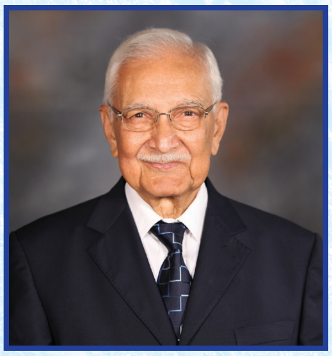
contents

KENINDIA

KENINDIA

company information

Registered Office	Kenindia House Loita Street P O Box 44372 Nairobi GPO 00100 Kenya	
Website	www.kenindia.com	
Email	kenindia@kenindia.com	
Subsidiaries	Kenya Pravack Limited Kenindia Asset Management Company Limited Tanzindia Assurance Company Limited	
Board of Directors	Mr M N Mehta	(Retired on 19.09.2022) (Alternate Mr Hemnabh Ranvir Khatau. ceased as alternate on 19.09.2022)
	Dr M P Chandaria, OBE, EBS	Chairman (Elected as chair on 20.09.2022) (Alternate Mr Bijal Sunilkumar Chandaria)
	Mr.Leon N Nyachae	Director
	Mr S Tripathy	Director
	Mr M R Kumar	Director
	Mr Devesh Srivastava	Director
	Dr P M Kingori	Director
	Mrs Elizabeth Musyoka	Director
	Mr P V S Rao	Director (Appointed 26.09.2022)
	Mr B S Sharma	Managing Director
Company Secretary	Adili Corporate Services Kenya ALN House Eldama Ravine Close, Off Eldama Ravine Road Nairobi	
Independent Auditor	Grant Thornton LLP Certified Public Accountants (Kenya) 5th Floor, Avocado Towers Muthithi Road, Westlands P. O. Box 46986-00100 Nairobi	
Management Team		
	Mr B S Sharma	Managing Director/Principal Officer
	Mr James K Macharia	Chief Operating Officer
	Mr Mohan Jha	General Manager, Finance/Financial Controller
	Dr. Kabali Arivalagan	General Manager, Operations
	Mr Uthup Joseph	General Manager, Life



M. N. Mehta
(Retired on 19.09.2023)

Dr M. P. Chandaria
Chairman
(Elected as Chairman
on 20.09.2022)

M. R. Kumar
Director

Devesh Srivastava
Director

Satyajit Tripathy
Director

L. Nyachae
Director

Dr. Patricia M. King'ori
Director

Elizabeth M. Musyoka
Director

B. S. Sharma
Managing Director

P. V. S. Rao
Director

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that pursuant to the Companies Act, No. 17 of 2015, the Forty-Third Annual General Meeting of the Company will be held in a hybrid format via electronic communication (ZOOM) on 22 June 2023 at the Registered Office of the Company, Kenindia House, 12th Floor, Loita Street, Nairobi at 12.30 p.m. to transact the business detailed below.

Audited financial statements for the year ended 31 December 2022 have been e-mailed to shareholders. Shareholders will be able to follow the meeting and vote electronically in the manner detailed in the notes below. Shareholders are requested to send their questions in respect of the items in the agenda at least 48 hours before the meeting to Ms Phoebe Macharia of Adili Corporate Services Kenya, Company Secretaries. e-mail: Phoebe.Macharia@adili.africa with the subject "Kenindia Assurance Company Limited – 2023 Annual General Meeting."

ORDINARY BUSINESS

1 To read the notice convening the meeting.
2 To receive the proxy forms and confirm the presence of a quorum.
3 To consider and if thought fit, adopt the audited financial statements for the year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon.
4 To declare a dividend.
The Directors recommend a final dividend of KShs 5.00 per share for the year ended 31 December 2022.
5 To approve Directors' fees.
6 To re-elect the Directors of the Company:
(a) Dr Patricia Muthoni Kingori, retires by rotation in accordance with Article 93 of the Company's Articles of Association and, being eligible, offers herself for re-election;
(b) Mr Pamidimukkala V S Rao, having been appointed as a Director on 26 September 2022, retires in accordance with Article 97 of the Company's Articles of Association and, being eligible, offers himself for re-election.
7 To appoint an Auditor
Messrs. Grant Thornton LLP have expressed their willingness to continue as auditors of the Company. The Directors recommend that they be re-appointed as the auditors in terms of the Insurance Act (Cap 487) and in accordance with the Companies Act 2015 and that the Directors be authorized to fix their remuneration.

SPECIAL BUSINESS

8 To receive an update on raising of additional capital by way of a rights issue.

By Order of the Board

Phoebe Macharia
Adili Corporate Services Kenya—the Company Secretary
31 May 2023

NOTES FOR ZOOM MEETING:

1. The Zoom meeting invite will be sent to all shareholders via email. If the invite is not received within 24 hours to the meeting kindly reach out to us via e-mail Phoebe.Macharia@adili.africa
2. Financial Statements for the year ended 31 December 2022, Notice for the Annual General Meeting and proxy form are also available on the Company's Website.
3. Shareholders are requested to submit their questions with respect to items on the agenda 48 hours to the meeting by e-mail to Ms Phoebe Macharia of Adili Corporate Services Kenya, the Company Secretary, at least 48 hours before the meeting e-mail: Phoebe.Macharia@adili.africa with the subject "Kenindia Assurance Company Limited – 2023 Annual General Meeting."
4. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form, which can be printed and e-mailed to Ms Phoebe Macharia of Adili Corporate Services Kenya or deposited at the Registered Office of the Company at least 24 hours before the time appointed for the meeting to be valid, is attached separately.
5. Corporate Members are requested to appoint representatives by completing and signing the letter of representation to reach the Registered Office not less than 24 hours before the time appointed for holding the meeting or adjourned meeting. Letters of Representation are being sent separately to corporate members.

On behalf of the Board of Directors of Kenindia Assurance Company Limited, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company for the year ended 31st December 2022.
This report reflects our Company's continued dedication and commitment to achieving our strategic goals and delivering value to our customers, shareholders, and other stakeholders.

OVERVIEW OF THE ECONOMY

Kenya's economy grew by 5.9% in 2022 compared to a resurgent 7.5% in 2021; driven by a decline in domestic and external demand caused by lower income and by an increase in food and fuel import costs and lower economic activity across sectors.

Some of the key sectors that supported growth were accommodation & food services, financial and insurance and information and communication, while agricultural activity and manufacturing contracted. The contraction in agriculture during the year is mainly attributable to unfavourable weather conditions witnessed during the period, as well as increased costs of agricultural inputs such as fertilizer.

The country's macroeconomic environment is expected to remain stable despite the likelihood of a rise in inflation, weakening of the Kenya shilling against major trading currencies and significant rise in energy prices.

2023 GDP growth is expected to continue expanding at a slower pace attributed to lower investor sentiments mainly due to elevated inflation in the country, continued depreciation of the Kenyan currency as a result of increased dollar demand from importers, especially for oil and energy sectors against a lower supply of hard currency and high debt servicing.

However, the business environment is expected to improve; being supported by the continued economic recovery, expected rebound in sectors such as Transport, accommodation and agriculture especially with the introduction of farm input subsidies.

FINANCIAL MARKETS

The year began with the Central Bank Rate (CBR) at 7.0%. the rate was raised three times during the year 2022 in May, September and November. The year ended with the CBR at 8.75% to anchor inflation and stabilize the Kenya shilling which has suffered depreciation against the US dollar.

In 2022, the rate on the 91-day Treasury bill closed at 8.2 % compared to 7.0% at the end of 2021. Interest on government securities was on an upward trajectory, mainly attributable to investors attaching higher premiums to compensate for perceived risks arising from inflationary pressures and local currency depreciation.

The Kenya Shilling depreciated against the US Dollar to close at Kshs 123.40 in 2022, compared to Kshs 113.14 at the end of 2021.

Pressure on the shilling was caused by increasing dollar demand from energy and commodity importers as global fuel prices and costs of imports continue to outweigh the dollar inflows and the need for government to service its dollar denominated debt.

NSE SHARE INDEX

The NSE 20 share index closed the year at 1,676.10 points. This is an 11.61% decline from 1,902.57 points at the beginning of the year.

INFLATION

The annual average inflation increased from 6.1% in 2021 to 7.6 % in December 2022. This is mainly attributable to the high fuel prices experienced in 2022 as a result of persistent supply chain constraints, as well as the erratic weather conditions experienced in the first half of the year and increased costs of agricultural inputs which affected agricultural production.

COMPANY PERFORMANCE

(I) It is crucial to acknowledge that despite the challenges in the broader economic landscape within which we operate, the Company has demonstrated resilience and our Management team is actively addressing the challenges we faced and is taking steps to enhance our future prospects.GENERAL INSURANCE BUSINESS

The General Insurance business registered a gross premium of Kshs 2.37 billion, compared to Kshs 2.58 billion in 2021, registering a decline of 8.14%.

The Company reported a net profit after tax of Kshs 268.23 million (2021- Kshs 613.54 million) under the non-life segment, registering a decline of 56.32%.

(II) LIFE ASSURANCE BUSINESS

The long term business recorded gross premium income (including pension funds deposits) of Kshs 8.77 billion against Kshs 11.12 billion in 2021, registering a 21.10% decline.

Premium income for Ordinary Life was Kshs 2.31 billion against Kshs 3.24 billion for the year 2021, registering a 28.75% decline.

The Group Life Business registered a 11.98% decline, having premium of Kshs 42.3 million in 2022 compared to Kshs 48.06 million in 2021.

Annuity contributions recorded a 50.15% decrease to Kshs 327.19 million in 2022, from Kshs 656.33 million in 2021.

Contributions under the Deposit Administration and Retirement Fund decreased from Kshs 7.17 billion in 2021 to Kshs 5.99 billion in 2022, a decline of 16.54%.

During the year 2022, the long-term business division launched the Kesho Hela Income Draw Down product under the Retirement Fund. The amount underwritten in the product's inaugural year was Kshs. 106.70 million.

The funds in the Long term business (Life Fund) and Deposit Administration stood at Kshs 64.57 billion as at 31st December 2022, compared to Kshs 55.16 billion in the previous year representing a growth of 17.06%.

ACTUARIAL VALUATION

The Company's Actuarial Valuation for Life Business was carried out at the end of the year. The actuarial surplus inclusive of Annuities, Deposit Administration and Retirement Fund (net of actuarial reserves set aside brought forward) before any allocation for the year 2022 was Kshs 8.186 billion. The Company declared an interest rate of 10.75 % (2021-10.75%) on Retirement Benefit funds, a simple Reversionary Bonus of 6.00% (2021-6.00%) on with-profit Ordinary Life Policies, 4.00% (2021 :4.00%) final additional terminal bonus for ordinary Life Policies matured, bonus of 11.00 % (2021-11.00%) on Capital advantage policies and 11.00% (2021: 11.00 %) interest on Bima Account plan.

The company did not declare one-off special bonus for year 2022, (2021: 0%) on with-profit Ordinary Life Policies and terminal bonus (2021: 0%) on ordinary Life policies matured.

The Actuary recommended a transfer of Kshs 503.00 million (2021:375.00 million) out of the actuarial surplus, for the benefit of shareholders.

INVESTMENT INCOME

The net investment income of the company increased by 19.91%, to Kshs 7.96 billion in 2022 from Kshs 6.64 billion in 2021. The net investment income of Life business was Kshs 7.35 billion in 2022 compared to Kshs 6.11 billion in 2021, an increase of 20.33%. The net investment income of non-life business was Kshs. 640.58 million in 2022 compared to Kshs 530.31 million in 2021, registering an increase of 15.14%.

GROUP PERFORMANCE

The total gross premium accounted by Tanzindia Assurance Company Limited, a subsidiary of the Company was Kshs. 842.34 million in the year 2022 as compared to Kshs 666.96 million for the year 2021, being an increase of 26.29% and its net profit after tax was Kshs. 32.90 million in 2022, with a Kshs. 33.83 million net profit recorded in the year 2021.
The total assets for the Group stood at Kshs 80.54 billion in 2022 as compared to Kshs 69.83 billion in 2021. The shareholders' funds increased from Kshs 5.13 billion in December 2021 to Kshs. 5.72 billion at the end of 2022.

DIVIDENDS

The Board has recommended a dividend of Kshs 5.00 per share for the year ended 31st December 2022 subject to the members' approval at the Annual General meeting.

BOARD

The directors who held office in 2022 are listed on page 1 of these financial statements.

Our founding director and chairman Mr. M. N. Mehta resigned from the board on 19th September 2022, having served on the board for 44 years. On behalf of management and the board of directors, I wish to express my sincerest gratitude to Mr. Mehta for his invaluable contribution over the years and convey our best wishes to him in his retirement.

FUTURE OUTLOOK

Kenya's economy is projected to continue its recovery, and even though at a slower pace, a 5.0% growth is projected for year 2023. The local insurance sector must challenge itself through innovation and pursue growth in the new economic landscape as the new government settles in office after the August 2022 elections.

The International Financial Reporting Standard (IFRS) 17 on insurance contracts came into force on 1st January 2023. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts within the scope of the standard.

The company continues to be responsive to the new changes, embracing innovation and continuous improvement in all facets of the business to adapt to the ever-evolving business environment.

APPRECIATION

On behalf of the Board, I would like to congratulate and thank the Company's management and staff for their sincere efforts in implementing the strategic plan during the year and taking the Company to a progressive direction in these challenging times.

My deep appreciation is also extended to my fellow Board members for the invaluable guidance they have extended to the company's leadership. I also extend my sincere appreciation to you, our Shareholders and members for continuous support provided to the company. I also sincerely thank all our brokers, agents and associates for their committed support.

M. P. CHANDARIA
CHAIRMAN

Corporate governance refers to the system of rules, practices and processes by which a company is directed and controlled. It encompasses relationships between the Board, the Company's Management and other stakeholders and provides a framework for decision-making and accountability.

The Board of Directors of Kenindia Assurance Company Limited is committed to uphold the highest standards of corporate governance. The role of the Board is to determine the Company's policies and strategies, to monitor the attainment of business objectives and to ensure that the Company meets its obligations to the shareholders and all the stakeholders. The Board is responsible to shareholders for promoting the long-term success of the Company, and in particular, for setting the Company's strategy, monitoring management's performance against the strategy, setting the Company's risk appetite, ensuring the Company has adequate resources and effective controls are in place in the business. The Board also sets the values and the culture of the Company and has a duty to protect the interests of the policyholders.

Key elements of the Company's corporate governance practices are highlighted below:

BOARD OF DIRECTORS

The Company has a competent and diverse Board of Directors which provides effective oversight and strategic guidance to the Management team. The roles of the Chairman and the Managing Director are segregated. A non-executive director acts as the Chairman of the Board. The Managing Director is in charge of the day to day running of the business. The current Board is composed of one Executive Director (Managing Director) and eight non-executive Directors, including three independent Directors. The Board consists of committed individuals with diverse and complementary skills to ensure that there is sufficient wealth of experience in the Board and balanced decision-making.

The Directors are given appropriate and timely information enabling them to maintain full and effective control over all strategic, financial, operational and compliance issues. During the period under review and upto the date of this statement, none of the Directors has received any benefit from the Company other than Director's fees and emoluments disclosed in the financial statements and no loans have been advanced to the Directors during this period.

BOARD COMMITTEES

The Board has delegated certain duties to Board Committees. It has five Committees all of which are guided by clear terms of reference. The Committees are instrumental in monitoring business operations, systems and internal controls. The Committees are as follows:

(i) Executive Committee
The Committee is chaired by Mr. Leon N. Nyachae, a non-executive Director, one non-executive Director and two independent Directors and the Managing Director. The Committee reviews the Company's operations, strategies, investments, asset liability management, policyholders' protection amongst others. Its main functions include sanction of insurance claims and capital expenditure in excess of the financial limits set for the Managing Director. The meetings for this Committee are held quarterly.

(ii) Nomination and Remuneration Committee:
The Nomination and Remuneration Committee is chaired by an independent Director. The other members are two non-executive Directors and the Managing Director. The Committee's main function is to identify and nominate for the approval by the Board, candidates to fill Board vacancies, succession planning of the Board and other senior executives and make recommendations to the Board with regards to any changes and to advise on remuneration.

(iii) Audit Committee
The Committee is chaired by an independent Director, Mrs. Elizabeth M. Musyoka and includes three non-Executive Directors and one Independent Director. The Managing Director, Financial Controller and Chief Internal Auditor attend meetings of the Committee as and when necessary. The Committee also meets with the external auditors in accordance with its terms of reference. The Committee meets at least four times in a year.

(iv) Credit Management Committee
The Committee is chaired by Mr. Devesh Srivastava, a non-Executive Director and includes the two other non-Executive Directors, one independent Director and the Managing Director. The Committee's terms of reference include reviewing the Credit Policy of the Company, outstanding receivables from the premium debtors and provisioning/write off of bad and doubtful debts, amongst others.The Committee meets at least four times in a year.

(v) Risk Management Committee

The Committee is chaired by Mr. M.R. Kumar, a non-Executive Director and includes two other non-Executive Directors, one independent Director and the Managing Director. The terms of reference include reviewing on a continuous basis the potential risks the Company is exposed to, monitoring the system of management of risks and ensuring that the required action is taken by management to mitigate the impact of risks, amongst others, with the assistance of the Company's Risk Manager. The Committee meets at least four times in a year.

BOARD MEETING ATTENDANCE

Name	Position	18.3.22	23.6.22	20.9.22	16.12.22
Mr. M. N. Mehta	Chairman	x	√	√	x
Dr. M. P. Chandaria OBE CBS EBS	Vice -Chairman	√	√	√	√
Mr. M.R. Kumar	Member	√	x	√	√
Mr. D. Srinivastava	Member	√	x	√	√
Mr. Satyajit Tripathy	Member	x	√	√	x
Mr. Leon N. Nyachae	Member	√	√	√	√
Dr. Patricia M. King'ori	Member	√	√	√	√
Mrs. Elizabeth M. Musyoka	Member	√	√	√	√
Mr. P.V.S. Rao	Member				√
Mr. B.S. Sharma	Managing Director	√	√	√	√

KEY
√Attended
×Absent with apologies

SHAREHOLDERS

The list of 10 major shareholders and their individual holdings at the year-end was as follows

	Number of Shares	%age of holding
Life Insurance Corporation of India	1,020,906	10.21
General Insurance Corporation of India	918,752	9.19
The National Insurance Company Limited	918,752	9.19
The New India Assurance Company Limited	918,752	9.19
The United India Insurance Company Limited	918,752	9.19
The Oriental Insurance Company Limited	899,601	9.00
Sansora Investments Limited	791,350	7.91
The Chandaria Foundation Registered Trustees	776,956	7.77
Mehta Group Limited	617,042	6.17
Lex Holdings Limited	458,204	4.58
Others (numbering 29)	1,760,933	17.60
Total	**10,000,000**	**100.00**

The Company continues to undertake Corporate Social Responsibility activities by promoting various activities among the local communities in which it operates. The Company is committed to the principle of responsible citizenship and makes Corporate Social Responsibility an integral part of its annual business plans. Under its Corporate Social Responsibility (CSR) programs, the Company conducts community support activities every year. Members of staff participated in various activities. The main activities taken up by the company during the year were the following:

a) International day of yoga sponsorship
b) St. John's Ambulance Charity Walk
c) University of Nairobi Insurance Students' Prize

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of financial affairs of the Group comprising Kenindia Assurance Company Limited and its subsidiaries: Kenya Pravack Limited, Kenindia Asset Management Limited, and Tanzindia Assurance Company Limited.

Principal Activities

The Group underwrites all classes of life and non-life insurance risks as defined by the InsuranceAct. The Group also provides its customers with asset management solutions for their savings and retirement needs.

Results

	2022 KShs'000	2021 KShs'000
Group profit before tax	682,527	552,477
Taxation (charge)/credit	(41,242)	323,563
Group profit after tax	641,285	876,040
Non-controlling interest	(11,516)	(11,837)
Net profit for the year transferred to retained earnings	**629,769**	**864,202**

Business Review

During the year 2022, the total turnover (including pension fund deposits and annuities) of the Group and company decreased, from Ksh 14.162 billion to Ksh 12.171 billion and for the Company from Ksh 13.534 billion to Ksh 11.328 billion respectively. The profit before tax for the Group was Ksh 682.5 million in 2022 and Kshs 552 million in 2021. The Company recorded profit before tax of Kshs 625.9 million in 2022 up from Kshs 497 million in 2021 reflecting the effects of increased gross premium in life business, better claims experience in general business, release of expected credit losses under IFRS 9 in the year under review and overall profit position reported by Tanzindia, a subsidiary.

As at 31 December 2022, the net asset position of the Group increased, relative to 2021, from Ksh 5.554 billion to Ksh 6.145 billion and for the Company from Ksh 5.286 billion to Ksh 5.834 billion respectively.

Key Performance Indicators (Company)

	Long term assurance business 2022	Long term assurance business 2021	Short term insurance business 2022	Short term insurance business 2021
Retention ratio	99%	99%	62%	69%
Incurred claims ratio	-	-	82%	71%
Net commission ratio	3%	3%	10%	9%
Management expenses ratio	6%	10%	25%	22%
Combined ratio	-	-	123%	118%

Dividend

The directors recommend the payment of a dividend of Ksh 50 million which represents Ksh 5.00 per share in respect of the year ended 31 December 2022 (2021: Ksh 75 million representing Ksh 7.50 per share).

Events After The Reporting Period

The financial statements were prepared based on management estimates and judgement as at the reporting date.

Directors

The Board of Directors as at 31st December 2022 is shown on page 1.

Directors' Indemnities

In line with sound governance practices, the Company maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action, brought against its Directors. The Company has also granted indemnities to each of its Directors and the Secretary to the extent permitted by law.

Statement As To Disclosure To The Company's Auditor

With respect to each director at the time this report was approved:

a) there is, so far as the Directors are aware no relevant audit information of which the Company's auditor is unaware:
b) the Directors have taken all the steps that they ought to have taken as Directors so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

Grant Thornton continues in office in accordance with Section 719 of the Kenyan Companies Act 2015 and have expressed their interest to continue in office. The Directors monitor the effectiveness, objectivity and independence of the auditors. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The Directors recommend their re-appointment.

Approval Of Annual Report And Financial Statements

The Report of the Directors was approved by the Board of Directors on 21 March 2023 and signed on its behalf by the Secretary.

By order of the board

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For Adili Corporate Services Kenya
Company Secretaries

statement of the directors' responsibilities

KENINDIA

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss and other comrehensive income for that year. It also requires the directors to ensure that the company keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) selecting suitable accounting policies and applying them consistently; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 21 March 2023 and signed on its behalf by:

DR. M. P. CHANDARIA	**MR. LEON NYACHAE**	**MR. B. S. SHARMA**
Director	Director	Managing Director / Principal Officer

From left to right

Dr. Kabali Arivalagan - General Manager (Operations)

James K. Macharia - Chief Operating Officer

B. S. Sharma - Managing Director / Principal Officer

Mohan Jha - General Manager, (Finance) / Financial Controller

Uthup Joseph - General Manager (Life)

report of the consulting actuary

I have conducted an actuarial valuation of the life assurance business and an actuarial valuation of the general insurance business of Kenindia Assurance Company Limited as at 31 December 2022.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Kenyan Insurance Act.

In completing the actuarial valuation, I have relied upon the audited financial statements of the Company and data and information provided by the Company.

Based on our actuarial valuation, we propose that the company adopt the actuarial liabilities as per our Report on the Actuarial Valuation of the Long-Term Business as at 31 December 2022 and our report on the Actuarial Valuation of General Insurance Technical Liabilities as at 31 December 2022.

Gauri Shah
Fellow of the Actuarial Society of Kenya
Fellow of the Institute & Faculty of Actuaries

Signed **31st March 2023**

Grant Thornton

TO THE MEMBERS OF KENINDIA ASSURANCE COMPANY LIMITED

Opinion

We have audited the accompanying financial statements of Kenindia Assurance Company Limited (the ‘’company’’) and its subsidiaries (together, the group), set out on pages 19 to 135, which comprises the consolidated and company statement of financial position as at 31st December 2022, statements of comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the group and company as at 31st December 2022 and of the financial performance and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Basis of 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How the matter was addressed
Actuarial value of policyholders’ liabilities	
The company has significant long term insurance liabilities in both ordinary life and group life classes of business. The company determines the liabilities it would expect in the long term using actuarial valuation methods and per the guidelines issued by the Insurance Regulatory Authority of Kenya (IRA). Determination of the long term insurance liabilities is an estimation process that involves significant judgements and assumptions in relation to the discount rates, mortality rate, inflation bonuses, lapse rates as well as prescribed expenses. We have considered this a key audit matter since estimation of the actuarial value of policyholders’ benefit is complex and subjective in nature as it involves use of judgements and assumptions in relation to the discount rate, mortality rate, inflation bonuses, withdrawal rates and initial and subsequent expenses subject to the minimum basis prescribed in the valuation guidelines	Our audit procedures in this area with the support of our actuarial team included: Assessing the competencies and objectivity as well as verifying the qualifications of the independent external expert engaged by management and approved by the Insurance Regulatory Authority. We reviewed the actuarial report and calculations underlying these provisions, particularly the following areas: a) appropriateness of the methodologies used and that the approach was in accordance with best practice as recommended by IRA; b) reasonableness of key assumptions; c) sensitivities to key assumptions; d) consistency between valuation periods; and e) accuracy and relevance of the input data used.

Valuation of insurance contract liabilities	
Valuation of these liabilities is highly judgmental and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported to the company. We considered this a key audit matter owing to the material impact a change in these assumptions and judgement would have on the valuation of these liabilities	Our audit procedures in this area included: • evaluating and testing controls around claims handling and reservation process; • performing cut-off procedures to check for any unrecorded claims at the end of the year; • on a sample basis, checking the claims reserved by comparing the estimated amount reserved to documentation such as the assessors report and the discharge voucher; • reviewing the reserving methodology applied focusing on understanding themethodologies applied and examining areas of judgement such as changes in valuation assumptions; and • obtaining legal confirmation of claims in dispute.
Valuation of investment property	
Valuation of investment property is judgmental and involves the use of assumptions that have a high estimation uncertainty. We considered this as a key audit matter owing to the significance of investment property on group and company financial statements.	Our audit procedures in this area included: • Assessing the competencies and objectivity as well as verifying the qualifications of the independent external expert engaged by management. • We reviewed the assumptions and methodologies applied by the expert in determining the fair value of investment property.
Valuation of unquoted equity investments	
The Group holds significant unquoted investments comprising investments in unlisted shares measured at fair value through other comprehensive income. The group estimates the fair value of these investments which involves significant judgement and assumptions that have a high estimation uncertainty. We considered this as a key audit matter owing to the significance of these investments on group and company financial statements	Our audit procedures in this area included: • We assessed management's processes and controls for determination of the fair values of investments; • We tested the accuracy of the computations; and • We evaluated the adequacy and appropriateness of disclosures in the financial statements.
Allowance for expected credit losses	
The Group applies IFRS 9 impairment approach in the determination of expected credit losses. This was a key audit matter because significant judgement was involved in determining the credit losses on insurance and re-insurance receivables, loans, deposits with financial institutions among other financial assets. Key areas of judgement included: • the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the group's credit loss model; • identification of exposures with a significant deterioration in credit quality; • assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward- looking macroeconomic factors; and • the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	Our audit procedures in this area included: • We assessed and tested the design and operating effectiveness of controls over the data used to determine impairment losses on financial assets measured at amortised cost • We assessed the modelling techniques/ methodology used against the requirements of IFRS 9 Financial Instruments; and • We have assessed the reasonableness of modelling assumptions used in determining the expected credit losses. • We have reviewed the adequacy of IFRS 9 disclosures in the financial statements.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, 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 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.

The directors are responsible for the preparation and fair presentation of the annual report and financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the 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 annual report and financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

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

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

i) Identify and assess the risks of material misstatement of the annual report and 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.

ii) 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.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) 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 independent auditor's report to the related disclosures in the annual report and 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 the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

v) 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.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the annual report and financial statements

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2-3 is consistent with the financial statements. The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Elizabeth Muhindi, P/No 2123.

Grant Thornton LLP
Certified Public Accountants (Kenya)
Nairobi

30th March 2023

K/136/1222/096/0323/AUD

KENINDIA

financial highlights

for the year ended 31 december 2022

GROUP	2022 KShs million	2021 KShs million	% VARIATION OVER PREVIOUS
GROSS PREMIUM WRITTEN (SHORT TERM BUSINESS)	**3,214.37**	**3,168.11**	**1.46**
GROSS EARNED PREMIUM			
(I) SHORT TERM BUSINESS	3,342.91	3,040.64	9.94
(II) LONG TERM BUSINESS	2,352.25	3,289.97	(28.50)
(III) DEPOSIT ADMINISTRATION CONTRACTS	5,987.75	7,174.25	(16.54)
(IV) ANNUITIES	327.19	656.33	(50.15)
(V) INCOME DRAWDOWN	106.71	-	-
TOTAL	**12,116.81**	**14,161.19**	**(14.44)**
NET EARNED PREMIUM			
(I) SHORT TERM BUSINESS	1,905.68	1,882.26	1.24
(II) LONG TERM BUSINESS	2,320.49	3,253.51	(28.68)
(III) DEPOSIT ADMINISTRATION CONTRACTS	5,987.75	7,174.25	(16.54)
(IV) ANNUITIES	327.19	656.33	(50.15)
(V) INCOME DRAWDOWN	106.71	-	-
TOTAL	**10,647.82**	**12,966.35**	**(17.88)**
INVESTMENT INCOME			
(I) SHORT TERM BUSINESS	629.38	558.81	12.63
(II) LONG TERM BUSINESS	7,353.19	6,110.97	20.33
TOTAL	**7,982.57**	**6,669.78**	**19.68**
(LOSS)/PROFIT BEFORE TAX	682.53	552.48	23.54
(LOSS)/PROFIT AFTER TAX	650.08	876.04	(25.79)
NON CONTROLLING INTEREST	11.52	11.84	(2.75)
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	638.57	864.20	(26.11)
SHARECAPITAL	1,000.00	1,000.00	-
SHAREHOLDERS' FUND	5,722.26	5,128.13	11.59
POLICYHOLDERS' FUND LIABILITIES	17,555.31	15,357.05	14.31
PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS	43,317.96	36,603.77	18.34
PAYABLE UNDER ANNUITIES	3,590.88	3,200.11	12.21
PAYABLE UNDER INCOME DRAWDOWN	109.50	-	-
TOTAL ASSETS	80,542.45	69,827.17	15.35
COMPANY			
GROSS PREMIUM WRITTEN (SHORT TERM BUSINESS)	**2,372.03**	**2,580.58**	**(8.08)**
GROSS EARNED PREMIUM			
(I) SHORT TERM BUSINESS	2,554.37	2,413.56	5.83
(II) LONG TERM BUSINESS	2,352.25	3,289.97	(28.50)
(III) DEPOSIT ADMINISTRATION CONTRACTS	5,987.75	7,174.25	(16.54)
(IV) ANNUITIES	327.19	656.33	(50.15)
(V) INCOME DRAWDOWN	106.71	-	-
TOTAL	**11,328.26**	**13,534.11**	**(16.30)**
NET EARNED PREMIUM			
(I) SHORT TERM BUSINESS	1,601.83	1,636.58	(2.12)
(II) LONG TERM BUSINESS	2,320.49	3,253.51	(28.68)
(III) DEPOSIT ADMINISTRATION CONTRACTS	5,987.75	7,174.25	(16.54)
(IV) ANNUITIES	327.19	656.33	(50.15)
(V) INCOME DRAWDOWN	106.71	-	-
TOTAL	**10,343.97**	**12,720.67**	**(18.68)**
INVESTMENT INCOME			
(I) SHORT TERM BUSINESS	610.58	530.31	15.14
(II) LONG TERM BUSINESS	7,353.19	6,110.97	20.33
TOTAL	**7,963.77**	**6,641.28**	**19.91**
(LOSS)/PROFIT BEFORE TAX	638.20	497.25	28.35
(LOSS)/PROFIT AFTER TAX	620.33	836.44	(25.84)
SHARECAPITAL	1,000.00	1,000.00	-
SHAREHOLDERS' FUND	5,535.03	4,967.71	11.42
POLICYHOLDERS' FUND LIABILITIES	17,555.31	15,357.05	14.31
PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS	43,317.96	36,603.77	18.34
PAYABLE UNDER ANNUITIES	3,590.88	3,200.11	12.21
PAYABLE UNDER INCOME DRAWDOWN	109.50	-	-
TOTAL ASSETS	78,602.60	68,503.20	14.74
PROPOSED DIVIDEND	50.00	75.00	(33.33)

financial statements 2022

KENINDIA

consolidated statement of profit or loss

For The Year Ended 31 December 2022

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2022 KShs'000	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2021 KShs'000
Premium income							
Gross earned premium income	2a	2,352,247	3,342,915	5,695,162	3,289,969	3,040,636	6,330,605
Premium ceded to reinsurers	2b	(31,755)	(1,437,236)	(1,468,991)	(36,461)	(1,158,375)	(1,194,836)
Net earned premium income		**2,320,492**	**1,905,679**	**4,226,171**	**3,253,508**	**1,882,261**	**5,135,769**
Other income							
Investment income	3a	7,353,194	629,377	7,982,572	6,110,968	558,809	6,669,777
Commission income	4a	5,546	405,373	410,919	6,660	325,063	331,723
Other income	4c	24,105	2,667	26,772	11,302	6,113	17,415
Net other income		**7,382,845**	**1,037,418**	**8,420,263**	**6,128,930**	**889,985**	**7,018,915**
Benefits and claims expense							
Claims and policy holder benefits expense		(611,693)	(2,098,449)	(2,710,142)	(541,401)	(1,887,469)	(2,428,870)
Surrender and annuity incurred		(755,754)	-	(755,754)	(319,181)	-	(319,181)
Claims ceded to reinsurers		-	803,373	803,373	-	658,515	658,515
Net benefits and claims expense		(1,367,446)	(1,295,077)	(2,662,523)	(860,582)	(1,228,954)	(2,089,536)
Pensions and annuities adjustments		(4,784,877)	-	(4,784,877)	(4,026,513)	-	(4,026,513)
Actuarial adjustments		(2,198,257)	-	(2,198,257)	(3,267,742)	-	(3,267,742)
Net benefits and claims expense		**(8,350,580)**	**(1,295,077)**	**(9,645,657)**	**(8,154,837)**	**(1,228,954)**	**(9,383,791)**
Expenses							
Operating expenses	5	(471,348)	(739,687)	(1,211,035)	(507,587)	(709,441)	(1,217,028)
Other expenses	6a	(64,680)	(72,133)	(136,813)	(52,133)	(62,920)	(115,053)
Allowance for credit losses on premium debtors		-	-	-	-	-	-
Allowance for credit losses on reinsurance debtors		-	4,769	4,769	-	(6,373)	(6,373)
Write back of provision of expected credit losses on premium debtors	22	-	-	-	-	-	-
Write back of credit losses on rental and other receivables	24	-	-	-	-	-	-
Write back of provision for expected credit losses on PTA Yellow cards	24	-	-	-	-	-	-
Provision for expected credit losses on premium debtors	5c	-	(66,285)	(66,285)	-	(40,205)	(40,205)
Provision for expected credit losses written off-Nakumatt	22	-	-	-	1,034	-	1,034
Write off of provision for expected credit losses on premium debtors-Others	22	-	-	-	-	-	-
Provision for expected credit losses on financial assets	5c	(15,142)	88	(15,054)	(4,089)	(2,945)	(7,034)
Provision for expected credit losses on reinsurance receivables	5c	-	-	-	-	-	-
Provision for expected credit losses on rental receivables	5c	(4,286)	3,013	(1,273)	(4,873)	(4,824)	(9,697)
Provision for expected credit losses on loans receivable	5c	-	-	-	-	-	
Provision for expected credit losses on other receivables	5c	-	377	377	-	98	98
Bad debts written off		(48,913)	(2,980)	(51,894)	-	(10,289)	(10,289)
Depreciation-right to use asset	38	-	-	-	-	-	-
Interest on lease liability	38	-	-	-	-	-	-
Commission expense	4b	(237,890)	(563,724)	(801,613)	(277,886)	(496,303)	(774,189)
Premium levy		(5,978)	(26,133)	(32,112)	(5,546)	(26,388)	(31,934)
Contribution to policy holders compensation fund		(1,520)	(5,797)	(7,317)	(1,521)	(6,226)	(7,747)
Total expenses		**(849,758)**	**(1,468,493)**	**(2,318,250)**	**(852,601)**	**(1,365,816)**	**(2,218,417)**

consolidated statement of profit or loss and other comprehensive income

For The Year Ended 31 December 2022

KENINDIA

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2022 KShs'000	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2021 KShs'000
Profit/(loss) before taxation		**503,000**	**179,527**	**682,527**	**375,000**	**177,476**	**552,476**
Income tax credit/(expense)	7c	(150,900)	109,658	(41,242)	(112,500)	436,064	323,564
Profit/(loss) for the year		**352,100**	**289,185**	**641,285**	**262,500**	**613,540**	**876,040**
Basic earnings/(loss) per share (KShs)	8b	**-**	**-**	**62.98**	**-**	**-**	**86.42**
Diluted earnings/(loss) per share (KShs)	8b	**-**	**-**	**62.98**	**-**	**-**	**86.42**
Attributable to:							
Equity holders of parent		352,100	277,669	629,769	262,500	601,703	864,203
Non-controlling interest		-	11,516	11,516	-	11,837	11,837
Profit for the year		**352,100**	**289,185**	**641,285**	**262,500**	**613,540**	**876,040**
Other comprehensive income							
Items that may be reclassified to profit or loss in subsequent periods:							
- Government securities	9a	-	(31,081)	(31,081)	-	(12,698)	(12,698)
- Unquoted shares	9a	8	29,368	29,376	(186)	(182,611)	(182,797)
	9a	-	-	-	-	-	-
		8	(1,712)	(1,704)	(186)	(195,309)	(195,495)
Deferred tax on fair value reserve	9a	(3)	514	-	56	-	56
Exchange difference on deferred tax		-	-	-	-	(6)	(6)
Exchange differences		-	-	-	-	-	-
Non-controlling interest	9e	-	-	-	-	1,398	1,398
Exchange differences on translation of foreign operations	9b	-	-	-	-	13,533	13,533
		5	(1,199)	(1,704)	(130)	(180,384)	(180,514)
Items that will not be reclassified to profit or loss in subsequent periods:							
Revaluation of buildings		-	4,589	4,589	-	19,593	19,593
Deferred tax on revaluation		-	(1,377)	(1,377)	-	(5,878)	(5,878)
	9c	-	3,212	3,212	-	13,715	13,715
Total other comprehensive income for the year net of tax		**5**	**2,014**	**1,508**	**(130)**	**(166,669)**	**(166,799)**
Total comprehensive income		**352,105**	**291,199**	**642,793**	**262,370**	**446,871**	**709,241**
Attributable to:							
Equity holders of the parent		352,105	274,382	626,486	262,370	433,636	696,006
Non-controlling interest		-	16,817	16,817	-	13,235	13,235
		352,105	**291,199**	**643,304**	**262,370**	**446,871**	**709,241**

company statement of profit or loss

For The Year Ended 31 December 2022

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2022 KShs'000	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2021 KShs'000
Premium income							
Gross earned premium income	2a	2,352,247	2,554,367	4,906,614	3,289,969	2,413,557	5,703,526
Premiums ceded to reinsurers	2b	(31,755)	(952,540)	(984,295)	(36,461)	(776,978)	(813,439)
Net earned premium income		**2,320,492**	**1,601,827**	**3,922,319**	**3,253,508**	**1,636,579**	**4,890,087**
Other income							
Investment income	3b	7,353,194	610,578	7,963,773	6,110,968	530,314	6,641,282
Commission income	4a	5,546	258,017	263,562	6,660	213,953	220,613
Other income	4c	24,105	1,919	26,024	11,302	4,370	15,672
Net other income		**7,382,845**	**870,514**	**8,253,359**	**6,128,930**	**748,637**	**6,877,567**
Benefits and claims expense							
Claims and policyholders benefits expense		(611,693)	(1,469,415)	(2,081,107)	(541,401)	(1,763,905)	(2,305,306)
Surrender and annuity incurred		(755,754)	-	(755,754)	(319,181)	-	(319,181)
Claims ceded to reinsurers		-	258,885	258,885	-	592,409	592,409
Net benefits and claims expense		(1,367,446)	(1,210,530)	(2,577,976)	(860,582)	(1,171,496)	(2,032,078)
Pensions and annuities adjustments		(4,784,877)	-	(4,784,877)	(4,026,513)	-	(4,026,513)
Actuarial adjustments		(2,198,257)	-	(2,198,257)	(3,267,742)	-	(3,267,742)
Net benefits and claims expense		**(8,350,580)**	**(1,210,530)**	**(9,561,110)**	**(8,154,837)**	**(1,171,496)**	**(9,326,333)**
Expenses							
Operating expenses	5	(471,348)	(582,598)	(1,053,945)	(507,587)	(579,490)	(1,087,077)
Other expenses	6b	(64,680)	(55,804)	(120,484)	(52,133)	(52,743)	(104,876)
Allowance for credit losses on premium debtors	22	-	-	-	-	-	-
Allowance for credit losses on reinsurance debtors	22	-	(54)	(54)	-	-	-
Write back of provision for expected credit losses on premium debtors	22	-	-	-	-	-	-
Write back of provision for expected credit losses on PTA Yellow cards	24	-	-	-	-	-	-
Write back of provision for expected credit losses on rental and other receivables	24	-	3,013	3,013	-	-	-
Provision for expected credit losses on premium debtors	5c	-	(56,833)	(56,833)	-	(40,538)	(40,538)
Write off of provision for expected credit losses on premium debtors-Nakumatt	22	-	-	-	-	-	-
Write off of provision for expected credit losses on rental debtors-Nakumatt	22	-	-	-	-	-	-
Write off of provision for expected credit losses on other debtors-Nakumatt	22	-	-	-	1,034	-	1,034
Write off of provision for expected credit losses on premium debtors-Others	22	-	-	-	-	-	-
Provision for expected credit losses on financial assets	5c	(15,142)	(625)	(15,767)	(4,089)	(2,873)	(6,962)
Provision for expected credit losses on rental receivables	5c	(4,286)	-	(4,286)	(4,873)	(4,824)	(9,697)
Provision for expected credit losses on loans receivable	5c	-	-	-	-	-	-
Provision for expected credit losses on other receivables	24	-	-	-	-	-	-
Bad debts written off	-	(48,913)	(2,980)	(51,894)	-	(10,289)	(10,289)
Commission expense	4b	(237,890)	(404,113)	(642,002)	(277,886)	(372,457)	(650,343)
Premium levy	-	(5,978)	(20,821)	(26,799)	(5,546)	(22,033)	(27,579)
Contribution to policy holders compensation fund	-	(1,520)	(5,797)	(7,317)	(1,521)	(6,226)	(7,747)
	-						
Total expenses	-	**(849,758)**	**(1,126,612)**	**(1,976,369)**	**(852,601)**	**(1,091,472)**	**(1,944,073)**

company statement of profit or loss and other comprehensive income

For The Year Ended 31 December 2022

KENINDIA

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2022 KShs'000	Long term assurance business KShs'000	Short term insurance business KShs'000	Total 2021 KShs'000
Profit before tax		**503,000**	**135,199**	**638,199**	**375,000**	**122,248**	**497,248**
Income tax credit/(expense)	7d	(150,900)	133,031	(17,869)	(112,500)	451,690	339,190
Profit for the year		**352,100**	**268,230**	**620,330**	**262,500**	**573,938**	**836,438**
Basic earnings per share (Ksh)	8b	**-**	**-**	**62.03**	**-**	**-**	**83.64**
Diluted earnings per share (Ksh)	8b	**-**	**-**	**62.03**	**-**	**-**	**83.64**
Profit for the year		**352,100**	**268,230**	**620,330**	**262,500**	**573,938**	**836,438**
Other comprehensive income							
Items that may be reclassified to profit or loss in subsequent periods:							
- Government securities	9a	-	(30,088)	(30,088)	-	(12,484)	(12,484)
- Unquoted shares	9a	8	28,866	28,874	(186)	(74,791)	(74,977)
		8	(1,222)	(1,214)	(186)	(87,275)	(87,461)
Deferred tax on fair value reserve	9a	(3)	367	364	56	26,183	26,239
		5	(856)	(851)	(130)	(61,092)	(61,223)
Items that will not be reclassified to profit or loss in subsequent periods:							
Revaluation of buildings		-	4,589	4,589	-	19,593	19,593
Deferred tax on revaluation		-	(1,377)	(1,377)	-	(1,274)	(1,274)
	9c	-	3,212	3,212	-	18,319	18,319
Total other comprehensive income for the year net of tax		**5**	**2,357**	**2,362**	**(130)**	**(42,773)**	**(42,904)**
Total comprehensive income		**352,105**	**270,587**	**622,691**	**262,370**	**531,165**	**793,535**

consolidated statement of financial position

For The Year Ended 31 December 2022

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total KShs'000
EQUITY				
Share capital	8a	400,000	600,000	1,000,000
Share premium	8b	-	1,198	1,198
Fair value reserve	9a	(447)	537,463	537,016
Revaluation reserve	9c	-	498,487	498,487
General reserve	9d	1,023,283	-	1,023,283
Retained earnings	10	45,268	2,605,912	2,651,180
Foreign currency translation reserve	9b	-	11,098	11,098
Equity attributable to shareholders of parent		**1,468,104**	**4,254,158**	**5,722,262**
Statutory reserve	11	318,516	-	318,516
Non-controlling interest	9e	-	124,035	124,035
Total equity		**1,786,620**	**4,378,194**	**6,164,814**
REPRESENTED BY:				
Assets				
Property and equipment	12	23,154	856,236	879,390
Intangible assets	14	3,188	11,598	14,786
Prepaid operating lease rentals	15	929,052	6,926	935,978
Right-of-use assets	38	9,951	19,921	29,872
Deferred acquisition costs		-	115,320	115,320
Deferred tax asset	29	-	702,267	702,267
Investment properties	16a	2,044,800	1,308,740	3,353,540
Due from Kenya Motor Insurance Pool	24	-	50,657	50,657
Unquoted equity investments - Designated at fair value through other comprehensive income (FVTOCI)	18a	20	883,465	883,485
Financial assets at fair value through profit or loss	19a	473,751	45,660	519,411
Loans receivable	20	97,806	8,535	106,341
Receivables arising out of reinsurance arrangements	21	3,494	396,399	399,893
Receivables arising out of direct insurance arrangements	22	-	616,865	616,865
Reinsurers' share of insurance liabilities	36	-	3,376,437	3,376,437
Other receivables	24	131,872	209,648	341,520
General asset in Life	8	-	-	-
Taxation recoverable	7a	-	78,095	78,095
Government securities:				
At amortised cost	25a	62,398,509	3,309,933	65,708,442
At fair value through other comprehensive income	25c	-	644,769	644,769
Deposits with financial institutions	33	776,318	639,209	1,415,526
Bank and cash balances	32a	145,089	224,762	369,851
Total assets		**67,037,002**	**13,505,444**	**80,542,446**
Liabilities				
Insurance liabilities	23	47,572	6,756,510	6,804,082
Payable under deposit administration contracts	26a	43,317,958	-	43,317,958
Payable under annuities	26b	3,590,880	-	3,590,880
Payable under income draw down	26b	109,496	-	109,496
Actuarial value of policyholders' liabilities	27	17,555,310	-	17,555,310
Provision for unearned premium	28	-	1,242,656	1,242,656
Taxation payable	7a	83,791	17,335	101,126
Deferred tax liability	29	(207)	23,799	23,592
Payables arising from reinsurance arrangements	30a	25,634	635,584	661,217
Payables arising out of direct insurance arrangements	30a	-	139,926	139,926
Bank overdraft	32a	-	90,957	90,957
Lease liability	38	11,515	23,035	34,550
Other payables	31	508,435	197,448	705,883
Total liabilities		**65,250,383**	**9,127,250**	**74,377,633**
Total assets net of liabilities		**1,786,620**	**4,378,194**	**6,164,814**

The annual report and financial statements on pages 21 to 135 were approved and authorised for issue by the Board of Directors on 21st March 2023 and signed on its behalf by

Dr. M. P. Chandaria	**Mr. Leon Nyachae**	**B.S. Sharma**
Director	Director	Managing Director/Principal Officer

consolidated statement of financial position

For The Year Ended 31 December 2021

KENINDIA

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total KShs'000
EQUITY				
Share capital	8a	400,000	600,000	1,000,000
Share premium	8b	-	1,198	1,198
Fair value reserve	9a	(452)	435,858	435,406
Revaluation reserve	9c	-	475,635	475,635
General reserve	9d	723,684	-	723,684
Retained earnings	10	42,768	2,445,696	2,488,464
Foreign currency translation reserve	9b	-	3,744	3,744
Equity attributable to shareholders of parent		**1,165,999**	**3,962,131**	**5,128,130**
Statutory reserve	11	318,516	-	318,516
Non-controlling interest	9e	-	107,219	107,219
Total equity		**1,484,515**	**4,069,350**	**5,553,865**
REPRESENTED BY:				
Assets				
Property and equipment	12	21,518	862,262	883,780
Intangible assets	14	4,375	16,451	20,826
Prepaid operating lease rentals	15	967,774	7,045	974,819
Right-of-use assets	38	14,876	29,166	44,042
Deferred acquisition costs		-	150,098	150,098
Deferred tax asset	29	211	551,781	551,992
Investment properties	16a	2,025,707	1,297,480	3,323,187
Due from Kenya Motor Insurance Pool	24	-	51,759	51,759
Unquoted equity investments - Designated at fair value through other comprehensive income (FVTOCI)	18a	12	849,316	849,328
Financial assets at fair value through profit or loss	19a	595,812	56,394	652,206
Loans receivable	20	82,718	4,828	87,546
Receivables arising out of reinsurance arrangements	21	3,898	817,278	821,176
Receivables arising out of direct insurance arrangements	22	-	574,542	574,542
Reinsurers' share of insurance liabilities	36	-	2,628,998	2,628,998
Other receivables	24	100,770	211,023	311,793
General asset in Life	8	238,612	(238,612)	-
Taxation recoverable	7a	-	71,764	71,764
Government securities:				
At amortised cost	25a	52,740,264	2,995,045	55,735,309
At fair value through other comprehensive income	25c	-	784,901	784,901
Deposits with financial institutions	33	412,767	739,274	1,152,041
Bank and cash balances	32a	31,152	126,121	157,273
Total assets		**57,240,466**	**12,586,915**	**69,827,380**
Liabilities				
Insurance liabilities	23	150,904	5,757,391	5,908,295
Payable under deposit administration contracts	26a	36,603,770	-	36,603,770
Payable under annuities	26b	3,200,114	-	3,200,114
Actuarial value of policyholders' liabilities	27	15,357,053	-	15,357,053
Provision for unearned premium	28	-	1,334,542	1,334,542
Taxation payable	7a	148,811	25,035	173,846
Deferred tax liability	29	-	4,357	4,357
Payables arising from reinsurance arrangements	30a	14,845	1,000,466	1,015,311
Payables arising out of direct insurance arrangements	30a	-	75,094	75,094
Bank overdraft	32a	-	6,299	6,299
Lease liability	38	15,811	29,245	45,056
Other payables	31	264,643	285,136	549,779
Total liabilities		**55,755,951**	**8,517,565**	**64,273,516**
Total assets net of liabilities		**1,484,515**	**4,069,350**	**5,553,865**

The financial statements on pages 21 to 135 were approved and authorised for issue by the Board of Directors on 21st March 2023 and signed on its behalf by:

Dr. M. P. Chandaria
Director

Mr. Leon Nyachae
Director

B.S. Sharma
Managing Director/Principal Officer

KENINDIA

company statement of financial position

For The Year Ended 31 December 2022

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total KShs'000
CAPITAL EMPLOYED				
Share capital	8a	400,000	600,000	1,000,000
Share premium	8b	-	1,198	1,198
Fair value reserve	9a	(447)	538,987	538,540
Revaluation reserve	9c	-	498,487	498,487
General reserve	9d	1,023,283	-	1,023,283
Retained earnings	10	45,268	2,428,252	2,473,520
Total ordinary shareholders' equity		1,468,104	4,066,924	5,535,028
Statutory reserve	11	318,516	-	318,516
Total equity		**1,786,620**	**4,066,924**	**5,853,544**
REPRESENTED BY:				
Assets				
Property and equipment	13	23,154	843,901	867,055
Intangible assets	14	3,188	10,449	13,637
Prepaid operating lease rentals	15	929,052	6,805	935,857
Right-of-use assets	38d	9,951	19,921	29,872
Deferred acquisition costs		-	115,320	115,320
Deferred tax asset	29	-	701,697	701,697
Investment properties	16b	2,044,800	1,287,740	3,332,540
Due from Kenya Motor Insurance Pool	24	-	50,657	50,657
Investment in subsidiaries	17	-	105,612	105,612
Unquoted equity investments - Designated at fair value through other comprehensive income (FVTOCI)	18b	20	816,005	816,025
Financial assets at fair value through profit and loss	19b	473,751	31,171	504,922
Loans receivable	20	97,806	3,752	101,558
Receivables arising out of reinsurance arrangements	21	3,494	327,569	331,063
Receivables arising out of direct insurance arrangements	22	-	418,400	418,400
Reinsurers' share of insurance liabilities	36	-	2,373,870	2,373,870
Other receivables	24	131,872	168,837	300,709
General asset in Life	8	-	-	-
Taxation recoverable	7b	-	52,390	52,390
Government securities:				
At amortised cost	25b	62,398,509	3,249,142	65,647,651
At fair value through other comprehensive income	25c	-	625,572	625,572
Deposits with financial institutions	33	776,318	299,170	1,075,487
Bank and cash balances	32b	145,089	57,619	202,707
Total assets		**67,037,002**	**11,565,601**	**78,602,602**
Liabilities				
Insurance liabilities	23	47,572	5,819,447	5,867,019
Payable under deposit administration contracts	26a	43,317,958	-	43,317,958
Payable under annuities	26b	3,590,880	-	3,590,880
Payable under income draw down	26b	109,496	-	109,496
Actuarial value of policyholders' liabilities	27	17,555,310	-	17,555,310
Provision for unearned premium and unexpired risks	28	-	826,660	826,660
Payables arising from reinsurance arrangements	30b	25,634	635,584	661,217
Payables arising out of direct insurance arrangements	30b	-	44,469	44,469
Other payables	31	508,435	114,922	623,358
Bank overdraft	32b	-	17,167	17,167
Lease liability	38 d	11,515	23,035	34,550
Deferred tax liability	29b	(207)	17,391	17,184
Taxation payable	7b	83,791	-	83,791
Total liabilities		**65,250,383**	**7,498,676**	**72,749,059**
Total assets net of liabilities		**1,786,620**	**4,066,924**	**5,853,544**

The annual report and financial statements on pages 21 to 135 were approved and authorised for issue by the Board of Directors on 20th March 2023 and signed on its behalf by:

Dr. M. P. Chandaria	**Mr. Leon Nyachae**	**B.S. Sharma**
Director	Director	Managing Director/Principal Officer

company statement of financial position

For The Year Ended 31 December 2021

KENINDIA

	Note	Long term assurance business KShs'000	Short term insurance business KShs'000	Total KShs'000
CAPITAL EMPLOYED				
Share capital	8a	400,000	600,000	1,000,000
Share premium	8b	-	1,198	1,198
Fair value reserve	9a	(452)	539,843	539,391
Revaluation reserve	9c	-	475,635	475,635
General reserve	9d	723,683	-	723,683
Retained earnings	10	42,768	2,185,030	2,227,798
Total ordinary shareholders' equity		1,165,999	3,801,706	4,967,705
Statutory reserve	11	318,516	-	318,516
Total equity		**1,484,515**	**3,801,706**	**5,286,221**
REPRESENTED BY:				
Assets				
Property and equipment	13	21,518	850,802	872,320
Intangible assets	14	4,375	14,927	19,302
Prepaid operating lease rentals	15	967,774	6,921	974,695
Right-of-use assets	38d	14,876	27,478	42,354
Deferred acquisition costs		-	150,098	150,098
Deferred tax asset	29	211.00	551,208	551,419
Investment properties	16b	2,025,707	1,277,746	3,303,453
Due from Kenya Motor Insurance Pool	24	-	51,759	51,759
Investment in subsidiaries	17	-	105,612	105,612
Unquoted equity investments - Designated at fair value through other comprehensive income (FVTOCI)	18b	12	787,140	787,152
Financial assets at fair value through profit and loss	19b	595,812	33,953	629,765
Loans receivable	20	82,718	2,409	85,127
Receivables arising out of reinsurance arrangements	21	3,898	679,488	683,386
Receivables arising out of direct insurance arrangements	22	-	477,260	477,260
Reinsurers' share of insurance liabilities	36	-	2,121,062	2,121,062
Other receivables	24	100,770	181,662	282,432
General asset in Life	8	238,612	(238,612)	-
Taxation recoverable	7b	-	47,595	47,595
Government securities:				
At amortised cost	25b	52,740,264	2,938,451	55,678,715
At fair value through other comprehensive income	25c	-	764,718	764,718
Deposits with financial institutions	33	412,767	355,577	768,344
Bank and cash balances	32b	31,152	75,695	106,847
Total assets		**57,240,466**	**11,262,949**	**68,503,415**
Liabilities				
Insurance liabilities	23	150,904	5,266,910	5,417,814
Payable under deposit administration contracts	26a	36,603,770	-	36,603,770
Payable under annuities	26b	3,200,114	-	3,200,114
Actuarial value of policyholders' liabilities	27	15,357,053	-	15,357,053
Provision for unearned premium	28	-	1,000,229	1,000,229
Payables arising from reinsurance arrangements	30b	14,845	1,000,466	1,015,311
Payables arising out of direct insurance arrangements	30b	-	36,308	36,308
Other payables	31	264,643	122,825	387,468
Bank overdraft	32b	-	944	944
Lease liability	38d	15,811	29,204	45,015
Deferred tax liability	29b	-	4,357	4,357
Taxation payable	7b	148,811	-	148,811
Total liabilities		**55,755,951**	**7,461,243**	**63,217,194**
Total assets net of liabilities		**1,484,515**	**3,801,706**	**5,286,221**

The annual report and financial statements on pages 21 to 135 were approved and authorised for issue by the Board of Directors on 20th March 2023 and signed on its behalf by

Dr. M. P. Chandaria
Director

Mr. Leon Nyachae
Director

B.S. Sharma
Managing Director/Principal Officer

consolidated statement of changes in equity

For The Year Ended 31 December 2022

KENINDIA

	Share capital (Note 8) KShs'000	Share premium KShs'000	Fair value reserve (Note 9) KShs'000	Revaluation reserve (Note 9) KShs'000	General reserve (Note 9) KShs'000	Retained earnings (Note 10) KShs'000	Foreign currency translation reserve (Note 9) KShs'000	Total ordinary shareholders' equity KShs'000	Statutory reserve (Note 11) KShs'000	Non-controlling interest KShs'000	Total equity and reserves KShs'000
At 1 January 2022	**1,000,000**	**1,198**	**538,427**	**475,635**	**723,683**	**2,429,487**	**3,744**	**5,172,174**	**318,516**	**107,218**	**5,667,493**
Profit for the year	-	-									
-Short term business	-	-	-	-	-	277,669	-	**277,669**	-	11,516	**289,185**
-Long term business	-	-	-	-	-	352,100	-	**352,100**		-	**352,100**
Other comprehensive income	-	-	352	3,212	-	-	7,354	**10,919**	-	5,301	**16,220**
Total comprehensive income	-	-	**352**	**3,212**	**-**	**629,769**	**7,354**	**640,688**	**-**	**16,817**	**657,505**
Transfer of excess depreciation	-	-	-	19,639	-	-	-	-	-	-	-
Transactions with owners:											
Dividends paid for 2021	-	-	-	-	-	(75,000)	-	**(75,000)**	-	-	**-**
Transfer to general reserve, net of tax	-	-	-	-	299,600	(210,000)	-	**89,600**	-	-	-
Transfer from statutory reserve, net of tax	-	-	-	-	-	-	-	**-**	-	-	-
At 31 December 2022	**1,000,000**	**1,198**	**538,779**	**498,486**	**1,023,283**	**2,774,256**	**11,098**	**5,847,101**	**318,516**	**124,035**	**6,324,998**

consolidated statement of changes in equity

For The Year Ended 31 December 2021

KENINDIA

	Share capital (Note 8) KShs'000	Share premium KShs'000	Fair value reserve (Note 9) KShs'000	Revaluation reserve (Note 9) KShs'000	General reserve (Note 9) KShs'000	Retained earnings (Note 10) KShs'000	Foreign currency translation reserve (Note 9) KShs'000	Total ordinary shareholders' equity KShs'000	Statutory reserve (Note 11) KShs'000	Non-controlling interest KShs'000	Total equity and reserves KShs'000
At 1 January 2021	**1,000,000**	**1,198**	**602,720**	**454,209**	**513,683**	**1,825,277**	**4,474**	**4,401,561**	**318,516**	**92,344**	**4,812,421**
Profit for the year											
-Short term business	-	-	-	-	-	601,702	-	**601,702**	-	11,837	**613,539**
-Long term business	-	-	-	-	-	262,500	-	**262,500**	-	-	**262,500**
Other comprehensive income	-	-	(64,293)	41,019	-	-	(730)	**(24,004)**	-	3,037	**(20,967)**
Total comprehensive income	**-**	**-**	**(64,293)**	**41,019**	**-**	**864,202**	**(730)**	**840,198**	**-**	**14,874**	**855,072**
Transfer of excess depreciation	-	-	-	(19,593)	-	8	-	(19,585)	-	-	-
Transactions with owners:											
Dividends paid for 2020	-	-	-	-	-	(50,000)	-	**(50,000)**	-	-	**-**
Transfer to general reserve, net of tax	-	-	-	-	210,000	(210,000)	-	**-**	-	-	-
Transfer from statutory reserve, net of tax	-	-	-	-	-	-	-	**-**	-	-	-
At 31 December 2021	**1,000,000**	**1,198**	**538,427**	**475,635**	**723,683**	**2,429,487**	**3,744**	**5,172,174**	**318,516**	**107,218**	**5,667,493**

company statement of changes in equity

For The Year Ended 31 December 2022

	Share capital (Note 8) KShs'000	Share premium (Note 8) KShs'000	Fair value reserve (Note 9) KShs'000	Revaluation reserve (Note 9) KShs'000	General reserve (Note 9) KShs'000	Retained earnings (Note 10) KShs'000	Total ordinary shareholders' equity KShs'000	Statutory reserve (Note 11) KShs'000	Total equity and reserves KShs'000
At 1 January 2022	**1,000,000**	**1,198**	**539,390**	**475,635**	**723,683**	**2,227,826**	**4,987,317**	**318,516**	**5,305,833**
Profit for the year									
-Short term business	-	-	-	-	-	268,230	**268,230**	-	**268,230**
-Long term business	-	-	-	-	-	352,100	352,100	-	**352,100**
Other comprehensive income	-	-	(851)	3,212	-	-	**2,362**	-	**2,362**
Total comprehensive income	**-**	**-**	**(851)**	**3,212**	**-**	**620,330**	**622,692**	**-**	**622,692**
Transfer of excess depreciation	-	-	-	19,639	-	-	19,639	-	19,639
Transactions with owners:									
Dividends paid for 2021	-	-	-	-	-	(75,000)	**(75,000)**	-	**(75,000)**
Transfer to general reserve, net of tax	-	-	-	-	299,600	(299,600)	**-**	-	**-**
Transfer from statutory reserve, net of tax	-	-	-	-	-	-	**-**	-	**-**
At 31 December 2022	**1,000,000**	**1,198**	**538,539**	**498,486**	**1,023,283**	**2,473,556**	**5,554,648**	**318,516**	**5,853,525**

company statement of changes in equity

For The Year Ended 31 December 2021

	Share capital (Note 8)	Share premium (Note 8	Fair value reserve (Note 9)	Revaluation reserve (Note 9)	General reserve (Note 9)	Retained earnings (Note 10)	Total ordinary shareholders' equity	Statutory reserve (Note 11)	Total equity and reserves
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2021	**1,000,000**	**1,198**	**600,213**	**454,209**	**513,683**	**1,651,380**	**4,220,683**	**318,516**	**4,539,199**
Profit for the year									
-Short term business	-	-	-	-	-	573,938	**573,938**	-	**573,938**
-Long term business	-	-	-	-	-	262,500	**262,500**	-	**262,500**
Other comprehensive income	-	-	(60,823)	41,019	-	-	**(19,804)**	-	**(19,804)**
Total comprehensive income	-	-	(60,823)	41,019	-	**836,438**	**816,634**	**-**	**439,102**
Transfer of excess depreciation	-	-	-	(19,593)	-	8	**(19,585)**	-	**(19,585)**
Transactions with owners:									
Dividends paid for 2020	-	-	-	-	-	(50,000)	**(50,000)**	-	**(50,000)**
Transfer to general reserve, net of tax	-	-	-	-	210,000	(210,000)	**-**	-	**-**
At 31 December 2021	**1,000,000**	**1,198**	**539,390**	**475,635**	**723,683**	**2,227,826**	**4,987,317**	**318,516**	**5,305,833**

KENINDIA

consolidated statement of cash flows

For The Year Ended 31 December 2022

	2022 KShs'000	2021 KShs'000
Cash flows from operating activities		
Profit before tax	**682,527**	**552,477**
Adjustments for:		
Depreciation on property and equipment	42,239	40,640
Depreciation on right-of-use assets	-	-
Amortisation of intangible assets	6,336	8,926
Amortisation of prepaid lease	38,839	38,839
Fair value loss/(gain) on investment property	(29,826)	(17,200)
Exchange adjustment on property and equipment	879	625
Exchange adjustment on intangible assets	(116)	(87)
Interest from government securities (Amortised cost)	(7,752,225)	(6,341,050)
Interest from government securities (Fair value through other comprehensive income)	(92,887)	(98,931)
Bank deposit interest	(75,334)	(70,790)
Loan interest	(11,075)	(452)
Bonds and debentures interest	-	(7,460)
Dividends received from equity investments	(64,710)	(30,013)
Fair value loss/(gain) on quoted investments	132,343	(16,419)
Gain on disposal of government securities	-	(1,149)
Gain /(loss) on sale of property and equipment	6	559
Working capital changes;		
Increase /(Decrease) in insurance liabilities	895,787	(44,212)
Increase in payable under deposit administration contracts	6,714,187	7,220,259
Increase in payable under annuities	390,766	709,753
Increase in payable under income draw down	109,496	-
Increase in actuarial value of policyholders' liabilities	2,198,257	3,267,742
Decrease in unearned premium reserve	(91,886)	223,699
Decrease /(increase) in reinsurance arrangements payables	(355,485)	280,853
(Decrease)/increase in direct insurance arrangements payables	64,832	(73,577)
Decrease/(increase) in other payables	156,103	119,852
Decrease in right of use assets	14,171	(6,658)
(Increase) / decrease in due from motor pool	1,102	22,462
(Increase)/decrease in reinsurance arrangements receivables	421,283	(523,719)
Decrease/(increase) in direct insurance arrangements receivables	(42,322)	(117,624)
Increase in reinsurers' share of insurance liabilities	(747,438)	557,666
Increase in deferred acquisition costs	34,778	(27,786)
(Increase)/decrease in other receivables	(29,648)	(36,929)
Cash generated from operations	**2,610,979**	**5,630,295**
Income tax paid	(215,920)	(106,672)
Net cash flows generated from operating activities	**2,395,059**	**5,523,623**

	2022 KShs'000	2021 KShs'000
Cash flows from investing activities		
Purchase of property and equipment	(20,647)	(43,257)
Purchase of intangible assets	(179)	(352)
Proceeds from disposal of property and equipment	3,313	3,076
Additions to investment properties	-	(1,638)
Net movement in bonds and debentures	-	105,110
Purchase of financial assets at fair value through profit and loss (Quoted shares)	-	(483,434)
Movement in unquoted equity investments	(34,157)	-
Policy loans advanced	(47,177)	(34,120)
Repayment of policy loans	31,141	42,492
Net movement in policy loans	-	28,654
Motor vehicle loans advanced	(5,678)	(6,455)
Repayment of motor vehicle loans	3,104	1,915
Net investment in government securities (Amortised cost)	(9,973,133)	(11,160,498)
Net investment in government securities (Fair value through other comprehensive income)	140,132	(13,848)
(maturing after 90 days of date of acquisition)	9,920	(331,699)
Interest from government securities (amortised cost)	7,752,225	6,341,050
Interest from government securities (Fair value through other comprehensive income)	92,887	98,931
Bank deposit interest	75,334	70,790
Loan interest	11,075	452
Bonds and debentures interest	-	7,460
Dividends received from equity investments	64,710	30,013
Net cash flows used in investing activities	**(1,897,130)**	**(5,345,358)**
Cash flows from financing activities		
Lease liability	(10,505)	4,570
Dividends paid	(75,000)	(50,000)
Net cash flows used in financing activities	**(85,505)**	**(45,430)**
Decrease in cash and cash equivalents	**412,424**	**132,835**
Movement in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	808,918	679,827
Increase in cash and cash equivalents	412,424	132,835
Exchange differences on translation of foreign operations	(11,098)	(3,744)
Cash and cash equivalents at the end of the year (Note 32)	**1,210,244**	**808,918**

KENINDIA

company statement of cash flows

For The Year Ended 31 December 2022

	2022 KShs'000	2021 KShs'000
Cash flows from operating activities		
Profit before tax	**638,199**	**497,248**
Adjustments for:		
Depreciation on property and equipment	38,657	41,293
Depreciation on right of use assets	-	-
Amortisation of intangible assets	5,844	8,273
Amortisation of prepaid lease	38,839	38,839
Fair value loss/(gains) on investment property	(28,560)	(17,200)
Interest from government securities (amortised cost)	(7,744,597)	(6,333,948)
Interest from government securities (Fair value through other comprehensive income)	(90,488)	(96,437)
Bank deposit interest	(55,623)	(51,710)
Loan interest	(11,075)	(334)
Bonds and debentures interest	-	(7,460)
Dividends received from equity investments	(61,016)	(27,297)
Fair value loss/(gains) on quoted investments	124,843	(12,224)
Gain on disposal of government securities	-	-
Loss/(gains) on sale of property and equipment	6	559
Working capital changes;		
Increase in insurance liabilities	449,205	110,841
Increase in payable under deposit administration contracts	6,714,187	7,220,259
Increase in payable under annuities	390,766	709,753
Increase in payable under income draw down	109,496	-
Increase in actuarial value of policyholders' liabilities	2,198,257	3,267,742
Decrease in unearned premium reserve	(173,569)	170,460
(Decrease)increase in reinsurance arrangements payables	(354,093)	475,160
Increase/(decrease) in direct insurance arrangements payables	8,161	(112,363)
Increase in other payables	235,890	(18,140)
(Increase) /decrease in motor pool	1,102	22,462
(Incerease)/decrease in reinsurance arrangements receivables	355,154	(606,600)
(Increase)/decrease in direct insurance arrangements receivables	58,860	(19,342)
(Increase) /Decrease in reinsurers' share of insurance liabilities	(252,807)	409,103
(Increase)/Decrease in right of use assets	12,482	(13,235)
Increase in deferred acquisition costs	34,778	(27,786)
(Increase)/Decrease in other receivables	(18,270)	5,713
Cash generated (used in)/ from operations	**2,624,628**	**5,633,629**
Income tax paid	(226,148)	(91,195)
Net cash flows generated from/(used in) operating activities	**2,398,480**	**5,542,434**

KENINDIA

	2022 KShs'000	2021 KShs'000
Cash flows from investing activities		
Purchase of property and equipment	(17,072)	(41,228)
Purchase of intangible assets	(179)	(352)
Proceeds from disposal of property and equipment	3,313	3,076
Additions to investment properties	-	(419)
Net movement in bonds and debentures	-	105,110
Purchase of financial assets at fair value through profit and loss (Quoted shares)	-	(483,434)
Reduction unquoted equity investments		
Movement in unquoted equity investments	(28,874)	-
Policy loans advanced	(47,177)	(34,120)
Net movement in policy loans	-	28,654
Repayment of policy loans	31,141	42,492
Motor vehicle loans advanced	(3,500)	(6,455)
Repayment of motor vehicle loans	3,104	1,915
Net movement in motor vehicles	-	-
Net movement in investment in government securities (Amortised cost)	(9,968,936)	(11,157,944)
Net (increase)/decrease in investment in government securities (At Fair value through other comprenensive income)	139,146	(13,961)
Decrease/(increase) in deposits with financial institutions		
(maturing after 90 days of date of acquisition)	16,189	(8,886)
Interest from government securities (amortised costs)	7,744,597	6,333,948
Interest from government securities (Fair value through other comprehensive income)	90,488	96,437
Bank deposit interest	55,623	51,710
Loan interest	11,075	334
Bonds and debentures interest	-	7,460
Dividends received from equity investments	61,016	27,297
Net cash flows used in investing activities	**(1,910,046)**	**(5,048,366)**
Cash flows from financing activities		
Net movement in lease liability	(10,464)	11,214
Dividends paid	(75,000)	(50,000)
Net cash flows used in financing activities	**(85,464)**	**(38,786)**
(Decrease) in cash and cash equivalents	**402,970**	**455,283**
Movement in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	702,963	247,680
Increase (decrease) in cash and cash equivalents	402,970	455,283
Cash and cash equivalents at the end of the year (Note 32)	**1,105,933**	**702,963**

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in compliance with the requirements of the Kenyan Companies Act, 2015. The financial statements are prepared on the historical cost basis, except for investment properties and certain investments which are carried at fair value, impaired assets at their recoverable amounts and actuarially determined liabilities at their present value. The financial statements are presented in Kenya Shillings (Ksh), rounded to the nearest thousand, which is also the functional Company's currency.

The financial statements comprise the consolidated and company statements of profit or loss, consolidated and company statements of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statements of cash flows, and explanatory notes. Income and expenses, excluding the components of other comprehensive income, are recognised in profit or loss. Other comprehensive income is recognised in the statement of other comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after reporting date (current) and more than twelve months after reporting date (non-current), is presented in the notes (note 41(iii)).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires directors to exercise judgement in the process of applying the accounting policies adopted by the Group. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 1 (w) below.

For the purposes of reporting under the Kenyan Companies Act, 2015, the balance sheet in these financial statements is represented by/equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit and loss.

b) Adoption of new and revised International Financial Reporting Standards (IFRS)

i) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

1. SIGNIFICANT ACCOUNTING POLICIES

i) New and amended standards and interpretations (continued)

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material The amendments provide a new definition of material that states, "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." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018 The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

2) New standards and interpretations

The effective date of the company is for years beginning on or after January 1, 2021.
The company has adopted the amendment for the first time in the 2021 annual report and financial statements.
The impact of the amendment is not material.

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

TThe COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and
only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the
- any reduction in lease payment affects only payments originally due on or before 30 June 2022 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the company is for years beginning on or after June 1, 2020.
The company has adopted the amendment for the first time in the 2021 annual report and financial statements.
The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

A number of new standards are effective for annual periods beginning after January 2022, and earlier adoption is permitted. However the Company has opted not to early adopt the new or amended standards in preparing these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. The Company will apply IFRS 17 for the first time on 1 January 2023. This standard will bring significant changes to the accounting for Insurance and Reinsurance contracts and is expected to have a meterial impact on the Company's financial statements in the period of initial application.

Estimated impact of the adoption of IFRS 17

The initial impact of IFRS 17 is expected to result in an impact on the Company's equity primarily due to the effect of discounting the insurance cash flows being offset by the risk adjustment and loss component. Discounting of insurance cash

The Company will restate comparative information on adoption of IFRS 17.
i) New accounting policies, assumptions, judgements and estimation techniques are subject to change as the Group prepares its
first financial statements under the new standard
ii) The Company has not finalised the testing and assessing controls over new IFRS 17 systems and changes to its governance
framework
iii) The Company is refining its accounting processes and internal controls required for the application of IFRS 17 although new
systems and associated controls have not yet been adopted.

i) Identifying contracts in the scope of IFRS 17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts.

When identifying contracts in the scope of IFRS 17, in some cases the company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivative and investment components have to be separated and accounted for under another standard. The Company expect significant changes arising from application of these requrements as it has insurance contracts with underlying investment components.

ii) Level of Aggregation

Under IFRS 17, Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together.
Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual
cohorts (i.e. by year of issue) and each annual cohort into three groups:-

-any contracts that are onerous on initial recognition
-any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
-any remaining contracts in the annual cohort

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of insurance contracta are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin (CSM), against losses on groups of onerous contracts, which are recognised immediately. Compares with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio contracts level), the level of aggregation under IFRS 17 is more granular and could result in more contracts being inentified as onerous and losses on onerous contracts being recognised sooner.

1. SIGNIFICANT ACCOUNTING POLICIES

iii) Contract Boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Company expects that for certain contracts, the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts , as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a requirements in IFRS 17.

iv) Measurement - Overview

IFRS 17 introduces a measurement model based on the estimates of the present value of futute cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM. For an explanation on how the company will apply the measurement model, see (v).

Under IFRS 17,contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are substatially investment-related service contracts under which the insurer promises an investment return based on underlying items. All general insurance contracts and reinsurance contracts held by the Company are expected to be classified as contracts without direct participation features. However some Life Assurance contracts may be classified as contracts with direct participation features.

Premium Allocation Approach (PAA)

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria.
Based on preliminary assessments, the Conpany expects that it will apply the PAA to all contracts in the Non-Life and Life
businesses because the following criteria are expected to be met at inception.

- Loss occurring insurance contracts : The coverage period of each contract in the group is one year or less
- Risk-attaching insurance contracts : The Company reasonably expects that the resulting measurement of the asset for remaining coverage would differ materially from the result of applying the accounting policies described above.

The Company's PAA eligilbility assesment is under testing and review. Contracts that fail to meet the above-mentioned criteria will be measured under the general measurement model.

v) Measurement - General Measurement Model

Insurance Contracts

On initial recognition, the Company will measure a group of contracts as the total of (a) the fulfilment cash flows, which comprise
estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustmant for non-financial risk; and (b) the CSM. the fulfilment cash flows of a group of contracts do not reflect the Company's non- performance risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cas flows from each scenario will be discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variablesand other cash flows, then the Company will use stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for variables sucha as interest rates and equity returns.

1. SIGNIFICANT ACCOUNTING POLICIES

Insurance Contracts (continued)

All cash flows will be discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity charecteristics of the contracts. Cash flows that vary based on the returns on any underlying items will be adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling the cash flows will be discounted at scenario-specific rates calibrated, on average to be the risk-free rates as adjusted for illiquidity.

The risk adjustment for non-financial risk for a group of contracts, determined separately for the other estimates, is the compensation that the Company would require for bearing uncertainty about the amount and timing of the cash flows that arise from financial risk.

The CSM of a group of contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow:
-the fulfilment cash flows;
-any cash flowsarising at that date; and
-any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flow;

In this case the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is generally recognised as a loss in profit or loss; a loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Item	Treatment under IFRS 17
Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognized in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future service.

1. SIGNIFICANT ACCOUNTING POLICIES

Reinsurance Contracts

The Company will apply the same accounting policies to measure a group of reinsurance contracts, with modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the insurance service result in profit or loss.

The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Company to the reinsurer.

Impact Assessment

Under IFRS 17, all profits will be recognised in profit or loss over the lifetime of the contracts, and this will primarily be driven by the timing of the recognition in profit or loss of the CSM as services are provided and the risk adjustment for non-financial risk as the related risk expires. The Company expects that, even though the total profit recognised over the lifetime of the contracts will not change, it will emerge more slowly under IFRS 17. This is mainly because, under IFRS 4, for certain contracts, all profits are currently recognised in profit or loss on initial recognition of the contracts. The different timing of profit recognition will result in an increase in liabilities on adoption of IFRS 17 because a portion of profits previously recognised and accumulated in equity under IFRS 4 will be included in the measurement of the liabilities under IFRS 17.

The increase in the liabilities for contracts measured under the general measurement model on transition to IFRS 17 can mainly be attributed to the following:

Changes from IFRS 4	Impact on equity on transition to IFRS 17
The estimates of the present value of future cash flows will decrease as a result of discounting	Increase
The consideration of risk adjustment for non-financial risk under IFRS 17	Decrease
CSM, determined using the transition approaches described under (ix), will be recognised for the unearned profit for these	Decrease

The Company estimates that, on adoption of IFRS 17, the impact of these changes will be offsetting as at 1 January 2023 and 1 January 2022.

v) Measurement - Premium Allocation Approach

On initial recognition of each group of reinsurance contracts measured under the premium allocation approach, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Company will amortise insurance acquisition cash flows over the reinsurance coverage period.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The Company expects that the time between providing each part of the services and the related premium due date could be more than a year. Accordingly, the Company will adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

1. SIGNIFICANT ACCOUNTING POLICIES

vi) Measurement - Premium Allocation Approach (continued)

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Company will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Impact Assessment

Although the PAA is similar to the Company's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for contracts:

Changes from IFRS 4	Impact on equity on transition to IFRS 17
Under IFRS 17, the Company will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Company does not currently discount such future cash flows	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non-financial risk. This is not explicitly allowed for currently	Decrease

The Company estimates that, on adoption of IFRS 17, the impact of these changes will be immaterial on the Company's total equity at 1 January 2023 and 1 January 2022.

vii) Measurement Significant judgments and estimates

Estimates of future cash flows

In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, incurance acquisition cash flows and other costs that are incurred in fulfilling contracts. insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of ixed and varable overheads.

Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Company will generally allocate insurance acqiusition cash flows and maintenance costs to groups of contracts based on the total premiums for each group.

1. SIGNIFICANT ACCOUNTING POLICIES

Discount rates

The Company will generally use government bond yield curve as a basis of determining te risk free disount rates. To reflect the liquidity characteristics of contracts, the risk-free yield curve will be adjusted by an illiquidity premium. The practical approach the Company will apply is to use covered bonds, where illiquid bonds are covered with a collateral that is considered very safe. The illiquidity premium in this case is equal to the covered bond spread over the illiquid risk-free rate. To compute the illiquidity premium, the Company will compare yields on government and corporate bonds of the same maturity profile. the difference between the yield on government and corporate bonds will constitute the credit and liquidity premiums.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compenation that the Company would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-Life contracts and allocated to groups of contracts based on and analysis of the risk profiles of the groups.

The risk adjustments for non-financial risk will be determined using a confidence level technique, specifically, quantile techniques.

The risk adjustments for non-financial risk will be determined using a confidence level technique, specifically, quantile techniques.

Applying a confidence level technique, the Company will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excessof the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

Contractual Service Margin (CSM)

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss, the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

viii) Presentation and disclosure

IFRS 17 will significantly change how insurance contracts, reinsurance contracts are presented and disclosed in the Company's financial statements.
Under IFRS 17, portfolios or insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances sucha as insurance receivables and payables will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into:
- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance inome or expenses

Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

1. SIGNIFICANT ACCOUNTING POLICIES

Insurance Service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance aquisition cash flows. For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Amounts recovered from reinsurers and reinsurance costs will be presented separately in profit or loss as "net income" and "net expenses" respectively in the inurance service result.

The Company will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses.

The Company will choose not to disaggregateinsurance finance income or expenses between profit or loss and Other Comprehensive Income (OCI). The Company will present the insurance finance income or expenses in profit or loss, considering the supporting assets will generally be measured at fair value through profit or loss (FVTPL).

Disclosure

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about the nature and extent of risks from insurance and reinsurance contracts. Disclosures will generally be made at a more granular level than under IFRS 4, providing mote transparent information for assessing the effects of contracts on the financial statements.

ix) Transition

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using full retrospective approach to the extent practicable, except as described below. Under the full retrospective retrospective approach, at 1 January 2022 the company will:

- identify, recognise and measure each group of insurance contracts and reinsurance contracts as if IFRS 17 had always been applied
- identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognise previously reported balances that would not have existed if IFRS 17 had always been applied (including some deferred acquisition costs, provisions for leviesattributable to existing insurance contracts);
- recognise any resulting net difference in equity.

If it is impracticable to apply full retrospective approach to a group of contracts or to an asset for insurance acquisition cash flows, then the company will choose between the modified retrospective approach and the fair value approach. However, if the Company cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it will apply the fair value approach.

1. SIGNIFICANT ACCOUNTING POLICIES

ix) Transition (continued)

The Company might consider the full retrospective approach impracticable under the following circumstances.
- the effects of retrospective application are not determinable because the information required has not been collected (or has not been collected with sufficient granularity) of is unavailable because of system migrations, data retention requirements or other reasons. Such information includes for certain contracts:
- expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
- information about historical cash flows (including insurance acquisition cash flows and othe rcash flows incurred before the recognition of the related contracts and;
- discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a
- information required to allocate fixed and variable overheads to groups of contracts, because the Company's current accounting policies do not require such information; and
- information about certain changes in assumptions and estimates, because they were not documented on an ongoing basis

The full retrospective approach requires assumptions about what company management's intentions would have been in previous periods of significant accounting estimates that cannot be made without the use of hindsight. Such assumptions and estimates include for certain contracts:
- assumptions about discount rates, because the Company was not subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before 2007; and
- assumptions about the risk adjustment for non-financial risk, because the Company was not subject to any accounting or regulatory frameworkthat required an explicit margin for non-financial risk before 2016.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to restrospective application possible using reasonable and supportable information available without undue cost or effort.

Fair value approach

under the fair value approach, the CSM (or the loss component) as 1 January 2022 will be determined as the difference between the fair value of a group of contracts at that date and the fulfilment cashflows at that date.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual report and financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the company is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

c) Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual report and financial statements that are subject to measurement uncertainty."

The effective date of the company is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

d) Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the company is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

e) Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the company is for years beginning on or after January 1, 2023.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the company is for years beginning on or after January 1, 2022.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the company is for years beginning on or after January 1, 2022.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the company is for years beginning on or after January 1, 2022.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after January 1, 2022.
It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets.

The effective date of the company is for years beginning on or after January 1, 2022.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group (Company and its subsidiaries) as at 31 December each year. Subsidiary companies are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. The Group companies are as set out in note 17.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition- related costs are expensed as incurred
If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re- measurement are recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES

c) Basis of consolidation (continued)

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

All intra-group balances, transactions, income and expenses and profits and losses, resulting from intra- group transactions and dividends, are eliminated in full.
Losses within a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it;

i) Derecognises the assets and liabilities of the subsidiary
ii) Derecognises the carrying amount of any non-controlling interest
ii) Derecognises the cumulative translation differences recorded in equity
iv) Recognises the fair value consideration received
v) Recognises the fair value of any investment retained
vi) Recognises any surplus or deficit in profit or loss
vii) Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the sale of services, excluding discounts, rebates, and value added taxes or other taxes. Sale of services is recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

The following specific criteria must also be met before revenue is recognised:

Gross premiums

Gross recurring premiums on life 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 general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Net premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations and less unearned premium.

Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the reporting date, and is computed using the 1/24 method in general business.

1. SIGNIFICANT ACCOUNTING POLICIES

Reinsurance premiums

Gross reinsurance premiums on life are recognised as an expense when payable or on the date on which the policy is effective. Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into during the period and are recognised on the date on which the policy incepts.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Commission income and fees

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. Commission income is recognized in the period in which they are earned.

Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognised when the right to receive the payment is established. For listed securities, this is the date the security is listed as ex dividend.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease period.

Realised gains and losses

Realised gains and losses recorded in the statement of profit or loss on investments include gains and losses on the financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

e) Benefits, claims and expense recognition

Gross benefits and claims

Gross benefits and claims for life 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 as well as changes in the gross valuation of insurance contract liabilities. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance and health claims include all claims that have occurred 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.

Claims incurred

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent claims arising from incidents occurring prior to the accounting date and not settled, and are computed on the basis of the best information available at the time the records for the period are closed and include provisions for claims incurred but not reported (IBNR). IBNR is computed based on certain minimum percentages of gross premium written on each class of business, as stipulated by the insurance industry regulator. This amount is included in the outstanding claims as at year end.

1. SIGNIFICANT ACCOUNTING POLICIES

Claims incurred (continued)

Claims arising on maturing policies are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

Outstanding claims in short term business are not discounted.

Reinsurance claims recoverable

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Policyholder benefits

Policyholder benefits incurred comprise benefits paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

f) Product classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial 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, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Investment contracts are further classified as being either with or without Discretionary Participation Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

i) Likely to be a significant portion of the total contractual benefits
ii) The amount or timing of which is contractually at the discretion of the issuer
iii) That are contractually based on:
iv) The performance of a specified pool of contracts or a specified type of contract
v) Realised and or unrealised investment returns on a specified pool of assets held by the issuer
vi) The profit or loss of the company, fund or other entity that issues the contract

g) Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets consist of the amount due from reinsurers for claims submitted as well as the portion of the current long term insurance that is ceded to the reinsurers on the basis of the reinsurance agreement (treaty proportional or facultative).

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss. Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised.

1. SIGNIFICANT ACCOUNTING POLICIES

g) Reinsurance (continued)

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

h) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

Insurance receivables are recognised when the recognition criteria for financial assets, as described in note (u), has been met.

i) Policyholder benefits

Policy holder benefits incurred comprise benefits paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policy holders and are discounted to the present value.

j) Deposit administration contracts

The Group administers the funds of a number of retirement benefit schemes. The liability of the Group to the schemes is measured at fair value and is included within the statement of financial position. Deposits, withdrawals and investments returns are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium and investments income in the consolidated statement of profit or loss.

k) Expenses

Expenses are recognised in the statement of profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in the statement of profit or loss on the basis of systematic and rational allocation procedures.

This is often necessary in recognising the equipment associated with the using up of assets such as property, plant and equipment. In such cases the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

1. SIGNIFICANT ACCOUNTING POLICIES

k) Expenses (continued)

An expense is recognised immediately in the statement of profit or loss when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

l) Property and equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Subsequent costs (including replacement costs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when incurred and only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of profit or loss in the year in which they are incurred.

Buildings are subsequently carried at a revalued amount, based on annual valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other items of property and equipment are subsequently carried at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and accumulated impairment losses.

Increases in the carrying amount arising on revaluation on buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.
Depreciation of an asset begins when it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Depreciation is calculated using the reducing balance basis to write down carrying values of the assets over their useful lives at the following annual rates:

Furniture, fixtures and office equipment	12.5%
Computer equipment, duplicators and copies	30%
Motor vehicles	25%

The assets' residual values, and useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate. Impairment reviews are performed when there are indicators that the carrying amount may not be recoverable. Impairment losses are recognised in the statement of profit or loss as an expense. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognised.

m) Investment properties

Investment properties comprise buildings and parts of buildings held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, including the transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day-to- day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and lease back arrangements, special consideration or concessions granted by anyone associated with the sale.

1. SIGNIFICANT ACCOUNTING POLICIES

m) Investment properties (continued)

The Group determines fair value without any deductions for transactional costs it may incur on sale or other disposal. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Fair values are evaluated annually by an accredited external independent valuer. Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss in the year of disposal or retirement.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner- occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

n) Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use, the specific software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life at 30 percent per annum, using the reducing balance method. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

1. SIGNIFICANT ACCOUNTING POLICIES

o) Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 8) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 38 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option;
  and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Statement of Financial Position.

1. SIGNIFICANT ACCOUNTING POLICIES

Lease liability (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 5).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Lease rentals	Straight line	5

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1. SIGNIFICANT ACCOUNTING POLICIES

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease leases are classified as operating leases. modification.

When the company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the company applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (note).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

Any contingent rents are expensed in the period they are incurred.

p) Foreign currency transactions

The Group's consolidated financial statements are presented in Ksh which is also the Company's functional currency. That is the currency of the primary economic environment in which Kenindia Assurance Company Limited operates. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the statement of profit or loss. Tax changes and credits attributable to exchange differences on these items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1. SIGNIFICANT ACCOUNTING POLICIES

ii) Group companies

The assets and liabilities of foreign operations are translated into Kenya Shillings at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

q) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the statement of profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The income tax charge is analysed between tax in respect of policyholders' returns and the balance which represents the tax on equity holders' returns. The income tax charge in respect of policyholders' returns reflects the movement in current and deferred income tax recognised in respect of those items of income, gains and expenses, which inure to the benefit of policyholders.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

1. SIGNIFICANT ACCOUNTING POLICIES

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales taxes and premium taxes

Revenues, expenses and assets and liabilities are recognised net of the amount of sales taxes and premium taxes except when:

- the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable,
- receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

r) Employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the liability for annual leave as a result of services rendered by employees up to the statement of financial position.

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

t) Retirement benefits obligations

The company operates a defined contribution pension scheme for all its employees, the assets of which are held in trustee administered funds. The retirement plan is funded by payments from both employees and the company.

The company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by the local statute and currently limited to Ksh 200 per employee per month.

The company's contributions to the defined contribution pension scheme are charged to statement of profit or loss in the year to which they relate.

1. SIGNIFICANT ACCOUNTING POLICIES

u) Financial instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to a related party such as subsidiary.

1. SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily
derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

1. SIGNIFICANT ACCOUNTING POLICIES

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Disclosures for significant assumptions Note 1w.
- Trade/Premium receivables, including contract assets Note 22

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings (bank overdrafts) and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings (bank overdraft) and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

1. SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. However, the Group has not entered into hedge relationships.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings including bank overdraft)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings (including bank overdraft).

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

v) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

1. SIGNIFICANT ACCOUNTING POLICIES

v) Impairment of non-financial assets (continued)

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

w) Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognised in the financial

Operating lease commitments – Group as a lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

Product classification between Insurance and Investment contracts
The Group uses judgement to distinguish between insurance and investment contracts for its life products.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are

i) Valuation of insurance contract liabilities

Life insurance contract liabilities
The liability for life insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure. The carrying value at the reporting date of life insurance liabilities is as follows: Ksh 47,571,506 (2021: Ksh 150,903,727) for insurance liabilities and Ksh 17,555,309,857 (2021: Ksh 15,357,053,115) for actuarial value of policy holders' liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES

w) Significant Accounting Judgements and Estimates (continued)

Non-life insurance (which comprises general insurance and healthcare) contract liabilities
For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The key variables include frequency of claims, average claim costs, inflation and average handling costs and are covered in detail under note 40.

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, by being reserved at the face value of loss adjuster estimates.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

The carrying value at the reporting date of non-life insurance liabilities is as follows: For Group Ksh 6,756,509,955 (2021: Ksh 5,757,391,077) and for Company Ksh 5,819,446,678 (2021: Ksh 5,266,909,726).

ii) Fair value of financial assets determined using valuation techniques

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Deferred tax assets and liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Details on deferred taxes are disclosed in Note 29.

1. SIGNIFICANT ACCOUNTING POLICIES

w) Significant Accounting Judgements and Estimates (continued)

iv) Property and equipment and intangible assets

Critical estimates are made by the directors in determining depreciation and amortisation rates for property and equipment and intangible assets. The rates used are set out in the accounting policy (l) and (n) above.

v) Provision for expected credit losses

Provision for expected credit losses of trade receivables and contract assets.The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 21.

x) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends (if any) are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

y) Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Derecognition of insurance payables
Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

z) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the consolidated and company's statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts (if any).

aa) Share capital

The Group has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

1. SIGNIFICANT ACCOUNTING POLICIES

ab) Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment of the financial statements themselves.

ac) Insurance contract liabilities

Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.

A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group.

Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss. Profits originated from margins of adverse deviations on run-off contracts, are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows. Aggregation levels and the level of prudence applied in the test are consistent with IFRS 4 (Insurance Contracts) requirements. To the extent that the test involves discounting of cash flows, the interest rate applied may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the statement of profit or loss, by establishing a technical reserve for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists.

ac) Insurance contract liabilities

Non-life insurance (which comprises general insurance and healthcare) contract liabilities

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using actual claims data. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognised as premium income. At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for liability adequacy. There was no deficiency noted at the reporting date.

1. SIGNIFICANT ACCOUNTING POLICIES

ad) Off-setting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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. Income and expenses will not be offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

ae) Statutory reserve

The statutory reserve represents a reserve maintained within the long term assurance business and represents amounts recommended for transfer by the actuary from actuarial valuation as required by the Kenyan Insurance Act.

Transfers into the statutory reserve are processed through the statement of changes in equity. Transfers from the statutory reserve relates to amounts on the life assurance business which is distributable as dividends upon the recommendation of the actuary.

ae) Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from acquiring or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums from insurance contract. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, DAC for general insurance are amortised over the period in which the related revenues are earned. The deferred acquisition costs for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss.

DACs are also considered in the liability adequacy test for each reporting period. DACs are derecognised when the related contracts are either settled or disposed of.

2. Premium Earned

(a) Gross earned premium income

The company's insurance business is organised into two main divisions, short term insurance business and long term assurance business. Long term assurance business comprises life assurance business and deposit administration business. Life assurance business relates to the underwriting of risks relating to death of an insured person, and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. Short term insurance business relates to all other categories of general insurance business written by the company, analysed into several sub-classes of business based on the nature of the assumed risks. Approximately 82% of the Group's business is generated in Kenya.

The premium income of the Group and the Company can be analysed between the main classes of business as shown below:

	Group		Company	
	2022 KShs'000	2021 KShs'000	2022 KShs'000	2021 KShs'000
Short term insurance business:				
Motor	1,031,491	987,696	894,869	865,076
Fire	968,066	758,315	694,293	533,963
Personal accident and medical	175,344	166,547	175,344	166,547
Marine	285,569	278,552	196,288	231,307
Theft	141,683	154,866	141,683	154,866
Workmen compensation	252,592	292,990	252,592	292,990
Engineering	196,600	148,189	133,484	106,998
Liability	50,462	42,811	50,462	42,811
Aviation	49,388	51,632	-	-
Other miscellaneous	191,720	159,038	15,352	18,999
	3,342,915	**3,040,636**	**2,554,367**	**2,413,557**
Long term assurance business:				
Ordinary life (Gross)	2,309,944	3,241,908	2,309,944	3,241,908
Group life (Gross)	42,303	48,061	42,303	48,061
	2,352,247	**3,289,969**	**2,352,247**	**3,289,969**
	5,695,162	**6,330,605**	**4,906,614**	**5,703,526**

(b) (b) Premium ceded to re-insurers on re-insurance contracts

Long term business	**(31,755)**	**(36,461)**	**(31,755)**	**(36,461)**
Short term business	(1,430,707)	(1,173,705)	(902,047)	(797,131)
Change in unearned premiums provision (Note 28)	(6,529)	15,331	(50,493)	20,153
	(1,437,236)	**(1,158,374)**	**(952,540)**	**(776,978)**
Net earned premium income	**4,226,171**	**5,135,770**	**3,922,319**	**4,890,087**

3. Investment income

(a) Group 2022

	Long term assurance business KShs'000	Short term insurance business KShs'000	2022 Total KShs'000
Interest from government securities (At amortised cost)	7,309,717	442,508	7,752,225
Interest from government securities (At fair value through other comprehensive income)	-	92,887	92,887
Bank deposit interest	26,705	48,628	75,334
Loan interest	10,858	217	11,075
Operating lease income/rent from investment properties	96,351	42,923	139,274
Gains on valuation of investment properties (Note 16)	18,566	11,260	29,826
Dividends receivable from equity investments	30,264	34,446	64,710
Bonds and debentures interest	-	-	-
Gain/(loss) on valuation of quoted investments	(122,062)	(10,282)	(132,343)
Gain on disposal of government securities	-	-	-
Other investment charges/operating expenses on investment properties	(17,205)	(33,211)	(50,416)
	7,353,194	**629,377**	**7,982,572**

(a) Group 2021

	KShs'000	KShs'000	2021 Total KShs'000
Interest from government securities (At amortised cost)	5,970,024	371,026	6,341,050
Interest from government securities (At fair value through other comprehensive income)	-	98,931	98,931
Bank deposit interest	29,072	41,718	70,790
Loan interest	246	206	452
Operating lease income/rent from investment properties	101,908	43,426	145,334
Gains on valuation of investment properties (Note 16)	12,952	4,248	17,200
Dividends receivable from equity investments	10,003	20,010	30,013
Bonds and debentures interest	5,169	2,291	7,460
Gain/loss on valuation of quoted investments	7,131	9,288	16,419
Gain on disposal of government securities	-	-	-
Other investment charges/operating expenses on investment properties	(25,537)	(32,335)	(57,872)
	6,110,968	**558,809**	**6,669,777**

3. Investment income

(b) Company 2022

	Long term assurance business KShs'000	Short term insurance business KShs'000	2022 Total KShs'000
Interest from government securities (At amortised cost)	7,309,717	434,880	7,744,597
Interest from government securities (At fair value through other comprehensive income)	-	90,488	90,488
Bank deposit interest	26,705	28,918	55,623
Loan interest	10,858	217	11,075
Operating lease income/rent from investment properties	96,351	42,323	138,674
Gains on valuation of investment properties (Note 16)	18,566	9,994	28,560
Dividends receivable from equity investments	30,264	30,752	61,016
Bonds and debentures interest	-	-	-
Gain/(loss) on valuation of quoted investments	(122,062)	(2,781)	(124,843)
Other investment charges/operating expenses on investment properties	(17,205)	(24,212)	(41,417)
	7,353,194	**610,578**	**7,963,773**

(b) Company 2021

	KShs'000	KShs'000	2021 Total KShs'000
Interest from government securities (At amortised cost)	5,970,024	363,924	6,333,948
Interest from government securities (At fair value through other comprehensive income)	-	96,437	96,437
Bank deposit interest	29,072	22,638	51,710
Loan interest	246	88	334
Operating lease income/rent from investment properties	101,908	42,876	144,784
Gains on valuation of investment properties (Note 16)	12,952	4,248	17,200
Dividends receivable from equity investments	10,003	17,294	27,297
Bonds and debentures interest	5,169	2,291	7,460
Gain/loss on valuation of quoted investments	7,131	5,093	12,224
Gain on disposal of government securities	-	-	-
Other investment charges/operating expenses on investment properties	(25,537)	(24,575)	(50,112)
	6,110,968	**530,314**	**6,641,282**

4. (a) Commission income

	Group		Company	
	2022 KShs '000	**2021 KShs '000**	**2022 KShs '000**	**2021 KShs '000**
Re-insurance commission income	410,896	331,723	263,539	220,613

(b) Commission expense

	Group 2022 KShs '000	Group 2021 KShs '000	Company 2022 KShs '000	Company 2021 KShs '000
Commission on direct insurance arrangements	784,790	753,333	625,179	629,486
Commission on inward re-insurance arrangements	16,822	20,856	16,822	20,856
	801,612	**774,189**	**642,001**	**650,342**

4.(c) Other income

Group	Long term assurance business KShs'000	Short term insurance business KShs'000	2022 Total KShs'000	Long term assurance business KShs'000	Short term insurance business KShs'000	2021 Total KShs'000
Gain/(loss) on disposal of property and equipment	(87)	81	(6)	-	(559)	(559)
Exchange gain/(loss)	-	745	745	-	5,591	5,591
Administration fees	-	560	560	-	801	801
Miscellaneous income	24,192	1,281	25,473	11,302	280	11,582
	24,105	**2,667**	**26,772**	**11,302**	**6,113**	**17,415**
Company						
Gain/(loss) on disposal of property and equipment	(87)	81	(6)	-	(559)	(559)
Exchange gain/(loss)	-	(3)	(3)	-	3,848	3,848
Administration fees	-	560	560	-	801	801
Miscellaneous income	24,192	1,281	25,473	11,302	280	11,582
	24,105	**1,919**	**26,024**	**11,302**	**4,370**	**15,672**

5. Operating expenses

(a) Group	Long term assurance business KShs'000	Short term insurance business KShs'000	2022 Total KShs'000	Long term assurance business KShs'000	Short term insurance business KShs'000	2021 Total KShs'000
Staff costs	248,211	451,378	699,589	237,902	434,363	672,265
Property expenses	7,616	22,376	29,992	16,022	11,427	27,449
Printing and stationery	7,307	8,879	16,186	5,671	18,667	24,338
Telephone expenses	5,451	2,929	8,380	5,815	2,205	8,020
Travelling expenses	17,505	19,081	36,586	11,198	4,473	15,671
Repairs and maintenance expenditure	8,991	26,847	35,839	16,429	46,350	62,779
Advertisement expenses	9,080	3,670	12,750	4,390	1,261	5,651
Entertainment expenses	1,556	1,017	2,573	1,240	932	2,172
Bank charges	3,452	6,971	10,423	3,232	2,603	5,835
Interest expense on lease liabilities	1,736	3,407	5,143	-	-	-
Interest on bank overdraft	-	-	-	-	-	-
Training expenses	2,574	3,436	6,011	956	667	1,623
General office expenses	157,869	189,694	347,563	204,732	186,493	381,309
	471,348	**739,687**	**1,211,035**	**507,587**	**709,441**	**1,207,112**
Staff costs include the following:						
- Salaries and wages	187,760	324,968	512,728	190,877	362,928	553,805
- Social security benefit costs	155	704	859	198	338	536
- Retirement benefit costs	9,938	34,161	44,099	14,094	25,747	39,841
	197,853	**359,833**	**557,686**	**205,169**	**389,013**	**594,182**

5. Operating Expenses

b) Company	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
Staff costs	248,211	363,562	611,773	237,902	361,666	599,568
Property expenses	7,616	10,033	17,649	16,022	6,327	22,349
Printing and stationery	7,307	7,995	15,302	5,671	18,667	24,338
Telephone expenses	5,451	1,032	6,483	5,815	2,205	8,020
Travelling expenses	17,505	8,608	26,113	11,198	4,473	15,671
Repairs and maintenance expenditure	8,991	24,061	33,052	16,429	46,350	62,779
Advertisement expenses	9,080	1,098	10,178	4,390	1,261	5,651
Entertainment expenses	1,556	1,017	2,572	1,240	932	2,172
Bank charges	3,452	3,406	6,858	3,232	2,603	5,835
Interest expense on lease liabilities	1,736	3,329	5,065	-	-	-
Training expenses	2,574	3,436	6,010	956	667	1,623
General office expenses	157,869	155,022	312,890	204,732	134,339	339,071
	471,348	**582,598**	**1,053,946**	**507,587**	**579,490**	**1,087,077**
Staff costs include the following:						
- Salaries and wages	187,760	324,968	512,728	190,877	290,231	481,108
- Social security benefit costs	155	316	471	198	338	536
- Retirement benefit costs	9,938	27,161	37,099	14,094	25,747	39,841
	197,852	**352,445**	**550,297**	**205,169**	**316,316**	**521,485**

The number of persons employed by the Group at year end was 225 (2021: 225). At company level, the employees as at year end were 196 (2021: 192).

The number of persons employed by the Group and Company at year end, by category, were:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Executive wing and marketing	12	12	9	9
Operations	79	97	63	81
Life	57	53	57	53
Support	77	63	63	49
	225	**225**	**192**	**192**

5. Operating Expenses

b) Group	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
Insurance receivables (Note 22)	-	(66,285)	(66,285)	-	(40,205)	(40,205)
Reinsurance receivables (Note 21)	-	4,769	4,769	-	(-6,373)	(6,373)
Financial assets (Note 33)	(15,133)	88	(15,045)	(4,088)	(-2,945)	(7,033)
Loans receivable (Note 20)	-	-	-	-	-	
Rental receivables (Note 24)	(4,286)	3,013	(1,273)	(4,873)	(4,824)	(9,697)
Other receivables (Note 24)		377	377	-	98	98
	(19,419)	**(58,038)**	**(77,457)**	**(8,961)**	**(54,249)**	**(63,210)**

Company	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
	-	(56,833)	(56,833)		(40,538)	(40,538)
Insurance receivables (Note 22)	-	(54)	-	-	-	-
Reinsurance receivables (Note 21)	(15,133)	(625)	(15,758)	-	(2,873)	(6,961)
Financial assets (Note 33)	-	-	-	(4,088)		-
Loans receivable (Note 20)	(4,286)	3,013	(1,273)		(4,824)	(9,697)
Rental receivables (Note 24)	-	-	-	(4,873)	-	-
Other receivables (Note 24)				-		
	(19,419)	**(54,499)**	**(73,864)**	**(8,961)**	**(48,235)**	**(57,196)**

5d) Deferred acquisition costs (DAC)

Group and Company Deferred acquisition costs	2022 Gross Ksh'000	2022 Re-insurance Ksh'000	2022 Net Ksh'000	2021 Gross Ksh'000	2021 Re-insurance Ksh'000	2021 Net Ksh'000
At beginning of year	150,098	60,054	90,044	122,312	52,044	70,268
Commissions deferred	(34,778)	(11,110)	(23,668)	27,786	8,010	19,776
At end of year	**115,320**	**48,944**	**66,376**	**150,098**	**60,054**	**90,044**

Deferred acquisition costs was first estimated in 2020. Gross DAC was estimated using the 365th method (2021: 365th method).

6. Other expenses

a) Group	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
Depreciation and amortisation	7,770	36,732	44,502	7,663	41,903	49,566
Depreciation on right-of-use assets	4,925	7,557	12,482	-	-	-
Amortisation of prepaid lease	38,722	117	38,839	38,722	117	38,839
Audit fee	4,563	10,734	15,297	2,201	10,412	12,613
Donations	252	261	513	20	5	25
Other Expenses	-	3,193	3,193	-	2,537	2,537
Directors' remuneration (Note 39)	1,125	2,331	3,456	900	4,439	5,339
Other directors' expenses	7,324	11,207	18,532	2,627	3,507	6,134
	64,680	**72,133**	**136,813**	**52,133**	**62,920**	**115,093**
(b) Company						
Depreciation and amortisation	7,770	36,732	44,502	7,663	41,903	49,566
Depreciation on right-of-use assets	4,925	7,557	12,482	-	-	-
Amortisation of prepaid lease	38,722	117	38,839	38,722	117	38,839
Audit fee	4,563	2,649	7,212	2,201	5,391	7,592
Donations	252	261	513	20	5	25
Directors' remuneration (Note 39)	1,125	1,125	2,250	900	2,700	3,600
Other directors' expenses	7,324	7,363	14,687	2,627	2,627	5,254
	64,680	**55,804**	**120,484**	**52,133**	**52,743**	**104,876**

7. Income tax

Taxation payable/(recoverable)	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
a) Group						
Taxation recoverable						
Balance brought forward	-	(71,765)	(71,765)	-	(48,783)	(48,783)
Charge for the year	-	5,433	5,433	-	25,261	25,261
Over provision in previous year	-	-	-	-	(28,032)	(28,032)
Exchange gain/(loss)	-	(1,534)	(1,534)	-	-	-
Paid during the year	-	(10,228)	(10,228)	-	(20,211)	(20,211)
Balance carried forward	**-**	**(78,094)**	**(78,094)**	**-**	**(71,765)**	**(71,765)**
Taxation payable						
Balance brought forward	148,811	17,367	166,178	125,159	(4,446)	120,713
Charge for the year	150,900	22,767	173,667	112,500	24,796	137,296
Underprovision/(overprovision) in previous year	-	(22,799)	(22,799)	-	-	-
Paid during the year	(215,920)	-	(215,920)	(88,848)	(2,983)	(91,831)
Balance carried forward	**83,791**	**17,335**	**101,126**	**148,811**	**17,367**	**166,178**

7. Income tax (continued))

	Taxation payable/(recoverable) (continued)	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
b)	**Company**						
	Balance brought forward	148,811	(47,595)	101,216	125,159	(53,170)	71,989
	Charge for the year	150,900	5,433	156,333	112,500	7,922	120,422
	Over provision in previous year	-	-	-	-	-	-
	Paid during the year	(215,920)	(10,228)	(226,148)	(88,848)	(2,347)	(91,195)
	Balance carried forward	**83,791**	**(52,390)**	**31,401**	**148,811**	**(47,595)**	**101,216**
	Income tax charge/(credit)						
c)	**Group**						
	Current income tax charge	150,900	20,007	170,907	112,500	25,261	105,783
	Over provision in previous year	-	-	-	-	(2,527)	(514)
	Deferred tax charge/(credit)	-	(138,464)	(138,464)	-	(458,796)	(158,725)
	Income tax charge/(credit)	**150,900**	**(118,457)**	**32,443**	**112,500**	**(168,813)**	**(53,456)**

The Group's current tax charge is computed in accordance with the income tax rules applicable to composite Kenyan Insurance companies. A reconciliation of the tax charge is shown below:

Group	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Profit before taxation	503,000	179,527	682,527	375,000	177,476	552,477
Tax calculated at a statutory tax rate of 30% (2021:30%)	150,900	53,858	204,758	112,500	52,020	133,622
Tax effect of income not subject to tax		(87,494)	(87,494)	-	(41,352)	(41,352)
Tax effect of expenses not deductible for tax purposes		53,644	53,644		14,593	14,593
Over provision in previous year	-	-	-	-	(2,527)	(2,527)
Deferred tax charge/(credit)	-	(138,464)	(138,464)	(13,943)	(458,796)	(472,739)
Income tax charge/(credit)	**150,900**	**118,456)**	**32,444**	**98,557**	**(436,062)**	**(368,403)**

7. Income tax (continued))

	Taxation payable/(recoverable) (continued)	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
		Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
d)	Company						
	Current income tax charge	150,900	5,433	156,333	112,500	7,922	120,422
	Over provision in previous year	-	-	-	-	-	-
	Deferred tax charge/(credit)	-	(138,464)	(138,464)	-	(459,612)	(459,612)
	Income tax charge/(credit)	**150,900**	**(133,031)**	**17,869**	**112,500**	**(451,690)**	**(339,190)**

Company	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Profit before taxation	503,000	135,199	638,199	375,000	122,248	497,248
Tax calculated at a statutory tax rate of 30%(2021:30%)	150,900	40,560	191,460	112,500	36,674	149,174
Tax effect of income not subject to tax	-	(83,109)	(83,109)	-	(41,352)	(41,352)
Tax effect of expenses not deductible for tax purposes	-	47,982	47,982	-	12,600	12,600
Overprovision in previous year	-	-	-	-	-	-
Deferred tax charge/(credit)	-	(138,464)	(138,464)	(13,943)	(459,612)	(473,555)
Income tax charge/(credit)	**150,900**	**(133,031)**	**17,869**	**98,557**	**(451,690)**	**(353,133)**

8	**Share Capital**	Number of Shares		Share Capital	
		2022	2021	2022	2021
		Ksh'000	Ksh'000	Ksh'000	Ksh'000
	Authorised Ordinary shares of Ksh 100 each (Short-term business)	6,000,000	6,000,000	600,000	600,000
	Ordinary shares of Ksh 100 each (Long-term business)	4,000,000	4,000,000	400,000	400,000
	Total	**10,000,000**	**10,000,000**	**1,000,000**	**1,000,000**
	Ordinary shares: Issued and fully paid				
	At start of year (Short-term business)	6,000,000	6,000,000	600,000	600,000
	Additional share capital during the year	-	-	-	-
	At end of year (Short-term business)	**6,000,000**	**6,000,000**	**600,000**	**600,000**
	At start of year (Long-term business)	4,000,000	4,000,000	400,000	400,000
	Additional share capital during the year	-	-		
	At end of year (Long-term business)	4,000,000	4,000,000	400,000	400,000
	Total	**10,000,000**	**10,000,000**	**1,000,000**	**1,000,000**

All ordinary shares are fully paid.

Share capital was increased in 2020 through bonus issue to meet new capital requirements by the insurance regulator. In June 2020, the company increased its share capital for long term business and short term business by capitalizing KSh 438,612,000 out of retained earnings to create a total of 4,386,118 new ordinary shares of Ksh 100 each, ranking pari passu in all respects with the existing shares of the Company.

General asset in life
General asset in life arose as a result of appropriation of Bonus issue from the retained earnings in General business, and allocating the share of life business through book entry. The amount was settled to life in year 2022.

8) **b) Share premium**

Share premium arose during the year 2011 as a result of some bonus shares issues and purchased at a price higher than the par value.

c) Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the number of shares outstanding at the reporting date.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding during the year plus the number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Basic and diluted earnings per share are the same. Group earnings reported for 2022 and 2021 were net profit of Ksh 629,769,000 and Ksh 864,202,000 respectively. Company earnings reported for 2022 and 2021 were net profit of Ksh 620,330,000 and Ksh 836,437,715 respectively.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Net profit attributable to ordinary shareholders for basic and diluted earnings	**629,769**	**864,202**	**620,330**	**836,438**
Number of ordinary shares for basic and diluted earnings per share	10,000,000	10,000,000	10,000,000	10,000,000
Basic earnings per share (Ksh)	**62.98**	**86.42**	**62.03**	**83.64**
Diluted earnings per share (Ksh)	**63**	**86**	**62**	**84**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

d) Dividend per share

Dividend per share is calculated by dividing dividends for the year by the weighted average number of ordinary shares outstanding during the year.

	2022	**2021**
	Ksh'000	**Ksh'000**
Dividend proposed	**Ksh 50,000**	**Ksh 75,000**
Dividend per share	**Ksh 5.00**	**Ksh 7.50**

In respect of the current year, the Directors propose the payment of a dividend of Ksh 5.00 (2021: Ksh 7.50) per share equivalent to total sum of Ksh 50 million (2020: Ksh 75 million) be paid to the shareholders.

Payment of dividends is subject to withholding tax at the rate of 5% for residents and 20% for non-residents. For resident shareholders, withholding tax is only deductible where the shareholding is below 12.5%.

9) Reserves

(a) Fair value reserve

The fair value reserve represents fair value gains/(losses) arising from the revaluation of financial assets classified at fair value through other comprehensive income and is not distributable as dividends. The movement in the fair value reserve for the Group and Company is shown below and in the statement of other comprehensive income on pages 9 and 11 respectively.

	Group				Company			
	Long term assurance business	Short term insurance business	2022 Total	2021 Total	Long term assurance business	Short term insurance business	2022	2021
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	**(452)**	**538,880**	**538,428**	**602,720**	**(452)**	**539,843**	**539,392**	**600,213**
Gain on unquoted shares	8	29,368	29,377	-	8	28,866	28,874	-
Deferred tax	(3)	(8,811)	(8,814)	-	(3)	(8,660)	(8,663)	-
	(447)	**559,438**	**558,991**	**602,720**	**(447)**	**560,049**	**559,603**	**600,213**
Net gain/(loss) on investments at fair value through other comprehensive income:								
Government securities	-	(31,081)	(31,081)	(12,698)	-	(30,088)	(30,088)	(12,483)
Adjustment for losses included in income statement on disposal of investments	-	-	-		-	-	-	-
Net gain/(loss) (Note 25)	-	(31,081)	(31,081)	(12,698)	-	(30,088)	(30,088)	(12,483)
Gain/(loss) on equity investments	8	29,368	29,376	(182,797)	8	28,866	28,874	(74,977)
	8	29,368	29,376	(182,797)	8	28,866	28,874	(74,977)
Total movement in investments at fair value through other comprehensive income	8	(1,712)	(1,704)	(195,495)	8	(1,222)	(1,214)	(87,460)
Deferred tax on fair value reserve	(3)	514	511	131,202	(3)	367	364	26,639
At 31 December	**(447)**	**537,681**	**557,798**	**538,427**	**(447)**	**538,987**	**538,540**	**539,392**

(b) Foreign currency translation reserve (Group)

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations.

	Group		Company	
	2022	2021	2022	2021
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	3,744	4,474	-	-
Exchange difference on translation	7,354	(730)	-	-
	11,098	**3,744**	**-**	**-**

9) Reserves (continued)

c) Revaluation reserve (Group and Company)

	2022	2021
	Ksh'000	Ksh'000
At 1 January	475,635	454,209
Revaluation of buildings	-	-
Depreciation released on revaluation	19,639	19,593
Total revaluation	19,639	19,593
Deferred tax on revaluation	(1,377)	21,426
		-
	18,262	41,019
Transfer of excess depreciation	4,590	(19,593)
At 31 December	**498,487**	**475,635**

d) General reserve-Group and Company

	2022	2021
	Ksh'000	Ksh'000
At 1 January	723,683	513,683
Transfer from statutory reserve, net of tax	352,100	210,000
At 31 December	**1,075,783**	**723,683**

e) Non-controlling interests-Group

	2022	2021
	Ksh'000	Ksh'000
At 1 January	107,218	92,344
Share of profit for the year	11,516	11,837
Other comprehensive income	5,301	3,038
At 31 December	**124,035**	**107,218**
The non-controlling interests consist of:		
Equity interests held by individual shareholders	**124,035**	**107,218**

10) Retained earnings

Included within retained earnings are gains arising from the revaluation of investment properties whose distribution is subject to restrictions imposed by legislation. The Insurance Regulatory Authority has placed restrictions on distribution of gains arising from the revaluation of investment properties of Ksh 3,163.258 million (Ksh 3,163.258 million for 2021).
The movement for the year is shown below.

	Group		Company	
	2022	2021	2022	2021
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	2,385,442	1,825,277	2,227,798	1,651,380
Profit for the year-short term business	289,185	557,665	268,230	573,918
Profit for the year-long term business	352,100	262,500	352,100	262,500
Transfer of excess depreciation	(7)	-	(7)	-
Dividends paid	(75,000)	(50,000)	(75,000)	(50,000)
Transfer to share capital through bonus issue			-	-
Transfer to general reserve	(299,600)	(210,000)	(299,600)	(210,000)
At 31 December	**2,652,120**	**2,385,442**	**2,473,521**	**2,227,798**

10) Retained earnings (continued)

Included in the retained earnings is gain on transfer of one part of the properties (Kenindia Business Park) from General Business to Life Business. The gain which arose in 2015 and amounting to Ksh 976,837,000 is not distributable to shareholders.

11) Statutory reserve

The statutory reserve represents profits from the long term business whose distribution is subject to restrictions imposed by the Kenyan Insurance Act. The Act restricts the amounts of surpluses of the long term business available for distribution to shareholders to 30% of the accumulated profits of the life business.

Movement in the statutory reserve for the Group and Company is shown below and in the statement of changes in equity on pages 17, 18, 19 and 20 respectively.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 1 January	318,516	318,516	318,516	318,516
At 31 December	**318,516**	**318,516**	**318,516**	**318,516**

12) Property and equipment (Group)

	Buildings	Motor Vehicles	Computer Equipment	Fittings and Equipment	2022 Total
Cost / Valuation	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 1 January 2022	785,571	86,452	198,656	212,047	1,282,726
Additions	4589	11,620	967	3,471	20,647
Disposals	-	(14,288)	-	(297)	(14,585)
Exchange differences	-	737	1,605	988	3,330
At 31 December 2022	**790,160**	**84,521**	**201,228**	**216,209**	**1,292,118**
Accumulated depreciation					
At 1 January 2022	-	48,748	184,311	165,884	398,943
Charge for the year	19,639	11,611	4,448	6,541	42,239
Eliminated on revaluation	(19,639)	-	-	-	(19,639)
Eliminated on disposal	-	(11,071)	-	(195)	(11,266)
Exchange differences	-	399	1,287	765	2,451
At 31 December 2022	**-**	**49,687**	**190,046**	**172,995**	**412,728**

12) Property and equipment (Group) Continued

Carrying amount					
At 31 December 2022	**790,160**	**34,834**	**11,182**	**43,214**	**79,390**
At 31 December 2021					

Cost	**Buildings**	**Motor Vehicles**	**Computer Equipment**	**Fittings and Equipment**	**2022 Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 1 January 2021	783,738	65,081	202,968	210,449	1,262,236
Additions	1,833	33,850	1,753	5,821	43,257
Disposals	-	(12,916)	(7,002)	(4,825)	(24,743)
Exchange differences	-	437	937	602	1,976
At 31 December 2021	**785,571**	**86,452**	**198,656**	**212,047**	**1,282,726**
Accumulated depreciation					
At 1 January 2021	-	46,969	184,027	161,316	392,312
Charge for the year	19,593	12,568	6,060	7,758	45,979
Eliminated on revaluation	(19,593)	-	-	-	(19,593)
Eliminated on disposal	-	(10,985)	(6,495)	(3,627)	(21,107)
Exchange differences	-	196	719	437	1,352
At 31 December 2021	**-**	**48,748**	**184,311**	**165,884**	**398,943**
Carrying amount					
At 31 December 2021	**785,571**	**37,704**	**14,345**	**46,163**	**883,783**

In 2022, buildings were valued by City Valuers, independent valuers, on the basis of open market value. The carrying amount of the asset was restated to the revalued amount of the asset, and the resulting surplus arising on revaluation net of deferred income tax was recognised in other comprehensive income and credited to the revaluation surplus in equity.

13) Property and equipment (Company)

Cost	Buildings	Motor Vehicles	Computer Equipment	Fittings and Equipment	2022 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Cost	785,571	76,862	177,484	199,186	1,239,103
At 1 January 2022	4589	11,620	-	863	17,072
Additions	-	(14,288)	-	(297)	(14,585)
Disposals					
At 31 December 2022	**790,160**	**74,194**	**177,484**	**199,752**	**1,241,590**
Depreciation					
At 1 January 2022	-	43,563	167,288	155,932	366,783
Charge for the year	19,639	10,425	3,059	5,534	38,657
Eliminated on revaluation	(19,639)	-	-	-	(19,639)
Eliminated on disposal	-	(11,071)	-	(195)	(11,266)
At 31 December 2022	**-**	**42,917**	**170,347**	**161,271**	**374,535**
Net book value	**790,160**	**31,277**	**7,137**	**38,481**	**867,055**

At 31 December 2021	Buildings	Motor Vehicles	Computer Equipment	Fittings and Equipment	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Cost					
At 1 January 2021	783,738	54,862	181,829	196,344	1,216,773
Additions	1833	33,850	143	5,402	41,228
Revaluation surplus	-	-	-	-	-
Disposals	-	(11,850)	(4,488)	(2,560)	(18,898)
At 31 December 2021	**785,571**	**76,862**	**177,484**	**199,186**	**1,239,103**
Depreciation					
At 1 January 2021	-	42,382	166,901	151,063	360,346
Charge for the year	19,593	11,100	4,369	6,231	41,293
Eliminated on revaluation	(19,593)	-	-	-	(19,593)
Eliminated on disposal	-	(9,919)	(3,982)	(1,362)	(15,263)
At 31 December 2021	**-**	**43,563**	**167,288**	**155,932**	**366,783**
Net book value					
At 31 December 2021	**785,571**	**33,299**	**10,196**	**43,254**	**872,320**

14) a) Intangible assets (Group)

Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	25,971	115,507	141,478	43,136	115,506	158,642
Additions	179	-	179	352	-	352
Disposals	-		-	(17,517)		(17,517)
Exchange differences	-	-	-	-	1	1
At 31 December	**26,150**	**115,507**	**141,657**	**25,971**	**115,507**	**141,478**
Accumulated amortisation						
At 1 January	21,596	99,055	120,651	36,308	92,092	128,400
Charge for the year	1,366	4,970	6,336	1,875	7,051	8,926
Eliminated on disposal	-	-	-	(16,587)	-	(16,587)
Exchange differences	-	(116)	(116)	-	(88)	(88)
At 31 December	**22,962**	**103,909**	**126,871**	**21,596**	**99,055**	**120,651**
Net book value						
At 31 December	**3,188**	**11,597**	**14,785**	**4,375**	**16,451**	**20,826**

(b) Intangible assets (Company)

Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	25,971	102,315	128,286	43,136	102,315	145,451
Additions	179	-	179	352	-	352
Disposals	-		-	(17,517)		(17,517)
At 31 December	**26,150**	**102,315**	**128,465**	**25,971**	**102,315**	**128,286**
Accumulated amortisation						
At 1 January	21,596	87,388	108,984	36,308	80,990	117,298
Eliminated on disposal	-	-	-	(16,587)	-	(16,587)
Charge for the year	1,366	4,478	5,844	1,875	6,398	8,273
At 31 December	**22,962**	**91,866**	**114,828**	**21,596**	**87,388**	**108,984**
Net book value						
At 31 December	**3,188**	**10,449**	**13,637**	**4,375**	**14,927**	**19,302**

Intangible assets relate to the cost of purchase and installation of computer software (Genisys and Elife). As at 31 December 2021, Life Business impaired the "INSYNC" and "PREMIA" pensions administration software at a carrying amount of Kshs. 930,049.

15) Prepaid operating lease rentals

a) Group

Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	1,248,431	9,976	1,258,407	1,248,431	9,976	1,258,407
At 31 December	**1,248,431**	**9,976**	**1,258,407**	**1 ,248,431**	**9,976**	**1,258,407**
Amortisation						
At 1 January	280,657	2,931	283,588	241,935	2,813	244,748
Charge for the year	38,722	119	38,841	38,722	118	38,840
At 31 December	**319,379**	**3,050**	**322,429**	**280,657**	**2,931**	**283,588**
Net book value						
At 31 December	**929,052**	**6,926**	**935,978**	**967,774**	**7,045**	**974,819**

b) Company

Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	1,248,431	9,830	1,258,261	1,248,431	9,830	1,258,261
At 31 December	**1,248,431**	**9,830**	**1,258,261**	**1,248,431**	**9,830**	**1,258,261**
Amortisation						
At 1 January	280,657	2,909	283,566	241,935	2,792	244,727
Charge for the year	38,722	117	38,839	38,722	117	38,839
At 31 December	**319,379**	**3,026**	**322,405**	**280,657**	**2,909**	**283,566**
Net book value						
At 31 December	**929,052**	**6,804**	**935,856**	**967,774**	**6,921**	**974,695**

16 Investment properties

a) Group

Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	2,025,707	1,297,480	3,323,187	2,012,756	1,291,594	3,304,350
Additions	-	-	-	-	1,638	1,638
Fair value gain	19,093	11,260	30,353	12,951	4,248	17,199
At 31 December	**2,044,800**	**1,308,740**	**3,353,540**	**2,025,707**	**1,297,480**	**3,323,187**

b) Company

Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 January	2,025,707	1,277,746	3,303,453	2,012,756	1,273,079	3,285,835
Additions	-	-	-	-	419	419
Fair value gain /(loss)	19,093	9,994	29,087	12,951	4,248	17,199
At 31 December	**2,044,800**	**1,287,740**	**3,332,540**	**2,025,707**	**1,277,746**	**3,303,453**

16) Investment properties (continued)

Investment properties are stated at fair value, which has been determined based on valuation (open market value for existing use) performed by City Valuers Limited as at 31 December 2022. City Valuers Limited are industry specialists in valuing these types on investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanges between a knowledgeable, willing buyer and a knowledgeable willing seller, in an arm's length transaction at the date of valuation in accordance with the standards issued by the International Valuation Standards Committee. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Valuations are performed on an annual basis using recent transaction prices for similar use assets and the fair value gains and losses are dealt with in the statement of profit or loss.
The Group enters into operating leases for all its investment properties. The rental income arising during the year amounted to Ksh 139,274,000 (2021: Ksh 145,335,000) which is included in investment income (Note 3).

Direct operating expenses (included in note 3) attributable to the rental of these properties during the year were Ksh 50,416,000 (2021: Ksh 57,872,000).
Disclosures regarding minimum lease payments have been provided in Note 38(b).

The following table shows an analysis of investment properties recorded at fair value by level of the fair value hierarchy

	2022	2021
Group	**Ksh'000**	**Ksh'000**
Level 1	-	-
Level 2	-	-
Level 3	3,353,540	3,323,187
Fair value as at 31 December	**3,353,540**	**3,323,187**

Company	**Ksh'000**	**Ksh'000**
Level 1	-	-
Level 2	-	-
Level 3	3,332,540	3,303,453
Fair value as at 31 December	**3,332,540**	**3,303,453**

17) Investment in subsidiaries

	Percentage (%) of share holding	2022 Ksh'000	2021 Ksh'000
Kenya Pravack Limited	100	3,640	3,640
Kenindia Asset Management Company Limited	100	10,000	10,000
Tanzindia Assurance Company Limited	65	91,972	91,972
At 31 December		**105,612**	**105,612**

Investment in subsidiaries is stated at cost.

17) Investment in subsidiaries (continued)

Kenya Pravack Limited
The principal activity of Kenya Pravack Limited is to carry out investments for Kenindia Assurance Company Limited. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Kenindia Asset Management Company Limited
The principle activity of Kenindia Asset Management Company Limited is that the company manages and administers retirement benefit schemes. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Tanzindia Assurance Company limited
The principal activity of Tanzindia Assurance Company Limited is the transaction of general insurance business. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest for the period is Ksh 102,213,000 (2021: Ksh 102,213,000) which is wholly attributed to Tanzindia Assurance Company Limited.

Set out below are the summarised financial information for the subsidiary whose non-controlling interest are material to the

	2022	2021
Summarised statement of financial position	**Ksh'000**	**Ksh'000**
Total assets	1,965,111	1,344,327
Total liabilities	(1,610,724)	(1,037,990)
Net assets	**354,387**	**306,337**
Summarised statement of profit or loss		
Gross earned premiums	788,548	29,762
Underwriting surplus	45,128	42,146
Profit/(loss) before income tax	47,477	49,461
Income tax (expense)/credit	(14,574)	(15,640)
	32,903	33,820
Other comprehensive income	-	-
Total comprehensive income	**32,903**	**33,820**
Total comprehensive income allocated to non-controlling interest	**11,516**	**11,837**
Summarised statement of cash flows		
Net cash generated from/(used in) operating activities	(18,129)	(5,060)
Net cash generated from/ (used in) investing activities	70,412	(11,219)
Net cash (used in)/generated from financing activities	53,973	(34,137)
Net decrease in cash and cash equivalents	106,257	(50,416)
Cash and cash equivalents at beginning of year	37,491	85,467
Exchange gains on cash and cash equivalents	3,382	2,440
Cash and cash equivalents at the end of the year	**147,131**	**37,491**

18) Unquoted equity investments at fair value through other comprehensive income

(a) Group Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
1 January	12	849,316	849,328	198	919,724	919,922
Additions	-	-	-	-	-	-
Fair value gain/(loss)	8	29,368	29,377	(186)	(72,830)	(73,016)
Provision for expected credit losses	-	-	-	-	(38)	(38)
Exchange gain/(loss)	-	4,780	4,780	-	2,460	2,460
31 December	**20**	**883,465**	**883,485**	**12**	**849,316**	**849,328**

(b) Company	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
1 January	12	787,140	787,152	198	861,931	862,129
Fair value gain/(loss)	8	28,866	28,874	(186)	(74,791)	(74,977)
31 December	**20**	**816,006**	**816,026**	**12**	**787,140**	**787,152**

Unquoted equity investments comprise investments in shares of unquoted companies, which the Group intends to hold for long term. Although there is no market for these investments, during the year, an independent valuation of the investments was undertaken. The valuation was carried out under the International Valuation Standards' three main approaches; market approach, income approach and cost approach. Valuation was done using the market approach and a conservation view adopted.

19) Unquoted equity investments at fair value through profit or loss

(a) Group Cost	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	595,812	56,394	652,206	105,247	49,060	154,307
Additions	-	-	-	483,434	-	483,434
Exchange gain	-	25	25	-	10	10
Fair value gain/(loss)	(122,061)	(10,759)	(132,820)	7,131	7,324	14,455
At end of year	**473,751**	**45,660**	**519,411**	**595,812**	**56,394**	**652,206**

19) Unquoted equity investments at fair value through profit or loss (continued)

(b) Company	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	595,812	33,953	629,765	105,247	28,860	134,107
Additions	-	-	-	483,434	-	483,434
Disposals	-	-	-	-	-	-
Fair value gain/(loss)	(122,061)	(2,782)	(124,843)	7,131	5,093	12,224
At end of year	**473,751**	**31,171**	**504,922**	**595,812**	**33,953**	**629,765**

20) Loans Receivable (Group and Company)

	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Mortgage loans						
At start of year	4,239	-	4,239	4,239	-	4,239
Loan repayments	-	-	-	-	-	-
At end of year	**4,239**	**-**	**4,239**	**4,239**	**-**	**4,239**
Maturity profile of mortgage loans maturing						
In 1-5 years	3,290	-	2,972	3,290	-	3,290
In over 5 years	949	-	1,267	949	-	949
At end of year	**4,239**	**-**	**4,239**	**4,239**	**-**	**4,239**
Policy loans						
At start of year	73,135	-	73,135	110,161	-	110,161
Loan advanced	47,177	-	47,177	34,120	-	34,120
Loan repayments	(31,141)	-	(31,141)	(42,492)	-	(42,492)
Accrued interest b/f reversed	-	-	-	(28,654)	-	(28,654)
At end of year	**89,171**	**-**	**89,171**	**73,135**	**-**	**73,135**
Maturity profile of policy loans maturing						
Within 1 year	6,010	-	6,010	10,203	-	10,203
In 1-5 years	26,499	-	26,499	35,323	-	35,323
In over 5 years	56,662	-	56,662	27,609	-	27,609
At end of year	**89,171**	**-**	**89,171**	**73,135**	**-**	**73,135**

20) Loans and receivables (continued)

Company	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Motor vehicle loans (Maturing between 1-5 years)						
At start of year	5,343	2,409	7,752	2,842	370	3,212
Loan advanced	1,000	2,500	3,500	4,035	2,420	6,455
Loan repayments	(1,947)	(1,157)	(3,104)	(1,534)	(381)	(1,915)
Provision for Expected Credit Losses	-	-	-	-	-	-
At end of year	**4,396**	**3,752**	**8,148**	**5,343**	**2,409**	**7,752**
Book amount						
Mortage loans	4,239	-	4,239	4,239	-	4,239
Policy loans	89,171	-	89,171	36,109	-	36,109
Motor vehicles	4,396	3,752	8,148	7,844	2,409	10,253
At end of year	**97,806**	**3,752**	**101,558**	**48,192**	**2,409**	**50,601**

Mortgage loans, policy loans and staff motor vehicle loans are carried at amortised cost. The weighted average effective interest rates for these loans are disclosed in Note 5. There is no concentration of credit risk in respect of these loans.

Collateral

The group holds collateral against loans to loanees (staff and non-staff) in the form of mortgage interests over property and motor vehicle. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. The Group can liquidate the collateral in case of default. The Group holds in its custody the title deeds and log books for the assets attributable to the mortgage loans and motor vehicle loans respectively on behalf of the loanees. The title documents are released to the loanees upon full settlement of the respective loans. The collateral for the policy loans is the cash surrender value of the underlying policy. In the opinion of the directors, the collateral in place is adequate to cover the debt amount. In case of default, the policy loan is written off against the cash surrender value. None of these loans have had their terms renegotiated.

21) Receivables arising out of reinsurance arrangements

Group	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Amount due from re-insurers	3,494	399,391	402,885	3,898	817,278	821,176
Write off of reinsurance balances	-	-	-	-	-	-
Allowance for expected credit losses	-	(2,992)	(2,992)	-	-	-
	3,494	396,399	399,893	3,898	817,278	821,176
Company						
Amount due from re-insurers	3,494	327,623	331,117	3,898	679,488	683,386
Allowance for expected credit losses	-	(54)	(54)	-	-	-
Amount due from re-insurers	3,494	327,569	331,063	3,898	679,488	683,386

Receivables arising out of reinsurance arrangements are non-interest bearing. Those past due and non-interest bearing are not considered impaired as these relate to active accounts and recovery is still being pursued by management. For an analysis of the past due not impaired receivables arising from reinsurance arrangements, refer to Note 41 (Credit Risk).

22) Receivables arising out of direct insurance arrangements

	Group		Company	
	2022	2021	2022	2021
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Outstanding premium	716,451	612,423	505,838	507,865
Allowance for credit losses	(99,588)	(37,881)	(87,438)	(30,605)
At 31 December	**616,863**	**574,542**	**418,400**	**477,260**
Movement in expected credit losses				
1 January	36,976	46,909	40,538	39,601
Reclassification of provision for credit losses from allowance for credit losses	905	(9,933)	(9,933)	(9,933)
	37,881	36,976	30,605	29,668
Charge/(release) for the year	106,825	905	97,371	937
Write off of expected credit losses-others	(40,538)	-	(40,538)	-
Exchange differences	(4,580)	-	-	-
At 31 December	**99,588**	**37,881**	**87,438**	**30,605**
Aged analysis of outstanding premium				
Neither past due nor impaired				
Less than 30 days	97,957	161,437	97,957	161,437
31 – 60 days	77,960	52,530	77,960	52,530
61 – 90 days	49,097	80,730	49,097	80,730
Past due but not impaired				
91 – 180 days	108,378	63,917	108,378	63,917
Over 180 days	283,471	215,928	85,008	118,646
At 31 December	**616,863**	**574,542**	**418,400**	**477,260**

Receivables arising out of direct insurance arrangements are non-interest bearing and are generally on cash and carry terms (require immediate settlement). Amounts that are past due are not considered impaired as these relate to active accounts and recovery is still being pursued by management.

23) Insurance liabilities

Insurance liabilities comprise gross claims reported, claims handling expense liabilities and the liability for claims incurred but not reported and are stated net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2022 and 2021 are insignificant.

	Group		Company	
	2022	2021	2022	2021
(i) Outstanding balances	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Short term insurance contracts				
Claims reported and claims handling expenses	5,023,120	4,242,549	4,086,057	3,752,068
Claims incurred but not reported	1,733,390	1,514,842	1,733,390	1,514,842
	6,756,510	**5,757,391**	**5,819,447**	**5,266,910**
Reinsurers' share of insurance liabilities	**(2,921,609)**	**(2,192,286)**	**(2,160,764)**	**(1,877,338)**
Net outstanding liabilities	**3,834,901**	**3,565,105**	**3,658,683**	**3,389,572**
Long term assurance contracts				
Claims reported and claims handling expenses	**47,572**	**150,904**	**47,572**	**150,904**

23) Insurance liabilities (continued)

(ii) Outstanding claims provisions movement

Long term assurance business (Group and Company)

	Company 2022 Ksh'000	Company 2021 Ksh'000
At 1 January	150,904	145,904
Claims incurred in current year	611,693	541,401
Claims paid	(715,025)	(536,402)
At 31 December	**47,572**	**150,904**

Short term insurance business

		Insurance contract liabilities Ksh'000	Re-insurers share of liabilities Ksh'000	2022 Total Ksh'000	Insurance contract liabilities Ksh'000	Re-insurers share of liabilities Ksh'000	2021 Total Ksh'000
a)	**Group**						
	At 1 January	5,753,547	2,192,206	3,561,341	5,806,602	2,779,208	3,027,394
	Claims incurred in current accident year	2,307,903	1,074,346	1,233,557	1,685,384	78,387	1,606,997
	Claims paid during the year	(1,420,931)	(399,656)	(1,021,275)	(1,738,439)	(665,389)	(1,073,050)
	At end of year	**6,756,510**	**2,921,609**	**3,834,901**	**5,753,547**	**2,192,206**	**3,561,341**
b)	**Company**						
	At 1 January	5,266,910	1,877,338	3,389,572	5,161,069	2,302,027	2,859,042
	Claims incurred in current accident year	1,752,841	542,311	1,210,530	1,339,216	167,720	1,171,496
	Claims paid during the year	(1,200,304)	(258,885)	(941,419)	(1,233,375)	(592,409)	(640,966)
	At end of year	**5,819,447**	**2,160,764**	**3,658,683**	**5,266,910**	**1,877,338**	**3,389,572**

24) Other receivables

a) Group	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
Due from related companies	-	16,797	16,797	-	16,842	16,842
Prepayments	-	1,069	1,069	633	1,485	2,118
Interdepartmental balance	62	58,765	58,827	-	34,774	34,774
Deposits, outstanding rental income and others	160,400	143,637	304,037	128,792	212,923	341,715
Provision for expected credit losses rental receivables	-	(1,812)	(1,812)	(28,657)	-	(28,657)
Provision for expected credit losses on other receivables	(28,590)	(8,808)	(37,398)		(55,000)	(55,000)
31 December	**131,872**	**209,648**	**341,520**	**67,897**	**211,024**	**311,792**

a) Company	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Total Ksh'000	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2021 Total Ksh'000
Amount due from related companies	-	16,797	16,797	-	16,842	16,842
Interdepartmental balances	62	58,765	58,827	-	34,774	34,774
Prepayments		1,069	1,069	633	1,485	2,118
Deposits, outstanding rental income and others	160,400	102,617	263,017	-	183,001	183,001
Provision for expected credit losses rental receivables	-	(1,812)	(1,812)	128,792	-	128,792
Provision for expected credit losses on other receivables	(28,590)	(8,599)	(37,189)	(28,657)	(54,441)	(83,098)
31 December	**131,872**	**168,837**	**300,709**	**100,768**	**181,661**	**282,429**

Other receivables category is made up of amounts due from related companies, inter-departmental balance, pre-payments, deposits, outstanding rental income and miscellaneous receivables. For terms and conditions relating to related party receivables refer to note 39. Other receivables are non-interest bearing and are generally on 30-90 days terms.

(b) Kenya Motor Insurance Pool (Group and company)

The amount due from Kenya Motor Insurance Pool relates to the Group's share of net assets in a motor insurance pool where underwriters/insurance companies in Kenya were required to cede a portion of their premiums to a pool in order to cushion themselves from excessive claims arising from public vehicles incidences. The Kenya Motor Insurance Pool is able to settle claims as and when they fall due. In the opinion of the directors, the amount due from Kenya Motor Insurance Pool is recoverable.

	2022 Ksh'000	2021 Ksh'000
At 1 January	51,759	74,220
Net (decrease)/increase in group share of net assets of the pool	(1,102)	(22,461)
31 December	**50,657**	**51,759**
Summarised financial information in respect of the Kenya Motor Pool is as follows;		
Total assets new/old pool	566,434	601,786
Total liabilities new/old pool	(62,683)	(86,710)
Total net assets	503,751	515,076
Group's share of net assets	**47,559**	**46,201**
Surplus for the year new/old pool	(11,325)	58,817
Group's share of the loss for the year	(1,102)	(22,461)

25) Government securities

a) Group	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
1 January	52,740,264	2,995,045	55,735,309	42,057,649	2,517,162	44,574,811
Additions	12,397,249	647,137	13,044,386	10,901,536	536,037	11,437,573
Maturity of bonds	(3,078,850)	(329,505)	(3,408,355)	(527,575)	(87,850)	(615,425)
Provision for expected credit losses	(10,235)	(533)	(10,768)	-	(28)	(28)
Exchange differences	-	4,351	4,351	-	2,305	2,305
Accrued interest	350,081	(6,563)	343,518	308,654	27,419	336,073
At end of year	**62,398,509**	**3,309,933**	**65,708,442**	**52,740,264**	**2,995,045**	**55,735,309**
Treasury bonds maturity analysis						
-Within 1 year	831,751	294,743	1,126,494	3,075,905	33,986	3,109,891
-In 1-5 years	6,574,155	1,306,051	7,880,206	5,793,378	967,891	6,761,269
-After 5 years	54,992,603	1,709,139	56,701,742	43,870,981	1,993,168	45,864,149
At end of year	**62,398,509**	**3,309,933**	**65,708,441**	**52,740,264**	**2,995,045**	**55,735,309**

b) Company	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Treasury bonds movement (At amortised cost)						
At start of year	52,740,264	2,938,451	55,678,715	42,057,649	2,463,122	44,520,771
Additions	12,397,249	647,137	13,044,386	10,901,536	535,760	11,437,296
Maturity of bonds	(3,078,850)	(329,350)	(3,408,200)	(527,575)	(87,850)	(615,425)
Provision for expected credit losses	(10,235)	(533)	(10,768)	-	-	0
Accrued interest	350,081	(6,563)	343,518	308,654	27,419	336,073
At end of year	**62,398,509**	**3,249,142**	**65,647,651**	**52,740,264**	**2,938,451**	**55,678,715**
Treasury bills and bonds maturity analysis						
-Within 1 year	831,751	233,952	1,065,703	3,075,905	129,485	3,205,390
-In 1-5 years	6,574,155	1,306,051	7,880,206	5,793,378	967,891	6,761,269
-After 5 years	54,992,603	1,709,139	56,701,742	43,870,981	1,841,075	45,712,056
At end of year	**62,398,509**	**3,249,142**	**65,647,650**	**52,740,264**	**2,938,451**	**55,678,715**

25) Government securities (Continued)

Treasury bonds movement (At fair value through other comprehensive income)	**Short term insurance business**	**Short term insurance business**	**Short term insurance business**	**Short term insurance business**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
	Group		**Company**	
	2022	**2021**	**2022**	**2021**
1 January	784,901	771,053	764,718	750,757
Additions during the year	-	24,858	-	24,858
Maturity of bonds	(106,179)	-	(106,179)	-
Disposals during the year	-	-	-	-
Fair value gain/(loss) (Note 9a)	(31,081)	(12,698)	(30,088)	(12,484)
Accrued interest	(2,872)	1,688	(2,879)	1,587
At end of year	644,769	784,901	625,572	764,718
Treasury bonds maturing				
-Within 1 year	96,200	111,388	96,200	111,388
-In 1-5 years	7,658	106,351	-	98,448
-After 5 years	540,911	567,162	529,372	554,882
At end of year	**644,769**	**784,901**	**625,572**	**764,718**

At amortised cost government securities are in long term business and short term business and are carried at amortised costs (i.e. cost plus accrued discount or interest) and any premium or discount is amortised through profit or loss during the tenancy of the bond or securities. At fair value through other comprehensive income government securities are in short term business, and are carried at fair value. Gains and losses on valuation of fair value on investments at fair through other comprehensive income are dealt with in the statement of other comprehensive income.

Included in at amortised cost government securities in both long term business and short term business are treasury bonds amounting to KShs 3.9025 billion (2021: KShs 3.9025 billion) relating to securities held under lien by the Central Bank of Kenya in compliance with the requirements of Section 31 of the Insurance Act (CAP 487). These securities cannot be transferred or sold by the Company without the approval of Commissioner of Insurance.

26) Payable (Group and Company)

(a) Deposit administration contracts

Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to 31 December. Interest was declared and credited to the customer accounts at a weighted average rate of 10.75% for the year (2021: 10.75%).

	2022	2021
	Ksh'000	**Ksh'000**
1 January	36,603,770	29,383,511
Pension fund deposits received	5,987,750	7,174,252
Withdrawals and benefits paid	(3,578,919)	(3,627,021)
Commissions and expenses charged	(320,452)	(296,717)
Transfer to general reserve	(50,000)	0.00
Investment income	4,675,808	3,969,746
31 December	**43,317,958**	**36,603,770**

b) Payable under annuities

1 January	3,200,115	2,490,361
Funds received	327,194	656,328
Benefits paid	(411,045)	(300,056)
Commissions charged	(7,393)	(13,466)
Investment income	482,009	366,948
31 December	**3,590,880**	**3,200,115**

c) Payable under income draw down

1 January	-	-
Funds received	106,706	-
Benefits paid	(2,113)	-
Commissions charged	(2,192)	-
Investment income	7,095	-
Actuarial adjustments	-	-
31 December	**109,496**	**-**

27) Actuarial value of policyholders' liabilities

The company underwrites long term policies under its long term assurance business. This type of business is subjected to an actuarial method where liabilities are determined by the company on the advice of the consulting actuary and actuarial valuations are carried out on an annual basis. The annual actuarial valuation of the life fund was carried out by the company's consulting Actuaries, PricewaterhouseCoopers as at 31 December 2022 and 31 December 2021 respectively, using the gross premium method and revealed an actuarial surplus of Ksh 1,133.71 million (2021: Ksh 1,133.71 million) after reserves set aside and before declaration of interest and bonuses to policy holders and distribution to shareholders. The actuary recommended Ksh 75 million (2021: Ksh 75 million) transfer (gross before taxes) from the life fund to the shareholders. Actual dividend to shareholders will be Ksh 52.5 million, balance to be held in retained earnings. The actuary also recommended transfer to general reserve, gross of taxes amounting to Ksh 428 million (2021: Ksh 300 million).

	2022	2021
Assets and liabilities of the life fund	**Ksh'000**	**Ksh'000**
Life fund assets	18,008,310	15,732,053
Transfer to shareholders, before tax	(75,000)	(75,000)
Transfer to general reserve, before tax	(428,000)	(300,000)
Actuarial value of policyholders' liabilities	**17,555,310**	**15,357,053**

Actuarial value of policyholders' liabilities (Group and Company) (continued)

Policy holders' liabilities are stated inclusive of cumulative provisions for interest and bonuses payable as at 31 December 2022 and 31 December 2022 respectively.

	2022	2021
	Ksh'000	Ksh'000
1 January	15,357,053	12,089,311
Increase/(decrease) in policyholders' bonuses and interest	3,364,414	3,364,414
Increase in actuarial liabilities in the period (net)	(1,166,157)	(96,672)
31 December	**17,555,310**	**15,357,053**

Actuarial assumptions:
The significant valuation assumptions for the actuarial valuation as at 31 December 2022 are summarised below. The same assumptions were used in 2021.
Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Mortality rates
Assumptions are based on standard industry and national tables, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders. The rates of mortality used in calculating the liability under a policy are the rates assumed in accordance with the tables published for the Institute of Actuaries in England and the Faculty of Actuaries of Scotland. The company uses the KE 2007-2010 mortality table as a base table for standard mortality rates. The rate of interest used was 4% per annum compound for all long term assurance policies. For valuing annuities, the KE 2007-2010 mortality table for annuities is used with interest at 6.5% per annum. Statistical methods are used to adjust the mortality rates reflected on the base table based on the company's experience of improvement or worsening of the mortality. There are reserves established to take account of the possible deterioration of mortality experience in respect of HIV/AIDS related deaths.

Longevity
Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.
An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

Investment return
The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.
An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

Expenses
Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

27) Actuarial value of policyholders' liabilities (Group and Company) (continued)

Actuarial assumptions:

Lapse and surrender rates
Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Discount rate
Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Sensitivity analysis on actuarial assumptions
The basis of valuation of life insurance contracts is prescribed in the Insurance Act of Kenya. The Act prescribes Net Premium Valuation method which is very conservative. Changes in actuarial basis derived from recent experience investigations do not have a significant impact in the actuarially derived reserves. The actuarial method used is not sensitive to changes in the key assumptions used in determining the actuarial liabilities. The key actuarial assumptions will need to change very significantly for the actuarial liabilities to change by a relatively small percentage.

Changes in mortality assumptions will have the following impact in the statement of profit or loss.

a) Group	% change in base	Insurance participating	Assets backing life shareholders	Insurance participating	Assets backing life shareholders
		2022	2021	2022	2021
Discount rate on:		Ksh'000	Ksh'000	Ksh'000	Ksh'000
Assurance mortality	1%	-	-	-	-
Assurance mortality	-1%	-	-	-	-

28) Provision for unearned premium and Unexpired risk reserve

		2022			2021		
a)	Group	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	Provision for unearned premium	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
	1 January	1,267,278	479,737	787,541	1,047,021	459,501	587,520
	Increase in the year	(100,651)	24,035	(124,686)	220,257	20,236	200,021
	31 December	**1,166,627**	**503,772**	**662,855**	**1,267,278**	**479,737**	**787,541**
	Provision for unexpired risk reserve						
	1 January	67,264	-	67,264	63,822	-	63,822
	Increase /(Decrease) in the year	8,765	-	8,765	3,442	-	3,442
	31 December	**76,029**	**-**	**76,029**	**67,264**	**-**	**67,264**
	Total	**1,242,656**	**503,772**	**738,884**	**1,334,542**	**479,737**	**854,805**
b)	**Company**						
	Provision for unearned premium						
	1 January	932,965	303,778	629,187	765,947	280,183	485,764
	Increase /(Decrease) in the year	(182,334)	(41,728)	(140,606)	167,018	23,595	143,423
	31 December	**750,631**	**262,050**	**488,581**	**932,965**	**303,778**	**629,187**
	Provision for unexpired risk reserve						
	1 January	67,264	-	67,264	63,822	-	63,822
	Increase /(Decrease) in the year	8,765	-	8,765	3,442	-	3,442
	31 December	**76,029**	**-**	**76,029**	**67,264**	**-**	**67,264**
	Total	**826,660**	**262,050**	**564,610**	**1,000,229**	**303,778**	**696,451**

Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the reporting date, and is computed using the 1/365th method.
Provision for unearned premium is classified as current liability.
The movement in the unearned premium and unexpired risk reserve is as follows:

		2022			2021		
a)	Group	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	Provision for unearned premium	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
	1 January	1,334,542	479,737	854,805	1,110,843	459,501	651,342
	Premium written during the year	3,214,373	1,430,707	1,783,666	3,247,540	973,090	2,274,450
	Premium earned during the year (note 2a and 2b)	(3,306,259)	(1,406,672)	(1,899,587)	(3,023,841)	(952,854)	(2,070,987)
	31 December	**1,242,656**	**503,772**	**738,884**	**1,334,542**	**479,737**	**854,805**
b)	**Company**						
	1 January	1,000,229	303,778	696,451	829,769	280,183	549,586
	Premium written during the year	2,372,033	902,047	1,469,986	2,580,576	797,131	1,783,445
	Premium earned during the year (note 2a and 2b)	(2,545,602)	(943,510)	(1,602,092)	(2,410,116)	(773,536)	(1,636,580)
	31 December	**826,660**	**262,050**	**564,610**	**1,000,229**	**303,778**	**696,451**

29) Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2021: 30%). The deferred tax assets and liabilities are made up of the following:

Deferred tax asset/(liability)

a) Deferred tax liability	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
Group	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Financial assets at fair value on through other comprehensive income	-	(22,023)	(22,023)	-	(3,957)	(3,957)
	-	(22,023)	(22,023)		(3,957)	(3,957)
Exchange differences	-	-	-	-	-	-
Deferred tax on fixed assets revaluation	-	(1,777)	(1,777)	-	(400)	(400)
At end of year	**-**	**(23,800)**	**(23,800)**	**-**	**(4,357)**	**(4,357)**
Deferred tax asset						
Accelerated capital allowances		5,758	5,758		3,318	3,318
Financial assets at fair value on through other comprehensive income	-	571	571	211	-	
Temporary differences arising from	-		14,284			
accrued leave	-	14,284		-	6,769	6,769
Other temporary differences		81,317	81,317		41,224	41,224
Tax losses carried forward	-	600,337	600,337	-	500,469	500,469
At end of year	**-**	**702,267**	**702,267**	**211**	**551,780**	**551,991**
Net deferred tax liability		**678,467**	**678,467**	**211**	**547,423**	**547,634**
Company						
Deferred tax liability						
Financial assets at fair value on through other comprehensive income		(15,615)	(15,615)		(3,957)	(3,957)
	-	(15,615)	`	-	(3,957)	(3,957)
Deferred tax on fixed assets revaluation	-	(1,777)	(1,777)	-	(400)	(400)
At end of year	**-**	**(17,392)**	**(1,777)**	**-**	**(4,357)**	**(4,357)**
Deferred tax asset						
Accelerated capital allowances	-	5,758	5,758	-	3,318	3,318
Temporary differences arising from	-	-		-		
accrued leave	-	14,284	14,284	-	6,769	6,769
Other temporary differences		81,317	81,317		40,652	40,652
Tax losses carried forward	-	600,337	600,337	-	500,469	500,469
At end of year	**-**	**701,696**	**701,696**	**-**	**551,208**	**551,208**
Net deferred tax liability		**684,304**	**699,919**		**546,851**	**546,851**

The Group offsets tax assets and liabilities if and only if it has legally enforceable right to set off current tax assets and current tax liabilities which the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

29) Deferred tax asset/(liability)

a) Deferred tax liability	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
Group	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 01 January	211	547,423	547,634	155	52,389	52,544
(Charged)/credited to profit or loss	-	132,056	132,056	-	459,611	459,611
(Charged)/credited to other comprehensive income-prior year adjustment (unquoted shares)	-	-	-	-	8,841	8,841
Charged to other comprehensive income	(3)	(1,010)	(1,013)	56	26,582	26,638
At end of year	**208**	**678,469**	**678,677**	**211**	**547,423**	**547,634**

Deferred tax liability						
b) Company						
At 01 January	211	546,851	547,062	155	60,658	60,813
(Charged)/credited to profit or loss	-	138,464	138,464	-	459,611	459,611
(Charged)/credited to other comprehensive income-prior year adjustment (unquoted shares)	-	-	-	-	-	-
(Charged)/credited to other comprehensive income-prior year adjustment (revaluation of buildings)	-	-	-	-	-	-
(Charged)/credited to other comprehensive income)	(3)	(1,010)	(1,013)	56	26,582	26,638
At end of year	**208**	**684,305**	**684,513**	**211**	**546,851**	**547,062**

a) Group	Payables on direct insurance arrangements	Payable arising from reinsurance arrangements	Payables on direct insurance arrangements	Payable arising from reinsurance arrangements
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 1 January	75,094	1,015,311	148,671	734,457
Arising during the year	64,832	-	-	280,854
Utilised/paid	-	(354,094)	(73,577)	-
At end of year	**139,926**	**661,217**	**75,094**	**1,015,311**
Company				
At 1 January	36,308	1,015,311	148,671	540,150
Arising during the year	8,161	-	-	475,161
Utilised /paid	-	(354,094)	(112,363)	-
At end of year	**44,469**	**661,217**	**36,308**	**1,015,311**

31) Other payables

	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
a) Group	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Inter- departmental balance	58,765	-	58,765	34,774	-	34,774
Accrued leave	8,790	25,049	33,839	-	22,891	22,891
Accrued expenses	26,522	13,528	40,050	46,163	21,304	67,467
Other liabilities	414,358	158,871	573,229	183,706	240,942	424,648
At end of year	**508,435**	**197,448**	**705,883**	**264,643**	**285,137**	**549,780**
b) Company						
Accrued expenses	26,522	13,528	40,050	46,163	7,953	54,116
Accrued leave	8,790	25,049	33,839	-	22,773	22,773
Inter-departmental balance	58,765	-	58,765	34,774	-	34,774
Other liabilities	443,072	76,345	519,417	183,706	92,099	275,805
At end of year	**508,435**	**114,922**	**652,071**	**264,643**	**122,825**	**387,468**

For terms and conditions relating to related party payables, refer to Note 39.

Other payables are non-interest bearing and are generally on 30-90 day terms. Other payables are carried at amortised cost.

31) Other payables

	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
a) Group	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Bank and cash balances	145,089	224,762	369,851	31,152	126,121	157,273
Deposits with financial institutions maturing within 90 days of the date of acquisition (call deposits and fixed deposits)	776,631	154,719	931,350	370,878	287,067	657,944
	921,720	379,481	1,301,201	402,030	413,188	815,217
Bank overdraft	-	(90,957)	(90,957)	-	(6,299)	(6,299)
At end of year	**921,720**	**288,524**	**1,210,244**	**402,030**	**406,889**	**808,918**
b) Company						
Bank and cash balances	145,089	57,619	202,707	31,152	75,695	106,847
Deposits with financial institutions maturing within 90 days of the date of acquisition (call deposits and fixed deposits)	776,631	143,762	920,393	370,878	226,182	597,059
	921,720	201,381	1,123,100	402,030	301,877	703,906
Bank overdraft	-	(17,167)	(17,167)	-	(944)	(944)
At end of year	**921,720**	**184,213**	**1,105,933**	**402,030**	**300,933**	**702,962**

33) Financial instruments

a) Summary per category

i) Group

The Group's financial instruments are summarised by categories as follows:

a) Financial assets 31 December 2022	Financial assets at amortised cost (Note 20,24,25,32) Ksh'000	Financial assets at fair value through other comprehensive income (Note 25) Ksh'000	Financial assets at fair value through profit or loss (Note 19,33) Ksh'000	Total Ksh'000
Investment in quoted shares	-	-	519,411	519,411
Investment in unquoted shares	-	883,485	-	883,485
Investment in government securities	65,708,442	644,769		66,353,212
Loans receivable	106,341	-	-	106,341
Other receivables	341,520		-	341,520
	-			
Deposits with financial institutions:				
-Maturing after 90 days of the date of acquisition		-	484,176	484,176
-Maturing within 90 days of the date of acquisition	931,350	-	-	931,350
Total deposits with financial institutions	931,350		484,176	1,415,526
			484,176	-
Commercial paper	-	-	-	-
Corporate bond	-	-	-	
Bank and cash balances	369,851	-	-	369,851
Carrying value	**67,457,504**	**1,528,255**	**1,003,588**	**69,989,346**

Financial liabilities	Liabilities at amortised cost Ksh'000	Liabilities at fair value Ksh'000	Total 2022 Ksh'000	Liabilities at amortised cost Ksh'000	Liabilities at fair value Ksh'000	Total 2021 Ksh'000
Financial liabilities at amortised cost (Note 31)	705,883	-	705,883	549,780		549,780
Payable under deposit administration liabilities (Note 26a)	-			-		
		43,317,958	43,317,958		36,603,770	36,603,770
Payable under annuities (Note 26b)	-	3,590,880	3,590,880		3,200,114	3,200,114
Bank overdraft	90,957	-	90,957	6,299	-	6,299
Carrying value	**796,840**	**46,908,838**	**47,705,678**	**556,079**	**39,803,884**	**40,359,963**

33) Financial instruments

(a) Summary per category

(i) Group

a)	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	
Financial assets	**(Note 20,24,25,32)**	**(Note 25)**	**(Note 19,33)**	**Total**
31 December 2021	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Investment in quoted shares	-	-	652,206	652,206
Investment in unquoted shares	-	849,328	-	849,328
Investment in government securities	55,735,309	784,901	-	56,520,210
Loans receivable	87,545	-	-	87,545
Other receivables	311,792	-	-	311,792
Deposits with financial institutions:				
-Maturing after 90 days of the date of acquisition	-	-	494,096	494,096
-Maturing within 90 days of the date of acquisition	657,944	-	-	657,944
Total deposits with financial institutions	657,944	-	494,096	1,152,041
Corporate bond	-	-	-	-
Bank and cash balances	157,273	-	-	157,273
Carrying value	**56,949,864**	**1,634,230**	**1,146,303**	**59,730,397**

33) Financial instruments (continued)

a) Summary per category (continued)

ii) Company

The Company's financial instruments are summarised by categories as follows:

a)	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Financial assets	**(Note 20,24,25,32)**			
31 December 2022	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Investment in quoted shares	-	-	504,922	504,922
Investment in unquoted shares	-	816,025	-	816,025
Investment in government securities	65,647,651	625,572	-	66,273,223
Loans receivable	101,558	-	-	101,558
Other receivables	300,709	-	-	300,709
Deposits with financial institutions:				
-Maturing after 90 days of the date of acquisition	-	-	155,094	155,094
-Maturing within 90 days of the date of acquisition	920,393	-	-	84,464
Total deposits with financial institutions	920,393	-	155,094	1,075,487
Corporate bond	-	-	0	0
Bank and cash balances	202,707	-	-	202,707
Carrying value	**67,173,019**	**1,441,597**	**660,017**	**69,274,632**

Financial liabilities	Liabilities at amortised cost **Ksh'000**	Liabilities at fair value **Ksh'000**	Total 2022 **Ksh'000**	Liabilities at amortised cost **Ksh'000**	Liabilities at fair value **Ksh'000**	Total 2021 **Ksh'000**
Financial liabilities at amortised cost (Note 31)	623,358	-	623,358	387,468	-	387,468
Payable under deposit administration liabilities (Note 26)	-	43,317,958	43,317,958	-	36,603,770	36,603,770
Payable under annuities	-	3,590,880	3,590,880	-	3,200,114	3,200,114
Bank overdraft	17,167	-	17,167	944	-	944
Carrying value	**640,525**	**46,908,838**	**47,549,363**	**388,412**	**39,803,884**	**40,192,296**

33) Financial instruments (continued)

a) Summary per category (continued)

ii) Company

The Company's financial instruments are summarised by categories as follows:

a)	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	
Financial assets	**(Note 20,24,25,32)**	**(Note 25)**	**(Note 19,33)**	**Total**
31 December 2021	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Investment in quoted shares	-	-	629,765	629,765
Investment in unquoted shares	-	787,152	-	787,152
Investment in government securities	55,678,715	764,718	-	56,443,433
Loans receivable	85,126	-	-	85,126
Other receivables	282,429	-	-	282,429
				-
Deposits with financial institutions:				-
-Maturing after 90 days of the date of acquisition	-	-	171,285	171,285
-Maturing within 90 days of the date of acquisition	597,059	-	-	597,059
Total deposits with financial institutions	597,059	-	171,285	768,344
Corporate bond	-	-	-	-
Bank and cash balances	106,847	-	-	106,847
Carrying value	**56,750,176**	**1,551,870**	**801,050**	**59,103,096**

b) Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e., held to maturity and loans and receivables).

Assets for which fair value approximates carrying value
For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity. For other variable rate instruments an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

Fixed rate financial instruments
The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are determined based on quoted market prices.

33) Financial instruments (continued)

c) Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosure only cover instruments measured at fair value.

Level 1
Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Included in level 2 category are financial assets and liabilities measured using significant inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.
Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3
Financial assets and liabilities measured using significant inputs that are not based on observable market data are categorised as level 3. Non market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments and limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

33) Financial instruments (continued)

(c) Determination of fair value and fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Company **As at 31 December 2022**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Group	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
As at 31 December 2022				
Financial assets:				
Financial assets held-for-trading				
Investment in quoted shares	519,411	-	-	519,411
Financial assets designated at fair value through profit and loss				
Deposits with financial institutions	1,415,526	-	-	1,415,526
Bonds and debentures	-	-	-	-
Bank and cash balances	-	369,851	-	369,851
	1,415,526	369,851	-	1,785,377
Financial assets at fair value through other comprehensive income				
Investment in government securities	644,769	-	-	644,769
Investment in unquoted shares	-	-	883,485	883,485
	644,769	-	883,485	1,528,255
Total financial assets	**2,579,707**	**369,851**	**883,485**	**3,833,043**
Financial liabilities:				
Deposit administration and annuities	**-**	**46,908,838**	**-**	**46,908,838**
Group				
As at 31 December 2021				
Financial assets:				
Financial assets held-for-trading				
Investment in quoted shares	652,206		-	652,206
Financial assets designated at fair value through profit and loss				
Deposits with financial institutions	1,152,041	-	-	1,152,041
Bonds and debentures	-	-	-	0
Bank and cash balances	-	157,273	-	157,273
	1,152,041	157,273	-	1,309,314
Financial assets at fair value through other comprehensive income				
Investment in government securities	784,901	-	-	784,901
Investment in unquoted shares	-	-	849,328	849,328
	784,901		849,328	1,634,229
Total financial assets	**2,589,148**	**157,273**	**849,328**	**3,595,749**
Financial liabilities:				
Deposit administration and annuities	**-**	**39,803,884**	**-**	**39,803,884**

33) **Financial instruments (continued)**

(c) **Determination of fair value and fair value hierarchy (continued)**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

a)	Level 1	Level 2	Level 3	Total fair value
Financial assets:	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets held-for-trading				
Investment in quoted shares	504,922	-	-	504,922
Financial assets designated at fair value through profit and loss				
Deposits with financial institutions	1,075,487	-	-	1,075,487
Bonds and debentures	-	-	-	-
Bank and cash balances	-	202,707	-	202,707
	1,075,487	202,707	-	1,278,195
Financial assets at fair value through other comprehensive income				
Investment in government securities	625,572	-	-	625,572
Investment in unquoted shares	-	-	816,025	816,025
	625,572	-	816,025	1,441,597
Total financial assets	**2,205,982**	**202,707**	**816,025**	**3,224,714**
Financial liabilities:				
Deposit administration and annuities	**-**	**46,908,838**	**-**	**46,908,838**
Company				
As at 31 December 2021				
Financial assets:				
Financial assets held-for-trading				
Investment in quoted shares	629,765	-	-	629,765
Financial assets designated at fair value through profit and loss				
Deposits with financial institutions	768,344	-	-	768,344
Bonds and debentures	-	-	-	-
Bank and cash balances	-	106,847	-	106,847
	768,344	106,847	-	875,191
Financial assets at fair value through other comprehensive income				
Investment in government securities	764,718	-	-	764,718
Investment in unquoted shares	-	-	787,152	787,152
	764,718	-	624,427	1,551,870
Total financial assets	**2,162,827**	**106,847**	**624,427**	**3,056,826**
Financial liabilities:				
Deposit administration and annuities	**-**	**39,803,885**	**-**	**39,803,885**

34) Actuarial valuation

In accordance with section 57 of the Insurance Act as amended by the Insurance (Amendment) Act, 1994, an actuarial valuation of the life fund was carried out by PricewaterhouseCoopers (2021: PricewaterhouseCoopers)actuaries and financial consultants, into the financial condition in respect of the long-term insurance business of the company (individual life and group life) and revealed an actuarial surplus of Ksh 2,266.45 million (2021: Ksh 2,028.96 million) before setting aside reserves and before declaration of interest and bonuses to policyholders. The value of the entire life fund (including annuities and pensions) at 31 December 2022 before distribution to shareholders was Ksh 64,803 million (2021: Ksh 55,571.23 million). Transfers before tax were made out of the statutory reserve in the year amounting to Ksh 75 million (2021: Ksh 71 million) based on the recommendation of the Actuary. The actuary also recommended transfer to general reserve , gross before taxes of Ksh 336.75 million (2021: Ksh 300 million)

35) Weighted average effective fixed interest rates

The following table summarises the weighted average effective interest rates at the year end on the principal interest-bearing investments:

	2022	2021
	%	%
Mortgage loans	8	8
Policy loans	15	15
Government securities	13.43	12.88
Deposits with financial institutions	8.01	7.09

Deposits with financial institutions regarded as cash and cash equivalents have an average maturity of 3 months (2021: 3 months).

36) Reinsurers' share of insurance liabilities

Short term business	**2022**	**2021**
Group	**Ksh'000**	**Ksh'000**
Reinsurers' share of:		
- unearned premiums (Note 28)	**503,772**	**479,737**
- notified claims outstanding	2,485,241	1,831,466
- claims incurred but not reported	436,368	377,849
	2,921,609	**2,209,315**
- deferred acquisition costs	(48,944)	(60,054)
	2,872,665	**2,149,261**
At end of year	**3,376,437**	**2,628,998**
Company		
Reinsurers' share of:		
- unearned premiums (Note 28)	262,050	303,778
- notified claims outstanding	1,724,396	1,499,488
- claims incurred but not reported	**436,368**	**377,849**
	2,160,764	1,877,337
- deferred acquisition costs	(48,944)	(60,054)
	2,111,820	**1,817,283**
At end of year	**2,373,870**	**2,121,061**

Amounts due from reinsurers in respect of claims already paid by the company on contracts that are reinsured are included in receivables arising out of reinsurance arrangements in the statement of financial position.
Detailed movements in the above reinsurance assets are shown below and in Notes 23 and

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	2,628,998	3,186,664	2,121,061	2,530,165
Decrease during the period (gross)	747,439	(557,666)	252,809	(409,104)
At 31 December	**3,376,437**	**2,628,998**	**2,373,870**	**2,121,061**

Reinsurers' is share of insurance liabilities is classified as a current asset.

37) Contingent liabilities

Legal Proceedings and Regulations

The Group operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. The Group is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Group's compliance or lack of compliance with such regulations.

The above contingent liabilities are supported by deposits in the joint accounts of the advocates under instruction of the courts to the tune of KShs 48.953 million as at 31 December 2022.

Contingent liabilities for custom bonds, at the year-end were Ksh 1.579 billion (2021: Ksh 1.523 billion).

Material Damage Claim

The company was in discussion with its reinsurers on a matter relating to a claim by one of its clients, relating to material damage as at 31 December 2012. The lead reinsurer on the matter, had contended that the company over ceded on the surplus treaty in respect of material damage portion of the policy. The company subsequently contested this assertion by the reinsurer, and reinsurers paid off their portion of the liability.

The company then settled the claim and issued a discharge voucher which was not signed and returned as expected from the

From management assessment, even if the insured goes to court, any additional liability will be borne by the reinsurers and the company will only suffer to the extent of the retention limit.

38) Right-of-use assets, Lease liabilities and Commitments

a) Capital commitments

There was no capital expenditure contracted for at the reporting date but not recognised in the financial statements (2021: Ksh Nil).

Operating lease commitments

The group has entered into commercial property leases in respect of its investment property portfolio. Leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future minimum lease payments under non-cancellable operating lease are as follows:

Group	**2022**	**2021**
Payable (as a lessee)	**Ksh'000**	**Ksh'000**
Not later than 1 year	2,924	41,821
Later than 1 year and not later than 5 years	45,750	7,002
At end of year	**48,674**	**49,308**

Group	**2022**	**2021**
Receivable (as a lessor)	**Ksh'000**	**Ksh'000**
Not later than 1 year	18,552	35,065
Later than 1 year and not later than 5 years	130,143	170,996
At end of year	**148,696**	**206,061**

38) Right-of-use assets and Commitments (continued)

The group has lease contracts for various office space used in its operations. Leases generally have lease terms of between 2 years and 5 years, 3 months.

The group did not have leases of office space with lease terms of 12 months or less or leases with low value. Therefore, the group did not apply the short term lease and lease of low-value-assets recogntion exemptions as it did not have such leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Long term assurance business Ksh'000	Short term insurance business Ksh'000	2022 Ksh'000	2021 Ksh'000
Lease rentals				
Balance brought forward	14,876	29,166	44,042	29,119
Additions	-	-	-	2,428
Depreciation charge	(4,925)	(9,245)	(14,170)	12,495
Exchange gain/(loss)	-	-	-	-
At end of year	**9,951**	**19,921**	**29,872**	**44,042**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Group	Long term assurance business	Short term insurance business	2022	2021
Lease liabilities	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Balance brought forward	15,810	29,246	45,056	33,799
Additions	-	-	-	11,594
Accretion of interest	1,736	3,328	5,064	-
Payments	(6,031)	(9,538)	(15,569)	(337)
Exchange gain/(loss)	-	-	-	-
At end of year	11,515	23,036	34,551	45,056

The maturity analysis of lease liabilities are disclosed in Note 41.B19

The group had nil non-cash additions to right-of-use assets and lease liabilities in 2022 (2021: Ksh 11,594,000).

38) Right-of-use assets and Commitments (continued)

The group has lease contracts for various office space used in its operations. Leases generally have lease terms of between 2 years and 5 years, 3 months.
The group did not have leases of office space with lease terms of 12 months or less or leases with low value. Therefore, the group did not apply the short term lease and lease of low-value-assets recogntion exemptions as it did not have such leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Long term assurance business	Short term insurance business	2022	2021
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Lease rentals				
Balance brought forward	14,876	27,478	42,354	29,119
Additions	-	-	-	740
Depreciation (charge) /write back	(4,925)	(7,557)	(12,482)	12,495
At end of year	**9,951**	**19,921**	**29,872**	**42,354**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Group	Long term assurance business	Short term insurance business	2022	2021
Lease liabilities	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Balance brought forward	15,810	29,204	45,014	33,799
Additions	-	-	-	11,553
Accretion of interest	1,736	3,328	5,064	-
Payments	(6,031)	(9,497)	(15,528)	(338)
At end of year	11,515	23,035	34,550	45,014

The maturity analysis of lease liabilities are disclosed in Note 41.

The company restated the lease computations in 2021 The company had nil non-cash additions to right-of-use assets and lease liabilities in 2022 (2021: Ksh 11,553,000).

39) Related party transactions

There are several companies which are related to the company through common shareholdings or common directorship. General Insurance Corporation, New India Assurance Company Limited and Life Insurance Corporation of India are major shareholders of Kenindia Assurance Company Limited. United Insurance Company Limited, National Insurance Company Limited and Oriental Insurance Company Limited are related to Kenindia Assurance Company Limited through common directorship.

Kenindia Asset Management Company Limited and Kenya Pravack Limited are wholly owned subsidiaries of Kenindia Assurance Company Limited. Tanzindia Assurance Company Limited is partially owned (65%) by Kenindia Assurance Company Limited.

In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

The following transactions were carried out with related parties

	Long term assurance business	Short term insurance business	2022 Total	Long term assurance business	Short term insurance business	2021 Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
I) Transactions with related parties						
Gross earned premium						
General insurance corporation	-	64,019	64,019	-	70,294	70,294
Other related parties	-	176,372	176,372	-	146,677	146,677
Net claims incurred						
General insurance corporation	-	8,532	8,532	-	20,909	20,909
Other related parties	-	109,406	109,406	-	78,220	78,220
II) Outstanding balances with related parties						
Premiums receivable from related parties						
General Insurance Corporation	-	20,927	20,927	-	55,414	55,414
Life Insurance Corporation of India	(3,049)	-	(3,049)	(3,049)	-	(3,049)
New India Assurance Company Limited	-	(288,263)	(288,263)	-	(395,044)	(395,044)
United Insurance Company Limited	-	618	-	-	618	618
National Insurance Company Limited	-	23,127	23,127	-	10,359	10,359
Oriental Insurance Company Limited	-	18,282	18,282	-	5,515	5,515
Tanzindia Assurance Company Limited	-	1,702	1,702	-	8,186	8,186
East Africa Re Limited	-	3,184	3,184	-	3,892	3,892

There were no provisions made or amounts written off on related party balances during the year (2021: Ksh Nil).

39) Related party transactions (continued)

		Group		Company	
		2022	2021	2022	2021
		Ksh'000	Ksh'000	Ksh'000	Ksh'000
(iii)	**Bank deposits**				
	Credit Bank Deposits	64,776	26,026	64,776	26,026
(iv)	**Directors' emoluments**				
	Directors' fees (Note 6)	3,456	5,339	2,250	3,600
	Other expenses	16,432	6,134	14,687	5,254
	As executives	29,802	26,502	29,802	26,502
		49,690	**37,975**	**46,739**	**35,356**
	Directors' loans	-	-	-	-
(v)	**Key management personnel**				
	Salaries and benefits	145,843	116,367	125,349	116,367
	Social security benefit costs	24	24	23	24
	Retirement benefit costs	9,395	9,303	7,346	7,283
		155,262	**125,694**	**132,718**	**123,674**

40) Insurance risk

The company's activities expose it to insurance risk. The company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, managing insurance risk through appropriate pricing, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers.

This section summarises the way the company manages key insurance risks:

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

40) Insurance risk (continued)

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 population 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.

a) *Life assurance contracts*

Life assurance contracts offered by the Group include whole life and term assurance. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Few contracts have a surrender value.

The main risks that the Group is exposed to are as follows:

Mortality risk – risk of loss arising due to policyholder death experience being different than expected.

Morbidity risk – risk of loss arising due to policyholder health experience being different than expected.

Longevity risk – risk of loss arising due to the annuitant living longer than expected.

Investment return risk – risk of loss arising from actual returns being different than expected.

Expense risk – risk of loss arising from expense experience being different than expected.

Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the type of risk insured or by industry.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits on any single life insured and on all high risk individuals insured are in place.

For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The Group reinsures its annuity contracts on a quota share basis to mitigate its risk.

40) Insurance risk (continued)

(a) *Life assurance contracts*

The following table shows the concentration of life insurance contract liabilities by type of contract;

Life assurance contract liabilities	2022	2021
	Ksh’000	Ksh’000
Ordinary life and riders	2,266,512	2,445,820
Group life	7,391	10,241
Capital Advantage	6,984,702	5,322,020
Bima Plans	6,298,277	5,953,681
Annuities	3,453,372	3,244,224
	19,010,255	**16,975,986**

Key assumptions and sensitivities

Refer to note 27 for key assumptions and sensitivities.

b) Non-life insurance contracts (which comprise of general insurance and healthcare)

The Group principally issues the following types of general insurance contracts: motor, household, commercial and business interruption. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed renewable. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Furthermore, strict claim review policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g. flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group’s risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders’ equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders’ equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the Group’s future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

40) Insurance risk (continued)

b) Non-life insurance contracts (which comprise of general insurance and healthcare (continued)

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

The assumptions are as follows:

	2022			2021		
Adjustments to claims incurred in prior accident years due to change in assumption	**Gross insurance liabilities**	**Reinsurance/ reinsurers share of insurance liabilities**	**Net insurance liabilities (gross insurance liabilities less re-insurance)**	**Gross insurance liabilities**	**Reinsurance/ reinsurers share of insurance liabilities**	**Net insurance liabilities (gross insurance liabilities less re-insurance)**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Average claim cost inclusive of average cost to process the claim settlement	363	(100)	263	320	(128)	192
Average number of claims	11	(11)	11	12	(12)	12
Average claims settlement period (days)	60	60	60	60	60	60

Insurance liabilities (Group)

31-Dec-22	**Change in assumptions**	**Impact on gross insurance liabilities**	**Impact on net insurance liabilities**	**Impact on profit or loss before tax**	**Impact on equity**
Average claim cost	10%	493,637	334,540	(44,876)	(30,413)
Average number of claims	-10%	(403,885)	(260,697)	44,876	30,413
Average claims settlement period	Reduce from 60 days to 50 days	(411,364)	(278,783)	37,397	25,344
31-Dec-21					
Average claim cost	10%	424,255	181,444	(49,233)	(33,970)
Average number of claims	-10%	(424,255)	(181,444)	49,233	33,970
Average claims settlement period	Reduce from 60 days to 50 days	(411,527)	(176,000)	47,756	35,339

40) Insurance risk (continued)

b) Non-life insurance contracts (which comprise of general insurance and healthcare (continued)
Sensitivities (continued)

Reinsurance assets (Group)

31-Dec-22	Change in assumptions	Impact on gross insurance liabilities	Impact on net insurance liabilities	Impact on profit or loss before tax	Impact on equity
Average claim cost	10%	-	159,097	(44,876)	(30,413)
Average number of claims	-10%	-	(159,097)	44,876	30,413
Average claims settlement period	Reduce from 60 days to 50 days	-	(132,581)	37,397	25,344
31-Dec-21					
Average claim cost	10%	-	242,811	(49,233)	(33,970)
Average number of claims	-10%	-	(242,811)	49,233	33,970
Average claims settlement period	Reduce from 60 days to 50 days	-	(235,527)	30,524	22,760
Company					
Insurance liabilities					
31-Dec-22					
Average claim cost	10%	399,477	289,087	36,316	25,277
Average number of claims	-10%	(399,477)	(289,087)	(36,316)	(25,277)
Average claims settlement period	Reduce from 60 days to 50 days	(332,898)	240,906	30,263	21,064
31-Dec-21					
Average claim cost	10%	375,207	149,949	(8,997)	(5,998)
Average number of claims	-10%	(375,207)	(149,949)	8,997	5,998
Average claims settlement period	Reduce from 60 days to 50 days	(363,951)	(145,451)	12,776	9,537
Reinsurance assets (Company)					
31-Dec-22					
Average claim cost	10%	-	110,390	36,316	25,277
Average number of claims	-10%	-	(110,390)	(36,316)	(25,277)
Average claims settlement period	Reduce from 60 days to 50 days	-	91,992	30,263	21,064
31-Dec-21					
Average claim cost	10%	-			(9,010)
Average number of claims	-10%	-			9,010
Average claims settlement period	Reduce from 60 days to 50 days	-			14,326

40) Insurance risk (continued)

	2022	2021	2022	2021
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Engineering	1,274,562	1,227,235	1,256,277	1,217,590
Fire Domestic	24,554	11,363	24,554	11,363
Fire Industrial	1,091,995	766,068	904,591	595,022
Liability	193,398	194,012	193,398	194,012
Marine	254,252	157,083	243,128	144,777
Motor Private	631,138	626,772	511,050	502,532
Motor Commercial	1,330,556	1,257,845	1,330,556	1,257,845
Personal Accident	44,957	47,375	44,957	47,375
Theft	264,607	255,017	264,607	255,017
Workmen Compensation	990,790	1,007,784	990,790	1,007,784
Medical	51,940	25,381	51,940	25,378
Aviation	463,418	3386	-	-
Miscellaneous	140,343	174,228	3,598	4,372
At 31 December	**6,756,510**	**5,753,549**	**5,819,446**	**5,263,067**

41) Financial risk management objectives and policies

Financial risk

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign currency exchange risks, interest rate risks, market price risks and the effect of changes in property values risk.

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, price risk, currency risk, liquidity risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and price risk.
This section summarises the way the Group manages key risks:

(i) Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

41) Financial risk management objectives and policies (continued)

Financial risk (continued)

I) Market risk (continued)

a) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The group has a large portion of its investments in interest (fixed) earning deposits and government securities and variable interest investments such as bank balances. Interest rate risk arises primarily from the group's investments in fixed and variable income securities, which are exposed to fluctuations in interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable interest rate instruments.

The sensitivity analysis on interest rate risk over insurance participating and assets backing life shareholders is shown in Note 27.

Appraisal of investment portfolio is done on a regular basis and the investment spread reviewed depending on the existing interest rates. The group has also placed significant balances in fixed deposits. However, the Group has no loans and borrowings and therefore is not exposed to interest rate risk as far as loans and borrowings are concerned.

The impact of Group's liabilities to interest rates is shown in Note 27 (under 'sensitivity analysis on actuarial assumptions'). Short term non-life insurance liabilities are not impacted by interest rate risk since discounting of future cash flows of claims is not carried out. Non-life claims are stated on actual basis.

The quantitative exposure to interest rate risk as required by IFRS 7 is shown below:

Changes in interest rates (for assets with fixed and variable interest rates) will have the following impact in the statement of profit or loss :-

Financial assets	% change in base	Group 2022 Ksh'000	2021 Ksh'000	Company 2022 Ksh'000	Company 2021 Ksh'000
Variable interest rates					
Bank balances	+(-)10.00%	36,985	21,400	20,271	11,065
Fixed interest rates					
Government securities (At amortised cost)	+(-)10.00%	6,564,311	5,562,160	6,558,232	5,567,872
Deposits with financial institutions	+(-)10.00%	141,553	95,781	107,549	77,027
Mortgage loans	+(-)10.00%	424	424	424	424
Policy loans	+(-)10.00%	8,917	10,179	8,917	10,179
Government securities					
(At fair value through other comprehensive income)	+(-)10.00%	64,477	78,490	62,557	76,472

The group has no significant concentration of interest rate risk other than what is currently disclosed. The method used for deriving sensitivity information and significant variables did not change from the previous period.

41) Financial risk management objectives and policies (continued)

Financial risk (continued)

i) Market risk (continued)

b) Currency rate risk

Currency rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The company predominantly transacts in the local currency (Kenya shillings). The risk associated with transactions in other currency (US Dollar) is considered nominal. Except for an amount of USD 12,177.51 (Ksh 1,494,980) equivalent, held as bank balances, all other balances are originally denominated in the local currency. If the US Dollar was to appreciate against the Kenya Shilling by 5%, with all other factors remaining constant, the post-tax profit would be higher by Ksh 74,750. About 82% of the group's business is generated in Kenya, 18% from the subsidiary (Tanzindia Assurance Company Limited) whose transactions are originally denominated in Tanzania Shillings (TShs). The foreign currency translation of the subsidiary was Ksh 11,098,316 (2021: Ksh 3,744,060). The group has no significant concentration of currency risk.

c) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than arising from interest rate risk or currency risk), whether those changes are carried by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The capital is invested in equities and interest-bearing instruments (government securities) that are valued at fair value and are therefore susceptible to market fluctuations. Management assesses the trend in the market prices and the interest rates and ensures a smoothening effect by balancing the portfolios, without contravening investment mandates, in order to ensure investment income growth as well as stability in equities. The Group has no significant concentration of price risk.

At 31 December 2022, if the prices of listed equities at the Nairobi Securities Exchange had appreciated by 5% with all other variables held constant, the profit for the year for the Company would have increased by Ksh 6,103,085 (2021: Ksh 356,550) for long-term business and Ksh 139,070 (2021: Ksh 254,653) for short-term business respectively. The method used for deriving sensitivity information and significant variables did not change from the previous period.

Changes in prices of Government Securities (At fair vlue through other comprehensive income) for the Group and Company will have the following impact in statement of profit or loss and equity.

	% change in base	2022 Ksh'000	2021 Ksh'000
Group-Short term business			
Government securities (At fair value through other comprehensive income)	+(-)5%	32,238	39,245
Company-Short term business			
Government securities (At fair value through other comprehensive income)	+(-)5%	31,279	38,236

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation

The following policies and procedures are in place to mitigate the group's exposure to credit risk.

The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the management. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.
There are no significant concentrations of credit risk within the group.

41) Financial risk management objectives and policies (continued)

Financial risk (continued)

ii) Credit risk (continued)

Credit risk in respect to re-insurance is managed by placing the group's reinsurance only with companies that have high international or similar ratings.

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

	Note	Group 2022	2021	Company 2022	2021
		Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial instruments					
At amortised cost financial assets	25	65,708,442	55,735,309	65,647,651	55,678,715
Loans receivable	20	106,341	87,545	101,558	85,126
Investment in the Kenya Motor Insurance Pool	24	50,657	51,759	50,657	51,759
Available-for-sale financial assets	25	644,769	784,901	625,572	764,718
(Government securities)					
(Investment in unquoted shares)	18	883,485	849,328	816,025	787,152
Financial assets at fair value through profit or loss	19	519,411	652,206	504,922	629,765
Deposits with financial institutions	33	1,415,526	1,152,041	1,075,487	768,344
Receivables arising out of reinsurance arrangements	21	399,893	821,176	331,063	683,386
Reinsurers' share of insurance liabilities	36	3,376,437	2,628,998	2,373,870	2,121,062
Receivables arising out of direct insurance arrangements	22	616,865	574,542	418,400	477,260
General asset in Life business	8	-	238,612	-	238,612
Bank and cash balances	32	369,851	157,273	202,707	106,847
Other receivables	24	341,520	311,792	300,709	282,429
Total credit risk exposure		**74,433,198**	**64,045,482**	**72,448,623**	**62,675,174**

Information regarding the credit quality of 'not past due' and 'not impaired' monetary assets is disclosed in Note 22 and Note 41.

Age analysis of Group's financial assets neither past due nor impaired and past due but not impaired:-

31 December 2022	<30days	Not past due and not impaired	31 to 60 days	61 to 90 days	Over 90 days	Total past due but not impaired	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Loans receivable	120	120	4,396	1,614	95,428	101,438	101,558
Reinsurance assets							-
Insurance receivables	97,957	97,957	77,960	49,097	391,849	518,906	616,863
Total	**98,077**	**98,077**	**82,356**	**50,711**	**487,277**	**620,344**	**718,421**

41) Financial risk management objectives and policies (continued)

Financial risk (continued)

(ii) Credit risk (continued)

Age analysis of Group's financial assets neither past due nor impaired and past due but not impaired:-
31 December 2021

	<30days	Not past due and not im-paired	31 to 60 days	61 to 90 days	Over 90 days	Total past due but not impaired	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Loans receivable	365	365	754	333	83,674	84,761	85,126
Insurance receivables	104,807	104,807	36,693	17,878	297,540	352,111	456,918
Total	**105,172**	**105,172**	**37,447**	**18,211**	**381,214**	**436,872**	**542,044**

Age analysis of Company's financial assets neither past due nor impaired and past due but not impaired:

	<30days	Not past due and not im-paired	31 to 60 days	61 to 90 days	Over 90 days	Total past due but not impaired	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
31 December 2022							
Loans receivable	120	120	4,396	1614	95,428	101,438	101,558
Insurance receivables	97,957	97,957	77,960	49,097	193,386	320,443	418,400
Total	**98,077**	**98,077**	**82,356**	**50,711**	**288,814**	**421,881**	**519,958**
31 December 2021							
Loans receivable	365	365	754	333	83,674	84,761	85,126
Insurance receivables	104,807	104,807	36,693	17,878	298,540	353,111	457,918
Total	**105,172**	**105,172**	**37,447**	**18,211**	**382,214**	**437,872**	**543,044**

41) Financial risk management objectives and policies (continued)

Impaired financial assets

Collateral is held for loans receivables. For reinsurance assets and insurance receivables, no collateral is held as security for any past due or impaired assets.

The Group and Company records impairment allowances for loans and receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for loans and receivables is as shown in note 22.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty, in meeting obligations associated with its financial liabilities. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out flows and expected reinsurance recoveries. Investment policies are in place, which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk: A Group liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group risk committee. The policy is regularly reviewed and for changes in the risk environment. Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The Group is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Group does maintain cash resources to meet all these needs and experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of stability.

·The Group holds a large portion of its assets in short term deposits and investments that are easily convertible to cash.

· The cash flow position of the Group is reviewed on a weekly basis.

Maturity profiles

The table that follows summarises the maturity profile of the financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable. Liabilities and payables represent non-discounted cash flows.

For insurance contracts liabilities in short term business and reinsurance assets, maturity profiles are shown on undiscounted basis. Unearned premiums and the reinsurers' share of unearned premiums have been included in the analysis although they are not contractual obligations, since insurance items are included in IFRS 7 disclosures as if the insurance items were financial instruments. Re payments which are subject to notice are treated as if notice were to be given immediately.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable (if any).

41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Group
31 December 2022

	Up to a year	1-2 years	2-3years	Above 3 years	On de-mand/No maturity	Total
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh 000	Ksh '000
Insurance liabilities	6,804,082		-	-	-	6,804,082
Payable under deposit administration contracts	-	-	-	-	43,317,958	43,317,958
Payable under annuities	-	-	-	-	3,590,880	3,590,880
Provision for unearned premium	1,242,656	-	-	-	-	1,242,656
Tax liability	101,126	-	-	-	-	101,126
Reinsurance payables	661,217	-	-	-	-	661,217
Insurance payables	139,926	-	-	-	-	139,926
Bank overdraft	90,957	-	-	-	-	90,957
Other payables	705,883	-	-	-	-	705,883
Total liabilities	**9,745,847**	**-**	**-**	**-**	**46,908,838**	**56,654,685**

41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Group
31 December 2021

	Up to a year	1-2 years	2-3years	Above 3 years	On demand/No maturity	Total
	Ksh '000	**Ksh '000**	**Ksh '000**	**Ksh '000**	**Ksh 000**	**Ksh '000**
Insurance liabilities	5,908,295		-	-	-	5,908,295
Payable under deposit administration contracts	-	-	-	-	36,603,770	36,603,770
Payable under annuities	-	-	-	-	3,200,114	3,200,114
Provision for unearned premium	1,334,542	-	-	-	-	1,334,542
Tax liability	173,846	-	-	-	-	173,846
Reinsurance payables	1,015,311	-	-	-	-	1,015,311
Insurance payables	75,094	-	-	-	-	75,094
Bank overdraft	6,299	-	-	-	-	6,299
Other payables	549,780	-	-	-	-	549,780
Total liabilities	**9,063,167**	**-**	**-**	**-**	**39,803,884**	**48,867,051**

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41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Company 31 December 2022	**Up to a year Ksh '000**	**On demand/No maturity Ksh'000**	**Total Ksh '000**
Insurance liabilities	5,867,019	-	5,867,019
Payable under deposit administration contracts	-	43,317,958	43,317,958
Payable under annuities	-	3,590,880	3,590,880
Provision for unearned premium	826,660	-	826,660
Tax liability	83,791	-	83,791
Reinsurance payables	661,217	-	661,217
Insurance payables	44,469	-	44,469
Bank overdraft	17,167	-	17,167
Other payables	623,358	-	623,358
Total liabilities	**8,123,681**	**47,147,450**	**55,271,131**

41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Company 31 December 2022	**Up to a year**	**On demand/No maturity**	**Total**
	Ksh '000	**Ksh'000**	**Ksh '000**
Insurance liabilities	5,417,814	-	5,417,814
Payable under deposit administration contracts	-	36,603,770	36,603,770
Payable under annuities	-	3,200,114	3,200,114
Provision for unearned premium	1,000,229	-	1,000,229
Tax liability	148,811	-	148,811
Reinsurance payables	1,015,311	-	1,015,311
Insurance payables	36,308	-	36,308
General asset in Life business	-	238,612	238,612
Bank overdraft	944	-	944
Other payables	387,468	-	387,468
Total liabilities	**8,006,885**	**40,042,496**	**48,049,381**

41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Group - 31 December 2022

	Up to a year	1-3 years	3-5 years	5-15 years	Over 15 years	On demand/ No maturity	Total
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
Financial assets at amortised cost	1,104,980	5,057,718	2,818,492	30,625,984	26,129,047	-	65,736,221
Loans receivable	10,203	20,628	25,738	33,461	23,751	-	113,781
Financial assets at fair value through other comprehensive income	96,200	7,658	-	265,066	275,845	849,328	1,494,097
Financial assets at fair value through profit and loss	-	-	-	-	-	519,411	519,411
Cash and cash equivalents and short term investments	1,210,244	-	-	-	-	-	1,210,244
Reinsurance assets	3,776,330	-	-	-	-	-	3,776,330
Insurance receivables	616,865	-	-	-	-	-	616,865
Investment in the Kenya Motor Insurance Pool	-	-	-	-	-	50,657	50,657
General asset in Life business	-	-	-	-	-	-	-
Tax recoverable	78,095	-	-	-	-	-	78,095
Other receivables	341,520	-	-	-	-	-	341,520
Total assets	**7,234,436**	**5,086,004**	**2,844,230**	**30,924,512**	**26,428,642**	**1,658,008**	**74,175,833**

41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Group - 31 December 2021

	Up to a year	1-3 years	3-5 years	5-15 years	Over 15 years	On demand/ No maturity	Total
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
Financial assets at amortised cost	285,587	3,879,672	5,264,138	26,087,805	9,057,609	-	44,574,811
Loans receivable	10,203	20,628	25,738	33,461	23,751	-	113,781
Financial assets at fair value through other comprehensive income	111,388	104,045	2,459	255,141	290,369	849,328	1,612,730
Financial assets at fair value through profit and loss	-	-	-	-	-	652,206	652,206
Cash and cash equivalents and short term investments	1,309,314	-	-	-	-	-	1,309,314
Reinsurance assets	3,450,174	-	-	-	-	-	3,450,174
Insurance receivables	574,542	-	-	-	-	-	574,542
Investment in the Kenya Motor Insurance Pool	-	-	-	-	-	51,759	51,759
General asset in Life business	-	-	-	-	-	238,612	238,612
Tax recoverable	47,654	-	-	-	-	-	47,654
Other receivables	311,792	-	-	-	-	-	311,792
Total assets	**6,100,654**	**4,004,345**	**5,292,335**	**26,376,407**	**9,371,729**	**1,791,905**	**52,937,375**

41) **Financial risk management objectives and policies (continued)**

iii) **Liquidity risk (continued)**

Company - 31 December 2022

	Up to a year Ksh '000	1-3 years Ksh '000	3-5 years Ksh '000	5-15 years Ksh '000	Over 15 years Ksh '000	On demand/ No maturity Ksh '000	Total Ksh '000
Financial assets at amortised cost	1,054,946	5,057,718	2,818,492	30,625,984	26,129,047	-	65,686,187
Loans receivable	10,323	20,628	27,326	6,851	36,430	-	101,558
Financial assets at fair value through other comprehensive income	96,200	-	-	253,527	275,845	816,025	1,441,597
Financial assets at fair value through profit and loss	-	-	-	-	-	504,922	504,922
Cash and cash equivalents and short term investments	1,105,933	-	-	-	-	-	1,105,933
Reinsurance assets	331,063	-	-	-	-	-	331,063
Insurance receivables	418,400	-	-	-	-	-	418,400
Investment in the Kenya Motor Insurance Pool	-	-	-	-	-	50,657	50,657
General asset in Life business	-	-	-	-	-	-	-
Tax recoverable	52,390	-	-	-	-	-	52,390
Other receivables	300,709	-	-	-	-	-	300,709
Total assets	8,492,453	9,077,094	8,135,694	57,221,876	35,813,050	1,371,605	70,275,845

41) Financial risk management objectives and policies (continued)

iii) Liquidity risk (continued)

Company - 31 December 2021

	Up to a year Ksh '000	1-3 years Ksh '000	3-5 years Ksh '000	5-15 years Ksh '000	Over 15 years Ksh '000	On demand/ No maturity Ksh '000	Total Ksh '000
Financial assets at amortised cost	231,547	3,879,672	5,264,138	26,087,805	9,057,609	-	44,520,771
Loans receivable	10,203	20,628	25,738	4,807	23,751	-	85,127
Financial assets at fair value through other comprehensive income	111,388	-	-	242,901	290,369	787,152	1,530,258
Financial assets at fair value through profit and loss	-	-	-	-	-	629,765	629,765
Cash and cash equivalents and short term investments	875,191	-	-	-	-	-	875,191
Reinsurance assets	2,804,448	-	-	-	-	-	2,804,448
Insurance receivables	477,260	-	-	-	-	-	477,260
Investment in the Kenya Motor Insurance Pool	-	-	-	-	-	51,759	51,759
General asset in Life business	-	-	-	-	-	-	-
Tax recoverable	47,595	-	-	-	-	-	47,595
Other receivables	282,429	-	-	-	-	-	282,429
Total assets	4,840,060	3,998,748	5,289,876	26,335,513	9,371,729	1,707,288	51,543,215

41) Financial risk management objectives and policies (continued)

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.
The Group mitigates this risk through its culture and values, a comprehensive system of internal controls and other measures such as back-up facilities, contingency planning and insurance. The initiation of transactions and their administration is conducted on the basis of the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions.

Compliance risk

Laws and regulations:
The Group considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The Group's management facilitates the compliance through the analysis of statutory and regulatory requirements, and monitoring the implementation and execution thereof.

Compliance with Investment mandates:
Management reviews compliance with Investment mandates on a monthly basis. When a possible breach is detected, management ensure that immediate remedial action is taken.

Property risk:
The capital portfolio has limited exposure to investment properties and accordingly the related property risk. Diversification in property type, geographical location and tenant exposure are all used to reduce the risk exposure.

42) Capital management

Externally imposed capital requirements are set and regulated by the Insurance Regulatory Authority (IRA). These requirements are put in place to ensure solvency margins are maintained in the insurance industry. Further objectives are set by the group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Further, the company currently has a paid up capital of Ksh 400 million in the long term business which meets the minimum (Ksh 400 million) requirement as per the Insurance Act. In the short term business, the company's paid up capital should not be less than 10% of the total gross premium written in the short term business during the year or Kshs. 600,000,000.00. The paid up capital is Ksh 600,000,000 (2021: Ksh 600,000,000) while 10% of gross premium written is Ksh 2,372 million (2021: Ksh 2,580 million).

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

43) Prior year adjustments

Prior year adjustments relate to the reclassification of actuarial liabilities from fund balance basis to actuarially determined basis (for ordinary life, group life, and annuities).

44) Company solvency margins and capital adequacy

Capital adequacy

As per the new Insurance Act requirements, capital adequacy ratios are as follows:

	Short term business	
	2022	**2021**
	Ksh'000	**Ksh'000**
Minimum required capital	1,398,498	1,406,242
Total capital available	2,947,194	2,415,091
Capital adequacy ratio	**211%**	**172%**
Capital adequacy ratio minimum	**100%**	**100%**

	Long term business	
	2022	**2021**
	Ksh'000	**Ksh'000**
Minimum required capital	3,057,551	2,691,059
Total capital available	3,320,188	2,681,743
Capital adequacy ratio	**109%**	**100%**
Capital adequacy ratio minimum	**100%**	**100%**

45) Incorporation and registered office

The company is incorporated in Kenya under the Companies Act. The address of the registered office is given on page 1.

company long term assurance business revenue account

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	Ordinary life business	Group life business	Annuities	Income Drawdown	Retirement benefit fund	Total 2022
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Gross premium income	2,309,944	42,303	327,194	106,705.55	-	2,786,146
Premiums ceded to reinsurers	(6,212)	(25,543)	-	-	-	(31,755)
Contributions received	-	-	-	-	5,987,750	5,987,750
Net premium income	**2,303,732**	**16,760**	**327,194**	**106,706**	**5,987,750**	**8,742,142**
Investment income	2,180,810	7,472	482,009	7,095	4,675,808	7,353,194
Other income	24,105	-	-	-	-	24,105
Commissions income	437	5,109				5,546
	2,205,352	12,581	482,009	7,095	4,675,808	7,382,845
Claims incurred	604,122	7,570	120,496	2,113	847,597	1,581,899
Surrenders and annuity incurred	755,754	-	290,549	-	2,731,322	3,777,625
Net claims and policyholder benefits expense	**1,359,876**	**7,570**	**411,045**	**2,113**	**3,578,919**	**5,359,523**
Operating expenses	328,729	3,522	-	-	137,362	469,613
Other expenses	17,927	-	-	-	41,829	59,756
Allowance for expected credit losses on other receivables	-	-	-	-	-	-
Allowance for expected credit losses on government securities	2,954	11	649	18	6,604	10,235
Allowance for credit losses on rental receivable	3,650	-	-	-	636	4,286
Allowance for credit losses on deposits with financial institutions	1,324	-	-	-	3,583	4,906
Allowance for credit losses on bonds and debentures	-	-	-	-	-	-
Provision for doubtful debts	6,637	-	-	-	42,276	48,913
Depreciation on right of use assets	1,477	-	-	-	3,447	4,925
Interest on lease liability	1,215	13	-	-	508	1,736
Rent expense reversal	-	-	-	-	-	-
Commissions expense	142,559	2,205	6,744	2,174	84,208	237,890
Premium levy	5,978	-	-	-	-	5,978
Contribution to policy holders compensation fund	1,520	-	-	-		1,520
Total expenses	**513,971**	**5,751**	**7,393**	**2,192**	**320,452**	**849,758**
Results of operating activities	**2,635,237**	**16,020**	**390,766**	**109,496**	**6,764,187**	**9,915,705**
Transfer to statutory reserve	(75,000)	-	-	-	-	(75,000)
Transfer to general reserve	(378,000)	-	-	-	(50,000)	(428,000)
Increase/(decrease) in funds	**2,182,237**	**16,020**	**390,766**	**109,496**	**6,714,187**	**9,412,705**
Funds at the beginning of the year	**15,288,432**	**68,621**	**3,200,114**	-	**36,603,770**	**55,160,938**
Funds at the end of the year	**17,470,669**	**84,641**	**3,590,880**	**109,496**	**43,317,958**	**64,573,643**
Long term funds at the end of the year comprise amounts attributable to:						
Policyholders:						
-Actuarial liabilities	15,549,491	7,391	-	-	-	15,556,882
-Annuities	-	-	3,453,372	-	-	3,453,372
-Deposit administration fund	-	-	-	104,592	37,775,035	37,879,627
-Bonus to policy holders	1,319,713	-	-	5,960	4,283,888	5,609,561
-Statutory reserves	589,746	74,637	132,768	(1,153)	1,225,101	2,021,099
	17,458,950	**82,028**	**3,586,140**	**109,399**	**43,284,024**	**64,520,541**

company long term assurance business revenue acount

for the year ended 31 december 2021

	Ordinary life business KShs'000	Group life business KShs'000	Annuities KShs'000	Retirement benefit fund KShs'000	Total 2018 KShs'000
Gross premium income	3,241,908	48,061	656,328	-	3,946,297
Premiums ceded to reinsurers	(4,521)	(31,940)	-	-	(36,461)
Contributions received	-	-	-	7,174,252	7,174,252
Net premium income	**3,237,387**	**16,122**	**656,328**	**7,174,252**	**11,084,088**
Investment income	1,768,505	5,768	366,948	3,969,746	6,110,967
Other income	11,302	-	-	-	11,302
Commissions income	272	6,388	-	-	6,660
	1,780,080	**12,156**	**366,948**	**3,969,746**	**6,128,929**
Claims incurred	521,815	19,586	300,056	892,368	1,733,825
Surrenders and annuity incurred	319,181	-	-	2,734,653	3,053,834
Net claims and policyholder benefits expense	**840,996**	**19,586**	**300,056**	**3,627,021**	**4,787,659**
Operating expenses	355,311	3,807	-	148,469	507,587
Other expenses	15,640	-	-	36,494	52,134
Allowance for expected credit losses on rental and other receivables	4,873	-	-	-	4,873
Write back of credit losses on bonds and debentures	-	-	-	(264)	(264)
Allowance for credit losses on deposits with financial institutions	831	-	-	3,522	4,353
Provision for doubtful debts	143	(1,177)	-	-	(1,034)
Depreciation on right of use assets	-	-	-	-	-
Interest on lease liability	-	-	-	-	-
Rent expense reversal	-	-	-	-	-
Commissions expense	153,592	2,332	13,466	108,496	277,886
Premium levy	5,546	-	-	-	5,546
Contribution to policy holders compensation fund	1,521	-	-	-	1,521
Total expenses	**537,457**	**4,963**	**13,466**	**296,717**	**852,603**
Results of operating activities	**3,639,013**	**3,729**	**709,754**	**7,220,259**	**11,572,755**
Transfer to statutory reserve	(75,000)	-	-	-	(75,000)
Transfer to general reserve	(300,000)	-	-	-	(300,000)
Increase in funds	**3,264,013**	**3,729**	**709,754**	**7,220,259**	**11,197,755**
Funds at the beginning of the year	12,024,419	64,892	2,490,361	29,383,511	43,963,183
Funds at the end of the year	**15,288,432**	**68,621**	**3,200,114**	**36,603,770**	**55,160,938**
Long term funds at the end of the year comprise amounts attributable to:					
Policyholders:					
-Actuarial liabilities	13,721,521	10,241	-	-	3,731,762
-Annuities	-	-	3,244,224	-	3,244,224
-Deposit administration fund	-	-	-	33,514,267	33,514,267
-Bonus to policy holders	1,081,857	-	-	2,250,062	3,331,919
-Statutory reserves	-	-	-	-	-
	14,803,378	**10,241**	**3,244,224**	**35,764,329**	**53,822,173**

company short-term business revenue account

for the year ended 31 december 2022

KENINDIA

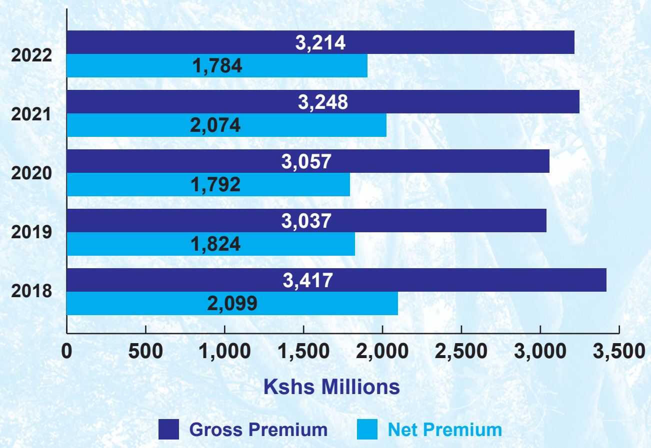
	Aviation	Engineering	Fire Domestic	Fire Industrial	Public Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen Compensation	Miscellaneous	Total 2022	Total 2021
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Gross premium written	-	122,187	39,551	586,282	49,340	152,975	325,011	525,210	19,144	19,144	134,380	246,013	17,254	2,372,033	2,580,576
Reinsurance premium	-	91,188	3,324	538,552	34,274	7,062	112	14,540	11,666	11,666	77,522	3,569	11,956	902,047	797,131
Net Premium written	-	31,000	36,228	47,730	15,067	145,914	324,898	510,669	7,478	7,478	56,858	242,444	5,298	1,469,986	1,783,445
Unearned Premium at the beginning of the year	-	19,390	14,917	43,559	4,729	107,671	166,274	139,333	3,038	3,038	16,725	85,680	7,667	629,187	485,764
Unearned Premium at the end of the year	-	11,115	12,238	11,706	4,776	64,383	125,940	138,060	2,872	2,872	14,242	80,404	2,640	488,581	629,187
Additional Unexpired Risk Reserve at the beginning of the year	-	1,917		38,934				16,264	226	226		1,424		67,264	63,822
Additional Unexpired Risk Reserve at the end of the year	-	5,031		11,382	529	7,307	14,928	17,842	645	645		8,717		76,029	67,264
Net Earned Premium	**-**	**36,160**	**38,907**	**107,135**	**14,491**	**181,895**	**350,304**	**510,365**	**7,224**	**45,254**	**59,341**	**240,427**	**10,325**	**1,601,827**	**1,636,580**
Claims Paid	-	13,499	5,797	29,292	9,979	40,302	256,574	434,713	(108)	31,036	11,401	108,231	704	941,419	640,966
Claims o/s 31-12-2022	-	256,092	23,080	160,687	80,449	240,298	494,559	1,262,886	14,733	15,715	131,257	976,145	2,781	3,658,683	3,389,572
Claims o/s 01-01-2022	-	236,578	10,945	144,054	77,248	144,777	484,487	1,193,153	15,269	9,507	111,402	958,812	3,339	3,389,572	2,859,042
Incurred Claims	**-**	**33,013**	**17,931**	**45,926**	**13,180**	**135,823**	**266,647**	**504,446**	**(645)**	**37,244**	**31,255**	**125,564**	**146**	**1,210,530**	**1,171,496**
Commissions	-	(1,589)	6,370	(25,039)	(915)	26,688	30,948	51,916	(86)	(1,195)	(10,393)	47,360	(1,637)	122,428	178,280
Deffered Acquisition Cost at the beginning of the year		3,878	2,983	10,607	946	18,842	16,627	13,933	608	2,020	1,673	17,136	791	90,044	70,268
Deffered Acquisition Cost at the end of the year	-	2,223	2,448	2,719	955	11,267	12,594	13,806	574	2,021	1,424	16,081	264	66,376	90,044
Commission Incurred	-	66	6,905	(17,151)	(924)	34,264	34,982	52,043	(52)	(1,196)	(10,144)	48,415	(1,110)	146,096	158,504
Expenses of Management	-	30,011	9,714	143,997	12,118	37,572	79,826	128,997	4,702	37,993	33,005	60,423	4,238	582,598	579,490
Premium Tax	-	1,073	347	5,146	433	1,343	2,853	4,610	168	1,358	1,180	2,159	151	20,821	22,033
Policy Compesation Fund	-	299	97	1,433	121	374	794	1,284	47	378	328	601	42	5,797	6,226
Interest on Reinsurance Reserves	-														
Total Outgo	**-**	**31,448**	**17,063**	**133,425**	**11,748**	**73,553**	**118,455**	**186,934**	**4,864**	**38,533**	**24,369**	**111,599**	**3,322**	**755,312**	**766,252**
Underwriting **Surplus/(Deficit) transferred to P&L A/c**	**-**	**(28,301)**	**3,913**	**(72,216)**	**(10,437)**	**(27,481)**	**(34,798)**	**(181,015)**	**3,004**	**(30,522)**	**3,716**	**3,264**	**6,858**	**(364,014)**	**(301,168)**

KENINDIA

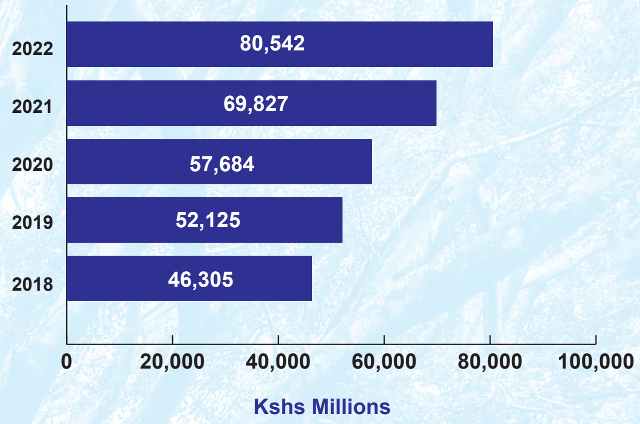
group financial indicators

for the year ended 31 December 2022

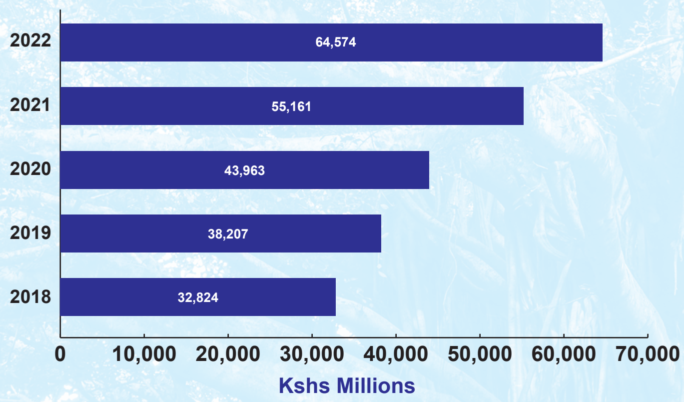
Premium - General Business



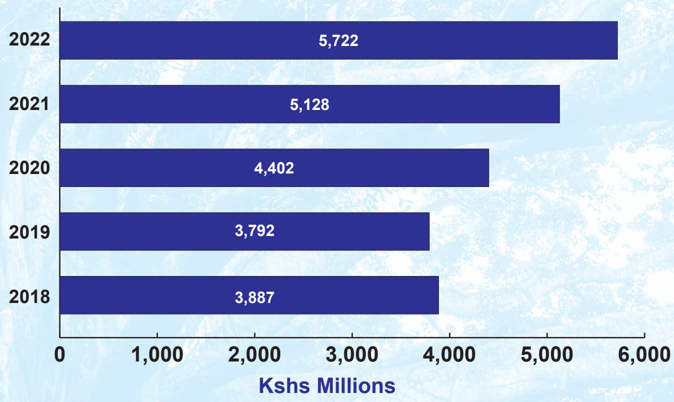
Total Assets



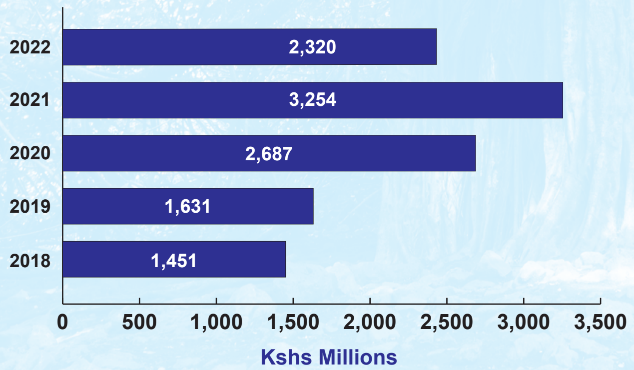
Life Fund



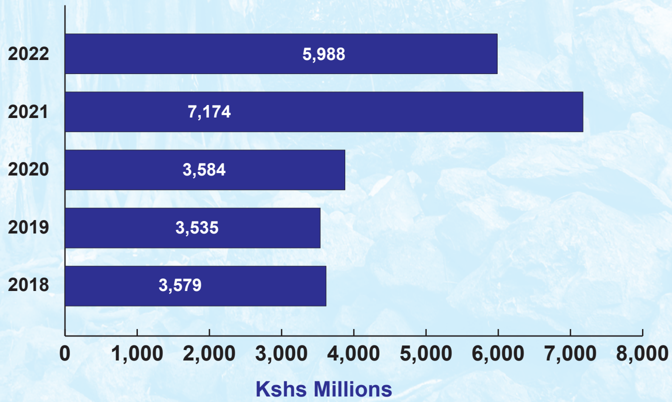
Shareholders' Fund



Net Life Premium



Pension Contributions



company financial summary for 10 years

for the year ended 31 december 2022

KENINDIA

YEAR	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
(i) NON-LIFE	**Figures in KShs Millions**									
Gross Written Premium	2,372	2,581	2,471	2,468	2,855	3,015	2,996	2,864	2,646	2,864
% Growth	**(8.10)**	**4.45**	**(12.16)**	**(13.56)**	**(5.31)**	**0.63**	**4.61**	**8.24**	**(4.68)**	**(17.80)**
Net Premium Written	1,470	1,783	1,601	1,605	1,907	1,926	1,881	1,734	1,552	1,725
% Growth	**(17.56)**	**11.11**	**(0.25)**	**(15.84)**	**(0.99)**	**2.39**	**8.48**	**11.73**	**(10.03)**	**(16.51)**
Net Earned Premium	1,602	1,637	1,571	1,747	1,925	1,984	1,838	1,667	1,628	1,877
Net Incurred Claims	1,211	1,171	1,304	1,700	1,365	1,338	1,241	1,141	1,452	1,040
Net Incurred Claims ratio to net Premium (%)	82.35	65.69	81.45	105.92	71.58	69.47	65.98	65.80	93.56	60.29
Net Commission	**146**	**159**	**133**	**101**	**127**	**158**	**144**	**62**	**122**	**165**
Management / Other Expenses	583	579	575	892	705	774	623	616	651	503
Premium Tax / Others	27	28	28	28	33	29	35	33	28	31
Underwriting (Deficit) / Surplus	(364)	(301)	(382)	(684)	(225)	(156)	(125)	(109)	(530)	174
(ii) LIFE BUSINESS										
Gross Premium Written (Including Pension Fund)	8,774	11,121	7,372	5,612	5,547	4,641	3,947	3,284	2,533	2,118
% Growth	**(21.11)**	**50.85**	**31.36**	**1.17**	**19.52**	**17.58**	**20.19**	**29.65**	**19.59**	**3.27**
Net Premium Written (Including Pension Fund)	8,742	11,084	7,331	5,579	5,502	4,600	3,911	3,261	2,509	2,073
% Growth	**(21.13)**	**51.19**	**31.40**	**1.40**	**19.61**	**17.62**	**19.93**	**29.97**	**21.03**	**2.32**
Total Benefits	5,360	4,788	5,434	3,526	5,098	3,362	2,766	1,677	1,861	1,706
Net Commission	232	271	189	147	141	136	133	137	117	91
Management / Other Expenses	604	567	452	441	444	346	345	314	228	148
Premium Tax / Others	7	7	7	7	4	5	5	8	6	4
Increase in Fund (after distribution to shareholders)	9,413	11,198	5,756	5,383	3,425	4,043	3,412	3,798	2,425	2,151
Life Fund	64,574	55,161	43,963	38,207	32,824	29,399	25,356	21,944	18,146	15,721
(iii) LIFE AND NON-LIFE										
Investment Income	7,963.77	6,641.00	5,285.17	4,624.22	4,259.73	3,923.81	3,159.79	3,987.68	2,440.66	2,459.73
% Yield	**11.04**	**11.46**	**10.93**	**10.43**	**10.92**	**11.51**	**10.89**	**14.73**	**11.19**	**12.86**
Profit / (Loss) Before tax	638.20	497.25	411.97	(269.12)	352.16	386.67	282.68	804.68	(300.63)	508.02
Profit / (Loss) After tax	620.33	836.44	503.43	(190.39)	329.16	245.26	277.06	790.91	(137.04)	402.87
Share Capital	1,000	1,000	1,000	561	561	561	561	561	561	561
Total Assets	78,602.60	68,503.41	56,227.75	50,086.53	44,322.79	40,724.25	36,422.52	36,278.62	30,281.96	29,048.76
Shareholders' Fund	5,535.03	4,967.71	4,220.68	3,686.79	3,758.73	3,375.77	2,809.04	2,555.16	1,760.75	1,891.19
Dividend Per share (Kshs)	5	7.5	5	5	10	10	10	10	0	10
Earnings / (Loss) per share	62.03	83.64	50.34	(33.91)	58.63	43.69	49.35	140.88	(24.21)	71.76

proxy form

KENINDIA

I/We ____

of____

being a member/members of **KENINDIA ASSURANCE COMPANY LIMITED** hereby appoint ________________

____

of____

or failing him____

of____

or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the hybrid Annual General Meeting of the Company to be held at the Registered office of the Company, Kenindia House, 12th Floor, Loita Street, Nairobi and via videoconference on 22 June 2023 and at any adjournment thereof.

Please indicate how you wish to cast your vote.

		FOR	AGAINST
1	To adopt the audited financial statements		
2	To declare a dividend		
3	To approve Directors' fees		
4	To re-elect Dr. P M Kingori		
5	To re-elect Mr P V S Rao		
6	To appoint auditors		

Dated this________________________________ day of ____________________________________ 2023

Name: ________________________________

Signature: ________________________________

Notes

1 *A proxy need not be a member of the Company.*

2 *Unless otherwise instructed the proxy will vote or abstain as he thinks fit in respect of the member's total shareholding.*

3 *In case of a corporation this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.*

4 *Proxies must be lodged at the Registered Office, Kenindia House, Loita Street, P O Box 44372, GPO, 00100, Nairobi, not less than 24 hours before the time for holding the meeting or adjourned meeting.*

FOLD 2

STAMP

Kenindia Assurance Company Limited
Registered Office
Kenindia House, Loita Street
P.O. Box 44372, 00100 - GPO
Nairobi, Kenya

FOLD 1