



MAYFAIR

I N S U R A N C E

You are in safe hands

Integrated Annual Report

December - 2022

MAYFAIR INSURANCE COMPANY RWANDA LTD



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ABBREVIATION

MICR: Mayfair Insurance Company
Rwanda Ltd

NBR: National Bank of Rwanda

GWP: Gross Written Premium

NEP: Net Earned Premium

HR: Human Resources

RDB: Rwanda Development Board

PAR: Plant All Risks

CRI: Collateral Indemnity Insurance

OCR: Outstanding Claims Reserve.

UPR: Unearned Premium Reserve.

BCL: Basic Chain-Ladder Method.

BF: Bornhuetter-Ferguson Method

IBNR: Incurred but Not Reported

IEUR: Initial Expected Ultimate Loss Ratio.

RSSB: Rwanda social security board

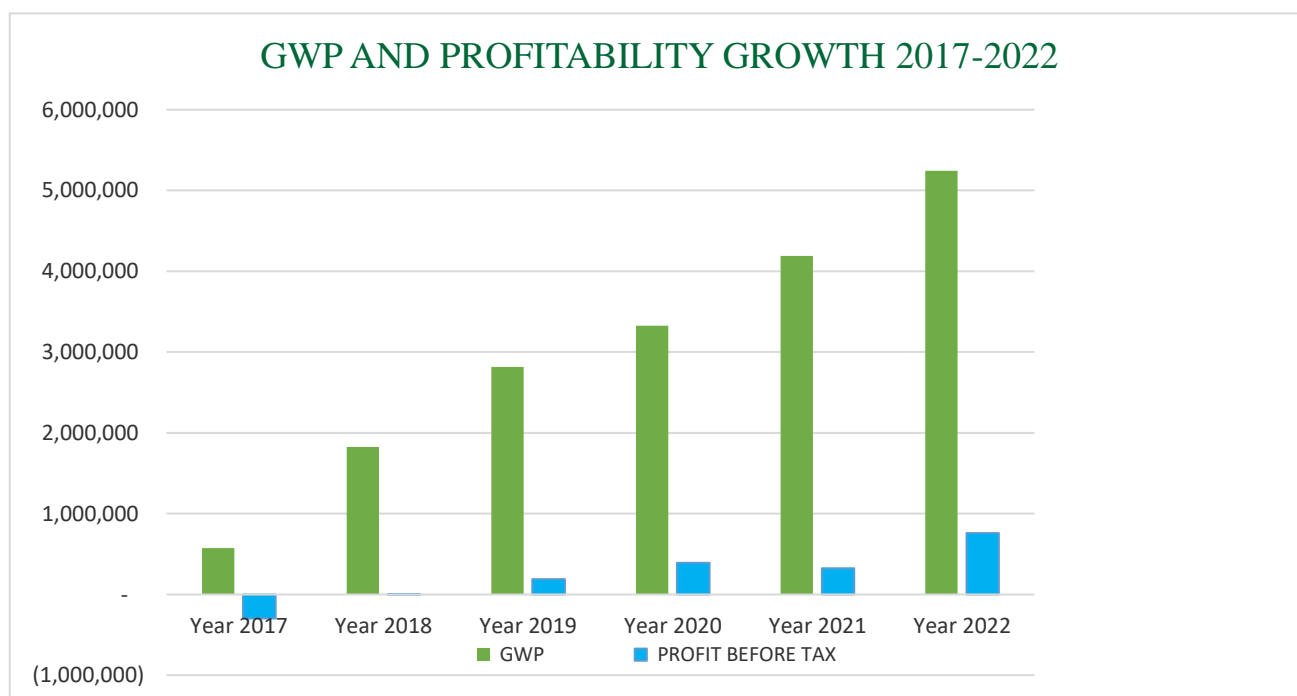
MMI: Military medical Insurance

REPORTS HIGHLIGHTS

Key Figures for 2022

127% Increase in Net Profit compared to 2021	Net Profit: Frw 514M
32.29% increase in Underwritten Policies	13,055 Accumulated Underwritten Policies in 2022 against 9,868 in 2021
Gross Written Premiums: Frw 5.25 Bln	Gross Earned Premiums: Frw 5.09 Bln
Net Earned Premium: Frw 2.283 Bln	Net Claims Incurred: Frw 606,663 M
Total Asset: Frw 9.061 Bln	Net Asset: Frw 3.751 Bln

Growth of GWP and Profit /Loss before taxes 2017 -2022



CHAIRMAN'S STATEMENT



FOREWORD

I take pleasure in presenting to you the consolidated annual report and financial statements of Mayfair Insurance Company Rwanda Ltd for the year ended 31st December 2022.

I am especially pleased to note that the results highlight a successful year. A key driver behind the financial success was our strategy. These results demonstrate that we are in the right market, with the right strategy, a right leadership in place to deliver consistent value to our stakeholders.

BUSINESS ENVIRONMENT

The year under review was a year where the global economy entered a weaker growth momentum, mainly threatened by persistent effects from COVID-19 and the current Russia-Ukraine crisis that worsened global economic hardships. This resulted in reduced spending due to decreasing income levels and restrained investing as a result of the great uncertainty into the future. According to our regulator, our industry remained resilient; the general insurance business, which is the line of our business, remained the largest business line accounting around 77.1% of the total industry premiums while life insurance represented 22.9% of the total industry premiums. This signifies the importance of our business in driving the economy of Rwanda. The Insurance Industry stability greatly improved in the year with total assets as reported by NBR increasing by 17%.

FINANCIAL RESULTS

2022 is the sixth consecutive year, the company has recorded growth of income and profitability. Despite persistent effects from COVID-19, the current Russia-Ukraine war and stiff competition in our market, the Company achieved Frw 5.245BN in GWP, a growth of 25% from the previous year 2021, a Profit Before Tax of Frw 758.938M and Profit after Tax of Frw 514.033M which represent a significant growth of 134% and 127% for profit before and after tax respectively.

OUTLOOK AND STRATEGY

We remain confident that the Company will sustain the growth momentum even despite the challenging global crisis of Russia / Ukraine war that is now being felt across the globe and the COVID-19 crisis which is yet to be fully won as businesses and individuals continue to grapple with the post effects. We however remain focused to the implementation of our five years strategic plan 2020-2024 and to continue innovating our products and re-engineering our processes so as to remain competitive in the marketplace. Our leadership team remain the critical driver of our strategy and Mayfair Insurance Company Rwanda Limited will endeavour to recruit highly qualified and professional staff, who are continually trained to acquire appropriate skills in order to cope with the dynamic business environment.

APPRECIATION

On behalf of the Board of Directors, I acknowledge with appreciation the support and cooperation of our shareholders. I appreciate each and every Board Director for their devoted leadership which has steered Mayfair Insurance Company Rwanda in the desired direction. We are deeply touched and indebted to our esteemed clients who have continued to patronise and support us in this journey.

I would also like to extend the board's appreciation to the management and staff for their loyalty, dedication and commitment to our company's vision to remain a *'reliable and innovative Pan-African financial services leader'*.

Long life to our company.

BYUSA HANGU Alphonse

Chairman of the Board of Director

MANAGING DIRECTOR'S STATEMENT



PERFORMANCE

2022 has been another successful year for Mayfair Insurance Company Rwanda Ltd. The Company has achieved good performance in all facets of its operations. The premiums written, underwriting income, cash flow, investments, profitability, and asset base, among other indicators registered commendable growth in the year. This good performance was driven by many factors among them focused marketing aligned to the select distribution channels, better intermediary relationships, maintenance of an optimal business mix, proactive investments portfolio management and improved service delivery to our customers.

FINANCIAL RESULTS

Despite the persistent COVID-19 effect and Russia-Ukraine war, where the global and national economies were almost at their knees, experiencing big businesses disruption, job losses, lack of liquidity and drastic drop of purchasing power of insurance customers. I am pleased to report that Mayfair Insurance company Rwanda Ltd achieved a good performance with a Gross written premium (GWP) of Frw 5.245Bn and Net Earned Premium (NEP) of Frw 2.283Bn. Our GWP increased by 25% and underwriting income by 446% in 2022. Our assets grew by 18% in 2022 and the company realized positive retained earnings of Frw 740 million.

HUMAN CAPITAL, PROCESSES & TECHNOLOGY

An organization is only as good as its human resource. We have maintained our strength and continue to invest in our people and emerging technology to make insurance simpler and more accessible by our customers. We also continued to inspire strong confidence among our customers, intermediaries and investors as the most reliable general insurance company in Rwanda. Transformation of both our internal processes and staff attitude have remained our key strength over the last year as we sought new ways to serve a new generation of customers whose expectations and lifestyles are being influenced by market trends.

With our emphasis on human resources development and open workspace, we have been able to instill collaboration and connection which encourages experimentation, teamwork and self-initiative. We believe such a work culture will help us nurture a ready workforce that is agile and adaptive, with the right skills set and mindsets to meet the increased and changing demands of our customers today and tomorrow.

FUTURE OUTLOOK

The Company takes cognizance of the increased competitive environment and continues to implement appropriate strategies to enhance its growth and profitability.

We believe we have the right strategy to navigate through the inevitable challenges that lie ahead. Aggressive marketing in the selected markets, enhanced stakeholder relationships, improved customer service, innovations in products and processes to meet the changing customer needs and enhanced quality of service will remain our hallmark. As we move forward, we will continue to invest in digital solutions that will make it easier for our customers to understand and to buy insurance, and for our intermediaries to identify needs and to make the right recommendations.

Finally, I would like to extend my heartfelt gratitude to our customers, shareholders, Board of Directors and staff for having committed to and supported our initiative to become customer centered. I look forward to working with our people, intermediaries, regulators and other partners, in an onward journey to take Mayfair Insurance Company Rwanda Ltd to greater heights.

Thank you and God bless you.

MUHIMUZI Mugisha Daniel

Managing Director

CORPORATE GOVERNANCE STRUCTURE.

a) Board of Directors

Mayfair Insurance Company Rwanda Limited as a regulated financial institution has to adhere to the best practices of corporate governance. The shareholders nominate skilled and experienced directors of good calibre to oversee the management of the company. MICR board of directors performs annual self – assessment as per the requirement of the corporate governance regulation.

Below are MICR Board Members in 2022:



BYUSA HANGU ALPHONSE
Chairman of the Board of Director



Ambassador Benjamin Rugangazi
**Director and Chairperson of Executive
and Investment committee**



Anjay V. Patel
Director



Richard RWIHANDAGAZA
**Director and Chairperson of Risk
Management and Compliance committee**



Jessica IGOMA
**Director and Chairperson of Audit
and HR committee**



Dr. Shivon Byamukama
**Director and Chairperson of Underwriting
and Claims committee.**



Kamanzi Symphorien.
Director

b) Board committees

In line with best practices, MICR Board has in place various committees; and below are committees and their members:

COMMITTEES	MEMBERS
Underwriting and Claims	Dr. Shivon Byamukama, Chairperson Mr. Richard Rwihandagaza, Member Mr. Symphorien Kamanzi, Member
Audit and Human Resources	Mrs. Jessica Igoma, Chairperson Mr. Anjay Patel, Member Amb. Ben Rugangazi, Member
Executive, Investment and Strategy	Amb. Ben Rugangazi, Chairperson Mrs. Jessica Igoma, Member Mr. Richard Rwihandagaza, Member
Risk Management and Compliance	Mr. Richard Rwihandagaza, Chairperson Mrs. Jessica Igoma, Member Mr. Symphorien Kamanzi, Member

c) Senior Management

The senior Management is guided by the Managing Director and is responsible for the daily management and implementation of the board approved policies and strategic decisions.

Below are senior Management of MICR:



Daniel Mugisha MUHIMUZI

Managing Director



BENSON CHEGE KAMAU

General Manager



Joel NKEZABERA

Finance and Administration Manager



Ferdinand Rwirangira NGANJI

Underwriting and Reinsurance Manager



Emmanuel MBANJIMBERE

Risk and Compliance Manager

LEADERSHIP CHANGE JANUARY 2023

The board of directors of Mayfair Insurance company Rwanda Ltd appointed **Madam Jessica IGOMA** as new Managing Director in replacement of **Mr. Daniel MUGISHA MUHIMUZI** effective from 23rd January 2023.

INSURANCE SECTOR OUTLOOK 2022

According to NBR, the insurance sector is made up of a range of institutions that offer risk management in the form of insurance contracts and is classified into two broad Categories-Non-life insurance and Life business. The sector has also three special categories of insurance which Includes-Micro insurance, Captive insurance and Health Maintenance Organization (HMO). The Private insurance is composed of 14 insurance companies of which 9 offer non-life insurance products, 3 offer life insurance, 1 micro insurance business, 1 Captive Insurance and 1 Health maintenance Organization (Eden care). In addition to private insurers, the sector also consists of 2 public health insurers (RSSB Medical and MMI). In the field of intermediation, there are 14 active insurance brokers, 8 bancassurance agents, 1,544 Insurance agents and 26 loss adjusters as of December 2022.

Private insurance is dominated by non-life insurance which is short term in nature. Non- life or general insurance represented 77.1 percent of total premiums of private insurers and 43.6 percent of total insurance sector GWP. General insurance business largely consists of motor and medical insurance products with a combined share of 63 percent of total gross premiums, and 27 percent of total insurance industry. On the other hand, life insurance, a long-term category of insurance provides financial compensation of amount assured at the maturity or in case of the death of policyholder. Life Insurance business consists of ordinary life, traditional life, term, and credit life products. Ordinary life and credit protection dominated with 63 percent of gross premium collected by life insurers in December 2022.

Product Break down for non –life Insurance

Product Description (in Frw million)	Dec-21			Dec-22		
	GWP	Claims	Claims ratio	GWP	Claims	Claims ratio
Motor	37,857	21,170	63%	42,036	24,977	67%
Property	12,486	727	19%	15,099	822	17%
Medical	2,947	506	42%	3,401	913	83%
Liability	1,235	106	18%	1,381	326	50%

Transportation	2,139	1,069	74%	2,732	388	23%
Accident& Health	5,788	242	23%	9,034	359	23%
Engineering	3,818	910	58%	4,631	110	7%
Guarantee	22,947	13,989	76%	29,701	14,923	68%
Miscellaneous	6,077	316	36%	6,323	517	26%

Source: BNR, Financial stability directorate.

The growth momentum of the insurance sector continued. Total assets of the sub-sector increased by 17 percent to FRW 824 billion in December 2022 from FRW 701 billion in December 2021. All categories of insurers recorded a double-digit growth between December 2021 and December 2022 reflecting a higher return on investments income and retention of their profits made in the prior years.

Financial soundness of the insurance sector.

The insurance sector remained solvent and liquid during the year 2022. The solvency position remained above prudential requirement, private insurer's solvency ratio stood at 221 percent as at December 2022 compared to 142 percent in December 2021 and well above the regulatory minimum of 100 percent driven by increased quality of assets due to changes in investment mix of insurers.

Liquidity position of private insurers is improving, the liquidity ratio indicates the proportion of insurers' liquid assets available to cover their current liabilities. Liquidity ratio of private insurers stood at 98 percent in December 2022 below prudential requirement of 100 percent but an improvement from 94 percent in December 2021 due to increased investment in more liquid assets and improvement in assets liquid composition.

The underwriting loss for the private insurers reduced in the period which is a sign of reducing of insurance risk.

Premium receivables continued to increase which pose credit risk to insurance. As at December 2022, premium receivables represented 7.2 percent of private insurers' assets as at end December 2022, compared to 6.8 percent in December 2021

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Company Profile



Mayfair Insurance Company Rwanda Ltd

MAYFAIR INSURANCE COMPANY RWANDA LTD PROFILE.

Overview:

Mayfair Insurance Company Rwanda Limited (MICR) is an insurance company incorporated under the company code no 105307941 by Rwanda Development Board (RDB) on 2nd February 2016 and was licenced to operate general insurance business in Rwanda by the National Bank of Rwanda (NBR) on 5th May 2017.

The shareholding structure is as below:

SHAREHOLDERS	Percentage of shareholding
Mayfair Insurance Company ltd	40%
Andrea Ltd	17.5%
Gorajia Ravindra Hargovind	12.5%
Amb.Benjamin Rugangazi	10%
Anjay vithalbhai Patel	8.75%
Vishal Rajinderkumar Patel	8.75%
Daniel Mugisha Muhimuzi	2.5%
Total	100%

Vision


To be distinguished as a reliable and innovative Pan-African financial services leader.

Mission

To provide financial security through reliable and innovative insurance solutions.

Core Values

- Integrity
- Professionalism
- Reliability
- Respect

A low-angle photograph of a construction site under a clear blue sky. Two large yellow tower cranes are visible on the left, their jibs extending diagonally across the frame. To the right, a multi-story building is under construction, completely encased in a complex network of silver metal scaffolding. The building's facade is partially visible through the scaffolding. In the bottom right corner, there is a stylized geometric design consisting of overlapping green and grey triangles. The text 'COMPANY PRODUCTS' is written in white, bold, sans-serif capital letters across the green triangle on the left.

COMPANY PRODUCTS



MAYFAIR INSURANCE COMPANY RWANDA LTD

MAYFAIR INSURANCE COMPANY RWANDA LTD PRODUCTS

1. Motor Insurance (Private & Commercial)

By law, all motor vehicles on public roads should have at least a third-party insurance cover for injuries or death caused to third parties (this is commonly known as Act only). Beyond the statute provision, Mayfair Insurance Company Rwanda Ltd offers the following covers for motor vehicle owners: Comprehensive, motor Third party, theft, fire, & material damage.

2. Fire & allied perils

a) Fire & Special Perils Insurance

This policy covers the insured property against Fire, Lighting and Explosion. The policy is usually extended to cover extra perils of earthquake, volcanic eruption, storm, tempest flood, escape of water from any water tank, apparatus or pipes, impact by road vehicle or animal, riot, strike and civil commotion.

b) Industrial All Risks

This policy covers accidental physical loss or damage to the property insured including buildings, plant, Machinery, other contents, equipment and stock.

3. Engineering

a) Contractors all risks

These policies provide comprehensive and adequate protection against loss or damage in respect of contract works, construction plant and equipment or contractual machinery as well as for Third Party Liabilities in respect of property damage or bodily injury arising in connection with the execution of a Project.

b) Contractors Plant and Machinery Insurance

Covers fire, theft and external accidental damage to the insured plant excluding machinery breakdown. The Plant all Risks (PAR) insurance covers fire, theft and accidental external damages to the insured plant or machinery, excluding damage due to machinery breakdown.

c) Erection All Risks

Covers any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement. The Company will indemnify the Insured in respect of such loss or damage as hereinafter provided. The policy also covers accidental death or injury to third parties and third-party property damage.

d) Machinery Breakdown Insurance

This insurance is in respect of unforeseen or sudden damage to any machinery described in the schedule from any accidental cause:

- While in operation or at rest,
- Being dismantled for the purpose of cleaning inspection,
- Removal to another working position.

e) Deterioration of stock

Covers damage/deterioration of stock resulting from breakdown of cold room and other refrigerating equipment.

f) Computer and Electronic Equipment All Risks

This insurance is arranged on All Risks basis covering sudden and unforeseen losses resulting in material damage to the computers and electronic equipment.

4. Bond Insurance

This is a surety issued to a principal in respect of another, usually a surety guaranteeing the proper performance of that contractor in accordance with the terms of the contract agreement.

Some of the bonds available are:

Performance Bond

Advance Payment Bond

Bid/Proposal/tender Bond

Government Bond

Temporary Importation Bond

Customs Bond

Collateral Indemnity Insurance (CRI)

5. Money Insurance

This policy covers loss of money whilst money is in transit or in securely locked safe or strong room or in the personal custody of some top management staff. The safe itself may also be insured under this Policy.

6. Travel Insurance

Travel insurance covers medical expenses, trip cancellation, lost luggage, flight accident and other losses incurred while traveling, either internationally or domestically.

7. Aviation

This is the insurance of aircrafts. The major items usually covered by the insurance policy are:

- **Hull and machinery**
Including Spare parts
- **Passenger and public liabilities**
Including cover for Crew members.

8. Marine

a) Marine cargo

The marine cargo insurance provides cover for goods being shipped from one country to the other against maritime and other extraneous perils as usually spelt out in the policy.

b) Marine Hull Insurance

The marine hull insurance policy covers the vessel (ship) and her machinery against maritime and other extraneous perils clearly stated/defined in the policy.

c) Goods in Transit

This policy provides cover for loss or damage to goods whilst in transit by land, rail or inland water transport.

The policy also covers damage to the goods during:

Loading and unloading

While temporarily housed

d) Carrier's Legal Liability

Covers legal liability for accidental loss or damage to goods in custody or control of the insured whilst in transit by road or any other specified mode.

9. Group Personal Accident

The Group/Personal Accident Insurance cover is flexible and can be tailor-made to suit the insured's requirements. It is a 24 hours' worldwide cover arranged to provide compensation for Death, Permanent or Temporary Disablement, as well as medical, surgical and hospital expenses incurred as a result of an accident.

10. Public/Product Liability Insurance

The public liability policy is designed to cover the insured against legal liability to third parties for death, bodily injury or property damage arising out of the negligence of the insured's company or employees whilst engaged in the company's business.

11. Workmen's Compensation

The workmen's compensation insurance is designed to provide compensation to employees for injury, death or disease arising out of or in the cause of their employment.

12. Employers Liability/Common Law

Covers Employers Legal liability under common law for damages and claimants' costs and expenses of litigation. In addition, it pays all expenses incurred by the insured with the company's written consent.

13. Domestic Package

This insurance covers private dwelling house and household contents against fire and a wide range of other perils and liabilities.

14. Theft

Burglary and Housebreaking

This policy covers loss or damage to property following forcible and violent entry into and out of a building.

All Risks for mobile property

This policy covers loss or damage to portable items like mobile phones, laptops arising from all risks of accidental nature except for those excluded by the policy

Fidelity Guarantee Insurance

This policy covers the insured against the infidelity of their employees. Cover may be on named position or blanket basis.

15. Consequential Loss

This policy covers loss of profit following interruption of or interference with the business in consequence of damage occurring during the period of insurance arising from the insured perils.

16. Crop Insurance

This covers the shortfall of the yield in the unit area of Insurance of the Insured Crop caused by the Insured Perils. The Perils Insured include drought, excessive rainfall, pests and diseases, earthquake, volcanic eruption, fire, animals, insects, floods and any other peril not specifically excluded that may cause reduction in yield / quantity of the Insured crop.

17. Political Terrorism and Violence

Covers physical loss of property occurring during the period of insurance directly caused by act of terrorism and sabotage, malicious damage, political riots and strikes, civil commotion, invasion or act of foreign enemy, coup d'Etat, insurrection and war.



MARKETING & PROMOTION



MAYFAIR INSURANCE COMPANY RWANDA LTD

MARKETING AND PROMOTION

Mayfair Insurance Company Rwanda Ltd is six-years old in the Rwandan market and is anchored on the strong brand of the Parent Company based in Kenya. The parent Company has sustained a strong global financial credit rating of A+ (KE) issued by Global Credit Rating (GCR). Through the marketing and business development functions, we continue to roll out brand awareness campaigns and initiatives such as Radio Advertising, TV scripts, featuring in key magazines and billboards. We have had increased prominence in the social media space and website where we advertise our various products and create an avenue for our customers to engage with us. The Company also shares various branding merchandise such as calendars, notebooks, pens & T-shirts with our intermediaries.

To increase our nationwide outlook and visibility we co-brand our agency offices giving them the pseudo appearance of a Mayfair Branch. We shall continue to roll out various brand awareness initiatives in line with our marketing strategy in order to make the company dominant in the Rwanda market.

The below are marketing and brand awareness activity we have participated in the year 2022.

MERCEDES- BENZ FASHION WEEK SPONSORSHIP

The company took part and sponsored Mercedes- Benz Fashion Week held in Kigali on Friday, May 20th, 2022.

The event took place at Akagera Motors stand, Rwandex – Sonatube and Mayfair was the Golden sponsor and the company's brand was exhibited for Awareness and promotion.

The stakeholders that attended the Mercedes- Benz Fashion Week Cocktail include Sponsors, media partners, supporting sponsors, designers, Models, guests, and the entire organising team.



Mercedes-Benz Fashion Week KIGALI

VIP COCKTAIL RECEPTION

Friday, May, 20th 2022
at 06:00 pm

Location
**Akagera Motors,
Rwandex - Sonatube
KN 3 Road, Kicukiro, Kigali**

RSVP **+250788315727**



By Invite Only

@mbfwkigali #mbfwkigali

Main Partners



Event By



Supported By



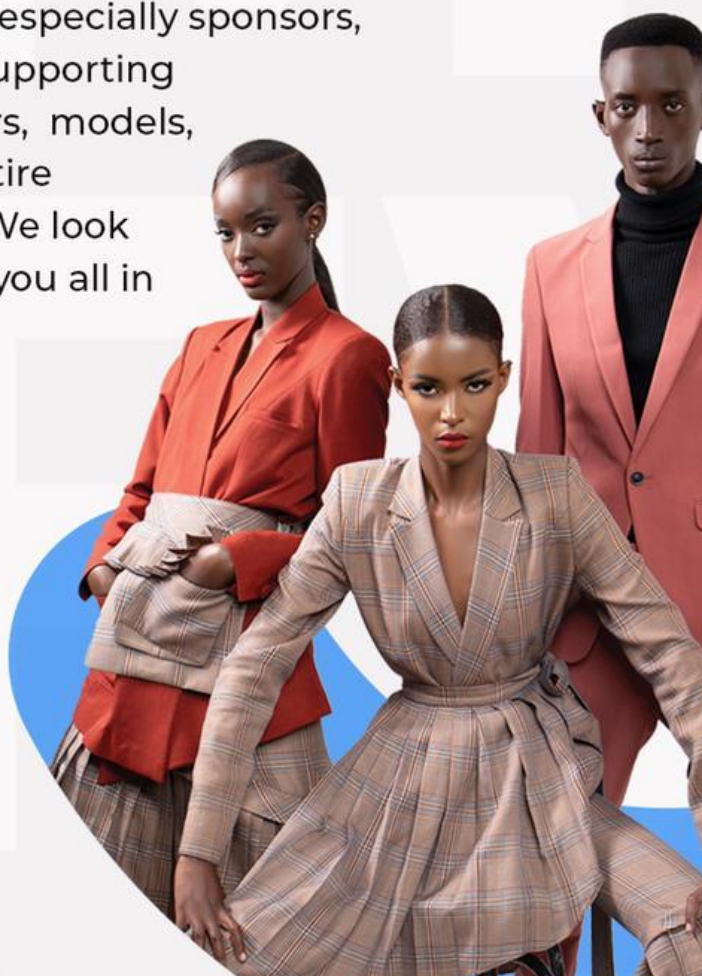
Media Partners





Mercedes-Benz Fashion Week KIGALI

We would like to express our profound gratitude to all our stakeholders for their continual support especially sponsors, media partners, supporting sponsors, designers, models, guests and the entire organizing team. We look forward to seeing you all in our 3rd edition.



CUSTOMER EXPERIENCE SURVEY

Mayfair Insurance Company Rwanda Ltd conducted a survey on its service delivery between the period from May to July 2022.

The purpose of the conducted survey was to collect information on the customers experiences as feedback of our services delivery effectiveness and receive improvement areas and/or recommendations.

The collection of information on customer service quality was collected using Questionnaire and the process was randomly and anonymously from customers who visited the company premises for any service.

The data collected emphasized on the quality of services offered by the company, and the average time of services rendered.

The company learned from survey to always strive to deliver exceptional services where a customer would strongly recommend us to a friend and is committed to conduct another survey in future to remain informed on its customers service delivery experiences.

A photograph of two men in business suits high-fiving each other. They are standing in front of a modern building with a glass facade. The man on the left is wearing a dark suit and glasses, while the man on the right is wearing a light-colored suit and a patterned tie. A large green diagonal shape overlays the bottom half of the image, containing the title and logo.

CORPORATE SOCIAL RESPONSIBILITY



MAYFAIR INSURANCE COMPANY RWANDA LTD

CORPORATE SOCIAL RESPONSIBILITY.

It is MICR's policy to give back to community through target programs as identified and evaluated by management. In 2022, MICR visited the Kigali Genocide Memorial of 1994 Tutsi genocide on 29th April 2022 and provided financial support to maintain the Memorial in good condition.

The company's management and staff were taken through the Rwandan bad history that led to 1994 Tutsi Genocide and were sensitized for unity and divisionism avoidance.

Staff also took time to remember the 1994 Tutsi genocide victims and were committed continue contribute to their country's construction.



Mayfair Insurance Company Rwanda's Staff paid tribute to 1994 Genocide victims.



The Mayfair Insurance Company's financial contribution to the 1994 Tutsi Genocide Memorial



Mayfair Insurance Company's staff were taken through the Rwandan history that led to the 1994 Tutsi Genocide.



FINANCIAL STRENGTH & PROVISIONING POLICY



MAYFAIR INSURANCE COMPANY RWANDA LTD

FINANCIAL STRENGTH AND PROVISIONING POLICY

Capital Adequacy

The company capital adequacy is a sign that the Company is in a position to settle its liabilities at any time and is capable of paying claims as quick as possible. Since the inception of the company in 2017, the capital adequacy has continued to grow in line with the growing top line. The audited accounts for 2022 indicate a solvency margin ratio of 295.8% against the minimum 100% required by the regulator. In year 2021, the company recorded a solvency margin of 253.9%. The increase of 41.9% is the result of the company policy and strategies of ensuring that the premium collected is invested in quality assets such as term deposit in banks and government bonds.

To maintain this trend, the company will continue to monitor inherent risk that may erode the capital adequacy and proactively manage the Insurance, Credit and Market risks.

Investment status

Mayfair Insurance Company Rwanda Ltd has in place an Investment Policy approved by the board of directors. The main objective of the Policy is to ensure that the rate of return on the invested assets are at least within or above the industry average rate of return and the risk of credit is minimised.

Investment Portfolio as at 31st December 2022 was as follows:

Category	Class	Amount in Frw "000"
Government bonds	Fixed Interest	1,402,647
Term Deposits	Fixed Interest	3,826,544
Investment in properties	Non- fixed income	620,300
Total		5,849,491

Technical Provisions

Technical provisions are the reserves an insurance company constitutes to ensure the fulfilment of future obligations. Technical provisions are mainly made of outstanding claims reserve (OCR)

and Unearned Premium Reserve (UPR).

To ensure the adequacy of reporting and in compliance with regulatory requirement, the company hired an independent external actuary (Zamara actuarial) to review and confirm the technical provisions of the company.

Outstanding claims reserve.

Outstanding claims reserve comprises the claims reported but not yet paid, claims incurred but not yet reported and claims related expenses.

In calculating the claims outstanding current estimate, an insurer shall take into account all future payments related to claims incurred as at the valuation date which are not limited to:

- Claims reported but not yet paid
- Claims incurred but not reported
- Claims related expenses

Normally, the prescribed methodologies in the determination of the outstanding claims reserve (OCR) are as follows:

- Case Estimated method –Using the sum of case estimate as at the valuation date.
- Average cost per claims method- using the average cost of claims incurred.
- Other methods recognised by the best practice.

We selected the most appropriate methodology depending on the volume of data in each class of business and in line with the best practice.

The method - used for the projection of claims valuation were:

- The basic Chain-Ladder Method (BCL),
- The Bornhuetter- Ferguson Method (BF) and,
- The loss ratio method dependent on the class of business projected.

With BCL, development factors were calculated using the last seven years of data by accident period. Ultimate development factor was calculated for each of the development period. Link ratios were excluded if they were deemed to be outliers.

Ultimate development factors were applied to the paid data per accident period and an ultimate claims amount for each accident period was calculated. The future incurred but not reported claims were allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date were then subtracted from the total future claims to give the resulting IBNR figures per accident period.

The BF method is an extension of the BCL Method as the incremental and ultimate development factors calculated (in accordance with the BCL method) form a critical component of a reserve estimate determined using the BF method.

The BF method is used on more recent accident years (depending on the volume of data available) since the estimates produced using the BCL for these accident years cannot necessarily be relied upon with a sufficient degree of confidence. The BF method is a weighted average approach that uses an assumed loss ratio, termed the Initial Expected Ultimate Loss Ratio (IEUR) in combination with the original BCL Projection.

Premium Liabilities.

The Gross UPR was calculated using a time apportionment basis, in particular, the 365th days method. This implicitly assumes that the risk profile of the business is spread evenly over the year.



FINANCIAL REPORT



MAYFAIR INSURANCE COMPANY RWANDA LTD

FINANCIAL REPORT FOR 2022.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022.

AUDITED (FIGURES IN FRW "000")

	Dec-22	Dec-21
Gross Premium	5,245,701	4,190,142
Change in unearned premium	(154,605)	26,994
Gross earned premium	5,091,096	4,217,136
Less: Premium ceded to reinsurers	(3,359,627)	(2,830,082)
Net premium revenue	1,731,469	1,387,054
Add: commission earned	1,033,184	634,081
Less: commission paid	(480,947)	(405,175)
Net Earned Premium revenue	2,283,706	1,615,960
Gross claims paid	1,288,520	657,168
Less: Amount recoverable from reinsurers	(834,249)	(325,872)
Change in outstanding claims	82,436	132,518
Change in reserve for Incurred but not reported claims (IBNR)	69,956	29,242
Net claims incurred	606,663	493,057
Management expenses	(1,485,367)	(1,178,233)
Net underwriting profit /(loss)	191,676	(55,329)
Investment income	485,606	330,215
Other income	81,656	48,930
Profit before income tax	758,938	323,815
Income tax expenses	244,905	97,486
Net Profit for the period	514,033	226,329

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022.

AUDITED (FIGURES IN FRW "000")

	Dec-22	Dec-21
Non -current assets:		
Property and equipment	76,574	21,152
Intangible assets- WIP	217,078	244,213
Right of use asset	36,933	66,589
Investment in Properties	620,300	601,400
Financial assets- at amortized cost	1,402,647	886,506
Total non -current assets	2,353,532	1,819,861
Current assets:		
Premium Receivables	427,938	381,713
Reinsurance Receivables	1,953,592	1,661,322
Other receivables	141,830	70,077
Deferred tax assets	30,456	30,118
Deferred acquisition costs	221,014	181,149
Financial assets- Term deposits	3,826,544	3,100,375
Cash and Bank balances	107,007	431,685
Total Currents assets	6,708,381	5,856,439
TOTAL ASSETS	9,061,913	7,676,299
EQUITY AND LIABILITIES		
EQUITY		
Share capital	3,011,296	3,011,296
Retained earnings/accumulated losses	226,329	71,031
Capitalization of retained earning	-	(71,030)
Profit/Loss for the year	514,033	226,329
Total Equity	3,751,659	3,237,626
Liabilities		
Technical Provisions:		
Outstanding Claims/Claims Payable	649,609	689,149
Provision for Incurred but not Reported claims (IBNR)	263,431	153,041
Provision for Unearned premium	2,352,170	1,823,792
Total of Technical Provision	3,265,209	2,665,982
Other Liabilities		
Reinsurance Payable	913,039	967,910
Commission Payable	269,566	245,781
Due to Related parties	22,985	24,835
Lease Liability	42,726	69,692
Other payables and Accruals	796,729	464,474
Total Liabilities	5,310,254	4,438,673
Total Equity and Liabilities	9,061,913	7,676,299

STATEMENT OF CHANGE IN EQUITY AS AT 31 DECEMBER 2022
AUDITED (FIGURES IN FRW "000")

	Share capital FRW '000	Accumulated losses FRW '000	Total FRW '000
Year ended 31 December 2021			
At start of year	2,418,355	71,031	2,489,386
Total comprehensive income for the year	-	(71,030)	(71,030)
Transaction with owners;			
Capital contribution	592,941	226,329	819,270
At end of year	3,011,296	226,330	3,237,626
Period ended 31 December 2022			
At start of year	3,011,296	226,330	3,237,626
Capitalization of retained earning			-
Total comprehensive income for the period	-	514,033	514,033
Transaction with owners;			
Capital contribution		-	
At end of the period	3,011,296	740,363	3,751,659

STATEMENT OF CASHFLOW AS AT 31 DECEMBER 2022.

AUDITED (FIGURES IN FRW "000")

	Dec-22	Dec-21
Profit before income tax	758,938	323,815
Adjustments		
Depreciation charge on equipment	41,082	24,219
Amortisation of intangible asset	27,135	27,135
Depreciation of right of use an asset	54,148	39,519
Interest income on term deposits	(420,344)	(278,977)
Expected credit loss on receivables	23,110	2,548
Impairment of deposit in financial institutions	2,446	4,819
Interest on lease liability	9,952	8,698
Unrealized foreign exchange gain	(7,478)	(2,103)
Revaluation gain on investment property	(18,900)	(2,953)
Amortisation of government bonds at premium	(3,086)	5,137
Adjusted profit before income tax	467,003	151,855
Working capital changes:		
Receivables arising out of direct insurance arrangements	(69,335)	(14,766)
Deferred acquisition costs	13,776	(53,642)
Reinsurance asset	(292,270)	(573,673)
Other assets	(71,753)	(14,107)
Unearned premium reserve	528,378	367,545
Insurance contract liabilities	70,849	340,894
Deferred commission income	(114,128)	90,908
Other payables	220,121	128,295
Creditors arising from reinsurance arrangements	(3,239)	293,776
Cash outflows from operating activities	749,402	717,084
Interest income received	406,910	211,160
Interest paid on lease liabilities	(9,952)	(8,698)
Tax paid	(96,116)	(162,667)
Net cash outflows from operating activities	1,050,244	756,879
Cash flows from investing activities		
Deposits Purchased/Reinvested with financial institutions	(5,688,470)	(4,251,601)
Matured deposits with financial institutions	4,963,604	3,515,576
Investment in held to Maturity Financial assets	(509,572)	(392,925)
Investment in Property	-	(58,447)
Purchase of fixed assets	(96,504)	(21,532)
Intangible additions	-	(37,132)
Net cash outflows from investing activities	(1,330,943)	(1,246,061)
Financing activities:		
Increase in share capital	-	521,911
Payment of principal portion of lease liability	(53,268)	(37,576)
Net cash inflows from financing activities	(53,268)	484,334
Net cash inflows for the period	(333,967)	(4,848)
Unrealized foreign exchange gain	7,478	2,103
Cash and cash equivalent opening	431,685	434,430
Cash and cash equivalent closing	105,196	431,685

OTHER DISCLOSURES

AUDITED (FIGURES IN FRW "000")

ITEM	Amount/Ratio Dec-22	Dec-21
A. Solvency Coverage		
1. Solvency Required	500,000	500,000
2. Admitted Assets	7,064,008	5,975,009
3. Admitted Liabilities	5,584,927	4,705,271
4. Solvency Available	1,479,081	1,269,737
5. Solvency Surplus	979,081	769,737
6. Solvency Coverage ratio	295.8%	253.9%
B. Capital strength		
1. TAC (Total Available Capital)	3,010,814	2,651,465
2. RCR(Risk Based Capital Required)	3,000,000	1,367,847
3. CAR (Capital Adequacy ratio)	100%	194%
C. Earnings Risks		
1. Claims Ratio	36%	36%
2. Management expenses ratio	86%	85%
3. Underwriting Expenses Ratio	-32%	-17%
4. Combined ratio	90%	104%
D. INVESTMENT EXPOSURE		
1. Investment exposure	None	None
2. Earning assets ratio	65%	60%
3. Investment Property ratio	7%	8%
4. Equity assets ratio	None	None
E. Liquidity risk		
1. Liquidity ratio (LCL)	102%	100%
F. Exposure to related parties		
1. Loans to Directors and Senior Management	None	None

2. Loans to employees /staff	None	3,175
3. Loans to subsidiaries and affiliates	None	None
4. Loan to shareholders/holding company	None	None
5. Investment in related Parties	None	None
G. Operational risk		
Number and types of fraud and their corresponding amount	None	None
H. Business Composition		
1. Number of policyholders per branch	5,366	4,493
2. Number of policies in force per branch	13,055	9,868
I. Management and board composition		
1. Number of Board members (independent and non independent)	6	7
Independent	3	4
Non-independent	3	3
2. Number of Board committees	4	3
3. Number of senior management staff by gender		
Male	5	5
Female	-	-
J. staff		
1. Total number of non-managerial staff by gender		
Male	11	9
Female	7	5
K. Insurance intermediaries		
1. Number of insurance agents	45	41
2. Number of loss adjusters/assessors	6	6
L.Branches		
1. Number of branches by Province including Kigali		
Kigali	1	1

PRODUCT PERFORMANCE

AUDITED (FIGURES IN FRW "000")

Product type	Gross premium written (1)	Ceded Premium (2)	Net premium written (3)	Change in unearned premium (4)	Net earned premium (5) (3-4)	Net commission income or expenses (6)	Net claims incurred (7)	Management expenses (8)	Technical profit/loss (9) (5-6-7-8)
Engineering Insurance	547,464	456,867	90,597	21,031	69,566	(103,340)	(1,851)	160,335	14,421
Marine Insurance	332,023	150,046	181,977	9,932	172,046	(2,937)	120,690	42,677	11,616
Liability Insurance	289,893	132,804	157,089	33,659	123,429	565	11,605	76,993	34,267
Motor Insurance	1,013,114	(30,236)	1,043,350	55,359	987,991	99,121	384,862	481,844	22,165
Personal Accident	174,404	93,329	81,075	3,103	77,973	(16,134)	4,167	77,756	12,184
Workmen's Compensation	19,776	(1,172)	20,948	2,676	18,272	1,904	616	7,871	7,881
Theft Insurance	429,711	398,943	30,769	447	30,322	(53,547)	10,028	54,597	19,243
Fire Insurance	1,533,646	1,354,912	178,734	10,437	168,298	(255,453)	21,078	375,118	27,554
Agricultural Insurance	419,017	398,066	20,951	317	20,634	(90,202)	2,421	80,422	27,993
Bond (Miscellaneous) Insurance	486,653	406,069	80,584	17,778	62,806	(131,826)	53,047	127,754	13,832
Aviation Insurance	-	-	134	-	134	(387)	-	-	521
Total	5,245,701	3,359,627	1,886,208	154,738	1,731,469	(552,237)	606,663	1,485,367	191,676

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