



Dear Esteemed Reader,

Welcome to the Q1 2024 Edition of the KlaptonRe Newsletter!

It is with great pleasure that we announce the conclusion of Q1 2024, marked by an exceptional triumph for KlaptonRe. Our Gross Written Premium (GWP) soared to an impressive K382.9 million, reflecting a remarkable 62.2% surge compared to the same period last year, where it stood at K236.1 million. This outstanding accomplishment underscores our relentless dedication, steadfast commitment, and unwavering pursuit of excellence.

We take immense pride in attributing this success to the collective efforts of our diligent team and the unwavering trust bestowed upon us by our esteemed clients. It is this synergy that propels us forward, empowering us to reach new pinnacles of achievement.

Furthermore, we are thrilled to announce our unwavering focus on strategic initiatives aimed at fortifying our position in the market. As we continue to fire on all cylinders, our commitment to innovation, excellence, and client satisfaction remains steadfast.

We are excited to embark on this journey of continued success, surpassing expectations, and setting new benchmarks of excellence. Together, we are forging a path towards a future of unparalleled prosperity and growth.

Thank you for your unwavering support and trust in KlaptonRe. Here's to another quarter of resounding success!



Musonda Chisanga
Chief Finance
Office & Acting
CEO

TOPICS

- PAST QUARTER EVENTS
- PUBLICATIONS
- QUARTERLY MOVERS AND SHAKERS
- OUR PRODUCTS AND SERVICES

KlaptonRe's Presence at India Rendezvous 2024

We are delighted to share with you our recent participation at the esteemed India Rendezvous event. Held in Mumbai, India in January 2024. The event served as a platform for industry leaders to converge, exchange insights, and chart the course for the future of insurance in India.

As representatives of KlaptonRe, we seized this invaluable opportunity to engage with key stakeholders, participate in thought-provoking discussions, and showcase our commitment to driving innovation and excellence in the reinsurance sector.

Throughout the event, our team had the privilege of networking with industry peers, sharing best practices, and gaining valuable insights into the evolving landscape of insurance in India.

We are proud to have been a part of this prestigious event and look forward to leveraging the insights gained to further enhance our offerings and better serve our clients in the Indian.



Celebrating Three Years of Excellence: KlaptionRe's Milestone Anniversary



On 28 March 2024, Klaption Reinsurance limited marked a significant milestone: three successful years of operation in Zambia. The celebration unfolded at the prestigious Taj Pamodzi Hotel in Lusaka, where the atmosphere was charged with excitement.

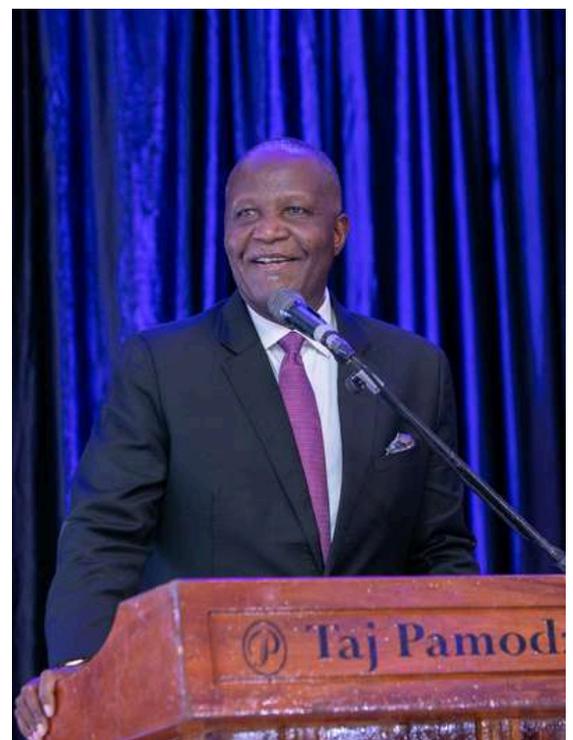
Distinguished guests, including the esteemed Minister of Technology & Science, Felix Mutati, graced the occasion with their presence, underscoring the importance of Klaption's contributions to Zambia's economic landscape. Notable attendees also included representatives from various ministries, parliamentarians, the Pensions and Insurance Authority, as well as dignitaries from various embassies. The event also attracted a diverse array of industry stakeholders, including brokers, insurers, and reinsurers.

A highlight of the evening was the announcement of the remarkable milestone of surpassing the ZMW 1 billion mark in Gross Written Premium (GWP) in 2023. This milestone not only symbolizes Klaption's financial strength but also reflects its unwavering commitment to be a preferred provider of reinsurance services in its chosen markets. The event also highlighted Klaption Re's commitment to its employees, with staff numbers growing from 17 in 2021 to over 31 in 2023. Additionally, Klaption Re obtained credit ratings from Moodys, GCR, and Demotech, invested Kuala Tech, an insurance software company with a long-term plan of Klaption to develop the Zambian insurance market by innovation and later markets in other countries.

Other key highlights of the event encompassed the acquisition of Zambia Home Loans, a company dedicated to providing sustainable and cost-effective housing solutions in Zambia. Additionally, a significant investment was made in the Klaption Business Park, a modern complex spanning 57,000 square meters, featuring office and commercial spaces alongside ample parking, destined to host some of the country's most prominent firms, including those within the Klaption group.

As Klaption looks back on three years of knowledge, accountability, proactivity and togetherness, it also eagerly anticipates a future filled with continued growth, impact, and prosperity for all stakeholders involved.





CLIMATE CHANGE: WHATS THE WAY FORWARD FOR THE INSURANCE INDUSTRY?



**Dean Simuchimba -
Agriculture Underwriter**

The insurance industry is one of the sectors most impacted by the unpredictable consequences of climate change. The correlation between climate change and insurance poses significant challenges, prompting questions about how the industry can adapt to secure its sustainability.

Accepting climate change as the new normal

The increasing number of natural disasters such as wildfires, floods, droughts and hurricanes are leaving unforgettable marks on our planet. According to the United Nations global perspective report, natural disasters have steadily been increasing over the past 50 years due to climate change and experts believe now is the time to change the narrative from just focusing on mitigation to exploring adaptive measures. In Africa and unlike most other third world countries, the impact is harder due to the economies huge dependency on agriculture which is highly exposed to weather related risks. According to the World Meteorological Organisation (WMO), more than 110 million people on the African continent were directly affected by weather, climate and water-related hazards in 2022, causing more than US\$ 8.5 billion in economic damages. There were 5 000 fatalities reported, of which 48% were associated with drought and 43% were associated with flooding. The Swiss Re institute reported global insurance losses of US\$ 108 billion in 2023, making it the fourth consecutive year that natural catastrophic losses globally exceeded US\$100 billion. But what does this mean for the insurance industry?

The reality of climate change as a headache for insurers

The correlation between insurance and climate change is a double-edged sword. On one hand, as the frequency and severity of climate-related disasters increase, it pushes up the demand for insurance products to manage these risks. This leads to an increase in premiums as the number of policies sold increases.

On the other hand, the high frequency and severity of climate-related disasters results in increased claims that impacts' the financial stability of the insurance industry.

Faced with this situation, insurers could simply increase premiums to build larger reserves that are necessary to cover possible volatility in future payouts. However, given the frequency and increasing nature of the disasters, the option of continually increasing premiums becomes unfeasible. Insurers are thus confronted with two issues: If they set their premiums too low to attract customers, they risk neglecting climate risks and could suffer huge losses, while if they set premiums high to accommodate large payouts for severe weather events, some businesses and customers would be left out as they would be unable to afford coverage, leaving them uninsured.

As a way of reaching some 'middle ground', insurers must begin to promote measures that boost resilience against climate risks by encouraging clients to adopt climate friendly technics like climate smart agriculture as a way of attracting reduced premiums. As such insurers would be tapping into the climate resilience model as a weapon against climate change.

Climate resilience as a weapon against climate change

Climate resilience is a means of adopting strategies that aids in coping with the impacts of climate-related events, whether short-term like floods, droughts and wildfires, or long-term effects like changes in food production patterns around the world. Climate resilience is a way of reducing these impacts on society and economies.

What role can insurers play in supporting climate resilience?

Insurers have a big role to play in supporting climate resilience by way of designing climate-smart products and also utilizing available climate risk data to design pricing models that account for climate change.

"Climate-smart" or "climate-friendly" insurance refers to policies designed to encourage and reward behaviours that mitigate climate change. They range from discounts for businesses that use renewable energy sources, to reduced premiums for farmers that adopt climate smart agriculture.

Insurers can also leverage on their knowledge and understanding of risk to develop climate risk models. Risk modelling us now evolving to incorporate the increasing frequency and severity of climate-related disasters. Traditional models based on historical data are now being supplemented with predictive models that account for trends in climate change. This shift towards more accurate risk assessment is creating a new era of more climate-smart insurance.

These policies help insurers manage risks more effectively and also encourage customers to operate in a sustainable manner.

Conclusion

As the world grapples with the impact of climate change, the insurance industry should diversify its role from not only providing financial security but also increasing public awareness on adaptation and resilience. The main focus is currently on the urgent need to reduce emissions to get to net zero by 2050, but we are now living in a world where we are already seeing significant impacts of climate change and therefore adaptation needs to be seen in the same light as mitigation.

To achieve this, the insurance industry must begin to remodel its products so as to encourage clients towards adaptation and invest in training to better understand the complex dynamics of climate change. By doing so, the industry will turn the challenges of climate change into growth opportunities.





Danny Joffe - Board Non Executive Director

CYBER THREATS AND INSURANCE

In today's world of Artificial Intelligence (chat GPT and similar platforms reached 100 million users in three months of being rolled out to the public compared to the internet which took over 10 years to reach that amount of users), online shopping, online communication and socialising and almost all transactions performed by business and service providers being contained either online in the cloud or on servers, one can see the very real dangers that if one is able to hack into these systems that contain the clients, bank accounts, financial statements and all personal data of companies and individuals there is much bigger risk of loss and damage than there ever was.

Think of it this way, instead of thieves having to break into the bank, or a company's factory or your personal vehicle or home by cutting fences and picking locks to steal clothes or goods, the thief only needs to know how to hack into your bank account, your smart home or your online shopping account. Many people have profiles in cyber accounts such as Facebook, twitter (known as X today) linked in or Instagram. If one hacks into those accounts, one can cause havoc given reputations today can be destroyed with one politically incorrect post. Children or adults suffer from what we call cyber bullying to the extent that it psychologically can harm one more than physical violence. Companies can have their systems hacked and be prevented from functioning or servicing its clients and have their client's data erased. This is becoming more and more common with either ransom being demanded, or they do it just to show they can.

In order to protect us against these very real dangers, Insurers have looked at products that can provide cover to prevent this from happening and if it does to help us recover from it with expert service providers and indemnity products. Standard insurance covers normally exclude all cyber related incidents, because they have become so common and can be really expensive and also because the cover needs to be carefully drafted to make sure real protection is given.

Cyber insurance covers a wide range of risks and losses associated with

cyber incidents, such as data breaches, network security failures, and cyber-attacks.

Some of the common coverages include:

- 1. First-party coverage:** This type of policy covers losses sustained by the policyholder directly, such as loss of income due to business interruption, loss or damage to digital assets, and cyber extortion.
- 2. Third-party coverage:** This type of policy covers losses sustained by third parties, such as customers or clients, due to the policyholder's actions or failure to act. This includes coverage for legal defence costs, settlements, and judgments related to data breaches, network security, and privacy violations.
- 3. Errors and omissions coverage:** This type of policy covers losses resulting from professional services provided by the policyholder, such as technology services or consulting, that result in financial loss for the client.
- 4. Media liability coverage:** This type of policy covers losses resulting from the policyholder's electronic media content, such as websites, blogs, and social media, that result in defamation, invasion of privacy, or intellectual property infringement.

Other add-ons for personal lines clients often include covers for online shopping, cyber bullying, kidnapping where passwords and log in codes are forcibly obtained to force clients to make bank transfer and withdraw cash as well as identity theft which can be very harmful. It is recommended to check these options out if one is not protected given the huge frequency of cyber-attacks taking place all the time and the many attempts being made by criminals all over the world to send what we called phishing mails and SMSs with false links to allow them to gain entry into your phones, laptops and systems. No longer are the criminals close to you they can literally be anywhere in the world. Protect yourselves now and procure cyber insurance.



NAVIGATING IFRS 17 FOR REINSURANCE

IFRS 17, the International Financial Reporting Standard 17, impacts reinsurers in a similar manner to primary insurers. Here's how IFRS 17 affects reinsurers:

1. Evaluation of Reinsurance Contracts:

Reinsurers need to assess their reinsurance contracts to determine whether they should be accounted for as insurance contracts under IFRS 17 or as financial instruments. Contracts that transfer significant insurance risk will likely fall under the scope of IFRS 17, while those primarily transferring financial risk may be subject to different accounting standards.

2. Recognition of Revenue and Liabilities:

Reinsurers must recognize revenue from their reinsurance contracts over time as they provide coverage. This means revenue recognition is tied to the passage of time rather than the occurrence of specific events. Similarly, liabilities related to reinsurance contracts are measured using a consistent methodology, taking into account the present value of future cash flows, risk adjustments, and contractual service margins.

3. Enhanced Disclosures:

IFRS 17 requires reinsurers to provide enhanced disclosures about their reinsurance contracts, including information about the nature and extent of the risks assumed, the methods and assumptions used to measure liabilities, and the impact on the financial statements.

4. Impact on Risk Management and Operations:

Implementing IFRS 17 may necessitate changes to risk management practices, data systems, and operational processes within reinsurers. They may need to enhance their capabilities for measuring and managing risk, as well as improve data collection and reporting systems to comply with the new standard.

Overall, IFRS 17 represents a significant shift in how reinsurers account for and report their reinsurance contracts. While compliance may pose challenges, it also offers an opportunity for reinsurers to enhance transparency, improve risk management practices, and provide stakeholders with a clearer understanding of their financial position and performance.



Quarterly Movers and Shakers: Spotlight on Key Personnel Changes!

Claims Team

Exciting developments are underway at Klaption Re as we proudly introduce the newest members of our Claims Team: Mildred Mulindi, Niza Mweene, Wakefield Siamutwa, and Kapembwa Chisambo. The timing of their addition couldn't be more opportune as we continue our unwavering pursuit of excellence in claims processing.

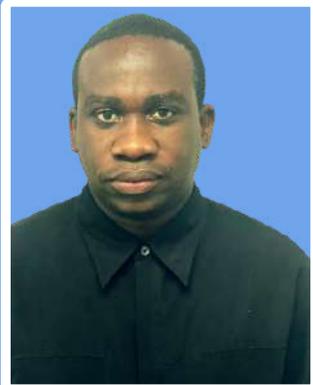
With their diverse expertise and unwavering commitment, we anticipate a significant acceleration in our turnaround times. This, in turn, ensures that our esteemed clients receive nothing short of prompt and efficient service, solidifying our reputation as a leader in the industry.



Mildred Mulindi



Niza Mweene



Kapembwa Chisambo



Wakefield Siamutwa

Quarterly Movers and Shakers: Spotlight on Key Personnel Changes!

Finance Team

In the first quarter of the year, our Finance department witnessed notable advancements through internal promotions, underscoring our commitment to nurturing talent from within:

- Musonda Chisanga ascended from Financial Controller to the esteemed role of Chief Financial Officer.
- Chalwe Racheal Sandala elevated from Financial Accountant to the pivotal position of Financial Controller.
- Musambo Kabalika earned a well-deserved promotion from Assistant Accountant to Assistant Credit Controller.

- Kafula Chibale joined as the new Financial Accountant, succeeding Chalwe Sandala.
- Aaron Machaliwa assumed the role of Assistant Accountant, succeeding Musambo Kabalika

These promotions not only reflect the exceptional capabilities of our team members but also signify our dedication to fostering professional growth and recognizing outstanding contributions within our organization.



Chalwe Racheal
Sandala



Musambo Kabalika



Musonda Chisanga



Aaron Machaliwa



Kafula Chibale

Our Products and Services



Agriculture Reinsurance.

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

Aviation Reinsurance

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 Reinsurance

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.

Fire Reinsurance

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 Reinsurance

we offer a wide range of products that protect against damage to the ship and cargo at sea or inland waterways in transit. In addition, we have extended cover risks that other reinsurers may be reluctant to cover, such as oil spillage and pollution

Our Products and Services



Motor Reinsurance.

Our policies are designed to relieve you of the financial burden you would sustain if you were involved in a road or car accident. 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. we cover both private and commercial vehicles.

Surety Bonds Reinsurance

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



Health & Medical Reinsurance

Health insurance is an agreement in which an insurance company agrees to pay for some or all of the insured's medical expenses in exchange for a monthly premium payment.

Credit Life Reinsurance

Credit life insurance is generally a type of life insurance that may help repay a loan if the insured should die before the loan is fully repaid under the terms set out in the account agreement. This is optional coverage. When purchased, the cost of the policy may be added to the principal amount of the loan



Group Life Reinsurance

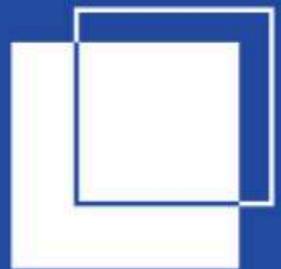
A group life insurance policy provides life cover protection to multiple individuals under single or master contract policy. The insurance company does not have to go through the tedious process of filling out applications or conduct medical tests for each applicant.

Funeral Reinsurance

Funeral insurance is a financial cover for a family to pay for funeral costs or other end-of-life expenses after you pass away. It can also cover major setbacks like a terminal illness or accidental serious injury.



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