Corporate Governance Report CONTINUED

Audit And Risk Committee

The Audit and Risk Committee comprises of three members and it is chaired by an independent, Mr. Chrispin Daka, who does not sit on the Board of Directors. He is assisted by two other Board members: Mr. Nathan DeAssis and Mr. Munakopa Sikaulu.

The Committee has a primary responsibility of ensuring the integrity of the financial reporting and compliance with legal and regulatory obligations. It regularly receives and reviews the Internal Audit reports which are conducted by independent auditors who are outsourced.

The Committee also monitors the effectiveness of the Company's Enterprise Risk Management (ERM). This includes ensuring the implementation of an on-going process of risk identification, mitigation and management as well as overseeing a comprehensive system of controls. It also has oversight of the independence of external auditors.

Its mandate is in accordance with its terms of reference, and it meets with the external auditors at least once a year.

The Committee meets at least twice a year and whenever necessary.

Record Of Attendance For The Year Ended 31 December 2023:

	16 Aug	4 Dec	Total
Mr. Chrispin Daka Independent Chairman	✓	✓	2
Mr. Nathan DeAssis Non-Executive Director	✓	✓	2
Mr. Munakopa Sikaulu Non-Executive Director	✓	✓	2

Remuneration Committee

The Remuneration Committee comprises of three (3) members and it is chaired by Mr. Munakopa Sikaulu, an independent Non – Executive Director. The Committee provides oversight over the remuneration of senior management.

The Committee meets at least once a year and whenever necessary.

Record Of Attendance For The Year Ended 31 December 2023

	4 Dec	Total
Mr. Munakopa Sikaulu Independent Non-Executive Chairperson	✓	1
Mrs. Mwangala Moono Independent Non-Executive Director	✓	1
Mrs. Joyce Muwo-Mwansa Independent Non-Executive Director	✓	1

Corporate Governance Report CONTINUED

Investment Committee

The Investment Committee is chaired by Mr. Munakopa Sikaulu and comprises of two Non- Executive members:

The Committee's main responsibility is to review, evaluate and approve investment transactions as well as have oversight of the Company's Investment Strategy and Investment Policy.

The Committee meets at least once in a year and whenever necessary.

Record of Attendance as at 31 December 2023

	16 Aug	Total
Mr. Munakopa Sikaulu Independent Non-Executive Chairperson	✓	1
Mr. Nathan DeAssis Independent Non-Executive Director	✓	1

Whistle Blowing Policy

The Company has in place a Whistle Blowing Policy which has been made aware to all employees.

The Policy allows employees to anonymously, if they wish, to report any wrong-doing or suspicious transactions to an independent person(s), on a number that has been made available to all employees.

Risk Management And Fraud Control

Besides the Internal Audit control systems, the Company has in place an Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy which contains measures and practices to prevent and detect money laundering in accordance with the Pensions and Insurance Authority (PIA) Directives on Anti-money Laundering and Combating the Financing of Terrorism and Proliferation, 2017.

These measures identify areas in which money laundering may occur and ensure compliance and adherence to the legal and regulatory requirements, particularly the process for reporting actual or suspected money laundering cases or activities to the company's Compliance Officer (CO) or to PIA.

The Internal control systems are also monitored by the Securities and Exchange Control (SEC) through their Internal Controls over Financial Reporting (ICOFR) requirements.

The Company's Enterprise Risk Management (ERM) framework is a key pillar of the Company's strategic plan which effectively identifies, assesses, and manages risk.

Within the ERM framework, the Company manages its risk appetite to prevent potential events that can adversely affect the Company.

ERM, by its nature, is a process, which is ongoing and the framework is reviewed regularly by the Board, through the Audit and Risk Committee, having oversight of this process.

Compliance And Ethics

Zambia Reinsurance PLC is committed to conducting its business responsibly and in accordance with all laws and regulations to which its business activities are subject and the Audit and Risk Committee regularly receives a Compliance report.

The Company has a code of conduct and ethics covering all its staff.

Corporate Governance Report CONTINUED

Climate Related Risks

The Company recognizes that physical climate can impact the company's operations, which impact can be either short term or long term in nature.

For this reason, climate related risks form part of the Company's Enterprise Risk Management framework, focusing on the Company's preparedness to identify and assess natural events arising from climate change, that can adversely affect business operations such as prolonged unavailability of assets and infrastructure, cost of restoration of services and customer disruption.

Under the Company's insurance program for its assets, there is sufficient cover for the Company to be fully compensated in the event of a climate related disaster, such as flooding.

Although the physical risks arising from climate change can have significant economic and social consequences overall, they represent a very limited and manageable risk to the Company.

A Rated

The Company's Management and Advisors

The Managers who held office during the year ended 31 December 2023 were:

Management

Exhilda Lumbwe	Managing Director
Brian Mateyo	Chief Operating Officer
Chama Chipulu	Chief Financial Officer

The advisors to Zambia Reinsurance Plc ('Zambia Re or the Company') are as follows:

Company Secretary

Choice Corporate Services Limited
Stand 3509/No.7 Matandani Close, Rhodes Park
P.O. Box 32565
Lusaka, Zambia

Legal Advisors

Wilson and Cornhill
5th Floor, Premium House, Independence Avenue
P.O. Box 38906, Lusaka
Zambia

Bankers

Stanbic Bank Zambia Limited
ABSA Bank Zambia Plc
Atlas Mara Zambia Limited
Zambia Industrial Commercial Bank
Indo Zambia Bank Limited
Investrust Bank Plc

External Auditors

Grant Thornton
2nd Floor, West wing,
Metropolitan Building, Off Kelvin Siwale Road
P.O. Box 30885
Lusaka, Zambia

Internal Auditors

Victor and Morgan Associates
10A Twin Palm Road, Kabulonga,
P.O. Box 51598
Ridgeway, Lusaka
Zambia

Registered Office

The address of the Company's registered office is:
Stand 3509/No.7 Matandani Close Rhodespark,
P.O. Box 32565
Lusaka, Zambia

The Company's principal place of business is:

Plot 7, Namambozi Road, Fairview
Postnet Box 658, P/B E891
Lusaka, Zambia

Actuaries

Actuaries Services (E.A) Limited
113 Kayahwe Road, Off Galana Road, Kilimani
P.O. Box 10472-00100
Nairobi, Kenya

Report of the Directors

Principal Activity

The principal activity of the Company is to underwrite all classes of reinsurance business (Non-life and Life) .

Share Capital

The authorised share capital of the Company is K75,000,000.00 and the issued share capital is K45,000,000.00.

Distribution Of Shareholders

At 31 December 2023, the shareholding was as follows:

	No. of Holders	% held	No. of Shares
Less than 500 shares	206	0.14	68,283
501 - 5,000 shares	49	0.25	112,513
5,001 – 10,000 shares	8	0.13	60,741
10,001 – 100,000 shares	38	3.12	1,400,559
100,001 - 1,000,000	28	22.20	9,989,729
Over 1,000,000 shares	9	74.15	33,368,175
Total	338	100	45,000,000

Significant Shareholding in the Company

Shareholdings that were 5% or more were as follows:

Name of Shareholder	%	No. of Shares
Industrial Development Company (IDC)	28.17	12,678,343
National Pension Scheme Authority (NAPSA)	14.27	6,422,842
Exhilda Mwinji Lumbwe	6.53	2,940,055
Madison Pension Trust Fund	5.52	2,483,155

There were no changes to the shareholding that were 5% or more.

Report of the Directors CONTINUED

Directors Interests

The number of shares held by the Directors of the Company as at 31 December 2023 were:

	2023	2022
Exhilda Mwinji Lumbwe	2,940,055	2,940,055
Nathan DeAssis	-	1,500
Joyce Muwo-Mwansa	-	438,956
Munakopa Sikaulu	-	392,508
Total	2,940,055	3,773,019

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Report of the Directors — CONTINUED

Financial Results

The financial results of the Company for the year under review are as reported in the financial statements set out on pages 31 to 90 and are summarised below:

The Company made a profit after tax of **K15,514,292** compared to a profit of K2,540,546 in the previous year.

The results of the Company were as follows:

Figures in Kwacha thousands

Class of business	Fire	Accident	Motor	Engineering	Marine	Life	2023	2022
Reinsurance Revenue	63,635	12,084	3,501	4,050	4,562	2,191	90,023	92,711
Retrocession service expense	(31,714)	(6,022)	(1,745)	(2,018)	(2,274)	(1,092)	(44,865)	(51,932)
Reinsurance Service Result	31,921	6,062	1,756	2,032	2,288	1,099	45,158	40,779
Reinsurance service expense	(29,171)	(6,622)	(1,233)	(499)	(3,846)	(760)	(42,131)	(39,799)
Retrocession Service expense	16,559	1,382	305	423	466	191	19,326	18,702
Net Reinsurance Service Expense	(12,612)	(5,240)	(928)	(76)	(3,380)	(569)	(22,805)	(21,097)
Reinsurance finance expense	5,051	959	278	321	362	174	7,146	297
Retrocession finance expense	(3,733)	(709)	(197)	(246)	(268)	(129)	(5,281)	(66)
Total Service Expenses	(11,293)	(4,990)	(847)	(0)	(3,286)	(524)	(20,940)	(20,866)
Underwriting Surplus	20,628	1,072	909	2,031	(997)	576	24,218	19,913
Other income							22,025	10,529
Employment expenses							(11,291)	(11,106)
General expenses							(6,575)	(5,224)
Depreciation expenses							(1,004)	(633)
Expected credit losses on premium receivables							(3,119)	(667)
Other operating expenses							(3,697)	(4,745)
Profit Before Tax							20,557	8,067
Income tax credit							(5,043)	(5,527)
Profit After Tax							15,514	2,541

Report of the Directors CONTINUED

Investments

The total value of the investments of the Company at 31 December 2023 was K64,912,979 (2022: K78,353,359).

The primary focus of the investment policy continues to be security, liquidity and maximising the rate of return.

Dividend

During the year under review, there was a dividend of K2,025,000 paid (2022: K2,655,000).

Directorate And Secretariat

The following Directors held office during the year and up to the date of this report:

Mrs Joyce Muwo-Mwansa	Chairperson
Mr Nathan DeAssis	Director
Mr Munakopa Sikaulu	Director
Mrs. Mwangala Moono	Director (Appointed 14 August 2023).
Mr Simomo Akapelwa	Director(Resigned 1 April 2023)
Mrs. Exhilda Lumbwe	Managing Director

The Company Secretaries and their address are:

Choice Corporate Services Limited
Stand 3509/No.7 Matandani Close
Rhodes Park
P O Box 32565
Lusaka

Net Outstanding Claims

There has been an overall decrease in net outstanding claims from K8,523,989 in 2022 to K7,799,357 in 2023. The net claims outstanding consists of the following:

	2023	2022
	K	K
Outstanding claims	4,035,633	3,742,327
Reinsurance share of outstanding claims	(2,211,716)	(980,961)
Net incurred but not reported	5,975,440	5,762,623
	7,799,357	8,523,989

Report of the Directors CONTINUED

Employees

The average number of employees during the year was less than 100 at 17 (2022: less than 100 at 14).

The total remuneration paid to employees during the year was K11,291,211 compared to K11,105,904 in the previous year.

Research And Development

The Company did not carry out any research and development activities during the year (2022: K Nil).

Health And Safety Matters

The Company recognises its responsibility regarding the occupational health, safety and welfare of the employees and has put in place measures to safeguard them.

Property And Equipment

The additions to property and equipment during the year amounted to K3,176,008 (2022: K781,372), and comprised the following:

	2023	2022
	K	K
Furniture, equipment and motor vehicle	3,176,008	781,372

Other Material Facts, Circumstances and Events

The Directors are not aware of any material fact, circumstance or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

Related Party Transactions

The Directors confirm full and adequate disclosures of all related party transactions entered during the year with all related parties and the subsequent year end balances as at 31 December 2023. See details included under note 24 to the financial statements.

(i) **Directors' fees**

Directors' fees of K2,402,892 (2022: K3,347,134) were paid during the year.

(ii) **Directors' loans**

No loans were advanced to the Directors of the Company during the year (2022: K Nil).

Donations

The Company did not make any cash donations during the year (2022: K Nil).

Other Material Facts, Circumstances and Events

The Directors are not aware of any material fact, circumstance or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

Report of the Directors

CONTINUED

Auditors

In accordance with the provisions of the Articles of Association of the Company, the auditors, Messrs Grant Thornton will retire as auditors of the Company at the conclusion of the forthcoming Annual General Meeting, and having expressed their willingness to continue in office, a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board.

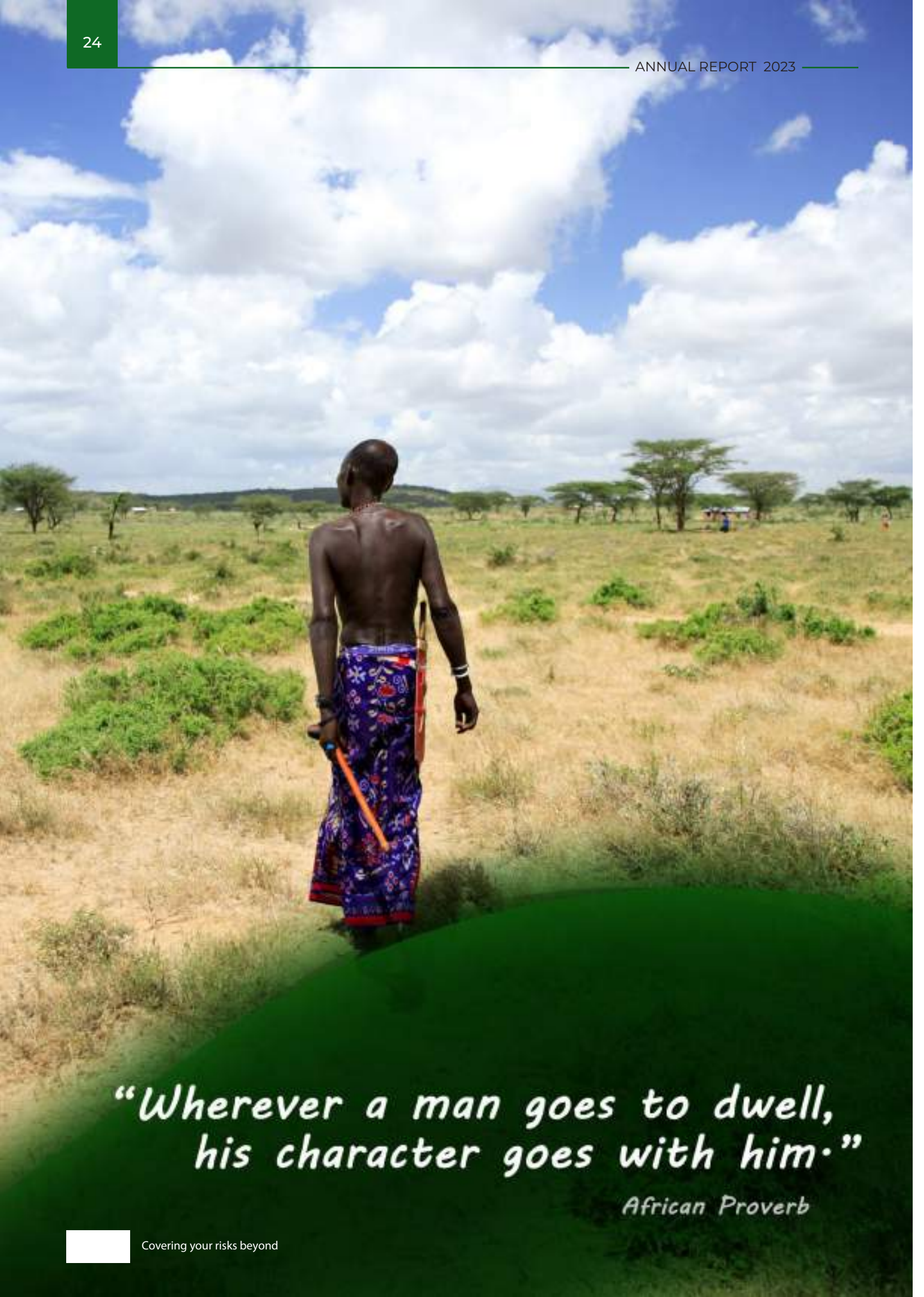


Choice Corporate Services Limited

Company Secretary

Lusaka

Date: 3 April 2024



*“Wherever a man goes to dwell,
his character goes with him.”*

African Proverb

Statement of Directors' Responsibilities for the Annual Financial Statements

Statement Of Directors' Responsibilities

The Companies Act, 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII Sections 82 to 122 of the Companies Act, 2017.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2017, the Insurance Act, 2021 and the Securities Act of Zambia, 2016 (as amended).

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. In addition, the Directors are responsible for preparing the Directors' report.


The Directors are of the opinion that the financial statements set out on pages 31 to 90 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards, the Companies Act, 2017, the Insurance Act, 2021 and the Securities Act of Zambia, 2016 (as amended). The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve (12) months from the date of this statement.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above.

Approval Of The Annual Financial Statements

The annual financial statements of Zambia Reinsurance Plc, set out on pages 31 to 90, were approved by the Board of Directors on 3 April 2024 and signed on its behalf by:



Joyce Muwo-Mwansa
Board Chairperson



Exhilda Lumbwe
Managing Director



Grant Thornton
 Metropolitan House
 2nd Floor, West wing
 Off Danny Pule Road
 Arcades Area
 P.O. Box 30885
 Lusaka, Zambia

T +260 (211) 227722-8
C +260 974 267988
C +260 955 817011
 E gtlusaka@mailbox@gt.com

Independent Auditor's Report

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of Zambia Reinsurance Plc, set out on pages 31 to 90 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 the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Zambia Reinsurance Plc, as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Insurance Act 2021, the Companies Act, 2017 and the Securities Act of Zambia, 2016 (as amended).

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code¹) and other independence requirements applicable to performing audits of financial statements in Zambia, 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 judgement, 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.

Partners:

Edgar Hamuwale (Managing)
 Christopher Mulenga
 Wesley Beene
 Rodia Milumba Musonda
 Chilela Banda

Audit • Tax • Advisory

Chartered Accountants

Zambian Member of Grant Thornton International

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Independent Auditor's Report

CONTINUED

Key Audit Matter	How matter was addressed in our audit
<p>Measurement of Insurance contracts – IFRS 17</p> <p>We focused on this area because the implementation of IFRS 17 required management to remeasure insurance contracts and retrocession contracts on hand in 2022 and make adjustments to the income and expenses and related assets and liabilities. This requires use of judgements and estimates in determining the methods and processes used for estimating the inputs to those methods.</p> <p>The determination of the income and expenses and related assets and liabilities requires the Company's management to make judgements to assess whether a contract transfers risk. It is reasonably possible that uncertainties inherent in the process could lead to the ultimate amount paid varying materially from the amount estimated at this reporting date. We also focused on this area because the Company has a significant balance of reinsurance and retrocession contract assets and liabilities amounting to K36.6 million and K39.7 million respectively as at 31 December 2023.</p> <p>Please refer to notes 2.3 and 30 of the financial statements for the accounting policy, disclosures of the related judgements and estimates and other details relating to implementation of IFRS 17.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> We evaluated management's methodology against market practice and challenged management's assumptions and their assessment of major sensitivities, based on our market knowledge and industry data where available. The main areas of judgement include the level of risk adjustment and discounting; and Tested the completeness and accuracy of the underlying insurance data provided by the management to the Company's actuary.
<p>Key Audit Matter</p> <p>Valuation of Expected Credit Loss (ECL) on insurance receivables</p> <p>Insurance receivables form a major portion of the company's assets. As at 31 December 2023, the Company's gross insurance receivables amounted to K45.32 million and the related provision for insurance receivables recognised totalled K17.88 million. The Company exercises significant judgement by applying assumptions in the models used to determine expected credit losses for insurance receivables.</p> <p>The default rates are calculated using historical data of credit loss experiences that is complete, appropriate and representative. The historical loss rates, must also reflect the current economic conditions as well as forecast of future economic conditions, provided there is availability of reasonable and supportable information and this particularly involves significant judgement.</p> <p>Additional information about the insurance receivables is presented in notes 3.2.1, 15 and 30 of the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> We reviewed the Company's methodology for determining expected credit losses and engaged our internal IFRS 9 specialist to review the model including the methodology and assumptions used for reasonableness and assess management's basis for computing the expected credit losses to ensure they are in line with the requirements of IFRS 9. Tested the input for completeness and accuracy of the underlying data inputs used in the model and the arithmetic accuracy of the computation of the ECL. Reviewed the aging of the receivables and challenged management on all significant receivables not provided. Assessed the adequacy of the provision by performing an independent assessment of the provision when compared against historical data adjusted for current market conditions and forward looking information; and Tested the accuracy of the information included in the premium receivables ageing report.

Independent Auditor's Report

CONTINUED

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Responsibility for the Annual Financial Statements, as required by the Companies Act, 2017 which we obtained prior to the date of this auditor's report, and the annual report which we will receive after the date of this report. The other information 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 and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities Of The Directors For The Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Insurance Act, 2021 and the Companies Act, 2017 and Securities Act of Zambia, 2016 (as amended) for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities For The Audit Of The Financial Statements

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

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

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

Independent Auditor's Report

CONTINUED

Auditor's Responsibilities For The Audit Of The Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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.

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

From the matters communicated with 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

The Companies Act, 2017 Of Zambia

Sections 250 (2) and 259 (3) of the Companies Act, 2017 require that in carrying out our audit, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors have in Zambia Reinsurance Plc;
- There are serious breaches by the Company's Directors of the corporate governance principles or practices contained in Part VII, sections 82 to 112 of the Companies Act, 2017; and
- There is an omission in the financial statements as regard particulars of loans made to a Company officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

Independent Auditor's Report

CONTINUED

Report On Other Legal And Regulatory Requirements (Continued)

In respect of the foregoing requirements, we have no matters to report.

Insurance Act, 2021

In accordance with the Insurance Act, 2021, we report that in our opinion:

- The Company made available all necessary information to enable us ascertain its compliance with the requirements of this Act;
- The Company has complied with the provisions of this Act and the regulations, guidelines and prescriptions under this Act; and
- The Company met the minimum solvency margins as required by Section 65(1) of the Insurance Act, 2021. The Company recorded a solvency margin of 213% as disclosed in the solvency statement on page 91.

The Securities Act, 2016 (As Amended) Of Zambia

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of Zambia Reinsurance Plc we report on whether:

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

Grant Thornton

Chilala Banda - (AUD/F004257)

Name of Partner signing on behalf of the Firm

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

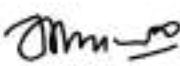
	NOTE	2023	2022
		K	K
Reinsurance revenue	8	90,023,096	92,711,666
Retrocession service expenses	9	(44,864,695)	(51,932,106)
Reinsurance Service Result From Reinsurance Contracts Issued		45,158,401	40,779,560
Reinsurance service expense	8	(42,131,396)	(39,799,591)
Retrocession service income	9	19,326,475	18,701,818
Net Reinsurance Service Expense		(22,804,921)	(21,097,773)
Reinsurance finance income	8	7,145,916	296,903
Retrocession finance expense	9	(5,280,935)	(65,822)
Operating Expenses			
Employee benefits expenses		(11,291,291)	(11,105,904)
General administrative expenses		(6,574,934)	(5,224,300)
Other operating expenses	6	(3,696,950)	(4,744,993)
Expected credit losses on premium receivables		(3,119,167)	(666,510)
Depreciation and amortisation	7	(1,003,834)	(633,043)
		(25,686,176)	(22,374,750)
Total Service And Operating Expenses		(46,626,116)	(43,241,442)
Investment income	4	7,456,550	9,098,549
Other gains and losses	5	14,571,514	1,432,585
Other income		(3,181)	(2,015)
Other Operating Income		22,024,883	10,529,119
Profit Before Tax	7	20,557,168	8,067,237
Income tax expense	10	(5,042,875)	(5,526,691)
Profit for the Year		15,514,293	2,540,546
Other Comprehensive Income (Net Of Tax)			
Items That Will Not Be Reclassified Subsequently To Profit Or Loss			
Gain(Loss) on investments at fair value	14	3,083,475	1,595,485
		3,083,475	1,595,485
Total Comprehensive Income For The Year		18,597,768	4,136,031
Basic and diluted earnings per share	23	0.34	0.13

Notes to the Financial Statements CONTINUED

As at 31 December 2023

	NOTE	2023	2022
Assets		K	K
Property and equipment	11	11,971,288	9,793,627
Right-of-use assets	20	541,308	549,900
Investment properties	12	5,900,000	5,600,000
Current tax asset	10	-	390,096
Investments at amortised cost	13	49,984,884	66,368,478
Investments at fair value	14	9,028,095	6,384,881
Reinsurance contract assets	8	27,436,690	17,635,403
Retrocession contract assets	9	9,168,133	16,690,253
Other assets	15	20,063,509	16,126,756
Cash and cash equivalents	16	17,558,618	1,480,489
Total Assets		151,652,525	141,019,883
Equity And Liabilities			
Capital And Reserves			
Capital and reserves			
Share capital	17	45,000,000	45,000,000
Share premium	18	24,978,551	24,978,551
Revaluation reserves		11,199,428	8,115,953
Retained earnings		24,214,478	10,725,185
Total Equity		105,392,457	88,819,689
Liabilities			
Reinsurance contract liabilities	8	6,268,512	7,466,452
Retrocession contract liabilities	9	33,453,133	39,492,403
Other financial liabilities	19	3,268,036	4,128,775
Lease liabilities	20 (ii)	539,739	549,900
Current tax liability	10	404,634	-
Deferred tax liability	21	2,312,316	556,221
Dividend payable		13,698	6,443
Total Liabilities		46,260,068	52,200,194
Total Equity And Liabilities		151,652,525	141,019,883

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 25. The financial statements on pages 31 to 90 were approved and authorised for issue by the Board of Directors on 3 April 2024 and were signed on its behalf by:


Joyce Muwo - Mwansa
Director


Exhildah Lumbwe
Director

Statement of Changes in Equity

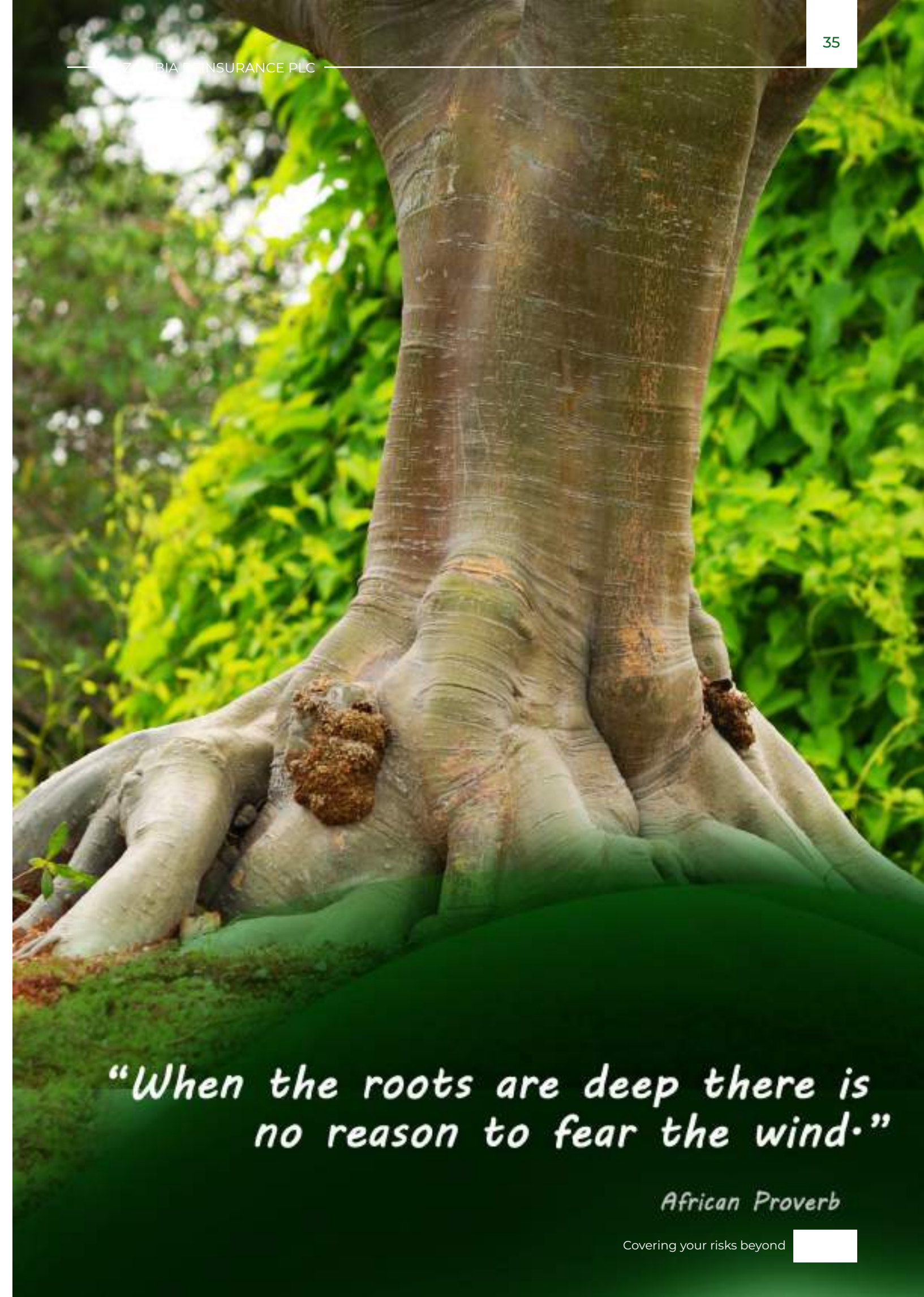
For the year ended 31 December 2023

	Share Capital	Share Premium	Revaluation Reserves	Retained Earnings	Total
	K	K	K	K	K
Balance at 1 January 2022	45,000,000	24,978,551	5,545,108	16,756,998	92,280,657
Transitional impact for the first time adoption of IFRS 17 (note 2.3)	-	-	-	(9,459,518)	(9,459,518)
Restated balance as at 1 January 2022	45,000,000	24,978,551	5,545,108	7,297,480	82,821,1349
Profit for the year	-	-	-	6,062,800	6,062,800
Other comprehensive income, net of taxes:					
Transfer to retained earnings	-	-	(19,905)	19,905	-
Gain on Revaluation of property	-	-	995,265	-	995,265
Gain on investments at fair value	-	-	1,595,485	-	1,595,485
Dividends paid	-	-	-	(2,655,000)	(2,655,000)
Balance At 31 December 2022	45,000,000	24,978,551	8,115,953	10,725,185	88,819,689
Balance at 1 January 2023	45,000,000	24,978,551	8,115,953	10,725,185	88,819,689
Profit for the year	-	-	-	15,514,293	15,514,292
Gain on investments at fair value	-	-	3,083,475	-	3,083,475
Dividends paid	-	-	-	(2,025,000)	(2,025,000)
Balance At 31 December 2023	45,000,000	24,978,551	11,199,428	24,214,478	105,392,457

Statement of Cashflows

For the year ended 31 December 2023

	NOTES	2023	2022
		K	K
Operating Activities			
Profit before tax		20,557,168	8,067,237
Adjusted For Non Cash Items:			
Depreciation expense		1,003,834	633,043
Gains on disposal of property and equipment		(294,209)	(2,300)
Loss on disposal of fair value investment		3,332	-
Fair value gain on investment property	12	(300,000)	(546,000)
Other gains (losses)		(833,866)	22,742
Interest income		(6,768,974)	(9,098,549)
Bad debts		-	(666,510)
Operating Cash Flows Before Movement In Working Capital			
Increase in reinsurance contract assets		(9,801,287)	(3,474,554)
Decrease in other assets		(3,936,753)	(4,726,742)
Decrease/ (increase) in retrocession contract assets		7,522,120	(16,690,253)
(Decrease)/ increase in retrocession contract liabilities		(6,039,270)	23,746,703
(Decrease)/ increase in reinsurance contract liabilities		(1,197,940)	658,337
(Decrease)/ increase in other financial liabilities		(860,739)	1,341,955
Decrease in lease liabilities		(10,161)	-
Cash Used In Operating Activities			
Interest income		6,768,974	9,098,549
Rental income	4	-	161,606
Dividend income	4	-	417,959
Income tax paid	10	(2,492,050)	(3,483,812)
Net Cash Generated From Operating Activities			
		3,320,179	5,459,411
Investing Activities			
Additions to investment property	12	-	(14,000)
Proceeds on disposal of property and equipment		297,314	2,300
Proceeds on disposal of equity investment		436,929	-
Purchase of property and equipment	11	(3,176,008)	(781,372)
Proceeds from investments in financial assets		107,780,442	83,525,993
Purchase of investments in financial assets		(91,396,848)	(89,503,769)
Net Cash Generated/ (Used) From/ (In) Investing Activities			
		13,941,829	(6,770,848)
Financing Activities			
Dividends paid	25	(2,017,745)	(2,653,447)
Net Cash Paid On Financing Activities			
		(2,017,745)	(2,653,447)
Net Cash Inflow/(Outflows)			
		15,244,263	(3,964,884)
Net cash and cash equivalents at beginning of the year		1,480,489	5,468,115
Impact on foreign currency exchange rate changes		833,866	(22,742)
Net Cash And Cash Equivalents At End Of The Year			
		17,558,618	1,480,489
Comprised Of:			
Bank and cash balances	16	1,594,818	980,489
Short term deposits maturing within 90 days	16	15,963,800	500,000
		17,558,618	1,480,489



*“When the roots are deep there is
no reason to fear the wind.”*

African Proverb

Notes to the Financial Statements

For the year ended 31 December 2023

1. General Information

Zambia Reinsurance Plc (the "Company") is a public limited Company incorporated and domiciled in Zambia. The address of its registered office and principal place of business are disclosed in the corporate information on pages 1 - 2. The principal activities of the Company are described in the Director's report.

The financial statements are presented in Zambian Kwacha (K), which is the Company's presentation currency. All financial information presented in Zambian Kwacha has been rounded to the nearest Kwacha unless otherwise indicated. The Company's financial currency is the Zambian Kwacha (K).

2. Summary Of Significant Accounting Policies

2.1 Statement of Compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Insurance Act 2021, the Companies Act, 2017 and the Securities Act of Zambia, 2016 (as amended).

2.2 Basis Of Preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IFRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of assets.

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

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

The Company presents its statement of financial position broadly in order of liquidity from the least liquid to the most liquid. An analysis regarding recovery of settlement within twelve months after the reporting date (current) more than 12 months (non current) is presented in the notes.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2.3 New Standards Adopted As At 1 January 2023

Included in this note are amendments that have a significant impact on these Financial Statements, and therefore detailed disclosures have been made as required by IAS 8.28. For 2022, there are none to be disclosed.

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

IAS 8.28 requires an entity to disclose detailed information on certain Standards that have been applied for the first time in the current period. Other Standards and amendments that are effective for the first time in 2023 (for an entity with a 31 December 2023 year-end) and could be applicable to the Company are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

IFRS17 Insurance Contracts

IFRS 17 replaces IFRS 4 for the annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transition provisions to IFRS 17 restated adopting the modified retrospective approach. The nature of the changes in accounting policies can be summarised, as follows:

a) Changes To Classification And Measurement

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

The company being engaged in reinsurance business classifies its contracts into reinsurance contracts and retrocession contracts.

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 (LRC) reflects premiums received/receivable less deferred acquisition cashflows/payables and less amounts recognized in revenue for services provided.
- Measurement of the LRC 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 LRC includes 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).
- Measurement of the liability for Incurred claims (LIC) (Previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability included the Company's obligation to pay other incurred reinsurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company has determined that its reinsurance and retrocession contracts qualify for the simplified approach. As a result, the Company has established its policy to account for its contracts under the Premium Allocation Approach.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

The Company's classification and measurement of reinsurance and retrocession contracts is explained below:

b) Changes To Presentation And Disclosure

For presentation of statement of financial position for the year, the Company aggregates reinsurance contracts issued, and retrocession contracts held, respectively and presents separately:

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

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

The line-item description in the statement of profit or loss and other comprehensive income that have been changed significantly compared with the last year are as follows:

Previously Reported Under IFRS 4:

- Gross written premium
- Net written premiums

IFRS 17 Require Separate Presentation Of:

- Reinsurance revenue;

- Reinsurance service expenses;
- Reinsurance finance income or expenses; and
- Income or expenses from Retrocession contracts held.

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 cashflows as if IFRS 17 has always applied. However, at transition date, a recoverability assessment was performed and the impairment is recognized to equity.
- Derecognised any existing balances that would exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

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 and Earnings per Share (EPS). The effects of adopting IFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

Remeasurement Impact On The Statement Of Financial Position On Adoption Of IFRS 17	As at 1 January 2022 K
Impact On Equity On Transition To IFRS17	
Drivers of change:	
In measurement of reinsurance contracts issued	(10,902,974)
In measurement of retrocession contracts held	1,443,456
	(9,459,518)
Impact On Reinsurance Contracts Liabilities	
Drivers of change:	
Risk adjustment	1,682,941
Other drivers	9,220,033
	10,902,974
Impact On Retrocession Contracts Held	
Drivers of change:	
Discounting	770,391
Risk adjustment	673,065
	1,443,456

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

Material Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of certain standards and amendments, which are effective for annual periods beginning on or 1 January 2023 (unless otherwise stated).

Reinsurance And Retrocession Contracts

Definition And Classification

Reinsurance contracts are contracts under which the Company accepts significant insurance risk from an insurer by agreeing to compensate the insurer if a specified uncertain future event adversely affects the insurer.

In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company uses retrocession agreements, to reduce its exposure to risks assumed, to increase its aggregate underwriting capacity. The ceding of risk to retrocessionaires does not relieve the Company from its direct obligations to its ceding companies.

The Company has assessed that all contracts currently classified as reinsurance and retrocession contracts under IFRS4 meet the definition of reinsurance and retrocession contracts under IFRS 17. The Company does not write any investment contract with discretionary participation features or reinsurance contracts with direct participation features.

At inception, the Company separates the following components from reinsurance or retrocession contract and accounts for them as if they were stand-alone financial instruments:

- Derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of reinsurance or retrocession contract as a stand-alone instrument; and
- Distinct investment component: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same justification.

After separating any financial instrument components, the Company separates any promises to transfer to policy holders' distinct goods or services other than reinsurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as reinsurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder.

A good or service is not distinct and is accounted for together with the reinsurance component if the cashflows and risks associated with the good or services are highly inter-related with the cashflows and risks associated with the reinsurance component, and the Company provides a significant service of integrating the good or service with reinsurance component. Currently, the Company's portfolios do not contain any non-insurance components that need to be unbundled from reinsurance and retrocession contracts.

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

Recognition

The Company recognizes 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 circumstance indicate that the group is onerous.

The Company recognizes 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.
- The date the company recognizes an onerous group of underlying reinsurance 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.

Contract Boundary

The Company includes in the measurement of a group of reinsurance contract all the future cashflows within the boundary of each contract in the group. Cashflows are within the boundary of an reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel policy holders to pay the premiums, or in which the Company has a substantive obligation to provide reinsurance contract services ends when:

The Company has the practical ability to reassess the risks of the portfolio of reinsurance contracts that contain the contract and, as a result, can set a price or level of the benefits that fully reflects those risks;

Both of the following criteria are satisfied:

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

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

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

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 all the contracts being one year or less qualifies automatically for PAA. For group of contracts with coverage period greater than one year, there was no material difference in the measurement of the liability for the remaining coverage between PAA and the general model, therefore, these qualify for PAA.
Reinsurance acquisition cashflows for reinsurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, reinsurance acquisition cashflows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups containing reinsurance 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, reinsurance acquisition cashflows must be allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group.	Reinsurance acquisition cashflows allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group.

	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 premiums due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all contracts measured under the PAA, there is no significant financing component as the premiums are expected to be received within one year of the coverage period.
Liability for remaining for Incurred Claims (LIC) adjusted for time value of money	Where claims are expected to be paid within a year of date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company discounts the LIC for the time value of money as claims are expected to be paid on average a year after the date that they are incurred.
Reinsurance finance and expenses	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	The Company opted to take changes in discounts rate to profit and loss account.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

Reinsurance Contracts

Initial Measurement

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

- The coverage period of each contract in the group is one year or less, including reinsurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expect that the measurement of the liability remaining coverage for the group containing those contracts under PAA does differ materially from 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 risks and types of its lines of business.

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

- The premiums. If any, received at initial recognition,
- Minus any reinsurance acquisition cashflows at the date
- Plus or minus any amount arising from the derecognition at the date of the asset recognized for reinsurance acquisition cashflow and
- Any other assets or liability previously recognized for cashflows related to the group of contracts that Company pays or receives before the group of reinsurance contracts recognized.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if net outflows is expected from the contract. Such onerous contracts are separately grouped from other contracts and 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 cashflows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

Subsequent Measurement

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

- Plus premiums received in the period
- Minus reinsurance acquisition cashflows
- Plus or minus any amount arising from the derecognition at that date of the asset recognized for reinsurance acquisition cashflows
- Plus any amounts relating to the amortization of the reinsurance acquisition cashflows recognized as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognized as reinsurance 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 cashflows related to incurred claims. The fulfilment cashflows 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 cashflows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (risk adjustment).

Retrocession Contracts

Initial Measurement

The Company measures its retrocession assets for a group of retrocession contracts that it holds on the same basis as reinsurance contracts that it issues. However, they are adapted to reflect the features of retrocession contracts held that differ from reinsurance 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 contract group of underlying reinsurance contracts or when further underlying onerous reinsurance contracts are added to a group, the Company establishes a loss -recovery component of the asset for the remaining coverage for a group of retrocession contracts held depicting the recovery of losses.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

The Company calculates the loss-recovery component by multiplying the loss recognized 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.

Subsequent Measurement

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

Modification And Derecognition

The Company derecognizes insurance contract 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 derecognizes 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 modifications with the contract as an adjustment to the relevant liability/Asset for remaining coverage.

Reinsurance Acquisition Cashflow

Reinsurance acquisition cashflows arise from the costs of selling, underwriting and starting a group of reinsurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of reinsurance contracts to which the group belongs. All acquisition costs are deferred. Using a systematic and rational method to allocate:

- Reinsurance acquisition cashflows that are directly attributable to a group of reinsurance contracts:
 - To that group; and
 - To groups that include reinsurance contracts that are expected to arise from the renewals of the reinsurance contracts in the group.

- Reinsurance acquisition cashflows directly attributable to a portfolio of reinsurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Discount Rates

The Company adopts a bottom-up approach in deriving the appropriate discount rates. A single entity level discount rate curve is computed. Under this approach, this discount rate determined is 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 cashflows (known as illiquidity premiums).

Risk Adjustment

IFRS 17 requires entities to measure reinsurance contracts at initial recognition as the sum of the following items:

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate
- Risk Adjustment (RA) for non-financial risk.

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cashflows that arises from non-financial risk.

Derivation Of The Risk Adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS17 guidelines

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated using the Chain Ladder Method.

The Company will set confidence level in the range of the 60th to 90th percentile, on a diversified basis. The Company applies judgement to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of reinsurance and retrocession contracts to determine the desired Risk Adjustments.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (continued)

2.3 New Standards Adopted As At 1 January 2023 (continued)

Reinsurance Revenue

The reinsurance revenue for the period is the amount of expected premium receipts (excluding any investments component) allocated to the period. The Company allocated the expected premium receipts to each period of the reinsurance contract services on the basis of the passage of time. But if the expected patten 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 reinsurance 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 recognized on the basis of passage of time.

Reinsurance Finance Income And Expenses

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

- Future Cashflows Flow (FCF) and comprising the Present Value of Future Cash Flow (PVFC) with an appropriate
- 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.

The Company allocates reinsurance finance income or expenses on reinsurance contracts issued to profit or loss. The impact of changes in market interest rates on the value of the reinsurance assets and liabilities are reflected in profit or loss in order to minimize accounting mismatches between the accounting for financial assets and reinsurance assets and liabilities.

Net Income Or Expenses From Retrocession Contracts Held

The Company presents separately on the face of statement of profit and loss, the amounts expected to be recovered from reinsurers, net of allocation of the retrocession premiums paid. The Company treats retrocession cashflows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under retrocession premium presented on the face of statement of profit or loss.

2.4. Finance Cost

Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

2.5 Borrowing Costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

2.6 Foreign Currencies

The financial statements of the Company are presented in the currency in which the majority of its transaction are conducted (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Zambian Kwacha ('K'), which is the functional currency of the Company and the presentation currency for the financial statements.

Preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange losses differences arising on cash and cash equivalents are treated as realised for tax purposes.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1. Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.7.2. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

"The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.7.3. Current And Deferred Tax For The Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.8 Property And Equipment

Leasehold buildings are stated in the statement of financial position at valuation less depreciation. Valuations are performed as and when the Directors deem it necessary to do so but with sufficient regularity such that the carrying depreciation.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2.8 Property And Equipment (Continued.)

amount of the asset does not differ materially from that which would be determined using fair values at the reporting date. Movable machinery, fixtures and fittings and motor vehicles are stated in the statement of financial position at cost less depreciation

Any revaluation increase arising on the revaluation of such leasehold buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Assets under construction are carried at cost, less any identified impairment loss. Such assets are initially shown as capital work in progress and transferred to the relevant class of assets when commissioned. Cost includes fees and where necessary, borrowing costs. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, on a straight line basis, at the following annual rates:

Building	2.00%
Motor Vehicles	25.0%
Office equipment, fixtures and fittings	25.0%
Computer furniture	15.0%
Computer software	20.0%

The estimated useful lives, residual values and depreciation method are reviewed at each year end.

The effect of any changes in estimate is accounted for on a prospective basis. Management has estimated the residual values of the property and equipment at 31 December 2021 to be insignificant.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Repairs and maintenance expenses are charged to the statement of comprehensive income during the year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company.

2.9 Impairment Of Property And Equipment

At each reporting date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2.9 Impairment Of Property And Equipment(Continued.)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at the revalued amounts, in which case the impairment loss is treated a revaluation decrease.

2.10 Revaluation Of Property And Equipment

Valuations are performed as and when the Directors deem it necessary to do so but with sufficient regularity such that the carrying amount of the asset does not differ materially from that which would be determined using fair values at the reporting date. The last independent valuation was done in 2022.

2.11 Residual Values And Useful Lives Of Property And Equipment

The Directors review the estimated useful lives of property and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss.

2.12 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.13 Deferred Expenses

Commission and other acquisition expenses relating to unearned premiums are carried forward as deferred expenses. Deferred expenses represent commission and other brokers' fees which vary directly with and are primarily related to the acquisition of new and renewable insurance contracts and are deferred and charged to profit or loss as the related premium income is recognised. Deferred expenses are calculated on a time basis using the 24th method in respect of all classes of business.

2.14 Unearned Premiums

Unearned premiums relate to the unexpired risks under policies in force. Unearned premiums are calculated on a time basis using the 24th method in respect of all classes of business.

2.15 Financial Instrument

2.15.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(I) Classification Of Financial Assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

2.15 . Financial Instrument (Continued.)

2.15.1 Financial Assets (Continued.)

(i) Classification Of Financial Assets (Continued.)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The accounting policies adopted for specific financial assets are as set out below:

(i) Insurance And Other Receivables

The Company's products are classified at inception as insurance contracts. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to make significant additional benefits in any scenario, excluding scenarios that lack commercial substance.

Insurance and other assets are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Insurance receivables are stated after the deduction of amounts which, in the opinion of the Directors, are required for specific provision. Specific provisions are made against identified doubtful insurance receivables.

(ii) Deferred Acquisition Costs

Acquisition costs which represent commission are deferred over the year in which the related premiums are earned. The deferred portion is calculated by applying the 24th method on net commission.

(iii) Cash And Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iv) Amortised Cost And Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2 Summary Of Significant Accounting Policies (Continued.)

2.15 Financial Instruments (Continued.)

2.15.1 Financial Assets (Continued.)

(iv) Amortised Cost And Effective Interest Method(Cont.)

allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(v) Equity Instruments Designated At Fair Value Through Other Comprehensive Income

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment Of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and insurance receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (Continued.)

2.15 Financial Instruments (Continued.)

2.15.1 Financial Assets (Continued.)

Impairment Of Financial Assets (Continued.)

The Company always recognises lifetime ECL for insurance receivables and lease receivables. The expected credit losses on these financial assets are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(i) Definition Of Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-Impaired Financial Assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of insurance receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (Continued.)

2.15 Financial Instruments (Continued.)

2.15.1 Financial Assets (Continued.)

Impairment Of Financial Assets(Continued.)

(iii) Measurement And Recognition of Expected Credit Losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

Derecognition Of Financial Assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected profit or loss, but is transferred to retained earnings.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.15.2. Financial Liabilities

Classification As Debt Or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company has the following financial liabilities:

(i) Reinsurance And Other Payables

Reinsurance and other payables are initially measured at fair value, and are subsequently measured at amortised cost.

(ii) Deferred Reinsurance Commission

Reinsurance income which represent commission are deferred over the year in which the related premiums are earned. The deferred portion is calculated by applying the 24th method on net commission.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (Continued.)

2.15.2 Financial Liabilities (Continued)

(iii) Outstanding Claims

Outstanding claims, net of reinsurance recoveries, include claims reported but unpaid, and claims incurred but not reported at the date of the statement of financial position. Any differences between the original claim provision and subsequent re-estimates or settlements are reflected in the underwriting results for the year.

Provision for the liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims. Material salvage and other recoveries including reinsurance recoveries are presented as other assets.

(iv) Dividends Payable

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders.

Derecognition Of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.15.3 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows. When some or all of the economic benefits required to settle a provision are expected to be recorded from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.17 Retirement Benefits

The Company's employees are members of a separately administered defined contribution pension scheme. Payments to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to the contributions. The Company's contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme.

For fixed term contract employees, a gratuity is payable at the end of the contract period and is accrued as a provision and settled at the end of the contracted period. Contract periods range from one to three years. The Company contributes to the National Pension Authority Scheme (NAPSA) for its eligible employees as provided for by law. Membership is compulsory

Notes to the Financial Statements

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For the year ended 31 December 2023

2. Summary Of Significant Accounting Policies (Continued.)

2.17 Retirement Benefits(Continued.)

The Company contributes to the National Pension Authority Scheme (NAPSA) for its eligible employees as provided for by law. Membership is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is charged to profit or loss in the year in which it arises.

3. Critical Accounting Estimates And Judgements

3.1 Critical Judgements In Applying Accounting Policies

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In respect of the Company, the Directors have made estimates and judgements in the area of income tax, expected credit losses on trade receivables and the provision for environmental liabilities as explained in detail below.

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.

3.2 Key Sources Of Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Expected Credit Loss On Insurance Receivables

Premium receivables are non-interest bearing and their payment period is stipulated within reinsurance agreements but not exceeding one year. The Company measures the loss on premium receivables at an amount equal to lifetime expected credit loss which is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Premium receivables above 360 days are provided for based on estimated irrecoverable amounts from the reinsurance contracts, determined by reference to past default experience.

In line with IFRS 9 Financial instruments, the Company has grouped its receivables into the following categories: Direct and Broker business. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers such as inflation, exchange rates, and level of Government expenditure.

The Company changed its ECL calculation methodology from the general approach to the simplified approach and there was no significant impact arising from this change.

The Company has considered the impact of COVID-19 pandemic on the expected credit loss of trade receivables. The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of December 2023.

Notes to the Financial Statements

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For the year ended 31 December 2023

If the ECL rates on trade receivables had been 0.5% per cent higher (lower) as of December 2023, the loss allowance on trade receivables would have been K60,000 higher or (lower).

The Company recognises an impairment gain or loss on its premium receivables with a corresponding adjustment to their carrying amount through a loss allowance account in the statement of profit or loss.

3.2.2 Incurred But Not Reported Reserve Retrocession Contract Liabilities

The carrying value at the reporting date for the incurred but not reported reserve is K33,453,134..

Provision for the liabilities of non-life insurance contracts is made for an estimate for the cost of claims incurred but not reported (IBNR) at that date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. The sensitivity analysis is disclosed in note 31.

Notes to the Financial Statements

CONTINUED

For the year ended 31 December 2023

4. Investment Income	2023	2022
	K	K
Interest income	6,768,974	8,518,984
Dividend received (note 14)	559,776	417,959
Rental income	127,800	161,606
	7,456,550	9,098,549

5. Other Gains And Losses

Net foreign exchange gains(losses)	13,977,305	884,285
Gain on remeasurement of investment property (note 11)	300,000	546,000
Gain on disposal of property and equipment	294,209	2,300
	14,571,514	1,432,585

The net foreign exchange gains(losses) above comprise the following:

Total exchange gains for the year	23,165,094	16,799,526
Total exchange losses for the year	(9,187,789)	(15,915,241)
Net foreign exchange gains (losses)	13,977,305	884,285

The movements in the US Dollar exchange rates during the year were as follows:

Mid market exchange rate at 1 January	18.18	16.73
Mid market exchange rate at 31 December	25.78	17.14
Average (appreciation) depreciation	(42%)	(2%)

6. Other Operating Expenses

(i) Direct Operating Expenses		
Insurance levy	852,106	930,707
Indirect Operating Expenses		
(ii) Directors' fees (note 24 (a))	2,402,892	3,347,134
Property expenses	213,444	197,082
Advertising	228,508	270,070
Total Operating Expenses	3,696,950	4,744,993

Notes to the Financial Statements

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For the year ended 31 December 2023

7. Profit Before Tax	2023	2022
	K	K
Profit before tax is stated after crediting:		
Investment income (note 4)	7,456,550	9,678,114
Gain on remeasurement of investment property (note 5)	300,000	546,000
Net exchange gains/(losses)(note 5)	13,977,305	884,285
Gain on disposal of property and equipment (note 5)	294,209	2,300
and after charging:		
Directors' and key management remuneration:		
- in connection with the management of		
the Company (note 24 (a))	4,918,214	4,684,013
- as directors of the Company (note 24 (a))	2,402,892	3,347,134
Depreciation and amortization (note 11 and 20)	1,003,834	633,043
Pension costs - Company contribution	168,853	145,469

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

8. Retrocession Contracts

2023

	Liabilities for incurred Claims			
	Liabilities for remaining coverage	Estimation of present value of the future cashflows	Risk adjustment for non-financial risk	Total
	K	K	K	K
Opening reinsurance contract assets	(17,635,403)	-	-	(17,635,403)
Opening reinsurance contract liabilities	(7,466,452)	-	-	7,466,452
Net Reinsurance Contract (Assets)/Liabilities	(10,168,951)	-	-	(10,168,951)
Reinsurance Revenue	(90,023,096)	-	-	(90,023,096)
Reinsurance Service Expenses				
Incurred claims and other insurance service expenses	15,036,812	-	-	15,036,812
Amortisation of insurance acquisition service expenses	27,036,571	-	-	27,036,571
Adjustments to liabilities for incurred claims	-	-	58,014	58,014
Reinsurance Service Expenses	42,073,382	-	58,014	42,131,396
Reinsurance Service Result	(47,949,712)	-	58,014	(47,891,698)
Reinsurance finance expense recognised in profit or loss	-	(7,145,916)	-	(7,145,916)
Total Changes In The Statement Of Profit Or Loss	(47,949,714)	(7,145,916)	58,014	(55,037,616)
Total Changes In The Statement Of Profit Or Loss And OCI	(47,949,713)	(7,145,916)	58,014	(55,037,615)
Cashflows				
Premium received	86,387,951	-	-	86,387,951
Claim	-	(14,530,689)	-	(14,530,689)
Reinsurance acquisition cashflows	(27,818,873)	-	-	(27,818,873)
Total Cashflows	58,569,078	(14,530,689)	-	44,038,389
Net Closing Reinsurance Contract (Assets)/Liabilities	450,413	(21,676,605)	306,224	(21,168,178)
Closing reinsurance contract assets	(27,436,690)	-	-	(27,436,690)
Closing reinsurance contract liabilities	6,268,512	-	-	6,268,512
Net Closing Reinsurance Contract (Assets)/Liabilities	(21,168,178)	-	-	(21,168,178)

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

8. Retrocession Contracts (Continued.)

2022

	Liabilities for incurred Claims			
	Liabilities for remaining coverage	Estimation of present value of the future cashflows	Risk adjustment for non-financial risk	Total
	K	K	K	K
Opening reinsurance contract assets	(13,494,339)	-	-	(13,494,339)
Opening reinsurance contract liabilities	6,808,115	-	-	6,808,115
Net Reinsurance Contract (Assets)/Liabilities	(6,686,224)	-	-	(6,686,224)
Reinsurance Revenue	(92,711,666)			(92,711,666)
Reinsurance Service Expenses				
Incurred claims and other insurance service expenses	15,269,982	-	-	15,269,982
Amortisation of insurance acquisition service expenses	24,366,938	-	-	24,366,938
Adjustments to liabilities for incurred claims	-	-	162,671	162,671
Reinsurance Service Expenses	39,636,920	-	162,671	39,799,591
Reinsurance Service Result	(53,074,746)	-	162,671	(52,912,075)
Reinsurance finance income recognised in profit or loss	-	(296,903)	-	(296,903)
Total Changes In The Statement Of Profit Or Loss	(53,074,746)	(296,903)	162,671	(53,208,978)
Total Changes In The Statement Of Profit Or Loss And OCI	(53,074,746)	(296,903)	162,671	(53,208,978)
Cashflows				
Premium received	88,122,187	-	-	88,122,187
Claim	-	(12,280,532)	-	(12,280,532)
Reinsurance acquisition cashflows	(26,115,404)	-	-	(26,115,404)
Total Cashflows	62,006,783	(12,250,532)	-	49,726,251
Net Closing Reinsurance Contract (Assets)/Liabilities	2,245,812	(12,577,435)	162,671	(10,168,952)
Closing reinsurance contract assets	(17,635,403)	-	-	(17,635,403)
Closing reinsurance contract liabilities	7,466,452	-	-	7,466,452
Net Closing Reinsurance Contract (Assets)/Liabilities	(10,168,951)	-	-	(10,168,951)

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

9. Reinsurance Contracts

2023

	Assets for incurred claims			
	Liabilities for remaining coverage	Estimation of present value of the future cashflows	Risk adjustment for non-financial risk	Total
	K	K	K	K
Opening Retrocession contract assets	(11,993,689)	(4,023,499)	(673,065)	(16,690,253)
Opening Retrocession contract liabilities	27,077,551	10,731,907	1,682,945	39,492,403
Net Retrocession Contract (Assets)/Liabilities	15,083,862	(6,708,408)	1,009,880	(22,802,150)
Retrocession Revenue	44,864,695	-	-	44,864,695
Retrocession Service expenses				
Amounts recoverable for incurred claims and other expenses	(7,600,267)	(11,477,998)	-	(19,078,265)
Changes to amounts recoverable for incurred claims	-	-	(248,210)	(248,210)
Retrocession Service Expenses	(7,600,267)	(11,477,998)	(248,210)	(19,326,475)
Retrocession Service Result	37,264,428	(11,477,998)	(248,210)	25,538,220
Retrocession finance expense recognised in profit or loss	5,280,935	-	-	5,280,935
Total Changes In The Statement Of Profit Or Loss	42,545,363	(11,477,998)	(248,210)	30,819,155
Total Changes In The Statement Of Profit Or Loss And OCI	(42,545,363)	(11,477,998)	(248,210)	30,819,155
Cashflows				
Premium paid	(45,123,360)	-	-	(45,123,360)
Recoveries from retrocessionaires	-	6,369,572	-	6,369,511
Recovered acquisition cashflows	9,417,543	-	-	9,417,543
Total Cashflows	(35,705,817)	6,369,512	-	(29,336,305)
Net Closing Retrocession Contract (Assets)/Liabilities	(21,923,409)	(1,599,922)	(761,670)	(24,285,000)
Closing Retrocession contract assets	(7,813,250)	(433,608)	(921,275)	(9,168,133)
Closing Retrocession contract liabilities	33,539,666	(1,827,492)	1,740,959	33,453,133
Net Closing Retrocession Contract (Assets)/Liabilities	25,726,416	(2,261,100)	819,684	24,285,000

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

9. Reinsurance Contracts (Continued.)

2022

	Assets for incurred Claims			
	Liabilities for remaining coverage	Estimation of present value of the future cashflows	Risk adjustment for non-financial risk	Total
	K	K	K	K
Opening Retrocession contract assets	(5,958,431)	(14,584,147)	(962,100)	(21,504,678)
Opening Retrocession contract liabilities	33,849,926	703,276	1,520,274	36,073,476
Net Retrocession Contract (Assets)/Liabilities	27,891,495	(13,880,871)	558,174	14,568,798
Retrocession Revenue	51,932,106	-	-	51,932,106
Retrocession Service Expenses	-	-	-	-
Amounts recoverable for incurred claims and other expenses	(5,075,298)	(13,915,555)	-	(18,990,853)
Changes to amounts recoverable for incurred claims	-	-	289,035	(289,035)
Retrocession Service Expenses	(5,075,298)	(13,915,555)	289,035	(18,701,818)
Retrocession Service Result	46,856,808	(13,915,555)	289,035	(33,230,288)
Retrocession finance expense recognised in profit or loss	(65,822)	-	-	(65,822)
Total Changes In The Statement Of Profit Or Loss	(46,922,630)	(13,915,555)	289,035	33,296,110
Total Changes In The Statement Of Profit Or Loss And OCI	46,922,700	(13,915,555)	289,035	33,296,110
Cashflows				
Premium paid	(44,555,919)	-	-	(44,555,919)
Recoveries from retrocessionaires	-	5,577,606	-	5,577,606
Recovered acquisition cashflows	13,915,555	-	-	13,915,555
Total Cashflows	(30,640,364)	5,577,606	-	(25,062,758)
Net Closing Retrocession Contract (Assets)/Liabilities	44,173,761	(22,218,820)	847,209	22,802,150
Closing Retrocession contract assets	(11,993,689)	(4,023,499)	(673,065)	(16,690,253)
Closing Retrocession contract liabilities	27,077,551	10,731,907)	1,682,945	39,492,403
Net Closing Retrocession Contract (Assets)/Liabilities	15,083,862	6,708,408	1,009,880	22,802,150

Notes to the Financial Statements

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For the year ended 31 December 2023

10. Taxation

(i) Income Tax Expense

	2023	2022
Income tax at 30%	K	K
Current tax charge	3,286,780	1,818,411
Deferred taxation (note 21)	1,756,095	3,708,280
	5,042,875	5,526,691

(ii) Current Tax Liabilities/(Asset)

The movements during the year on the income tax account are as follows:

Payable in respect of the year	3,286,780	1,818,411
Payable in respect of previous years	(390,096)	1,275,305
	2,896,684	3,093,716
Paid during the year	(2,492,050)	(3,483,812)
Current tax liability (asset)	404,634	(390,096)

Income tax is calculated in accordance with the Third Schedule Section 25,1(1) of the Income Tax Act 1996, as amended.

(iii) Reconciliation Of The Tax Charge:

Profit before tax	20,557,168	8,067,237
Taxation applicable rate of 30%	6,167,150	2,420,171
Permanent differences	(2,880,370)	(601,760)
	3,286,780	1,818,411
Standard rate	30%	30%
Permanent differences	6%	6%
	29%	29%

Notes to the Financial Statements

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For the year ended 31 December 2023

11. Property And Equipment

	Buildings	Motor vehicles	Furniture and equipment	Work in Progress	Computer Software	Total
	K	K	K	K	K	K
Cost/Valuation						
At 1 January 2022	7,819,990	2,455,436	1,523,887	-	1,699,002	13,498,314
Additions	-	-	494,709	286,663	-	781,372
Valuation	500,000	-	-	-	-	500,000
Disposals	-	-	(32,021)	-	-	(32,021)
At 31 December 2022	8,319,990	2,455,436	1,986,575	286,663	1,699,002	14,747,666
Additions	-	2,408,890	60,884	706,234	-	3,176,008
Valuation	-	-	-	-	-	-
Disposals	-	(707,448)	(87,879)	-	-	(795,327)
At 31 December 2023	8,319,990	4,156,878	1,959,580	992,897	1,699,002	17,128,347

Cost Or Valuation As At 31 December 2023 Is Represented By:

Valuation	4,452,238	-	-	-	-	4,452,238
Cost	3,867,752	4,156,878	1,959,579	992,897	1,699,002	12,676,109
	8,319,990	4,156,878	1,959,579	992,897	1,699,002	17,128,347

Depreciation

At 1 January 2022	338,865	1,813,912	996,502	-	1,699,002	4,848,281
	170,267	256,611	206,165	-	-	633,043
Charge for year	(495,266)	-	-	-	-	(495,266)
Disposals	-	-	(32,019)	-	-	(32,019)
At 31 December 2022	13,866	2,070,523	1,170,648	-	1,699,002	4,954,039
Charge for year	181,153	557,721	256,368	-	-	995,242
Disposals	-	(707,448)	(84,774)	-	-	(792,222)
At 31 December 2023	195,019	1,920,796	1,342,242	-	1,699,002	(5,157,059)
Carrying amount						
At 31 December 2023	8,124,970	2,236,082	617,339	992,897	-	11,971,288
At 31 December 2022	8,306,124	384,913	815,927	286,663	-	9,793,627

The Directors consider that the fair value of the buildings is at least equal to their carrying values as reflected in the statement of financial position.

Notes to the Financial Statements

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For the year ended 31 December 2023

11. Property And Equipment (continued) Fair Value Of Property And Equipment

In October 2019, an independent valuation of the Company's building was performed by Bitrust Real Estate, registered valuation surveyors to determine the fair value of the buildings. The valuation was carried out on an open market basis for existing use. The book value of the property was adjusted to market value and the resultant surplus was credited to revaluation reserves in the Statement of Changes in Equity. It is the policy of the Company to transfer the excess depreciation to retained earnings from revaluation reserve (excess depreciation is the difference between depreciation on revalued carrying amount of an asset and depreciation based on historical cost) in the Statement of Changes in Equity. The different levels have been defined as follows:

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

The property and equipment falls within Level 3. There were no transfers between different levels during the year. The property is valued using the Open Market Value approach. The most significant input into this valuation is the market value of the comparable land and buildings based on prevailing property prices.

At 31 December 2023, if leasehold and buildings had been stated at historical cost, their carrying amount would have been approximately K 3,867,759 (2022: K3,171,557).

In accordance with section 279 of the Companies Act 2017, the register of Land and Buildings is available for inspection by members and their duly authorised agents at the Registered Records Office of the Company.

At 31 December 2023

	Level 1 K	Level 2 K	Level 3 K	Fair Value K
Buildings	-	-	8,124,971	8,124,971

At 31 December 2022

	Level 1 K	Level 2 K	Level 3 K	Fair Value K
Buildings	-	-	8,306,123	8,306,123

Buildings has been categorised into level 3 in the fair value hierarchy, and the following information is relevant:

Property	Valuation technique	Significant unobservable inputs	Sensitivity
Buildings	Open market approach	Market value of the comparable land and buildings based on prevailing property prices	A slight increase in the property prices used would result in increase in property value, and vice versa

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

11. Property And Equipment (Continued.)

	2023	2022
	K	K
5% increase in value of the property	8,531,220	8,721,429
5% decrease in value of the property	7,718,722	7,890,817

12. Investment Properties

At beginning of the year	5,600,000	5,040,000
Additions	-	14,000
Increase in fair value during the year	300,000	546,000
At end of year	5,900,000	5,600,000

The investment property represents two residential units acquired from Madison Capital Limited for rental to the general public. These are at Farm No. 609/265A/A15/CL30 and 609/265A/A15/CL31 Roma Park, Lusaka. The title deeds for the investment properties are yet to be transferred to the Company. The Directors are taking the necessary steps to change ownership of the properties to Zambia Reinsurance PLC.

Property	Valuation technique	Significant unobservable inputs	Sensitivity
Roma Park Residential Units	Direct Capital Comparison method	Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property.	significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

The fair value of the Company's investment properties at 31 December 2023 has been arrived at on the basis of a valuation carried out on 7 November 2022 by Bitrust Real Estate, independent valuers, who are independent of the Company. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The valuation was done in accordance with the international valuation standards committee (IVSC) and conform to the stipulations of the Royal Institution of Chartered Surveyors(RICS).

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

12. Investment Properties (Continued.)

The fair value of the Company's investment properties at 31 December 2023 has been arrived at on the basis of a valuation carried out on 16 November 2023 by Bitrust Real Estate, independent valuers, who are independent of the Company. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The valuation was done in accordance with the international valuation standards committee (IVSC) and conform to the stipulations of the Royal Institution of Chartered Surveyors(RICS).

	Level 3 Fair value as at 31 December 2023	Level 3 Fair value as at 31 December 2022
	K	K
Roma Park Residential Units (Farm No. 609/265A/A15/CL30 and CL31)	5,900,000	5,600,000
0.5% increase in yield rate	6,195,000	5,880,000
0.5% decrease in yield rate	5,605,000	5,320,000
13. Investments at Amortised Cost		
Fixed term deposits	54,688,815	52,841,553
Government treasury bills	11,260,169	14,026,925
	65,946,684	66,868,478
(i) Fixed Term Deposits		
Maturing within 90 days (note 16)	14,618,800	-
Maturing after 90 days	40,069,715	52,841,553
	54,688,515	52,841,553
(ii) Treasury Bills		
Maturing within 90 days	1,345,000	500,000
Maturing after 90 days	9,915,169	13,526,925
	11,260,169	14,026,925
Total investments at amortised cost maturing after 90 days	49,984,884	66,368,478
Effective Interest Rates		
The weighted average effective interest rates during the year were as follows:		
Treasury bills	13%	14%
Fixed term deposits	9%	11%

The Directors consider that the carrying amounts of the above financial assets approximate their fair value.

Notes to the Financial Statements

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For the year ended 31 December 2023

14. Investments At Fair Value Through Other Comprehensive Income

	2023	2022
	K	K
At the beginning of the year	6,384,881	4,789,396
Disposal	(440,261)	-
Unrealised gains on financial assets at fair value	3,083,475	1,595,485
At the end of the year	9,028,095	6,384,881

The available for sale investments comprise the following:

	Market share price	Number of shares		
Zambia Forestry and Forest Industries Corporation PLC	2.51	1,000,000	2,530,000	2,510,000
Copperbelt Energy Corporation PLC	3.78	924,357	6,139,706	3,494,069
Madison Financial Services PLC	2.47	50,000	93,000	123,500
Chilanga Cement PLC	13.38	19,231	265,389	257,312
			9,028,095	6,384,881

Investment Income

During the year, the Company received a dividend for shares held in Chilanga Cement PLC and Copperbelt Energy Corporation PLC resulting in income of K559,776 (2022: K417,959), as disclosed in note 4.

Notes to the Financial Statements

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For the year ended 31 December 2023

15. Other Assets

	2023	2022
	K	K
Reinsurance receivables	16,367,259	12,081,020
Sundry receivables	3,417,750	3,984,943
Prepayments	278,500	60,793
	20,063,509	16,126,756

Sundry receivables relate to accrued interest on investments at amortised costs.

Staff advances for the Company can be analysed as follows:

At beginning of the year	-	9,026
Repayments	-	(9,026)
At End Of The Year	-	-
Maturity analysis:		
Amounts falling due within 1 year	-	9,026
Amounts falling due between 2 and 5 years	-	-
	-	9,026

There was no impairment made against other assets as all amounts were considered recoverable. The Directors consider that there is no material difference between the fair value of the assets and their carrying value.

16. Cash And Cash Equivalents		
Cash at bank and in hand	1,594,818	980,489
Short term call deposits with financial institutions	15,963,800	500,000
	17,558,618	1,480,489

17. Share Capital

Authorised:		
75 million Ordinary shares of K1 each	75,000,000	75,000,000
Issued And Fully Paid:		
At 31 December 2023 and 31 December 2022 Ordinary shares of K1 each	45,000,000	45,000,000
18. Share Premium		
Balance at 31 December	24,978,551	24,978,551

Notes to the Financial Statements

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For the year ended 31 December 2023

19. Other Financial Liabilities

Other financial liabilities principally comprise amounts outstanding in respect of purchases and ongoing costs, as well as amounts accrued in respect of operating costs. The Directors consider that the carrying amount of other payables approximates their fair value.

The make up of the other financial liabilities balance at the reporting date was as follows:

	2023	2022
	K	K
Employee related liabilities	2,299,199	3,214,936
Sundry payables	547,962	557,888
Statutory obligations	420,875	355,951
	3,268,036	4,128,775

The employee related provisions and liabilities relate mainly to provisions for end of contract gratuity entitlements.

The movements in gratuity and the leave pay accounts during the year were as follows:

Employee Related Provisions And Liabilities

(i) Gratuity Provisions

At beginning of the year	3,205,722	2,106,724
Additional provisions during the year	2,119,629	2,629,217
Paid during the year	(3,035,367)	(1,530,219)
At End Of The year	2,289,984	3,205,722
The gratuity relates to employee entitlements at the end of their contract.		
(ii) Leave Pay Provisions		
At beginning of the year	9,214	9,214
Additional provisions during the year	460,685	460,685
Utilised during the year	(460,684)	(460,685)
At End Of The Year	9,215	9,214
Leave pay liabilities are all current.		
Total Employee Related Provisions And Liabilities	2,299,199	3,214,936

Notes to the Financial Statements

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For the year ended 31 December 2023

20. Right-Of-Use Asset

	Leasehold land	Total
	K	K
Cost/valuation		
At 1 January 2022	-	-
Additions	549,900	549,900
At 31 December 2022 and 31 December 2023	549,900	549,900
Depreciation		
At 1 January 2023	-	-
Charge for the year	8,592	8,592
At 31 December 2023	8,592	8,592
Carrying Amount		
At 31 December 2023	541,308	541,308
At 31 December 2022	549,900	549,900

As at 31 December 2022, the Company recognised a right of use asset for the land that the head office is located on. The present value of the future payments for land rates have not been included in this value. In the opinion of the Directors, this omission does not materially change the value of the right of use asset. The title has a 99 year lease on land number 237281 whose effective date runs from 1 July 1975. The land is vested in the Republic of Zambia. The Company purchased the property on 14 July 2010 and has 64 years remaining on the original lease.

ii) Lease Liabilities

	2023	2022
	K	K
At the beginning of the year	549,900	-
Additions	-	549,900
Repayments during the year	(10,161)	-
Net obligations under finance lease	539,739	549,900
Analysed as:		
Current	10,161	-
Non- Current	529,578	549,900
	539,739	549,900

Notes to the Financial Statements

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For the year ended 31 December 2023

The following are the major deferred tax liabilities (assets) recognised by the Company and their movements in the year:

21. Deferred Tax

	2023	2022
	K	K
At beginning of the year	556,221	(3,152,059)
Charge to profit or loss (note 11)	1,756,095	3,708,280
	2,312,316	556,221

The following are the major deferred tax liabilities (assets) recognised by the Company and their movements in the year:

	Accelerated depreciation	Unrealised exchange gains	Unrealised exchange losses	Bad debts Provision	Other Provisions	Total
	K	K	K	K	K	K
At 1 January 2023	1,467,651	2,278,688	(1,015,065)	(4,184,219)	(1,699,114)	(3,152,059)
Charge (credit) to profit or loss	(1,712,969)	2,587,958	(3,050,042)	4,184,219	1,699,114	3,708,280
At 31 December 2022	(245,318)	4,866,646	(4,065,107)	-	-	556,221
Charge (Credit) to profit or loss	(1,385,398)	(1,541,806)	1,599,687	-	-	1,756,095
At 31 December 2023	(1,630,716)	6,408,451	(2,465,420)	-	-	2,312,316

22. Capital Commitments And Contigent Liabilities

	2023	2022
Authorised by the directors but not contracted for	-	-

Notes to the Financial Statements

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For the year ended 31 December 2023

23. Basic And Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net earnings attributable to the shareholders by the weighted average number of shares in issue during the year.

	2023	2022
	K	K
Net earnings attributable to shareholders	15,514,292	6,062,800
Weighted average number of shares in issue	45,000,000	45,000,000
Basic and diluted earnings per share	0.34	0.13

24. Related Party Transaction

(i) Trading Transactions

The effect on the results for the year of these transactions is as follows:

a) Management And Technical Service Expenses

Choice Corporate Services Limited	324,569	289,772
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These are secretarial fees paid during the year under review and which are paid on a quarterly basis.

(b) Directors And Key Management Personnel Remuneration

The remuneration of Directors and other members of key Management during the year was as follows:

Key Management Staff Emoluments:

In connection with the management of the Company	4,918,214	4,684,013
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Non Executive Directors' Remuneration:

In connection with the management of the Company as directors	2,402,892	3,347,134
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Directors' fees analysed as follows:

Mrs Joyce Muwo-Mwansa	562,920	696,600
Mr Nathan DeAssis	487,608	611,400
Mr. Khayalami Ngono	-	108,000
Mr Munakopa Sikaulu	472,776	525,000
Mr. Pumulo Akapelwa	-	141,600
Mr Mwewa Kyamulanda	-	479,400
Mr Simomo Akapelwa	-	249,934
Mrs. Exhilda Lumbwe	165,420	439,200
Mrs. Mwangala Moono	444,792	-
	2,133,516	3,251,134

The remuneration of Directors is determined by the shareholders while that of the Managing Director is determined by the Board of Directors.

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

24. Related Party Transaction(Continued.)

There are no loans to Non-executive Directors as at 31 December 2023 (2022: Nil).

(c) Other Fees

Other fees paid to the Audit Committee Chair, Mr. Chrispin Daka, during the year amounted to K269,376 (2022: K96,000). The Audit Committee Chair is not a Director in the Company.

25. Dividend

During the year under review, there was a dividend paid of K2,025,000.00 (2022: K2,655,000).

26. Events After The Reporting Date

There have been no material facts or circumstances that have occurred between the reporting date and the date of these financial statements which would require disclosure or adjustments to these financial statements.

27. Contingent Liabilities

There were no known contingent liabilities at the reporting date.

28. Financial Instruments

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of both debt and equity. The Company's overall strategy remains unchanged from 2023.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Notes to the Financial Statements

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For the year ended 31 December 2023

28. Financial Instrument(Cont.)

Gearing Ratio

The Company reviews the capital structure on an ongoing basis. As at year ended 31 December 2023, the Company had not sourced any funding externally. The Company had a gearing ratio of 0% (2022: 0%) determined as the proportion of net debt to equity as follows:

	2023	2022
	K	K
Debt (i)	-	-
Less: cash and cash equivalents	17,558,618	1,480,489
Net Debt	17,558,618	1,480,489
Equity (ii)	105,392,455	88,819,689
Net debt to equity ratio	0%	0%

Categories Of Financial Instruments

Financial Assets		
Investments at amortised cost	49,984,884	66,368,478
Investments at fair value through other comprehensive income	9,028,095	6,384,881
Reinsurance contract assets	27,436,690	17,635,403
Retrocession contract assets	9,168,133	16,690,253
Other assets, less prepayments	19,785,009	16,065,963
Cash and bank balances	17,558,618	1,480,489
	132,961,429	124,625,467
Financial Liabilities		
Insurance contract liabilities	33,453,133	39,492,403
Other financial liabilities, less taxes	2,847,162	3,772,824
Reinsurance payables	6,268,512	7,466,452
	42,568,807	50,731,679

The Directors consider that the carrying amount of the financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.)

Financial Risk Management Objectives

The Company's Finance Department co-ordinates access to domestic markets and, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not enter into derivative financial instruments.

Market Risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). The Company does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board of Directors.

The Company is exposed to foreign exchange risk arising primarily with respect to gross premiums written and reinsurance transactions, a large proportion of which are denominated in US Dollar.

The Zambian Kwacha carrying amounts of the Company's United States Dollar denominated monetary assets and liabilities at the reporting date are as follows:

	2023	2022
Assets	20,205,832	9,393,453
Liabilities	59,890	250,119

Sensitivity Analysis

At 31 December 2023, if the US Dollar had appreciated or depreciated by 18% against the Kwacha, with all other variables held constant, the increase or decrease in the profit for the year would have been K1.69 million (2022: K3.11 million) higher or lower, mainly arising from insurance receivables, cash and amounts due to reinsurers.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company audit and risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.)

(b) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Zambian Kwacha and its exposure to foreign exchange risk arises primarily with respect to US dollar.

The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

Year ended 31 December 2023	Kwacha K	US Dollar K	Total K
Property and equipment	11,971,288	-	11,971,288
Investment properties	5,900,000	-	5,900,000
Other assets, excluding prepayment and taxes	19,785,009	-	19,785,009
Financial Instruments			
Investments amortised at cost	49,984,884	-	49,984,884
Reinsurance contract assets	9,247,191	18,189,499	27,436,690
Retrocession contract assets	9,168,133	-	9,168,133
Bank and cash balances	16,535,844	1,022,774	17,558,618
Total Assets	122,592,349	19,212,273	141,804,622
Retrocession contract liabilities	33,453,134	-	33,453,133
Reinsurance contract liabilities	6,208,622	59,890	6,268,512
Other financial liabilities excluding taxes	2,847,162	-	2,847,162
Total Liabilities	42,508,918	59,890	42,568,807
Year ended 31 December 2022	Kwacha K	US Dollar K	Total K
Property and equipment	9,793,627	-	9,793,627
Investment properties	5,600,000	-	5,600,000
Other assets, excluding prepayment and taxes	16,065,963	-	16,065,963
Financial Instruments			
Investments amortised at cost	66,368,478	-	66,368,478
Reinsurance contract assets	8,525,910	9,109,494	17,635,403
Retrocession contract assets	16,690,253	-	16,690,253
Bank and cash balances	1,196,530	283,959	1,480,489
Total Assets	124,240,761	9,393,453	133,634,213
Insurance Contract Liabilities			
Retrocession contract liabilities	39,492,403	-	39,492,403
Reinsurance contract liabilities	7,216,333	250,119	7,466,452
Other financial liabilities, excluding taxes	3,772,824	-	3,772,824
Total liabilities	50,481,560	250,119	50,731,679

Notes to the Financial Statements

CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.)

The Company has no significant concentration of currency risk.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Sensitivity Analysis On Financial Assets

As part of the Company's investment strategy, in order to reduce both insurance and financial risk, the Company matches its investments to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the profit or loss) and equity (that reflects adjustments to profit before tax and changes in fair value of financial assets whose fair values are recorded in the statement of changes in equity).

The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets other than derivative financial instruments, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

	2023	2022
	K	K
The Company's maximum exposure to credit risk is analysed below:		
Reinsurance contract assets	27,436,690	17,635,463
Retrocession contract assets	9,168,133	16,690,253
Other assets	20,063,509	16,126,756
Investments amortised at cost	49,984,884	66,368,478
Investments at fair value	9,028,095	6,384,881
Bank and cash balances	17,558,618	1,480,489
	133,239,929	124,685,320

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

28. Financial Instruments (Continued)

(i) Credit Risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk

- A credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's audit and risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
- The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in offsetting the statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. At 31 December 2023 the Company had the right to set off financial liabilities amounting to Nil (2022: Nil) against financial assets with a fair value of Nil (2022: Nil) under such arrangements.
- Guidelines determine when to obtain collateral and guarantees (i.e., certain derivative transactions are covered by collateral and derivatives are only taken out with counterparties with a suitable credit rating). The Company maintains strict control.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.) Credit Risk Management (Continued) (i) Credit Risks (Continued)

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit risk exposure based on the carrying value of the financial instruments.

Industry Analysis Year ended 31 December 2023

Financial Assets	Financial Institutions	Government	Other
	K	K	K
Investments amortised at cost	38,724,715	11,260,169	-
Investments at fair value	93,000	-	8,935,095
Reinsurance contract assets	27,436,690	-	-
Retrocession contract assets	9,168,133	-	-
Other assets	20,063,509	-	-
Bank and cash balances	17,558,618	-	-
Total Credit Risk Exposure	113,044,665	11,260,169	8,935,095

Year ended 31 December 2022

Financial Assets	Financial Institutions	Government	Other
	K	K	K
Investments amortised at cost	52,841,553	14,026,925	-
Investments at fair value	123,500	-	6,261,381
Reinsurance contract assets	17,635,403	-	-
Retrocession contract assets	16,690,253	-	-
Other assets	16,126,756	-	-
Bank and cash balances	1,480,489	-	-
Total Credit Risk Exposure	104,897,954	14,026,925	6,261,381

Credit Exposure By Credit Rating

The table below provides information regarding the credit exposure of the Company by classifying assets according to the Company's credit ratings of of counterparties.

Year ended 31 December 2023

Financial Assets	Investment grade	Non investment grade: satisfactory	Non investment grade: unsatisfactory	Past due but not impaired
	K	K	K	K
Investments amortised at cost	-	49,984,884	-	-
Investments at fair value	-	9,028,095	-	-
Reinsurance contract assets	-	27,436,690	-	-
Retrocession contract assets	-	9,168,133	-	-
Other assets	-	20,063,509	-	-
Bank and cash balances	-	17,558,618	-	-
	-	133,239,929	-	-

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.) Credit Risk Management (Continued) (i) Credit Risks (Continued)

Year ended 31 December 2022

Financial Assets	Investment grade	Non investment grade: satisfactory	Non investment grade:	Past due but not impaired
	K	K	K	K
Investments amortised at cost	-	66,368,478	-	-
Investments at fair value	-	6,384,881	-	-
Reinsurance contract assets	-	17,635,403	-	-
Retrocession contract assets	-	16,690,253	-	-
Other assets	-	16,126,756	-	-
Bank and cash balances	-	1,480,489	-	-
	-	124,686,260	-	-

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

Impaired Financial Assets

At 31 December 2023, there are impaired insurance receivables of K17,881,679 (2022: K14,762,512).

For assets to be classified as "past-due and impaired" contractual payments must be in arrears for more than 365 days. No collateral is held as security for any past due or impaired assets.

The Company records impairment allowances for receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for receivables is, as follows:

	2023	2022
	K	K
At 1 January	14,762,512	14,231,453
Charge for the year	-	666,510
Bad debts write off	3,119,167	(135,451)
At 31 December	17,881,679	14,762,512

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.) Credit Risk Management (Continued)

(ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries. The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk.

- A Company liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations. Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

Maturity Profiles

The table that follows summarises the maturity profile of the non-derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

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Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.) (ii) Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table detail the Company's remaining contractual maturity for it's financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

	1 to 3 Months	3 months to 1 year	Total
	K	K	K
Financial Liabilities			
Retrocession contract liabilities	33,453,134	-	33,453,134
Reinsurance contract liabilities	6,268,512	-	6,268,512
Other financial liabilities	3,268,037	-	3,268,037
	42,989,683	-	42,989,683
Financial Assets			
Investments amortised at cost	-	49,984,884	49,984,884
Investments at fair value	-	9,028,095	9,028,095
Reinsurance contract assets	24,842,201	2,594,490	27,436,690
Retrocession contract assets	9,168,134	-	9,168,134
Other assets	20,063,509	-	20,063,509
Bank and cash balances	17,558,618	-	17,558,618
	71,632,462	61,607,469	133,239,929
Net Liquidity Gap	28,642,779	61,607,469	90,250,247
	1 to 3 Months	3 months to 1 year	Total
	K	K	K
Financial Liabilities			
Retrocession contract liabilities	39,492,403	-	39,492,403
Reinsurance contract liabilities	7,466,452	-	7,466,452
Other financial liabilities	4,128,775	-	4,128,775
	51,087,630	-	51,087,630
Financial Assets			
Investments amortised at cost	-	66,368,478	66,368,478
Investments at fair value	-	6,384,881	6,384,881
Reinsurance contract assets	12,891,597	4,743,806	17,635,403
Retrocession contract assets	16,690,253	-	16,690,253
Other assets	16,126,756	-	16,126,756
Bank and cash balances	1,480,489	-	1,480,489
	47,189,095	77,497,165	124,686,260
Net Liquidity Gap	(3,898,535)	77,497,165	73,598,630

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Continued.) (ii) Liquidity Risk

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations. Unit linked liabilities are repayable or transferable on demand and are included in the up to a year column. Repayments which are subject to notice are treated as if notice were to be given immediately.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Maturity analysis (undiscounted cashflow basis for non derivatives) (continued)

Year ended 31 December 2023

	Carrying Amount	Up to 1 year	1 to 3 years	5 to 15 years	Total
	K	K	K	K	K
Financial Assets					
Investments amortised at cost	49,984,884	49,984,884	-	-	49,984,884
Investments at fair value	9,028,095	9,028,095	-	-	9,028,095
Reinsurance contract assets	27,436,690	27,436,690	-	-	27,436,690
Retrocession contract assets	9,168,133	9,168,133	-	-	9,168,133
Other assets	20,063,509	20,063,509	-	-	20,063,509
Bank and cash balances	17,558,618	17,558,618	-	-	17,558,618
Total Undiscounted Assets	133,239,929	133,239,929	-	-	133,239,929
Financial Liabilities					
Retrocession contract liabilities	33,453,133	33,453,134	-	-	33,453,134
Reinsurance contract liabilities	6,268,512	6,268,512	-	-	6,268,512
Other financial liabilities	3,268,037	3,268,037	-	-	3,268,037
Total Undiscounted Liabilities	42,989,682	42,989,682	-	-	42,989,682
Total Liquidity Gap	90,250,247	90,250,247	-	-	90,250,247

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

28. Financial Instrument(Cont.)

(ii) Liquidity Risk (Continued)

Maturity Analysis (Undiscounted Cash Flow Basis For Non Derivatives) (Continued)

Year ended 31 December 2022

	Carrying Amount	Up to 1 year	1 to 3 years	5 to 15 years	Total
Financial Assets	K	K	K	K	K
Investments amortised at cost	66,368,478	66,368,478	-	-	66,368,478
Investments at fair value	6,384,881	6,384,881	-	-	6,384,881
Reinsurance contract assets	17,635,403	17,635,403	-	-	17,635,403
Retrocession contract assets	16,690,253	16,690,253	-	-	16,690,253
Other assets	16,126,756	16,126,756	-	-	16,126,756
Bank and cash balances	1,480,489	1,480,489	-	-	1,480,489
Total Undiscounted Assets	124,686,260	124,686,260	-	-	124,686,260
Financial Liabilities					
Retrocession contract liabilities	39,492,403	39,492,403	-	-	39,492,403
Reinsurance contract liabilities	7,466,452	7,466,452	-	-	7,466,452
Other financial liabilities	4,128,775	4,128,775	-	-	4,128,775
Total Undiscounted Liabilities	51,087,630	51,087,630	-	-	51,087,630
Total Liquidity Gap	73,598,630	73,598,630	-	-	73,598,630

Year ended 31 December 2023

Non-Financial Assets	Current	Non Current	Total
	K	K	K
Property and equipment	-	11,971,288	11,971,288
Right-of-use assets	-	541,308	541,308
Investment properties	-	5,900,000	5,900,000
Financial Assets			
Investments amortised at cost	49,984,884	-	49,984,884
Investments at fair value	9,028,095	-	9,028,095
Reinsurance contract assets	27,436,690	-	27,436,690
Retrocession contract assets	9,168,133	-	9,168,133
Bank and cash balances	17,558,618	-	17,558,618
Other assets	20,063,509	-	20,063,509
Total Assets	133,239,929	18,412,596	151,652,525
Financial Liabilities			
Retrocession contract liabilities	33,453,133	-	33,453,133
Reinsurance contract liabilities	6,268,512	-	6,268,512
Other financial liabilities, less taxes	2,847,162	-	2,847,162
Total Liabilities	42,568,807	-	42,568,807

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

28. Financial Instruments (Continued)

(ii) Liquidity Risk (Continued)

Maturity Analysis (Undiscounted Cash Flow Basis For Non Derivatives) (Continued)

Year ended 31 December 2022

Non-Financial Assets	Current	Non Current	Total
	K	K	K
Property and equipment	-	9,793,627	9,793,627
Investment properties	-	5,600,000	5,600,000
Financial Assets			
Investments amortised at cost	66,368,478	-	66,368,478
Investments at fair value	6,384,881	-	6,384,881
Reinsurance contract assets	17,635,403	-	17,635,403
Retrocession contract assets	16,690,253		16,690,253
Bank and cash balances	1,480,489	-	1,480,489
Other assets	16,126,756	-	16,126,756
Total Assets	124,686,260	15,393,627	140,079,887
Financial Liabilities			
Retrocession contract liabilities	39,492,403		39,492,403
Reinsurance contract liabilities	7,466,452	-	7,466,452
Other financial liabilities, less taxes	3,772,824	-	4,128,775
Total Assets	50,731,679	-	50,731,679

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

29. Fair Value Measurement

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

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Fair Value Measurements

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	K	K	K	K
Financial Assets				
Investments amortised at cost	49,984,884	49,984,884	66,368,478	66,368,478
Investments at fair value	9,028,095	9,028,095	6,384,881	6,384,881
Reinsurance contract assets	27,136,690	27,136,690	17,635,403	17,635,403
Retrocession contract assets	9,168,133	9,168,133	16,690,253	16,690,253
Other assets	20,063,509	20,063,509	16,126,756	16,126,756
Bank and cash balances	17,558,618	17,558,618	1,480,489	1,480,489
Financial Liabilities				
Financial liabilities held at amortised cost:				
- Other financial liabilities	3,268,037	3,268,037	4,128,775	4,128,775
- Retrocession contract liabilities	33,453,134	33,453,134	39,492,403	39,492,403
- Reinsurance contract liabilities	6,268,512	6,268,512	7,466,452	7,466,452

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

29. Fair Value Measurement(Continued.)

	Fair value hierarchy as at 31 December 2023			
	Level 1	Level 2	Level 3	Total
	K	K	K	K
Financial Assets				
Investments amortised at cost	-	49,984,884	-	49,984,884
Investments at fair value	9,028,095	-	-	9,028,095
Reinsurance contract assets	-	-	27,436,690	27,436,690
Retrocession contract assets	-	-	9,168,134	9,168,134
Other assets	-	-	20,063,509	20,063,509
Bank and cash balances	-	17,558,618	-	17,558,618
Total	9,028,095	67,543,502	56,668,333	133,239,930
Financial liabilities held at				
Amortised cost:				
– Other financial liabilities	-	-	3,268,037	3,268,037
– Retrocession contract liabilities	-	-	33,453,133	33,453,133
– Reinsurance contract liabilities	-	-	6,268,512	6,268,512
Total	-	-	42,989,682	42,989,682
	Fair value hierarchy as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	K	K	K	K
Financial Assets				
Investments amortised at cost	-	66,368,478	-	66,368,478
Investments at fair value	6,384,881	-	-	6,384,881
Reinsurance contract assets	-	-	17,635,403	17,635,403
Retrocession contract assets	-	-	16,690,253	16,690,253
Other assets	-	-	16,126,756	16,126,756
Bank and cash balances	-	1,480,489	-	1,480,489
Total	6,384,881	67,848,967	50,452,412	124,656,260
Financial liabilities held at				
Amortised cost:				
– Other financial liabilities	-	-	4,128,775	4,128,775
– Retrocession contract liabilities	-	-	39,492,403	39,492,403
– Reinsurance contract liabilities	-	-	7,466,452	7,466,452
Total	-	-	51,087,630	51,087,630

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

30. Insurance And Financial Risk (Continued)

(a) Insurance Risk (Continued)

The principal risk the Company faces under insurance contracts is that the actual claims payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of reinsurance ceded out is surplus which is taken out to reduce the overall exposure of the Company. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's gross retention and the exposure to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The Company issues contracts that transfer insurance risk or financial risk or both. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Experience shows that the larger the portfolio of similar insurance 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 insurance underwriting strategy to diversify the type of insurance 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 insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(i) Non-life insurance contracts (which comprise marine, motor, accident and fire)

The Company principally issues the following types of general insurance contracts: motor, fire, engineering, accident and marine. Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from fires, natural disasters and accidents. For longer tail claims that take some years to settle, there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

Notes to the Financial Statements CONTINUED

For the year ended 31 December 2023

30. Insurance And Financial Risk (Continued)

(a) Insurance Risk (Continued)

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events.

The table below sets out the concentration of insurance contract liabilities by type of contract.

	31 December 2023		31 December 2022	
	Gross Liabilities	Reinsurance of Liabilities	Gross Liabilities	Reinsurance of Liabilities
	K	K	K	K
Fire	(2,868,597)	(1,152,020)	(1,760,879)	(250,718)
Accident	(1,633,500)	(68,374)	(2,248,242)	(231,157)
Motor	(1,339,709)	(122,524)	(1,594,993)	-
Engineering	(3,109,533)	(830,144)	(3,171,102)	(499,086)
Marine	(1,059,734)	(38,654)	(729,734)	-
Total	(10,011,073)	(2,211,716)	(9,504,950)	(980,961)

Key Assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Year ended 31 December 2023	Change in assumptions	Impact on Profit before tax	Impact on equity
		K	K
Average claim cost	10%	(794,555)	(516,461)
Average number of claims	10%	(794,555)	(516,461)
Average claim settlement period	Reduced from 3 months to 1 month		
Year ended 31 December 2022			
Average claim cost	10%	(1,037,578)	(674,426)
Average number of claims	10%	(1,037,578)	(674,426)
Average claim settlement period	Reduced from 3 months to 1 month		

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

30. Insurance And Financial Risk (Continued)

(a) Insurance Risk (Continued)

Claims Development Table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by IFRS, in setting claims provisions the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Gross insurance contract outstanding claims provision for 2023:

Accident year	2019	2020	2021	2022	2023	Total
	K	K	K	K	K	K
At beginning of accident year	4,056,701	7,409,160	5,792,074	7,011,910	9,504,950	4,056,701
Claims incurred during the year	13,458,896	12,969,915	15,421,920	14,773,572	15,036,812	71,661,115
Claims paid during the year	(10,106,437)	(14,587,001)	(14,202,084)	(12,280,532)	(14,530,689)	(65,706,743)
At the end of the year	7,409,160	5,792,074	7,011,910	9,504,950	10,011,073	10,011,073

Net insurance contract outstanding claims provision for 2022:

Accident year	2019	2020	2021	2022	2023	Total
	K	K	K	K	K	K
At beginning of accident year	2,410,734	4,334,520	4,874,533	4,851,134	8,523,989	2,410,734
Claims incurred during the year	5,778,993	7,912,185	8,132,509	10,375,781	7,945,552	40,145,020
Claims paid during the year	(3,855,207)	(7,372,172)	(8,155,908)	(6,702,926)	(8,670,184)	(34,756,397)
At the end of the year	4,334,520	4,874,533	4,851,134	8,523,989	7,799,357	7,799,357

The Company has elected to present its claims development on an accident year basis as this is consistent with how the business is managed.

Notes to the Financial Statements — CONTINUED

For the year ended 31 December 2023

31. Segment Reporting

Figures in Kwacha thousands

Class of business	Fire	Accident	Motor	Engineering	Marine	Life	Total	Total
							2023	2022
Reinsurance Revenue	63,635	12,084	3,501	4,050	4,562	2,191	90,023	92,711
Retrocession service expense	(31,714)	(6,022)	(1,745)	(2,018)	(2,274)	(1,092)	(44,865)	(51,932)
Reinsurance Service Result	31,921	6,062	1,756	2,032	2,288	1,099	45,158	40,779
Reinsurance service expense	(29,171)	(6,622)	(1,233)	(499)	(3,846)	(760)	(42,131)	(39,799)
Retrocession Service expense	16,559	1,382	305	423	466	191	19,326	18,702
Net Reinsurance Service Expense	(12,612)	(5,240)	(928)	(76)	(3,380)	(569)	(22,805)	(21,097)
Reinsurance Finance income	5,051	959	278	321	362	174	7,146	297
Retrocession Finance expense	(3,733)	(709)	(197)	(246)	(268)	(129)	(5,281)	(66)
Total Service expenses	(11,293)	(4,990)	(847)	-	(3,286)	(524)	(20,940)	(20,866)
Underwriting Surplus	20,628	1,072	909	2,031	(997)	576	24,218	19,913
Other income							22,025	10,529
Other indirect expenses:								
Employment expenses							(11,291)	(11,106)
General expenses							(6,575)	(5,224)
Depreciation expenses							(1,004)	(633)
Expected credit losses on premium receivables							(3,119)	(667)
Other operating expenses							(3,697)	(4,745)
Profit Before Tax							20,557	8,067
Income tax credit							(5,043)	(5,527)
Profit After Tax							15,514	2,541

Management have considered the requirement of IFRS 8: Operating Segment paragraph 21 which requires an entity to disclose reported segment profit or loss, segment assets and segment liabilities. Management has determined the operating segments based on the reports reviewed by the Executive Management Committee that are used to make strategic decisions. The committee considers the business as a single operating segment, being Zambia operations. On the basis of information available to management, it is not practical to disclose the segment assets and segment liabilities for each reportable segment.

Solvency Statement

For the year ended 31 December 2023

32. Solvency Statement

	2023	2022
	K	K
Admissible fixed assets	11,971,288	9,793,627
Admissible investments	49,984,884	66,368,478
Admissible current assets:		
Premium receivables	45,318,369	32,397,915
Less: Premium receivables impairment	(17,881,679)	(14,762,512)
	27,436,690	17,635,403
Retrocession contract assets	9,168,133	16,690,253
Other assets	19,785,009	16,005,170
Cash and cash equivalents	17,558,618	1,480,489
Investments at fair value	9,028,095	6,384,881
Total admissible assets	144,932,717	134,358,301
Less: Admissible liabilities		
Reinsurance Contract liabilities	(6,268,512)	(7,466,452)
Retrocession Contract liabilities	(33,453,133)	(39,492,403)
Other financial liabilities	(3,268,037)	(4,128,775)
Lease liability	(539,739)	(549,900)
Current tax liabilities	(404,634)	-
Proposed dividend	(13,698)	(6,443)
Deferred Tax	(2,312,316)	(556,221)
	(46,260,069)	(52,200,194)
Excess of assets over liabilities	98,672,648	82,158,107
Solvency margin	213%	157%
Statutory solvency margin requirements	10%	10%

32. Comparative Figures

Comparative figures have been restated where necessary in order to afford meaningful comparison with the current year figures.



SENS ANNOUNCEMENT (the “Notice” or “Announcement”)

ISSUER



ZAMBIA REINSURANCE PLC
Incorporated in the Republic of Zambia
Company registration number: 63239
Share Code: ZAMBIA RE
ISIN: ZM0000000326
(“Zambia Re” or “the Company”)
(Formerly “Prima Reinsurance PLC”)



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited
[Member of the Lusaka Securities Exchange]
[Regulated and licensed by the Securities and Exchange Commission of
Zambia]
Contact Number: +260-211-232456
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, Stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide security advice.

ISSUED: 2 April 2024

NOTICE OF THE 19TH TELECONFERENCE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting (AGM) of Members of Zambia Reinsurance PLC (formerly Prima Reinsurance PLC) will be held on 24th April 2024 commencing at 10.00 hours. The AGM proceedings will be conducted by Teleconference via the Zoom video link provided below:

Meeting ID: 876 5875 9731

Link: <https://us02web.zoom.us/j/87658759731>

All Shareholders are encouraged to make arrangements to participate in the AGM proceedings via the video link provided above.

The AGM had been convened for the following purposes:

1. To approve Minutes of the 18th Annual General Meeting held on 31st March 2023.
2. To receive and adopt the Chairperson's Report, the Report of Directors, the Report of the Auditors and the Audited Financial Statements for the year ended 31st December 2023.
3. To receive and consider the Directors recommendation to declare dividends for the year ended 31st December 2023.
4. To appoint Auditors for the year ended 31st December 2023 and to authorise the Directors to determine their remuneration.
5. To appoint Directors.
6. To re-elect any directors retiring.
7. To transact any other ordinary business of the company.

By Order of the Board

Choice Corporate Services Limited

COMPANY SECRETARY

Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456

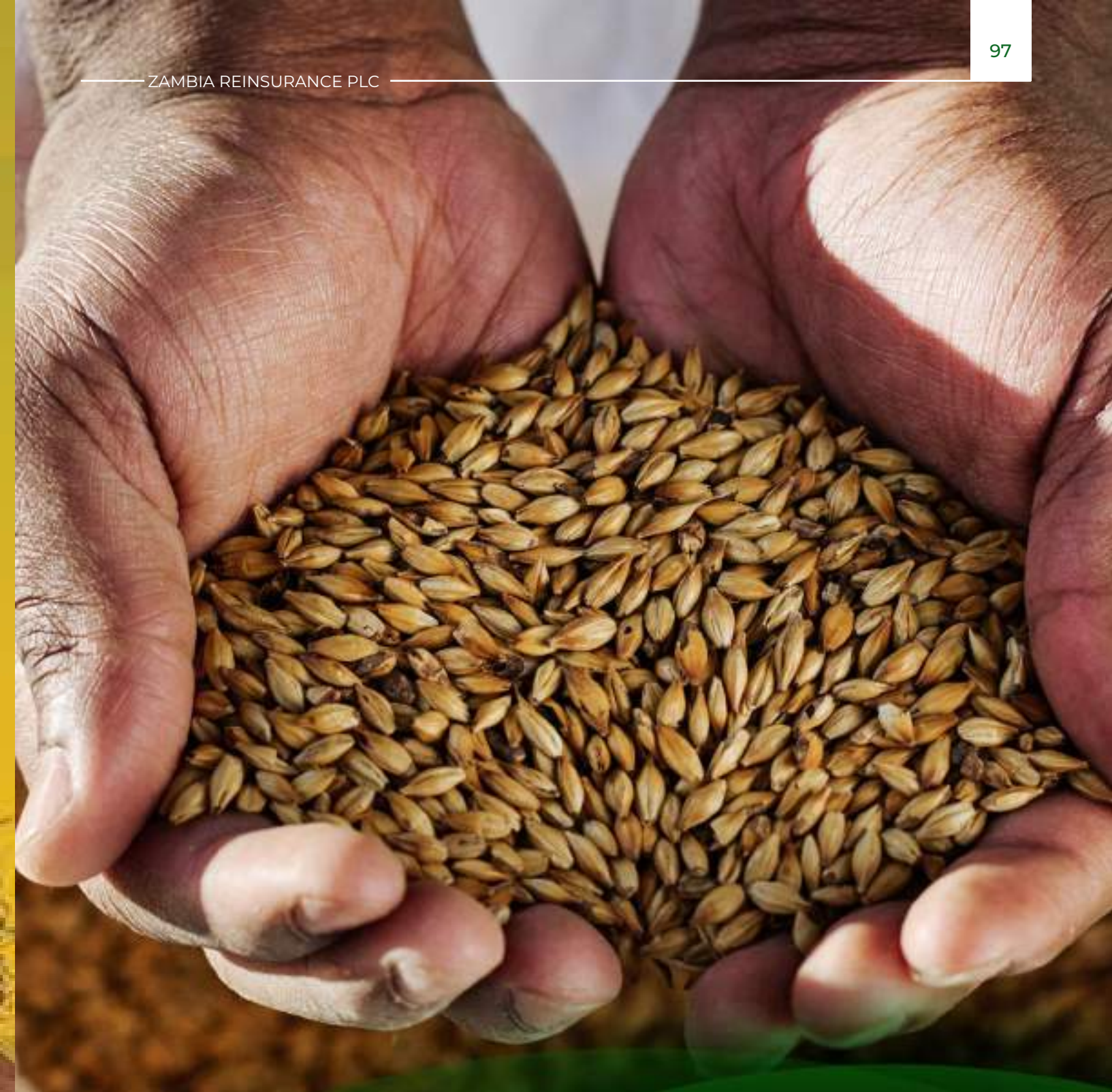
E | advisory@sbz.com.zm

W | www.sbz.com.zm

Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange

First Issued on 4 April 2024





“Supposing doesn’t fill the grain basket, “if” doesn’t fill the larder.”

African Proverb



FORM OF PROXY

To: **ZAMBIA REINSURANCE PLC**

I/We.....

of.....

Being a Member/Members of the above-named Company hereby appoint

Mr/Mrs/Ms/Dr.....

of.....

.....

or failing him/her.....

of.....

.....

As my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on Wednesday, 24 April, 2024 at 10:00 hours and at any adjournment of that meeting.

The Annual General Meeting proceedings will be conducted by Teleconference via the Zoom video link provided below:

Meeting ID: 876 5875 9731

Link: <https://us02web.zoom.us/j/87658759731>

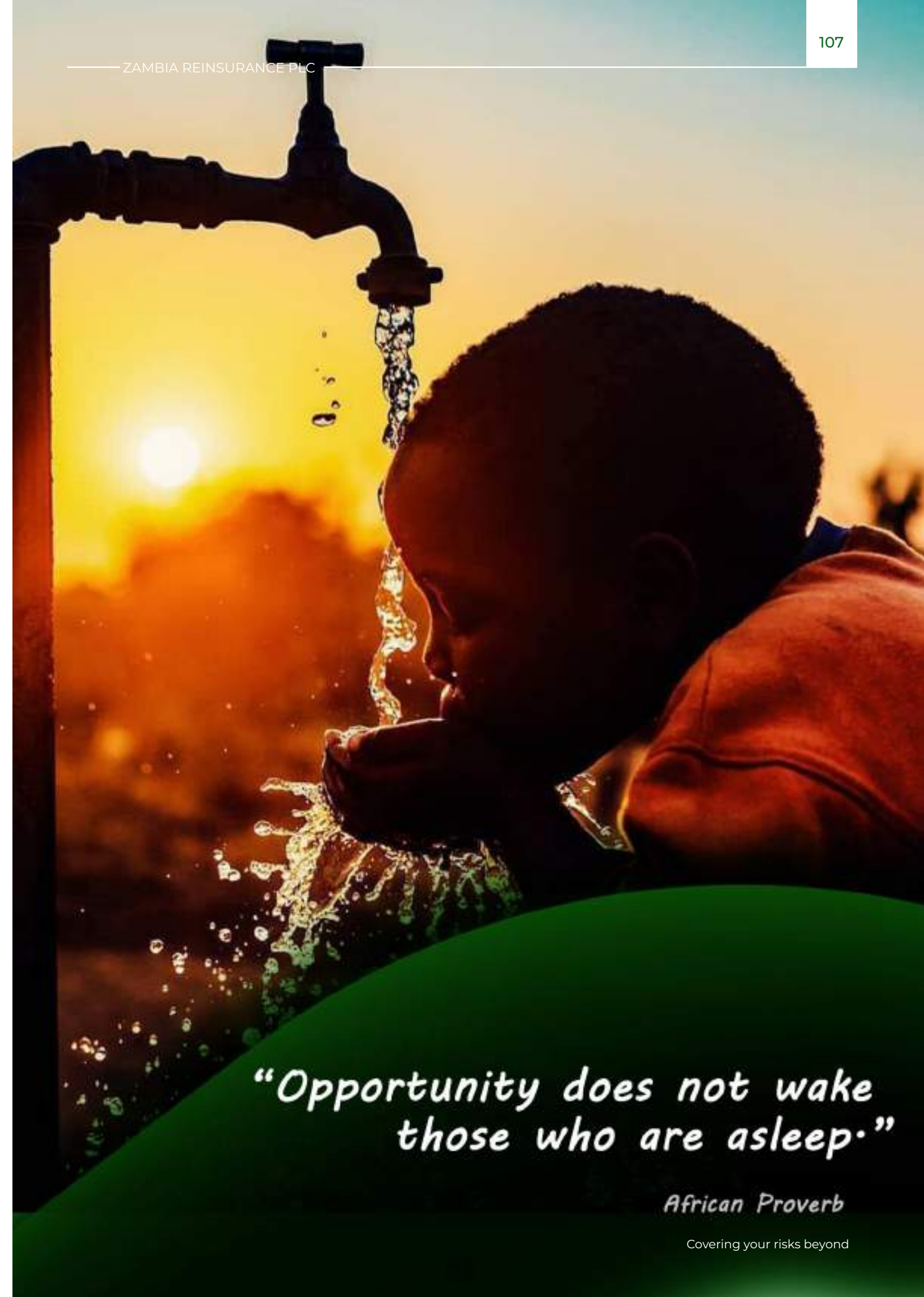
.....
SIGNATURE OF APPOINTING MEMBER

Date:.....2024

Address:.....

Note: The Form of Proxy must be deposited with the Company Secretary at Stand 3509/No. 7 Matandani Close Rhodes Park, P.O. Box 32565, Lusaka within 48 hours before the set time of Annual General Meeting.



A young boy is shown in profile, drinking water from a public tap. The water is splashing as he drinks. The background is a bright sunset with a large sun low on the horizon, creating a warm, golden glow. The boy is wearing a red shirt. The tap is a simple, dark metal structure. The overall scene is a powerful metaphor for the proverb below.

*“Opportunity does not wake
those who are asleep.”*

African Proverb



ADDRESS

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...Covering your risks beyond...