Annual Report

2022

KlaptonRe

KlaptonRe
Here for You

Moody's

Klapton Re has a Caa3 Moody's rating

Contents

About Us

Klapton Reinsurance Limited "Klapton Re" is a private limited company incorporated in August 2020 under the Companies Act of Zambia. It is licenced by the Pensions and Insurance Authority, PIA as both a life and non-life reinsurer. We commenced operations on 1 October 2021.

Our principal activity is to provide facultative and treaty reinsurance services in various markets, namely, Africa, Asia, and Latin America. Klapton Re brings reinsurance capacity to our markets with innovative underwriting, allowing us to offer security over a wide range of products, giving an excellent customer experience. The company takes on risks that range from fire, engineering, energy, marine and aviation to specialised liability, casualty, and motor reinsurance.

Klapton Re works with regional hubs in Kenya, Côte d'Ivoire and Asia, and we collaborate with brokers in different markets to provide reinsurance support through our strategic position. We bring collective experience and expertise in insurance and investment management to the insurance market.

Our value proposition of solid partnership is evidenced by agile reinsurance solutions focused on providing professional service to ensure an exceptional customer experience. We are proud to offer a one-stop-shop with prompt decision making to ensure unmatched claims settlement service for the benefit of our clients.

We want our customers to count on us through a positive customer experience, flexible solutions, expeditious claims settlement, and long-term relationships. We will also collaborate with other reinsurance players in a quest to provide solutions to cedants for the ultimate benefit of insureds.

Klapton Re is an active member of the Insurance Association of Zambia (IAZ), African Insurance Organisation (AIO), Organisation of Eastern and Southern African Insurers (OESAI) and the Federation of Afro-Asian Insurers and Reinsurers (FAIR).

Our call to brokers and cedants in our chosen markets is to place their reinsurance business with Klapton Re. As our tag line goes, we are "Here for You".

Our Vision

“To be a preferred provider of reinsurance services in our chosen markets”

Our Mission

“Providing reinsurance services with specific application of experience, knowledge through innovative underwriting and prudent risk management for the ultimate benefit of our customers”

Our Values

Our values guide the way we do things to ensure we fulfil our vision, mission and objectives. The solid foundation of Klapton Re’s culture is based on the following values:

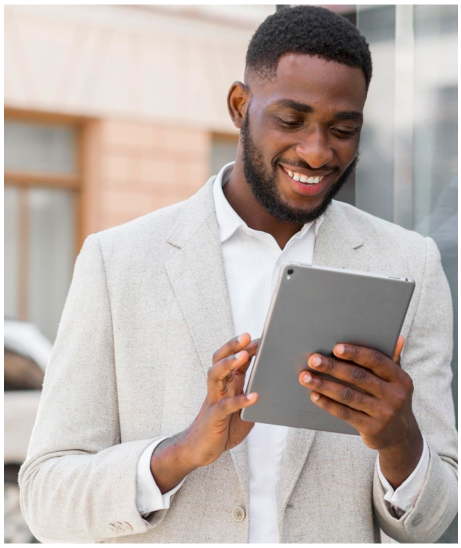
Knowledge
KlaptonRe is a knowledge-focused and data-driven organisation that strives to be a centre of excellence. We will be a learning organisation.

Long term
We will take a long-term approach to managing the business, building partnerships, and serving our clients.

Accountability
Our commitment is to be transparent and accountable in all our actions and decisions. We will promote good corporate governance.

Proactivity
We will endeavour to effectively serve our clients by anticipating their needs and proactively offering solutions through innovation.

Togetherness
We will collaborate with our stakeholders in the value chain, beginning with our employees, insurers, customers, shareholders, regulators and the public.



At the heart of Klapton Re are technology focused solutions that automate underwriting procedures.

Product and Service Offering

Reinsurance Arrangements
At Klapton Re, we pride ourselves in analytical assessment. Information and knowledge are at the core of our underwriting philosophy, underpinned by underwriting discipline to sustain our deep client relationships across a broad product offering that provides reinsurance solutions.

We have a team of talented leaders and underwriters who are flexible and creative in their approach to underwriting risks while prudent in decision-making. Our primary goal is centred on a commitment to service and provision of both treaty and facultative reinsurance capacity to meet cedants needs across all regions of operation.

We believe reinsurance is about relationships rather than just a product or transaction.

Whether it is a complex single risk or project that you need capacity for, or perhaps an SME product line that you need to structure, our niche expert facultative underwriters will be at hand to drive this process with you. We will be standing with you throughout the product design and reinsurance.

Policies
We aim at prudent underwriting rather than pure premium growth, achieved through our competent underwriting team, equipped with the right tools to analyse and rate risks appropriately.

Central to our operation is our mission to be the preferred reinsurer in all markets that we operate in. Hence our risk selection approach focuses on four key elements (AIMS): Adequacy of premium, cedant Involvement, Management of risks, and a Source of business that provides accurate information.

Claims
Klapton Re is committed to adhering to best claims management practices and ensuring that we are a centre of excellence. This commitment aligns with our vision of being a preferred provider of reinsurance services in our chosen markets.

We promise to pay valid claims and aim to be proactive in claims handling through prompt feedback to ensure efficiency in our service delivery.

As one of our critical corporate strategic objectives, we seek to win customer confidence and trust through efficient service delivery.
Klapton Re has an established, fully functioning internal claims department comprising qualified and experienced professionals who handle complex claims in our local, regional, and international markets by utilising an existing network of regional brokerage hubs that have been operating for several years.

Surety /Bonds Product Offering
We offer a wide range of solutions and capacity for your regular guarantees, such as advance payment, performance, removal in transit, maintenance, retention, security, bid/tender bonds, and contract guarantees. In addition, for the right terms of cover, we extend our capacity and can provide lead terms on less traded types of sureties by most securities, namely guarantee backed debentures, trade finance, guarantees/ residual value, payment/repayment guarantee, and property buyer’s bond.

Product and Service Offering

Agriculture

Klapton Re offers the capacity to underwrite all the major classes of business in all the regions of operation, including agriculture, aviation, engineering, fire, marine, motor, liability and casualty.

We offer protection coverage for material damage loss to crops and livestock from perils such as disease, flood, fire, drought, storm, hail and wind, amongest others.

Aviation

Flying creates unique risks to businesses that own or use aeroplanes or helicopters for business purposes. This incorporates risks from damage from fire, bad weather, wars, bad landing, crushes etc. Because we understand that the risks associated with aviation can be catastrophic, we offer products tailored to cover your needs.

We offer Aviation Hull, War and P&I, Aviation Cargo material damage cover and Liability risks protection for aeroplanes or helicopters for private and business purposes.

Engineering

Our engineering policy covers a wide range of engineering-related products.

It provides complete protection against risks associated with erection, resting, and working of any machinery, plant, or equipment, and it also provides protection against ongoing projects such as construction.

Klapton Re offers a wide range of engineering-related products, such as plant all risks, contractors all risks, single projects / annual projects, erection all risks, machinery breakdown, heavy equipment all risks and electronic equipment.

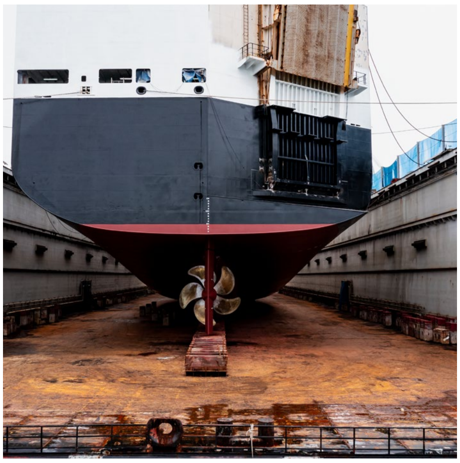
Product and Service Offering

Fire

Our fire reinsurance provides protection against incidents of accidental fire, lightning, explosions, etc. Fire accidents are unexpected and can cause enormous destruction in terms of finances and dealing with the aftermath.

We work hand in hand with our clients to provide products and policies that meet their needs. Our fire protection includes business interruption and consequential loss of profits.

Marine



Under marine reinsurance, we offer a wide range of products that protect against damage to the ship and cargo at sea or inland waterways in transit.

This also broadens to cover risks affiliated with war. Offering a wide range of Marine Hull, War and P&I, Marine Cargo product protection against damage shipment of cargo at sea or inland waterways, including extended coverage that most reinsurers are reluctant to cover, such as oil spillage and pollution.

Motor

Accidents on the road are unexpected and can cause both financial and mental strain. Our products have a wide coverage for both private and commercial vehicles, for third party liability damage as well as own damage, including risks of fire, theft, etc.

Our products have a wide coverage from third party liabilities to damages to own vehicles arising from risks such as fire, theft, property damage etc., covering both private and commercial vehicles under the following categories; RVI. Motor Vehicles, MV TPL and MV Casco Cover.

The Year in Photos

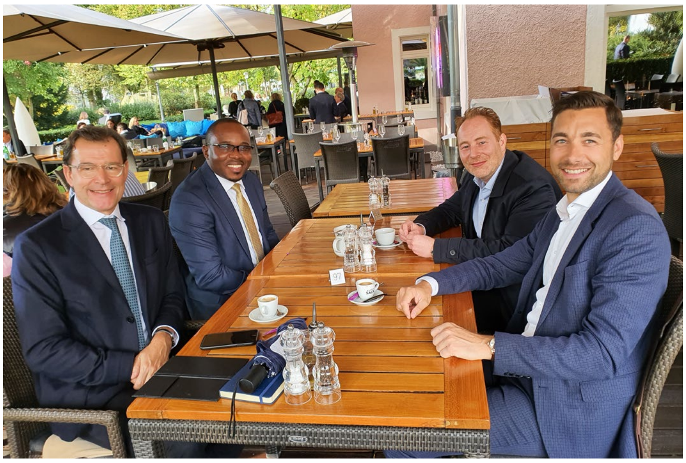
Breast Cancer Awareness Month

Klapton Re commemorated World Breast Cancer Awareness month. In the pictures is Dr. George M. Mutambo (Head - general practitioners) from Medland Hospital, Lusaka, with the Klapton Re team, after a great educative session on October 27, 2022

The Year in Photos

CSR Event - Jedidiah Community School Donation
This was the first corporate social responsibility activity by Klapton Re, where the company donated learning materials in August 2022. The event was graced by the Minister of Education, Mr. Douglas Siakalima, and Member of Parliament, Mrs. Mirriam Chonya.

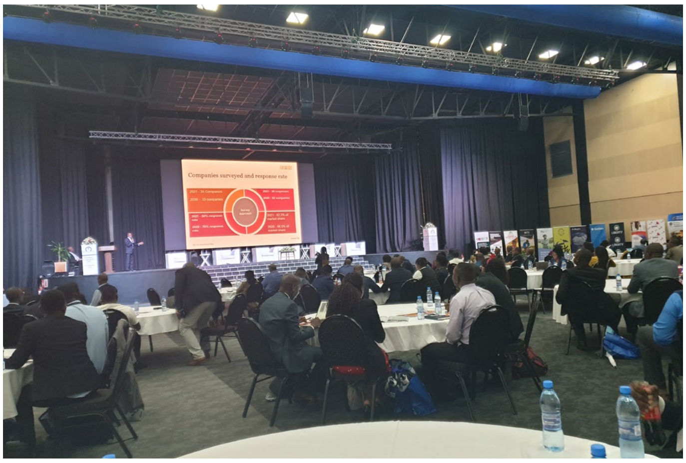
The Year in Photos



Baden-Baden Reinsurance Conference

Klapton Re team attended the Reinsurance conference held in Kongresshaus, Germany, from 23 to 26 October 2022. In the pictures is Klapton Re MD, Webster Twaambo, Jr. with various brokers.

The Year in Photos



Insurers Association of Zambia (IAZ) Conference
Klapton Re was a proud platinum sponsor of the opening cocktail, and attended the conference held in Lusaka, Zambia, from 23 to 25 of November 2022.

The Year in Photos

Singapore International Reinsurance Conference (SIRC)
Klapton Re team attended the 18th (SIRC) held in Singapore, from 29 Oct to 4 Nov 2022. In the pictures is the Klapton team with various brokers from Asian market.

The Year in Photos

Federation of African National Insurance Companies (FANAF) General Assembly
Klapton Re team attended the FANAF General Assembly held from 22 to 25 May 2023, in Dakar, Senegal. In the pictures is Webster Twaambo and Tionge Simbeye, with Phillipe Bara and Ekaansh Verma from MNK Re brokers

The Year in Photos

OESAI AGM and Conference

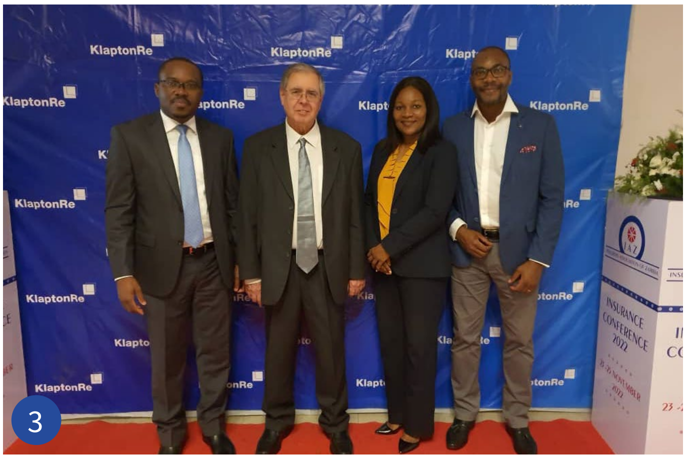
Klapton Re team attended the 44th Organisation of Eastern and Southern Africa Insurers (OESAI) AGM and Conference held in Zanzibar, Tanzania, from 28 August to 1 September, 2022. In the pictures is the Klapton Re team with cedants from East Africa.

The Year in Photos

AIO Reinsurance Forum

The Klapton Re team attended the 26th African Insurance Organisation (AIO) Reinsurance Forum held in Lome, Togo, from 1 to 5 October 2022. In the pictures is the Klapton Re team with various African brokers and reinsurers.

The Year in Photos



Shareholders' Local Engagement
1 & 2. Mr. Shay Reches, Klapton Re's shareholder, paying a courtesy call on the Minister of Commerce, Trade and Industry, Hon. Chipoka Mulenga MP.
3. Mr. Shay Reches with the Klapton Re and Klapton Insurance Zambia's executives, at the Zambia annual Insurance Conference.
4. Mr. Shay Reches giving a speech at the Zambia annual Insurance Conference, Klapton Re sponsored cocktail.

Miscellaneous Accicent

Fidelity Guarantee

Sometimes, employees maybe dishonest and may steal from your firm. We cover for loss of money or company property resulting from theft by employees.

Chairman's Report

I am pleased to present Klapton Re's annual report, including the 2022 financial statements.

Performance Highlights
Klapton Re made remarkable progress in 2022, becoming the unrivalled market leader in the reinsurance subsector in Zambia in just its second year of operations. This is despite global macroeconomic upheavals like historically high levels of inflation in major economies like the USA and the UK, increased gas and grain prices resulting from the Russia-Ukraine war and the hardening of the insurance market globally. Additionally, geopolitical instability in several African and Asian countries where we had expected to write significant levels of business inevitably impacted the global reinsurance market.

Klapton Re posted gross written premiums of ZMW632.2 million for 2022, up from ZMW16.7 million written in the three months it operated in 2021. A significant contribution was from property damage and casulty (P&C) covers written from Asian markets, notably Vietnam, the Philippines, Indonesia and the United Arab Emirates. Compared to the business plan, Klapton Re's underwriting performance was 18% above target, while profit before tax exceeded projections by 36%. Total Comprehensive income was ZMW76 million compared to (ZMW29.2) million in 2021. Total assets grew significantly to ZMW530 million compared from ZMW79 million in the previous year, and total equity rose by 295% to close at ZMW141 million. Klapton Re's investments grew by 394% during 2022, closing at ZMW119.3 million. We also saw a growth in investment income by 342% from the previous year.

" Klapton Re made remarkable progress in 2022, becoming the unrivalled market leader in the reinsurance subsector in Zambia in just its second year of operations."

Michael Lawson, Board Chairman

Economic and Operating Environment
Reduction in the severity of the Covid-19 pandemic across the globe saw the easing of restrictions by most countries and a resurgence of international travel, trade, and foreign direct investment. Although global supply chain disruptions remained a challenge throughout the year, significant recovery is expected in 2023. Klapton Re sees market buoyancy and increased business opportunities and has consequently positioned itself as one of the most reliable reinsurance partners in the African and Asian markets as the global economy recovers.

The Zambian economy remained subdued in 2022, owing to the delayed completion of the bailout deal with the IMF and debt restructuring renegotiations with multilateral lenders. Interest rates increased marginally, while inflation declined from the opening level of 16.4% to close at 9.9%. Despite the decline, inflationary pressures persisted, triggering monetary policy action by the central bank aimed at keeping inflation at under 10%.

The company took advantage of the high-interest rates by locking in fixedincome instruments that will provide consistent income in the medium term.

2022, one of the warmest years on record, saw some of the worst impacts of climate change, including intensified forest fires, stronger hurricanes, rising sea levels, floods, and droughts. This affected insurance business, with some significant claims emerging in some of the markets where Klapton Re has been writing business. In response, the business enhanced its underwriting of risks from affected regions and limited its acceptance of risks from countries facing geopolitical instability.

Other Developments

A notable achievement for Klapton Re during the year was getting its initial credit ratings from two renowned agencies, Global Credit Rating (GCR) of South Africa and Moody's of the UK as well as a third rating of BB- from Bloomfield, a widely recognised rating agency in Francophone Africa. The credit ratings, although limited partly due to the ceiling imposed by Zambia's sovereign rating, are a great starting point for Klapton Re. We are hopeful that when the IMF deal for Zambia is sealed, the country's sovereign rating will be revised.

Klapton Re is committed to improving these initial credit ratings by strengthening its financial strength by increasing the share capital from 2023 to 2025 and increasing resilience through premium and market diversification. Moreover, we will diversify into foreignbased investments to limit the impact of the jurisdiction's sovereign rating on the company's sovereign rating.

Klapton Re greatly values the importance of primary education in Zambia and has therefore committed to supporting selected community schools as part of its CSR programme.

In 2022, the management team and staff participated in activities at a community school where they donated learning aids and books for use by learners. We thank the Minister of Education for gracing this event that marked Klapton Re's first CSR project.

Legal, Regulatory and Statutory Compliance

We are cognisant that the rapid growth in business demands that the company grows its capital; thus, the Board took a decision not to declare any dividend during the period that Klapton Re is focusing on growing its capital and its capital adequacy ratio to above regulatory requirements that will come into effect in 2025. Klapton Re shareholders have committed to injecting additional capital and not receiving dividends in the medium term.

The new Insurance Act in Zambia, effectuated at the end of 2022, will strengthen the insurance industry by introducing progressive provisions that include, among others, a shift from an absolute minimum capital to riskbased capital adequacy requirements. We welcome the enhancement of the regulatory powers of the Pensions and Insurance Authority, PIA, in Zambia as it will help further secure policyholders' interests.

We are proud to have contributed directly to the national treasury, more than ZMW17.5 million in various taxes that were remitted to the Zambian tax authorities in 2022.

Klapton Re applauds the Minister of Finance's decision to remove the 20% withholding tax on reinsurance and retrocession placed with companies not regulated in Zambia, which was in effect in 2022. It is our view that this tax had the potential to increase reinsurance and retrocession costs. This positive action will ensure that reinsurers like Klapton Re can obtain additional underwriting capacity from retrocessionaires operating in the international reinsurance market. In addition, it will help limit concentration and accumulation risks that could have impacted Klapton Re as the leading reinsurer in the Zambian market.

We continue to prioritise maintaining the highest levels of compliance with laws and regulations. Our engagement with authorities during the year was invaluable in ensuring that Klapton Re was fully abreast with new requirements of statutory and regulatory bodies, especially considering that several changes came into effect.

We have refreshed our business plan by crafting a three-year strategic plan for 2023-2025, which is focused on building resilience in Klapton Re, achieving sustainable revenue and net asset growth while maintaining profitability to become one of the leading reinsurers in Africa by 2025.

Final Note

We unwaveringly remain committed to ethical business practices. In 2023, we will introduce our ESG policy to give direction and align actions on environmental, social and governance matters with our strategic plan.

What we have achieved so far is a testament to the invaluable support we continue to receive from all our partners as well as the dedication and commitment of our staff to actualising the goals we set in our business plan

Managing Director's Report

2022 was yet another exciting year for Klapton Re. Following our successful launch of operations in the last quarter of 2021, the company achieved several milestones during the first full year through the support of our key stakeholders, coupled with strong commitment from our shareholders and continued leverage of our hub network that has shown growing market acceptance of our brand.

While global economic fundamentals gained a positive outlook and the world recovered from post COVID-19 impact, the on-going Russia Ukraine war is a massive and historic energy shock to global markets and one of the main factors that had slowed economic growth in 2022 and still impacting economies world over in 2023. Klapton Re made gains through these uniquely turbulent times, joining many other securities in providing reinsurance support in our chosen markets.

As part of our continued market support, we partnered with key stakeholders, namely, the Pensions and Insurance Authority (PIA), the Insurers Association of Zambia (IAZ), and the Organisation of East and Southern African Insurers (OESAI) in providing training to over 1,100 participants from 44 countries across all continents.

Locally, the year 2022 saw the signing and operationalising of the Insurance Act No 38 of 2021 by the Zambian insurance regulator, which among other things, introduced risk-based capital adequacy requirements, seeks to support the utilisation of local capacity and intermediaries, and requires that companies whice have a minimum of 30% local shareholding. We are pleased to indicate that management and the board are proactive for full compliance within the given timeframes.

Financial Performance

During 2022 year, Klapton Re succeeded with the onboarding of the book of business from our Asian hub, which services Asia, the Gulf region, and Latin America markets. The year-end saw the company achieve significant growth on all fronts, resulting in a gross written premium (GWP) of ZMW632 million, primarily generated by property and casualty (P&C), surety and engineering business classes. Total equity stood at ZMW141.2 million, while cash and investments increased to ZMW177.3 million. Company Investments grew to ZMW119.3 million, with a corresponding investment income of ZMW7.2 million. The company transitioned from a loss position to a profit before tax of ZMW82 million and a net profit after tax of ZMW65 million.

The solvency margin was recorded at 11%, which remained safely above the statutory requirement of 10%.

Following the introduction of new capital adquency requirement of the new Insurance Act, management is procative and confident of exceeding the required minimum of 150% by 2024.

" The year end saw the company achieve significant growth on all fronts, resulting in a gross written premium (GWP) of ZMW632 million, largely generated by property and casualty (P&C), surety and engineering business classes."

Webster Twaambo, Jr.
Managing Director &
Chief Executive Officer

Klapton Re maintained the credit ratings by Global Credit Rating (GCR) and Bloomfield Investments and was also assigned a rating by Moody's Investors Service in the last year. Further, management had initiated steps with another internationally recognised credit rating agency.

Strategy
Management has developed a strategic plan that covers the period 2023 to 2025 which is built on the foundation laid in the previous year. Klapton Re aims to direct its effort towards showcasing its strength and dedication to prompt claims settlement and reliability.

The growth model is poised to expand our underwriting through new partnerships and facilities for providing capacity in various markets, such as capacity provision through expert Managing General Agents (MGAs) and penetration into new markets. With support from the board, the management team will implement the plan and build on the solid foundation laid for an upward trajectory.

Information and Communications Technology
By the end of 2022, the technical team of Klapton Re had evolved into a separate technology company called Kuala Tech Limited, which continues to provide services, and Klapton Re has a shareholding. Operations using our core system SICS NT have reached the optimum level with exceptional data analytics capability.

Staff
Klapton Re has maintained a robust talent management policy that ensures retention of a top-talented energetic team with a skill set and experience that delivers the organisation's core functions, namely, underwriting, claims, finance, and risk and compliance. We continue to pride ourselves in delivering a full service all under one roof, with all decision-making and operational functions at the company's head office.

The high-performance organisation (HPO) culture cascades to all teams, who are dedicated and focused on delivering premium quality service at all operational levels. Our values which underpin the culture of Klapton Re keep us aware that growth and improved reputation come only when customers experience is memorable, from the innovative underwriting to the meeting of obligations through timely claims settlement, a proactive service delivery approach, and always remaining accountable.

Our staff remain our prized asset. We will continue to invest in them through the Kaizen concept, continuous improvement, to achieve personal growth.

Outlook
With the 2022 year closing on a tough note with the experience of a hardened January 2023 renewal, it marked a turning point for the reinsurance market that signalled a new reality for buyers. Having been the most challenging January 1 renewal in a generation, the reinsurance market underwent a fundamental shift in pricing and risk appetite, especially for property catastrophe risk. As Klapton Re, we continue to position ourselves as a reliable reinsurance partner in our chosen markets of Africa, Asia, the Middle East and Latin America.
In 2023, Klapton Re will upscale operations by offering our niche surety product at full capacity and increased capacity in lines such as agriculture.

Having grown to be the largest reinsurer on the local Zambian market measured by gross written premium in 2022 through establishing solid relationships with our cooperating partners across our markets, our vision, objectives and plan is to propel ourselves to realise our ultimate goal of strong reinsurance player in Africa and a recognised international security.

Cognisant of digitalisation being the future, we will focus on process automation and strive to continue improving efficiencies and maximising quality service delivery for the benefit of all our customers and stakeholders. We will equally provide trainings to enhance market skills.

As we grow the business, company costs will be closely monitored to ensure sustainability and satisfactory returns to our shareholders, even during the ever-growing challenging economic times. However, we will not trade off quality service with managing costs, the essence of our being.

Lastly, I wish to thank the staff, our hub teams, management, and the board for their dedication and relentless contribution towards the company's sustained growth. I remain resolute in seeing our targets attained for 2023 and keeping Klapton Re on a continuous upward trajectory amid global reinsurance turbulence in the face of climate change and, more frequently, recurring natural disasters.

Liability Reinsurance

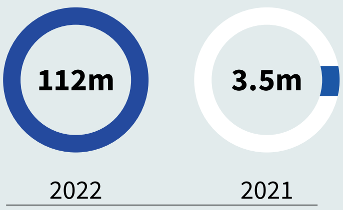
Umbrella Liability Policy

Umbrella insurance is extra insurance that provides protection beyond existing limits and coverages of other policies. Umbrella insurance can provide coverage for injuries, property damage, certain lawsuits, and personal liability situations

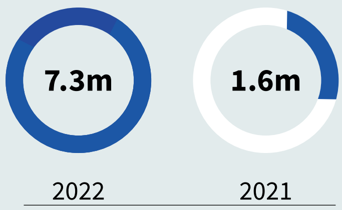
Financial Highlights

Klapton Re reported a profit after tax of ZMW 65.3 million, net underwriting result – ZMW 112 million, and a return on equity (ROE) of 58% for the full year 2022.

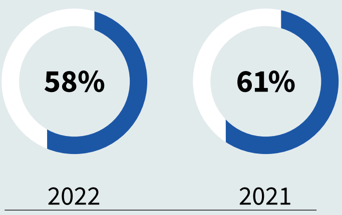
Net Underwriting Result



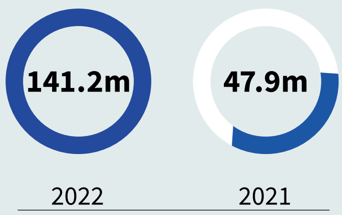
Investment Income



Return On Equity



Shareholders' Equity



Financial Strength Rating

	Date
Global Credit Rating (GCR) - CCC Stable	16 March 2022
Moody's - Caa3 Stable	30 June 2022

Paid-up Capital

94.4 Million

(77.7 million in 2021)

Net Assets

141.2 Million

(47.9 million in 2021)

Cash and Investments

177.3 Million

(32.5 million in 2021)

Gross Written Premium

632 Million

(16.7 million in 2021)

Solvency

11%

(101% in 2021)

Company Advisors, the Board of Directors, and Management Team

Company advisors

Auditors
PricewaterhouseCoopers

Bankers
Stanbic Bank, Indo Zambia Bank, FNB Zambia
Ecobank Zambia, Guaranty Trust Bank Cote d'Ivoire

Company Secretary
Equitas Legal Practitioners

Lawyers
Equitas Legal Practitioners

Tax Consultants
HLB Zambia

Internal Auditors
Grant Thornton Chartered Accountants

The Board of Directors

Board Chairman
Michael Lawson

Board Non-Executive Director
Chiluba Mumba

Board Non-Executive Director
Daniel Joffe

Board Director - Chief Executive Officer
Webster Twaambo, Jr.

Board Director - Chief Financial Officer
Matete Sichizya

The Management team

Chief Executive Officer
Webster Twaambo, Jr.

Chief Financial Officer
Matete Sichizya

Chief Head of Underwriting
Tionge Simbeye

Financial Controller
Musonda Chisanga

Board of Directors

Michael Lawson,
Board Chairman

Mike Lawson is the CEO of SLA Consolidated Limited, an Investment Holding Company for global insurance/reinsurance ventures.

He has over 25 years of financial services experience, working in multiple areas of Structured Finance, including Commercial Banking Finance.

Mr Lawson has held numerous senior positions in multinational banks, including Lloyds Bank, Dresdner Kleinwort Wasserstein and Sanwa International.

Chiluba Mumba,
Board Non-Executive Director

Chiluba holds a Master of Laws degree in Corporate and Commercial Law from the University of London, a Bachelor of Laws Degree from the University of Zambia (UNZA).

Chiluba is the Co-Founder and Managing Partner at Equitas Legal Practitioners in Lusaka, Zambia.

WShe is an Advocate for the High Court for Zambia and all the Superior Courts. Also holds a Postgraduate Diploma in International Business Law from the University of London.

Daniel Joffe,
Board Non-Executive Director

Daniel Joffe began his career with Aegis Insurance Company in SA in 1996 as a legal advisor after completing his law degree and a Master of Laws in Insurance and Company Law.

Daniel worked for the Hartford Steam Boiler for three years before joining the Hollard Insurance Company in South Africa, where he currently heads up its legal division in the non-life space.

Daniel sits on insurance agents and company boards in South Africa and has specialised in regulatory governance.
He is also chair of Aurora, an insurance company in South Africa that specialises in court bonds.

Board of Directors

Webster Twaambo, Jr.
Chief Executive Officer

A Fellow and Consultant to The Chartered Insurance Institute of the United Kingdom.

Webster is a visionary and strategic leader with a strong background in general insurance spanning over 19 years.

He holds a Master of Science in Strategic Planning, a Master's degree in Business Administration (MBA), and Bachelor's degree in Accounting and Finance.

Webster has contributed to the development of Zambia's insurance industry and beyond having authored two books on insurance.

Matete Sichizya,
Chief Financial Officer

A Fellow of the Association of Chartered Certified Accountants ACCA, and the Zambia Institute of Chartered Accountants ZICA with over 20 years' experience.

Matete holds a degree in Accountancy and underwent executive leadership training under a programme with the University of Oxford and has done various professional development courses.

He is currently doing a Master of Science in Insurance and Pensions Management.

"Klapton Re operates in the African, Asian, Middle East and Latin American markets, and always stays true to the local and international market with policies that work for our clients."

Engineering Reinsurance

Advance Loss of Profit Policy

Don’t risk losing out on projected profits due to unforeseen circumstances. Choose our policy for peace of mind and financial security.

Corporate Governance

Klapton Re places great emphasis on adhering to the highest standards of Corporate Governance and ensures that the company operates within the framework of acceptable Corporate Governance practices.

The Board of Directors
The Board is appointed to establish policies for the management and to provide oversight of the company.

The Board's function is guided by a board charter. The Board represents and protects the interests of the shareholders and other stakeholders. Some of their functions are delegated to advisory committees who assist in ensuring these interests are protected. The Board consists of one independent director, two non-executive directors and two executive directors.

Board Advisory Committees
The Board of Directors has delegated authority to advisory committees to guide the operations of the company.

The Company has four committees, The Audit, Finance and Investments Committee, The Reinsurance,

Corporate Governance

Claims and ICT Committee and the Remuneration, Risk and Compliance Committee and Human Resource Committee. The committees meet once a quarter to review the performance of the company and provide the necessary guidance where required.

Audit, Finance and Investments Committee
This committee oversees the audit, finance and investments activity of the company. The primary responsibilities of the committee are audit supervision, financial analysis, advice, and oversight of the organisation's budget. The committee supervises the organisation's financial reporting and provides guidance in preparation of submissions to regulators, auditors and rating agencies.

Risk and Compliance Committee
The Committee is further responsible for reviewing the company's quality and risk management framework and linkage to the company Risk Management strategy. The committee reviews regular assurance reports for management and provides guidance to the Quality & Risk Management function and Internal Audit covering services quality and risk management, regulatory compliance, business resilience.

Reinsurance, Claims and ICT Committee
This committee focuses on the core business operations of the company. It provides oversight and guidance regarding underwriting philosophy, claims management and the procedures and standards governing the same. This committee also reviews the company's marketing activities in line with the established marketing objectives set from time to time.

This committee also governs policies guiding the company's ICT infrastructure to ensure adherence to best practice around data protection and ensuring the company is protected against possible cyber attacks.

Remuneration and Human Resource Committee
The Remuneration and Human Resource Committee is responsible for implementing the Human resource policy through Management and makes recommendations to the Board, on remuneration, recruitments, appointments, terminations, competencies, skills development and incentive policies and procedures. The Committee is also responsible for the development of a process of evaluation of the performance of the Board and its Committees.

Board Committees

Reinsurance, Claims, and ICT Committee

Robert Sichilimba
Committee Member

Robert has a wealth of experience in insurance and reinsurance spanning over 35 years having started his career in insurance in Zambia State Insurance Corporation Ltd in 1977.

He successfully headed the setting up of the first domiciled reinsurance company in Zambia namely, Emeritus Reinsurance Company Ltd, formerly Zambian Reinsurance Company Limited which started trading in April 1999.

He has served on the boards of Zambian Investments Holdings Limited, Zambia Re and First Reinsurance Company (Botswana).

Daniel Joffe,
Committee Chairman

Daniel Joffe began his career with Aegis Insurance Company in SA in 1996 as a legal advisor after completing his law degree and a Master of Laws in Insurance and Company Law.

Daniel worked for the Hartford Steam Boiler for three years before joining the Hollard Insurance Company in South Africa, where he currently heads up its legal division in the non-life space.

Daniel sits on insurance agents and company boards in South Africa and has specialised in regulatory governance.
He is also chair of Aurora, an insurance company in South Africa that specialises in court bonds.

Board Committees

Audit, Finance and Investments Committee

**Michael Lawson,
Committee Member**

Mike Lawson is the CEO of SLA Consolidated Limited, an Investment Holding Company for global insurance/reinsurance ventures.

He has over 25 years of financial services experience, working in multiple areas of Structured Finance, including Commercial Banking Finance.

Mr Lawson has held numerous senior positions in multinational banks, including Lloyds Bank, Dresdner Kleinwort Wasserstein and Sanwa International.

**Maulu Hamunjele
Committee Member**

Maulu O. Hamunjele is a Fellow of the both the Zambia Institute of Chartered Accountants (FZICA) and Association of Chartered Certified Accountants (FCCA), United Kingdom. He holds a Master of Business Administration degree (MBA) from Edinburgh Business School, Scotland.

He has vast experience in finance, audit, investment, and risk management gained over a wide spectrum of businesses, having served on several boards that include the boards in Zambia. Maulu also gained audit and business consultancy experience while serving at Coopers and Lybrand and Price Waterhouse Zambia in his early career.

Board Committees

Risk and Compliance Committee

Maulu Hamunjele
Committee Member

Maulu O. Hamunjele is a Fellow of the both the Zambia Institute of Chartered Accountants (FZICA) and Association of Chartered Certified Accountants (FCCA), United Kingdom. He holds a Master of Business Administration degree (MBA) from Edinburgh Business School, Scotland.

He has vast experience in finance, audit, investment, and risk management gained over a wide spectrum of businesses, having served on several boards that include the boards in Zambia. Maulu also gained audit and business consultancy experience while serving at Coopers and Lybrand and Price Waterhouse Zambia in his early career.

Daniel Joffe,
Committee Chairman

Daniel Joffe began his career with Aegis Insurance Company in SA in 1996 as a legal advisor after completing his law degree and a Master of Laws in Insurance and Company Law.

Daniel worked for the Hartford Steam Boiler for three years before joining the Hollard Insurance Company in South Africa, where he currently heads up its legal division in the non-life space.

Daniel sits on insurance agents and company boards in South Africa and has specialised in regulatory governance.
He is also chair of Aurora, an insurance company in South Africa that specialises in court bonds.

Board Committees

Remuneration & Human Resource Committee

Chiluba Mumba,
Committee Chairperson

Chiluba holds a Master of Laws Degree in Corporate and CommercialLaw from the University of London, a Bachelor of laws degree from the University of Zambia (UNZA).

Chiluba is the Co-Founder and Managing Partner at Equitas Legal Practitioners in Lusaka, Zambia.

She is an Advocate for the High Court for Zambiaand all the Superior Courts. Also holds a Postgraduate Diploma in International Business Law from the University of London.

Vikali Mwale
Committee Member

Vikali is a competent and diligent professional having diverse experience in the areas of human resource management, strategic organisation management, and corporate governance affairs.

She has extensive experience in human resource management and administration for both large and small corporations in a variety of industries such as mining, insurance, financial institutions, education, and utility organizations.

Meet the Management

Webster Twaambo, Jr.
Chief Executive Officer

A Fellow and Consultant to The Chartered Insurance Institute of the United Kingdom.

Webster is a visionary and strategic leader with a strong background in general insurance spanning over 19 years.

He holds a Master of Science in Strategic Planning, a Master's degree in Business Administration (MBA), and Bachelor's degree in Accounting and Finance.

Webster has contributed to the development of Zambia's insurance industry and beyond having authored two books on insurance.

Matete Sichizya,
Chief Financial Officer

A Fellow of the Association of Chartered Certified Accountants ACCA, and the Zambia Institute of Chartered Accountants ZICA with over 20 years' experience.

Matete holds a degree in Accountancy and underwent executive leadership training under a programme with the University of Oxford and has done various professional development courses.

He is currently doing a Master of Science in Insurance and Pensions Management.

Tionge Simbeye,
Chief Underwriting Officer

Tionge has over 12 years of experience in the insurance industry, majority of which has been served in reinsurance departments.

He holds a Bachelor of Science degree in Agricultural Economics from the University of Zambia, and a member of the Insurance Institute of Zambia.

He is also a member of the Chartered Insurance Institute (CII), United Kingdom, with a Diploma in Insurance (Dip CII), while currently pursuing the full ACII qualification.

Meet the Management

Michael Ndhlovu,
Claims Manager

Michael holds a Bachelor of Engineering (B.Eng) in Mining Engineering, Diploma in Insurance and CILA Certificate. He is a Registered Engineer (R. Eng) with the Engineering Registration Board, Professional Engineer member with the Engineering Institute of Zambia (EIZ), and a member of the Chartered Institute of Loss Adjusters (CILA) of the UK.

He has specialised in loss adjusting, underwriting, insurance risk engineering, and has exceptional analytical skills and very knowledgeable in claims management. He has over 9 years work experience in insurance industry.

Musonda Chisanga,
Financial Controller

Musonda has 10 years of external audit experience with international audit firm KPMG both in Zambia and the United Kingdom.

Musonda is a qualified Chartered Accountant and fellow of the Association of Chartered Certified Accountants in Zambia.

He holds a bachelor's degree in Accounting from Monash University, South Africa. Musonda is member of the Zambia Institute of Chartered Accountants.

Joan Bwalya,
Risk & Compliance Officer

Joan has extensive experience in both internal and external auditing, gained at a renowned global accounting firm in Zambia.

She has served as the Lead Accountant for numerous audits across various industries such as finance, manufacturing, and not-for-profit organizations.

Joan holds the ACCA Advanced Diploma in Accounting and Business and is a ZICA Licentiate Accountant license holder.

Currently, she is actively pursuing further qualifications to complete her professional accounting certification.

KlaptonRe

Agile Reinsurance

Directors' Report

Year ended 31 December 2022

The Directors submit their report together with the annual financial statements for the year ended 31 December 2022, which disclose the state of affairs of Klapton Reinsurance Limited ("The Company").

1 Principal activities

The Company is a private limited company incorporated and domiciled in Zambia. The principal activity of the Company is to provide reinsurance business to complement insurers and reinsurers and focuses on Africa, the Middle East and Asia. The Company is licensed under the Insurance Act No. 38 of 2021 to provide these services.

2 Share capital

The Company increased its issued and fully paid-up capital to ZMW 78.75 million (2021: ZMW 70.0 million) and share premium to ZMW 15.7 million (2021: ZMW 7.17 million). Details of the Company's authorised and issued share capital are disclosed in note 24 to the annual financial statements.

3 Shareholding information

The Company's shareholding comprises the following:
- Klapton Management Limited (35%)
- SLA Consolidated Limited (35%)
- Shay Reches (30%)

4 Financial results

The financial results of the Company are set out in the annual financial statements and are summarised as follows:

	2022 ZMW	2021 ZMW
Gross written premium	632,230,318	16,716,015
Net underwriting profit/(loss)	112,041,913	(3,465,730)
Profit/ (loss) for the period	65,287,821	(23,509,752)
Total comprehensive income/ (loss) for the period	76,004,974	(29,249,235)

There were no dividends paid or declared during the year (2021: Nil)

5 Directors

The Directors who held office during the period and to the date of this report were:

Name	Position	Appointed
Michael Lawson	Chairperson	23 September 2020
Chiluba Mumba	Non- Executive	23 September 2020
Daniel Jason Joffe	Non- Executive	24 February 2021
Webster Twaambo Jr	Managing Director	24 February 2021
Matete Sichizya	Executive Director	24 February 2021

6 Staff remuneration

The total remuneration of employees for the period amounted to ZMW 15.1 million (2021: ZMW 8.8 million) as disclosed in note 14 to the annual financial statements. The Company had 20 employees as at 31 December 2022 (2021: 17).

7 Investments

The Company had financial investments amounting to ZMW 119.3 million as at 31 December 2022 (2021: ZMW 24.1 million). The investment portfolio comprised of fixed term deposits, government bonds and treasury bills. During the period, the Company recorded investment income of ZMW 7.3 million (2021: ZMW 1.6 million).

Directors' report
Year ended 31 December 2022

8 Property and equipment

The Company acquired tangible assets to ZMW 3.3 million (2021: ZMW 6 million). It disposed of assets of ZMW 1.4 million (2021: Nil) as disclosed in note 17 to the annual financial statements. The Company did not enter into any new lease agreements.

In the opinion of the Directors, there was no significant difference between the carrying value of property and equipment and its market value.

9 Intangible assets and research and development

The Company invested in additional user licences for its core business system, SICS NT amounting to ZMW 1.8 million (2021: ZMW 10 million). The Company did not conduct research and development activities during the period.

10 Significant events during the year

Kuala Tech Limited, a company jointly owned by Klapton Reinsurance Limited and Klapton Insurance Zambia Limited was incorporated in November 2022. Klapton Reinsurance Limited has 50% shareholding in Kuala Tech Limited with a nominal capital of ZMW 7,500 and as at 31 December 2022, no investment had been made.

The Insurance Act No. 38 of 2021 came into effect on 30 December 2022. This Insurance Act repeals and replaces the Insurance Act No. 27 of 1997, as amended by Act No. 26 of 2005, and introduces a new array of regulatory provisions of the insurance and reinsurance industry. The Company has completed a GAP analysis to ensure that all new requirements are implemented within stipulated timeframes as guided by the Act.

11 Directors' emoluments and interests

Directors' emoluments amounted to ZMW 2.0 million (2021: ZMW 0.2 million) and are disclosed as part of the related party transactions in note 34 to the annual financial statements. There were no outstanding loans to Directors as at 31 December 2022.

12 Corporate social responsibility and donations

During the period, the Company made donations of ZMW 0.02 million (2021: Nil) and contributed ZMW 0.04 million (2021: Nil) to corporate social responsibility causes.

13 Risk management and control

The Company, through its normal operations, is exposed to a number of risks, the most significant of which are insurance risk, credit risk, liquidity risk and market risk. The Company's risk management objectives and strategies are disclosed in note 32 to the annual financial statements.

14 Auditors and remuneration

The Auditor, PricewaterhouseCoopers Zambia, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting. The auditors’ remuneration for the year was ZMW 0.6 million (2021: ZMW 0.2 million) which was in respect of audit services rendered to the Company.

By order of the Board

Company Secretary

21 April
.... 2023

Statement of directors' responsibilities
Year ended 31 December 2022

Statement of Directors' responsibilities in respect of the preparation of the annual financial statements

The Companies Act, 2017 of Zambia requires the Directors to prepare annual 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 Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

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 (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and Insurance Act, 2021 of Zambia.

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

The Directors are of the opinion that the annual financial statements set out on pages 46 to 79 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

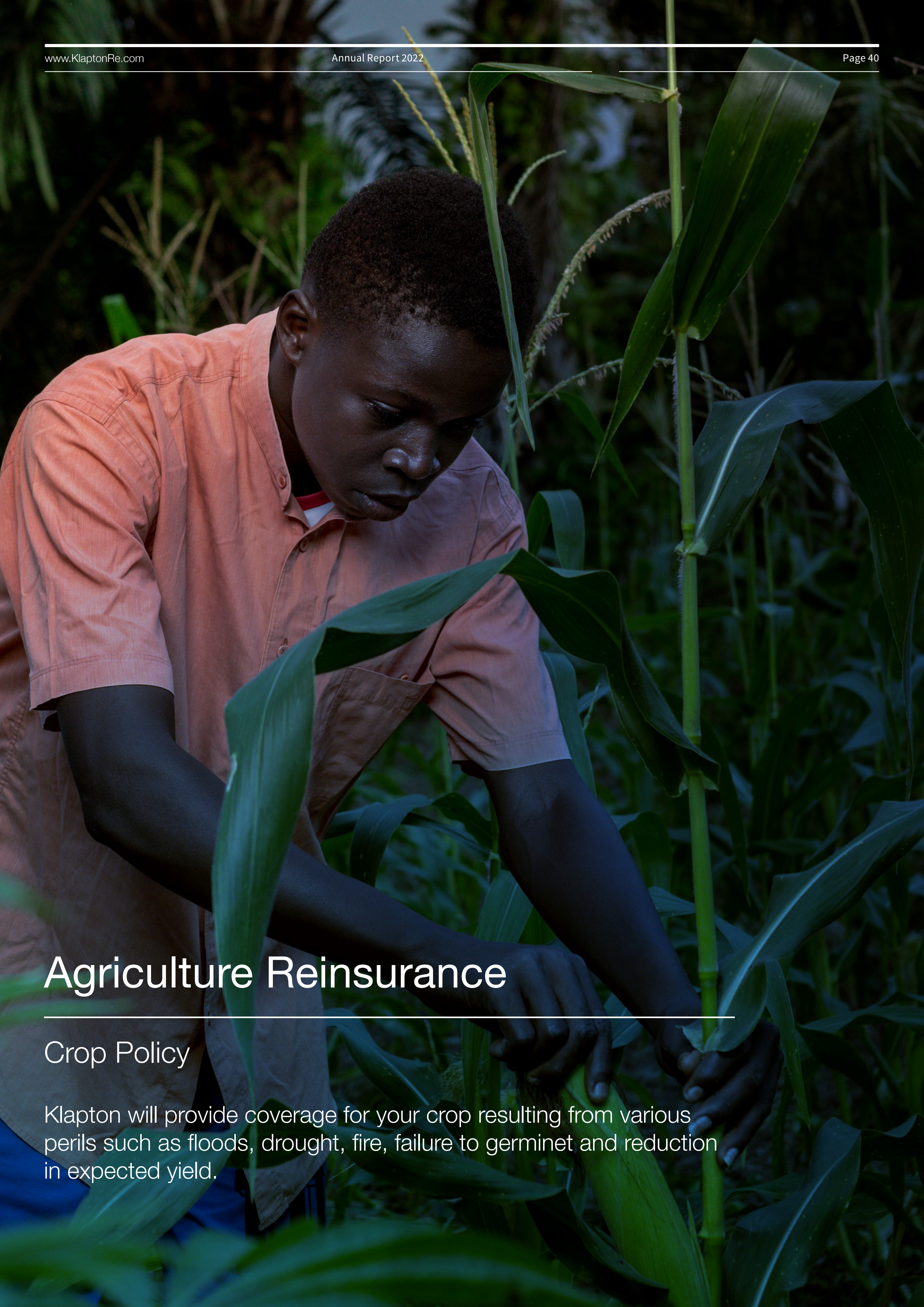
The Directors are confident that, the Company will continue to generate sufficient resources from operations to discharge its liabilities in the normal course of business for at least 12 months from date of these annual financial statements. On this basis, the preparation of the annual financial statements under the going concern basis is appropriate.

Approval of the annual financial statements

The annual financial statements of Klapton Reinsurance Limited, as identified in the first paragraph, were approved by the Board of Directors on ……21 April 2023…… and signed on its behalf by:

…………………………………………
Michael Lawson
Board Chairperson

…………………………………………
Webster Twaambo, Jr
Director



Agriculture Reinsurance

Crop Policy

Klapton will provide coverage for your crop resulting from various perils such as floods, drought, fire, failure to germinet and reduction in expected yield.

Independent auditor's report

To the Shareholders of Klapton Reinsurance Limited

Report on the audit of the annual financial statements

Our opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of Klapton Reinsurance Limited (the "Company") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia.

What we have audited

Klapton Reinsurance Limited's annual financial statements are set out on pages 11 to 42 and comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory information.

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 annual financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers , PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia
T: +260 (0) 211 334000, F: +260 (0) 211 256474, www.pwc.com/zm

A list of Partners is available from the address above

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Insurance contracts As disclosed in Note 31, the insurance contract liabilities were estimated at K60.9 million. This balance consists of Outstanding Claims Reserve ("OCR"), claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported amounting to K 45.6 million, K 14 million and K 1.2 million respectively. Management's policy is to estimate the IBNR reserve using an estimated loss ratio method. This approach to estimating the IBNR is complex, judgemental and involves estimation uncertainty. Changes to the assumptions and estimates used by management could generate significant fluctuations in the Company's financial performance and materially impact on the Company's valuation of insurance contract liabilities.	We involved our actuarial expert who assessed the adequacy of management's estimate by performing the following procedures: ● Validated the completeness and accuracy of the data used for the valuation; ● Assessed the appropriateness of the methodology and assumptions used by management in the estimation of reserve as at 31 December 2022; ● Checked the methodologies applied in the estimation of insurance contract liabilities to generally accepted actuarial techniques; ● Ensured that reserving methods and basis of assumptions are applied consistently year on year; and ● Reviewed disclosures in the annual financial statements for compliance with the requirements of IFRS 4: Insurance Contracts.

Report on the audit of the annual financial statements (continued)

Other information

The Directors are responsible for the other information. The other information comprises the Company's Annual Report but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the annual financial statements

The Directors are responsible for the preparation of annual financial statements that give a true and fair view in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

Report on the audit of the annual financial statements (continued)

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

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

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

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the annual 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

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Klapton Reinsurance Limited, we report on whether:

i. as required by Section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Company Auditor, have in the Company;

ii. as required by Section 259 (3)(b), there are serious breaches by the Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and

iii. in accordance with Section 250 (2), as regards loans made to a Company Officer (a director, company secretary or executive officer of the company), the Company does not state the:

- particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
- amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

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

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Report on other legal and regulatory requirements (continued)

The Insurance Act, 2021 of Zambia

The Insurance Act, 2021 of Zambia requires that in carrying out our audit of Klapton Reinsurance Limited, we report on whether as required by Section 98 (1):

(a) express whether, in the external auditor's opinion, the licensed insurer made available all information necessary for the external auditor to comply with the requirements of this Act or other relevant written law;

(b) state whether, in the external auditor's opinion, any of the statements in the annual financial statements:

(i) exhibits a true and fair statement of the licensed insurer's financial condition; and

(ii) requires an explanation or information from the board, senior officer or agent of the licensed insurer or receives a satisfactory response;

(c) state whether in the external auditor's opinion the licensed insurer has complied with this Act and any other relevant written law; and

(d) state the transactions or conditions that have come to the attention of the auditor affecting the well-being of the licensed insurer that, in the opinion of the external auditor, are not satisfactory and require rectification including:

i) a transaction of the licensed insurer that has come to the attention of the external auditor and which in the opinion of the external auditor, has not been within the powers of the licensed insurer or which was contrary to the Act or any other relevant written law; and

ii) a non-performing loan that is outstanding, is restructured or the terms of repayment are extended, if the principal amount of the loan is five percent or more of the regulatory capital of the licensed insurer.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka

26 April 2023

Martin Bamukunde
Practicing Certificate Number: AUD/A009933
Partner signing on behalf of the fir

Marine Reinsurance

Marine Hull Policy

Did you know you can cover your hull against damage resutling from an accident just like your motor comprehensive policy? At an addiitonal fee, the policy will also cover for third party labiliies.

Annual financial statements
Statement of financial position as at 31 December 2022

	Notes	2022	2021
			Restated
		ZMW	ZMW
Assets			
Cash on hand and at bank	23	58,013,550	8,427,240
Financial investments at amortised cost	22	119,307,095	24,132,196
Receivables arising out of reinsurance arrangements	28	243,750,595	16,298,051
Other assets	21	3,800,929	3,516,190
Property and equipment	17	5,396,657	5,379,856
Intangible assets	19	9,290,788	10,027,585
Deferred acquisition costs	27	84,229,902	5,785,936
Right-of-use assets	18	4,460,032	5,822,188
Deferred tax asset	20	2,557,126	-
Total assets		**530,806,674**	**79,389,242**
Equity			
Share capital	24	78,750,000	70,000,000
Share premium	24	15,704,926	7,185,576
Retained earnings		41,778,069	(23,509,752)
Non-distributable reserves	24	4,977,670	(5,739,483)
Total equity		**141,210,665**	**47,936,341**
Liabilities			
Other payables	26	31,370,277	4,952,394
Reinsurance payables	30	13,242,607	7,277,052
Reinsurance contract liabilities	31	60,867,297	166,375
Lease liability	25	3,881,298	4,431,121
Unearned premium reserve	29	280,234,530	14,625,959
Total liabilities		**389,596,009**	**31,452,901**
Total equity and liabilities		**530,806,674**	**79,389,242**

The notes on pages 53 to 81 are an integral part of these annual financial statements.

These annual financial statements were approved for issue by the Board of Directors on ……21 April…… 2023

……………………………… ………………………………

Michael Lawson
Chairman

Webster Twaambo, Jr
Director

Annual financial statements
Statement of profit or loss for the period ended 31 December 2022

	Notes	2022 ZMW	2021 Restated ZMW
Gross written premium	8	632,230,318	16,716,015
Changes in unearned premiums reserve	29	(265,608,572)	(14,625,959)
Gross earned premiums		**366,621,746**	**2,090,056**
Less premiums ceded	9	(67,064,883)	(4,268,707)
Net earned premiums		**299,556,863**	**(2,178,651)**
Net claims incurred	10	(65,046,435)	(166,376)
Acquisition expenses	27	(117,264,751)	(1,120,703)
PIA Levy		(5,203,764)	-
Underwriting loss profit/(loss)		**112,041,913**	**(3,465,730)**
Investment income	11	**7,262,972**	**1,642,969**
Other income	12	**67,113**	**43,759**
Administrative expenses	13	**(46,855,583)**	**(18,833,648)**
Pre start up costs	24	-	(2,522,289)
Finance income/(costs)	15	**9,503,520**	**(374,813)**
Profit/(Loss) before taxation		**82,019,935**	**(23,509,752)**
Income tax expense	16	**(16,732,114)**	**-**
Profit/(Loss) for the year		**65,287,821**	**(23,509,752)**
Other comprehensive income (net of tax)			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)		10,717,153	(5,739,483)
Total comprehensive income		**76,004,974**	**(29,249,235)**

The notes on pages 53 to 81 are an integral part of these annual financial statements.

Annual financial statements
Statement of changes in equity as at 31 December 2022

2022	Share capital	Share premium	Accumulated profit/losses	Non-distributable reserves	Total
	ZMW	ZMW	ZMW	ZMW	ZMW
Opening balance	**70,000,000**	**7,185,576**	**(23,509,752)**	**(5,739,483)**	**47,936,341**
Total comprehensive income for the period					-
Profit for the period	-	-	65,287,821	-	65,287,821
Other comprehensive income	-	-	-	10,717,153	10,717,153
Total comprehensive income for the period	-	-	**65,287,821**	**10,717,153**	**76,004,974**
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares	8,750,000	8,519,350	-	-	17,269,350
Dividends	-	-	-	-	-
Total transactions with owners of the company	**8,750,000**	**8,519,350**	**-**	**-**	**17,269,350**
Balance as at 31 December 2022	**78,750,000**	**15,704,926**	**41,778,069**	**4,977,670**	**141,210,665**

2021 Restated	Share capital	Share premium	Accumulated Profit/losses	Non-distributable reserves	Total
	ZMW	ZMW	ZMW	ZMW	ZMW
Opening balance	-	-	-	-	-
Total comprehensive income for the period					-
Profit for the period	-	-	(23,509,752)	-	(23,509,752)
Other comprehensive income	-	-	-	(5,739,483)	(5,739,483)
Total comprehensive income for the period	-	-	**(23,509,752)**	**(5,739,483)**	**(29,249,235)**
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares	70,000,000	7,185,576	-	-	77,185,576
Dividends	-	-	-	-	-
Total transactions with owners of the company	**70,000,000**	**7,185,576**	**-**	**-**	**77,185,576**
Balance as at 31 December 2021	**70,000,000**	**7,185,576**	**(23,509,752)**	**(5,739,483)**	**47,936,341**

Share capital
This represents the normal share capital of the Company from the issue of shares.

Share premium
This arose from the issue of shares and represents amounts paid by shareholders in excess of the nominal value of the shares.

Accumulated profit/losses
Accumulated losses represents the brought forward income net of expenses, plus current year loss attributable to shareholders, less dividends paid and transfers to other reserves.

Non-distributable reserves
Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include functional to presentation currency translation differences.

Annual financial statements
Statement of cashflow as at 31 December 2022

	Notes	2022	2021
			Restated
		ZMW	**ZMW**
Cashflow from operating activities			
Profit/(loss) for the period		65,287,821	(23,509,752)
Adjustments for:			
- Depreciation	17-18	3,558,437	1,311,993
- Amortisation	19	2,458,957	226,724
- Interest expense on ROU liabilities	25	381,789	213,057
- FX on cash, investments and ROU liabilities		(5,501,753)	4,978,620
- Income tax expense		16,732,114	-
- Loss on disposal		12,159	-
- Accrued Interest on investments	11	(7,262,972)	(1,642,969)
Changes in:			
- Receivables arising out of reinsurance arrangements		(227,452,544)	(16,298,051)
- Deferred acquisition costs		(78,443,966)	(5,785,936)
- Other receivables		758,334	(3,516,190)
- Reinsurance payables		5,965,555	7,277,052
- Reinsurance contract Liabilities		60,700,922	166,375
- Unearned premium reserves		265,608,571	14,625,959
- Other payables less current tax payable		8,148,455	4,952,394
Cash used in operating activities			
Income taxes paid		(1,019,806)	-
Net cash from operating activities		**109,932,073**	**(17,000,724)**
Cash flows from investing activities			
Net acquisition of property and equipment	17	(3,268,312)	(6,019,589)
Acquisition of intangible assets	19	(1,722,160)	(10,254,309)
Net acquisition of investments at amortised cost		(90,808,465)	(26,501,458)
Interest received on investments		3,803,140	632,318
Net cash from (used in investing activities		**(91,995,797)**	**(42,143,038)**
Cash flows from financing activities			
Proceeds from issue of share capital	24	17,269,350	77,185,576
Payment of lease liabilities	25	(1,196,551)	(696,310)
Movement in foreign currency translations		10,717,153	(5,739,483)
Net cash from (used in financing activities		**26,789,952**	**70,749,782**
Net increase in cash and cash equivalents		44,726,228	11,606,020
Cash and cash equivalents at beginning of period		8,427,240	-
Effect of movements in exchange rates on cash and cash equivalents held		4,860,082	(3,178,780)
Total cash at end of year		**58,013,550**	**8,427,240**

The notes on pages 53 to 81 are an integral part of these annual financial statements.

Liability Reinsurance

Employers Liability

Klapton Re offers coverage for injury, death of employee at the negligence of the employer.

Annual Financial Statements

Notes to the annual financial statements

1 Reporting entity

Klapton Reinsurance Limited ("The Company") is a private limited company incorporated and domiciled in Zambia. Principal activity of the Company is to provide reinsurance business to complement insurers and reinsurers and focuses on Africa, the Middle East and Asia. The Company is licensed under the Insurance Act No. 38 of 2021 to provide these service and its registered office is:

Suite 12B, Green City Office Park
Stand 2374, Kelvin Siwale Road
Lusaka, Zambia

2 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The annual financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

Details of the Company's accounting policies, including changes thereto, are included in notes 5 to 7.

3 Foreign currencies

(i) Functional and presentation currency

Items included in the annual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). During the year, the functional currency and presentation currency of the Company were assessed to be United States Dollar (USD) and the Zambian Kwacha (ZMW), respectively. The impact on change in the functional currency from prior year is disclosed in note 35.

(ii) Transactions and balances

In preparing the annual financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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. All exchange differences that arise from the translation of balances from the functional currency to the presentation currency are recognised in other comprehensive income and accounted for separately in a non-distributable translation reserve within the statement of changes in equity.

4 Critical estimates and judgements

The preparation of annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgements are:

(i) Estimation for claims incurred but not yet reported (note 7 (c))

(ii) Estimation of impairment of financial assets (note 7 (k))

(ii) Estimation of current and deferred income tax (note 7 (u))

5 Changes in accounting policies and disclosures

There have been no changes in the accounting policies. The following new standards were effective from 1 January 2022 however they did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(i) IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment
(ii) Annual improvements cycle 2018 -2020
(iii) Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
(iv) Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
(iii) Amendment to IFRS 3, 'Business combinations'

6 Standards issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company in preparing these financial statements. The Company will adopt these standards, if applicable, when they become effective:

The following standards, being IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* are expected to have a material impact on the Company's statements in the period of initial application and will be applied for the first time on 1 January 2023.

(a) IFRS 17 - *Insurance Contracts*

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of annual financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

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6 Standards issued but not yet effective (continued)

In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

(b) IFRS 9 *Financial Instruments*
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. in order to align the effective date with IFRS 17 *Insurance Contracts* .

Estimated impact of the adoption of IFRS 17 and IFRS 9
The Company having engaged an external consultant for the adoption of both standards is still in the process of estimating the impact that the initial application of IFRS 17 and IFRS 9 will have on the annual financial statements. To date, the Company's transition process has involved:

(i) Determining the new accounting processes and internal controls required for applying IFRS 17 and IFRS 9;
(ii) Engagement with our system developers to determine whether the Company's existing IT system can be configured to adapt to the data requirements of IFRS 17 and IFRS 9;
(iii) Internal analysis of underwriting data based on coverage period to determine which IFRS 17 model would be applicable i.e. the general model or the premium allocation approach; and
(iv) Ensuring that the Company's financial assets are aligned to the business model whose contractual cash flows represent solely payments of principal and interest.

The Company is expected to complete its gap analysis and commence parallel runs by the end of Quarter 2 2023.

Transition approach
IFRS 17 requires retrospective application prior to the transition date unless it is impracticable to do so as it requires assumptions about what the Company's intentions would have been in previous periods. If it is impracticable, an entity can choose between either a modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the transition

The Company intends to use the modified retrospective approach through maximising the use of information that would have been used to apply the full retrospective approach. The full IFRS 17 accounting policies, including accounting policy elections and key judgements that will have been applied in the application of the standard will be disclosed in the 2023 annual financial statements.

With reference to the transition to IFRS 9, the Company will use the exemptions contained in IFRS 9 from full retrospective application for its classification and measurement requirements, including impairment. These include an exemption from the requirement to restate comparative information. The Company will adjust any difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application should be included in opening retained earnings

(c) Other amendments effective 2023
The following amendments to existing standards have been published by the IASB, which will become mandatory in 2023 but are not expected to have material impact on the Company in the current or future reporting periods and on foreseeable future transactions:

(i) Amendment to IAS 1, ‘Presentation of Financial Statements’ on Classification of Liabilities as Current or Non-current
(ii) Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
(iii) Narrow scope amendments to IAS 1 ‘Presentation of Financial Statements’, Practice statement 2 and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’

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7 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these annual financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Gross written premiums

Gross written premium comprises the total premiums receivable for the whole period of cover for contracts entered into during the year, regardless of whether they relate in whole or in part due to a later accounting period. Premiums includes adjustments arising in the accounting period to premiums written in prior accounting periods.

Premiums relating to the expired risk period are taken as earned and recognised as revenue for the period, while the premium relating to the unexpired risk period is treated as a provision for unearned premium. The unearned premiums are calculated on a pro-rata basis using the 24th method for facultative business. For proportional treaty business, the unearned premium provision is calculated on a treaty by treaty basis at the reporting date using the 1/8th method. For any cases where the underlying business and risk do not justify the above methods, the unearned premium provision is calculated on bases relevant to the risk profile of the insurance contract.

(b) Outward reinsurance premiums

Outward reinsurance premiums relating to earned premiums are recognised as expense in accordance with the insurance services provided. Unearned reinsurance premiums are the proportion of premiums written in a year that relate to periods of risk after the reporting date and are deferred over the term of the reinsurance contract.

(c) Claims

Claims is comprised of amounts payable to policyholders and related loss adjustment expenses, net of salvage and other recoveries and is charged to the statement of income as incurred. In addition, claims reflect the movements in the provision for outstanding claims, claims incurred but not reported (IBNR), claims incurred but not enough reserved (IBNER) and other claims reserves.

Outstanding claims comprises the provision for the Company's estimated ultimate cost of settling all claims incurred (and related claims handling costs) but unpaid at the reporting date, whether or not these had been reported. These are provided for at their face value.

Provision are also made for claims incurred but not reported at the reporting date based upon the management's judgement and the Company's prior experience.

(d) Policy acquisition costs

Policy acquisition costs represent commissions paid to intermediaries and other direct costs incurred in relation to the acquisition and renewal of insurance contracts which are deferred and expensed over the terms of the insurance contracts to which they relate, as premiums are earned.

(e) Interest income

Interest income is included within investment income and is recognised as the interest accrued using the effective interest method. Under this method, the rate used discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Annual financial statements
Notes to the annual financial statements

7 Summary of significant accounting policies (continued)

(f) Commission income
This income arises from reinsurance business ceded out by the Company. All fees are recognised as revenue over the period in which the related services are provided. Any fees which relate to services provided in future periods are deferred and recognised in those future periods.

(g) Dividends
The Company by resolution may declare a dividend, if and only if, the Directors have recommended a dividend. The dividend shall not exceed the amount recommended by the Directors. A dividend shall not be paid except out of profit of the Company. Dividends on ordinary shares are charged to equity in the period in which they are declared.

(h) Intangible assets - computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life of the software.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets where the following criteria are met:

(i) It is technically feasible to complete the software so that it will be available for use;
(ii) Management intends to complete the software and use or sell it;
(iii) There is an ability to use or sell the software;
(iv) It can be demonstrated how the software will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell;
(vi) the software are available; and
(vii) the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Company amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

(i)	Licenses	3-5 years
(ii)	IT development and software	3-5 years

Costs associated with maintaining software programmes are recognised as an expense as incurred.

(i) Property, plant and equipment
Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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7 Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)
Depreciation is calculated using the straight-line method to allocate the cost, net of their residual values, over their estimated useful lives as follows:

(i)	Furniture and fittings	5 years
(ii)	Computer equipment	3 years
(iii)	Office equipment	2-4 years
(iv)	Other assets	2-4 years
(v)	Motor vehicles	4 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(j) Impairment of non financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(k) Investments and other financial assets
(i) Classification
The company classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments and
- available-for-sale financial investments

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

(iii) Measurement
At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

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7 Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value in profit or loss. Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the company's right to receive payments is established. Interest income from financial assets at fair value through profit or loss is included within investment income.

(l) Financial liabilities

(i) Classification

Financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

(ii) Financial liabilities at amortised cost

These include trade payables, marketing creditors, amount due to related parties and accrued expenses. Trade payables are classified as current liabilities due to their short term nature.

(iii) Recognition and measurement

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

(iv) Derecognition

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(v) Offsetting financial instruments

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

(m) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

Annual financial statements
Notes to the annual financial statements

7 Summary of significant accounting policies (continued)

(n) Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents, comprise short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o)Fair values
For financial instruments where there is not an active market, fair value can be determined by using valuation techniques. Such techniques include using recent arm's length transactions, current market value of a another financial instrument which is substantially the same or discounted cash flow analysis. For the discounted cash flow technique, estimated cash flows are based upon management's best estimates and the discount rate used is a market related rate for a similar instrument.

If fair value cannot be measured reliably, the financial instrument should be measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All direct transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(p)Temporary exemption from applying IFRS 9
Predominance ratio:

	2022
	ZMW
Liabilities relating to insurance activities	354,344,434
Other connected liabilities	31,370,277
	385,714,711
Total Liabilities	**389,596,009**
Ratio	99%

The amendment to IFRS 4 Insurance contracts requires entities to disclose the fair value at the end of the reporting period and the change in fair value during the period for Company's financial assets with contractual cash flows that solely payments of principal and interest ("SPPI") another financial assets. The Company has assessed that only cash and cash equivalents and investments in debt instruments have contractual cash flows that meet the SPPI criteria.

The Company has no financial assets whose contractual cash flows that do not represent the solely payments of principal and interest. The Company does not currently use the option of IAS 39 to designate the financial assets at fair value. The carrying amount of cash and cash equivalents and investments in debt instruments are shown in the annual financial statements is a reasonable approximation of their fair value.

Annual financial statements
Notes to the annual financial statements

7 Summary of significant accounting policies (continued)

(q) Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

(r) Foreign currency translation
Items included in the annual financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in Zambian Kwacha (ZMW), which is the Company's presentation currency.

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

(s) Trade and other payables and other expenses
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(t) Provisions
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as 'other finance costs'.

(u) Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Annual financial statements
Notes to the annual financial statements

7 Summary of significant accounting policies (continued)

(u) Income tax (continued)
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is accounting for using the liability method i.e. on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(v) Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration – i.e. the customer has the rights to:

(i) Obtain substantially all of the economic benefits from using the asset; and
(ii) Direct the use of the asset.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

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7 Summary of significant accounting policies (continued)

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

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
(i) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
(ii) Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
(iii) Amounts expected to be payable by the Company under residual value guarantees
(iv) The exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
(v) Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is:
(i) A change in future lease payments arising from a change in an index or rate;
(ii) A change in the amounts expected to be payable under a residual value guarantee;
(iii) A change in the Company's assessment of whether it will exercise a purchase, extension or termination option or
(iv) A revised in-substance fixed lease payment.

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

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

(x) Contributed equity
Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares are expensed to the income statement.

(y) Employee benefits
Short-term obligations such as liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

For defined contribution plans, the Company pays contributions to publicly and privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(z) Comparatives
Where necessary comparatives have been adjusted to conform with changes in presentation in the current year.

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		2022 ZMW	2021 ZMW
8	**Gross written premium**		
	See accounting policy in note 7 (a)		
(i)	By class of business		
	Agriculture	8,020,704	711,576
	Aviation	6,682,869	2,370,395
	Bonds	72,276,757	-
	Engineering	52,562,180	4,080,131
	Fire	377,164,665	7,384,595
	Liability	28,336,895	647,103
	Marine	38,199,301	239,473
	Miscellaneous (incl. Theft)	29,922,643	603,979
	Motor	8,424,770	43,332
	Oil & Energy	4,556,434	-
	Political risks	6,083,100	635,431
		632,230,318	**16,716,015**
(ii)	Geographical analysis		
	Central, East and Southern Africa	220,551,835	16,068,867
	West and North Africa	27,030,165	647,148
	Asia and Latin America	384,648,318	-
		632,230,318	**16,716,015**
(iii)	Type- distribution		
	Facultative	509,242,806	16,716,015
	Treaty	122,987,512	-
		632,230,318	**16,716,015**
9	**Gross written premium ceded**		
	See accounting policy in note 7 (b)		
	These relate to retrocession expenses incurred during the period broken down as		
	Facultative	7,418,907	-
	Minimum deposit premiums	59,645,976	4,268,707
		67,064,883	**4,268,707**
10	**Net claims incurred**		
	See accounting policy in note 7 (c)		
	Claims provisions	45,957,469	-
	Claims paid	4,001,929	-
	Claims expenses	23,129	-
	IBNR	13,873,211	166,376
	IBNER	1,190,697	-
		65,046,435	**166,376**
11	**Investment income**		
	See accounting policy in note 7 (e)		
	Interest from government securities	4,955,182	984,878
	Interest from deposits with financial institutions	2,307,790	658,091
		7,262,972	**1,642,969**
12	**Other income**		
	See accounting policy in note 7 (e)		
	Staff loan interest and insurance refund	25,810	42,009
	Interest on bank and call accounts	41,303	1,750
		67,113	**43,759**

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		2022 ZMW	2021 ZMW
13	**Administrative expenses**		
	Personnel expenses (note 14)	15,085,596	8,832,856
	Software maintenance costs	2,701,543	2,168,342
	Legal and professional fees	1,944,359	2,045,260
	Ratings and license fees	1,504,092	1,480,672
	Marketing and advertising costs	1,215,417	842,958
	Travel	4,613,863	199,261
	Directors fees (note 34)	1,955,816	176,116
	Provision for doubtful debts (note 28)	8,475,122	-
	Amortisation of intangible assets (note 19)	2,458,957	226,724
	Depreciation property and equipment (note 17 & 18)	3,558,437	1,311,993
	Other expenses *(includes bank charges, insurance, internet and telephone costs)*	3,342,381	1,549,465
		46,855,583	**18,833,647**
14	**Personnel expenses**		
	See accounting policy in note 7 (y)		
	The following items are included in employee benefits expense:		
	Salaries	9,764,854	5,480,346
	Recruitment expenses	-	527,996
	Employee gratuity accrual	1,204,783	785,245
	Other staff costs*	4,115,959	2,039,269
		15,085,596	**8,832,856**

*Other staff costs consists mainly of statutory contributions, contributions to defined contribution schemes, leave pay accrual, staff insurance costs and performance related incentives costs.

		2022 ZMW	2021 ZMW
15	**Finance (income)/costs**		
	See accounting policy in note 7 (r) and (v)		
	Net foreign exchange (gain)/loss	(9,885,309)	161,756
	Interest expense on lease liabilities (note 25)	381,789	213,057
		(9,503,520)	**374,813**
16	**Income tax expense**		
	See accounting policy in note 7 (u)		
(i)	Income tax expense		
	Income tax charge comprises of:		
	Current tax charge	19,395,994	-
	Prior year unrecognised current tax asset	(106,754)	-
	Recognised deferred taxation (note 20)	(2,557,126)	-
		16,732,114	-
(iii)	Reconciliation of tax charge		
	The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate and is reconciled as follows:		
	Profit/(Loss) before tax	82,019,935	(29,249,235)
	Taxation applicable rate - 30% (2021: 35%)	24,605,981	(10,237,233)
	Tax effect of:		
	Permanent differences	225,893	(101,044)
	(Under)/Over provision	614,481	1,730,790
	Prior year unrecognised deferred and current tax asset	(8,714,241)	-
	Income tax expense/ (Unrecognised income tax credit)	**16,732,114**	**(8,607,487)**
(ii)	Current tax payable		
	Current income tax movement in the statement of financial position		
	At 1 January	(106,754)	-
	Current period tax charge	19,395,994	-
	Withholding tax on interest (at source)	(564,766)	(106,754)
	Provisional tax paid	(455,040)	-
	Current tax payable/(asset)	**18,269,434**	**(106,754)**

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17 Property and equipment

See accounting policy in note 7 (i)

2022	Furniture and fittings ZMW	Motor vehicles ZMW	Computer and office equipment ZMW	Total ZMW
Cost				
Opening balance	1,914,883	1,997,627	2,107,079	6,019,589
Additions	-	3,111,769	187,106	3,298,875
Disposals	(30,373)	(1,283,782)	(80,887)	(1,395,042)
Total costs	**1,884,510**	**3,825,614**	**2,213,298**	**7,923,422**
Accumulated depreciation				
Opening balance	187,830	192,661	259,242	639,733
Charge for the period	381,458	1,109,609	705,214	2,196,281
Disposals	(7,595)	(267,454)	(34,200)	(309,249)
Total accumulated depreciation	**561,693**	**1,034,816**	**930,256**	**2,526,765**
Carrying amount 31 December 2022	**1,322,817**	**2,790,798**	**1,283,042**	**5,396,657**

2021	Furniture and fittings	Motor Vehicle	Computer and office equipment	Total
Cost				
Opening balance	-	-	-	-
Additions	1,914,883	1,997,627	2,107,079	6,019,589
Disposals	-	-	-	-
Total costs	**1,914,883**	**1,997,627**	**2,107,079**	**6,019,589**
Accumulated depreciation				
Opening balance	-	-	-	-
Charge for the period	187,830	192,661	259,242	639,733
Disposals	-	-	-	-
Total accumulated depreciation	**187,830**	**192,661**	**259,242**	**639,733**
			-	-
Carrying amount 31 December 2021	**1,727,053**	**1,804,966**	**1,847,837**	**5,379,856**

18 Right of use asset

See accounting policy in note 7 (w)

2022	Office lease	Office equipment	Total
Cost			
Opening balance	6,176,995	317,453	6,494,448
Additions	-	-	-
Total costs	**6,176,995**	**317,453**	**6,494,448**
Accumulated depreciation			
Opening balance	628,169	44,091	672,260
Charge for the period	1,256,338	105,818	1,362,156
Total accumulated depreciation	**1,884,507**	**149,909**	**2,034,416**
Carrying amount 31 December 2022	**4,292,488**	**167,544**	**4,460,032**

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	ZMW	ZMW	ZMW
2021	**Office lease**	**Office equipment**	**Total**
Cost			
Opening balance	-	-	-
Additions	6,176,995	317,453	6,494,448
Disposals	-	-	-
Total costs	**6,176,995**	**317,453**	**6,494,448**
Accumulated depreciation			
Opening balance	-	-	-
Charge for the period	628,169	44,091	672,260
Disposals	-	-	-
Total accumulated depreciation	**628,169**	**44,091**	**672,260**
Carrying amount 31 December 2021	**5,548,826**	**273,362**	**5,822,188**

19 Intangible assets

See accounting policy in note 7 (h)

2022	**Software and licenses**	**WIP**	**Total**
Cost			
Opening balance	10,080,258	174,051	10,254,309
Additions	1,896,211	(174,051)	1,722,160
Total costs	**11,976,469**	-	**11,976,469**
Accumulated amortisation			
Opening balance	226,724	-	226,724
Charge for the period	2,458,957	-	2,458,957
Total accumulated amortisation	**2,685,681**	-	**2,685,681**
			-
Carrying amount 31 December 2022	**9,290,788**	-	**9,290,788**

2021	**Software and licenses**	**WIP**	**Total**
Cost			
Opening balance	-	-	-
Additions	10,080,258	174,051	10,254,309
Disposals	-	-	-
Impairment	-	-	-
Total costs	**10,080,258**	**174,051**	**10,254,309**
Accumulated amortisation			
Opening balance	-	-	-
Charge for the period	226,724	-	226,724
Disposals	-	-	-
Total accumulated amortisation	**226,724**	**-**	**226,724**
Carrying amount 31 December 2021	**9,853,534**	**174,051**	**10,027,585**

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20 Deferred tax

See accounting policy in note 7 (u)

Movement in deferred tax balance

	ZMW	ZMW	ZMW	ZMW
2022	**Net opening balance**	**Current year movement**	**Net recognised balance as at 31 December**	**Recognised deferred tax assets/ (liability)**
Excess of capital allowances over depreciation	848,563	(108,896)	739,667	739,667
Unrealised exchange gain	187,478	3,998,647	4,186,125	4,186,125
Gratuity provision	(235,574)	(252,855)	(488,429)	(488,429)
Leave provision	(53,533)	(2,955)	(56,488)	(56,488)
Trading losses	(9,354,421)	9,354,421	-	-
Provision for doubtful debts	-	(2,542,537)	(2,542,537)	(2,542,537)
Right of use assets	-	1,338,010	1,338,010	1,338,010
Lease liability	-	(1,164,389)	(1,164,389)	(1,164,389)
IBNR provision	-	(4,211,876)	(4,211,876)	(4,211,876)
IBNER provision	-	(357,209)	(357,209)	(357,209)
	(8,607,487)	**6,050,361**	**(2,557,126)**	**(2,557,126)**

The prior year unrecognised deferred tax credit has been recognised during the period as the Company has utilised the losses against current period profit. Below is a reconciliation of the recognised deferred tax credit in the income statement

	2022 ZMW	2021 ZMW
Opening balance	-	-
2021 unrecognised deferred tax credit	(8,607,487)	-
Current year movement	6,050,361	-
Total recognised deferred tax credit	**(2,557,126)**	**-**

2021	**Net opening balance**	**Unrecognised in profit or loss**	**Net unrecognised balance as at 31 December**	**Unrecognised deferred tax assets/ (liability)**
Excess of capital allowances over depreciation	-	848,563	848,563	848,563
Unrealised exchange gain	-	187,478	187,478	187,478
Gratuity provision	-	(235,574)	(235,574)	(235,574)
Leave provision	-	(53,533)	(53,533)	(53,533)
Trading losses	-	(9,354,421)	(9,354,421)	(9,354,421)
	-	**(8,607,487)**	**(8,607,487)**	**(8,607,487)**

The deferred tax assets and liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. The net deferred income tax asset for the period ended 31 December 2021 has not been recognised but Management are able to utilise this against future taxable profits before the losses expire. Unutilised losses expire after 5 years, with the current year losses expiring on 31 December 2026.

21 Other assets

See accounting policy in note 7 (k)	2022 ZMW	2021 ZMW
Staff loan	4,110	335,635
Prepayments	1,094,918	3,180,555
Other receivables	2,701,901	-
	3,800,929	**3,516,190**

Other receivables include funds held with a third party for settlement of claims and a receivable from a related party for the disposal of an asset. The carrying amounts of other assets are considered to be the same as their fair values due to their short-term nature. No impairment was made against these balances as all amounts are considered recoverable due to their nature.

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		2022	2021
22	**Financial investments at amortised cost**	**ZMW**	**ZMW**
	See accounting policy in note 7 (k)		
	Government bonds	33,385,366	5,167,038
	Government treasury bills	28,898,710	10,635,575
	Fixed term deposits	57,023,019	8,329,583
		119,307,095	**24,132,196**
	Reconciliation		
	Opening Balance	24,132,196	-
	Additions during the year	128,165,498	66,510,785
	Interest accrued during the year	7,262,972	1,622,176
	Maturities during the year	(41,160,173)	(40,620,535)
	Effects of exchange rate movements	906,602	(3,380,230)
	At 31 December	**119,307,095**	**24,132,196**
23	**Cash and cash equivalents**		
	See accounting policy in note 7 (n)		
	Cash on hand and at bank	**58,013,550**	**8,427,240**
24	**Share capital and reserves**		
	See accounting policy in note 7 (x)		
	Authorised:		
	78,750,000 ordinary shares of ZMW 1.00 each	**78,750,000**	**70,000,000**
	Issued and fully paid		
	78,750,000 ordinary shares of ZMW 1.00 each	**78,750,000**	**70,000,000**
	Share premium		
	This represents the excess of capital contributions after full payment of issued shares	**15,704,926**	**7,185,576**
	Reconciliation		
	Opening balance	7,185,576	-
	Cash contribution	17,269,350	74,663,287
	Pre start up costs	-	2,522,289
	Ordinary shares issued during the period	(8,750,000)	(70,000,000)
		15,704,926	**7,185,576**
	Non distributable reserves		
	Translation reserve	**4,977,670**	**(5,739,483)**
	Non-distributable reserve	**4,977,670**	**(5,739,483)**

25 **Leases**

See accounting policy in note 7 (w)

The Company has lease agreements as a lessee for office space and printing equipment on 5 and 3 years respectively. The Company does not lease out any property and equipment as a lessor. The information for which the Company is a leasee is presented below.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases

	2022	2021
Right of use assets		
Office building (*note 18*)	4,292,488	5,548,826
Office equipment *(note 18)*	167,544	273,362
	4,460,032	**5,822,188**

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		2022	2021
25	**Leases (continued)**		
	See accounting policy in note 7 (w)		
		ZMW	**ZMW**
(i)	Amounts recognised in the balance sheet (continued)		
	Lease liabilities		
	Office building (*note 25 (iii)*)	3,741,645	4,198,391
	Office equipment *(note 25 (iii))*	139,653	232,730
		3,881,298	**4,431,121**
(ii)	Amounts recognised in the statement of profit or loss		
	Depreciation charge of right of use assets *(note 18)*	1,362,156	672,260
	Interest expense *(note 15)*	381,789	213,057
	Expenses relating to short-term leases (included in administrative expenses)	-	229,397
	Exchange differences	264,939	1,580,073
(iii)	Amounts recognised in the statement of cashflow		
	Short-term leases	-	229,397
	Long term leases	1,196,551	696,310
	Rental deposit	77,830	77,830
		1,274,381	**1,003,538**
(iv)	Lease liability reconciliation		
	Office lease		
	Opening balance	4,198,391	6,176,994
	Interest expense for the period	362,088	203,208
	Rental payments made during the period	(1,087,865)	(642,622)
	Exchange loss/(gain)	269,031	(1,539,189)
		3,741,645	**4,198,391**
	Current	927,152	949,578
	Non-Current	2,814,493	3,248,814
		3,741,645	**4,198,391**
	Office printers		
	Opening balance	232,730	317,453
	Interest expense for the period	19,701	9,849
	Rental payments made during the period	(108,686)	(53,688)
	Exchange gain	(4,092)	(40,884)
		139,653	**232,730**
	Current	84,264	86,568
	Non-Current	55,389	146,162
		139,653	**232,730**
	Total lease liability	**3,881,298**	**4,431,121**

(v) Extension options

The leases do not have extension options exercisable by the Company.

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		2022 ZMW	2021 ZMW
26	**Trade and other payables**		
	See accounting policy in note 7 (s)		
a	**Accruals and creditors**		
	Trade payables (suppliers)	-	4,825
	Accruals	698,152	3,156,031
	Related parties	4,052,158	-
		4,750,310	3,160,856
b	**Employee related liabilities**		
	Contract gratuity provision	1,628,097	785,245
	Leave accrual	188,292	178,442
		1,816,389	963,687
c	**Statutory obligations**		
	Withholding taxes	1,434,057	367,306
	Payroll statutory taxes	860,663	460,545
	PIA Levy	4,239,424	-
	Current tax payable	18,269,434	-
		24,803,578	827,851
		31,370,277	**4,952,394**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

		2022 ZMW	2021 ZMW
27	**Deferred acquisition costs**		
	See accounting policy in note 7 (d)		
	The movement in deferred acquisition costs is as follows:		
	Opening balance	5,785,936	-
	Net deferred commission during the year	195,708,717	6,906,639
	Released during the period	(117,264,751)	(1,120,703)
	Closing balance	**84,229,902**	**5,785,936**
28	**Receivables arising out of reinsurance arrangements**		
	See accounting policy in note 7 (k)		
	Net reinsurance receivables	252,225,717	16,298,051
	Provision for doubtful debts	(8,475,122)	-
		243,750,595	**16,298,051**
	The movement in the provision for doubtful debts is as follows:		
	Opening balance	-	-
	Charge for the year (note 13)	8,475,122	-
	Closing balance	**8,475,122**	-
29	**Unearned premium reserve**		
	See accounting policy in note 7 (a)		
	The movement in the unearned premium reserve is as follows:		
	Opening balance	14,625,959	-
	Premiums written	632,230,318	16,716,015
	Premiums earned	(366,621,746)	(2,090,056)
	Net movement in UPR	**265,608,572**	**14,625,959**
	Closing balance	**280,234,530**	**14,625,959**

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		2022 ZMW	2021 ZMW
30	**Reinsurance payables**		
	See accounting policy in note 7 (l)		
	Retrocessions payable	13,242,607	452,286
	Commission payable	-	6,824,766
		13,242,607	**7,277,052**
31	**Reinsurance contract liabilities**		
	Outstanding claims	45,637,014	-
	Provision for claims incurred but not reported	14,039,586	166,375
	Provisions for claims incurred but not enough reserved	1,190,697	-
		60,867,297	**166,375**
	Outstanding claims reconciliation		
	Opening balance	-	-
	Incurred claims	49,982,527	-
	Claims paid	(4,070,663)	-
	Other movements	(274,850)	-
		45,637,014	**-**

32 **Risk Management**

Introduction and overview

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Risk Management Framework. The Board of Directors have established the Audit, Finance and Investments Committee, Risk and Compliance Committee, Human Resource and Remuneration and Reinsurance, Claims and Information and Communications Technology Committee, which are responsible for approving and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Committees oversee how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the organisation. The Committees are assisted in their oversight by the Risk and Compliance function which performs internal audit checks for both regular and ad hoc reviews of risk management controls and procedures. The results of which are reported to the Company's Committee.

This note explains the Company's exposure to the insurance and financial risks which could affect the Company's future financial performance and how these risks are mitigated.

(i) Insurance risk

Insurance risk includes the risk of inappropriate underwriting, ineffective management of underwriting, inadequate controls over exposure management in relation to catastrophic events and insufficient reserves for claims incurred but not reported.

The Company has developed a detailed underwriting manual covering risk acceptance criteria, pricing, authority levels, and reinsurance protection amongst others. It guides the underwriters in their acceptances, on the principals of prudence and professionalism within the overall objective of diversifying the types 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. The priority is to ensure adherence to the criteria for risk selection by maintaining high levels of experience and expertise among the underwriting staff.

Loss reserve estimates are inherently uncertain. Reserves for unpaid losses are the largest single component of the liabilities of the Company. Actual losses that differ from the provisions, or revisions in the estimates, can have a material impact on future earnings and the statement of financial position. The Company ensures that the provision is constantly reviewed and monitored in conjunction with the underwriting and claims teams to ensure it is adjusted to reflect changes in exposure and loss experience.

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32 Risk Management (continued)

(i) Insurance risk (continued)

In order to diversify risks and mitigate the risk of catastrophic loss, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. This allows the Company to control exposure to potential losses from large risks, provides for greater diversification of business and provides additional capacity for growth. Prior to renewing any annual reinsurance business, the Company carries out a detailed review of the financial stability of the reinsurer. Therefore the Company ensures that reinsurance is placed only with a select group of financially secure and experienced companies in the industry and their rating.

(ii) Financial risk management

In the normal course of business, the Company uses primary financial instruments such as cash and cash equivalents, fixed income investments and receivables. The Company does not enter into derivative contracts.

As a result of the financial instruments held by the Company, it has exposures to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily from unpaid insurance receivables and fixed income investments.

Risk management

Credit risk relating to insurance receivables is mitigated by the following:

- Establishing the authorisation structure for the approval and renewal of contracts in line with credit policies. Authorisation limits are allocated to the business with large exposures being approved according to set financial authority guidelines.

- The Company has formulated credit control policy in consultation with business units. This policy outlines procedures in respect of these receivables and monitors them on a regular basis to restrict the Company's exposure to bad debts. The policy is regularly reviewed for changes in the business and risk environment.

- The Company has a large number of cedants with a wide geographical dispersal which reduces concentration risk. In addition, concentration risk is reduced through underwriting of business in various industries.

- The Company enters into premium payment warranties and credit terms which are strictly monitored to keep balances as current as possible.

Impairment

In respect of insurance receivables, the company establishes an credit losses based upon loss rates which are calculated with reference to days past due.

The Company ages receivables based on date on which the contract comes into effect. Premium receipts are net of brokerage commission which is withheld by the brokers when remitting the payment. The ageing is therefore based on the net amount. However the provision for doubtful dates is based on when the net amounts (premium less commission) become due. Days past due are determined by counting the number of days since the earliest elapsed due date in taking into account premium payment warranty due dates as well as agreed upon payment plans.

As at 31 December 2022, ZMW 99.96 million receivables were due and an impairment loss of ZMW 8.5 million was recognised. Included in debtors balance of ZMW 252 million are unallocated receipts of ZMW 16 million. The age analysis of impaired insurance receivables gross of unallocated receipts is shown below:

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32 Risk Management (continued)

(ii) Financial risk management (continued)

2022

	Current	60 days	1 year	1 to 2 years	Total
Receivables arising out of reinsurance	168,562,345	34,659,308	65,298,893	-	268,520,546

2021

	Current	60 days	1 year	1 to 2 years	Total
Receivables arising out of reinsurance arrangements	7,592,365	7,570,663	1,135,023	-	16,298,051

Insurance receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on insurance receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Company's portfolio of fixed income investments is managed in accordance with the Company's investment policy. To mitigate the credit risk, the Company places investments with various financial institutions and with varying tenures.

All the investments are at amortised cost and are considered to have low credit risk. No loss allowance has been recognised during the period.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its insurance and reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset as and when they fall due. Liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profile of assets and liabilities.

The Company’s investment guidelines prescribe minimum levels of financial assets to be held in cash and cash instruments. Liquidity is monitored on a daily basis by the Finance department lead by the Chief Financial Officer and controlled as far as possible by ensuring that mismatches between liabilities following due and investments of funds are kept at a minimum.

The Company's objective in managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The key elements of the Company’s liquidity strategy are as follows:

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity, that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Matching, to the maximum extent possible, the cash flows of the Company's financial assets with the cash flows of insurance and investment contracts and other financial liabilities.
- Monitoring liquidity ratios.
- The Company maintains a pool of short-term liquid assets that is intended to provide sufficient liquidity in the Company as a whole to cover short-term fluctuations in the liquidity requirements of any business units. Longer-term funding is used to manage structural liquidity requirements.

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32 Risk Management (continued)

(ii) Financial risk management (continued)

Maturity of financial liabilities and assets

The table below summarizes the maturity profile of the Company's financial liabilities and financial assets at 31 December based on contractual undiscounted cash flows. The insurance receivables and payables are allocated based on the end date of the respective contracts with financial investments at amortised cost being allocated based on amount expected at maturity.

2022

	Up to 1 year ZMW	Between 1-2 years ZMW	Over 2 years ZMW	Total ZMW
Assets				
Cash and cash equivalents	58,013,550	-	-	**58,013,550**
Other assets (excluding prepayments)	2,706,011	-	-	**2,706,011**
Receivables arising out of reinsurance arrangements	255,645,710	4,777,984	8,096,852	**268,520,546**
Financial investments at amortised cost	99,314,742	27,060,000	3,955,000	**130,329,742**
Total financial assets	**415,680,013**	**31,837,984**	**12,051,852**	**459,569,849**
Liabilities				
Commission payable	-	-	-	**-**
Retrocessions payable	13,242,607	-	-	**13,242,607**
Lease liabilities	1,341,472	1,321,831	1,854,361	**4,517,663**
Other liabilities	29,742,180	1,628,097	-	**31,370,277**
Outstanding claims	45,637,014	-	-	**45,637,014**
Total financial liabilities	**89,963,273**	**2,949,928**	**1,854,361**	**94,767,561**
Liquidity gap	**325,716,740**	**28,888,056**	**10,197,491**	**364,802,287**

2021	Up to 1 year ZMW	Between 1-2 years ZMW	Over 2 years ZMW	Total ZMW
Assets				
Cash and cash equivalents	8,427,240	-	-	**8,427,240**
Other assets (excluding prepayments)	335,635	-	-	**335,635**
Receivables arising out of reinsurance arrangements	14,483,740	1,814,311	-	**16,298,051**
Financial investments at amortised cost	19,917,182	5,900,000	-	**25,817,182**
Total financial assets	**43,163,797**	**7,714,311**	**-**	**50,878,108**
Liabilities				
Commission payable	5,982,207	842,560	-	**6,824,767**
Retrocessions payable	452,286	-	-	**452,286**
Lease liabilities	1,203,794	1,236,783	2,928,320	**5,368,897**
Other liabilities	4,167,149	785,245	-	**4,952,394**
Total financial liabilities	**11,805,436**	**2,864,588**	**2,928,320**	**17,598,344**
Liquidity gap	**31,358,361**	**4,849,723**	**(2,928,320)**	**33,279,764**

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32 Risk Management (continued)

c) Market risk
Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Company's financial assets and financial liabilities denominated in foreign currencies.

Currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currency. The Company holds both assets and liabilities in different currencies and therefore is exposed to the risk of exchange rate movements associated with assets and liabilities matching. Although the Company does not apply hedging techniques to mitigate its currency risk, it does ensure that the net exposure to this risk is mitigated by constantly monitoring the net exposure to this risk is within acceptable levels.

As shown in the section below, the Company is primarily exposed to the United States Dollar and as such, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency exposures
The Company's financial assets and liabilities exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha, was as follows:
2022

	USD ZMW	XOF ZMW	Others ZMW	Total ZMW
Financial assets				
Cash and cash equivalents	38,571,868	17,413,931	-	**55,985,799**
Receivables arising out of reinsurance arrangements	129,268,484	12,011,983	123,692,230	**264,972,697**
Financial investments at amortised cost	3,636,778	-	-	**3,636,778**
TOTAL ASSETS	**171,477,130**	**29,425,914**	**123,692,230**	**324,595,274**
Financial liabilities				
Commission payable	-	-	-	**-**
Retrocessions payable	13,242,607	-	-	**13,242,607**
Lease liabilities	3,881,298	-	-	**3,881,298**
Other liabilities	648,096	-	-	**648,096**
Outstanding claims	18,597,931	251,225	25,147,401	**43,996,556**
TOTAL LIABILITIES	**36,369,932**	**251,225**	**25,147,401**	**61,768,558**
NET POSITION	**135,107,198**	**29,174,689**	**98,544,829**	**262,826,717**

Key to currency abbreviations:
United States Dollars; West African Franc; Other includes various currencies such as the Euro, Philippine Peso, Vietnamese Dong, United Arab Emirates Dirham, South African Rand and British Pound.

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32 Risk Management (continued)

2021	USD ZMW	ZAR ZMW	Other ZMW	Total ZMW
Financial assets				
Cash and cash equivalents	2,425,577	-	-	**2,425,577**
Receivables arising out of reinsurance arrangements	10,757,237	2,854,313	1,668,616	**15,280,166**
Financial investments at amortised cost	4,198,435	-	-	**4,198,435**
TOTAL ASSETS	**17,381,249**	**2,854,313**	**1,668,616**	**21,904,178**
Financial liabilities				
Commission payable	4,555,221	1,207,590	709,757	**6,472,568**
Retrocessions payable	452,285	-	-	**452,285**
Lease liabilities	4,431,121	-	-	**4,431,121**
Other liabilities	2,808,793	-	236,041	**3,044,834**
TOTAL LIABILITIES	**12,247,420**	**1,207,590**	**945,798**	**14,400,808**
NET POSITION	**5,133,829**	**1,646,723**	**722,818**	**7,503,370**

c) Market risk

Sensitivity analysis

As shown in the foreign exchange exposure table, the Company is primarily exposed to changes in the USD/ZMW exchange rates. The sensitivity of profit or loss to the changes in the exchange rates arises mainly from US dollar-denominated financial instruments and the impact of the strengthening/weakening on the profit or loss based on the foreign currency net position at reporting date, assuming that all variables remain constant, is presented below.

	2022 Profit or loss		**2021 Profit or loss**	
	Strengthening	Weakening	Strengthening	Weakening
USD/ZMW exchange rate- 10% movement	(13,510,720)	13,510,720	(513,383)	513,383
XOF/ZMW exchange rate- 10% movement	(2,917,469)	2,917,469	-	-
Other/ZMW exchange rate- 10% movement	(9,854,483)	9,854,483	(72,282)	72,282

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future profitability or fair values of financial instruments.

The Company has no borrowings and as such is primarily exposed to this risk on its fixed income portfolio. The Company limits this risk by monitoring changes in interest rates in the currencies in which the fixed income portfolio are denominated. Additionally to mitigate the effect of price volatility is actively manages the duration of the portfolio.

As at 31 December, the Company did not hold floating rate financial assets and liabilities and as such, the effect/sensitivity of the assumed changes in interest rates on the Company's profit for the year would not have an effect.

33 Fair value of financial instruments

See accounting policy in note 7 (n)

Fair value classification and hierarchy

The Company's financial instruments as at 31 December 2022 were all measured at amortised cost. Management considers the carrying amount of financial assets and financial liabilities recognised in the annual financial statements to be a reasonable approximation of their fair value.

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		2022 ZMW	2021 ZMW
34	**Related party transactions**		
(i)	Shareholding		
	The Company's shareholding comprises of the following:		
	- Klapton Management Limited (35%)		
	- SLA Consolidated Limited (35%)		
	- Shay Reches (30%)		
(ii)	Transactions with related parties		
	The following transactions occurred with related parties:		
	- Shareholder equity contribution (note 24)	17,269,350	77,185,576
	- Premiums written by brokerage hubs on behalf of the Company	490,578,194	15,172,435
	- Commission expense on premiums written by brokerage hubs	19,537,346	6,543,201
	- Minimum deposit premiums	6,546,886	73,373
	- Key management personnel compensation (note 34 (iii))	6,886,736	4,669,017
	- Loans to key management personnel (note 34 (iv))	-	312,008
	- Directors fees	1,955,816	176,116
	- Business transfer fees	13,198,609	-
	- Disposal of assets	1,055,051	-
	- Consultancy fees	20,000	-
(iii)	Key management personnel compensation		
	Short term employee benefits	5,681,953	3,883,772
	Post-employment benefits	1,204,783	785,245
		6,886,736	**4,669,017**
(iv)	Loans to key management personnel		
	Beginning of the year	312,008	-
	Loans advanced	-	721,949
	Interest charged	15,600	42,009
	Loan repayments made inclusive of interest	(327,608)	(451,950)
	At 31 December	**-**	**312,008**

Loans to key management personnel are for a period of 12 to 18 months, repayable in monthly instalments at interest rates of 10% per annum.

		2022 ZMW	2021 ZMW
(v)	Amounts due from related parties		
	Loans to key management personnel	-	312,008
	Receivable from Klapton Insurance Zambia	1,043,073	-
		1,043,073	**312,008**
(vi)	Amounts directly due to related parties		
	Klapton Reinsurance Brokers- Hub commission payable	6,831,745	1,489,022
	Klapton Management Africa- Hub commission payable	2,164,358	50,869
	Klapton Insurance Company- Business transfer fee	2,575,962	73,374
	KMA Administration - Commission payable	1,476,196	-
		13,048,261	**1,613,265**

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35 Restatement- reclassification of transactions and balances

The Company's functional and presentation currency were assessed to be United States Dollar (USD) and Zambian Kwacha respectively (ZMW). Following this assessment, translation differences that arose from the translation of balances from the functional to the presentation currency were reclassified from profit/loss to other comprehensive income and accounted for separately in a non-distributable translation reserve within the statement of changes in equity.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Impact on the balance sheet	**31 December 2021**	**Increase/ (decrease)**	**31 December 2021* Restated**
Share capital	70,000,000	-	70,000,000
Share premium	7,185,576	-	7,185,576
Retained earnings	(29,249,235)	5,739,483	(23,509,752)
Translation reserve	-	(5,739,483)	(5,739,483)
Total equity	**47,936,341**	**-**	**47,936,341**
Impact on the profit/loss and other comprehensive income			
Profit/Loss- Finance costs	(6,114,296)	5,739,483	(374,813)
Other comprehensive income - translation difference	**-**	(5,739,483)	(5,739,483)

36 Capital commitments

There was no significant capital expenditure contracted for at the end of the reporting period not recognised as liabilities.

37 Contingent liabilities

The Company did not have any contingent liabilities at 31 December 2022.

38 Events occurring after the reporting period

There were no events after reporting date which could have a material impact on the annual financial statements for the Company which have not been adequately adjusted for.

39 Capital management

The Company's management uses regulatory capital ratios to monitor the Company's capital base. The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Company's regulator, the Pensions and Insurance Authority (PIA), monitors capital requirements for the Company as a whole. During the period, the Regulator prescribed revised solvency margin and capital adequacy requirements through the coming into effect of the Insurance Act No. 38 of 2021 on 30 December 2022. There is a three-year transitionary period, running from December 2022 to December 2025, for compliance with the new capital adequacy requirements.

Solvency margin is the available capital over total liabilities. Capital adequacy requirement ratio is the ratio of available capital to minimum capital requirements.

In accordance with the new Act and the accompanying Statutory Instrument No 105 of 2022, a licensed insurer or reinsurer shall have a solvency margin of at least 10% as at 31 December 2022. As at 31 December 2022, the Company had a solvency margin of 11%

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		2022 ZMW
39	**Capital management (continued)**	
Part A: Calculation of Available Capital Requirement		
1	**Total Value of Assets**	**530,806,674**
2	**Less: Total disallowed assets**	**98,798,651**
2.1	Goodwill & other intangible assets	9,290,788
2.2	Deferred tax asset	2,557,126
2.3	Current tax assets	-
2.4	Branding	-
2.5	Assets pledged to support related parties	-
2.6	Asset titles held by another person	-
2.7	Any asset that is mortgaged to benefit others	-
2.8	Guarantee given to insurer other than by a reinsurer	-
2.9	Loans to shareholders, directors, employees, agents	-
2.1	Surplus/deficit of right of use assets over liability	578,734
2.11	Prepayments	1,099,028
2.12	Receivables from related parties	1,043,073
2.13	Merchandise inventory & corporate stationery	-
2.14	Any implicit accounting assets	-
2.15	Deferred acquisition costs	84,229,902
2.16	Any other assets as the Authority may determine	-
3	**Net Allowable Assets: (1) - (2)**	**432,008,023**
4	**Total Value of Liabilities**	**389,596,009**
5	**Total Policyholder Liabilities**	
	Unearned Premium Reserve (UPR)	280,234,530
	Outstanding Claims Reserves (OCR)	45,637,014
	Incurred But Not Reported claims (IBNR)+ (IBNER)	15,230,283
6	**Current Liabilities**	**48,494,182**
7	**Non-Current Liabilities**	**-**
8	**Available Capital Requirement: (3) – (4)**	**42,412,014**
	Solvency margin = Part A (8) ÷ Part A (4)	**11%**