

**MAYFAIR INSURANCE COMPANY RWANDA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

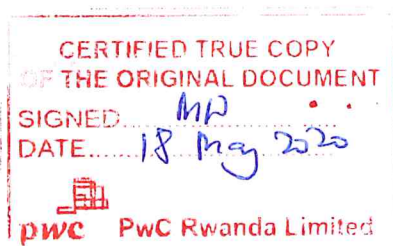
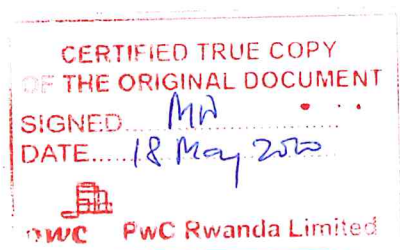


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## DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 December 2019 which disclose the state of affairs of Mayfair insurance Company Rwanda Limited (the "Company").

### REGISTERED OFFICE

Mayfair Insurance Company Rwanda Ltd  
Makuza Peace Plaza, 2<sup>nd</sup> Floor, Avenue de la  
Paix  
P.O. Box 1380, Kigali, Rwanda

### PRINCIPAL ACTIVITIES

Mayfair Insurance Company Rwanda Limited was incorporated in Rwanda on 02 February 2016 and its principal activity is provision of non-life insurance in Rwanda.

### RESULTS AND DIVIDENDS

The profit for the year of FRW 187,893,000 (2018 profit: FRW 2,244,000) has been added to accumulated losses. The Directors did not recommend the payment of any dividend.

### DIRECTORS

The directors who held office during the year ended 31 December 2019 and to the date of this report were:

Names	Role	Nationality	appointed
Byusa Hangu Alphonse	Chairperson - independent	Rwandan	24/02/2016
Muhimuzi Mugisha Daniel	Managing director	Rwandan	04/12/2015
Anjay Vithalbhair Patel	Member	British	04/12/2015
Richard Rwihandagaza	Member - independent	Rwandan	04/12/2015
Jessica Igoma	Member - independent	Rwandan	24/02/2017
Shivon Byamukama	Member - independent	Rwandan	29/03/2019
Benjamin Rugangazi	Member	Rwandan	29/03/2019
Vishal Rajinderkumar Patel *	Member	Kenyan	04/12/2015

\*Resigned on 05<sup>th</sup> September 2019

Board and board committees' membership and attendance

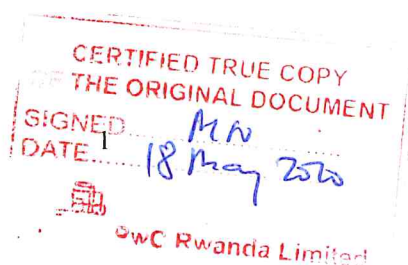
Names	Main Board	Audit Committee	Risk and Compliance	Underwriting and claims committee
Byusa Hangu Alphonse	x			
Muhimuzi Mugisha Daniel	x			
Anjay Vithalbhair Patel	x	x		
Vishal Rajinderkumar Patel	x		x	x
Richard Rwihandagaza	x		x	x
Jessica Igoma	x	x	x	
Shivon Byamukama	x			x
Benjamin Rugangazi	x	x		

X Membership

All members of the board of directors are appointed on 3 years' renewable term. During the year ended 31 December 2019, the board met 4 times (14/03/2019, 11/07/2019, 05/09/2019 and 09/12/2019) and all the board members attended all meetings except Vishal Rajinderkumar Patel who resigned in September 2019.

### Board committees' chairpersons

Board Committee Name	Chairperson
Audit Committee	Jessica Igoma
Risk and Compliance	Richard Rwihandagaza
Underwriting and claims	Shivon Byamukama



#### AUDITOR

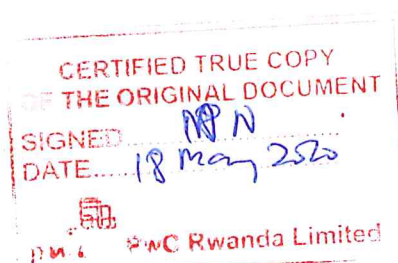
The Company's auditor, PricewaterhouseCoopers Rwanda Limited's term comes to an end in line with rotation requirements set in Regulation No 14/2017 of 23/11/2017 on Accreditation requirements and other conditions for external auditors for financial institutions and will not be seeking reappointment. A successor auditor will be appointed at the next annual general meeting.

#### BY ORDER OF THE BOARD

Secretary



Date: 18 May 2020





#### Statement of director's responsibilities

Law No. 17/2018 of 13/04/2018 Governing Companies require the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss. They also require 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 accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Law No 17/2018 of 13/04/2018 Governing Companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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

#### Approval of the financial statements

The financial statements on pages 7 to 56 were approved for issue by the board of directors on

\_\_\_\_\_ 2020 and signed on its behalf by:

  
\_\_\_\_\_  
Director



  
\_\_\_\_\_  
Director







## REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MAYFAIR INSURANCE COMPANY RWANDA LIMITED

### *Report on the audit of the financial statements*

#### *Our opinion*

In our opinion, Mayfair insurance Company Rwanda Limited (the "Company") financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Law No.17/2018 of 13/04/2018 Governing Companies.

#### **What we have audited**

The financial statements of the Company are set out on pages 7 to 56 comprise:

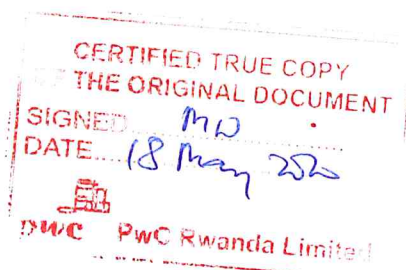
- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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 IESBA International Code of Ethics for Professional Accountants (including International Independence Standards"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



PricewaterhouseCoopers Rwanda Limited, 5th Floor, Blue Star House, 35 KG 7 Ave, Kacyiru  
PO Box 1495 Kigali, Rwanda  
Tel: +250 (252) 588203/4/5/6, [www.pwc.com/rw](http://www.pwc.com/rw)

Directors: B Kimacia F Gatome M Nyabanda P Ngahu



## REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MAYFAIR INSURANCE COMPANY RWANDA LIMITED (CONTINUED)

### Key audit matter

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Determination of insurance contract liabilities*

Insurance contracts liabilities included in notes 15 of the financial statements is made up of reported claims and incurred but not reported ("IBNR") claims and were considered a matter of most significance to the current year audit for the following reasons:

- The estimation of the provisions involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred.
- The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience.
- The magnitude of the insurance contract liabilities balance is Rwf 1.5 billion in relation to total liabilities of Rwf 2.6 billion representing 60% of total liabilities.

Our testing approach included amongst others, the following procedures:

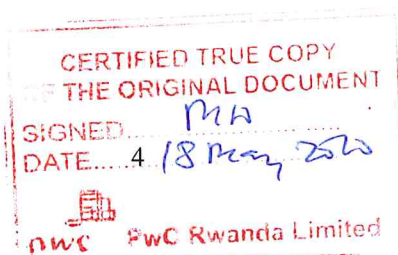
- Testing the controls around the claim reserving and settlement;
- Evaluating managements' review process of the provisions;
- Comparing for a sample of claims the amounts as recorded in the claims systems to source documents;
- Reviewing the reconciliation between the claims data and that used to calculate the reserves;
- Considering the methodology and assumptions used by the Appointed Actuary and management in the estimation of reserves and assessing the methodologies applied against general accepted actuarial approaches; and
- We validated the assumptions by performing an actual versus expected analysis on prior year's reserves.

### Other information

Directors are responsible for the other information. The other information comprises Director's report, Statement of directors' responsibilities, and supplementary information but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 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.







## **REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MAYFAIR INSURANCE COMPANY RWANDA LIMITED (CONTINUED)**

### *Responsibilities of the directors for the financial statements*

Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Law No.17/2018 of 13/04/2018 Governing Companies, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

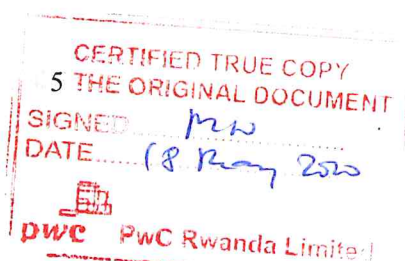
Directors are responsible for overseeing the Company's financial reporting process.

### *Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





**REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MAYFAIR INSURANCE COMPANY RWANDA LIMITED (CONTINUED)**

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

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.

*Report on other legal and regulatory requirements*

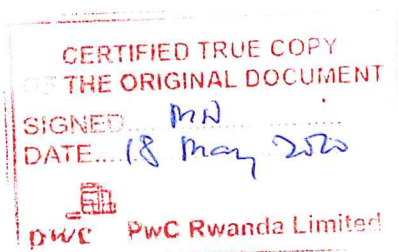
Law No. 17/2018 of 13/04/2018 Governing Companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. There are no circumstances that may create threat to our independence as auditor of the Company;
- ii. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- iii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iv. We have communicated to the Company's Board of Directors, through a separate management letter, internal control matters identified in the course of our audit including our recommendations in relation to those matters.

For PricewaterhouseCoopers Rwanda Limited, Kigali.

  
Moses Nyabanda  
Director

 18 May 2020

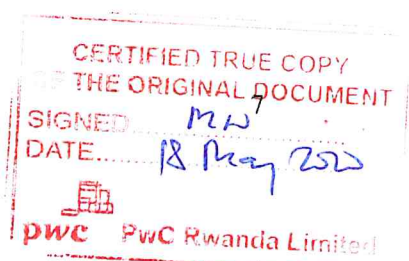


Mayfair Insurance Company Rwanda Limited  
Annual Report and Financial Statements  
For the year ended 31 December 2019

**Statement of comprehensive income**

	Notes	2019 FRW'000	2018 FRW'000
Gross written premiums	1 (a)	2,813,208	1,826,405
Premiums ceded to reinsurers and co-insurance	1 (c)	(1,877,050)	(1,040,495)
Net written premiums		936,158	785,910
Unearned premium reserve	1 (b)	(78,248)	(142,807)
<b>Net earned premiums</b>		<b>857,910</b>	<b>643,103</b>
Commissions income	1 (c)	450,505	228,331
Investment income	2	159,849	96,233
Finance and other income	3	32,505	31,344
<b>Total income</b>		<b>1,500,769</b>	<b>999,011</b>
Gross claims and policyholders' benefits payable	4 (b)	(535,534)	(351,249)
less: Claims recoverable from reinsurers	4 (d)	320,270	129,322
Change in claims incurred but not reported	4 (e)	(54,992)	(5,602)
<b>Net claims incurred</b>		<b>(270,256)</b>	<b>(227,529)</b>
Commissions expense	1 (d)	(323,884)	(178,051)
Deferred acquisition cost	1 (d)	42,170	43,778
Operating and other expenses	5 (a)	(760,906)	(634,965)
<b>Total expenses</b>		<b>(1,042,620)</b>	<b>(769,238)</b>
<b>Profit before income tax</b>		<b>187,893</b>	<b>2,244</b>
Income tax expense	7	-	-
<b>Profit for the year</b>		<b>187,893</b>	<b>2,244</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>187,893</b>	<b>2,244</b>

The notes on pages 11 to 56 are an integral part of these financial statements.

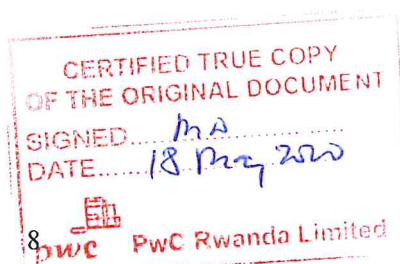




**Statement of financial position**

<b>ASSETS</b>	<b>Notes</b>	<b>2019 FRW '000'</b>	<b>2018 FRW '000'</b>
Cash and cash equivalents	8(a)	357,622	177,643
Deposits placed with financial institutions	8(b)	2,056,647	1,399,731
Receivables arising out of direct insurance arrangements	9	119,203	505,103
Deferred acquisition costs	10	147,782	105,612
Other assets	11	45,126	40,176
Reinsurance assets	18	923,135	569,245
Financial assets at amortised cost	22	265,665	-
Investment in property	23	261,325	-
Right of use asset	24.a	48,398	-
Intangible assets	13	152,768	75,649
Motor vehicle and equipment	14	33,432	37,564
<b>Total assets</b>		<b>4,411,103</b>	<b>2,910,723</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Insurance contract liabilities	15,16,17	1,568,120	1,066,718
Lease Liability	24.b	53,121	-
Other payables	19	227,578	198,741
Creditors arising from reinsurance arrangements	20	763,587	406,995
<b>Total liabilities</b>		<b>2,612,406</b>	<b>1,672,454</b>
<b>EQUITY</b>			
Share capital	21	2,041,175	1,668,640
Accumulated losses		(242,478)	(430,371)
<b>Total equity</b>		<b>1,798,697</b>	<b>1,238,269</b>
<b>Total equity and liabilities</b>		<b>4,411,103</b>	<b>2,910,723</b>

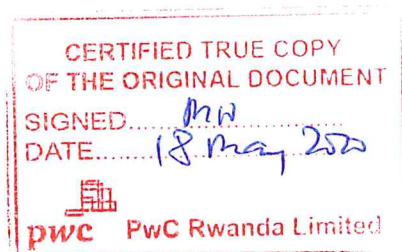
The notes on pages 11 to 56 are an integral part of these financial statements.



**Statement of changes in equity**

	Notes	Share capital FRW '000	Accumulated losses FRW '000	Total FRW '000
<b>Year ended 31 December 2018</b>				
At start of year		1,200,742	(432,615)	768,127
Total comprehensive income for the year		-	2,244	2,244
Transaction with owners; Capital contribution	21	467,898	-	467,898
<b>At end of year</b>		<b>1,668,640</b>	<b>(430,371)</b>	<b>1,238,269</b>
<b>Year ended 31 December 2019</b>				
At start of year		1,668,640	(430,371)	1,238,269
Total comprehensive income for the year		-	187,893	187,893
Transaction with owners; Capital contribution	21	372,535	-	372,535
<b>At end of year</b>		<b>2,041,175</b>	<b>(242,478)</b>	<b>1,798,697</b>

The notes on pages 11 to 56 are an integral part of these financial statements.



## Statement of Cash flows

	Notes	2019 FRW'000	2018 FRW'000
<b>Profit before income tax</b>		187,893	2,244
<b>Adjustments</b>			
Depreciation charge on equipment	14	28,896	30,890
Interest income on term deposits	2	(159,849)	(96,233)
Expected credit loss on receivable		(2,781)	9,471
Impairment of deposit in financial institutions		6,947	2,385
Gain on disposal of fixed asset		(900)	-
<b>Adjusted profit before income tax</b>		<b>60,206</b>	<b>(51,243)</b>
<b>Working capital changes</b>			
Receivables arising out of direct insurance arrangements		395,371	(411,644)
Deferred acquisition costs		(42,171)	(43,779)
Reinsurance assets		(353,889)	(463,208)
Other assets		(4,950)	(14,085)
Unearned premium reserve		418,468	547,862
Insurance contract liabilities		82,934	80,291
Other payables		28,838	68,349
Creditors arising from reinsurance arrangements		356,593	365,561
<b>Cash outflows from operating activities</b>		<b>941,400</b>	<b>78,104</b>
Interest income received		149,185	62,273
<b>Net cash outflows from operating activities</b>		<b>1,090,585</b>	<b>140,377</b>
<b>Cash flows from investing activities</b>			
Deposits placed with financial institutions	8(b)	(660,206)	(850,000)
Financial assets at amortised cost		(260,626)	-
Investment in property		(261,325)	-
Disposal of fixed asset		4,500	-
Purchase of fixed assets	14	(28,364)	(7,901)
Intangible additions	13	(77,119)	(56,600)
<b>Net cash outflows from investing activities</b>		<b>(1,283,139)</b>	<b>(914,501)</b>
<b>Financing activities</b>			
Increase in share capital	21	372,535	467,898
<b>Net cash inflows from financing activities</b>		<b>372,535</b>	<b>467,898</b>
<b>Net cash inflows for the year</b>		<b>179,980</b>	<b>(306,226)</b>
<b>Cash and cash equivalent at beginning of year</b>	8(a)	177,643	483,869
<b>Cash and cash equivalent as at end of year</b>	8(a)	<b>357,623</b>	<b>177,643</b>

The notes on pages 11 to 56 are an integral part of these financial statements.



**Notes**

**1(a) Gross written premiums**

	2019 FRW'000	2018 FRW'000
Motor	725,753	606,716
Fire	811,143	528,596
Engineering	246,594	260,664
Liabilities	112,512	107,261
Marine	242,455	151,124
Bonds	256,884	77,294
Other	417,867	94,750
	<b>2,813,208</b>	<b>1,826,405</b>

**1(b) Unearned premium reserves**

	2019			2018		
	Gross UPR FRW'000	UPR reinsurer's portion FRW'000	Net UPR FRW'000	Gross UPR FRW'000	UPR reinsurer's portion FRW'000	Net UPR FRW'000
Motor	402,096	37,866	364,231	348,941	7,061	341,880
Fire	383,161	352,846	30,315	264,087	255,318	8,770
Engineering	110,558	93,851	16,707	165,847	144,252	21,595
Liabilities	54,500	23,557	30,943	58,600	26,104	32,496
Marine	128,223	100,381	27,842	49,691	41,633	8,058
Bonds	162,793	149,788	13,005	21,954	19,726	2,228
Others	121,753	93,023	28,730	35,496	16,998	18,497
	<b>1,363,084</b>	<b>851,312</b>	<b>511,773</b>	<b>944,616</b>	<b>511,092</b>	<b>433,524</b>

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OF THE ORIGINAL DOCUMENT  
SIGNED: *MN*  
DATE: *18 May 2020*  
 **PwC Rwanda Limited**

Notes (Continued)


1 (c) Premium ceded and commission income

	2019		2018	
	Premium ceded	Commission income	Premium ceded	Commission income
	RWF'000	RWF'000	RWF'000	RWF'000
Fire	748,171	190,109	508,707	107,962
Engineering	212,809	52,941	229,409	51,903
Motor	131,463	-	12,276	1,345
Liabilities	42,963	5,234	47,870	7,290
Marine	186,337	34,759	114,343	22,851
Bonds	236,363	71,667	66,514	21,616
Others	189,684	69,602	61,375	15,363
	<b>1,747,790</b>	<b>424,312</b>	<b>1,040,495</b>	<b>228,331</b>

1 (d) Premium adjustment and profit commission

	2019		2018	
	Premium Adjustment	Profit Commission	Premium Adjustment	Commission Profit
	RWF'000	RWF'000	RWF'000	RWF'000
Fire	-	3,282	-	-
Engineering	-	3,977	-	-
Liabilities	5,566	-	-	-
Marine	2,328	4,521	-	-
Bonds	-	12,499	-	-
Others	121,366	1,914	-	-
	<b>129,260</b>	<b>26,193</b>	<b>-</b>	<b>-</b>
	<b>1,877,050</b>	<b>450,505</b>	<b>1,040,495</b>	<b>228,331</b>

Profit Commission were received on profitable account from Reinsurers as per reinsurance treaties.

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OF THE ORIGINAL DOCUMENT  
SIGNED *[Signature]*  
DATE *18 May 2020*  
 **pwc** PwC Rwanda Limited



Notes (continued)

Premium ceded and commission income (Continued)

The above premiums were ceded to reinsurers and co-insurer as follows:

Reinsurer Name	Credit rating	Rating Agency	2019		2018	
			Premium ceded FRW'000	Commission on premium ceded FRW'000	Premium ceded FRW'000	Commission on premium ceded FRW'000
PTA Reinsurance Company Ltd	AA+	Global Credit rating (GCR)	1,017,103	224,262	714,857	162,978
Kenya Reinsurance Corporation Ltd	AA	Global Credit rating (GCR)	39,252	13,005	66,217	23,325
Africa Reinsurance Corporation Ltd	A	AM Best	248,359	61,071	-	-
Swiss Re	A+	AM Best	116,581	38,028	74,121	31,229
Lloyds UK/Willis Limited	i)Munich re :A+, ii)Axis syndicate 1686 at Lloyd's :A, iii)BRIT Engineering Consortium 9424 at Lloyd's :A+	AM Best	93,006	9,468	161,536	8,527
MAPFE	A	AM Best	5,051	3,458	3,437	1,858
Asistencia New India Assurance Co Ltd	A-	AM Best	-	-	6,472	414
Sonarwa General Insurance Company Ltd	N/A	A/N	10,552	1,553	13,855	-
Continental Re	B+	AM Best	91,557	24,333	-	-
Starstone	A-	AM Best	36,545	18,916	-	-
Cica Re	B	AM Best	53,356	14,709	-	-
Waica re	B+	Global Credit rating (GCR)	6,877	2,063	-	-
NCA Re	BBB-	Global Credit rating (GCR)	6,488	1,946	-	-
Aveni Re			6,488	1,946	-	-
MUA	N/A	A/N	44,795	7,978	-	-



Notes (continued)

Premium ceded and commission income (Continued)

Sanlam	N/A	A/N	35,015	8,601	-	-
Radiant Insurance Company	N/A	A/N	25,448	8,479	-	-
BK General Insurance Brokers	N/A	A/N	13,854	4,877	-	-
Britam	N/A	A/N	7,604	1,284	-	-
Prime Insurance Company	N/A	A/N	6,861	1,121	-	-
UAP	N/A	A/N	12,258	3,407	-	-
			<b>1,877,050</b>	<b>450,505</b>	<b>1,040,495</b>	<b>228,331</b>





Notes (continued)

1 (d) Commission expenses and deferred acquisition cost

	2019 Frw'000"		2018 Frw'000"	
	Commission expenses	Deferred acquisition cost	Commission expenses	Deferred acquisition cost
Motor Policy	77,663	8,476	59,864	13,946
Fire Industrial	123,847	32,146	47,113	(1,147)
Engineering	29,777	(13,306)	40,412	25,409
Liabilities	12,248	(1,072)	12,981	3,387
Marine	12,516	(246)	4,977	1,219
Bonds	24,711	13,356	7,345	(850)
Others	43,122	2,816	5,359	1,815
	<b>323,884</b>	<b>42,170</b>	<b>178,051</b>	<b>43,778</b>

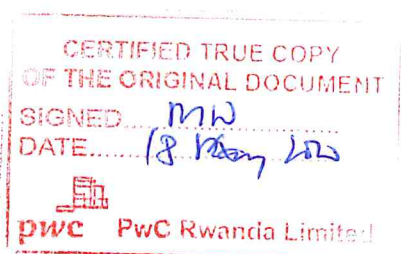
The commission expenses were paid to insurance intermediaries as follows:

	2019 FRW'000	2018 FRW'000
Alliance Insurance Brokers	105,843	70,536
Global Risk Advisors Ltd	75,300	28,809
Muzigirwa Emmanuel	39,570	-
Rwigamba Eugene	23,147	246
Ingabire Carine	15,109	8,248
Ascoma Rwanda Limited	14,215	34,092
Falcon Insurance Services Ltd	13,475	6,557
Munyurangabo Eliezer	9,390	6,575
Zamara Insurance Broker	7,527	-
Union Insurance Brokers	6,892	6,159
Cuzo Insurance Brokers	2,734	3,188
Uwase Catherine	2,318	-
Staple Brokerage Ltd	1,943	2,243
Liaison Rwanda	1,566	4,220
Alpha Z -Group Ltd	1,484	-
Frontier Inc Ltd	1,315	-
Equity Bank Rwanda Ltd	602	-
Virgi Kanji Manji Khetani	461	-
Royal Associates Insurance Brokers	420	-
Pioneer Insurance Agency Ltd	409	371
BCP Investment Managers	238	-
Bazubagira Djalila	192	-
Ingabire Joyeuse	40	-
Kigali Trust Brokers	30	180
Zion Insurance Brokers	12	-
Utmost Insurance Brokers	-	1,220
Brd Insurance Broker Ltd	-	13
Ebenezer Insurance Brokers Ltd	-	355
Uwamahoro Florance	-	67
Elephant	-	61
Alpha Insurance Brokers Ltd	(348)	4,911
	<b>323,884</b>	<b>178,051</b>



Notes (continued)

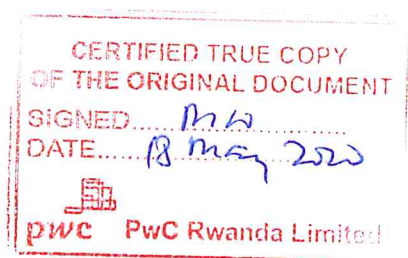
	2019 FRW'000	2018 FRW'000
<b>2 Investment income</b>		
Interest earned on fixed term deposits	126,308	96,233
Interest earned on Government Bonds	33,541	-
	<b>159,849</b>	<b>96,233</b>
<b>3 Finance and other income</b>		
Insurance policy fees	17,103	10,237
Interest earned on current accounts balances	-	194
Sundry income (Non - insurance certificate fee )	4,759	2,821
Gain on disposal of fixed asset	900	-
Exchange gain on cash and cash equivalents	9,743	18,092
	<b>32,505</b>	<b>31,344</b>
<b>4 Gross claims and policyholder benefits payable</b>		
<b>4(a) Gross claims paid</b>		
Motor	467,441	250,431
Fire	15,515	21,743
Marine	6,617	1,792
Engineering	160	532
Bond	-	1,000
Other	17,859	1,062
	<b>507,592</b>	<b>276,560</b>
<b>4(b) Outstanding Claims</b>		
Motor	(47,813)	72,479
Fire	47,131	160
Marine	4,385	50
Other	24,239	2,000
	<b>27,942</b>	<b>74,689</b>
<b>Gross claims and policyholders' benefits payable</b>	<b>535,534</b>	<b>351,249</b>



**Notes (continued)**

**4 Gross claims and policyholder benefits payable (continued)**

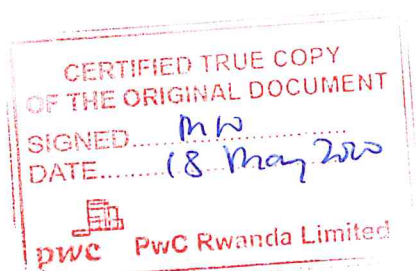
<b>4 (c) Claims paid reinsurance recovery</b>	<b>2019 FRW'000</b>	<b>2018 FRW'000</b>
Motor	278,853	54,965
Fire	14,737	14,570
Marine	5,276	1,634
Engineering	145	-
Others	7,589	-
	<b>306,600</b>	<b>71,169</b>
<b>4(d) Claims outstanding reinsurance recovery</b>		
Motor	11,500	58,143
Fire	-	-
Marine	-	-
Engineering	517	-
Others	1,653	10
	<b>13,670</b>	<b>58,153</b>
<b>Total Claims recoverable from reinsurers</b>	<b>320,270</b>	<b>129,322</b>
<b>4 (e) Change in claims incurred but not reported</b>		
Included but not reported	54,992	5,602
	<b>54,992</b>	<b>5,602</b>



Notes (continued)

5 (a) Operating and other expenses

	2019 FRW'000	2018 FRW'000
Employee benefits (Note 6)	417,719	332,127
Advertising and promotional expenses	13,202	33,476
Bidding and Tendering	2,786	-
Depreciation on property and equipment (Note 8)	28,896	30,890
Office rent	-	42,228
Telephone, water and electricity	12,323	8,484
Travelling and accommodation	26,359	25,658
Office tea and water expenses	1,410	1,384
Directors' allowances	45,975	20,080
Subscription and contribution to associations	13,967	13,500
Corporate social responsibilities	300	200
Supervision fees	9,132	5,000
Audit fee	17,512	10,150
Consultancy fees	11,375	18,024
Internet expenses	13,880	12,844
Fuel and lubricants	9,475	7,413
Office consumables and supplies	5,376	1,330
Training	1,585	1,644
Repairs and maintenance	2,137	5,551
Penalties and fines	2,455	7,230
Insurance	21,762	12,825
Rates, other taxes and non-deductible duties	443	432
Other general expenses	826	2,533
Leave provision	16,011	-
Bank charges	5,436	3,846
Staff welfare expenses	3,072	112
Legal charge	9,270	7,094
Provision for premium receivable	(2,781)	9,471
Other office expenses	2,115	9,494
Parking fees	755	137
Comesa fees	10,462	4,173
Donation to non-profit organization	1,950	5,250
Impairment of deposits in financial institutions	6,947	2,385
Interest charge on lease liability	12,476	-
Depreciation on right of use asset	36,298	-
	<b>760,906</b>	<b>634,965</b>



**Notes (continued)**

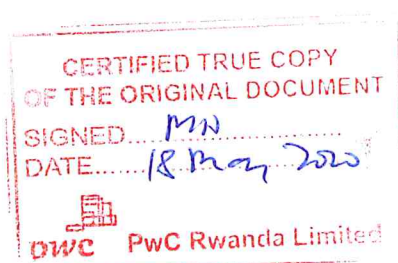
<b>6</b>	<b>Employee benefits expense</b>	<b>2019</b>	<b>2018</b>
		<b>FRW'000</b>	<b>FRW'000</b>
	Salaries and wages	398,172	316,259
	Contributions to the Rwanda Social Security Board	19,547	15,868
		<b>417,719</b>	<b>332,127</b>

<b>7</b>	<b>Income tax expense</b>	<b>2019</b>	<b>2018</b>
		<b>FRW'000</b>	<b>FRW'000</b>
	Current income tax charge	-	-
	Deferred income tax (Note 12)	-	-
		<b>-</b>	<b>-</b>
	Income tax expense	<b>-</b>	<b>-</b>

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

	<b>2019</b>	<b>2018</b>
	<b>FRW'000</b>	<b>FRW'000</b>
Profit before income tax	187,893	2,244
	<b>56,368</b>	
Tax calculated at the statutory income tax rate of 30% (2018 - 30%)		673
Tax effect of:		
Expenses not deductible for tax purposes	6,447	20,613
Unrecognized deferred tax asset on tax loss	(62,815)	(21,286)
Prior year Unrecognized deferred tax liability on PPE	-	-
Prior year Unrecognized deferred tax asset on tax loss	-	-
	<b>-</b>	<b>-</b>
Income tax expense	<b>-</b>	<b>-</b>

Directors have not recognised deferred income tax asset of FRW 54 million primarily originating from tax losses. The recoverability will be based on generation of sufficient future taxable profits and the current forecast show that the company will not make sufficient profit in the current year and being a start-up, there is always some uncertainty in the forecasting future profits. Deferred tax asset will be recognised in the year the company makes sufficient taxable profits





Notes (continued)

	2019 FRW'000	2018 FRW'000
<b>8(a) Cash and cash equivalents</b>		
Cash at bank	357,476	177,010
Cash at hand	146	633
	<u>357,622</u>	<u>177,643</u>
All balances are current		
<b>8(b) Deposits placed with financial institutions</b>		
Deposits placed with financial institutions	<u>2,056,647</u>	<u>1,399,731</u>

Deposits placed with financial institutions are classified as current assets and are interest bearing.

The deposits movement over the year is as follows

	2019 FRW'000	2018 FRW'000
At start	1,399,731	518,156
Additional placements	660,206	850,000
Interest earned	126,308	95,887
Interest received	(121,459)	(61,927)
Expected credit loss	(8,139)	(2,385)
At the end	<u>2,056,647</u>	<u>1,399,731</u>
<b>9 Receivables arising out of direct insurance arrangements</b>		
Trade receivable	119,203	514,574
Expected credit loss	-	(9,471)
	<u>119,203</u>	<u>505,103</u>

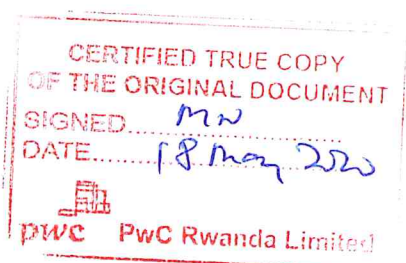


Notes (continued)

9 Receivables arising out of direct insurance arrangements (continued)

All receivables arising out of direct insurance arrangements are current and are aged as below.

Year 2019					
	0 - 30 Days	31-60 Days	61-90 Days	120+ Days	Total
	FRW "000"	FRW "000"	FRW "000"	FRW "000"	FRW "000"
Private companies/ individuals	116,125	-	-	-	116,125
NGOs and Public institutions	3,078	-	-	-	3,078
Expected credit loss	-	-	-	-	-
	<b>119,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,203</b>
Year 2018					
	0 - 30 Days	31-60 Days	61-90 Days	120+ Days	Total
	FRW "000"	FRW "000"	FRW "000"	FRW "000"	FRW "000"
Private companies/ individuals	209,599	232,906	41,836	9,471	493,812
NGOs and Public Institutions	170	-	20,592	-	20,762
Expected credit loss	-	-	-	(9,471)	(9,471)
	<b>209,769</b>	<b>232,906</b>	<b>62,428</b>	<b>-</b>	<b>505,103</b>





Notes (continued)

10	Deferred acquisition costs	2019 FRW'000	2018 FRW'000
	At start of year	105,612	61,833
	Net movements in the year	42,170	43,779
	At end of year	<u>147,782</u>	<u>105,612</u>
	All balances are current.		

11	Other assets	2019 FRW'000	2018 FRW'000
	Cash paid out as guarantee	13,337	11,274
	Other taxes recoverable	17,287	10,115
	Brokers/agents advances	170	10,461
	Prepayments	14,332	8,326
		<u>45,126</u>	<u>40,176</u>

All balances are current.

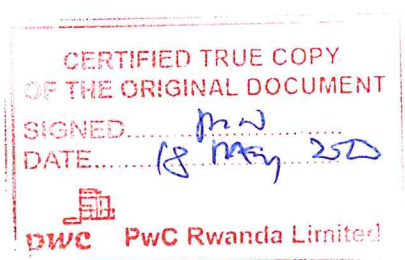
Cash paid out as guarantee includes:

- Rent deposit: FRW 5. 4 million
- Bid guarantee requested from commercial bank: FRW 7.937 million

12 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2018: 30%). The movement on the deferred income tax account is as follows:

	2019 FRW'000	2018 FRW'000
Property and equipment	5,691	3,731
Provisions	24,618	6,873
Accumulated tax losses	23,889	86,702
Deferred income tax not recognized	<u>(54,198)</u>	<u>(97,306)</u>
	<u>-</u>	<u>-</u>



Notes (continued)

12 Deferred income tax (continued)

Deferred income tax assets and liabilities and deferred income tax charge in the income statement is attributable to the following items:

	1.1.2019	Credit to P&L	Charge to OCI	31.12.2019
	FRW '000	FRW '000	FRW '000	FRW '000
Year ended 31 December 2019				
Property and equipment	-	5,691	-	5,691
Provisions	-	24,618	-	24,618
Tax losses	-	23,889	-	23,889
Deferred income tax not recognized	-	(54,198)	-	(54,198)
Net deferred tax asset	-	-	-	-

	1.1.2018	Charge to to P&L	Charge to OCI	31.12.2018
	FRW '000	FRW '000	FRW '000	FRW '000
Year ended 31 December 2018				
Property and equipment	-	3,731	-	3,731
Provisions	-	6,873	-	6,873
Tax losses	-	86,702	-	86,702
Deferred income tax not recognized	-	(97,306)	-	(97,306)
Net deferred tax asset	-	-	-	-

13 Intangible assets

	2019	2018
	FRW'000	FRW'000
Cost:		
At start of year	75,649	19,049
Additions	77,119	56,600
Cost at end of year	152,768	75,649
Accumulated amortization:		
At start of year	-	-
Amortization charge	-	-
Impairment charge	-	-
At end of year	152,768	75,649
Net book value at end of year	152,768	75,649

Intangible assets composed of costs for the consultant developing an MIS system for the company. The software is still work-in-progress. The balance is non-current.

Notes (continued)

14 Motor vehicle and equipment

2019

	Motor Vehicle FRW'000	Office Equipment FRW'000	Computer Equipment FRW'000	Partitioning FRW'000	Furniture & Fittings FRW'000	Total FRW'000
Cost						
As at 1 January 2019	36,700	15,137	19,270	23,633	9,551	104,291
Additions	19,492	200	6,698	-	1,975	28,364
Disposal /fully depreciated	(7,200)	-	(16,900)	-	-	(24,100)
As at 31 December 2019	48,992	15,337	9,068	23,633	11,526	108,555
Accumulated Depreciation						
As at 1 January 2019	18,350	8,760	18,595	16,436	4,586	66,727
Charge for the year	12,248	3,834	4,024	5,908	2,882	28,896
Disposal /fully depreciated	(3,600)	-	(16,900)	-	-	(20,500)
As at 31 December 2019	26,998	12,594	5,719	22,344	7,468	75,123
Net book Value	21,994	2,743	3,349	1,288	4,058	33,432



Notes (continued)

14 Motor vehicle and equipment (continued)

2018

Cost	Motor Vehicle FRW'000	Office Equipment FRW'000	Computer Equipment FRW'000	Partitioning FRW'000	Furniture & Fittings FRW'000	Total FRW'000
As at 1 January 2018	36,700	10,926	16,900	23,556	8,308	96,390
Additions	-	4,211	2,370	76	1,244	7,901
Reclassification	-	-	-	-	-	-
<b>As at 31 December 2018</b>	<b>36,700</b>	<b>15,137</b>	<b>19,270</b>	<b>23,633</b>	<b>9,552</b>	<b>104,291</b>
<b>Accumulated Depreciation</b>						
As at 1 January 2018	9,175	4,975	8,960	10,528	2,199	35,837
Charge for the year	9,175	3,784	9,635	5,908	2,388	30,890
<b>As at 31 December 2018</b>	<b>18,350</b>	<b>8,760</b>	<b>18,595</b>	<b>16,436</b>	<b>4,586</b>	<b>66,727</b>
<b>Net book Value</b>	<b>18,350</b>	<b>6,377</b>	<b>675</b>	<b>7,196</b>	<b>4,965</b>	<b>37,564</b>

All motor vehicle and equipment are non-current



**Notes (continued)**

**15 Insurance contract liabilities**

	2019 FRW'000	2018 FRW'000
Unearned premiums reserve	1,363,084	944,616
Incurred and Reported Claims	138,988	111,047
Claims incurred but not reported (IBNR)	66,048	11,055
	<b>1,568,120</b>	<b>1,066,718</b>

The balances are all current.

**16 Unearned premiums**

Unearned premiums represent the liability for short term business contracts where the Company's obligations have not expired at the year end. Movements in the reserve are shown below:

	2019 FRW'000	2018 FRW'000
At start of year – Gross	944,616	396,754
At start of year – Net	433,524	290,717
-Change in the year – Gross	1,363,084	944,616
Change in the year - Reinsurance share	(851,312)	(511,092)
<b>Net change</b>	<b>511,772</b>	<b>433,524</b>
<b>At end of year – Gross</b>	<b>1,363,084</b>	<b>944,616</b>
<b>At end of year – Net</b>	<b>511,772</b>	<b>433,524</b>

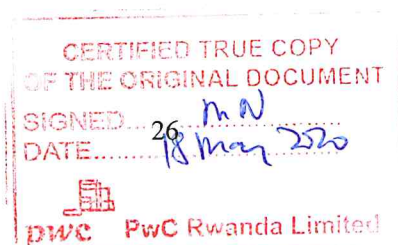
The balances are all current

**17 Notified claims and IBNR**

	2019 FRW'000	2018 FRW'000
Notified claims	138,988	111,047
Claims incurred but not reported (IBNR)	66,048	11,055
	<b>205,036</b>	<b>122,102</b>

**Gross claims liability**

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. Current year IBNR is computed as 15% of the outstanding claims of 2019. The company has recognized an additional IBNR reserve of Frw 45,199,547, this provision is to cover for inadequacies in the case estimated reserves as recommended by the actuary.





**Notes (continued)**

**17 Notified claims and IBNR (continued)**

Movement in notified claims and IBNR

	2019			2018		
	Gross FRW'000	Reinsurance FRW'000	Net FRW'000	Gross FRW'000	Reinsurance FRW'000	Net FRW'000
At start of year:	111,047	-	111,047	36,357	-	36,357
Notified claims	-	-	-	-	-	-
Incurred but not reported	11,055	-	11,055	5,454	-	5,454
Total at start of year	122,102	-	122,102	41,811	-	41,811
Claims paid in the year	(507,592)	306,601	(200,991)	(276,560)	71,169	(205,391)
<b>Increase in liabilities:</b>						
- Arising from current years' claims	646,580	(366,630)	279,950	387,607	(126,923)	260,684
<b>Total at end of year</b>	<b>138,988</b>	<b>(60,029)</b>	<b>78,959</b>	<b>111,047</b>	<b>(55,754)</b>	<b>55,293</b>
Incurred but not reported	66,048	(11,793)	54,255	11,055	(2,399)	8,656
Total at end of year	205,036	(71,822)	133,214	122,102	(58,153)	63,949

**18 Reinsurance assets**

	2019 FRW'000	2018 FRW'000
Unearned premium reserve reinsurance share ( note 16)	851,312	511,092
Outstanding claims reinsurance share (note 17)	60,030	55,754
Reinsurance share of IBNR (Note 17)	11,793	2,399
	<b>923,135</b>	<b>569,245</b>

**19 Other payables**

	2019 FRW'000	2018 FRW'000
Trade payables	31,944	26,195
VAT and WHT payable	56,506	35,289
Accrued expenses	28,681	18,907
Other payables	22,337	2,600
Commissions and other payables to brokers	64,813	92,453
Due to Mayfair Kenya Limited (Note 26)	23,297	23,297
	<b>227,578</b>	<b>198,741</b>

All balances are current.

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 DATE: 18 May 2020  
 PwC Rwanda Limited

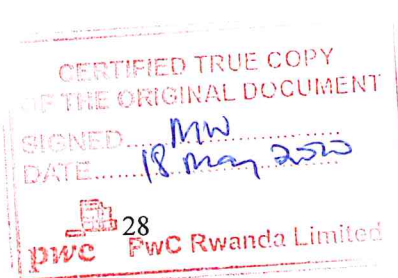
Notes (continued)

20 Due to reinsurers	2019	2018
	FRW'000	FRW'000
Africa Reinsurance Corporation	78,160	3,590
Kenya Reinsurance Corporation	8,184	25,001
PTA Reinsurance Company Ltd	442,307	234,860
Swiss Re	122,721	128,054
Lloyds UK/Willis Limited	-	78
New India Assurance Co Ltd	-21	(21)
Mapfre Asistencia	-251	1,578
Sonarwa General Insurance Company Ltd	3,945	13,855
Continental Re	39,720	-
Starstone	12,866	-
Cica Re	17,214	-
MUA	3,477	-
Sanlam	26,414	-
UAP	8,851	-
	<b>763,587</b>	<b>406,995</b>

21 Share capital

Details	Number of shares outstanding	Ordinary shares (FRW'000)	Total (FRW '000)
At 1 Jan 2018	120,000	1,200,742	1,200,742
Capital contribution	46,864	467,898	467,898
<b>At 31 December 2018</b>	<b>166,864</b>	<b>1,688,640</b>	<b>1,688,640</b>
At 1 January 2019	166,864	1,688,640	1,688,640
Capital contribution	37,253	372,535	372,535
<b>At 31 December 2019</b>	<b>204,117</b>	<b>2,041,175</b>	<b>2,041,175</b>

The total authorized number of ordinary shares is 204,117 (2018: 166,864), with a par value of FRW 10,000 share (2018: FRW 10,000 per share). All issued shares are fully paid. There is one class of ordinary shares. All shares issued carry equal voting rights





Notes (continued)

22 Financial Assets at amortised cost

	2019	2018
	FRW'000	FRW'000
Government Bonds	260,626	-
Accrued Interest	5,039	-
	<u>265,665</u>	<u>-</u>

23 Investment property

	2019	2018
	FRW'000	FRW'000
Investment property	261,325	-
	<u>261,325</u>	<u>-</u>

The company has purchase a house registered under UPI no.1/02/07/01/447, located at Kamuhire Village, Kamatamu Cell, Kacyiru Sector, Gasabo District.

24 Leases

	2019	2018
	FRW'000	FRW'000
24.a Right of use asset	48,398	-
	<u>48,398</u>	<u>-</u>
24.b Lease Liabilities	53,121	-
	<u>53,121</u>	<u>-</u>

25 Contingent liabilities and capital commitments

As at 31 December 2019, the company has a commitment to pay Frw 278,675,436 to KAKIZA Winnie resulting from the purchase of property registered under UPI no.01/02/07/01/477. As per agreement the payment shall be made after execution of the transfer of property in the name of Mayfair Insurance Company Rwanda Limited



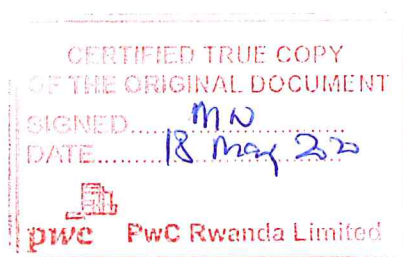
**Notes (continued)**

**26 Related party transactions**

The ultimate controlling party and immediate parent of the Company is Mayfair Insurance Company Ltd, incorporated in Kenya. There are other companies/individuals that are related to Mayfair insurance Company Rwanda limited through common directorships and shareholding.

The following transactions were carried out with related parties:

	2019 FRW'000	2018 FRW'000
(a) <b>Directors remuneration</b>		
Directors' fees and allowances	45,975	20,080
(b) <b>Key management remuneration</b>		
Salaries and wages	276,834	229,234
(c) <b>Transactions with related parties</b>		
Premiums paid	1,963	464
Premiums received on short term insurance policies	353	464
(d) <b>Due to related parties</b>		
Mayfair Insurance Company (Kenya) Limited	23,297	23,297
(e) Capital contributions in the year are disclosed in the statement of changes in Equity.		



**Notes (continued)**

**27 Management of insurance and financial risk**

The Company's activities expose it to a variety of risks, including insurance risk, financial risk (credit risk, market risk and liquidity risk) and the effects of changes in property values. The Company's overall risk management program focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximize return within an acceptable level of interest rate risk. This section summarizes the way the Company manages key risks:

**(a) Insurance risk**

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large portfolio of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The following tables disclose the concentration of insurance risk by the class of business in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amounts of the sum insured (gross and net of reinsurance) arising from insurance contracts:

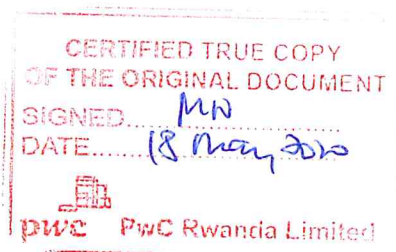


Notes (continued)

27 Management of insurance and financial risk (continued)  
Insurance risk (continued)

Year 2019

		FRW 250m- FRW 1000m	Above FRW 1000m	Total
		FRW 000	FRW 000	FRW 000
Motor	Gross	16,844,472		16,844,472
	Net	1,651,344		1,651,344
Fire	Gross	-	1,239,835,256	1,239,835,256
	Net	-	84,716,641	84,716,641
Engineering	Gross	231,996,864		231,996,864
	Net	24,342,446		24,342,446
Liabilities	Gross	56,289,095		56,289,095
	Net	28,585,600		28,585,600
Marine	Gross	192,530,643		192,530,643
	Net	27,146,012		27,146,012
Bonds	Gross	15,723,300		15,723,300
	Net	1,269,236		1,269,236
Other	Gross	73,091,357		73,091,357
	Net	34,132,037		34,132,037
<b>Total</b>	<b>Gross</b>	<b>586,475,731</b>	<b>1,239,835,256</b>	<b>1,826,310,987</b>
	<b>Net</b>	<b>117,126,675</b>	<b>84,716,641</b>	<b>201,843,316</b>





Notes (continued)

27 Management of insurance and financial risk (continued)  
Insurance risk (continued)

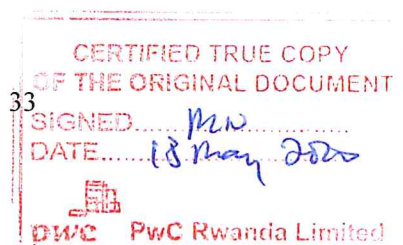
Year 2018

		FRW 250m- FRW 1000m	Above FRW 1000m	Total
		FRW 000	FRW 000	FRW 000
Motor	Gross	21,362,224	-	21,362,224
	Net	19,977,223	-	19,977,223
Fire	Gross	706,238,002	-	706,238,002
	Net	30,298,337	-	30,298,337
Engineering	Gross	69,240,190	-	69,240,190
	Net	11,685,480	-	11,685,480
Liabilities	Gross	27,773,516	-	27,773,516
	Net	13,500,987	-	13,500,987
	Gross	57,258,541	-	57,258,541
Marine	Net	7,649,082	-	7,649,082
Bonds	Gross	2,773,321	-	2,773,321
	Net	291,582	-	291,582
Other	Gross	22,642,220	-	22,642,220
	Net	12,524,449	-	12,524,449
<b>Total</b>	<b>Gross</b>	<b>907,288,014</b>	<b>-</b>	<b>907,288,014</b>
	<b>Net</b>	<b>95,927,140</b>	<b>-</b>	<b>95,927,140</b>

(b) Financial risk

The company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the company does not hedge any risks.

The Company manages financial risks through policies approved by the Board of Directors (BOD) which is mandated to achieve long-term investment returns in excess of the Company's obligations under insurance contracts. The principal technique is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of business, a separate portfolio of assets is maintained.





**Notes (continued)**

**27 Management of insurance and financial risk (continued)**

**(b) Financial risk (continued)**

**Market risk**

**(i) Foreign exchange risk**

The Company carries out cross-border business transactions, which exposes it to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company does not deem this exposure as being significant and manages it through holding USD denominated bank accounts and immediate settlement.

As at the year ended 31 December 2019, the company had the following assets denominated in foreign currencies:

(a) Bank balance of USD 138,565

As at the year ended 31 December 2019, the company had the following liabilities denominated in foreign currencies:

(a) Creditors arising out of reinsurance USD 94,007

At 31 December 2019, if the Rwanda Franc had weakened/strengthened by 5% against the US dollar with all other variables held constant, pre-tax profit for the period would have been FRW 6,395,626 (2018: FRW 1,775,517) higher/lower mainly as a result of US dollar denominated bank balances.

At 31 December 2019, if the Rwanda Franc had weakened/strengthened by 5% against the USD with all other variables held constant, pre-tax profit for the year would have been Frw 4,336,153 (2018: FRW3,456,789) higher/lower mainly as a result of USD denominated liabilities

**(ii) Price risk**

The Company did not hold any financial instruments subject to price risk as at 31 December 2018 and 2019.

**(iii) Cash flow and fair value interest rate risk**

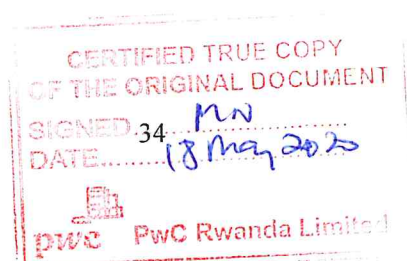
The Company has placed fixed deposits with banks in Rwanda which are at fixed interest rates. The company is therefore exposed to interest rate risk and has no exposure on cash flow interest rate risk.

**(iv) Credit risk**

The Company had exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the Company is exposed to credit risk is only receivables arising out of direct insurance arrangements;

Other areas where credit risk arises include cash and cash equivalents, and deposits with banks and other receivables.

The Company has no significant concentrations of credit risk. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.



Notes (continued)

27. Management of Insurance of Financial Risk (continued)  
Credit risk (continued)

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Compliance and Risk committee makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the on-going monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk committee.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2019 is made up as follows:

	2019 FRW'000	2018 FRW'000
Receivables arising out of direct insurance arrangements	119,203	505,103
Other assets	45,126	38,150
Deposits with financial institutions	2,056,647	1,399,731
Cash at bank	357,622	177,643
	<b>2,578,598</b>	<b>2,120,627</b>

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

None of the above assets are past due or impaired except Receivables arising out of direct insurance arrangements (which are due on inception of insurance cover):

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables arising out of direct insurance arrangements. The expected loss rates are based on the payment profiles of premiums over a period of 24 months from 1 January and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at 31 December 2019 and 1 January 2019 (on adoption of IFRS 9) all the receivables were individually assessed.



27 Management of Insurance of Financial Risk (continued)

**Notes (continued)**

**Credit risk (continued)**

	Receivables arising out of direct insurance arrangements	
	2019	2018
	FRW '000	FRW '000
Neither past due nor impaired	119,203	209,769
Past due but not impaired	-	295,334
Impaired	-	9,471
Gross	119,203	514,574
Less: Expected credit loss	-	(9,471)
Net	119,203	505,103

Receivables are written off when 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 90 days past due.

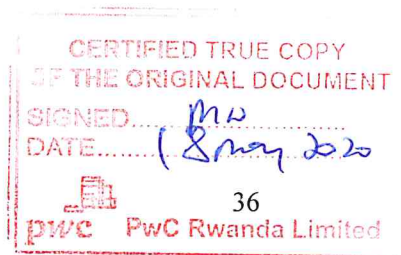
Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Company is exposed to daily calls on its available cash for claims and policyholder's benefits settlement and administration expenses. The company's investment mix considers the likely cash calls to settle its claims and policyholder's benefits settlement.

The board has developed a risk management framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.






Notes (continued)

27 Management of Insurance of Financial Risk (continued)

Credit risk (continued)

The table below presents the undiscounted cash flows payable by the Company at the balance sheet date

	0 - 3 months	3 - 12 months	TOTAL
	FRW'000	FRW'000	FRW '000
<b>At 31 December 2019:</b>			
<b>Liabilities</b>			
Insurance contract liabilities	205,036	-	205,036
Creditors arising from reinsurance arrangements	-	763,587	763,587
Other payables	227,578	-	227,578
	<u>432,614</u>	<u>763,587</u>	<u>1,196,201</u>
	0 - 3 months	3 - 12 months	TOTAL
	FRW'000	FRW'000	FRW '000
<b>At 31 December 2018:</b>			
<b>Liabilities</b>			
Insurance contract liabilities	122,102	-	122,102
Creditors arising from reinsurance arrangements	-	406,995	406,995
Other payables	198,741	-	198,741
	<u>320,843</u>	<u>406,995</u>	<u>727,838</u>

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OF THE ORIGINAL DOCUMENT  
SIGNED *Mr*  
DATE *18 May 2020*  
 PwC PwC Rwanda Limited

**Notes (continued)**

**(d) Capital management and going concern**

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

- To comply with the capital and regulatory solvency requirements as set out in Regulation No. 2310/2018 on licensing requirements and other requirements for carrying out insurance business and the related regulations and directives (together "insurance regulations");
- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to its policyholders; and
- To price insurance and investment contracts commensurately with the level of risk.

Insurance regulations require each insurance Company to hold the minimum level of paid up capital as follows:

- General insurance business companies FRW 1,500 million and
- General insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of FRW 500million or 20% of the net premium income during the preceding financial year.

Capital adequacy and solvency margin are monitored regularly by the Board of Directors. The required information is filed with the National Bank of Rwanda on a monthly basis.

The Company's paid up Capital at the end of 2019 and 2018 are presented on note 21. The table below summarizes the solvency margin of the Company at 31 December 2019 and 2018.

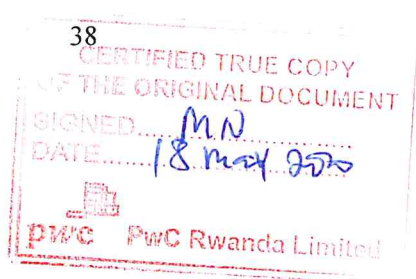
	2019	2018
	FRW 000	FRW 000
Admitted assets	3,458,246	2,372,071
Admitted liabilities	(2,769,218)	(1,779,125)
Solvency margin	689,028	592,946
Required margin	500,000	500,000
<b>Excess</b>	<b>189,028</b>	<b>92,946</b>
	<b>137.81%</b>	<b>118.59%</b>

**(e) Fair value estimation**

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value:

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

Valuation techniques includes net present value, discounted cash flow models, and comparison with similar instruments for which market observable inputs exist.





**Notes (continued)**

**(e) Fair value estimation (continued)**

Assumptions and inputs used in valuation techniques includes risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected prices volatilities and correlations.

**Fair value versus carrying amount**

The fair values of the Company's financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Company at the balance sheet date.

**Fair value hierarchy**

<b>31 December 2019</b>	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	357,622	357,622	-	-
Deposits placed with financial institutions	2,322,312	2,322,312	-	-
Receivables arising out of direct insurance arrangements	119,203	-	119,203	-
Deferred acquisition costs	147,782	-	147,782	-
Other assets	45,126	-	45,126	-
Reinsurance assets	923,134	-	923,134	-
<b>LIABILITIES</b>				
Insurance contract liabilities	1,568,120	-	1,568,120	-
Other payables	227,578	-	227,578	-
Creditors arising from reinsurance arrangements	763,587	-	763,587	-
<b>31 December 2018</b>	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	177,643	177,643	-	-
Deposits placed with financial institutions	1,399,731	1,399,731	-	-
Receivables arising out of direct insurance arrangements	505,103	-	505,103	-
Deferred acquisition costs	105,612	-	105,612	-
Other assets	40,176	-	40,176	-
Reinsurance assets	569,245	-	569,245	-
<b>LIABILITIES</b>				
Insurance contract liabilities	1,066,718	-	1,066,718	-
Other payables	198,741	-	198,741	-
Creditors arising from reinsurance arrangements	406,995	-	406,995	-



## Notes (continued)

### 28 Critical accounting estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Estimation of reported claims

The estimation of future contractual cash flows in relation to reported losses is the non-life insurance business' most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. Case estimates are computed on the basis of the best information available at the time the records for the year are closed. As at 31 December, the actuary recommended an additional Frw 45 million of reserve to cater for any reserve inadequacies. 2018 nil.

#### Lease

Upon adoption of IFRS 16, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use asset

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. Leases that do not transfer to the company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

The company has used the existing lease agreement whose maturity is 26 April 2021, if a different lease term was to be taken assuming the extension of the lease term by additional 5 years, the company would recognize right of use asset amounting to Frw 158.6 million and lease liability of Frw 172.2 million in its balance sheet, and depreciation of right of use asset of Frw 25 million and Frw 31.4 million of interest expense on lease liability in its statement of comprehensive income. This would have impact its profit before tax by Frw 7.6 million

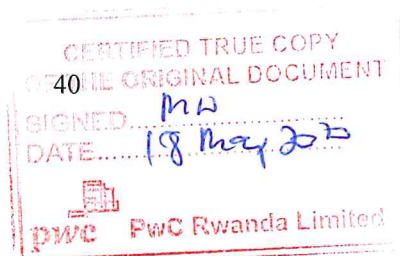
### 29 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except for investment properties and available for sale financial assets, which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 28.





**Notes (continued)**

**29 Significant accounting policies (continued)**  
**Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Law No17/2018 of 13/04/2018 Governing Companies.

The financial statements are approved and authorised for issue by the Board of Directors after obtaining the necessary regulatory approval. The Board of Directors reserves the right to amend or withdraw the financial statements.

**a) Changes in accounting policies and disclosures**  
**New and amended standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation — Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures — Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 — 2017 Cycle
- Plan Amendment, Curtailment or Settlement — Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

**IFRS 16: Leases**

The Company had to change its accounting policies as a result of adopting IFRS 16. The Company elected to adopt the new rules by measuring the right-of-use assets equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application. Comparatives for the 2018 financial year have not been restated

The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 31 December 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 31 December 2019 was 17.61%, which is the average lending rate of commercial banks in Rwanda as per the National Bank of Rwanda's lending rate interest rate structure report as at 31 December 2019.

- i. Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying of a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019
- 



**Notes (continued)**

**29 Significant accounting policies (continued)**

**Changes in accounting policies and disclosures**

**New and amended standards adopted by the Company**

**IFRS 16 (Continued)**

accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease

i. ii. **Measurement of lease liabilities**

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 31 December 2019.

The weighted average incremental borrowing rate applied to the lease liabilities on 31 December 2019 was 17.61% which is average lending rate of banks in Rwanda as per the National Bank of Rwanda's lending rate interest rate structure report June 2019 as explained in the previous paragraphs

iii. iv. **Measurement of right of use assets**

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any paid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2019.

v. vi. **Adjustments recognised in the balance sheet on 31 December 2019**

The change in accounting policy affected the following items in the balance sheet on 31 December 2019:

- Right of use asset FRW 48,397,812
- Deferred tax the current year movement increased by Frw 4,202,955
- Lease liabilities Frw. FRW 53,120,704
- There was no impact on opening retained earnings on 1 January 2019

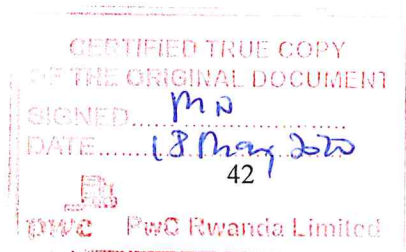
vii. viii. **Lessee accounting**

The Company did not need to make any adjustments to the accounting for assets held as lessee under operating leases as a result of the adoption of IFRS 16.

1. **Amounts recognised in the statement of financial position**

The statement of financial position shows the following amounts relating to leases:

	2019 FRW'000	2018 FRW'000
Right-of-use assets		
Buildings	48,398	-
Lease liabilities		
Non – current	53,121	-





Notes (continued)

**29 Significant accounting policies (continued)**  
**Changes in accounting policies and disclosures**  
**New and amended standards adopted by the Company**  
IFRS 16 (Continued)

2. Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2019 FRW '000	2018 FRW '000
Depreciation charge of right-of-use assets		
Buildings	36,298	-
Interest expense	12,476	-
Expense related to short term leases	-	-
Expense related to leases of low value assets	-	-

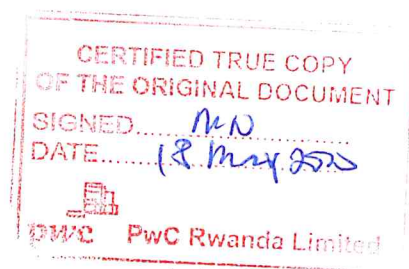
The total cash outflow in 2019 was FRW 44,051,362

3. The company's leasing activities and how these are accounted for  
The company leases office space in various parts of Kigali. Rental contracts are typically made for fixed periods of 1 to 4 years with the option for extension or termination. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.  
Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Until the 2019 financial year, leases of office space were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.





**Notes (continued)**

**29 Significant accounting policies (continued)**  
**Changes in accounting policies and disclosures**  
**New and amended standards adopted by the Company**  
**IFRS 16 (Continued)**

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic company environment with similar terms, security and conditions

In the absence of the Company's previous borrowing experience, the National Bank of Rwanda's lending rate has been applied in the discounting of future cashflows

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**4. Extension and termination options**

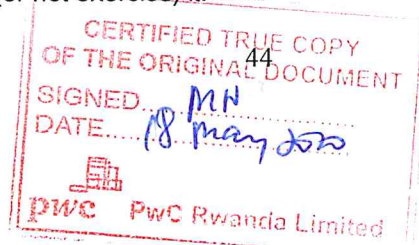
Extension and termination options are included in a number of property leases across the company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management have assumed renewal options and assumed an extension period with the same terms of 5 years for each of the in-force lease agreements

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
  - If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
  - Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
  - Management are of the view that probability of incurring termination penalties is very low due to the fact that the National Bank of Rwanda requires notice of not less than 3 months and that also customers need to be informed of any change in address with a reasonable time. Based on the notice required, notice required by the lessor would be reasonably served.
- The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it.



**Notes (continued)**

**29 Significant accounting policies (continued)**

**Changes in accounting policies and disclosures (Continued)**

**New and amended standards adopted by the Company (Continued)**

**IFRS 16 (Continued)**

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of Frw 53,121 and Frw 48,398 respectively

**New standards and interpretations not yet adopted by the company**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below:

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Annual periods beginning on or after 1 January 2020)

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:

*"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*

Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform. Annual periods beginning on or after 1 January 2020 (early adoption is permitted)

**IFRS 17 Insurance contracts**

IFRS 17, 'Insurance contracts', Annual periods beginning on or after 1 January 2021

Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17. (published May 2017)

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds.





**Notes (continued)**

**29 Significant accounting policies (continued)**  
**Changes in accounting policies and disclosures (Continued)**  
**New standards and interpretations not yet adopted by the company (Continued)**

An entity shall apply IFRS 17 Insurance Contracts to:

- (a) insurance contracts, including reinsurance contracts, it issues;
- (b) reinsurance contracts it holds; and
- (c) investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

IFRS 17 requires an entity that issues industry contracts to report them on the statement of financial position as the total of:

- (a) the fulfilment cash flows - the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and
- (b) the contractual service margin - the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the Company expects to recognise in the future

IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected. IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates

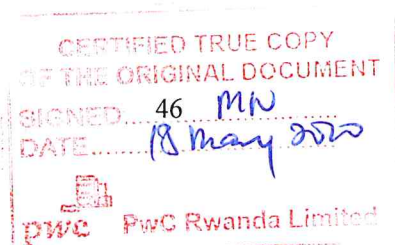
The entity:

- (a) accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; and
- (b) chooses where to present the effects of some changes in discount rates—either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the Company faces from issuing insurance contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January 2022. An entity shall apply the standard retrospectively unless impracticable. A Company can choose to apply IFRS 17 before that date, but only if it also applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The Company is assessing the potential impact on the financial statements arising from these changes.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



**Notes (continued)**

**29 Significant accounting policies (continued)**

**b) Insurance contract**

**Classification**

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

**Recognition and measurement**

These contracts are casualty, property and short-duration life insurance contracts.

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Short-duration life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).





**Notes (continued)**

**29 Significant accounting policies (continued)**

**Deferred acquisition costs**

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts. For property, casualty and short-duration life insurance contracts, DAC is amortised over the terms of the policies as premium is earned.

The resulting change to the carrying value of the DAC is charged to profit or loss.

**Liability adequacy test**

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

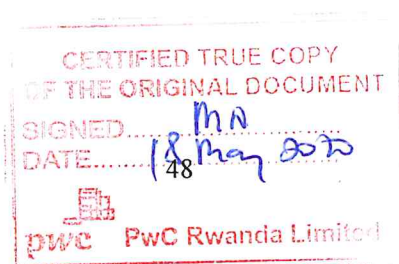
**Reinsurance contracts held**

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortised over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets





**Notes (continued)**

**29 Significant accounting policies (continued)**

**Provision for claims**

Comprises claims incurred by the policyholder and reported to the insurance company, and IBNR claims. The Company uses the most reliable technique to estimate the ultimate cost of claims including IBNR provision. Claims expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. The claims provision includes an estimated portion of the direct expenses of the claims and assessment charges

**Incurred but not reported (IBNR)**

The company allocates from the net written premiums the provision that will meet the total estimated costs that may result from events that have occurred before the end of the financial period but were not reported to the company with that period. The company ensure that sufficient provision is made but at all instances is not lower than 15% of the estimated amount of outstanding claims at the end of the last preceding year as required by the National Bank of Rwanda regulations.

**Gross benefits and claims**

Gross claims for insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared. Changes in the gross valuation of insurance contract liabilities are also included. Death claims are recorded on the basis of notifications received. General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

**Additional reserve for unexpired risk**

Unexpired Risk Reserve is a prospective assessment of the amount that needs to be set aside in order to provide for the claims and expenses which will emerge from unexpired risks and which is over and above the unearned premium reserve pertaining to the same risks as the same valuation date.

The company recognizes additional reserve for unexpired risks when there is an indication that recognized unearned premium is not adequate to cover the unexpired risks at the reporting date

**Receivables and payables related to insurance contracts**

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets.

**Salvage and subrogation reimbursements**

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).



**29 Significant accounting policies (continued)**  
**Salvage and subrogation reimbursements (continued)**

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party

**(c) Motor vehicle and equipment**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the difference between the cost and residual value of the asset and is charged over the estimated useful life of each significant part of an item of equipment, using the reducing balance method of depreciation.

Depreciation is calculated using the straight line method to write down their cost over their estimated useful lives, as follows

Property	4 years
Motor vehicles	4 years
Computers	2 years
Furniture, fixtures and office equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in the profit and loss account.

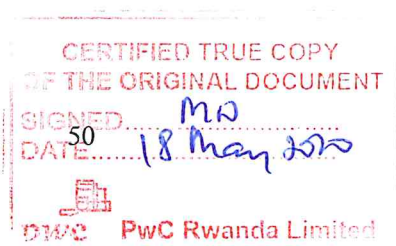
**(d) Revenue recognition**

**(i) Insurance premium revenue**

Gross premiums on insurance contracts are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Gross Premiums exclude value added tax and any other foreign indirect taxes. Premiums are accounted for as income when the risk related to the insurance policy incepts and are spread over the risk period of the contract by using an unearned premium provision. This also includes premiums received in terms of inward reinsurance arrangements.



**Notes (continued)**

**29 Significant accounting policies (continued)**

**(d) Revenue recognition (continued)**

**(ii) Commissions receivable**

Commissions receivable are recognized as income in the period in which they are earned.

**(iii) Interest income**

Interest income for all interest-bearing financial instruments is recognised within 'investment income' in the statement of comprehensive income using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

**(iv) Dividend income**

Dividend income for equities is recognised when the right to receive payment is established.

**Financial assets**

**Classification**

The Company classifies its financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Financial asset at Amortised cost**

	2019 FRW	2018 FRW
Cash and cash equivalents	357,622	177,642
Deposits placed with financial institutions	2,056,647	1,399,731
Financial assets at amortised cost	265,665	-
	<b>2,679,934</b>	<b>1,577,373</b>

**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.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus and subsequently at amortised cost.





**Notes (continued)**

**29 Significant accounting policies (continued)**

**Debt instruments**

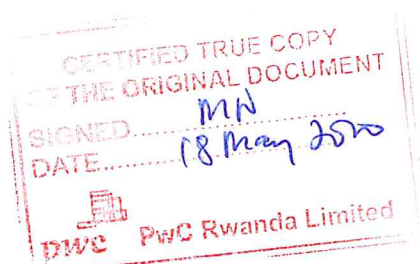
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented within operating and other expenses the statement of profit or loss.

**Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables arising from direct and reinsurance arrangements, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.





**Notes (continued)**

**29 Significant accounting policies (continued)**

**(f) Financial liabilities**

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

As at the balance sheet date, the company had the following financial liabilities measured at amortised cost:

	2019	2018
	Frw	Frw
Other payables	227,578	198,740
Creditors arising from reinsurance arrangements	763,587	406,994
	<b>991,165</b>	<b>605,734</b>

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

**Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**(g) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**Notes (continued)**

**29 Significant accounting policies (continued)**

**(h) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwanda Francs which is the Company's functional currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income'.

**(i) Share capital**

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

**(j) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

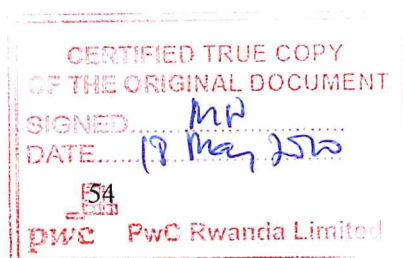
**(k) Employee benefit expense**

**(i) Retirement benefit obligations**

The company and all its employees contribute to the Social Security Fund of Rwanda, which is a defined contribution scheme. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The company's contributions to the Social Security Fund of Rwanda are charged to the statement of comprehensive income in the year to which they relate.

**(ii) Other entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the year-end date is recognised as an expense accrual.





**Notes (continued)**

**29 Significant accounting policies (continued)**

**(l) Current and deferred income tax**

Income tax expense is the aggregate of the charge to statement of comprehensive income in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with Rwanda tax laws.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the 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 nor loss, it is not accounted for.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

**m) Intangible assets**

Intangible assets relate to 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 over their estimated useful lives which does not exceed 10 years on a straight line basis.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

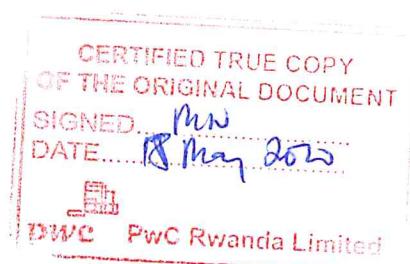
Computer software development costs recognised as assets are amortised over their estimated useful lives.

**(n) Investment property**

The company accounts for an asset as investment property, any property which is land, a building (or a part of it), or both, held for the purposes of earning rentals; capital appreciation; or both.

Investment property is recognized when it is probable that the future economic benefits that are associated with the property will flow to the company, and the cost of the property can be reliably measured.

Investment property is initially measured at cost, including transaction costs and subsequently measured using Cost model i.e after initial cost, the asset is measured at cost less accumulated depreciation and less accumulated impairment losses.



**Notes (continued)**

**Significant accounting policies (continued)**

**(o) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**(p) Dividends**

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared

**(q) Subsequent events**

Subsequent to 31 December 2019, there has been a global pandemic due to the spread of Covid 19 that has seen the Government of Rwanda in the month of March 2020 taking strict containment measures including closing of international commercial flights and restriction of non-essential local movements.

These measures are likely to have a broader macro-economic impact in the country for the rest of 2020. The pandemic is not expected to have a significant impact on the operations of the insurer since it operates in an industry that was granted permission to continue providing services during the lockdown period.

The directors of Mayfair Insurance have assessed the impact of the pandemic and concluded that it is a non-adjusting event on the following grounds which meets the requirements for IAS 10:

- Until the reporting date of 31 December 2019 very little was known about the virus with no reported case in Rwanda being Mayfair's primary operating environment.
- With information not being available there was no possible estimate as at the reporting date.

The directors have assessed the impact of COVID 19 and are of the view that the pandemic will have an impact on its profitability, but it won't have an impact on the company's going concern, due to:

- The entity has a solvency buffer of 35% above the regulatory minimum as at 31 March 2020.
- The entity has a liquid assets of Frw 236 million which management is of the view is sufficient to meet claims cover of 3 months in as much as claims for the property insurance runs (does not offer medical cover) at 31 Mar 2020

— End —





**Supplementary information**

**Appendices**

**Appendix (i) – Liquidity Ratio 2019**

**Current assets & liabilities**

	2019		2019
Current Assets	FRW '000	Current Liabilities	FRW '000
Cash paid as security	13,337	Outstanding claims	138,988
Other assets	170	Unearned Premium Reserve	1,363,084
Trade debtors	119,203	Tax payable	31,944
Fixed deposit	2,056,647	Other liabilities	107,524
Prepayments	14,333	Reinsurance liabilities	763,587
Cash and bank balances	357,622	Commission payable	64,813
Deferred acquisition costs	147,782	Due to Related party	23,297
Withholding tax receivable	17,287	Incurred but not reported claims	66,048
Reinsurance asset	923,134		
	<b>3,649,515</b>		<b>2,559,285</b>

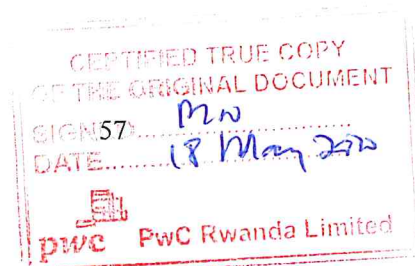
**Liquidity ratio** **143%**

**Appendix (i) – Liquidity Ratio 2018**

**Current assets & liabilities**

	2018		2018
Current Assets	FRW '000	Current Liabilities	FRW '000
Cash paid as security	11,274	Outstanding claims	111,047
Other assets	10,462	Unearned Premium Reserve	944,616
Trade debtors	505,103	Tax payable	26,195
Fixed deposit	1,399,731	Other liabilities	56,796
Prepayments	8,326	Reinsurance liabilities	406,995
Cash and bank balances	177,643	Commission payable	92,453
Deferred acquisition costs	105,612	Due to Related party	23,297
Withholding tax receivable	10,115	Incurred but not reported claims	11,055
Reinsurance asset	569,245		
	<b>2,797,511</b>		<b>1,672,454</b>

**Liquidity ratio** **167%**



Mayfair Insurance Company Rwanda Limited  
Supplementary information  
For the year ended 31 December 2019

Supplementary information (continued)

Appendix 2 – Revenue account (31 Dec 2019)

	Motor	Fire	Engineering	Liabilities	Marine	Bonds	Others	Total 2019
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
Gross premium written	725,753	811,143	246,594	112,512	242,455	256,884	417,867	2,813,208
Less: Ceded Premium	(131,463)	(748,171)	(212,809)	(48,529)	(188,665)	(236,363)	(311,050)	(1,877,050)
<b>Net premium written</b>	<b>594,290</b>	<b>62,972</b>	<b>33,785</b>	<b>63,983</b>	<b>53,790</b>	<b>20,522</b>	<b>106,817</b>	<b>936,158</b>
Decrease or Increase in UPR	(22,351)	(21,546)	4,888	1,553	(19,784)	(10,777)	(10,232)	(78,248)
<b>Net earned premium</b>	<b>571,939</b>	<b>41,426</b>	<b>38,673</b>	<b>65,536</b>	<b>34,006</b>	<b>9,745</b>	<b>96,585</b>	<b>857,910</b>
Commission Income	-	193,391	56,918	5,234	39,280	71,667	84,014	450,505
Administration and other fees	10,820	2,009	1,105	304	840	1,220	803	17,102
<b>Net Income</b>	<b>582,760</b>	<b>236,826</b>	<b>96,696</b>	<b>71,075</b>	<b>74,126</b>	<b>82,632</b>	<b>181,403</b>	<b>1,325,517</b>
Gross claims paid	467,441	15,515	160	4,263	6,617	-	13,596	507,592
Reinsurance/co-insurance cover	(239,801)	(44,037)	(7,392)	-	(5,793)	(15,570)	(7,677)	(320,271)
Claims outstanding, start of year	(108,837)	(160)	-	-	(50)	-	(2,000)	(111,047)
Claims outstanding, End of year	61,024	47,291	504	9,160	4,435	15,000	1,575	138,988
Movement in IBNR	28,970	503	18,518	-	1,472	4,962	567	54,992
<b>Net insurance claims incurred</b>	<b>208,797</b>	<b>19,112</b>	<b>11,790</b>	<b>13,424</b>	<b>6,680</b>	<b>4,391</b>	<b>6,061</b>	<b>270,255</b>
<b>Expenses</b>								
Acquisition cost	77,663	123,847	29,777	12,249	12,516	24,711	43,122	323,885
Deferred Acquisition Cost	(8,476)	(32,146)	13,305	1,072	246	(13,356)	(2,816)	(42,171)
Expenses of management	421,279	132,036	31,287	25,655	41,493	45,213	63,944	760,906
<b>Total Expenses</b>	<b>490,465</b>	<b>223,737</b>	<b>74,369</b>	<b>38,976</b>	<b>54,255</b>	<b>56,568</b>	<b>104,250</b>	<b>1,042,620</b>
<b>Underwriting profit (Loss)</b>	<b>(116,503)</b>	<b>(6,023)</b>	<b>10,537</b>	<b>18,675</b>	<b>13,191</b>	<b>21,672</b>	<b>71,091</b>	<b>12,641</b>

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Mayfair insurance Company Rwanda Limited  
Supplementary information  
For the year ended 31 December 2019  
Supplementary information (continued)

Appendix 2 – Revenue account (31 Dec 2018)

	Motor	Fire	Engineering	Liabilities	Marine	Bonds	Others	Total 2018
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
Gross premium written	606,716	528,596	260,664	107,261	151,124	77,294	94,750	1,826,405
Less: Ceded Premium	(12,276)	(508,707)	(229,409)	(47,870)	(126,619)	(66,515)	(49,099)	(1,040,495)
<b>Net premium written</b>	<b>594,440</b>	<b>19,888</b>	<b>31,255</b>	<b>59,391</b>	<b>24,505</b>	<b>10,779</b>	<b>45,651</b>	<b>785,910</b>
Decrease or increase in UPR	(129,279)	24,126	(17,858)	(11,993)	(2,186)	7,269	(12,886)	(142,807)
<b>Net earned premium</b>	<b>465,161</b>	<b>44,015</b>	<b>13,397</b>	<b>47,399</b>	<b>22,321</b>	<b>18,048</b>	<b>32,765</b>	<b>643,103</b>
Commission Income	-	107,962	51,903	7,290	24,196	21,616	15,363	228,331
Administration and other fees	6,376	1,633	420	390	474	502	442	10,237
<b>Net income</b>	<b>471,537</b>	<b>153,610</b>	<b>65,720</b>	<b>55,079</b>	<b>46,991</b>	<b>40,166</b>	<b>48,571</b>	<b>881,672</b>
Gross claims paid	250,431	21,743	532	-	1,792	1,000	1,062	276,560
Reinsurance/co-insurance cover	(113,108)	(14,570)	-	-	(1,634)	-	(10)	(129,322)
Claims outstanding, start of year	(36,358)	-	-	-	-	-	-	(36,358)
Claims outstanding, End of year	108,837	160	-	-	50	-	2,000	111,047
Movement in IBNR	5,436	12	-	-	4	-	150	5,602
<b>Net insurance claims incurred</b>	<b>215,238</b>	<b>7,345</b>	<b>532</b>	<b>-</b>	<b>212</b>	<b>1,000</b>	<b>3,202</b>	<b>227,529</b>
<b>Expenses</b>								
Acquisition cost	59,864	47,113	40,412	12,981	4,977	7,345	5,359	178,051
Deferred Acquisition Cost	(13,945)	1,147	(25,409)	(3,387)	(1,219)	850	(1,815)	(43,778)
Expenses of management	457,550	43,295	13,177	46,623	21,955	17,753	34,612	634,965
<b>Total Expenses</b>	<b>503,467</b>	<b>91,555</b>	<b>28,180</b>	<b>56,217</b>	<b>25,713</b>	<b>25,948</b>	<b>38,156</b>	<b>769,238</b>
<b>Underwriting profit/(Loss)</b>	<b>(247,168)</b>	<b>54,710</b>	<b>37,007</b>	<b>(1,139)</b>	<b>21,065</b>	<b>13,219</b>	<b>7,213</b>	<b>(115,095)</b>

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Mayfair Insurance Company Rwanda Limited  
Supplementary information  
For the year ended 31 December 2019  
**Supplementary information (continued)**

**Appendix (iii) – Calculation of solvency margin**

Required Solvency Margin	Amount FRWs)	(in'000'
1. Gross premium less reinsurance ceded last preceding year	785,910	
2. Solvency Margin Required: 20% of I.1 or FRW 500 million whichever is greater	500,000	
<b>Compliance with Solvency Margin</b>		
3. Total Assets	4,411,103	
4. Less: Non-Admitted Assets as per II.A.7	331,170	
5. Less: Deductions for assets subject to maximum admissible % as per II. B.5	621,517	
6. Admitted Assets I.3 less I.4 and I.5	3,458,331	
7. Less Admitted Liabilities as per III. C.3	2,769,218	
8. Solvency Margin Available (I.6 less I.7)	689,028	
9. Excess or Deficiency of solvency required (I. 8 less I. 2)	189,028	
10. Solvency Coverage Ratio (I.8 divided by I. 2)	137.81%	

**II.A. Non-Admitted Assets**

PARTICULARS	Amount FRWs)	(in'000'
1. Intangible assets	152,768	
2. Exposures (Loans & Investments) to connected persons	-	
3. Loans to insurance intermediaries overdue for more than 6 months	-	
4. Reinsurance receivable overdue for more than 6 months	-	
5. Loans and other receivables overdue for more than 6 months	-	
6. Deferred expenses, deferred taxes and prepayments	178,572	
7. Total Non-Admitted Assets (add II.A.1 to 6)	331,340	

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**Appendices (continued)**  
**Appendix (iii) – Calculation of solvency margin (continued)**

**II.B Deductions for Assets Subject to Maximum Admissible Percentages**

PARTICULARS	Amount (in '000') "A"	Maximum admissible % "B"	Deductions "A- (A*B)"
1. Investment in equities-listed	-	90%	-
Investment in equities-unlisted	-	70%	-
2. Investments in debt securities	-	70%	-
3. Investments in properties	261,325	80%	52,265
Receivables from reinsurers which are not overdue	-	90%	-
4. (a) All other assets (Total assets less II.A.7 and II.B.A 1,2,3)	3,818,608		
Less:			
(-) Cash	146		
(-) Deposit Balances	2,414,124		
(-) Government securities	265,665		
(b) All other assets subject to maximum %	1,138,504	50%	569,252
5. Total Deductions (add II.B 1,2,3 and 4b)			621,517

**III.C. Admitted Liabilities**

PARTICULARS	Amount on B/Sheet "A"	Additional percentage factor "B"	Admitted liabilities "A + A * B"
1. Technical Provisions	1,568,120	10%	1,724,932
-Unearned premium	1,363,084	10%	1,499,392
-Unexpired risk	-	10%	-
-Outstanding claims	138,988	10%	152,887
-IBNR	66,048	10%	72,653
2. All other liabilities (Total liabilities less Technical Provisions)	1,044,286	0%	1,044,286
3. Total Admitted Liabilities			2,769,218

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