



Dear Reader

Welcome to our Q2 newsletter. We are happy to share the financial results for Klapton Re for the year ended 31 December 2023. This year has been transformative for the insurance industry with the implementation of IFRS 17, and we are pleased to report our performance amidst these significant changes.

Klapton Re: Financial Results for the Year Ended 31 December 2023

The transformative implementation of IFRS 17 has significantly impacted the financial landscape, resulting in an industry-wide delay in the submission and publication of financial results for the year ended 31 December 2023. This delay was attributed to key stakeholders—including Boards, Management, External Auditors, Actuaries, and Regulators—grappling with the complexities of this intricate new standard.

In this transitional period, gross written premium has been replaced by earned premium on the income statement, while unearned premium reserve, deferred acquisition costs, and trade receivables have been supplanted by insurance contract liabilities and reinsurance assets on the statement of financial position. Moreover, the inclusion of actuarial Risk Adjustments, which represent an additional non-financial risk reserve, complements the existing claim reserves in IBNR. The profitability of insurance products was further highlighted by the expensing of Onerous Contracts for loss-making products.



**Musonda
Chisanga**
Chief Financial
Officer

TOPICS

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

Klapton Re's Performance in the Transformation Year

The Board and Management of Klapton Re are pleased to announce a profit after tax of ZMW 27 million, driven by ZMW 1 billion in Earned Premium. With a limited claims experience, having been in operation for only three years, Management prudently based actuarial assumptions related to risk adjustments and onerous contracts on a worst-case scenario basis, resulting in higher insurance service expenses.

The Company's investments in financial assets soared from ZMW 110 million in 2022 to ZMW 320 million, reflected in an increase in interest income from ZMW 7.2 million to ZMW 28 million. Demonstrating its commitment to meeting claim obligations, Klapton Re made claim payments of ZMW 126 million in 2023, compared to ZMW 7 million in 2022. The overall statement of financial position impact for 2023, including other comprehensive income, saw the Company's total equity rise from ZMW 120 million to ZMW 246 million, ensuring compliance with minimum solvency requirements.

Strategic Investments and Group Performance

During the year, Klapton Re, through its subsidiary Klapton Business Park Limited, strategically acquired investment property worth USD 3.2 million. At the consolidated level, the group achieved a profit after tax of ZMW 119.7 million.

The financial results for 2023 are a testament to the dedication and hard work of all Klapton Re staff. Having navigated the full impact of IFRS 17, Klapton Re is poised to advance to the next phase of its journey, with a sharp focus on sustainable, profitable growth. By integrating advanced data analytics and cutting-edge technology into our underwriting and claims operations, we are set to deliver significant capacity to our clients in key strategic markets. This strategy will enhance our service delivery and risk management while solidifying our reputation for excellence and reliability in the industry.

Looking forward to the next quarter, we remain committed to driving growth and excellence in all our endeavours. Thank you for your continued support.



Klapton Re's Presence at Dubai World Insurance conference (DWIC)

We are thrilled to announce that Klapton Re had a highly successful presence at the Dubai World Insurance Conference (DWIC). This event provided an excellent platform for us to engage with industry leaders, exchange valuable insights, and build meaningful connections. Our interactions with esteemed partners at DWIC were truly inspiring, and we are excited about the future prospects these relationships bring. We look forward to leveraging the knowledge and insights gained to further enhance our offerings and drive ongoing progress and innovation



Klaption Re Celebrated Africa Day in Style

On the 25th May, we celebrated the rich culture, diverse heritage, and incredible achievements of our beautiful continent. Africa Day is a reminder of the unity, strength, and resilience that define us as Africans. At Klaption Re, we take pride in our roots and our role in contributing to the growth and development of Africa. Let's honor our heritage, recognize our accomplishments, and reflect on the future we are building together. Let's celebrate Africa Day with joy and pride, and continue to work together towards a brighter future for our continentarket by innovation and later markets in other countries.





Klapton Re Attended the Lusaka Farm Expo



Amid the ongoing challenges of climate change, our Klapton Re team attended the Lusaka Farm Expo on the 14th and 15th June to witness firsthand the innovative agritech tools and systems designed to combat these issues and improve food security. As a leading provider of agricultural risk security, Klapton Re is committed to supporting the stability of the agricultural ecosystem.





Klaption Re 's presence at the African Insurance Organization (AIO) Conference

We're thrilled to announce that Klaption Re attended the 50th African Insurance Organisation (AIO) Conference in Windhoek, Namibia, from June 1st to 5th, 2024. This year's theme provided insightful discussions with global experts and industry leaders. We had the opportunity to delve into the latest trends, technologies, and best practices for navigating Africa's evolving natural disaster landscape. We connected with fellow attendees to share insights, discuss risk mitigation strategies, and explore innovative insurance and reinsurance solutions. We collaborated in shaping a stronger future together!

This event was a prime opportunity, to learn about our innovative solutions, and discuss the future of reinsurance.





Klaption Re Exceeds Expectations with Stellar Half-Year Performance

Klaption Re is proud to announce a remarkable achievement for the first half of 2024. We have not only met but significantly surpassed our financial targets, breaking the 1 billion kwacha mark in actual performance.

This exceptional performance is a testament to our strategic planning, efficient execution, and the relentless dedication of our team.

Klaption Re continues to set industry standards, demonstrating robust growth and unwavering commitment to excellence.

We extend our gratitude to our clients, partners, and employees for their trust and hard work. With this momentum, we are well-positioned to achieve even greater success in the second half of the year.

Thank you for being part of our journey. Here's to continued excellence and ground-breaking achievements.

CELEBRATING MILESTONES

Klaption Re Exceeds Over 1 Billion Kwacha in H1!

- Surpasses financial targets, exceeding 1 billion kwacha mark.
- Attributes success to strategic planning, efficient execution, and team dedication.
- Continues to set industry standards with robust growth and commitment to excellence.





**Dean Simuchimba -
Agriculture Underwriter**

Dangers of Climate Risk on Poultry: an Insurance Perspective

INTRODUCTION

Poultry is a subsector of the livestock enterprise that largely comprises rearing of birds for consumption of their meat or by-products like eggs. Although poultry farming can broadly be defined as the rearing of birds such as Ducks, Geese, Turkeys and Ostriches for domestic or commercial use, our focus is on chickens as they constitute the largest number of poultry birds on the global market. This article is meant to provide an appreciation of the significance of the poultry industry, the eminent danger it faces in the wake of global warming and how insurers are responding.

Classes of chicken

The rearing of chickens fall in three categories that comprise broilers, layers and parent stock. Broilers are reared primarily for their meat while layers are reared for egg production. The parent stock or breeding stock are reared for producing day old chicks that are sold for commercial production.

Global significance of the poultry industry

GLOBAL SIGNIFICANCE OF THE POULTRY INDUSTRY

Chicken meat and eggs are globally consumed more than any other meat source due to a number of factors. One of the reasons is acceptability in regions that traditionally do not consume pig and cattle meat due to cultural and belief systems. According to the 2023 Food and Agriculture Organisation (FAO) report, poultry meat production in 2022 was estimated at 139.22million tonnes, followed by pig meat at 122.59million tonnes. Beef and Buffalo meat production only accounted for 76.25million tonnes. The report further says an estimated 93.17million tonnes of eggs were produced globally in 2023 with volumes expected to grow by 5.2% by 2025.

The poultry industry is one of the major global contributors to employment and in addition provides humans with the much-needed nutritional value from chicken meat products. It is also a source of manure that offers a cheap source of organic fertilizer for most small and medium scale farmers.

IMPACT OF CLIMATE RISKS

The global impact of poultry production in mitigating food insecurity cannot be over emphasised. However, like all the other agriculture enterprises, it has not been spared by the ravaging effects of global warming. The changes in the weather patterns resulting in heat waves, droughts, floods and hurricanes is directly impacting the food source for chickens which are majorly cereals like maize. This is coming in form of reduced crop yields, decreased nutritional content and increase in outbreaks of pests and diseases. The high temperatures are also detrimental to the wellbeing of chickens as they suppress genes related to growth, reduce feed intake and enhance susceptibility to disease. Chickens regulate their bodies within a narrow temperature range and as a result do not cope well with extreme variations in temperature.

The infrastructure for raising poultry has also not been spared by the ravaging harsh weather patterns causing damage to poultry housing structures.

MARKET RESPONSE

As poultry farmers grapple with ways to navigate effects of the changing weather patterns, a number of strategies with potential to mitigate these challenges are on -going. These include breeding heat stress and disease tolerant birds. These innovations are good and act as the first layer of defence but can never 100% full proof. Farmers are faced with challenges of disease-causing microorganisms that keep evolving in response to climate variations, thus continually posing challenges to any genetic improvements to the birds. Similarly, the ever-increasing temperatures are challenging the limits of the genetically improved breeds ability to withstand the extreme heat waves. This clearly shows the need for an extra layer of defence that can be triggered when the limits of innovation are breached. A layer that is also multifaceted and is able to provide protection from various potential risk sources. This is where insurance comes in.

THE ROLE OF INSURANCE

Insurance has been identified as one of the key considerations for mitigating the crippling effects of financial loss due to climate variability on poultry business. Poultry insurance policies are now being designed to address the challenges of climate change and thereby giving farmers leverage to rebound financially in case of loss. Most poultry policies are offered on an all-risks mortality basis with specific exclusions that are mostly due to poor management. This entails that most perils that can potentially impact production are covered. These include but not limited to loss due to, disease, illness, injury, accident or theft. Accident mostly cover loss as a result of impact due to special perils like fires and storms. Further insurers are now commonly offering cover for heat stress in response to the market needs.

Insurers have gone further by providing policies for farmers that not only protect birds but also protect all the infrastructure used for production under one package.

CONCLUSION

In view of the immense economic role that the poultry industry plays on the global stage as outlined, it's imperative that insurers and poultry players continue to collaborate and actively engage on finding solutions that speak to mitigating the ever-increasing challenges of global warming, including use of artificial intelligence. In responding to these challenges, Klaption Re is strategically positioned to providing sound technical advice on poultry related risks as well as offering reinsurance solutions to protect the insurance market.

Klapton Re cordially Invites you to attend OUR Training on Surety

KlaptonRe is pleased to announce an upcoming training session on Surety, designed to enhance knowledge and skills in this critical area. Whether you prefer to attend in person or join us online, we have made arrangements to accommodate both options for your convenience. Visit our website on www.klaptonre.com to find out more.

KlaptonRe 

Invites you
to attend our

SURETY TRAINING

WEDNESDAY

JULY | 17 | 2024

TAJ PAMODZI, LUSAKA, ZAMBIA
08:00AM- 10:30AM

Reinsurance Claims and Customer Experience: Enhancing Satisfaction in a Complex Landscape



Daisy Siwawa - Claims Manager

In today's world of Artificial Intelligence (chat GPT and similar platforms) in the reinsurance industry, the handling of claims is a critical process that can significantly impact customer experience. Reinsurance, which involves insurers transferring portions of risk portfolios to other parties to mitigate the potential for large losses, often deals with complex claims that require meticulous attention and efficient management. As customer expectations continue to evolve, reinsurers must prioritize improving the claims process to enhance customer satisfaction.

THE IMPORTANCE OF EFFICIENT CLAIMS MANAGEMENT

Efficient claims management is paramount in the reinsurance sector. Delays or inaccuracies in processing claims can lead to customer dissatisfaction and erode trust. To maintain strong relationships with clients, reinsurers must streamline their claims operations, ensuring timely and accurate settlements. This involves leveraging technology, adopting best practices, and maintaining clear communication throughout the claims process.

COMMUNICATION AND TRANSPARENCY

Clear and consistent communication is crucial in managing reinsurance claims. Clients need to be kept informed about the status of their claims, the steps being taken, and any potential delays. Transparency throughout the process helps manage expectations and builds confidence in the reinsurer's ability to handle claims efficiently.

CUSTOMER-CENTRIC APPROACH

A customer-centric approach in claims management involves understanding and addressing the specific needs and concerns of clients. Reinsurers should gather feedback regularly to identify areas for improvement and implement changes that enhance the customer experience. Personalized service, where clients feel their unique situations are understood and valued, can differentiate a reinsurer in a competitive market.

CONCLUSION

In the reinsurance industry, claims management is a crucial determinant of customer experience. By maintaining transparent communication, and adopting a customer-centric approach, reinsurers can enhance the efficiency of their claims processes and improve client satisfaction. As the industry continues to evolve, prioritizing customer experience in claims handling will be key to building and maintaining strong, trust-based relationships with clients.



Interesting Recent Ombud Insurance cases and court rulings from South Africa



Danny Joffe - Board Non Executive Director

One of the strongest guidelines we have when determining cover for claims, as claims administrators or even the more senior executives of insurers, is the precedent that is handed down by court judgments and Ombud cases.

We're fortunate to have a professional Ombudsman's office, now the National Financial Ombudsman, providing clear dispute resolution. Recent court judgments offer crucial guidance on sensitive issues, as discussed in this article.

POLICIES AND BLACKLISTED PHONES

Cell phone theft is very common, currently, in South Africa. Cell phone service providers allow owners to blacklist the phone once it has been stolen. Once this takes place, the phone can no longer connect to any of the cell phone networks for voice calls or data usage. It can be used, though, if it has Wi-Fi reception for emails and WhatsApp, so the phone still has some value.

In a recent case, a client submitted a claim for a cell phone that had already been stolen and blacklisted. The insurer voided the policy, given that the client had not disclosed the fact that the phone was blacklisted, which is material to the insurer's underwriting of the risk. The client maintained they were not aware the phone was blacklisted and made good use of the phone from the office and home where there was Wi-Fi. The Ombudsman stated that the insurer bears the onus to prove the client would have known the phone was blacklisted and it is not sufficient to simply state the underwriter would not have accepted the risk had they known the true facts. To protect against this, insurers are advised to have a specific exclusion in their policies which excludes blacklisted phones from cover.

PARTIALLY FRAUDULENT CLAIMS

Another recent legal judgment from the Supreme Court of Appeal (SCA) provided much-needed clarity on issues insurers faced regarding partially fraudulent claims. Previous ambiguous decisions from the Ombudsman's office and past court cases failed to delineate which parts of a claim were material. This led to debates on whether non-material parts of a claim could be excluded. Policy wordings have been updated by all insurers now to include the exclusion of partial fraud and also to state the policy is cancelled from the date of the fraud.

In this specific case, the insured filed a flood damage claim exceeding R1 million, along with a fraudulent alternative accommodation claim. The court ruled that upon submission of the fraudulent claim, the policy was immediately cancelled, and there was no entitlement to payment for either the main flood claim or the alternative accommodation. This clarifies that if any part of a claim is fraudulent, the entire claim is forfeited, provided the policy wording is properly drafted.

PROVING RECKLESSNESS

Finally, there was a recent court decision that clarified the lack of due clause of the duty to take reasonable precautions to prevent a claim. Insurers often invoke this clause where the insured is reckless in terms of not looking after property or going at an excessive speed on the road. One needs to bear in mind that one of the main objects of taking insurance is to protect oneself from one's own negligence. For example, all liability insurance is based on this premise. To succeed in this defense, insurers need to prove the insured actually foresaw the possibility of having an accident or suffering a loss to property.



Zambia's first Insurtech conference – A timely event.



**Dean Simuchimba -
Agriculture Underwriter**

There is a wave of excitement among players in the insurance industry in Zambia over the announcement of the inaugural Insurtech conference to be held on the 26th and 27th September 2024 and Klaption Re is not an exception. The event organised by Gralix, a Zambian actuarial consulting firm is expected to showcase some of the technological advancements that have been brought to the fore in the insurance space. To understand the excitement brought by this event, we thought it wise to share some insights in what Insurtech is all about.

WHAT IS INSURTECH?

Insurtech is a combination of "insurance" and "technology". It is an emerging industry that utilizes technology and modern innovations to change how traditional insurance is performed.

UNDERSTANDING INSURTECH

Insurtech is premised on the belief that the insurance industry is ripe for innovation and disruption. Insurtech is exploring avenues that large insurance firms have less incentive to exploit, such as offering ultra-customized policies, social insurance, and using new streams of data from Internet-enabled devices to dynamically price premiums according to observed behaviour.

In addition to better pricing models, Insurtech are testing the waters on a host of potential game-changers. These include using deep learning trained artificial intelligence (AI) to handle the tasks of brokers and find the right mix of policies to complete an individual's coverage.

INSURTECH SOLUTIONS FOR INSURERS

Insurtech plays an important part in changing how coverage is applied and paid for in a number of different ways. Some of the clearly identifiable solutions that Insurtech has brought to the fore in insurance are in the area of underwriting and claims management processes. They have also become key in providing solutions around risk mitigation. Some of the other key specific areas of benefit include:

Enhancing customer experience. By leveraging technology, customers are more engaged in selecting their coverage, understanding their needs, and getting personalized service. Instead of having to travel to a branch or speak to a representative, the future of Insurtech is moving towards self-serve, online dealings where customers have their choice of engagement channel.

Promoting efficiency. Policy-seekers and policy-holders can often research and explore options using the internet and apps. Without having to wait for business hours or an available representative, many Insurtech companies empower users to quickly access the information they need without being bogged down in processes.

Reducing operating costs. Traditional insurance companies rely on operating in physical buildings. But, Insurtech companies can operate remotely with staff engaging with customers around the world. The operating model of the online company is similar skimmer with less overhead.

Decreasing fraud. By leveraging data, analytics, trend analysis, and machine learning, Insurtech companies may be able to detect fraudulent activities if inconsistencies in data arises. In addition, big data may also be able to discover potential loopholes that insurers can seek to close to avoid exploitation.

CONCLUSION

The traditional insurance industry is being disrupted by the introduction of technology. This new sector called Insurtech offers customers a new way of doing things by gathering information differently and analysing information more accurately.

Klaption re is ecstatic about the timing of this event as it has come at a time when the reality of the adverse impact of climate change has transformed our perception of the role that technology is playing in building resilience and mitigating of losses. This realisation has made us proud to be one of the sponsors of the event.



Quarterly Movers and Shakers: Spotlight on Key Personnel Changes!

EXECUTIVES

Kudzai Bingepinge Assumes Leadership Role at Klaption Reinsurance Limited

Klaption Reinsurance Limited is pleased to announce the appointment of Kudzai Bingepinge as its new Chief Executive Officer and Principal Officer. With a distinguished career spanning multiple continents, Mr. Bingepinge brings a wealth of experience and expertise in the fields of underwriting and strategic leadership to his new role. In his previous position as Head of the P&C Solutions Sales & Origination business unit for Middle East & Africa at Swiss Re, Mr. Bingepinge demonstrated a strong commitment to driving innovation and excellence. His ability to forge strategic partnerships and navigate complex market dynamics has positioned him as a respected leader within the reinsurance industry. At Klaption Reinsurance Limited, Mr. Bingepinge will lead the company in its pursuit of innovative solutions and exceptional service delivery to clients worldwide. His appointment marks a significant step forward for the company as it continues to expand its global footprint and solidify its position as an emerging reinsurance partner in the industry.



Kudzai Bingepinge

Klaption Re Welcomes Lynn Harrod as Deputy CEO and Head of Marketing

We are delighted to announce the appointment of Lynn Harrod as our new Deputy CEO and Head of Marketing, effective immediately. Lynn brings over 20 years of industry experience, with a strong background in leadership roles, including Regional Practice Leader at Marsh Africa, where she was responsible for new business development. As an international broking expert, she has a deep understanding of the global insurance market and has built a reputation for driving business growth, risk analysis, and client relationship management.



Lynn Harrod

Quarterly Movers and Shakers: Spotlight on Key Personnel Changes!

UNDERWRITING TEAM

We are excited to welcome Deborah Jilowa, our new Underwriting Manager! A seasoned underwriter with over seven years industry experience, Deborah is specialized in Reinsurance Underwriting across various lines and types of business.

Her areas of expertise span both Life & Non-Life Insurance as well as Medical & Travel Insurance. She brings a wealth of experience in Reinsurance technical accounting, risk analysis and management, as well as negotiating placements.

She holds a Bachelor of Arts degree from the University of Zambia, and is a certificate Member of the Chartered Insurance Institute (CertCII), United Kingdom. She is currently pursuing her Masters in Business Administration as well as a Diploma in Insurance from The Chartered Insurance Institute. She is also a member of the Insurance Institute of Zambia (IIZA).



Quarterly Movers and Shakers: Spotlight on Key Personnel Changes!

CLAIMS TEAM

We are delighted to announce the promotion of Daisy Siwawa to Claims Manager.

Daisy has been a valuable member of the Klaption Re claims team since October 2021. During that time Daisy has demonstrated considerable professionalism and commitment to Klaption Re.

Daisy believes in impeccable service and that's how she leads her team.

With Daisy's help, we have recruited three Claims Assistants to support her in her new role.

Many congratulations Daisy!



Quarterly Movers and Shakers: Spotlight on Key Personnel Changes!

RISK AND COMPLIANCE TEAM

We are thrilled to introduce Diana Mbandama, who joined our Risk & Compliance department this quarter as a trainee. Her analytical skills and attention to detail have already made a positive impact, contributing to the enhancement of our risk management processes.

As Diana continues to grow and develop within our company, we are excited to see the positive impact she will undoubtedly make. Her journey reflects our commitment to nurturing talent, fostering excellence, and upholding our long-term value in all aspects of our operations.

We are confident that as she continues to grow and develop professionally, she will play a pivotal role in shaping the future of compliance and risk management at Klapton Re.



Diana Mbandama

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

Klaption 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

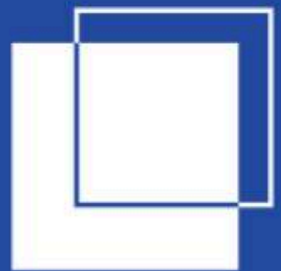
A group life insurance policy provides life cover protection to multiple individuals under single or master contract policy. The insurance company does not have to go through the tedious process of filling out applications or conduct medical tests for each applicant.

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.



Scan to visit our Website



KlaptonRe

www.klaptonRe.com
