



# ABOVE & BEYOND

## 2022 INTEGRATED REPORT



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# FOREWORD

## ABOVE AND BEYOND

This year, we reflect on how far we have come as an Insurance Industry player.

This was the year when as a country we were hit with the worst drought in 40 years. It is estimated that drought costs us as high as 8% of our country's GDP.

We recognize our role in ensuring a sustainable future, one that ensures that our society remains resilient in the midst of these hard times. As a Group, we are committed to meeting the needs of the present generations without compromising the future generation's ability to meet their own needs. Key sustainability challenges we face in this country include: climate change, biodiversity loss, ecosystem degradation, pollution, human rights violations, poverty and social inequality.

This therefore is the year that we forged ahead to distinguish ourselves as a best-in-class African leader in solving today's challenges. We made bold steps as we moved "**Above and Beyond**" the current economic and social challenges.

## OUR AMBITION

We continue firmly in our leadership position on the Nairobi Declaration on Sustainable Insurance (NDSI), an initiative we co-created with the UNEP PSI.

Together with other signatories, we hosted an event with the UN High Level Climate Champions at COP 27 where we announced the set-up of the Africa Climate Risk Facility (ACRF). The ACRF is a multi-donor Trust Fund that will be available for all NDSI signatories for purposes of premium subsidies by sovereigns and sub-sovereigns, capacity building and support for product development for ESG and Climate Change oriented products. This facility is our way of playing our part – a huge and ambitious one – in solving today's challenges. We are playing a leading role in the set-up of this facility with our long-term partners in the sustainability front being FSD Africa, Namib-Re, African Risk Capacity and supported by the African Development Bank.

## ACTING AS A RESPONSIBLE LEADER

We continue to be one of the most active African signatories to the UNEP FI's Principles of Sustainable Insurance (PSI). The aim of the Principles is to lay a foundation upon which as a player, we can build a stronger relationship that puts sustainability at the heart of Risk Management in the pursuit of a more forward-looking and better managed world. Commitment to the Principles articulates to our stakeholders our stance towards responsible action as we consciously develop innovative risk solutions that solve current and emerging challenges.

We also participated in the development of the first UNEP PSI ESG Underwriting Guide for Life and Health Insurance business.

## ICEA LION GENERAL INSURANCE 2022 INTEGRATED REPORT

We continue in our membership to Net-Zero Insurance Alliance (NZIA) which brings together some of the world's leading insurers and reinsurers to play their part in accelerating the transition to low carbon emissions by 2050. For a period of about a year, we were part of the team that participated in the development of the NZIA's target setting protocol. The protocol was announced at the World Economic Forum.

### Our new focus on nature and bio-diversity

Climate change, nature and biodiversity are inextricably linked. It is evident, even from the effects seen in our country, that nature-related risk is already impacting our economies and societies. Nature risks for several real economy sectors are very material and comparable to climate-related risks and more so for financial institutions.

Global and local efforts to respond to the nature crisis have gained momentum and are already appearing in regulatory and policy agendas. As members of the UNEP PSI, we have been part of the Nature Positive Task Force which is developing thought leadership and guidance notes on how insurers can support countries' Nature and Biodiversity plans in light of the recently released Global Biodiversity Framework at COP 15.

We have also been active members to the Taskforce on Nature Related Financial Disclosures (TNFD) insurer pilot group, where we were one of the African voices piloting the beta-version of the TNFD framework.

The TNFD was established in response to the growing appreciation that finance is a critical part of the solution and the beta TNFD framework seeks to shift financial flows to nature-positive outcomes. The Africa pilot's objective is to build knowledge, awareness and capacity on nature in financial institutions as well as capture Africa-specific feedback which will ensure the framework is fit-for-purpose for African financial institutions. We have been part of this 'African Voice' pilot and are leading the way globally on engaging with and testing the TNFD framework.

We also joined the African Natural Capital Alliance (ANCA), an African-led collaborative forum to enable nature-positive outcomes. Through ANCA, we have spoken at a number of events as we persuade our peers to tackle the nature agenda. We will in the coming year launch some nature-specific insurance products as part of our commitment to addressing these current challenges.

We have most recently joined the UN Global Compact in continuing to affirm our commitment in this space. We see sustainability as a long-term value driver and our commitment towards these principles that we have adopted is an important step towards building a sustainable future for everyone.

### OUR HIGH LEVEL ENGAGEMENTS

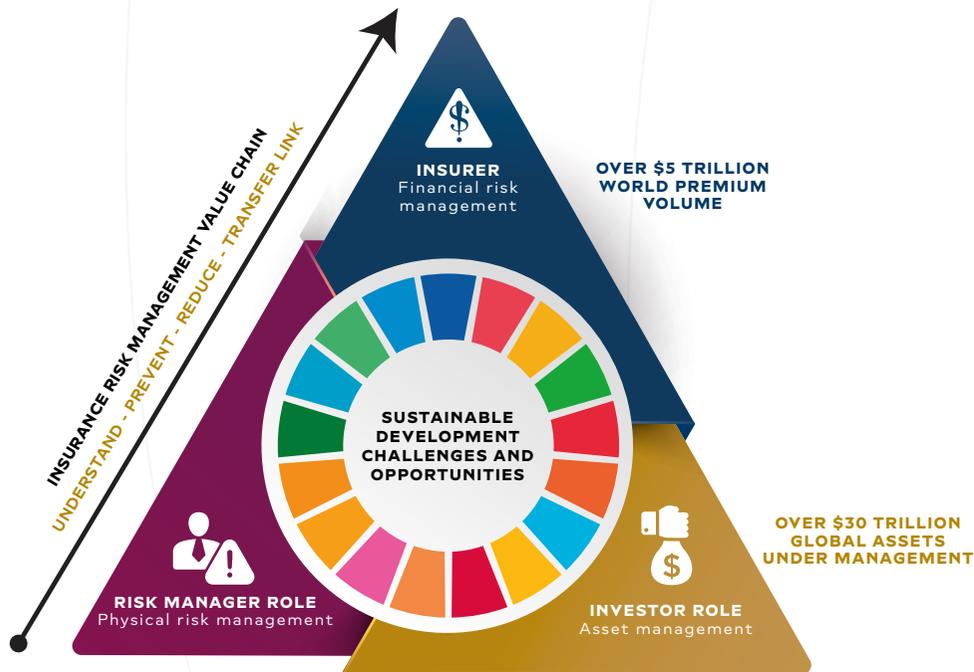
In recognition of our leadership, we have been involved in various high level engagements where we have been speakers. These include COP 27 held in November in Egypt, the World

Economic Forum held in January 2023 in Davos, the EU- Kenya Business Forum and the African Carbon Markets event held in Nairobi. We also attended the African Union Business Forum held in Addis Ababa and are currently involved in the Kenya Carbon Removal Roadmap workshop co-hosted by the Government of Kenya and Thunderbird School of Government at the Arizona State University.

We are currently the leading Africa voice in the carbon markets discussion within the insurance sector. The African Carbon Markets is predicted to be the next economic promise and financial markets frontier not just for our country, Kenya but also for East Africa and the rest of the continent.



**OUR TRIPLE ROLE**



**Image adopted from the UNEP PSI**

As a Group, we play a triple role in the communities we serve: that of a Risk Manager, Risk Carrier and Investor. As Risk Managers, we help communities understand, prevent and reduce risk. As Risk Carriers where we protect communities financially by paying their claims, and as Investors we place insurance premiums into different financial instruments as we support the financial markets. In this, we will continue to seek collaborative engagements to tackle the sustainability and climate risk challenge as we support our countries' efforts to be more resilient economies.

**We highlight our sustainability journey over the past 5 years on page 8.**

This Annual Integrated Report is the core report for the Group providing material financial and non-financial information.

It explains our value creation process across the six capitals, the connections between the context we operate in, our Strategy and the Corporate Governance structure that underpins this. Information in the Annual Integrated Report refers to topics classified as significant through a materiality analysis process.

**THE SIX CAPITALS AND OUR VALUE CREATION PROCESS**

For the purpose of integrated reporting, the factors that flow through ICEA LION for it to create its value are divided into six capitals, being;

- Human
- Intellectual
- Social (Relationship)
- Natural
- Manufactured
- Financial

It is our belief that revealing our strengths and vulnerabilities will not only boost our bid to scale the heights of best practice with regards to relational thinking and corporate governance, but also increase our social license to operate as we showcase the heart and soul of ICEA LION.

In this Report, we use the 6 Capitals Framework to anchor our disclosure and demonstrate our integration of strategy and sustainable development issues. We also highlight material aspects therein and how we have performed for each.

**MATERIALITY**

This report regards material aspects as those which are likely to impact the Company's ability to achieve its strategy; remain commercially viable; environmentally and socially relevant; and to substantially influence the assessment and decisions of our stakeholders. In pursuing our strategy, we will continue to carefully use the range of capitals available to us as we consider their interconnectedness. This will in turn help us create value for our internal and external stakeholders.

### FRAMEWORKS USED

This report has been prepared in compliance with various reporting frameworks including:-

- The International Integrated Reporting Council (IIRC) Framework.
- The parameters of the Global Reporting Initiative (GRI),
- Kenyan Companies Act, 2015,
- The Corporate Governance Code for the Private Sector,
- Insurance Regulatory Authority on Corporate Governance.
- International Financial Reporting Standards (IFRS).

ICEA LION General Insurance's financial statements contained in this report were audited by KPMG Kenya.

### GLOBAL CREDIT RATING (GCR)

ICEA LION General Insurance Company Limited GCR rating was upgraded to AAA<sub>KE</sub> Stable outlook in 2022 marking one of the highest ratings in the country. This rating was underpinned by the parent company, ICEA LION Insurance Holding's solid profile, characterized by very strong capitalization and above-average earnings. The rating and stable outlook captures our expectation of sustained financial and business profile strength.

These scores further buttress our financial stability score in the eyes of our customers and other stakeholders.

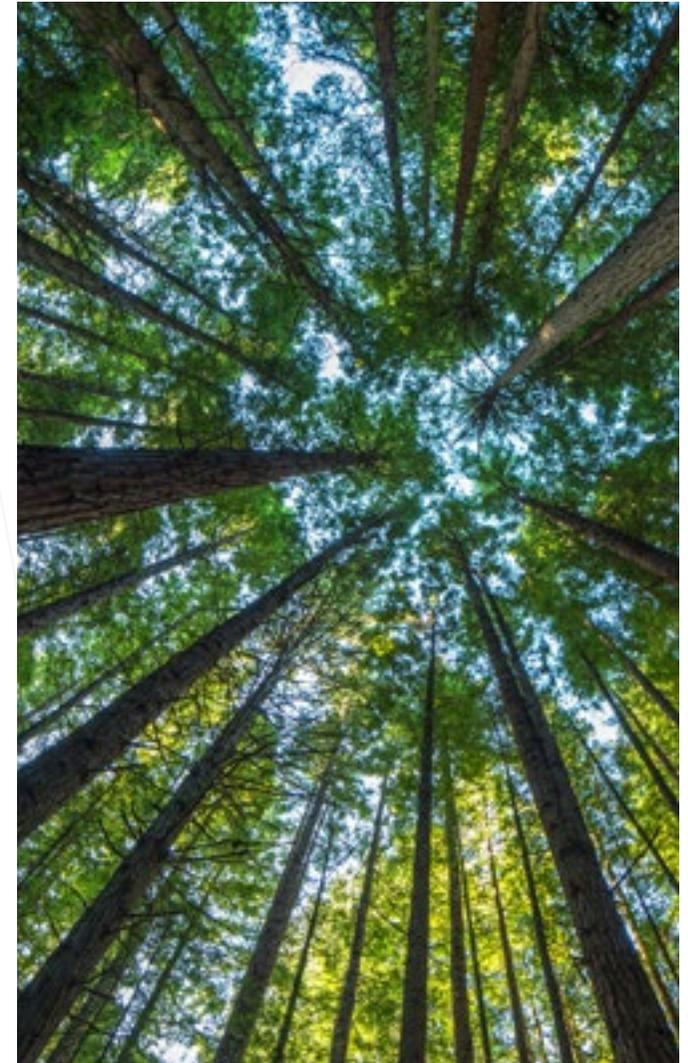
### REPORTING PERIOD & RESPONSIBILITY OF THE INTEGRATED REPORT

The Integrated Report has been prepared for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2022 and covers the activities of ICEA LION General Insurance Company Limited and its Subsidiary.

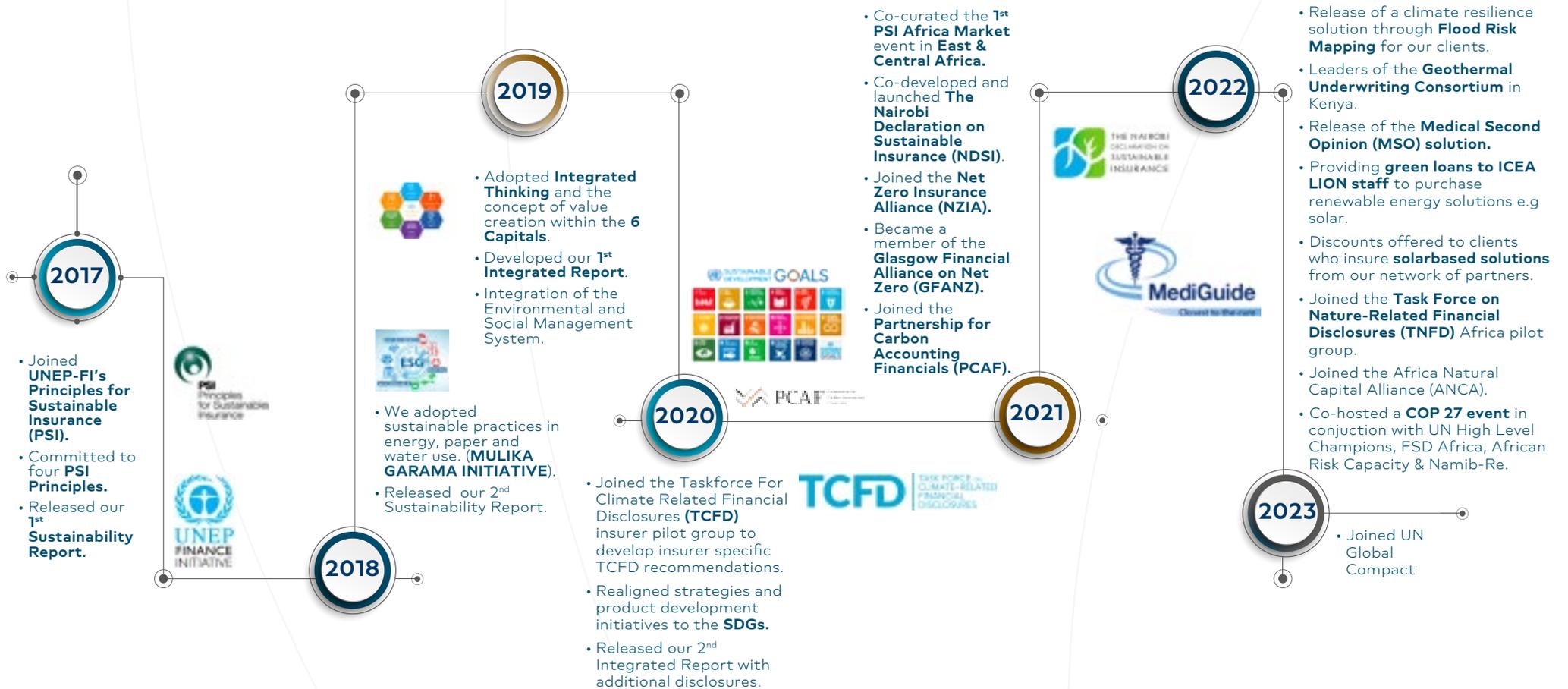
The Board of ICEA LION General is responsible for the Annual Integrated Report, which is presented in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework.

As regulations evolve, we will in the coming year provide even more detailed disclosures on our ESG, Climate Change, Nature and Biodiversity approaches.

In partnership with our local and global partners, we will continue to live up to our Corporate Mission **"To Protect & Create Wealth"**. We remain committed, to executing our strategy and running our business operations **Above and Beyond** to ensure we are here for the long haul.



# OUR SUSTAINABILITY, INTEGRATED THINKING & REPORTING JOURNEY



## ABOUT OUR REPORT

### OUR REPORTING SCOPE AND BOUNDARY

Our integrated report is the primary report of ICEA LION General Insurance Company Limited and unless otherwise stated covers the financial period, 1 January 2022 to 31 December 2022.

The integrated report includes both the Company ICEA LION General Insurance Company Limited and the Subsidiary, ICEA LION General Tanzania Insurance Company Limited together referred to as the 'Group'.

This report aims to inform our stakeholders of both our Financial and Non-Financial performance during the year. This report describes how we create value for our stakeholders as well as enumerates our strategies towards the creation of this value. This includes a link between how we create value on the 6 capitals and how this translates to our pursuit of Sustainable Development Goals **(SDGs)**.

Included in this report is a description of the history of the group, details of our staff complement numbers as well as our regional footprint in both Kenya and Tanzania.

The report describes our operating context in both Kenya and Tanzania and details our strategy and related pillars as well as key areas of focus and outcomes on our strategy. In addition the report includes statements from the Chairman, Chief Executive Officer, and the Chief Finance Officer and describes our Corporate Governance Practices and our approach on Risk Management.

### OUR REPORTING FRAMEWORKS

This report has been prepared in compliance with the International Integrated Reporting Council (IIRC) Framework. The ICEA LION Integrated Report Lab and Leadership Team have considered the IIRC guiding principles, key elements and concepts; and with the guidance of the Board of Directors applied these to the preparation of this report. This report is also aligned with the parameters of the Global Reporting Initiative (GRI), Kenya Companies Act, 2015, The Corporate Governance Code for the Private Sector, as well as guidance issued by the Insurance Regulatory Authority on Corporate Governance. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

ICEA LION General Insurance's financial statements contained in this report were audited by KPMG Kenya.

Included in this report are various forward looking statements describing how we see the future and the impact that will have on our strategy. These forward looking statements involve risk and uncertainty as they relate to future events which are difficult to predict. Given this context the outcomes of the forward looking statements may well turn out to be very different from what is currently described.

### DIRECTOR'S STATEMENT OF RESPONSIBILITY

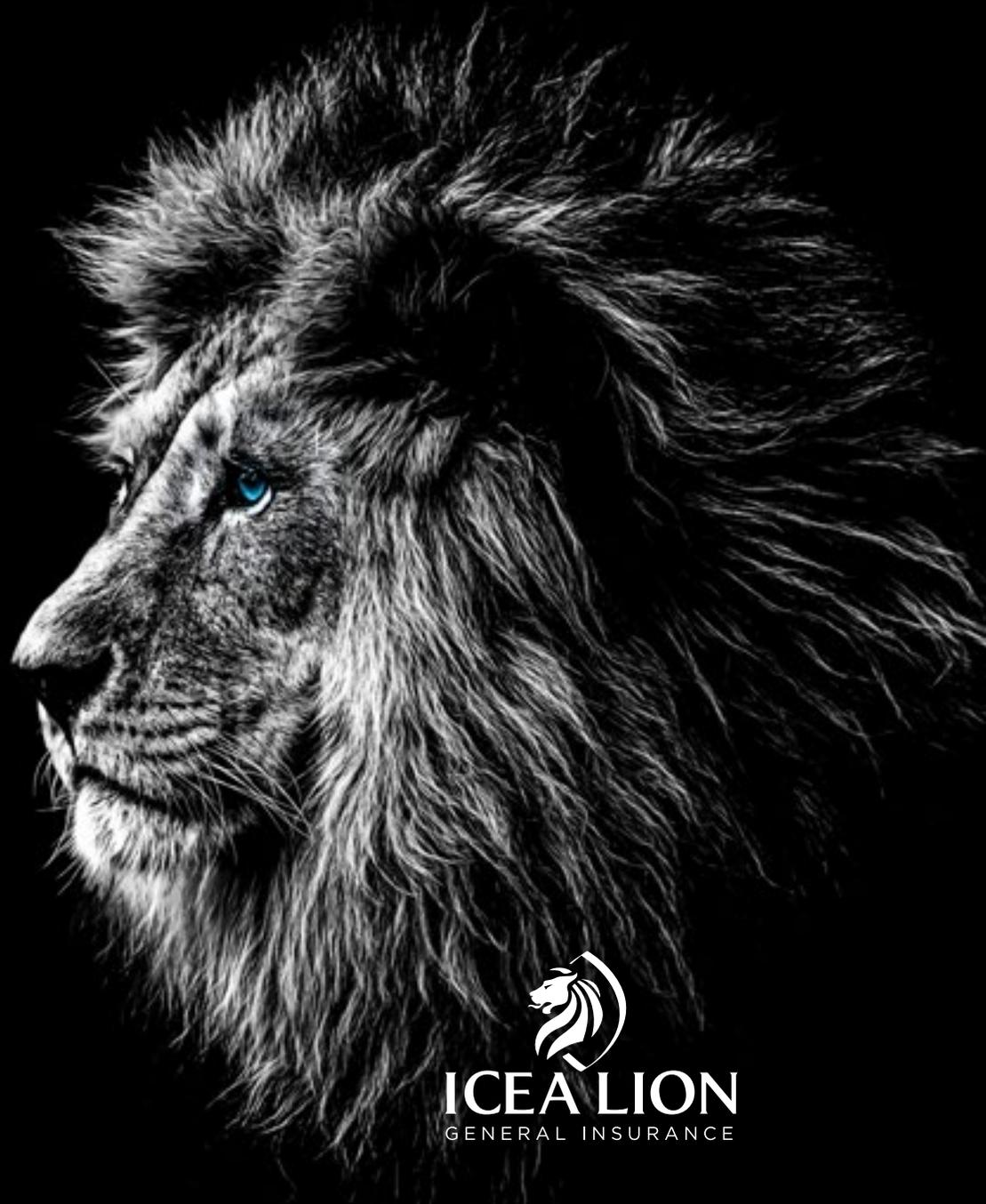
The Board of Directors supported by the Board Audit and Risk Committee acknowledges its responsibility for this integrated report. The Board further believes that the report fairly represents the Group's material matters and that it offers a balanced view of our strategy and the value creation process.

# HOW TO READ OUR REPORT

NO	SECTION	COMMENTARY	KEY CONCEPTS	FRAMEWORKS APPLIED
1	<b>Our Business</b>	Describes our history, staff complement, our Mission, Vision and Values and our Geographical Presence	-About us	-King IV Code -<IR> Framework of the International Reporting Council (IIRC) -Global Reporting Initiative (GRI)
2	<b>Perspective from the Board</b>	Our Board Chairman and the Chairmen of the various Board Committees describe key aspects with respect to our business as well as the Board and Board committee activities during the year.	-Board Chairman Statement	-The Corporate Governance Code (CGC) -King IV Code -IIRC
3	<b>Perspectives from the Leadership Team</b>	Our leadership team describes our operating context and key aspects we have focused on in 2022	-Operating Context	-IFRS -Companies Act -King IV Code -GRI -IIRC CGC
4	<b>Our Strategy</b>	2022 was our first year of implementation of our 3 year strategy for the period 2022-2024. In this section we highlight the key pillars of this strategy and key achievements in 2022.	-Our Business Model -Our Strategy	-King IV Code -IIRC
5	<b>Our Approach to Value Creation and Safeguarding Value</b>	The report describes how we create value across the 6 Capitals and also the link between this and the SDG's. Details of our key activities and outcomes in each of these capitals are also described	-How we create value	-King IV -GRI -IIRC)
6	<b>Our Governance</b>	This section presents a detailed view of the Group's corporate governance practices	-Corporate Governance Statement	-CGC -King IV -GRI -IIRC)
7	<b>Annual Financial Statements</b>	This section sets out the Group's fully audited financial statements	-Financial Statements	-IFRS -Companies Act -Income Tax Act -IRA guidelines

# WHO WE ARE

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## ABOUT US

ICEA LION General Insurance is the short-term insurance arm of ICEA LION Group and currently operates in Kenya and Tanzania. ICEA LION Group is a one-stop financial services provider offering innovative products and services in insurance, pensions, investments and trusts.

The Group was formed as a result of a business reorganization involving Insurance Company of East Africa Limited (ICEA) and Lion of Kenya Insurance Company Limited (LOK) in January 2012. We are one of the largest providers of insurance and financial services in East Africa with well-established operations in Kenya, Uganda and Tanzania.

True to our Group's mission To Protect and Create Wealth, we pride ourselves in having one of the strongest balance sheets in East Africa empowering all our stakeholders. With roots dating back to 1895, ICEA LION was integral to the dawn of commercial progress and opportunity in East Africa and we have continued to shape the region's financial landscape since then. As such, we have decades of experience in helping discerning individuals protect and create their wealth.

We have done so by keeping an eye firmly on the future and embracing innovation to craft financial products and services that we know meet our clients' diverse and dynamic needs in today's constantly changing world. ICEA LION Group is a member of First Chartered Securities (FCS), a private investment holding company with interests in financial services, Logistics, Real Estate, Manufacturing and Agriculture. Over the years, the Group has built impressive investment portfolios in these spheres.

ICEA LION Group companies are owned by ICEA LION Insurance Holdings Limited. Our non-life and life companies are ICEA LION General Insurance Company Limited and ICEA LION Life Assurance Company Limited. ICEA LION Asset Management Limited and ICEA LION Trust Company Limited are our investment, individual and corporate trusteeship companies.

The insurance and investment subsidiaries in Tanzania and Uganda, previously controlled separately by Lion of Kenya (LOK) and Insurance Company of East Africa (ICEA) respectively, also form part of ICEA LION Group.

In 2021, US-based global financial services leader Prudential Financial Inc. through Leapfrog Strategic Africa Investments (LSAI) acquired a 24% stake in ICEA LION Insurance Holdings Limited. This partnership is expected to support the ICEA LION Group's strategy of focusing on customer connectivity, growth and innovation, digitization, development of new products and enhancement of operating synergies throughout its various operations.



# ICEA LION GROUP STAFF COMPLEMENT ACROSS EAST AFRICA



# WHAT DRIVES US



## MISSION

To Protect and Create Wealth



## VISION

To be the leading Pan African provider of insurance and financial services



## OUR CORE VALUES

- We see through the eyes of the customer
- Our people are important to us
- We deliver on our promises
- We champion integrity

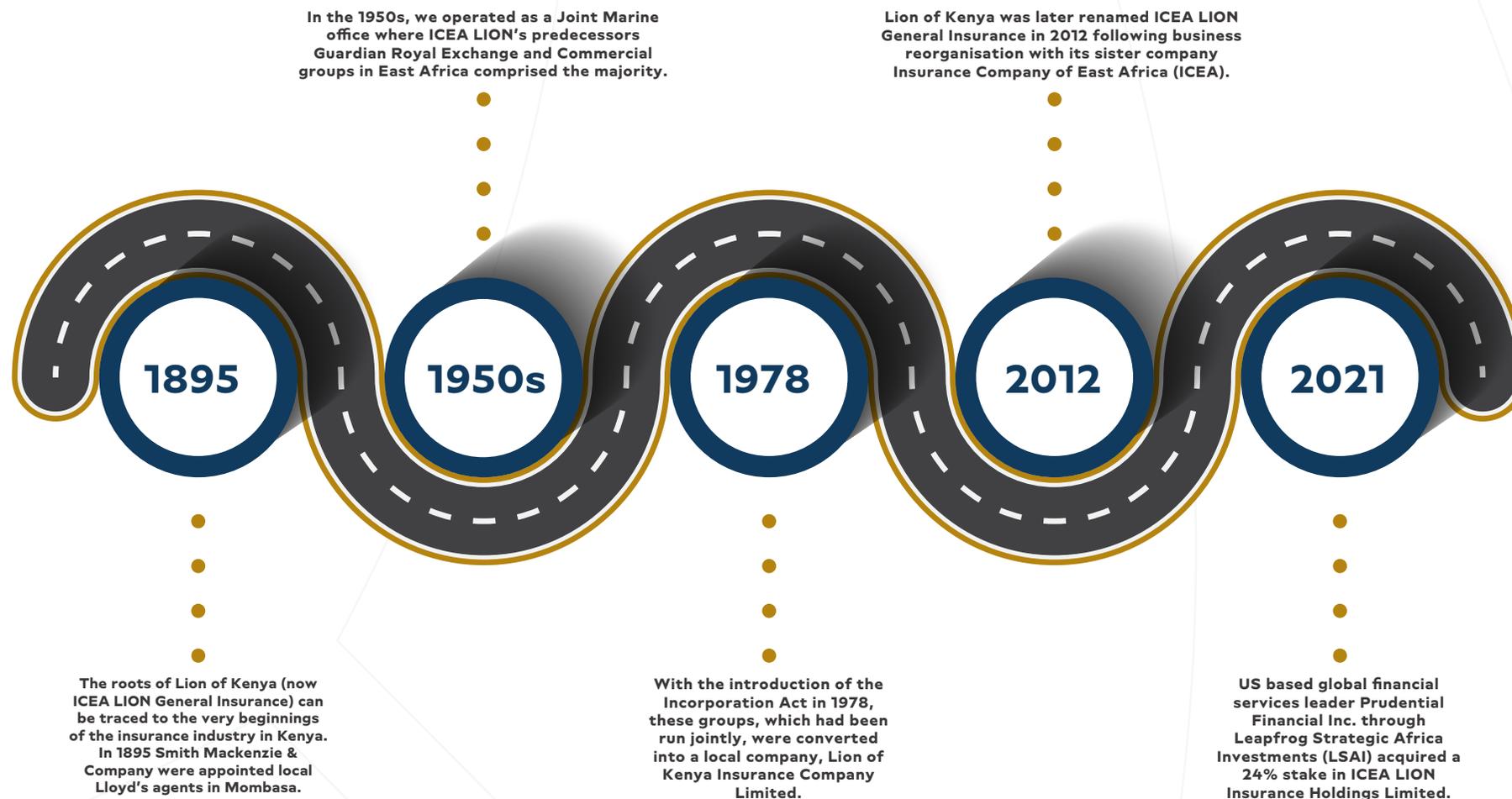


## OUR BRAND PROMISE

Through every life-changing moment,  
We're Better Together



## OUR HISTORY



# OUR REGIONAL FOOTPRINT

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PSSSF DODOMA PLAZA  
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EMAIL: ARUSHA@ICEALION.CO.TZ

**MWANZA**  
NSSF BUILDING, KENYATA ROAD  
P. O. BOX 855 MWANZA  
TEL: +255 28 2502492; FAX +255 28 2502623  
EMAIL: MWANZA@ICEALION.CO.TZ

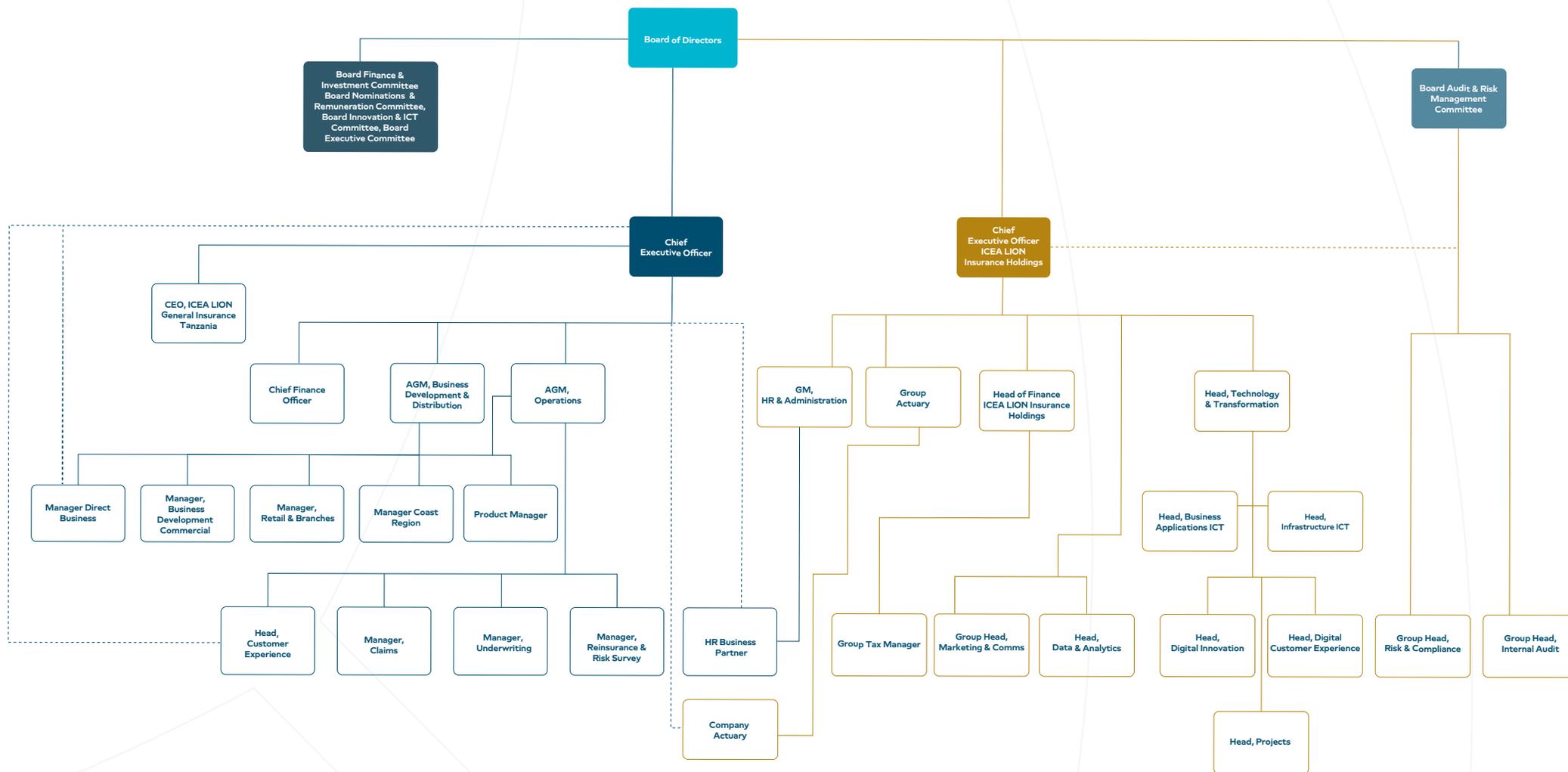
**MBEYA**  
NEW KISANGANI BUILDING  
P. O. BOX 1926 MBEYA  
TEL: +255 25 2503372; FAX +255 25 2503373  
EMAIL: MBEYA@ICEALION.CO.TZ

**MOROGORO**  
NHC BUILDING, (OPPOSITE TO OLD DALA DALA STAND)  
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MOROGORO - TANZANIA  
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# OUR LEADERSHIP STRUCTURE



WHO WE ARE

# HOW WE CREATE VALUE

Creating shared value is at the core of our business strategy. This helps us focus on the right kind of profits – profits that create societal benefits rather than diminish them. Below is a summary of how our strategy creates shared value and aligns to the Sustainable Development Goals (SDGs).

HUMAN CAPITAL



- Proportion of women staff members working at 51%
- Percentage of women in senior management at 37%
- Direct jobs sustained in entire economy - 170
- Number of staff under 30s – 11%
- Number of staff in wellbeing programs - 219 (2021 - 217)
- Learning costs per employee Kshs. 51,029 (2021 - 63,956)



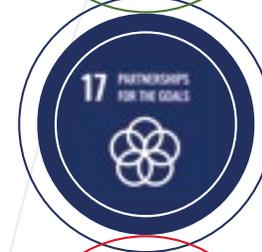
INTELLECTUAL CAPITAL



- Brand Consideration Measure of 73% in East Africa against a global average of 57%
- Brand Strength Measure of 1.9% in East Africa against a global average of 3.2%
- Brand Visibility Measure of 16% in East Africa against a global average of 24%
- Award winning advertising campaigns for millennials dubbed #BackYourFuture that garnered the Best Overall Integrated Campaign as well as Best Overall Campaign across industries in Kenya as well as
- 2nd Runners Up in Africa at the African Cristal Awards



SOCIAL CAPITAL



- Contribution to the COVID 19 kitty
- Support for staff and clients on health and wellbeing during COVID 19
- Corporate Social Investment & Responsibility worth upto Kshs 47.3 million between 2013 and 2022
- Grew our social media following : Facebook over 60,000 | Twitter over 6,700 | LinkedIn over 11,200 | Instagram over 2100 | YouTube over 530
- Treating Customers Fairly (TCF) compliance standards resulting in a Net Promotor Score (NPS) - 35.53
- Customer Satisfaction Index (CSI) – 2022 78.2% (2021 - 76.6%)
- Co-creation of the Nairobi Declaration on Sustainable Insurance (NDSI)
- Participating in the set up and fundraising of the Africa Climate Risk Facility
- Participation in the Nature-Positive Taskforce
- Participation in Taskforce on Nature Related Financial Disclosures.
- Participation in the African Natural Capital Alliance
- Participation in the Carbon Removals Roadmap for Kenya
- Signatory to UNEP FI PSI since 2016
- Signatory to the Net Zero Insurance Alliance
- Board position in the UNEP FI PSI Global Board
- Representation in the UNEP FI Leadership Council

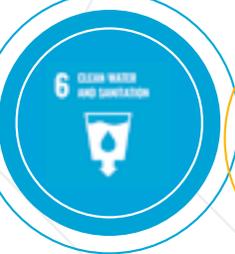
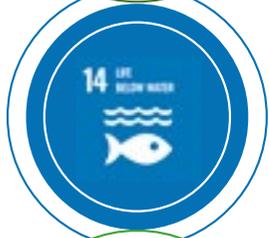
WHO WE ARE

# HOW WE CREATE VALUE

NATURAL CAPITAL



- Development of an Environmental Liability Solution
- Launch of the Medical Second Opinion Product
- Participation in the Nature-Positive Taskforce
- Participation in Taskforce on Nature Related Financial Disclosures.
- Participation in the African Natural Capital Alliance
- Introduced waste recycling process for the Group offices and the branches through Taka Taka Ni Mali (an NGO)
- Introduced subsidized green loans to staff to support purchase of renewable energy equipment such e.g. solar and water harvesting equipment
- Monitored resource usage (water, fuel, power & paper)



MANUFACTURED CAPITAL



- Our investment properties provide a stable and secure long-term return to our clients and shareholders
- Development of new products/distribution channels
- Online self-service portal that allows clients to access and update their policy information
- Online purchase portals for marine, travel and motor insurance
- Development of debtors reconciliation platform
- Development of first notification of loss whatsapp platform

FINANCIAL CAPITAL



- Capacity given to the market Kshs 3.2 Trillion for the company and Kshs. 3.65 Trillion for the Group.
- Value added to the economy; Group-Kshs 4.9 Billion(2021 Kshs 4.7 Billion), Company Kshs 4.4 Billion (2021 Kshs 4.3 Billion)
- Net Assets; Group- Kshs 6.9 Billion (2021 Kshs 6.4 Billion), Company Kshs 6.6 Billion (2021 Kshs 6.1 Billion)
- Taxes paid of Kshs 645 Million
- 96% Local procurement (2021 - 98%)
- Market share of 4.35% as at Q3 2022 ( 2021- 4.11%)



**JOSEPH WANGAI**  
CHAIRMAN

WHO WE ARE

## CHAIRMAN'S STATEMENT

It gives me great pleasure to issue a statement on our business operations and the environment we operated in as well as give an overview of key aspects relating to our business that would be of interest to our stakeholders for the year 2022.

### OPERATING ENVIRONMENT

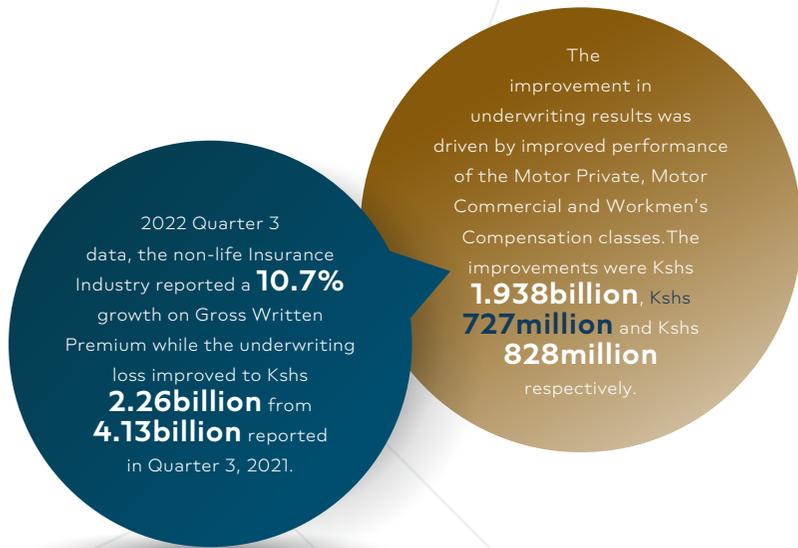
Most investors and businesses in Kenya entered the year with mixed reactions given the expected general elections as well as anticipated recovery from the impact of the COVID-19 Pandemic. Whilst COVID-19 and echoes of new strains continue to present concerns, the business environment in this regard has regularized. The elections were generally peaceful and the results of the Presidential Elections were upheld by the Supreme Court Ruling. The country experienced foreign investors flight following improved interest rates in global markets. This among other factors occasioned an increase in bonds interest rates with the yield curves going up resulting into lower bond prices. Most of the counters at the Nairobi Securities Exchange (NSE) also dropped significantly resulting in revaluation losses on most equities investments.

In addition, the country faced other challenges including food scarcity occasioned by prolonged drought as well as a steep rise in the cost of living informed by among other factors international increase in fuel prices. The war between Russia and Ukraine has disrupted supply chain logistics notably; Fertilizer, edible oils, wheat and other commodities from both countries further contributing to higher commodity prices. The country has also had high levels of debt with significant pressure on the shilling exchange rate against the USD and other hard currencies.

# CHAIRMAN'S STATEMENT

## INDUSTRY PERFORMANCE

Based on the Insurance Regulatory Authority (IRA), 2022 Quarter 3 data, the non-life insurance industry reported a 10.7% growth on Gross Written Premium while the underwriting results improved to a loss of Kshs 2.26billion from Kshs 4.13billion reported in Quarter 3, 2021. The improvement in underwriting results was driven by improved performance of the Motor Private, Motor Commercial and Workmen's Compensation classes. The improvements were Kshs 1.938billion, Kshs 727 million and Kshs 828 million for the three classes of business respectively. It is noteworthy that ICEA LION General Gross Written Premium grew strongly at 16% over the same period.



## 2022-2024 STRATEGY

The year 2022 marked the first year of implementation of our 2022-2024 strategy with a tagline **10By2**. Our business has made significant strides in living up to the strategic targets we set for ourselves. One of the key achievements is our continued enhancement of partnerships to enable us leverage on skills and technology for effective solutions to our customers. During the year, various engagements were held with various key partners including Mitsui Sumitomo (MSI), FSD among others. Arising from these engagements, various projects have been scoped for partnership and we have a good pipeline of projects to be insured in the near future.

Looking at our customers engagement journey, the business has continued to sponsor the King of the Course series spanning across the country with golf tournaments held in Thika, Ruiru, Nanyuki, Mombasa and Nandi Bears. All these were aimed at giving us and our customers an opportunity to continuously cement our relationships as we connect over a Round of Golf.

The Group has continued to embrace our agile and customer obsession culture complemented by investments in digital service delivery thereby providing a solid framework for pleasant customer experience. These strategies have certainly begun to bear fruit with the double digit growth in 2022 being an above industry average growth, a trajectory the Group has planned to maintain in the three year planning horizon and beyond.

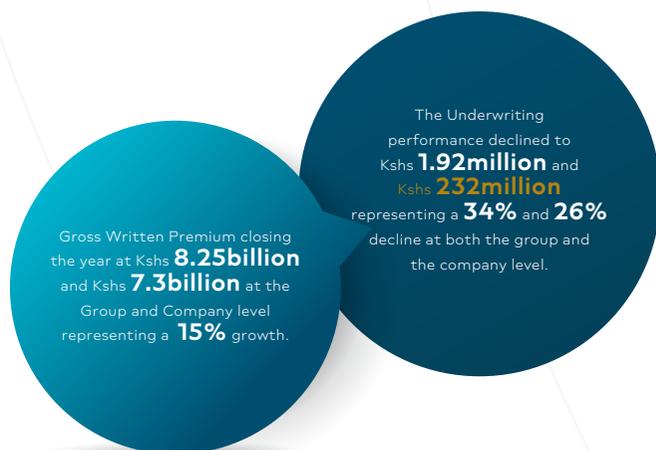
## CHAIRMAN'S STATEMENT

Our profitable out-turn, strong cash flows as well as a strong balance sheet enabled us to continue serving our customers in the most efficient way, retain jobs for our staff and give competitive returns to our Shareholders. In addition, we have continued supporting the Government in payment of taxes and fostered continued business support to our ecosystem.

The Board is confident that the business will continue delivering sustainable growth and building a stable earnings stream.

### THE ICEA LION GENERAL INSURANCE GROUP AND COMPANY PERFORMANCE

Our business has remained resilient and reported a double digit growth on Gross Written Premium closing the year at **Kshs 8.25 billion** and **Kshs 7.3 billion** at the Group and Company level respectively representing a **15%** growth. The Underwriting performance declined to **Kshs 192 million** and **Kshs 232 million** representing a **34%** and **26%** decline at both the Group and the Company level. The decline was largely due to reported losses on the Motor Private Class.



The leadership team has taken appropriate steps to turnaround the underwriting performance. The business closed the year with a Profit before Tax of Kshs 1.077 billion and Kshs 1.040 billion for the Group and company respectively representing **17%** and **18%** decline from year 2021. The decline was on account of a drop in the underwriting results as well as reported revaluation losses on our investments in equities at the company level.

### CORPORATE GOVERNANCE

The Group has consistently embraced best practice in Corporate Governance, reflecting our belief that robust governance practices, processes, and culture are fundamental to inspiring investors' confidence, ensuring long-term shareholder value and protecting stakeholders' interests.

The Board will continue to focus on further improving board policies and practices in execution of its oversight role while integrating sustainability goals with business strategy and operations, and promoting meaningful engagement with our stakeholders.

### DIRECTOR APPOINTMENT AND RESIGNATION

On 18th March 2022, the board appointed a new Director, Mr. Ernest Mwangi Ndegwa. Mr Ernest Ndegwa is a great addition to our Board and brings onboard diverse experience as described on page 80.

On 5th November 2022, Mr. Duncan Nderitu Ndegwa resigned as a director of the company. I take this opportunity to thank Mr. Ndegwa and his alternate director Mr. Robin Ndegwa for their immense contribution.

WHO WE ARE

## CHAIRMAN'S STATEMENT

### IN CLOSING

The business remains resilient and profitable despite the tough economic environment we are operating in. We remain confident that the strategies we have put in place are sound and will see our business grow profitably and continue to meet and exceed our stakeholders needs.

I wish to sincerely thank our customers, intermediaries and business partners for their continuing trust, loyalty and support. Finally, I wish to thank the leadership team and our staff in all our business units for their vital contribution during the year.

I also extend my immense gratitude to our Shareholders and my fellow Directors for their continued commitment and service to the Board and its various committees in guiding forward the trajectory of ICEA LION General.



**JOSEPH WANGAI**  
CHAIRMAN



# BOARD OF DIRECTORS



**CHAIRMAN**  
JOSEPH WANGAI



**DIRECTOR**  
DOUG LACEY



**DIRECTOR**  
ERNEST NDEGWA



**DIRECTOR**  
NORMAN KELLY



**DIRECTOR**  
JAMES NDEGWA



**DIRECTOR**  
MARIAM ABDULLAHI



**DIRECTOR**  
MUGWE MANGA



**DIRECTOR**  
ANDREW NDEGWA



**DIRECTOR**  
KAIRO THUO



**DIRECTOR**  
JOHN KIMEU



**ALTERNATE DIRECTOR**  
PATRICK MUGAMBI



**DIRECTOR**  
DAVID HUTCHISON



**DIRECTOR**  
JOSEPH MUIRURI



**CEO GENERAL INSURANCE**  
PHILIP LOPOKOIYIT



**COMPANY SECRETARY**  
KENNEDY ONTITI

A portrait of Philip Lopokoiyit, CEO of ICEA Lion General Insurance. He is a middle-aged Black man with glasses, wearing a dark blue suit, a white shirt, and a blue patterned tie. He is looking slightly to the right of the camera with a neutral expression. The background is a blurred office setting.

WHO WE ARE

## CHIEF EXECUTIVE OFFICER'S STATEMENT

*"Sustainability is not just about extreme weather events: it is also about protecting our diversity and creating equitable development for all. We will collaborate with like-minded organisations in the global quest to meet the needs of the present generation without compromising the future generations' ability to meet their own needs."*

I am delighted to share a statement on our business operations in 2022 as well as an outlook into 2023 and beyond.

### OPERATING ENVIRONMENT

Our business operating environment continued to be faced by not only challenges but also immense opportunities for growth. The pricing of our products has specifically been one of those factors, with minimum rates continuing to dominate our market. Undercutting and increase in demand of excellent and digital service by customers are a consistent force within our industry. As a business we look at the environmental factors from the lens of what we can do differently for greater customer experience.

### OUR STRATEGY AND ITS EXECUTION

2022 marked the first year of execution of our 3 year strategy and it is the year where we laid foundations for a number of the strategic initiatives we have set in motion for the business. The strides achieved on our **10By2** strategy journey are as enumerated on pages 52 to 55 this report.

**PHILIP LOPOKOIYIT**  
CEO, ICEA LION GENERAL INSURANCE

# CHIEF EXECUTIVE OFFICER STATEMENT

It is my firm belief that the business has the right fundamentals to deliver excellent product and service offerings to our customers. On the digital front, our business in 2022 developed a First Notification of Claims solution which is WhatsApp based that will enable our customers to notify us of their claims digitally and have the same registered. In future developments, this innovation will also enable our customers track the progress of the claims handling process through a self-service journey. The business is working on an official launch of this great innovation.

## OUR SUSTAINABILITY JOURNEY

A major change during the year was the incorporation of ESG (Environmental, Social and Governance) into our strategy. We believe that this addition will enable us further foster our Sustainability Journey to even greater heights.

We are honoured to be part of the global financial institutions that are championing sustainable ways to fight climate change. As a signatory to UNEP FIs Principles of Sustainable Insurance (PSI), we continue to stand by our commitment to responsible business. The aim of these principles is to ensure we place sustainability, at the heart of risk management in pursuit of a more forward looking and better managed world. Under Sustainability, it's our firm belief that our existence should not deny or impede future generations their existence from an environmental, social and economic perspective. Our Sustainability, Integrated thinking and Reporting Journey is summarised on page 8 of this report.

In April 2021, we co-created together with the UNEP PSI the Nairobi Declaration on Sustainable Insurance (NDSI). The NDSI is an Africa-focussed initiative designed to encourage and support African Insurance market players in achieving UN Sustainable Development Goals. Signatories to the Declaration signal their willingness to develop ESG principles within their businesses. It's a convening tool, therefore, for insurance players in Africa to become change agents in light of the biggest challenge facing humanity.

One of the key highlights of the NDSI activities this year, was hosting a COP 27 event on 9 November 2022. This event was led by a team of signatory representatives (ICEA LION, African Risk Capacity and Namib Re) together with the UN Climate Change Champions. This event theme was dubbed, "Leveraging the African Insurance Industry to Create Resilient African Economies". At this event the NDSI signatories committed to taking action to address the African climate-change challenge through the establishment of the African Climate Risk Facility.



WHO WE ARE

# CHIEF EXECUTIVE OFFICER STATEMENT

This facility includes a cumulative \$900m multi-donor-funded Trust Fund that provides assistance and policyholder capacity building. Signatories, commit to underwrite, through this facility, \$14bn of cover for climate risks to protect cumulatively, 1.4 billion people against floods, droughts and tropical cyclones by 2030. The facility is a mechanism to scale private sector underwriting of climate disaster risk in Africa. It will facilitate sovereign Governments, and humanitarian organisations in order to help African countries better manage the financial impacts of climate shocks and increase the resilience of the most vulnerable communities.

Together with development partners, and as signatories, we are working towards mobilizing resources for this Trust Fund. NDSI Signatories will participate as private insurers through a competitive bidding process whereby bids will be filtered based on a pre-defined selection criterion.

## SUBSIDIARY REALIGNMENT

Since the establishment of ICEA LION Insurance Holdings Limited in 2020, we embarked on clustering similar business verticals for better management and sharper focus for greater group synergy. In early 2023, ICEA LION Life Assurance Company Limited is in the process of transferring its ownership in ICEA LION General Uganda Limited to ICEA LION General Insurance Company Limited.

## IFRS 17, INSURANCE CONTRACTS

Our General businesses have made significant strides in the implementation of the new International Financial Reporting standard IFRS 17, Insurance Contracts which is effective 1 January 2023. I am happy to report that our General businesses in Kenya, Uganda and Tanzania have largely implemented the standard and are going through the final User Acceptance Tests.

## GLOBAL CREDIT RATING (GCR)

ICEA LION General Insurance Company Limited GCR rating was upgraded to AAA<sub>KE</sub> Stable outlook in 2022 marking one of the highest possible rating. This rating was underpinned by the parent company, ICEA LION Insurance Holdings' solid profile, characterized by very strong capitalization and above-average earnings.

This rating and stable outlook captures our expectation of sustained financial and business profile strength. This score further buttresses our financial stability score in the eyes of our customers and other stakeholders.



### GCR RATING UPGRADE ANNOUNCEMENT

GCR Ratings Upgrades ICEA LION Life Assurance Company Limited Kenyan Financial Strength Rating to AAA (KE) from AA (KE):  
Outlook Stable

On 30<sup>th</sup> June 2022, GCR Ratings upgraded ICEA LION Life Assurance Company Limited's national scale financial strength rating to AAA (KE) from AA (KE). The rating is underpinned by the parent company, ICEA LION Insurance Holdings' solid financial profile, characterized by very strong capitalization and above-average earnings.

It is noted that ICEA LION Life Assurance Company Limited is a core contributor to Group revenues, assets, liabilities and profitability, which are important factors shaping the credit profile of ICEA LION Insurance Holdings. ICEA LION Life Assurance Company's Statutory Capital Adequacy Ratio (CAR) continued to measure well above that of the peers and the prescribed capital requirement of 200% equating to 316% in 2021. The Profit Before Tax of the life business stood at KES 3.4 Billion in 2021.

GCR Ratings Upgrades ICEA LION General Insurance Company Limited Kenyan Financial Strength Rating to AAA (KE) from AA-(KE):  
Outlook Stable

On 30<sup>th</sup> June 2022, GCR Ratings upgraded ICEA LION General Insurance Company's national scale financial strength rating to AAA(KE) from AA-(KE). The rating is underpinned by the parent company, ICEA LION Insurance Holdings' solid financial profile, characterized by very strong capitalization and above-average earnings.

ICEA LION General Insurance Company is considered a core element of the Group, accounting for 44% of the Gross Written Premium in 2021. The Profit Before Tax improved to a record KES 1.3 Billion in 2021 whilst the statutory Capital Adequacy Ratio (CAR) continued to measure well above that of peers and the prescribed capital requirement of 200%, improving to a robust 316% (FY20: 284%). The subsidiary, ICEA LION General Insurance Company (Tanzania) Limited saw a strong build-up in excess admitted assets over liabilities.



George Nyakundi | CEO  
ICEA LION Life Assurance Co. Ltd



Philip Lopokoitit | CEO  
ICEA LION General Insurance Co. Ltd

#### CEO'S JOINT STATEMENT

*"The Life & General Insurance companies are buoyed by this upgraded GCR Rating to AAA(KE). This Stable Outlook captures our expectation of sustained financial and business profile strength. Such a robust score will further buttress our financial stability credentials in the eyes of our customers and other stakeholders. We're Better Together!"*



WHO WE ARE

# CHIEF EXECUTIVE OFFICER STATEMENT

## CUSTOMER OBSESSION

Customer Obsession remains a key pillar in our strategy and we strongly believe meeting and exceeding our customers' needs is fundamental for our sustainability. During the year, various events were held with our customers and supporters among them being the King of the Course Golf Series as well as various events during the Customer Service Week. The theme of this year's Customer Service Week was "Celebrating Service and Sustaining Customer Inclusion". Various activities were lined up for both our customers and our staff across the region to celebrate this special week in our customer's calendars. We were excited about the high levels of customer and staff engagement during the week.

## PERFORMANCE

Our businesses in Kenya and Tanzania have reported double digit growth in 2022 despite the tough economic conditions coupled with general elections for the Kenya business. In terms of market share, our general business in Kenya has improved in 2022. We believe that our businesses across the region have the right fundamentals for growth and profitability. The business registered a 15% growth on topline during the year marking the highest growth over the past 5 years. The profitability of the business was impacted by reported underwriting losses under the motor private class as well as the reported revaluation losses on the equities portfolio.

We are confident that the business has the right fundamentals that have pivoted us to an even greater profitability performance in 2023 and beyond.

## LARGE FIRE CLAIM

During the year a large fire damaged one of our insured's properties resulting into one of the largest claims the business has handled. The claim was adequately reinsured and we continue recovering amounts paid from reinsurers as we settle the claim to our insured. The ability to handle this large claim is a testament of our business technical and financial stability as well as continued assurance to our customers that "In Every Life Changing Moment, We Are Better Together". This claim was not only large for ICEA LION General but also to all our reinsurance partners. I would like to take this opportunity to thank all our reinsurance partners for their continued support.



# CHIEF EXECUTIVE OFFICER STATEMENT

## STAFF ENGAGEMENTS AND NEW LEADERSHIP TEAM HIRES

Our most valuable resource is our human resources. Their skill and competence gives us a competitive advantage second to none. As a business we are committed to consistently offer a fulfilling working environment for our staff as well as offer them upskilling opportunities. During the year, various engagements have taken place key among them being breakfast meetings between myself and virtually every staff member within the business. This has given us a great understanding of our business and the challenges that we face not just from the eyes of the leadership team but from the eyes of every staff member. Arising from these, several actions have been set in motion that have enabled our business further improve on our customers service delivery as well as our operations.

As a Group we have continued to enhance our working environment with a desire to be the employer of choice in the markets we operate in. This has enabled us to retain and attract great talent that has enabled us consistently deliver our promises to our customers and stakeholders.

Some of the initiatives undertaken by our teams during the year include birthday celebrations, team’s appreciations, Christmas Party, breakfast sessions with myself and other leaders within the business, all aimed at lifting our esprit de corps and making ICEA LION Group a great place to work at. Please refer to pages 125 to 128 for a pictorial on various activities our staff have engaged in within 2022.

During the year, we sadly lost one of our staff members in the General Kenya business, Mr Francis Nzwili. We remember him fondly for his great contribution and pray that “May his Soul Rest in eternal peace”. Please refer to page 107 for a pictorial on Francis Nzwili. In recognition of the need to continuously enhance our team, the business has hired four managers being ;

- **Group Tax Compliance Manager**-Leonard Shalakha (*Left Standing*),
- **Product Development Manager**-Anthony Munene Murage (*Right Standing*),
- **Group Marketing & Communication Manager**-Cynthia Kantai(*Left Seated*)
- **Human Resources Business Partner**-Sarah Kinyanjui. (*Right Seated*)

These new leaders bring a diverse set of skills that will enable our business continue to grow in their areas of expertise. I take this opportunity to welcome **Leonard, Anthony, Cynthia** and **Sarah** to the ICEA LION (Simba) Family.



## CULTURE

As a business we are cognizant of the need to consistently improve our culture for execution and efficient service delivery.

## CHIEF EXECUTIVE OFFICER STATEMENT

The business has over the past few years focused on agility and transparency as key components in driving our culture and our strategy. In furtherance of this, the business has commenced a process of identifying behaviors that would act as a benchmark in our dealings with both internal and external stakeholders. The business and indeed the group will continue fostering a culture that enhances high performance as it guarantees success both now and the future.

### OUR BRANCHES NETWORK

#### New Branches

During the year, the business has expanded its regional footprint to Kakamega and Nanyuki.

Please refer to our Regional Footprint on page 16 for the addresses of these new branches.

The group has also made significant strides in the process of opening a branch in Kisii and it is anticipated the general business operations at this branch will commence in early 2023.

#### Relocating branch

The lease on our Mombasa Branch which was previously housed at the Standard Chartered Building in Mombasa came to an end on 31 December 2022. The Group has found new branch premises on **Acacia Centre** and it's anticipated the branch will have moved to its new location by 1 April 2023.

Please refer to pages 136 to 137 for pictures of our new and relocated branches.

### LOOKING AHEAD

Our business and indeed the group remains focused on excellent product and service delivery for our customers and we do commit to go **Above and Beyond** in our interactions with all our stakeholders with a clear focus on finding solutions for our customers and all our stakeholders needs.

### IN CLOSING

I take this opportunity to thank the Board of Directors and the Shareholders for entrusting me in scaling this business to greater heights. I also do thank the entire Leadership team and the Staff for their relentless efforts in delivering their commitments towards meeting the needs of our customers and all our stakeholders.

Special thanks goes to all our customers without whom this business would not exist and we do pledge to continuously seek to meet and exceed your expectations. Our success would also not have been possible without the support of all our business partners, and for this we say, Asante sana! Above all, we pledge to work together to safeguard our planet by running our business in a responsible and sustainable way.

### PHILIP LOPOKOIYIT

**CEO, ICEA LION GENERAL INSURANCE  
UNEP FI LEADERSHIP COUNCIL MEMBER**

**OUR LEADERSHIP TEAM**



**PHILIP LOPOKOIYIT**  
CHIEF EXECUTIVE OFFICER



**ZIPPORAH CHEGE**  
CHIEF FINANCE OFFICER



**JANE MUIRU**  
AGM - OPERATIONS



**PETER MUKURIA**  
AGM, BUSINESS DEVELOPMENT - COMMERCIAL



**CHARLES KAGIMA**  
MANAGER-COAST REGION



**JENNIFER KAMOTHO**  
MANAGER, BUSINESS DEVELOPMENT - COMMERCIAL



**RADCLIFFE NYAMMAI**  
MANAGER, BUSINESS DEVELOPMENT-COMMERCIAL



**ANDREW MUTURI**  
MANAGER, BUSINESS DEVELOPMENT-DIRECT



**EVELYNE MUSUNZAR**  
MANAGER, BUSINESS DEVELOPMENT-RETAIL & BRANCHES



**ANTHONY MURAGE**  
MANAGER-PRODUCT DEVELOPMENT



**LYDIA MWIRIGI**  
MANAGER-CLAIMS



**LUCY KARANJA**  
MANAGER-UNDERWRITING



**JOHN NJENGA**  
MANAGER-REINSURANCE



**MARYLEEN THOME,**  
HEAD, CUSTOMER EXPERIENCE



**SARAH KINYANJUI**  
HUMAN RESOURCES BUSINESS PARTNER



**JOY OMONDI**  
HEAD, ACTUARIAL



**NAOMI MUNYI**  
HEAD OF FINANCE-ICEA LION INSURANCE HOLDINGS



**JULIANA NGULI**  
GM-HUMAN RESOURCES & ADMINISTRATION



**PAUL KIOI**  
GM TECHNOLOGY & TRANSFORMATION



**CYNTHIA KANTAI**  
GROUP MARKETING & COMMUNICATIONS MANAGER



**DOROTHY MASEKE**  
GROUP HEAD-RISK & COMPLIANCE



**KEVIN KOMBO**  
GROUP INTERNAL AUDITOR



**MARTIN KARIITHI**  
HEAD - DATA & ANALYTICS



**ANTHONY MUTURI**  
GROUP ACTUARY



**CAROLINE MAINA**  
HEAD-ICT BUSINESS APPLICATIONS



**DAVID TOO**  
HEAD-ICT INFRASTRUCTURE



**JACQUELINE OCHIENG**  
HEAD OF RESEARCH & PARTNERSHIPS



**JOHN WANJOGU**  
HEAD - DIGITAL CUSTOMER EXPERIENCE



**ABIUD MULONGO**  
GROUP HEAD-DIGITAL



**LEONARD SHALAKHA**  
GROUP TAX COMPLIANCE MANAGER



**MERCY MBUGUA**  
PROJECTS OFFICER



**JARED AWANDO**  
DIRECTOR & CHIEF EXECUTIVE OFFICER ICEA LION TANZANIA



**ALFRED MTAKI**  
CHIEF FINANCE OFFICER ICEA LION TANZANIA

**OUR SUBSIDIARIES TEAM**



**ZIPPORAH CHEGE**  
CHIEF FINANCE OFFICER

WHO WE ARE

## CHIEF FINANCE OFFICER'S STATEMENT

It gives me absolute pleasure to give an overview of the financial performance of our business for the year ended 31 December 2022.

### ECONOMIC ENVIRONMENT

2022 was a recovery year from the effects of the COVID-19 Pandemic. The expected recovery was however dampened by the general elections in the country which created a level of anxiety to both foreign and local investors. The elections were however peaceful despite the results being contested and the decision upheld by the Supreme Court.

The increase in interest rates in the global market resulted into capital flight by foreign investors which culminated into a significant drop in the equities prices coupled with **declines in bonds prices**.

From an Insurance Industry perspective, the recovery from the Pandemic also saw a return to work by most corporates which also had an impact of greater utilization of the usage of vehicles for transportation.

Industry performance is highly sensitive to the performance of both the medical and the motor private classes as these constitute the largest non-life insurance portfolios. Based on Quarter 3 industry statistics as published by the Insurance Regulatory Authority (IRA), the medical class deteriorated from an underwriting profit of Kshs 316 million in 2021 to an underwriting loss of Kshs 849 million.

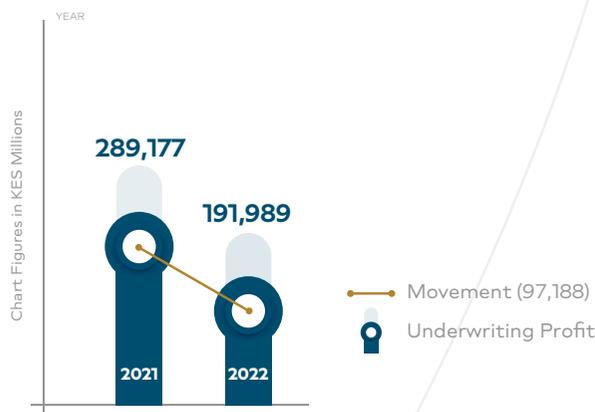
# CHIEF FINANCE OFFICER STATEMENT

This would signify higher hospital visits with the reduction of COVID-19 incidences. The Motor Private class industry performance improved from an underwriting loss of Kshs 4.8 billion in 2021 to an underwriting loss in 2022 of Kshs 2.9 billion. The improvement on the motor private class is partially on account of increase in premium rates across the industry.

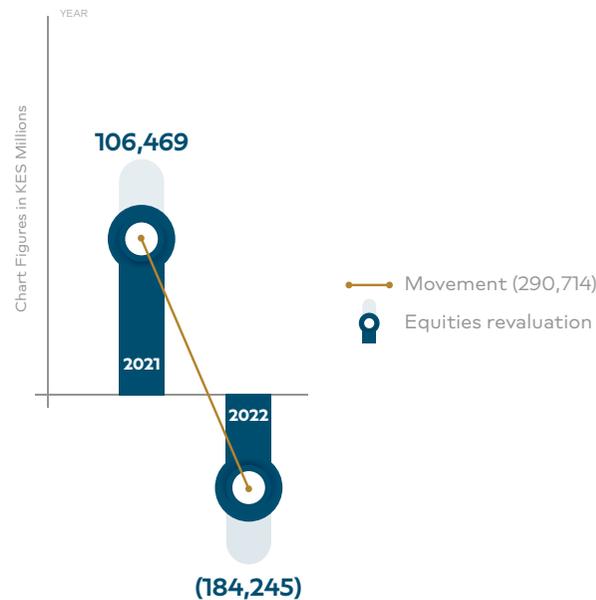
## OUR PERFORMANCE

Our business reported a Profit Before Tax (PBT) of Kshs **1.077 billion** and **Kshs 1.040 billion** in 2022 compared to **Kshs 1.29 billion** and **Kshs 1.269 billion** at the Group and Company level respectively. The reduction in the PBT was on account of reported revaluation losses on equities coupled by reduction in underwriting profits as offset by increases in investment income. Below is a graphical representation of our key performance highlights:-

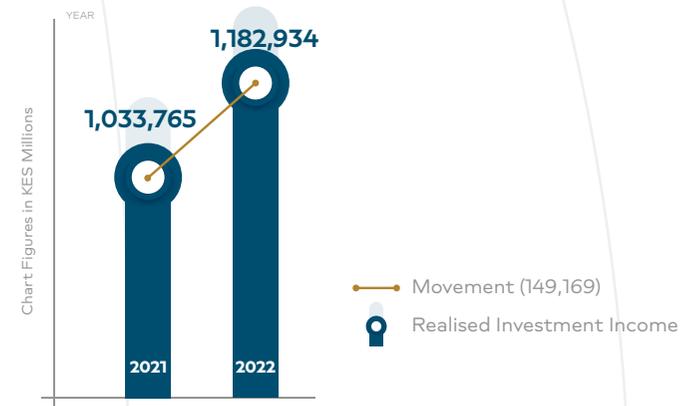
**Group-Underwriting Profit**



**Group-Equities revaluation**

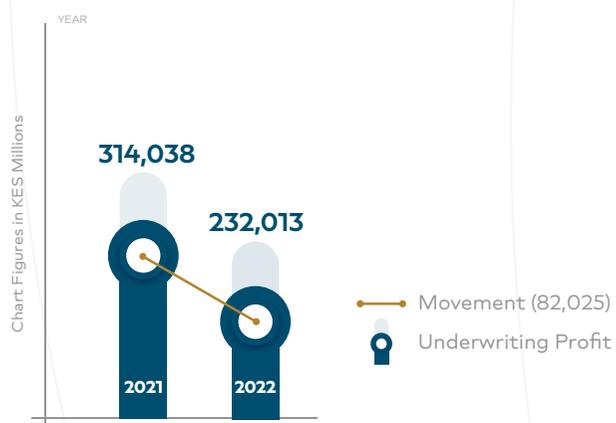


**Group-Realised Investment and other Income**

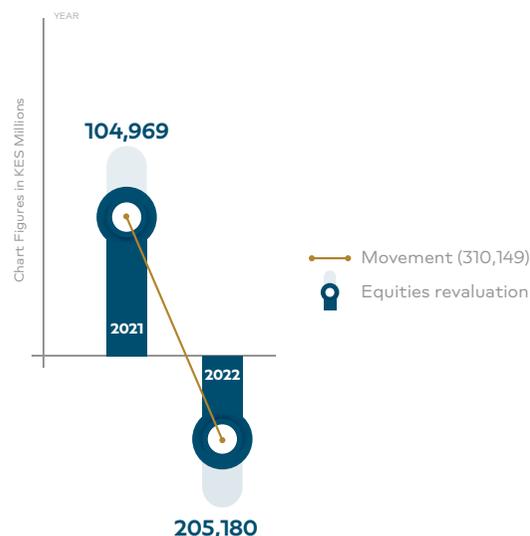


# CHIEF FINANCE OFFICER STATEMENT

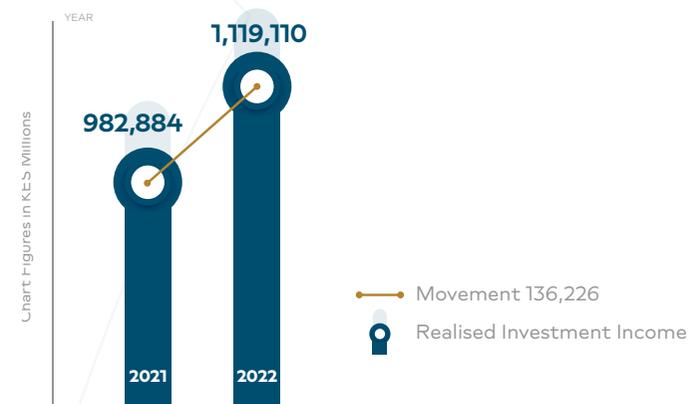
## Company - Underwriting Profit



## Company - Equities revaluation



## Company - Realised Investment and other Income



The reduction on underwriting profits at the Company level was largely on the back of the reported underwriting losses on our motor private class. This performance was largely due to increases in the counts of motor vehicle claims relative to the policies underwritten as well as a slight increase in the average cost of claims.

The statistics on this class are as summarized below:-

	COMPANY		
	Performance Line		
	2022	2021	Movement
Motor Private Class Vehicles Policies insured	21,030	21,651	(621)
Motor Private Class Vehicles Sum insured in Kshs'000	46,714,317	49,695,470	(2,981,153)
Motor Private Vehicles Claim counts	5,025	4,671	354

# CHIEF FINANCE OFFICER STATEMENT

Please refer to pages 38 to 43 for a summary of our performance highlights.

## OUR GLOBAL CREDIT RATING

On 30th June 2022, GCR Ratings upgraded ICEA LION General Insurance Company’s national scale financial strength rating to AAA<sub>(KE)</sub> from AA<sub>(KE)</sub> making the highest rating in the region. Please refer to page 27 for more details in respect of this upgrade. The rating was underpinned by the parent company ICEA LION Insurance Holdings’ solid financial profile, characterized by very strong capitalization and above-average earnings.



## OUR SOLVENCY

The business has continued to have a strong Capital Adequacy Ratio at 324% as at 31 December 2022 compared to 316% as at 31 December 2021. This is on the back of improved total capital available arising from improved retained earnings over the years as well as improved credit risk capital charges arising from continued reduction in direct insurance receivable balances. The business is well capitalized to support its current and future growth.

## OUR MARKET POSITIONING

As at Quarter 3, the Kenya business overall market share improved from 4.11% to 4.35% whilst the market share excluding medical business improved from 5.84% to 6.15%. The improvement is due to the overall reported growth on the Gross Written Premium at 17% ahead of industry growth which stood at 11% as at Quarter 3. As at the end of Quarter 4, the business reported an overall growth of 15%. This marks a huge growth step in the business growth trajectory which averaged 0.21% over the past 5 years (2017-2021). The business strategy continues to be focussed on profitable growth.



## CHIEF FINANCE OFFICER STATEMENT

### DIVIDENDS AND SHAREHOLDERS RETURNS

The business has consistently paid dividends to the shareholders and has increased the dividends paid amounts to **Kshs 250 million** for 2022 and 2021 years of income from Kshs 200 million paid in year 2020 and a few years prior. The business remains committed to paying a decent return to the Shareholder by continuously focusing on effective strategies to improve the business profitability.

### IFRS 17, INSURANCE CONTRACTS

The business has successfully implemented IFRS 17, and has made various disclosures in the notes to the financial statements on pages 163 to 164. Final tests and validation of the results are ongoing and the project is close to completion.

### FINANCIAL REPORTING AWARD EXCELLENCE (FiRe AWARD)

Over the years, the Company has consistently won FiRe awards in various categories as summarized in page 242 of this report. During the year, the Company won the 1st Runners Up Award on the Insurance Category with respect to 2021 Integrated report. This is a testament to our continued focus on excellence in financial reporting. Below are some pictorials relating to this award.



### LOOKING AHEAD

Looking in to 2023 and beyond, the business is focused on continuously improving our customers experience as well as making a shift into digital offering for most of our products. It is our firm belief that the insurance company of the future must rethink its service offering and be a fully digitally transformed business. In addition, as a business, we are focused to ensure execution of our strategy and achievement of our strategic initiatives by 2024.

### APPRECIATION

I would like to take this opportunity to thank our Board of Directors led by our Chairman Mr. Joseph Wangai for the continued guidance.

## CHIEF FINANCE OFFICER STATEMENT

I would also like to thank our Chief Executive Officer, Mr. Philip Lopokoiyit for his leadership and keeping us focused on the goal. I also thank the entire Leadership team for staying on the course and never wavering in pursuit of the business goals.

Special thanks go to our Shareholders for their trust and confidence in the leadership team and for giving us the wings to fly as we steer the business to even greater heights.

Finally to the entire General Business Finance team, I take this opportunity to thank you for your consistent excellence in financial reporting and for ensuring that the business has the information needed to make various decisions.



Recognition of IFRS 17 Implementation team

***"Success only comes to those who are too busy looking for it."***

# GROUP & COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

## GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

	SUMMARY STATEMENT OF COMPREHENSIVE INCOME				
	2022	2021	2020	2019	2018
Revenue	KSHS "000"	KSHS "000"	KSHS "000"	KSHS "000"	KSHS "000"
Gross Written Premiums	8,248,727	7,148,276	6,677,610	6,253,833	5,938,870
Net Earned Premiums	3,924,215	3,589,683	3,401,285	3,005,595	3,175,195
Claims Incurred	1,946,373	1,710,292	1,558,676	1,285,974	1,706,875
Operating, Finance and Impairment Expenses	1,718,383	1,522,761	1,491,346	1,548,093	1,441,213
Underwriting Profits	191,989	289,177	391,311	237,951	46,855
Investment Income	1,061,523	1,125,017	809,159	1,093,698	745,712
<b>Profit Before Tax</b>	<b>1,076,920</b>	<b>1,290,711</b>	<b>972,312</b>	<b>1,104,319</b>	<b>590,823</b>
Taxation	318,720	344,818	289,791	218,367	177,693
<b>Profit After Tax</b>	<b>758,200</b>	<b>945,893</b>	<b>682,521</b>	<b>885,952</b>	<b>413,130</b>
Other Comprehensive Income	(51,251)	44	7,745	10,903	(1,596)
<b>Total Comprehensive Income</b>	<b>706,949</b>	<b>945,937</b>	<b>690,266</b>	<b>896,855</b>	<b>411,534</b>
<b>Summary Statement of Financial Position</b>					
Shareholders' Funds	6,872,333	6,365,384	5,619,447	5,129,181	4,604,852
Total Assets	17,152,218	15,270,929	14,613,780	13,789,566	12,658,127
Total Liabilities	10,279,885	8,905,545	8,994,333	8,660,385	8,053,275
Investment Assets	11,406,585	11,064,512	9,848,653	9,537,019	8,878,645
<b>Key Ratios</b>					
Loss Ratio	50%	48%	46%	43%	54%
Expense Ratio	18%	19%	19%	21%	21%
Return on Investment	9%	10%	8%	11%	8%
Return on Equity	11%	15%	12%	17%	13%

# GROUP & COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

## COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

Revenue	SUMMARY STATEMENT OF COMPREHENSIVE INCOME				
	2022	2021	2020	2019	2018
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"
Gross Written Premiums	7,301,804	6,331,150	6,057,394	5,855,812	5,609,278
Net Earned Premiums	3,520,271	3,243,357	3,156,237	2,840,981	3,036,033
Claims Incurred	1,800,682	1,566,584	1,480,393	1,255,384	1,642,077
Operating, Finance and Impairment Expenses	1,449,686	1,319,002	1,312,865	1,385,721	1,288,232
Underwriting Profits	232,013	314,038	406,739	266,672	123,125
Investment Income	978,300	1,074,226	766,747	1,070,357	713,365
<b>Profit Before Tax</b>	<b>1,040,191</b>	<b>1,269,134</b>	<b>948,603</b>	<b>1,113,672</b>	<b>632,864</b>
Taxation	(306,506)	334,072	275,716	219,350	190,275
<b>Profit After Tax</b>	<b>733,685</b>	<b>935,062</b>	<b>672,887</b>	<b>894,322</b>	<b>442,589</b>
Other Comprehensive Income	(73,894)	(11,192)	(8,054)	12,148	8,806
<b>Total Comprehensive Income</b>	<b>659,791</b>	<b>923,870</b>	<b>664,833</b>	<b>906,470</b>	<b>451,395</b>
<b>Summary Statement of Financial Position</b>					
<b>Shareholders' Funds</b>	<b>6,604,814</b>	<b>6,145,023</b>	<b>5,421,153</b>	<b>4,956,320</b>	<b>4,421,791</b>
Total Assets	15,778,184	14,050,817	13,560,594	13,069,643	11,996,071
Total Liabilities	9,173,370	7,905,794	8,139,441	8,113,323	7,574,280
Investment Assets	10,673,895	10,484,026	9,382,645	9,152,899	8,487,870
Key Ratios					
<b>Loss Ratio</b>	51%	48%	47%	44%	54%
Expense Ratio	17%	19%	18%	20%	19%
Return on Investment	9%	10%	8%	12%	8%
Return on Equity	11%	15%	12%	18%	14%

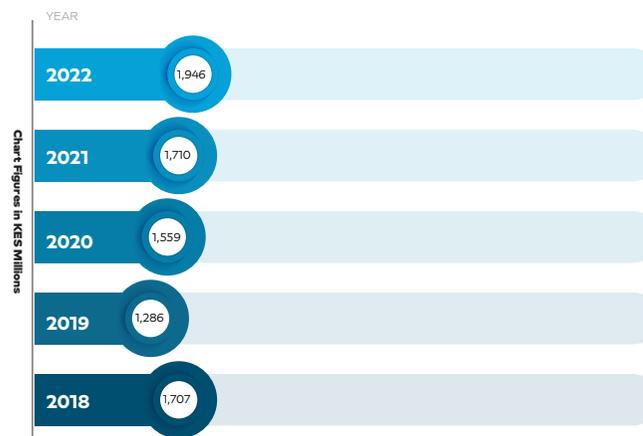
WHO WE ARE

# GROUP & COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

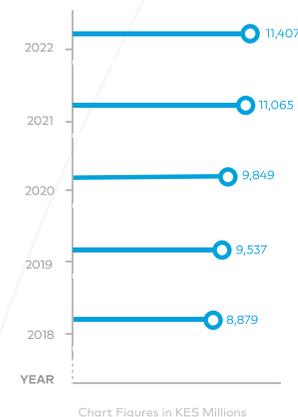
## Group - Gross Written Premiums



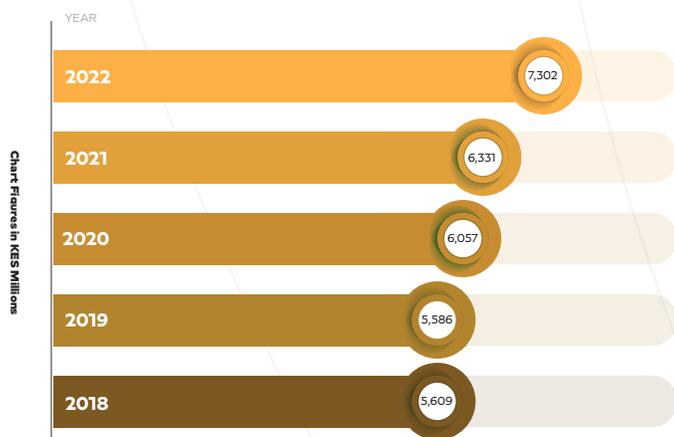
## Group - Claims



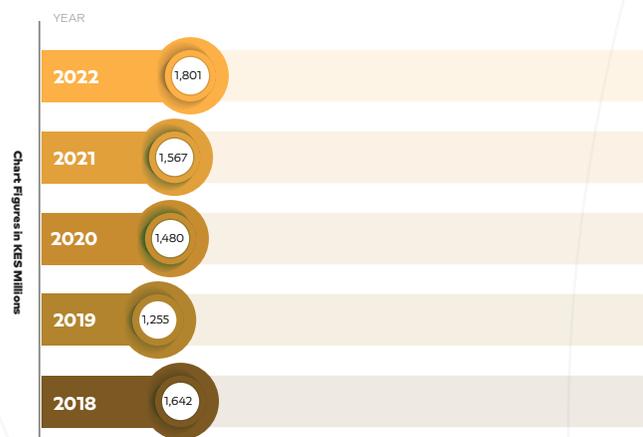
## Group-Investment Assets



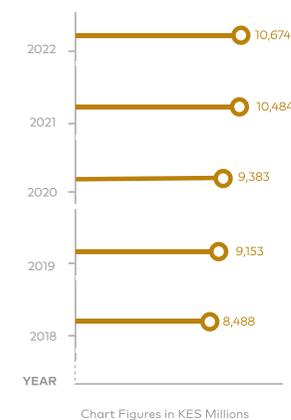
## Company - Gross Written Premiums



## Company - Claims



## Company - Investment Assets

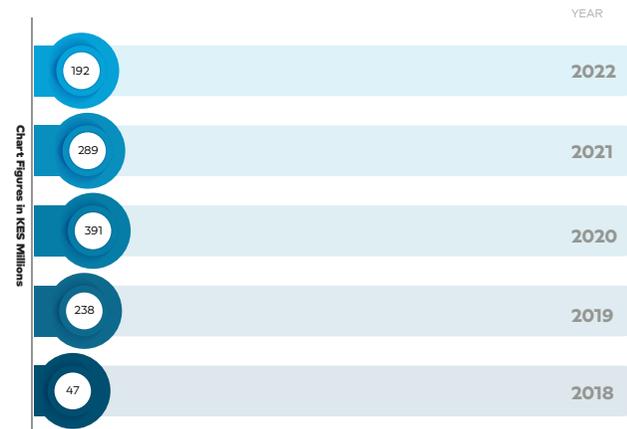


# GROUP & COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

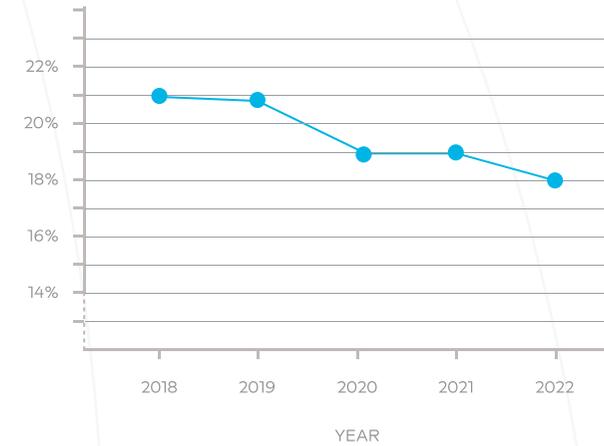
## Group - Operating, Finance and Impairment Expenses



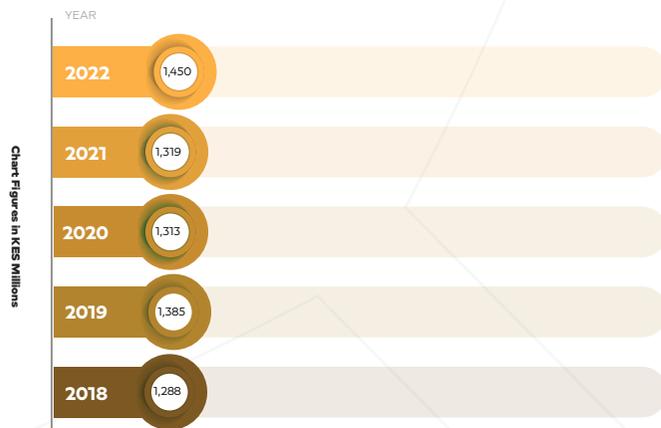
## Group - Underwriting Profits



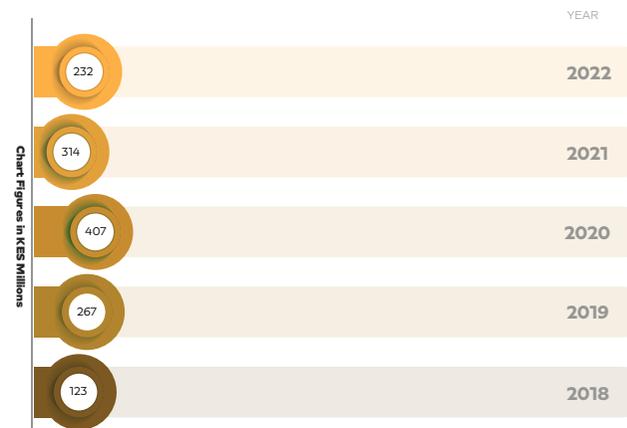
## Group - Expense Ratio



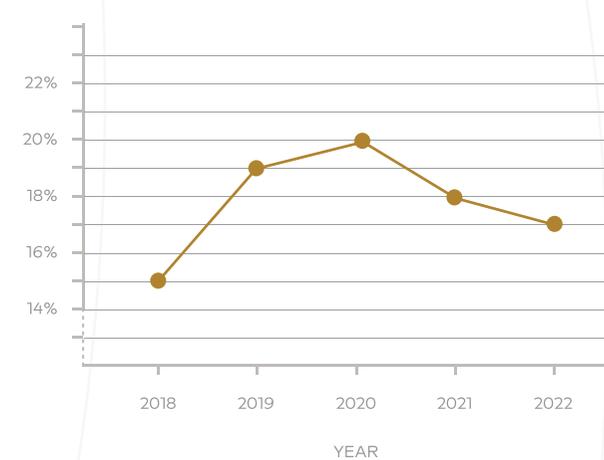
## Company - Operating, Finance and Impairment Expenses



## Company - Underwriting Profits



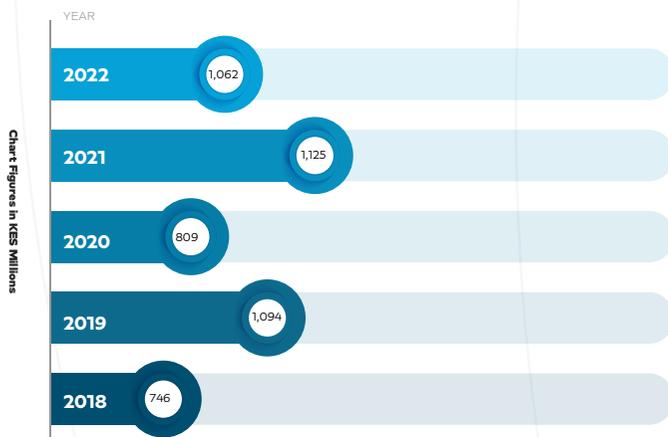
## Company - Expense Ratio



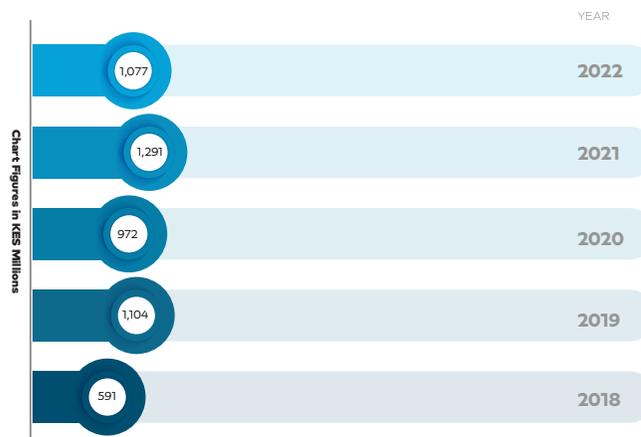
WHO WE ARE

# GROUP & COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

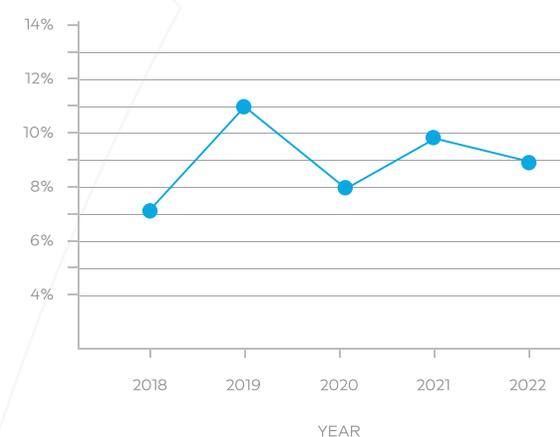
Group - Investment Income



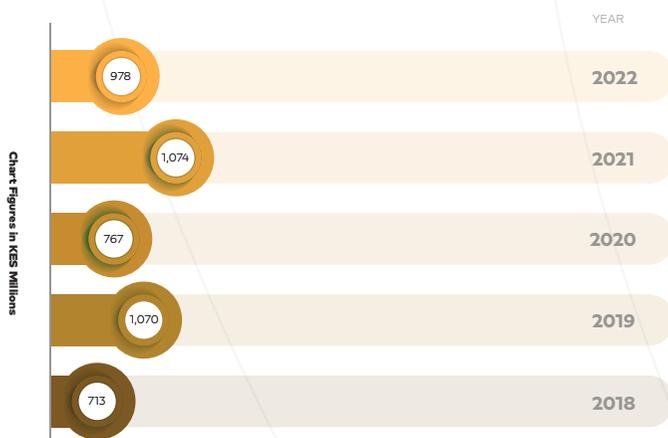
Group - Profit before Tax



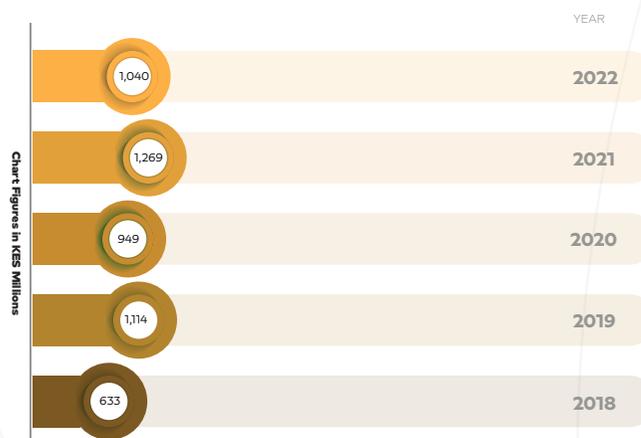
Group - Return on Investment



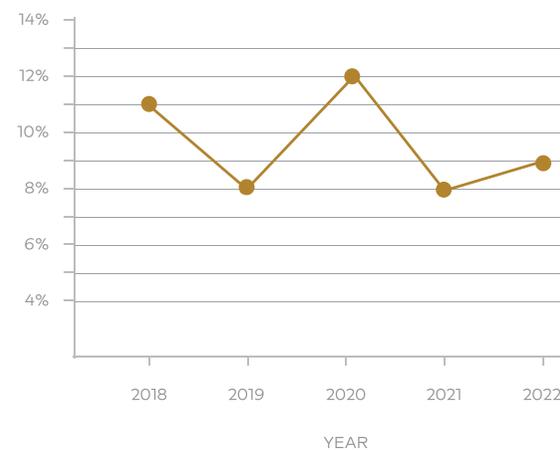
Company - Investment Income



Company - Profit Before Tax



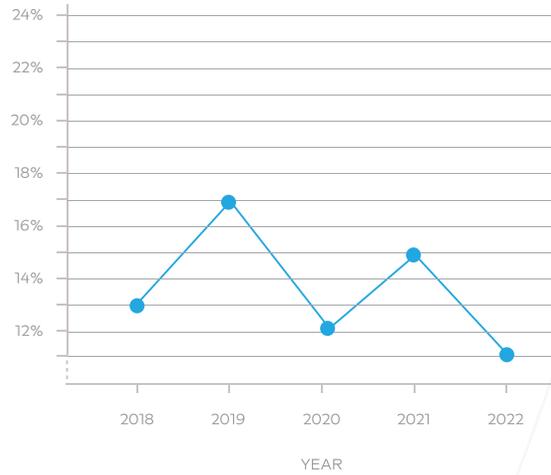
Company - Return on Investment



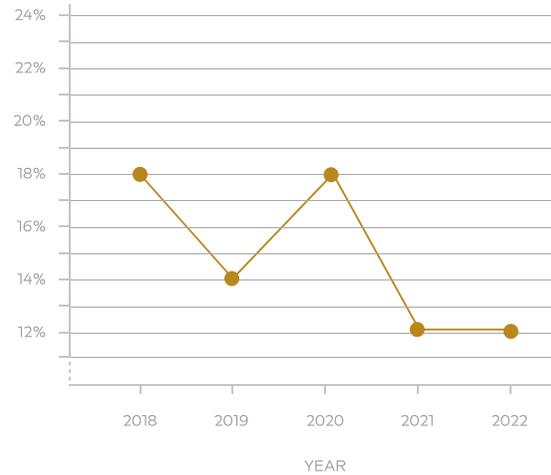
WHO WE ARE

# GROUP & COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

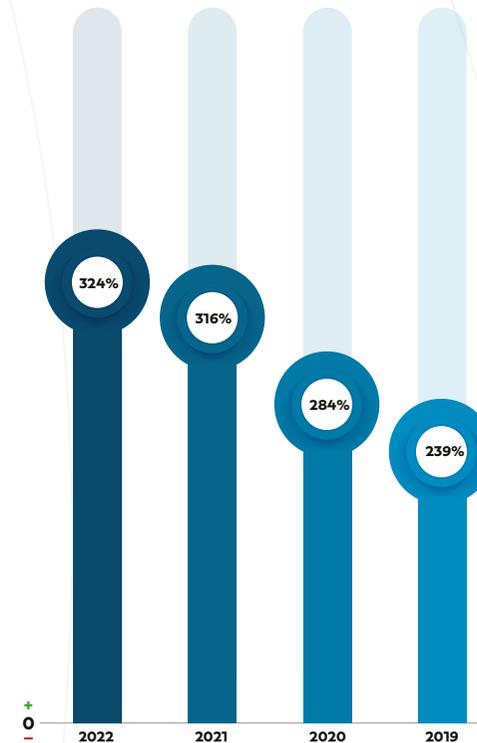
Group - Return on Equity



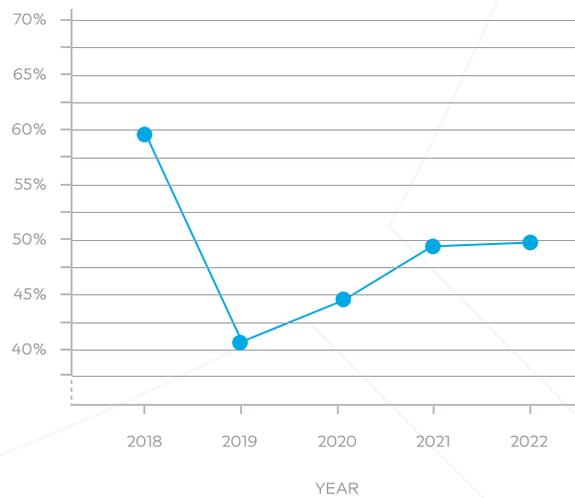
Company - Return on Equity



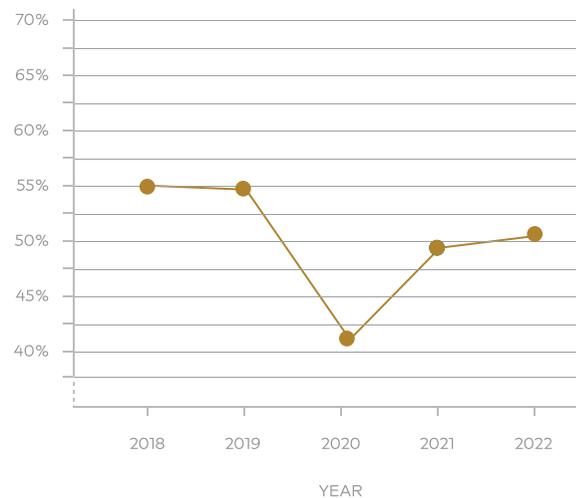
**Capital Adequacy Ratio**



Group - Loss Ratio



Company - Loss Ratio



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**ICEA LION**  
GENERAL INSURANCE

# OPERATING CONTEXT

## MACRO-ECONOMIC ENVIRONMENT IN 2022

### Global

The war in Ukraine hugely distorted global food and energy supply chains. The Fed instigated its fastest set of interest rate increases seen in history. The US dollar as a result strengthened, and goods became expensive. All these were sources of global instability.

Both the equities and bonds declined in tandem with cash outperforming most of the asset classes. Given that Markets lead economies, the poor market returns of 2022 could indicate slower economic growth in 2023. It is expected that the Fed will finally reduce rates for the first time in 2023 and possibly this will mark a turning point that is likely to result into the beginning of a sustained economic recovery in the US and beyond.

### Kenya

#### 2022 Review

The country held its general elections in 2022. Though the elections were generally peaceful, the presidential results were contested and the Supreme Court upheld the election result. The uncertainty in the run up to the general elections, prolonged drought and general increase in commodity prices dampened the recovery of the country following the impacts of the COVID-19 Pandemic.

The economy has remained resilient despite the above factors as well as global developments largely on account of the Russia Ukraine War and increased investment returns in the United States which occasioned foreign investors capital flight. These factors led to increased inflation and slower than projected economic growth of the country. The Kenyan Shilling has continued to weaken against major currencies and liquidity weakened in the interbank forex market.

Despite these factors, the economy has performed well amid slowing global economic growth. Continued prudent macro-economic policies and implementation of structural reforms remain essential to positive economic outlook.

#### 2023 Outlook

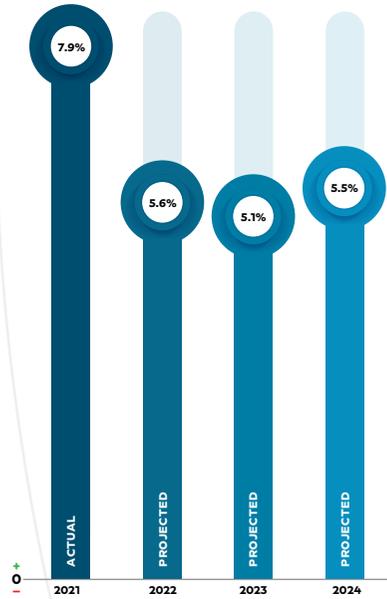
The 2023 projected growth prospects are positive averaging 5.1%.

Below is a summary of key statistics relating to the Kenyan economy.

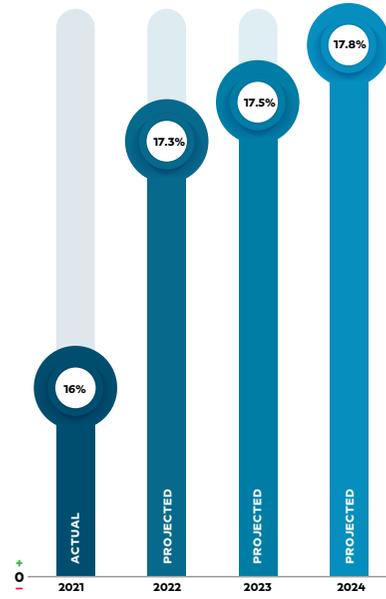
**Sources: World Bank, Nairobi Securities Exchange, Central Bank of Kenya, Kenya National Bureau of Statistics.**

 KENYAN ECONOMY	2022	2021
Gross Domestic Product (GDP) (USD Bn)	109.82	104
GDP Growth Rate	5.6%	7.9%
GDP per Capita (USD)	2,071.93	2,199.00
91 Day Treasury Bill Rate (%)	9.37%	6.95%
182 Day Treasury Bill Rate	9.83%	7.57%
364 Day Treasury Bill Rate	10.31%	8.52%
10 Year Treasury Bond Rate	13.77%	12.29%
15 Year Treasury Bond Rate	13.93%	12.88%
20 Year Treasury Bond Rate	14.05%	13.30%
Average Headline Inflation	7.64%	6.11%
USD/KShs Exchange Rate	123.4	113.1

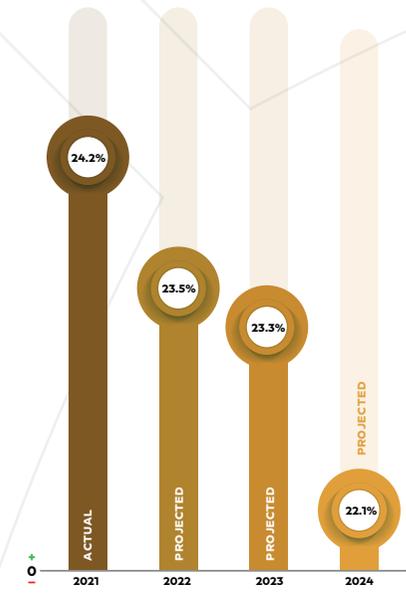
Real GDP Growth



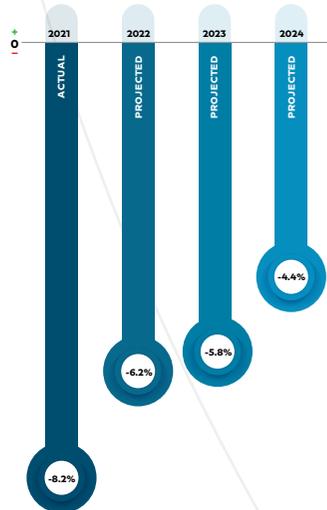
Revenue (%GDP)



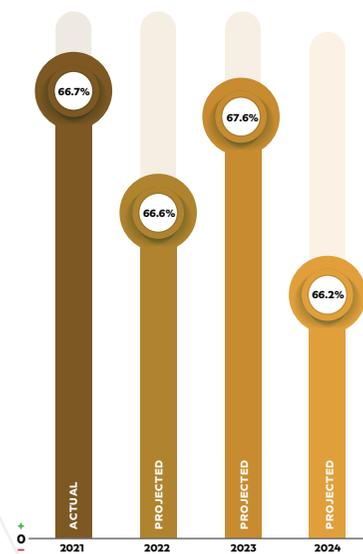
Expenditure (%GDP)



Fiscal Balance (%GDP)



Public Debt (%GDP)



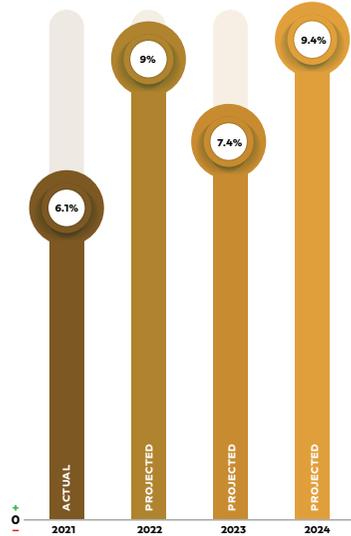
External Debt (% change)



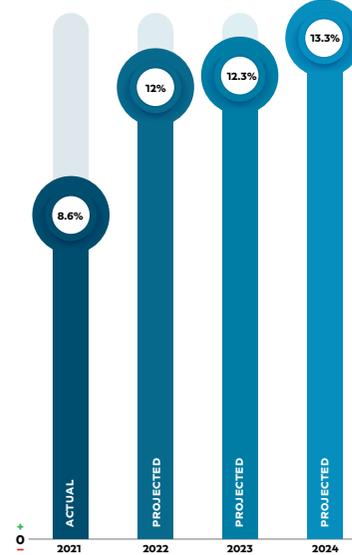
WHERE & HOW WE OPERATE

Source: IMF Press Release no 22/445

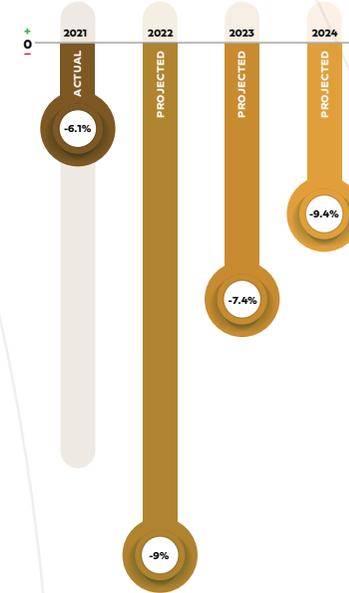
Broad Money (% change)



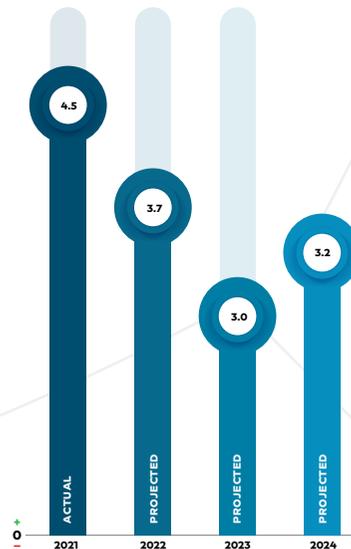
Credit to Private Sector (% GDP)



Current Account (% GDP)



Reserves (in months of imports)



Tanzania

2022 Review

Tanzania continues to enjoy key opportunities including peace, political stability, abundant natural resources, strategic geographic location and huge potential on tourism. The country's annual GDP growth rate has averaged 7% over the last 10 years with the 2022 growth estimated at 4.7%. This makes Tanzania one of the 20 fastest growing economies in the world beating the Sub-Saharan Africa average GDP growth rate of 4.4% during the same period.

2023 Outlook

It is forecasted that the Tanzania economy will grow by 5.3% in 2023. It is expected that the government policies in 2023 will dwell on stimulating growth while balancing acquisition of development financing at affordable rates. One of the key projects is the planned 30billion USD project on Liquefied Natural Gas plant that is expected to give the economy its growth momentum.

## OUR OPERATING CONTEXT

According to Expo Group business news, the GDP growth forecast for Tanzania is supported by:-

- Improvement and stability in power supply mainly from natural gas, which is expected to boost performance of other sectors including manufacturing and trade.
- Revival of the central railway line in standard gauge.
- Increase in the capacity and efficiency of the Dar es Salaam and Tanga Ports.
- Increase in financial deepening.
- Implementation of economic policies under the Five Year Development Plans
- Scaling-up of onshore gas production and construction of oil pipeline from Uganda to Tanzania.

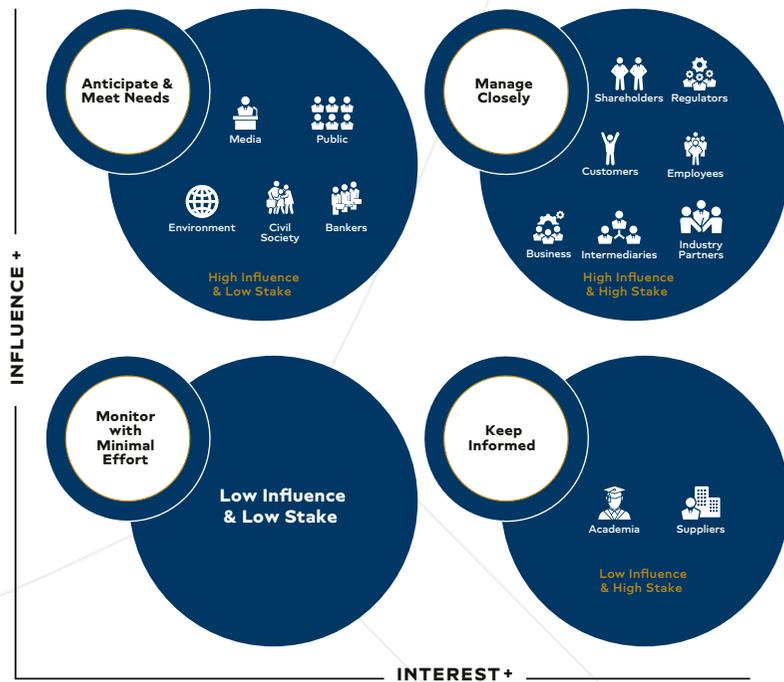


# OUR STAKEHOLDERS

We are committed to delivering on our mission 'To Protect and Create Wealth' for all our stakeholders. Stakeholder engagement is ingrained in our governance and strategy and is articulated in our Stakeholder Management Plan. These guidelines govern how we communicate, engage and release material information about the Group to all stakeholders across our network in Kenya, Uganda and Tanzania. We have developed stakeholder engagement strategies that bear in mind the processes required to identify the people, groups and organisations that could affect or be affected by our business activities.

## STAKEHOLDER MAP

We also analyze stakeholder expectations and their impact on our business. Further, we are able to develop appropriate strategies and tactics for effectively engaging them in a manner appropriate to their interest and involvement in our business.



## OUR STAKEHOLDER MANAGEMENT PROCESS



# OUR STAKEHOLDERS



# OUR BUSINESS MODEL



# OUR STRATEGY

## THE FIVE STRATEGIC PILLARS

Our 3 year (2022-2024) strategy is anchored on 5 strategic pillars and describes the way of doing things based on where we have come from and where we are going. Our strategy has a tagline **10By2** which denotes key metrics to have been achieved by 2024.



# OUR STRATEGIC PILLARS

3

## POWERED BY A CUSTOMER AND BUSINESS RESPONSIVE GROUP ECOSYSTEM



Various strategies have been put in place to harness group synergies for business growth. Appropriate remuneration structures have also been put in place to motivate the staff towards pursuing this pillar.

4

## CHAMPIONING INTERNAL AND EXTERNAL PARTNERSHIPS FOR DYNAMIC SCALABLE RESULTS



**Internal partnerships** are aimed at promoting collaboration which will result in a culture of placing greater focus on the ultimate business outcome and the spirit of undertaking joint efforts for the benefit of the whole business.

**External partnerships** are designed to enable us lean into our partners' strengths with the aim of decreasing costs, broadening applicable benefits and increasing our flexibility as we react to new market forces. We have also partnered with various entities on the ESG space including Chloride Exide to provide solar solutions to our employees. Other partnerships are in the areas of Geothermal and Agricultural Insurance.

The business has also continued to host the King of the Course (Golf events) series in the country which offers a great opportunity to interact with our customers. This year the events were held in Thika, Ruiru, Nanyuki, Nandi Bears and Mombasa.

5

## TALENTED AND CAPABLE PEOPLE COMMITTED TO TIMELY AND PROGRESSIVE SOLUTION DELIVERY



Culture is a strong enabler of performance. The business has been steadfast on continuous improvement of our culture with the recognition that Talent is our number one critical resource that will enable us deliver effective and optimal solutions to our customers.

Sustaining ICEA LION Group as an employer of choice continues to be a key imperative for our business. The group continuously seeks to retain great talent as well as to recruit the best in the market. This has been enabled by robust performance measurement and reward structures in place as well as continuous feedback and coaching for our staff.

2

## INSIGHT DRIVEN INNOVATION, GOVERNANCE AND OPERATIONS



We are in the last stages of development of an operations software called IGMS for our business. The software is expected to optimize the delivery of our services to our customers. During the year, the business has successfully implemented IFRS 17 and is in the last stages of testing the output.

1

## OBSESSED WITH CUSTOMER EXPERIENCE AND OUTCOMES



The business has continued to improve our products and processes for enhanced customer experience. This has included the launch of new products as well as transformation of our customer experience journey through implementation of a digital claims notification journey.

# OUR STRATEGY

## ESG (Environmental, Social and Governance) for Sustainability

Embedded in our strategy is the pursuit of ESG. ESG is a framework that helps stakeholders understand how an organization is managing risks and opportunities related to environmental, social, and governance criteria (sometimes called ESG factors). Kenya as a country has made a commitment to the **Paris Agreement and its Nationally Determined Contributions (NDCs) target which is to lower greenhouse gas (GHG) emissions by 30% by 2030**. In addition, the country is focused on climate change evidenced by the World Bank Funded Financing for Locally-led Climate Action Program (FLLoCA).

Priorities for Kenya going forward include climate change mitigation and adaptation.

Mitigation sectors in the country have been identified as

- Energy
- Agriculture
- Forestry
- Industry
- Transport
- Waste
- Renewable Energy.

Adaptation sectors on the other hand are ;

- Water
- Agriculture
- Land Use
- Forestry
- Energy
- Infrastructure.

The business is pursuing various collaboration opportunities in both the mitigation and adaptation sectors to foster sustainability in our business practices.

## Hosting COP27 Event under the Nairobi Declaration on Sustainable Insurance(NDSI)

ICEA LION Co-hosted an event on Finance Day at COP27 under the Nairobi Declaration on Sustainable Insurance. Please refer to pages 115 to 117 for more details of the Africa Climate Facility Risk (ACRF).

We are pioneers of the NDSI, which is a statement of commitment by African Insurance leaders to support the SDGs. We co-created the NDSI together with the UNEP PSI at the Market event that we hosted on 22 April 2021. To date, more than **100** insurers, reinsurers and brokers across Africa have signed onto the declaration and we are working together to accelerate solutions to major sustainability challenges – ranging from climate change and ecosystem degradation to poverty and social inequality. NDSI signatories are committed to taking action to develop African solutions to African challenges.



## OUR STRATEGY

### APPOINTMENT TO UNEP FI LEADERSHIP COUNCIL

During the year our CEO was appointed to the UN Environment Program (UNEP) FI Leadership Council. The Council meets annually to provide vision and strategic direction to UNEP FI in orienting its role and that of the UN in shaping, mainstreaming and deepening sustainability intergration across the industry. The Leadership Council brings together Chief Executive Officers and Chairpersons of banks and Insurers currently represented on one of the three elected UNEP FI governance bodies; the Global Steering Committee, the board of the Principles for Responsible Banking or the board of the Principles for Sustainable Insurance.

### The Jazz Mindset

The execution of our strategy is also reinforced by a shared mindset with the business and the larger group referred to as the Jazz Mindset as defined by **Ethan Bernstein** and **Frank J Barrett** in their article, *Strategic Change and the Jazz Mindset: Exploring practices that enhance dynamic capabilities for organizational improvisation*.

This mindset is anchored on seven concrete practices namely;

- Leading with provocative competence;
- Minimal structures and maximum autonomy;
- Errors as source of learning;
- Leap in and take action;
- Hang out in a community of diverse specialists;
- Affirmative mindset;
- Alternating between soloing and supporting and improvising as a solution.

This mindset has enabled the organization to thrive in innovation, team work and development of solutions to meet and exceed our customer expectations.

**ICEA LION**  
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

# GI Delta. Tuko Site!

Delta Rules:

1. Affirmative mindset
2. We leap in & take action
3. Errors are our source of learning
4. We lead with provocative Competency
5. We alternate between soloing & supporting
6. We hangout in community of diverse specialists
7. We operate within minimal structures & maximum autonomy

Motto: Jazz it!

Improvising solutions, Innovation is not a switch

# GOVERNANCE REPORTS

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**JOSEPH WANGAI**  
CHAIRMAN

## CHAIRMAN'S GOVERNANCE STATEMENT

*"Being here for the long haul means our focus on best in class corporate governance practices and a culture that delivers sustainable returns is part of our ethos."*

On behalf of the ICEA LION General Insurance Board, it is my pleasure to share with you this comprehensive 2022 Corporate Governance Report.

We are committed to achieving the highest standards possible, in terms of ;

- Accountability
- Integrity
- Fairness
- Responsibility
- Transparency

In pursuit of this objective, we have put in place formal structures to support corporate governance. These structures are regularly reviewed in order to strengthen and improve them. In light of this, we have implemented best practice governance guidelines including the King IV Corporate Governance Code to guide our governance processes. We have also used the International Integrated Reporting Council (IIRC) Framework in providing these disclosures.

In this report, I highlight key features of the current corporate governance practices.

### BOARD OF DIRECTORS

Our Company's Board is responsible for the development of corporate governance practice and ensuring compliance by all the Company organs.

# CHAIRMAN'S GOVERNANCE STATEMENT

We deliver this through Board Committees and by having in place business principles and practices as well as internal control and risk management processes that seek to ensure preservation and growth of stakeholder value.

Our work plan has a formal schedule of matters specifically reserved for the Board's attention to ensure we exercise full control over all significant matters. It sets out the schedule of meetings for the Board and its committees and the main business to be dealt with during those meetings. Special meetings are arranged as necessary.

## BOARD CHARTER & WORK PLAN

Our Board Charter contains provisions that ensure that we, as the Board, observe best practice in corporate governance.

## OUR BOARD CHARTER

Key components in our Board charter include the following:



# CHAIRMAN'S GOVERNANCE STATEMENT

## BOARD COMPOSITION & APPOINTMENTS

Our Board of Directors consists of the Chief Executive Officer, and Twelve non-executive directors including myself as Chairman. These Directors have a good mix of skills, experience and competencies in relevant fields of expertise. **Further, these Directors meet the "fit and proper persons' criteria" in compliance with the "Guidelines of Suitability of Persons" as required by the Insurance Regulatory Authority.** Directors are appointed by the Nomination and Remuneration Committee of the Board.

## Diversity

Our Board recognises the benefits of a diverse skills base across the Company and is supportive of initiatives that promote diversity at all levels. Despite making some strides in this regard, we as a Company still seek to increase female representation at Board level. This continues to be a target we are eager to achieve in the near future.

## BOARD MEETINGS AND INFORMATION FOR DIRECTORS

In 2022, our Board met four times on pre-set dates, to review and monitor the implementation of strategic initiatives and business plans, review quarterly financial results, approve financial reports and maintain effective control over strategic, financial, operational and compliance issues. In carrying out the above responsibilities, our Board delegates its authority to the Chief Executive Officer to oversee the day to day operations of the Company.

The notice of Board meetings is given in advance in accordance with the Company's Articles of Association and is distributed together with the agenda and board papers to all the directors beforehand, covering regular business progress reports and discussion papers on specific matters.

The Company Secretary is always available to attend to matters pertaining to the Board of Directors and Board Committees. All reports from the Insurance Regulatory Authority, the Kenya Revenue Authority, auditors, actuaries and rating agencies are reviewed at Board meetings and appropriate action taken.

## Board Evaluation

Regulations calling for board evaluation represent the minimum requirements, and this, carried out by an external consultant, coordinated by the Chairman and Company Secretary, goes beyond a check-box compliance exercise. Our evaluation contributes significantly to performance improvements on four levels that is: at the Organisational, Board, Individual Board Member and Stakeholder levels. The Board evaluations have been carried out for the past five consecutive years with significant improvements made to this end.

## ROLE OF THE CHAIRMAN & THE CHIEF EXECUTIVE OFFICER

The Board is committed to a clear division of responsibilities between the Chairman and the CEO. The Chairman is responsible for managing the Board and providing strategic leadership to the Company. The CEO directs the implementation of Board decisions and instructions. Our CEO steers our organisation to realise its strategic objectives in conjunction with the senior leadership team.

## OUR BOARD COMMITTEES

Our Board has constituted several committees to assist us to discharge our responsibilities and obligations more effectively. The committees consist of at least two non-executive directors as well as members of the leadership team of ICEA LION who attend by invitation. They report on their activities quarterly to the Board.

# CHAIRMAN'S GOVERNANCE STATEMENT



## a.) Board Audit & Risk Management Committee

This committee is chaired by an independent non-executive director. There are eight other non-executive directors, two of whom are independent, who sit in this committee. The CEO, the Chief Finance Officer, Manager, Internal Audit and the Manager, Risk and Compliance, attend by invitation.

The committee met four times in 2022 and is responsible for;

- Ensuring that the systems and controls, procedures and policies of the Company as well as risk management activities are properly established, monitored and reported on.

- The committee meets quarterly to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect ICEA LION's internal control environment.
- Matters relating to ethics and policy holders protection are dealt with by this committee.
- Monitoring and providing effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting.
- Additionally, the committee is responsible for ensuring entrenchment of good corporate governance practices at ICEA LION.

## b.) Board Finance & Investments Committee

This committee has five non-executive directors, one of whom is independent. The CEO, Chief Finance Officer and the CEO of ICEA LION Asset Management Limited attend by invitation.

The committee met four times in the year to review;

- The financial and investment strategies
- Approve or recommend to the board for approval investment projects in accordance with the company's investment policy
- Review the performance of the investments portfolio
- Monitor special projects

## c.) Board Growth, Innovation and ICT Committee

This committee is chaired by a non-executive director. Two other non-executive directors, both of whom are independent, and four other directors also sit in.

## CHAIRMAN'S GOVERNANCE STATEMENT

The CEO, Head of Transformation and Innovation, Head of Infrastructure, Head of Business Applications and the Manager, Risk and Compliance, attend by invitation. This committee met four times in 2022.

This committee reviews;

- The ICT strategy including ICT security and business continuity plans (BCP),
- Recommends ICT projects for board approval,
- Reviews recommendations on the annual budgets and monitoring project implementation.
- It also vets the company' innovation strategy and investments in innovation development prior to submission to the board for approval.
- It monitors compliance with the approved innovation strategy, including innovation portfolio mix and the progress made in its implementation.

### d.) Board Nominations & Remuneration Committee

This committee has seven non-executive directors, two of whom are independent.

This committee is responsible for;

- Making recommendations to the board on executive remuneration and incentive policies,
- Recruitment,
- Retention and termination policies for senior management,
- Remuneration framework as well as succession planning.

### e.) Board Executive Committee

This committee is chaired by an independent, non-executive director. There are four other non-executive directors who sit in this committee. The CEO also attends the committee meetings by invitation.

This is a newly constituted committee which is responsible for;

- Strategic and key business execution policy matters of the Company;
- Reviewing the budget and recommending its approval to the Board;
- Providing entrepreneurial leadership to the Company within a framework of prudent and effective controls;
- Monitoring the Company's capital position and reviewing and approving proposals for the allocation of capital and other resources within the Company;
- Reviewing transactions where the Director(s) and/or related parties of the Company enter into substantial transactions, whether directly or indirectly;
- Monitoring the actual against projected impact of Board approved strategy;
- Driving and monitoring operating and financial performance;
- Prioritising and allocating resources; and
- Oversight of the implementation of operational plans, annual budgeting and periodic reviews of the Company's operations and strategic plans.

Below is a summary of our Board Committee 2022 attendance. Attendance at Full and Board Committee meetings was commendable.

# CHAIRMAN'S GOVERNANCE STATEMENT

MAIN BOARD MEETING						
Name	Designation	18/03/2022	17/06/2022	23/09/2022	25/11/2022	
<b>Mr J Wangai</b>	Chairman	●	●	●	●	
<b>J P M Ndegwa</b>	Member	●	●	●	●	
<b>A S M Ndegwa</b>	Member	●	●	●	●	
<b>R M Ndegwa</b>	Alt. Director	●	●	●	N/A	
<b>J K Muiruri</b>	Member	●	●	●	●	
<b>J K Kimeu</b>	Member	●	●	●	●	
<b>D G M Hutchison</b>	Member	●	●	●	●	
<b>P K Mugambi</b>	Alt Director	●	●	●	●	
<b>Dr C. Mwangi</b>	Member	●	●	N/A	N/A	
<b>M. Manga</b>	Member	●	●	●	●	
<b>Ms M. Abdullahi</b>	Member	●	●	●	●	
<b>K. Thuo</b>	Member	●	●	●	●	
<b>Norman Kelly</b>	Member	●	●	●	●	
<b>Doug Lacey</b>	Member	●	●	●	●	
<b>Philip Lopokoiyit</b>	Chief Executive Officer	●	●	●	●	

● Present   ● Absent with apology

**BOARD AUDIT, RISK & COMPLIANCE COMMITTEE**

Name	Designation	15/03/2022	14/06/2022	20/09/2022	22/11/2022
<b>Kairo Thuo</b>	Chairman	●	●	●	●
<b>J K Muiruri</b>	Member	●	●	●	●
<b>A S M Ndegwa</b>	Member	●	●	●	●
<b>Dr C. Mwangi</b>	Member	●	N/A	N/A	N/A
<b>J K Kimeu</b>	Member	●	●	●	●
<b>D G M Hutchison</b>	Member	●	●	●	●
<b>P K Mugambi</b>	Member	●	●	●	●
<b>R M Ndegwa</b>	Member	●	●	●	N/A
<b>E M Ndegwa</b>	Member	●	●	●	●
<b>Norman Kelly</b>	Member	●	●	●	●
<b>Doug Lacey</b>	Member	●	●	●	●
<b>Philip Lopokoityit</b>	Chief Executive Officer	●	●	●	●

**BOARD NOMINATIONS & REMUNERATION COMMITTEE**

Name	Designation	17/03/2022	21/11/2022
<b>J P M Ndegwa</b>	Chairman	●	●
<b>A S M Ndegwa</b>	Member	●	●
<b>J Wangai</b>	Member	●	●
<b>Dr. C. Mwangi</b>	Member	●	N/A
<b>J K Muiruri</b>	Member	●	●
<b>J K Kimeu</b>	Member	●	●
<b>Norman Kelly</b>	Member	●	●
<b>Doug Lacey</b>	Member	●	●
<b>Philip Lopokoityit</b>	Chief Executive Officer	●	●

● Present      ● Absent with apology

GOVERNANCE REPORTS

**BOARD FINANCE & INVESTMENT COMMITTEE**

Name	Designation	14/03/2022	13/06/2022	19/09/2022	21/11/2022
<b>A S M Ndegwa</b>	Chairman	●	●	●	●
<b>J K Kimeu</b>	Member	●	●	●	●
<b>J K Muiruri</b>	Member	●	●	●	●
<b>P K Mugambi</b>	Member	●	●	●	●
<b>M Manga</b>	Member	●	●	●	●
<b>Norman Kelly</b>	Member	●	●	●	●
<b>Doug Lacey</b>	Member	●	●	●	●
<b>Dr. C. Mwangi</b>	Member	●	●	N/A	N/A
<b>Philip Lopokoiyit</b>	Chief Executive Officer	●	●	●	●

**BOARD ICT & GROWTH & INNOVATION COMMITTEE**

Name	Designation	14/03/2022	13/06/2022	19/09/2022	21/11/2022
<b>M Manga</b>	Chairman	●	●	●	●
<b>A S M Ndegwa</b>	Member	●	●	●	●
<b>J K Muiruri</b>	Member	●	●	●	●
<b>J K Kimeu</b>	Member	●	●	●	●
<b>P K Mugambi</b>	Member	●	●	●	●
<b>Mariam Abdullahi</b>	Member	●	●	●	●
<b>Dr. C. Mwangi</b>	Member	●	●	N/A	N/A
<b>Norman Kelly</b>	Member	●	●	●	●
<b>Doug Lacey</b>	Member	●	●	●	●
<b>Philip Lopokoiyit</b>	Chief Executive Officer	●	●	●	●

Absent with apology



Present



## CHAIRMAN'S GOVERNANCE STATEMENT

### PRINCIPAL OFFICER & SENIOR MANAGEMENT

In our commitment to strengthen efficiency and executional capability, we have in place a strong management team. The calibre of our senior leadership team has ensured that risks and governance have been well managed throughout the year with a clear commitment to not only doing things in the right way but also doing the right things. Our team has the requisite qualifications and experience in their respective fields. We also meet the "fit and proper persons' criteria" in compliance with the "Guidelines of Suitability of Persons" as required by the Insurance Regulatory Authority.

Directors have been inducted on how the Group manages and governs itself, how we make decisions, what we stand for and the standards of governance we wish to retain.

### OUR SUSTAINABILITY PRACTICES

Long-term sustainability is a key pillar anchored to our internally adopted best-practice corporate governance practices. ICEA LION has been a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI) for the past four years. These principles provide a global roadmap to develop and expand innovative risk management and insurance solutions that promote;

- Social and environmental protection
- Inclusive insurance
- Renewable energy
- Food security

- Clean water
- Sustainable cities and
- Disaster-resilient communities.

Sustainable insurance aims to;

- Reduce risk,
- Develop innovative solutions,
- Improve business performance and
- Contribute to environmental, social and economic sustainability while creating shared value.

We have recently joined the UN-convened Net-Zero Insurance Alliance (NZIA) which brings together some of the world's leading insurers and reinsurers to play their part in accelerating the transition to low carbon emissions by 2050. NZIA reinforces our deep commitment to continue to engage with our customers to deliver solutions that support their resilience in current times and more importantly in the medium to long term.

We have also co-developed **The Nairobi Declaration on Sustainable Insurance** – a statement of commitment by African insurance leaders to promote the SDGs through our business practices.

### INTERNAL CONTROL & RISK MANAGEMENT SYSTEMS

Our Company is exposed to a variety of risks which can have a negative impact on our stakeholders. We have put in place a strong integrated risk management process in our daily business activities as well as solid corporate governance structures that promote effective identification, monitoring and management of risk.

# CHAIRMAN'S GOVERNANCE STATEMENT

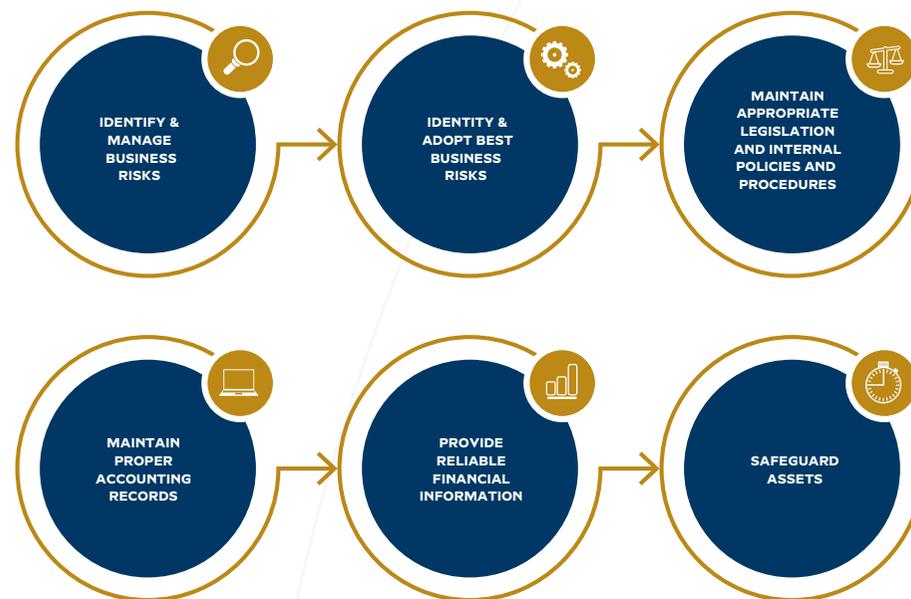
These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programmes for staff. The latter are intended to enable staff to attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.

Our Company has established a fully-fledged risk management and compliance function headed by a senior officer. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team. We have recently incorporated a new approach to risk management – **the Dynamic Risk Assessment** which seeks to enable a connected view of risks; away from the traditional, two dimensional view of risk, by mathematically and visually illustrating risk connectivity, contagion and clusters. It introduces the dimensions of interconnectivity and velocity to the traditional impact and likelihood view of the risks.

We also have in place an independent internal audit function headed by a senior officer. This function reviews the adequacy and effectiveness of ICEA LION's adherence to its internal controls as well as reporting on strategies, policies and procedures.

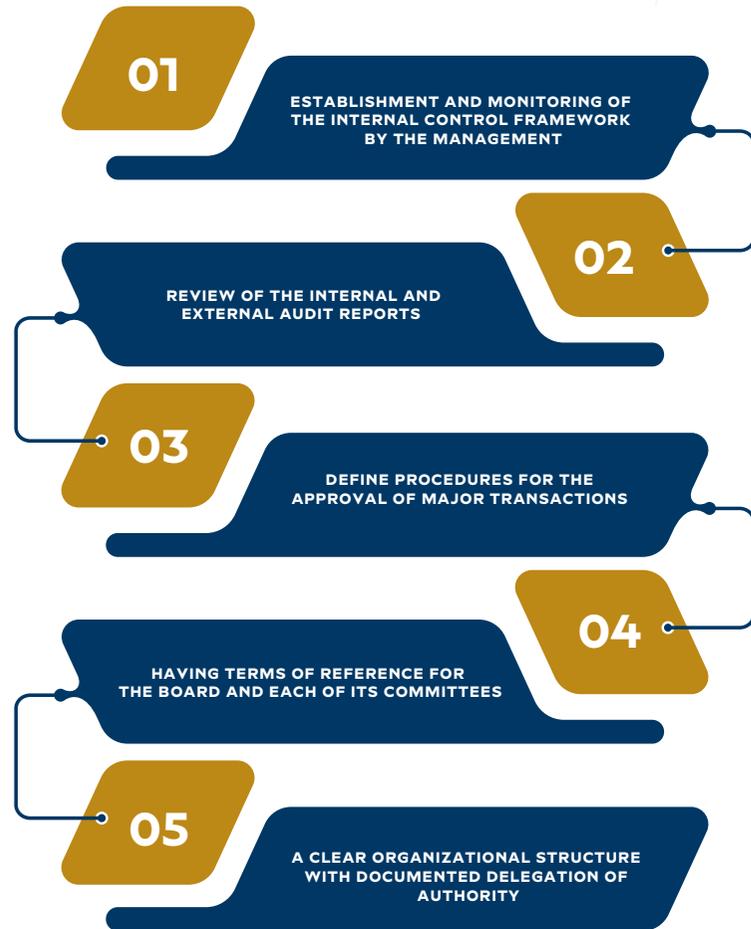
Our internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material financial misstatements or loss.

These systems are designed to:



# CHAIRMAN'S GOVERNANCE STATEMENT

The Board satisfies itself that the internal control framework is operating through the following:



## COMPLIANCE & ANTI-MONEY LAUNDERING PROGRAM

The sustained success of our Company is based on trust, respect and the responsible, integrity-enriched behaviour of all our employees. With our compliance and anti-money laundering programme, ICEA LION follows local and international guidelines and standards for rules-compliant and values-based corporate leadership.

These guidelines include:



## CHAIRMAN'S GOVERNANCE STATEMENT

By recognising and supporting these local and international principles, we manage the risk of violating legal and regulatory provisions and requirements (compliance risks). This also means that our customers benefit from the fact that sustainability and social responsibility are integrated into corporate behaviour. The Company has been careful to ensure that we adhere to and continuously improve our standard of corporate governance. In light of this, we will continuously work toward full compliance to the King IV Governance code.

The standards for conduct established by the ICEA LION's Code of Business Conduct and Ethics serve to implement these guidelines and principles which are obligatory for all employees. The Code of Conduct and other internal guidelines adopted provide all employees with clear guidance on conduct that is in accordance with the values of the Company. They provide employees with practical guidelines for making their own decisions and avoiding potential conflicts of interest. These guidelines also help employees recognise when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners.

The Code of Business Conduct and Ethics also forms the basis for guidelines and controls to ensure fair dealings with our customers. In cases of doubt, the compliance department provides advice.

The tasks of the compliance team include;

- Advising the business units on laws, provisions and other regulations,
- The creation, implementation and monitoring of compliance with internal guidelines and standards as well as regular training of employees on applicable rules.

A major component of the compliance programme is an independently managed whistle-blower system that allows employees to alert the compliance and audit departments confidentially about irregularities.

Employees who voice concerns about irregularities in good faith should not fear retribution in any form, even if the charge later turns out to be unfounded. To transmit the principles of the Code of Conduct and other compliance guidelines and controls effectively, we have developed interactive training programmes. Staff periodically confirm in writing that they have complied with the code of conduct.

### ACTUARIAL FUNCTION

ICEA LION has in place an in-house actuarial function. This function evaluates and provides advice to our management regarding at a minimum, technical provisions, premium and pricing activities, and compliance with related statutory and regulatory requirements. The Company has further contracted the "Appointed Actuary" who is a Fellow of The Actuarial Society of Kenya in compliance with the Actuarial Function guidelines released by the Insurance Regulatory Authority.

### CONFLICT OF INTEREST

Our Directors are required to act in the best interest of ICEA LION at all times. It is our policy to ensure that Directors avoid putting themselves in positions whereby their interests' conflict with ICEA LION's interests. Any business transacted with the Directors or their companies must be at arm's length and fully disclosed. Our Board has adopted a policy which ensures that directors, management and staff disclose all possible conflict of interest sources and are required to exclude themselves in decisions where conflict of interest may arise.

# CHAIRMAN'S GOVERNANCE STATEMENT

## DIRECTORS' EMOLUMENTS

The aggregate amount of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 51 (f) to the financial statements for the year ended 31 December 2022. (See page 228)

## RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or Management except those disclosed in Note 51 to the financial statements for the year ended 31 December 2022. (See page 227 and 228)

## COMPLIANCE WITH THE LAW

Our Board is satisfied that ICEA LION has, to the best of its knowledge, put in place mechanisms to ensure compliance with all the applicable laws. To the knowledge of the Board, no director, employee or agent of the Company acted or committed any indictable offence in conducting the affairs of the ICEA LION nor been involved or been used as a conduit for money laundering or any other activity incompatible with the relevant laws.

## CONDUCT OF BUSINESS & PERFORMANCE REPORTING

ICEA LION's business is conducted in accordance with a carefully formulated strategy, annual business plans and budgets which set out very clear objectives. Roles and responsibilities have been clearly defined with approved authority being delegated. Performance against the objectives is reviewed and discussed on a regular basis by the management team. Management prepares a quarterly business review report which is presented to the Board and any issues arising are fully discussed. Performance trends, forecasts as well as actual performance against budget are closely monitored.

## DISCLOSURE OF INFORMATION & RELATIONSHIP WITH THE INSURANCE REGULATORY AUTHORITY

ICEA LION shares information on its financial position and the risks to which it is subject to. This information gives a well-rounded view of our Company and includes financial position, performance, and corporate governance among others. This information is shared with the Insurance Regulatory Authority and other relevant stakeholders.

## ACCOUNTABILITY, AUDIT & SHAREHOLDER RELATIONS

Our Board recognises its responsibility to present a balanced and understandable assessment of the ICEA LION's financial position and prospects.

Our financial statements are prepared in accordance with IFRS and the requirements of the Kenyan Companies Act 2015 and are audited in accordance with International Auditing Standards. Our Directors recognise and have confirmed responsibility over the financial statements and have provided other information in this integrated report that we consider useful to shareholders and other stakeholders.

## STAKEHOLDER GROUPS

We take cognizance of the fact that we can only thrive if we balance the interests of our key stakeholders. The target operating model puts market management as well as customer value at centre stage with customer centricity and innovation programmes having been defined. In order to assure its progress, we measure our customers' satisfaction and brand value.

## CHAIRMAN'S GOVERNANCE STATEMENT

Our Company cannot excel in customer experience excellence and market success without the support and commitment of its employees. As a result, we are strongly investing in our talent pool by providing opportunities for personal and institutional development.

### CORPORATE GOVERNANCE

The Group has consistently practiced good corporate governance, reflecting its belief that robust governance practices, processes, and culture are fundamental to inspiring investors' confidence, ensuring long-term shareholder value and protecting stakeholders' interests.

The Board will continue to focus on further improving board policies and practices in execution of its oversight role while integrating sustainability goals with business strategy and operations, and promoting meaningful engagement with our stakeholders.

### DIRECTOR APPOINTMENT AND RESIGNATION

On 18<sup>th</sup> March 2022, the board on-boarded a new director, Mr. Ernest Ndegwa. Mr Ernest Ndegwa is a great addition to our board and brings onboard diverse experience as described on page 80.

On 5th November 2022, Mr. Duncan Nderitu Ndegwa resigned as a director of the company. I take this opportunity to thank Mr. Ndegwa and his alternate director, Mr. Robin Ndegwa for their immense contribution.

It is my pleasure in the spirit of disclosure in this integrated report, to introduce the statements from our Board Committee Chairmen as detailed on **pages 71 to 84**.





**ANDREW NDEGWA**  
COMMITTEE CHAIRMAN

## GOVERNANCE REPORTS

# BOARD FINANCE & INVESTMENT COMMITTEE REPORT

It is my pleasure to present the report of the Board Finance and Investment Committee for the year ended 31 December 2022.

The Committee is charged with the responsibility of:

- Reviewing and recommending to the Board the Company's asset allocation policies and strategies including asset liability matching.
- Reviewing investment policies and strategies.
- Monitoring compliance with the approved investment strategy including investment mix.
- Monitoring the performance of the investment portfolio.
- Recommending investment proposals to the Board for approval and overseeing investment projects.
- Engaging and overseeing the performance of investment managers and consultants.

### MACRO-ECONOMIC ENVIRONMENT

The macro-economic environment we operated in from an investments perspective is as described under the operating context in this report. In brief, the year 2022 is projected to have recorded a GDP growth of 5.6%, with inflation running as high as 7.6%. Public debt as a % of GDP remained relatively stable at 66.6% while interest rates generally increased. The equities counters dropped as indicated by the NSE indices. The Kenyan shilling has also continued to weaken against major currencies and the interbank forex market has maintained a similar weakening trend.

# BOARD FINANCE & INVESTMENT COMMITTEE REPORT

## OUR INVESTMENTS PERFORMANCE

Our investment assets stood at Kshs 11.4 billion and Kshs 10.6 billion at the Group and the Company level (2021-Kshs 11.1 billion and Kshs 10.5 billion) representing a 3.07% and 1.8% growth respectively. The growth was hampered by reported revaluation losses on equities as well as large claim payments during the year. The realized return on investment at the group level however increased by 100 basis points.

From a portfolio mix standpoint, 66% (2021-65%) of our investment assets are placed in the fixed income asset class. This is in large part due to the need to ensure capital preservation and stability of returns that align with the company's liability profile. To this end, our investment in government securities increased to **Kshs 6.72 billion** from **Kshs 5.97 billion** the previous year. Due to an increase in interest rates during the year, this asset class performed well recording above target realized interest income. **20% (2021-22%)** of the government securities portfolio is held at fair value through other comprehensive income. The increase in interest rates for this portion resulted into unrealized revaluation losses on account of diminution in fair value with bond prices falling as interest rates rose.

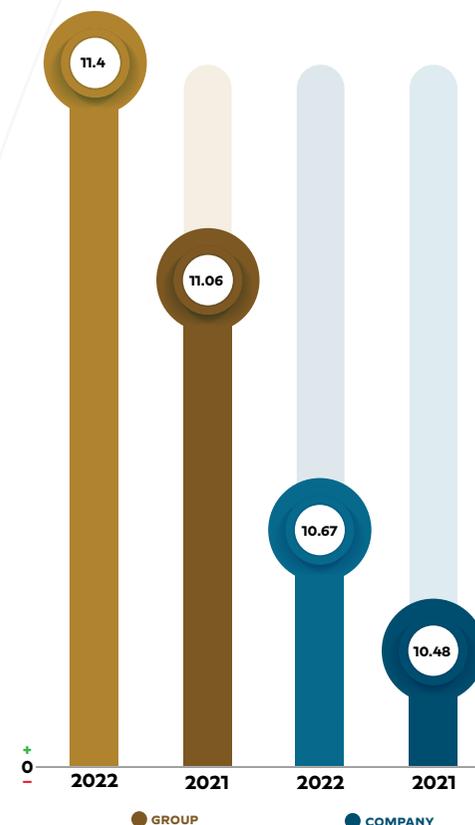
With regard to the equities portfolio which represents about 8% (2021-10%) of investment assets, performance was subdued on the back of a general slump on the Nairobi Securities Exchange. The market weighted NSE 25 share index was **down 16%** compared to an **increase of 9.6% in 2021**. In line with the general market trend, revaluation losses on the Company's equity portfolio amounted to **Kshs 205 million**. NSE All Share Index which was down 23.4% during the year.

Our investment property, which constitute about 27% of the Company investment portfolio, returned a revaluation gain of Kshs 86 million. This was largely due to relatively high occupancy levels for all our three properties which have been sustained over the years.

Given the challenges highlighted above, it is more important than ever that we diversify our placements across a broader range of investments which offer competitive returns while protecting the value of capital invested. To this end we have developed an Alternative Investments Framework which we shall apply to identify suitable opportunities as well as ensure robust risk management in both selection and post investment management of assets.

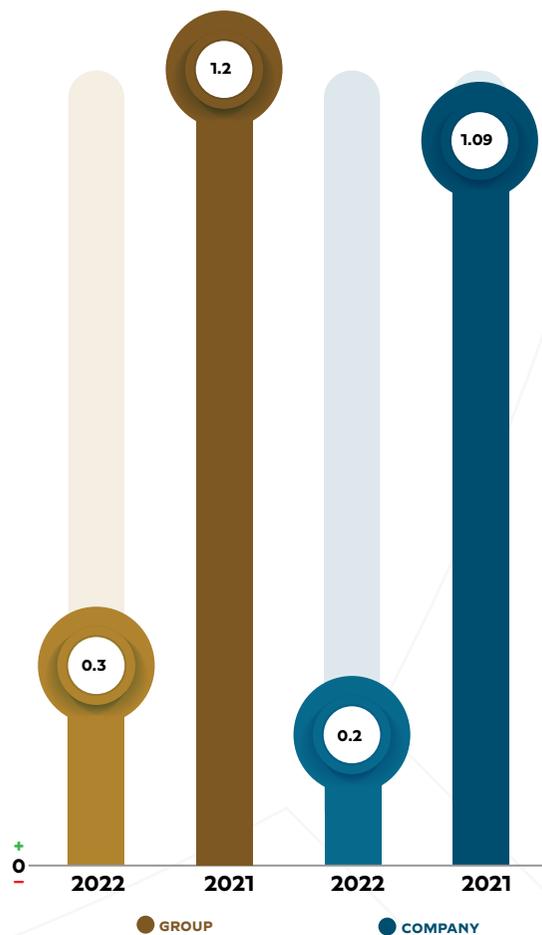
Below are some statistics on the performance of our investment portfolio at the Group and Company level.

Investment Assets (KShs Billion)

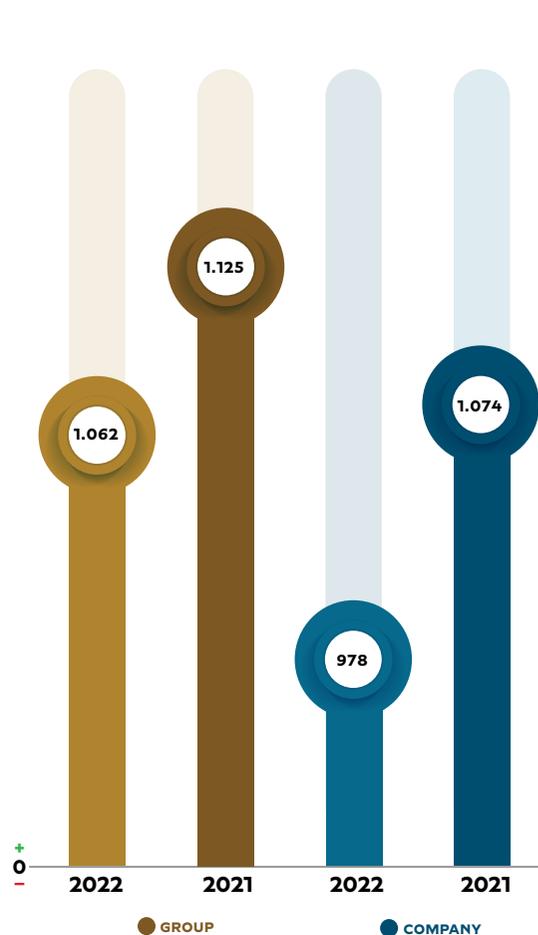


# BOARD FINANCE & INVESTMENT COMMITTEE REPORT

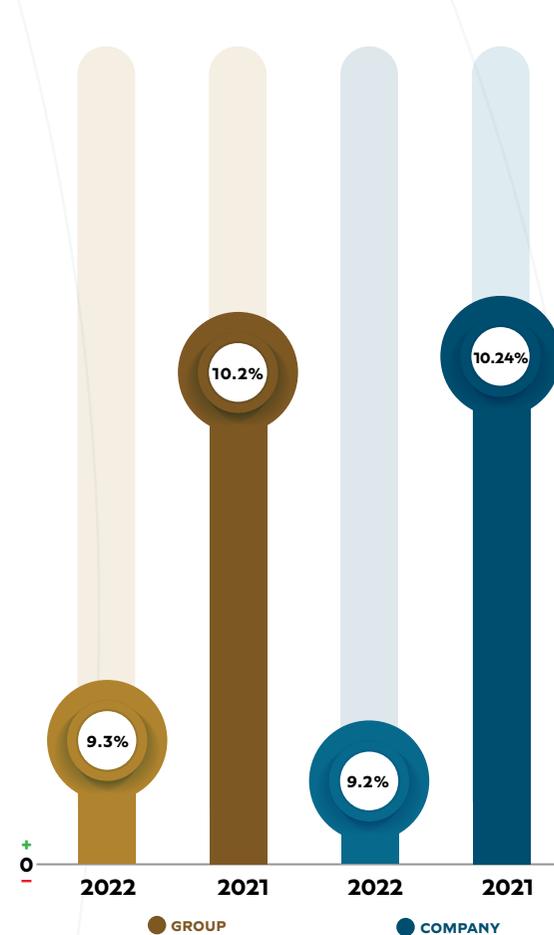
**Growth on Investment Assets (KShs Billion)**



**Investment Income (KShs Million)**



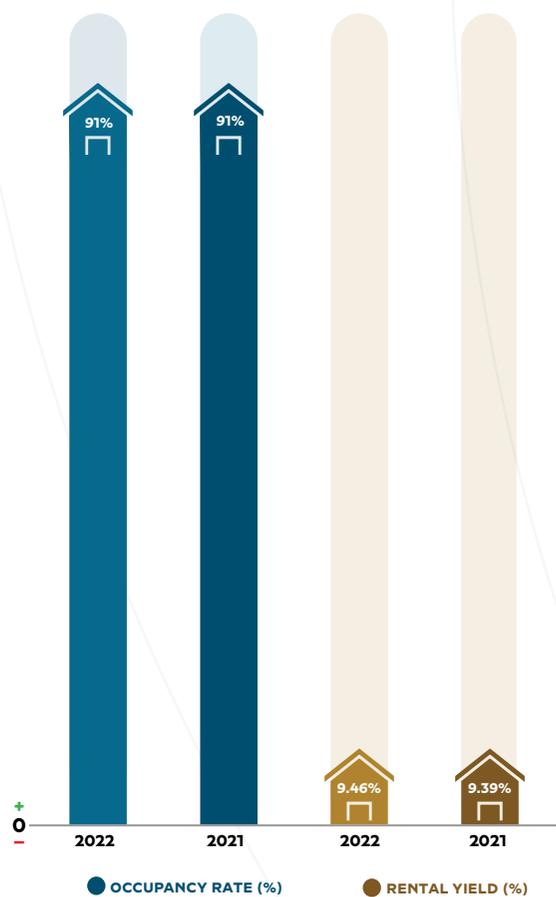
**Return on investment (%)**



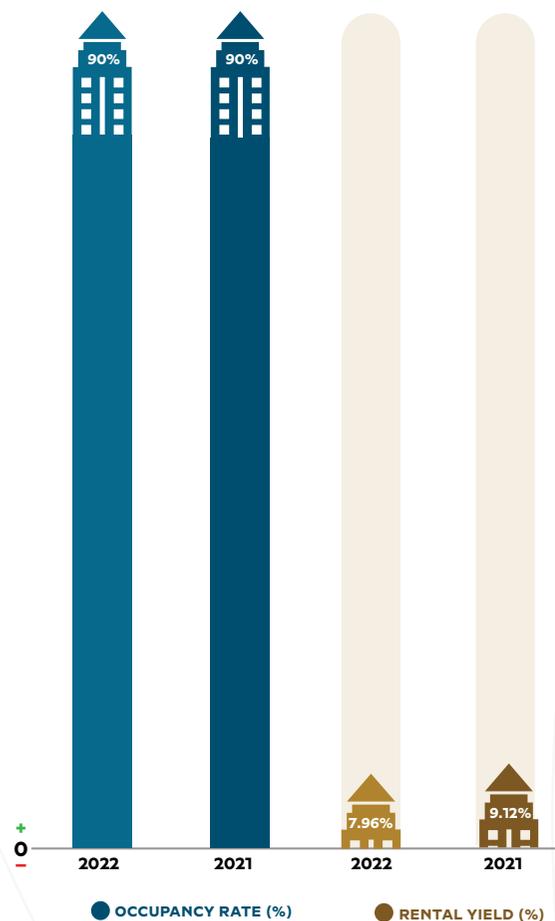
# BOARD FINANCE & INVESTMENT COMMITTEE REPORT

The occupancy and rental yield for the company's three investment properties are as summarized below:-

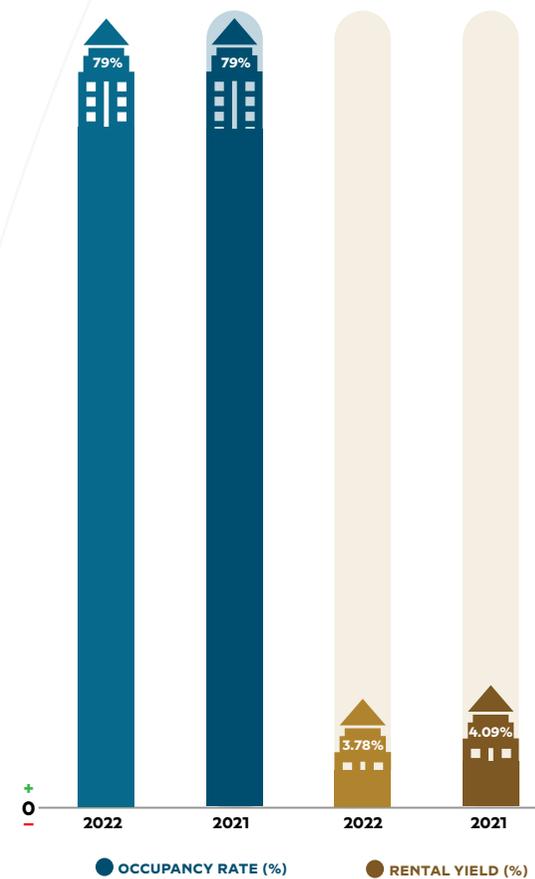
**Lion Place (Commercial)**



**Williamson House (Commercial)**



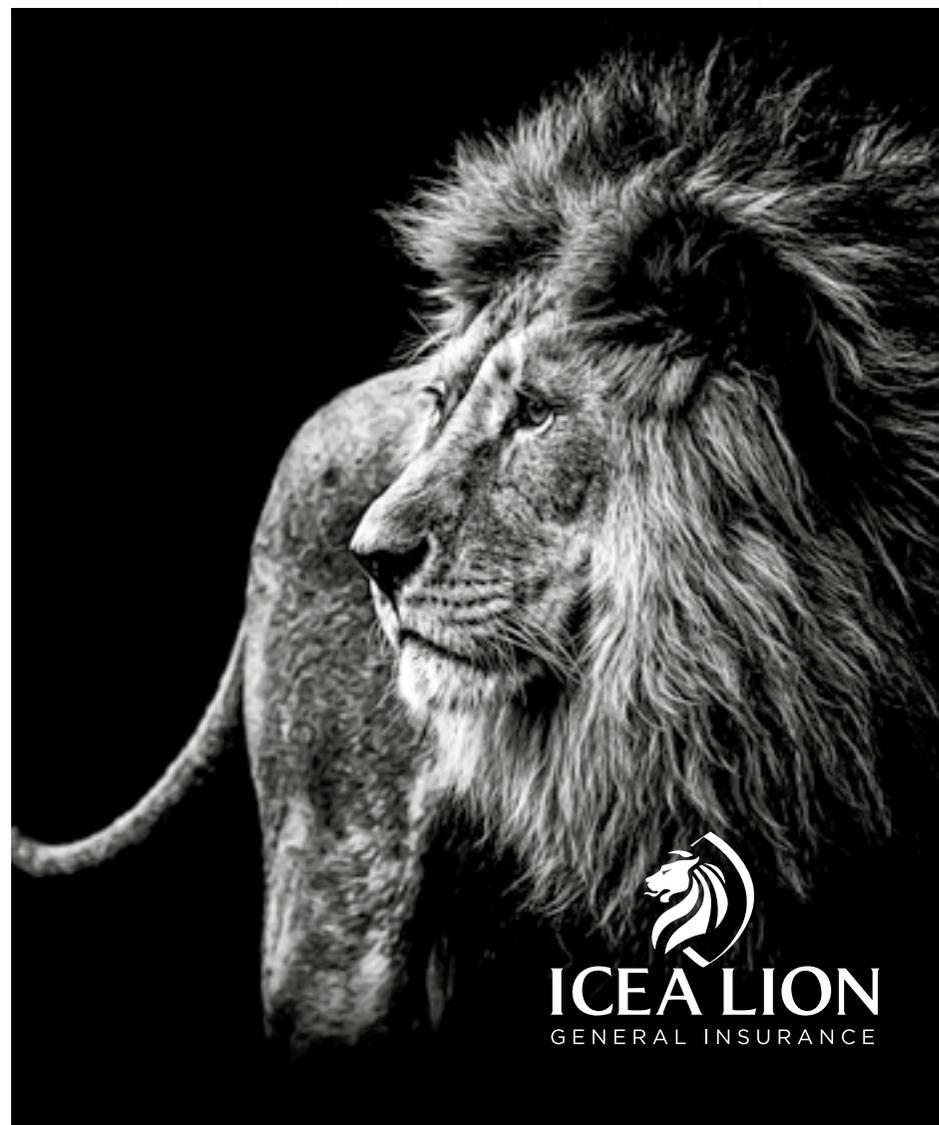
**Aboretum View (Residential)**



## BOARD FINANCE & INVESTMENT COMMITTEE REPORT

### LOOKING FORWARD

It is projected that the economic environment in 2023 will see a drop in the GDP growth rate to 5.1% from 5.6% projected for 2022 while the inflation rates are expected to also increase to an average of 7.8%. Public debt as a % of GDP is also expected to increase slightly to 67.6% and the interest rates are expected to increase moderately. As a business we aim to diversify our investment portfolio for higher returns in the long run while protecting the value of capital invested.





**KAIRO THUO**  
COMMITTEE CHAIRMAN

## BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

***“Following best practices in risk management and internal controls augments our quest towards promoting sustainable performance across all fronts within the organisation.”***

As Chair of the Audit and Risk Management Committee, I am pleased to present our report. The committee meets quarterly to review external auditor’s plans and reports, internal audit reports and any proposals or reports that affect the Company’s internal control environment. Matters relating to ethics and policy holders’ protection are dealt with by this committee.

The Audit and Risk Management Committee is also responsible for monitoring and providing effective supervision of the management’s financial reporting process to ensure accurate and timely financial reporting. Additionally, the committee is responsible for ensuring entrenchment of good corporate governance practices.

Being an election year, and coming so soon after the COVID-19 pandemic, the Committee provided oversight to the Company’s resilience strategy. Apart from monitoring and reviewing resilience in business performance, the Committee also ensured that the Company had effective business continuity and staff safety plans during this highly uncertain period. I am glad to report that in spite of these uncertainties, the impressive results posted by the Company are a true testament of the Group’s resilience strategy built on a strong foundation over the years.

# BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

IFRS 17 also took centre stage in this particular year with the Committee providing oversight of this project by ensuring all project risks were monitored and mitigated in a bid to guarantee success of the project.

The committee also reviewed the Company's Integrated Report as well as reviewed the effectiveness of the internal controls and the work of Risk and Internal Audit functions.

In respect of the financial statements, the Committee's focus was:



The Statement of Directors' Responsibilities on this can be found on page 147 of this report.

## Company Capital Adequacy

The Committee reviewed and affirmed that the Company's capital adequacy status was adequate. Further, the Capital Management strategy in place was sound and capable of supporting the Company's planned growth strategy.

## Filing of Statutory Returns

The committee reviewed the filing of various statutory returns in the Company and its subsidiary and was satisfied with the compliance levels. No major issue was noted during the period under review.

## Internal Control & Risk Management

The Board has overall accountability for ensuring that risk is effectively managed across the Company. On behalf of the Board, this Committee has responsibility for reviewing the effectiveness of internal controls including financial, operational and compliance controls.

In order to do this, the Committee:

- Receives and agrees on appropriate actions in response to regular reports from the Risk and Internal Audit function on:
  - » The status of internal control and risk management systems
  - » The department's findings, annual plan and the resources available to it to perform its work
  - » Any concerns expressed by colleagues about possible malpractice or wrongdoing
- Reviews whistle-blowing reports from the Company; and reviews the external auditor's management letter on internal financial controls.
- Seeks reports from senior management on the effectiveness of the management of key risk areas; and monitors the adequacy and timeliness of management's response to identified audit issues.

## BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Company's principal risks are set out on pages 91 to 98 of this report. The main features of the Company's internal control and risk management systems relating to the accuracy and reliability of financial reporting, including the process for preparing the integrated report are:

- Recruitment of suitable qualified and experienced finance, internal audit and risk team members
- Segregation of duties, clear lines and accountability and delegation of authority
- Policies and procedures that cover financial planning and reporting, preparation of financial and non-financial information and capital expenditure
- A robust period-end review process including review and commentary from process owners
- A tiered review process for external financial reports involving internal stakeholders from relevant areas of the business

No significant failings or weaknesses of internal control were identified during these reviews.

Where limited weaknesses and aspects requiring controls automation are identified, clear action plans were put into place to address these weaknesses and were captured as part of audit findings and functional risk registers with defined management responsibility.

### Information Technology Risks

As part of its oversight responsibility, this Committee reviews controls over ICT.

The Company has a qualified ICT systems auditor who reviews ICT systems general controls with an aim of providing an independent assurance on the effectiveness and efficiency of IT controls. Aside from that, working with the internal auditors, external auditors and external technical reviewers, the Committee was able to review the status of the Company's information security processes.

### Cyber Security and Data Protection

With the new Data Protection Act, 2019, the Committee placed significant focus on data loss risks with the Company adopting a clear roadmap and strategy for data protection compliance. An independent assessment of the Companies data protection status was conducted by Ernst and Young, a project that highlighted the effectiveness of the processes we have put in place to comply with the Act. The Committee also continues to monitor the cyber security landscape, a threat that continues to grow in the financial services sector.

### INTERNAL AUDIT

The Internal Audit Department provides objective and independent assurance to the Committee on the state of the company's risk management and governance frameworks, internal controls and integrity of the financial reporting process.

The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material financial misstatements or loss.

# BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Committee approved the Company's annual Internal Audit Plan, which was developed through a robust risk assessment of the Company's auditable universe. The Internal Audit function executed its mandate by issuing regular audit reports to the Committee as well as tracking and monitoring management action regarding implementation of audit recommendations.

Key audit themes covered in the audit period are highlighted in the table below:

Key Audit Theme	Audit Focus Area	Meeting Dates 2022
Information Technology	IT Asset Management	15th March
Information Technology	IT Security	15th March
Operations	Branch Operations and Retail Network	14th June
Operations	Underwriting	20th September
Information Technology	Cyber Security	22nd November
Information Technology	Claims System	22nd November
Compliance & Regulatory	Anti-Money Laundering	22nd November

The Committee is satisfied with the performance of the internal audit function and will continue to provide support in ensuring it is able to achieve its mandate effectively.

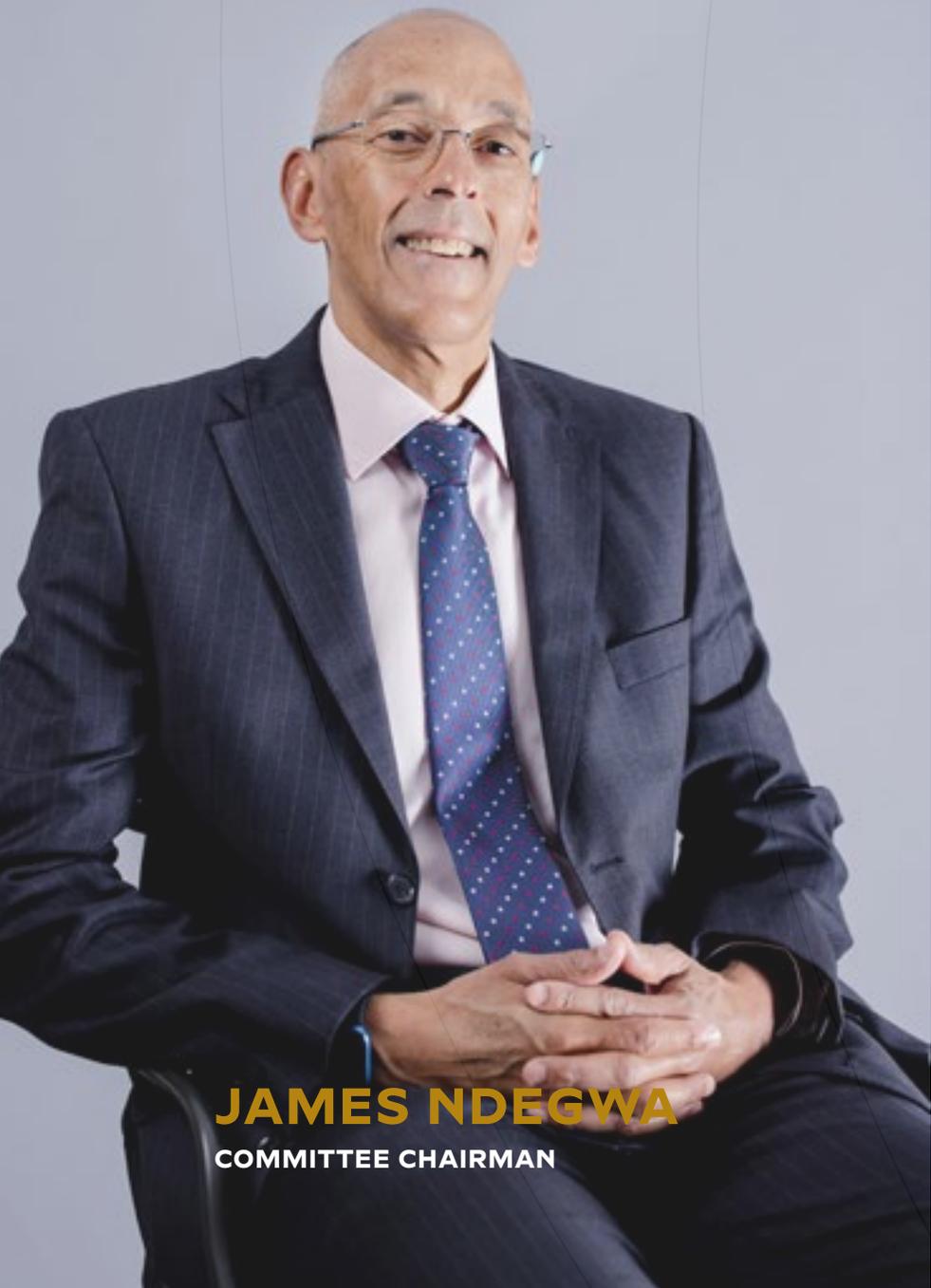
## EFFECTIVENESS & INDEPENDENCE OF THE EXTERNAL AUDITOR

The Committee considered the effectiveness of KPMG as the external auditor over the last year. In making this assessment, the Committee has considered the information presented by the auditors, management responses to the auditor's findings, including any adjustments and the level of audit fees.

To fulfil its responsibilities in respect of the independence and effectiveness of the external auditor, the Committee reviewed:

- Terms, areas of responsibility, duties and scope of work of the external auditor
- Audit work-plan for the Group
- Detailed findings of the audit including a discussion on major issues that arose during the audit
- The letter from the external auditor confirming their independence and objectivity

The Committee is satisfied with the performance and independence of the external auditor.



**JAMES NDEGWA**  
COMMITTEE CHAIRMAN

## BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

*"The overall purpose is to support the Board Vision of a Group characterized by integrity , professionalism and robust governance with a focus on empowering our people for enhanced performance culture. "*

2022 was a year that the Group was settling back to near normal recovery from the impact of the 2020/21 COVID-19 crisis that impacted the lives of everyone within the Country. It is a year that exemplified the Group's purpose of protecting and creating wealth for our stakeholders. As a Group we remain committed in improving the competitiveness of our people and living our value that Our People are Important to Us.

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on remuneration and incentive policies, recruitment and retention policies for senior management and the remuneration framework for directors, among other matters.

The Committee also makes recommendations for the appointment of potential directors, the evaluation of the performance and effectiveness of the Board, its Committees and Directors as well as succession planning.

In its efforts to realize key goals of the remuneration policy, the committee considers risks, and potential costs to the business in recommendations for the remuneration designs and applications.

During the year, two Nomination and Remuneration committee meetings were held to discuss the Group's people matters.

## BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

In discharging its responsibilities set out in the committee's terms of reference, the following were key focus areas for the year:

1. Review of the remuneration policy including review of enhanced employee benefits structure.
2. Reviewed the Company's compliance with regulatory frameworks, Best Practice, Corporate Governance and Relevant codes.
3. Overseeing the recruitment of senior management.
4. Continued to oversee business continuity and effective risk management to ensure occupational health and safety measures are complied with.
5. Assessing the wellbeing of employees through reports received from Management on employee health and wellness.

### Board Appointments

During the year the Committee recommended one non-executive board appointment that was made following regulatory approval.

### Mr. Ernest Mwangi Ndegwa

Mr. Mwangi was appointed on 21 March 2022. He has vast experience spanning over 30 years gained working in various industries that includes Real Estate, Manufacturing and Finance Consulting. Currently he is the Managing Director and Chief Executive Officer of Amalgamated Properties Limited.

Mr. Mwangi holds a Master of Business Administration and a Bachelors of Arts Economics Degrees from York University Ontario Canada.

### Remuneration Philosophy

The ICEA LION Group strives to ensure that the remuneration philosophy focuses on rewarding consistent and sustainable individual and corporate performance. In its efforts to realize the key goals of the remuneration philosophy, the Group considers risks, and the potential costs to the business in its recommendations for the remuneration designs and applications. It ensures that an appropriate balance is achieved between the interests of shareholders, operational and strategic requirements of the Group and offers attractive and appropriate remuneration packages.

### Remuneration Principles

The principles that reflect and drive the remuneration philosophy are:

- Fairly remunerate employees competitively based on skill set, experience and the contribution they make to the Company.
- Effectively compete in the talent pool to attract and retain the best talent within the industry the group operates in.
- Transparency, fairness and objectivity in the reward systems to ensure they are easily understood and communicated.
- Provide internal and external pay equity based on fair and transparent remuneration practices.
- Focus on pay mix structure that provide fixed and variable pay; and competitive benefits. Flexibility to accommodate business environment changes that impact staff remuneration issues.
- Promote and foster collaboration beyond individual roles, departments and operating business boundaries.

## BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

- The Group's targeted remuneration is aimed at providing a competitive and sustainable value for our employees to promote individual and Corporate performance. The remuneration levels are influenced by the prevailing market rates, business performance levels, viable cost ratios, and prevailing pay rates in our markets for competent staff. Periodic benchmark surveys within comparator organizations are conducted to inform remuneration levels, practices and other employee value propositions.



## BOARD INNOVATION AND ICT REPORT

### INTRODUCTION

In my last year's report, I wrote on the need for an efficient operating model for the technology and transformation department to guarantee that business continues to provide superior services in a tight industry environment that has low insurance penetration at 2% average in East Africa. That foresight has helped the ICEA LION Group to achieve great success amid the tech talent challenges the industry has experienced for the last two years. The opening of software development hubs by some of the world's largest tech companies in the country has caused the demand for quality tech talent to outpace the supply.

The challenge with tech talent will continue to bite and hence the need to create a compelling employee experience will be a constant. The other focus must be in seeking the opportunity that lies in the insurance penetration by creatively meeting customer needs with new products delivered at the convenience of customers.

### 2022 REVIEW

Looking back at 2022, it gives me pleasure to see what the company has been able to achieve in placing convenient capabilities at the hands of our customers and partners. Last year was a significant and successful year in our innovation and transformation journey. The company continued to add capabilities in our infrastructure and build interfaces to our customers and partners.

Our partners portal has seen significant upgrades with features that make our partners transact with ease.



**MUGWE MANGA**  
COMMITTEE CHAIRMAN

## BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

Our partners are now able to create and download their own quotations and digitally onboard clients.

Our partners have the benefit of automated reconciliation of their funds. We have also enabled our partners to initiate claims online from the portal. In pursuit of our strategy to integrate our services with brokers, we have opened our systems through secure Application Programming Interfaces (API) with brokers whose systems are ready for such integrations.

The business continues to focus on enabling full customer onboarding and transaction capabilities on our virtual chatbot advisor, Leo. In the comfort of their homes, and through the familiar WhatsApp communication, our customers are now not only able to open and transact their own money market investments but also for their joint accounts, as well as their children's. Our customers can now also buy a motor insurance and track their claims all on WhatsApp from the comfort of their homes.

Medical Second Opinion, a unique and very affordable insurance product for those seeking to have a second opinion on their medical diagnosis from the best doctors in the world, is now accessible end to end through WhatsApp communication with no need for customers to leave their homes.

To enhance the resilience of our systems and infrastructure, the company has migrated 25 of our customer facing workloads to the cloud in the course of last year.

This initiative has greatly increased the resilience and availability of our online services to the customers.

Internal process improvements continue to be a key focus area for the Technology and Transformation team.

### 2023 FOCUS AREAS:

This year business will continue to place convenience in the hands of our customers and partners with many services and products earmarked for provision through WhatsApp channel and web. This is an ongoing quest to completely change the way customers access our products and services.

We believe there is a need to serve the unique needs of women in East Africa.

We always pay the right attention to compliance with regulations and reporting and we have embarked to be fully compliant with the International Financial Reporting Standard , IFRS17 this year. In addition, we are looking forward to completion and commissioning of a **new insurance management system for the general business** that will improve our service provision to our customers and give a flexible platform to create new products and services with ease.

### ACKNOWLEDGEMENT:

As I have always held, the achievement of transforming our services to the customers is only possible through excellent focus and dedication by our people. I heartily thank all the ICEA LION Group staff without whom, these achievements we are proud of would not have been possible. My fellow directors in the board have continued to give invaluable advice and encouragement to the management and I am truly grateful to them.

# OUR RISK LANDSCAPE

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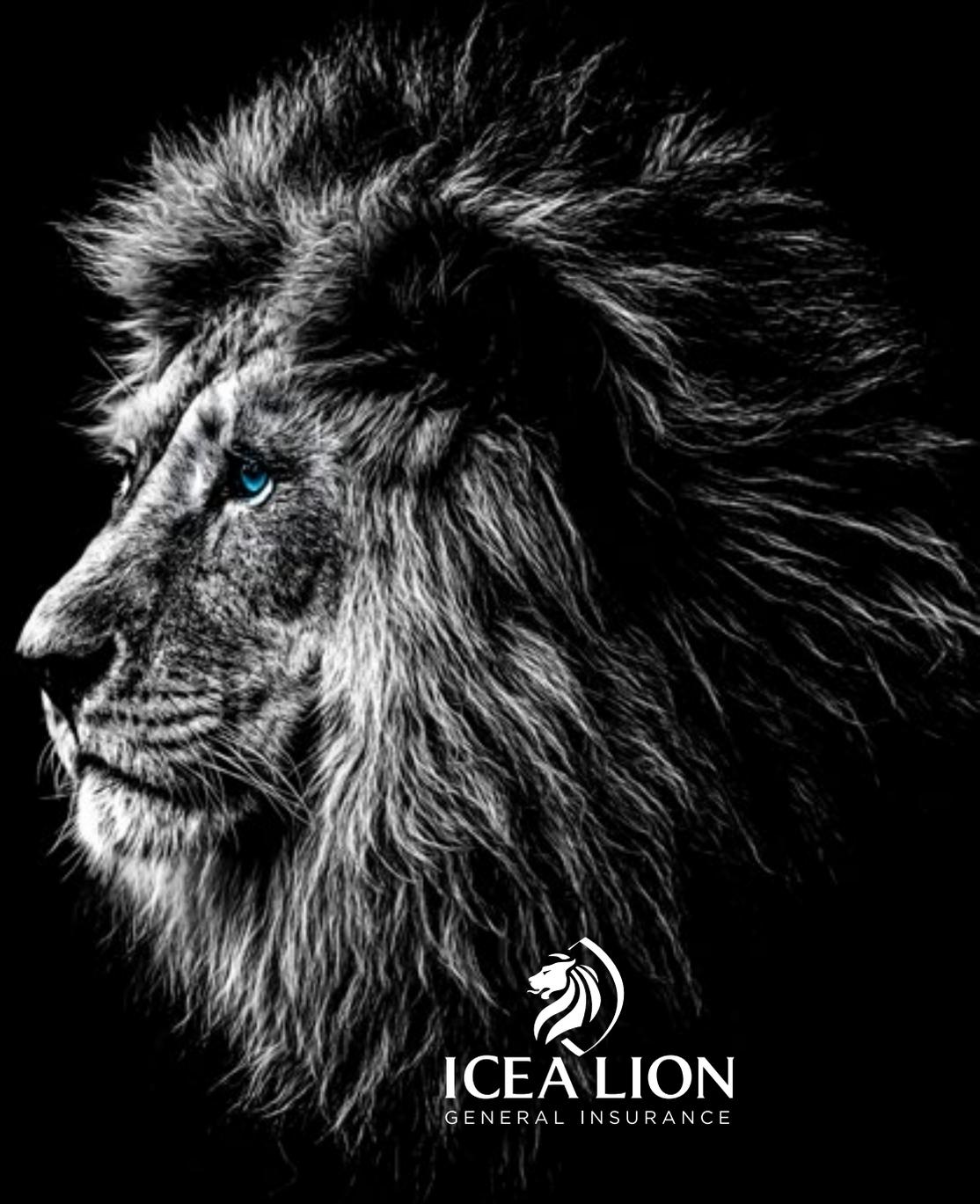
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**ICEA LION**  
GENERAL INSURANCE

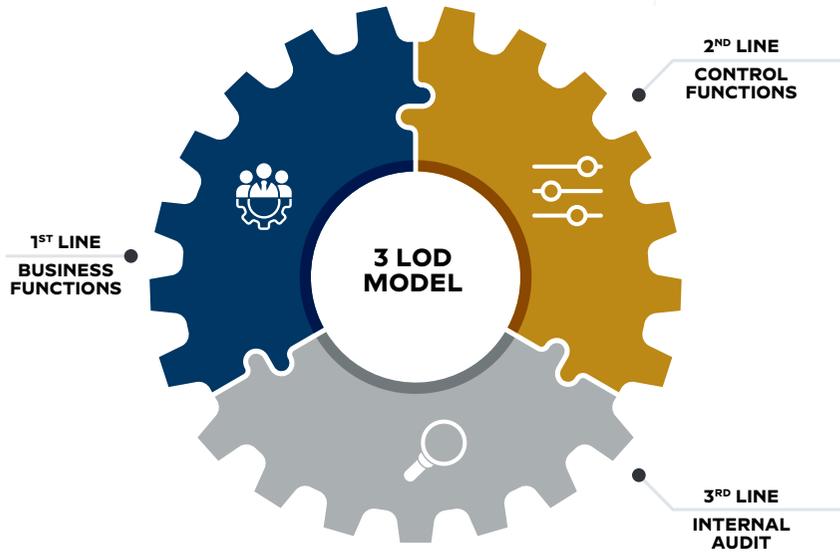
# GOVERNANCE, RISK AND COMPLIANCE



*“Effective management of risks as well as ensuring that our personal and market conduct reflects the highest standards of ethical and responsible business practices are key to supporting a sustainable future.”*

**Dorothy Maseke**  
Group Head Risk & Compliance

# OUR APPROACH TO RISK MANAGEMENT



1 <sup>ST</sup> LINE OF DEFENSE		2 <sup>ND</sup> LINE OF DEFENSE	3 <sup>RD</sup> LINE OF DEFENSE
The Board	<b>General Support Functions</b>	Risk Management Committees	Internal Audit
Business Units	Technology & Transformation	Risk Management Function	
<b>Technical support functions</b>	HR & Administration	Actuarial Function	
Finance	Marketing & Communications	Legal and Compliance Function	
Underwriting	Data Analytics		
Claims	Research & Development		
Reinsurance			

# DYNAMIC RISK ASSESSMENT

## DRA APPROACH

The DRA approach incorporates future trends and their downstream consequences to organizations so as to identify their future expected pathways of contagion and expected velocity.

### PANORAMIC VIEW OF RISKS

The Group implemented a Dynamic Risk Assessment (DRA) approach last year. DRA is a new technique for identifying and managing risks. This approach enables a connected view of risks; away from the traditional, two dimensional view of risk, by mathematically and visually illustrating risk connectivity, contagion and clusters. It introduces the dimensions of interconnectivity and velocity of the risks.

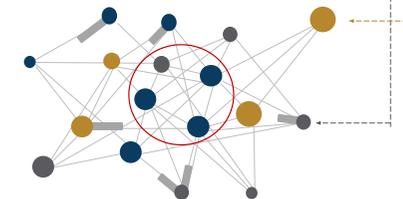
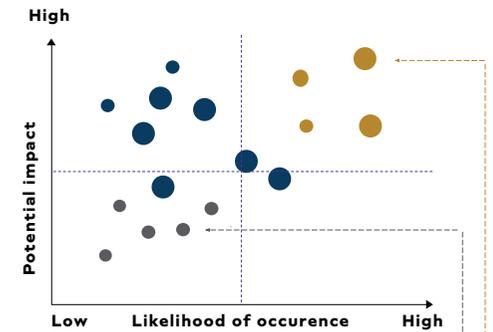
### UNIT OF RISK

DRA approach recognizes the absence of certainty regarding future events, and provides insights on business decisions, and results, by accounting for the occurrence of potential challenges such as macro-economic and geo-political risks, population growth, its flow-on effects on food and water supplies, the energy revolution, rising life expectancy, among others.

### VELOCITY OF RISKS

This proprietary approach was developed to deal with the limitations of traditional risk models in generating future outcomes when past data does not exist.

## TWO DIMENSIONAL VIEW OF RISK



This individually insignificant issue has hidden systemic significance: it triggers many other risks and opportunities into existence, all of them more significant than itself.

The individually most significant issue exhibits low levels of expected contagion. Likelihood and impact of this cluster exceeds those of this single issue.

## BUILDING RESILIENCE THROUGH RISK INTELLIGENCE

We have established and implemented a risk management framework as well as policies and procedures for managing risks within the Company. This framework is based on the ISO 31000 Enterprise Risk Management model. Key elements of this framework include;

- Identification
- Measurement
- Analysis
- Risk reporting

We have put in place a strong integrated risk management process in our daily business activities, as well as strong corporate governance structures that promote effective identification, monitoring and management of risk.

We have established a fully-fledged risk management and compliance function headed by a senior officer. The independence of this function is maintained by a direct reporting line to the Board Audit and Risk Committee. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team.

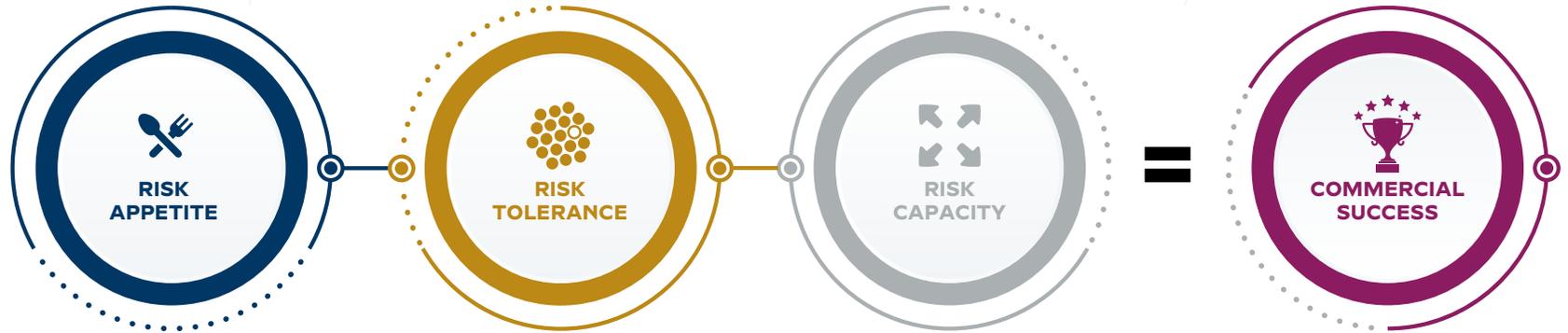
Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. Specific key risks are also measured individually against pre-defined risk tolerance levels.

These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programs for staff.

The latter is intended to enable staff attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.



# RISK APPETITE PROCESS AND SETTING



**RISK APPETITE**

Risk appetite is an expression of the amount or type of risk that the Company is generally willing to take in pursuit of its financial and strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations as they fall due, under both normal and a range of stress conditions.



**RISK TOLERANCE**

Risk tolerance is the maximum amount or type of risk the Company is prepared to tolerate above risk appetite for short periods of time on the understanding that management action is taken to get back within the risk appetite.



**RISK CAPACITY**

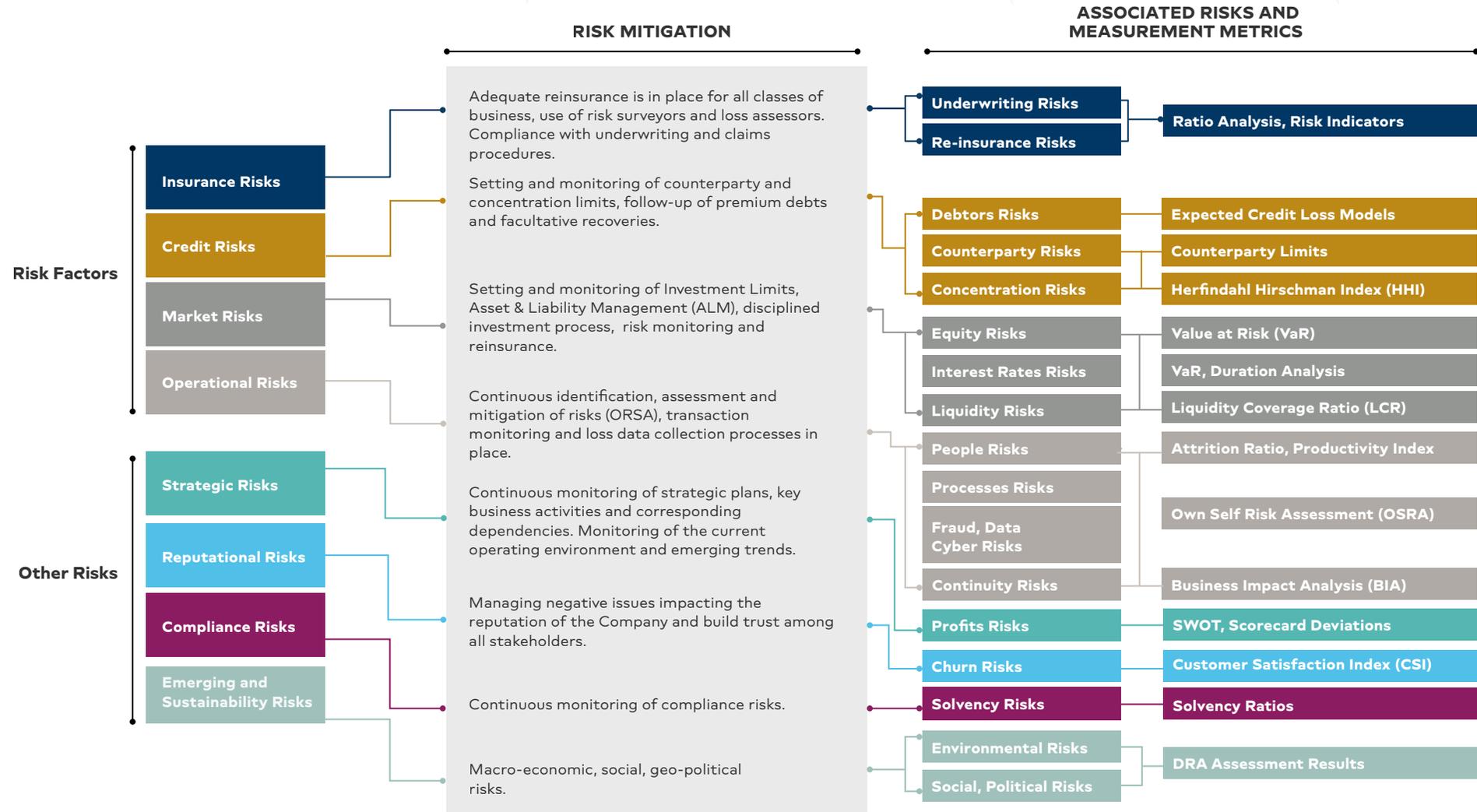
Risk capacity is the maximum amount of risk the Company is able to support within its available financial resources.

Setting the risk appetite by setting parameters that support business decisions and business growth.

The role of risk and compliance function is to support the Board in setting commercial appetite and direction and as a tool in the business for better decision making.

Aiding in decision making, continuously evaluating, responding to and managing our risks.

# RISK FACTORS AND MEASUREMENT



# RISK FACTORS AND MEASUREMENT



## BUSINESS RISKS

Business risks include cost risks and policyholder behavior risks.

**(a) Cost risks** are associated with the risk that expenses incurred in administering policies are higher than expected or that new business volume decreases to a level that does not allow the Company to absorb its fixed costs.

**(b) Policyholder behaviour risks** are risks related to the unpredictable, adverse behavior of policyholders in exercising their contractual options, for instance, early termination of contracts and renewals.

Assumptions on policyholder behavior are set in line with accepted actuarial methods and based on own historical data, where available. If there is no historical data, assumptions are based on industry data or expert judgment. It is used as a basis to determine the economic impact of policyholder behavior under different scenarios within our internal models.



## CREDIT RISKS

Credit risk is defined as the risk that a third party in a transaction will default on its commitments.

Given the nature of our core business activities, the Company monitors counterparty and associated concentration risks arising from investment portfolios held by the Company's insurance operations, and exposures on third party obligors stemming from the transactions with our customers and insurance intermediaries.

Additionally, the exposure to credit risk is covered by the statutory solvency Capital Requirement metric.



## MARKET RISKS

Market risks may arise as a result of market movements, which may expose the Company to fluctuations in the value of its assets, the amounts of its liabilities, or the income from its assets.

The main market risks to which the Company is exposed are the following:

- Interest-rate risk, spread risk and equity

risk related to the operating activities of Company

- Exchange-rate risk related to the Company's operating activities; and;
- Risks relating to the management of exposure to foreign currency exchange rate fluctuations.

A wide variety of Risk Management techniques are used to control and mitigate the market risks to which the Company is exposed.

- Setting and monitoring of functional limits on market risks.
- Asset & Liability Management (ALM), i.e. defining an optimal strategic asset allocation with respect to the liabilities' structure in order to reduce the risk to a desired level;
- A disciplined investment process, through analysis by the Investment arm, and a second opinion by Risk Management;



## OPERATIONAL RISKS

Operational risks that may arise from a failure in its organization, systems, processes and resources or from external events.

Operational risk includes legal risks and

# RISK FACTORS AND MEASUREMENT

excludes risks arising from strategic decisions, as well as reputation risks.

The Company's Operational risk framework provides for the setting out of a common system, dedicated risk champions and a common operational risk typology classifying operational risks into the following risk categories:

- Internal fraud
- External fraud
- Employment practices and workplace safety
- Clients, products and business practices
- Damages to physical assets
- Business disruption
- System failures and execution
- Delivery and process management

Its implementation is not limited to insurance activities. The risk framework embeds governance through senior management validation to ensure that the risk assessment is not only adequate, appropriate and comprehensive but also to ensure that for the identifiable risks, adequate corrective and effective mitigation actions are defined and implemented.

We have also integrated fraud risk management within the enterprise risk management activities.

We commit to the highest possible standards of openness, probity and accountability in all our affairs.

In light of this, we are determined to maintain a culture of honesty and zero tolerance to fraud and corruption. A board-approved fraud management policy is in place and it defines processes in relation to reporting and managing fraud and corruption.

Key elements of this fraud management system includes:

- Deployment of a whistle-blowing policy through an independently managed hotline
- Deployment of an Anti-Bribery policy
- Sanctions including legal actions against those found to have committed fraud
- Fraud awareness programs through training
- Due diligence processes for new staff, suppliers and other stakeholders

In addition, an incident collection and management process is in place in order to track and appropriately mitigate actual operational risk losses.

This process is also used as a valuable source of information to back-test the assumptions and controls taken in risk assessments. Business continuity, disaster recovery and crisis management plans are in place.



## STRATEGIC RISKS

The risk that strategic outcomes may differ adversely to expectations or that the strategy chosen may be suboptimal.

There are adequate controls and oversight processes with regards to strategic initiatives including regular updates and progress tabled at the Board.



## REPUTATIONAL RISKS

This is the risk of damage to the Company's image which may impair our ability to retain and generate business due to loss of trust and confidence or a breakdown in business relationships. We have no appetite for reputation risk.

We have set up a Crisis Management Team that handles reputational risks that may arise out of adverse media coverage, social media incidences, among others.

## EMERGING AND SUSTAINABILITY RISKS

The Company has identified 5 key emerging risks that may affect how we do business but at the same time introduce new opportunities to us. These are;

- Climate change, Natural resources and environmental management
- Artificial intelligence and big data
- Terrorism and threats to national security
- Social and demographic changes
- Cyber risks

### 1. ESG, CLIMATE CHANGE, NATURAL CAPITAL AND BIO-DIVERSITY

There are various initiatives at the international, regional and local levels with respect to climate change and sustainable finance, that continue to propose reforms to and make potential changes to investment activities, disclosure requirements, among others. Emerging requirements include the inclusion of environmental, social and governance considerations into insurance and asset management products, stress testing against climate change related risks as recommended by the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD), among others.

The Central Bank of Kenya (CBK) has recently published guidance on climate-related risk management requiring banks to submit Board-approved Environmental Social and Governance (ESG) and Climate Change implementation plans. CBK’s roadmap indicates that by June 2023, it will require banks to incorporate the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in their reporting and disclosures.



## EMERGING AND SUSTAINABILITY RISKS

The **Nairobi Securities Exchange (NSE)** has also released ESG Disclosures manual for listed companies which are meant to assist companies better embed ESG considerations into their strategies and operations and ultimately report ESG performance to stakeholders using a framework that meets international standards on ESG reporting.

The **Capital Markets Authority (CMA)** issued the Green Bond Guidelines which aims to give guidance to issuers in the capital markets as Kenya works towards developing a domestic green bond market.

The **Insurance Regulatory Authority (IRA)** has begun to pay attention to ESG and climate change and is currently developing guidelines that will require insurers to promote action on sustainability and provide disclosures on ESG. The increased activity generally represent regulatory and policy starting points which point to increased focus and attention within the financial services sector.

The current government has placed the climate change agenda as central to its economic strategy. Over the past two months the following have taken place:

- Release of the Draft Green Fiscal Incentives Framework by the National Treasury
- Set up of the Climate Advisory Council
- Set up of the Carbon Credit Regulations Taskforce
- Release of special tariffs by KPLC for e-mobility e.g. vehicles and motor cycles.

- Announcement of Kenya hosting the Africa Climate Summit in September 2023
- Commitment to the Global Bio-diversity Framework
- Commitment to transition to 100% clean energy through increased geothermal and hydroelectric power generation
- Exploration of debt-to-nature swaps as an economic resilience strategy

This focus presents significant risks to our business in terms of the need to comply with emerging regulations which may mandate reduction of carbon emissions alongside numerous disclosures. It however also presents significant opportunities given our leadership position in this space.

As an institution, we are members to;

- UN-convened Net Zero Insurance Alliance (NZIA)
- Taskforce on Climate Related Financial Disclosures (TCFD) insurer pilot group
- UNEP FI's Principles of Sustainable Insurance
- Taskforce on Nature Related Financial Disclosures Africa pilot group
- Africa Natural Capital Alliance (ANCA)
- The Nairobi Declaration on Sustainable Insurance
- United Nation Global Compact

We have established a clear sustainability process and strategy that guides our approach towards managing ESG risks and exploring opportunities that may arise.

OUR RISK LANDSCAPE

# EMERGING AND SUSTAINABILITY RISKS

We co-created the Nairobi Declaration on Sustainable Insurance (NDSI) which now has 100 signatories from across Africa. This Declaration is a statement of commitment by African insurance industry leaders to support the achievement of the UN Sustainable Development Goals (SDGs).

At COP 27, as NDSI signatories, we announced the set up of the Africa Climate Risk Facility (ACRF), a 900 million USD multi-donor Trust Fund that will support the insurance of 1.4 billion Africans cumulatively by 2030.

As members of the TNFD currently developing nature-based insurance solutions as part of the product development strategy.

We aim to achieve far more than minimum legal requirements on environmental compliance and are currently undertaking improvement programs of positive action by setting environmental objectives and targets as well as continuously monitoring and reviewing our environmental performance. We have most recently introduced a waste recycling process in conjunction with **Taka Taka Ni Mali (TTNM)**, a non-profit organization dedicated to sustainable waste management through reusing, repairing, repurposing, refurbishing and recycling of waste. TTNM will provide us with data on how our waste is being recycled and the end products produced from this waste. Please refer to pages 131 to 133 for more details on the waste recycling.

## 2. AI AND BIG DATA

We recognize the profound impact disruptive technologies have had on our business in the last decade and the likelihood for more disruption in the years to come.

These include the Internet of Things (IoT), blockchain, augmented reality, artificial intelligence, cloud processing, robotics and the growth of mobile technology. Availability of customer data, combined with technological capabilities of processing data quickly provides new opportunities in terms of customer segmentation and pricing.

New technology is crucial in terms of opening up new markets, spurring growth of the insurance industry as well as the ancillary businesses that grow around them. It however creates potential risks such as cyber risks which challenges institutions' traditional risk management models.

In response to this, we continue to leverage on cutting-edge technologies for the management and analysis of data. We have dedicated significant attention and resources on developing our digital infrastructure through our digital transformation agenda.

Our data analytics strategy, spearheaded by our Head of Data Analytics, evaluates the unique business challenges in our organization, matches those challenges with relevant data and resources and establishes processes that grow capabilities and institutionalize analytics to ensure key decision-makers have access to actionable results. Our strategy has also incorporated an agile governance that brings together all stakeholders involved in the development of digital solutions.



## EMERGING AND SUSTAINABILITY RISKS

### 3. TERRORISM AND THREATS TO NATIONAL SECURITY

The risk of terror attacks still remains high within this region. We have a special taskforce made up of senior executives who provide oversight to security and terror related risks. This taskforce meets with a Security Risk Consultant every quarter to review the security strategies that have been deployed. We also have a Security Risk Management Strategy that takes into account relevant security management and operating procedures which are monitored on a regular basis.



### 4. SOCIAL AND DEMOGRAPHIC CHANGES

There are significant social and demographic changes globally that continue to cause serious challenges related with education, economic prospects and mental health of the current and future society. In recognition of this, we continuously monitor these changes as we develop and improve on products that are more accessible and flexible to accommodate unique needs.

Noting that we have a significantly youthful population, we seek to offer dynamic and digital solutions that can address the needs of this demographic. We are continuously reviewing our product positioning with an aim of providing solutions that will fit the needs of this generation.

In light of being an ambidextrous organization, we have conventional products distributed via conventional means for our traditional customers who although are reducing in number, are still loyal to the ICEA LION brand.



## EMERGING AND SUSTAINABILITY RISKS

### 5. CYBER RISKS

According to the World Economic Forum Global Risks Report, cyber-attacks continue to be of high concern to businesses. Cyber-attacks are not only a concern for organizations, but for nations at large, changing the landscape of modern-day political machination and even warfare. Yet, with every passing year, the African cyber security landscape rapidly evolves.

Exposure to cyber-attacks remains high due to increased criminal activity within the financial services sector. This is evident from the hundreds of millions of losses that have been reported as a result of cyber-attacks in Kenya, which include ransomware events and man-in-the-middle attacks. The new Data Protection Act increases the regulatory burden on us with clients being more aware of their rights to privacy. The risk of litigation and/or regulatory sanctions therefore remains high. This region is even more vulnerable due to cyber security funding gaps as well as a lack of loss-data that would help in pricing of cyber insurance products in the market. Therefore, cyber insurance products remain pricey and out of reach for many organizations.

At Company level, we have a cyber-security management strategy approved at Board level. Key aspects of this includes enhancing the cyber security culture through regular training and work place programs among others. This is in addition to heavy investment in cyber security tools that can assist in mitigating this risk. Significant investments continue to be made to increase our cyber security posture with a well-trained cyber security team in place. We use next generation layered preventing and defensive systems controls.



# OUR VALUE CREATION

100	6 CAPITALS FOR VALUE CREATION
102	MATERIALITY ASSESSMENT
103	HUMAN CAPITAL
110	INTELLECTUAL CAPITAL
115	SOCIAL & RELATIONSHIP CAPITAL
130	NATURAL CAPITAL
136	MANUFACTURED CAPITAL
139	FINANCIAL CAPITAL



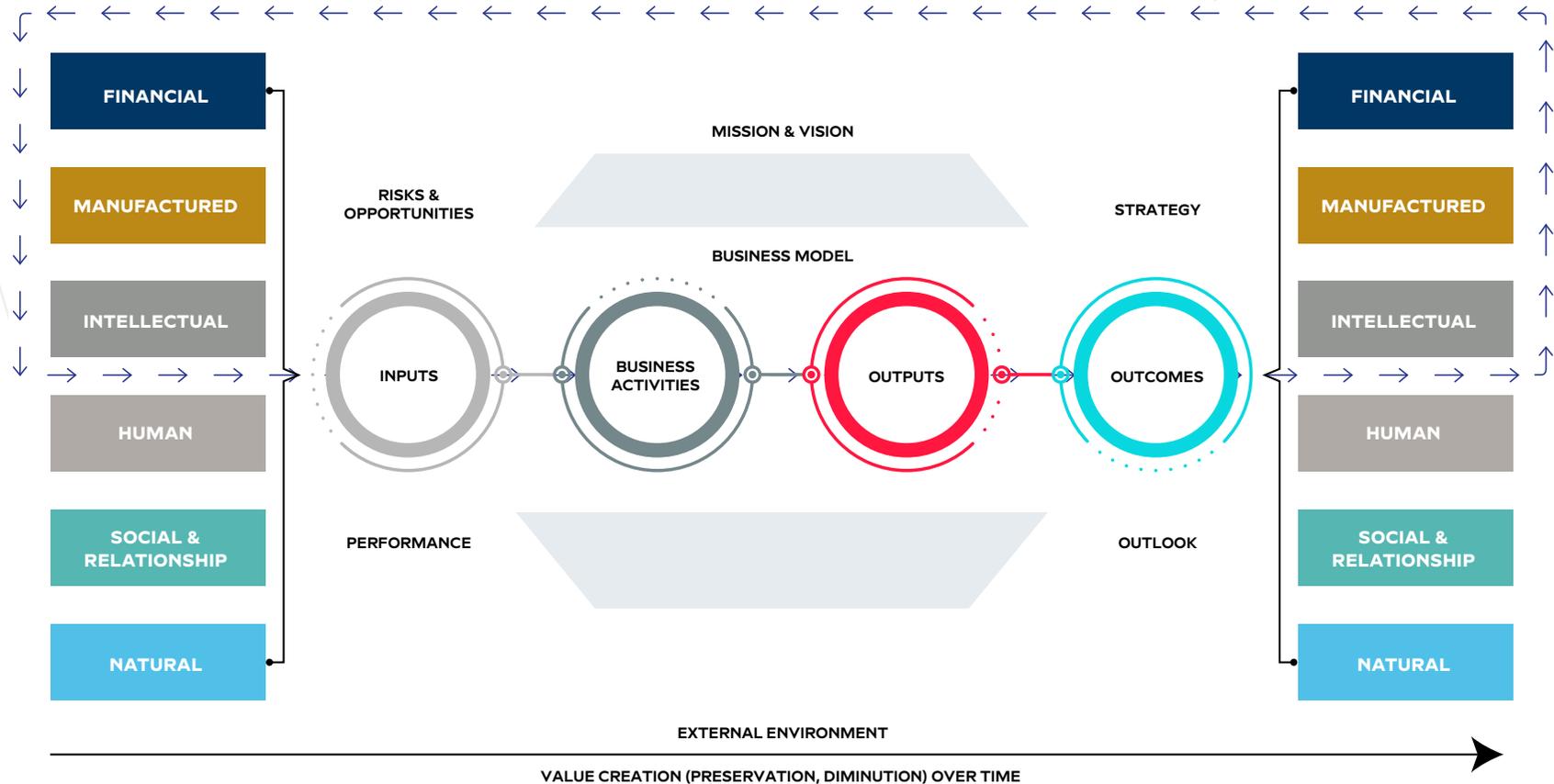
**ICEA LION**  
GENERAL INSURANCE

# 6 CAPITALS FOR VALUE CREATION

Having adopted the International Integrated Reporting Council (IIRC) framework, we use the 6 capitals approach to show how value within the organisation is built up and transformed for the benefit of the Group's long-term viability.

We have structured this section of the report in the form of the 6 Capitals and hope that they will be useful to our stakeholders in understanding the Group, our material issues driving our strategy and how we respond to the needs of our stakeholders.

The following diagram depicts how the 6 capitals relate to our business model.



## 6 CAPITALS FOR VALUE CREATION



### 1. OUR HUMAN CAPITAL

Our people are important to us and therefore this is one of the greatest capitals we have. It encompasses people's competencies, capabilities and experience, and their motivations to innovate.



### 2. OUR INTELLECTUAL CAPITAL

This is comprised of our knowledge-based intangibles such as intellectual property, e.g. patents, copyrights, software, rights and licenses. It also includes organizational capital e.g. tacit knowledge, systems, procedures and protocols. The Corporate brand image and reputation that we have developed over time are also a key consideration.



### 3. OUR SOCIAL AND RELATIONSHIP CAPITAL

These includes our institution and the relationships established within and between each community, group of stakeholders and other networks including the ability to share information and enhance individual and collective well-being. Shared norms, common values and behaviors, key relationships, and the trust and willingness to engage that we have developed over time as we strive to create and protect wealth for our stakeholders are also included here.

Our social license to operate, community related aspects including: corruption; anti-competitive behavior; customer health, safety and privacy; human rights such as non-discrimination, freedom of association, among others are also included here.



### 4. OUR NATURAL CAPITAL

These include all renewable and non-renewable environmental materials that we utilise in order to deliver the financial products and services that support our current and future prosperity. Other related aspects include biodiversity and ecosystem health, carbon emissions, effluents and waste. As a financial services player, we relate to various sectors of the economy and can therefore influence how our stakeholders relate to natural resources.



### 5. OUR MANUFACTURED CAPITAL

This is composed of physical objects that are available to us for use in the provision of services. They include our buildings, equipment and facilities, infrastructure, applications and systems, among others. We have invested heavily on infrastructure over the past few years, an essential component in building efficacy and efficiencies within our business model.



### 6. OUR FINANCIAL CAPITAL

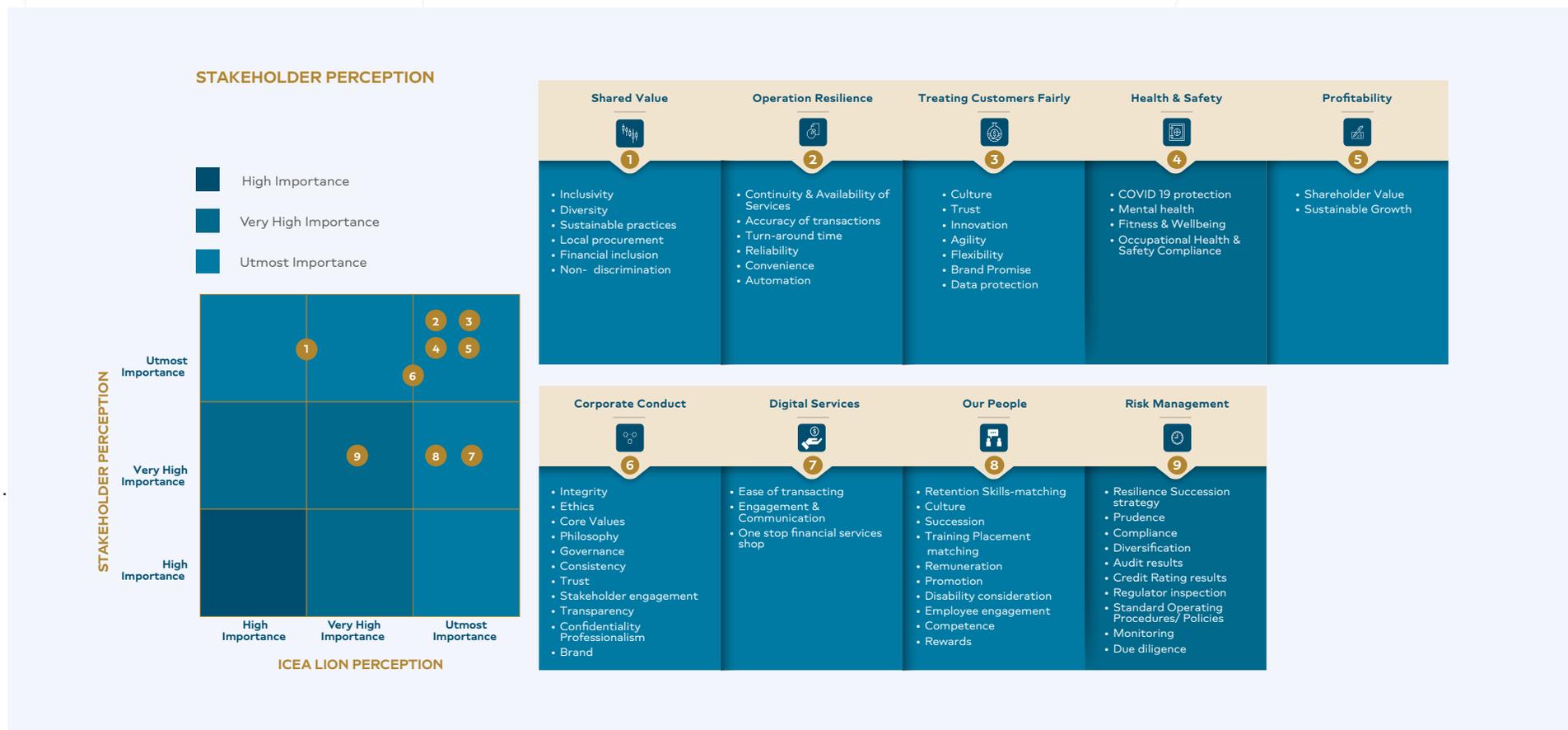
This is composed of financial resources or the pool of funds available to us for use in the provision of insurance services as well as the value we create in the economies in which we operate.

# MATERIALITY ASSESSMENT

## OUR MATERIAL ISSUES

Material issues are matters that may impact the Group’s ability to achieve its strategy, remain commercially viable or environmentally and socially relevant. They may also substantively influence the assessment and decisions of our stakeholders for example our shareholders, customers, suppliers and staff.

A scale has been used to rate the importance of these material issues as well as the degree of stakeholder perception and the Group’s perception. We have tested these material issues against the Global Reporting Initiative (GRI) standard.



## 1. HUMAN CAPITAL

Human capital is our most valuable and critical asset in the promotion of a high-performance culture driven by innovative, competent and engaged team for seamless achievement of business objectives and sustainability. To this end, ICEA LION continues to invest in the development of our people and providing an environment that promotes the best employee experience to enable delivery of timely solutions to our customers and other stakeholders. Our focus is to ensure that our people feel connected with our purpose.

During the year 2022, the following people initiatives were carried out:

- **Enabling Cultural Transformation** : The Group undertook a culture assessment survey to identify the existing culture and what needed to be addressed in order to create the desired culture.

The findings informed the need to address certain areas of our culture and in particular the development of new behaviors that needed to be embraced in order to make an impact in the industry. A culture improvement plan was developed and we are in the process of implementing the plan that aims at inculcating behaviors that lead to the desired culture.

Other initiatives that were implemented in the year in pursuit of creating a high-performance culture include:

- **Strategy Cascading Sessions**: In order to ensure our staff clearly see the link between their jobs and the business strategy, line of sight sessions for all staff were held.



- **Balanced Scorecard (BSC) Quality Assurance**: A quality assurance process was designed and implemented to ensure balanced scorecards were aligned to desired strategic business outcomes. This process saw improved levels of collaboration, accountability and better alignment of individual scorecards and business outcomes.
- **Staff Reward and Recognition Program**: The Group rolled out an online reward and recognition platform that promptly appreciates and recognizes talent to encourage the extra mile attitude and to increase staff motivation. There is continued peer-to-peer performance affirmation and employee celebrations through various recognition initiatives including birthday celebrations.

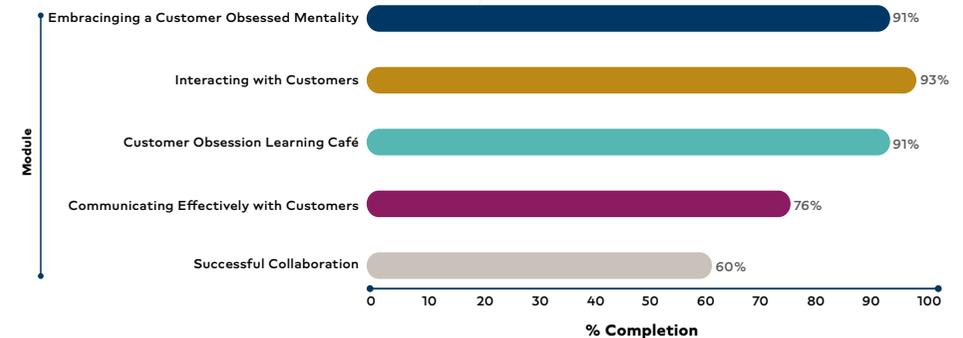
We continued to implement the Annual Simba awards to recognize excellence in our staff through the various nomination categories in the year.



# HUMAN CAPITAL

- Enhancing Accountability:** Accountability guidelines were developed to help in the creation of desirable work place practices and behaviors. Building the capacity of our managers and staff on the guidelines was key to driving the desired culture.
- Empowered Manager Program:** The desired shift to high performance saw the rollout of the Empowered Manager Program to build capacity of our teams in order for them to lead the change.
- Agile Culture update:** As a Group we have invested in building an agile culture. The survey completed in January 2022 showed an overall improvement of 3.26 in our agility score. All the culture dimensions had improved scores based on the year 2020 baseline survey results. Focus group discussions were held on the survey results that provided insights on what was positive as well as the areas that needed improvement for better engagement. These areas have been prioritized for implementation in 2023.
- Staff Empowerment:** ICEA LION has continued to empower its employees to deliver results. During the year, the Group invested in up-skilling employees on customer obsession through targeted eLearning and classroom engagements.

The eLearning platform was utilised by 82% of the entire staff complement. The impact was on average, a 2% improvement on customer satisfaction index. Other areas given prominence in the eLearning platform was with respect to agility and collaboration. The targeted eLearning courses included:



Apart from the targeted capacity building for all staff, we had initiatives around other areas of development, using a blended learning approach which includes:



**Online Learning**  
The Percipio platform drives 24x7 learning access, engaging staff in wide range of online content supporting personal growth, effective performance and leadership development.



**Professional Certification**  
To improve technical efficiency, staff are encouraged to pursue their career development through full certification within their area of expertise.



**Coaching**  
Drive a coaching culture to increase staff engagement and productivity, with a pool of well certified in-house coaches and a 24 hour online coaching support system.



**In-house Programs**  
Aligned to the comprehensive training needs carried out annually to improve staff knowledge, skills and behaviour as well as overall performance of the organization.



**External Training**  
Sponsored for specialized professional training and workshops to address skill gaps necessary for performance.

## HUMAN CAPITAL

One of the staff qualified as a Certified Financial Analyst Charter holder. The investment in the development of our employees acts as an essential enabler for business growth and sustainability.

One of our core values at ICEA LION is that our people are important to us. We value professionalism and pride ourselves in having our team of insurance professionals registered as members of the Insurance Institute of Kenya. We continue to up-skill our people to serve and innovate. Many thanks to Agnes Macharia and Jane Onibo from the Insurance Institute of Kenya for recognizing our contribution.



### The Challenge with Tech Talent

During the year, the Group lost a number of developer's who were key to accelerating the technology and transformation agenda. Outsourcing the skills on short contractual terms ensured successful delivery of the planned digital initiatives.

**Employee Wellness and Engagement:** In line with our values, wellness support was provided to our people through comprehensive health and wellness programs. These included;

- Fitness programmes aimed at attaining optimal state of health
- Annual wellness checks
- Nutritional advice and medical assistance

### i.) AKI Sport's Day

To enhance the wellness program, employees participated in the annual industry Sports Day organized by the Association of Kenya Insurance (AKI). ICEA LION emerged the overall winner in 2022.



### ii.) Wellness Webinars and Clinics

Other aspects of the employee wellness included health webinars, financial, investments and legal wellness clinics. All employees have access to 24 hour toll free counselling services for both employees and immediate family members.

# HUMAN CAPITAL

### iii.) Game Nights and free shave sessions

In an effort to raise the awareness of men health issues, our male employee's had a special treat for **Men only Game Night**, a free shave through a mobile barber shop and additional health talks in the month of November 2022.



### iv.) World Cup

Our employees who are football fans and their families had fun as they watched the 2022 World Cup Finals at ICEA LION Head Office at the Riverside Park.



- **Promoting Innovation:** Employees also participated in various other projects to promote innovation and entrepreneurial spirits by providing opportunities to learn from one another. Upon successful completion of the projects within the set timelines, team members are rewarded.
- **Enhancement of Staff Benefits:** During the year, the Group implemented enhanced medical benefits for staff and their families to ensure adequate cover. Mileage reimbursement costs for specific roles were revised to enable affected employees to meet the cost of fuel and vehicle maintenance.

OUR VALUE CREATION

## HUMAN CAPITAL

### Loss within the Year

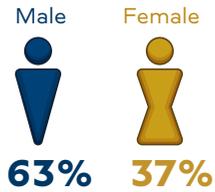
During the year we lost one of our colleagues, Mr. Francis Musyoka Nzwili. Francis was the senior assistant manager claims, Coast Region. Our heartfelt condolences to the family and the entire ICEA LION GROUP fraternity.

*Fare Thee Well  
Francis.*

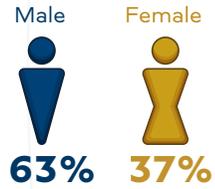


# HUMAN CAPITAL

**Management Gender Distribution 2022**



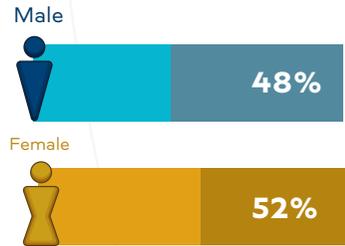
**Management Gender Distribution 2021**



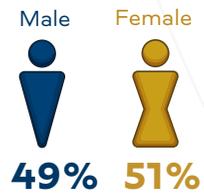
**Non -Management Gender Distribution 2022**



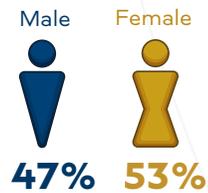
**Non -Management Gender Distribution 2021**



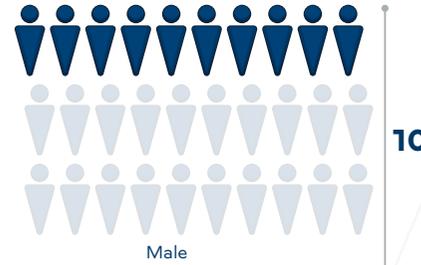
**Total 2022**



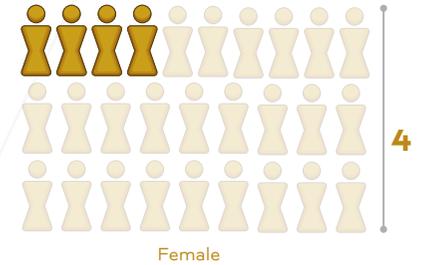
**Total 2021**



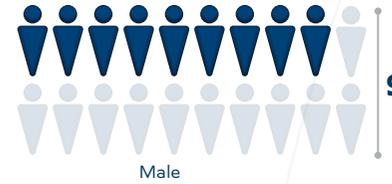
**New Hires Male 2022**



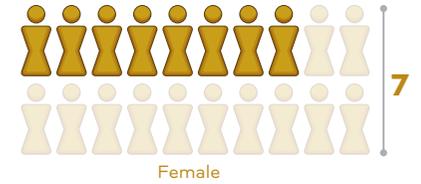
**New Hires Female 2022**



**New Hires Male 2021**

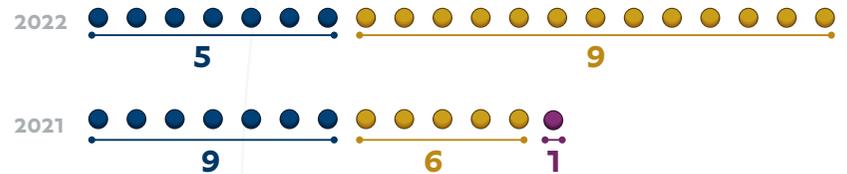


**New Hires Female 2021**



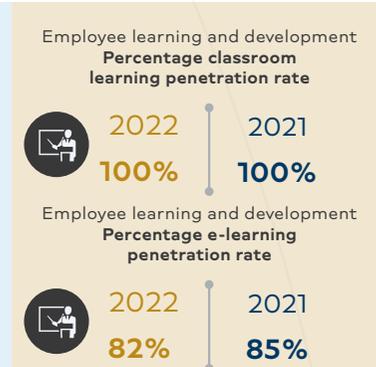
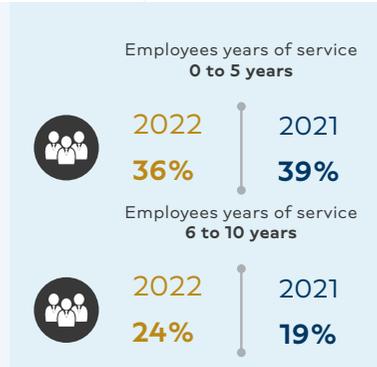
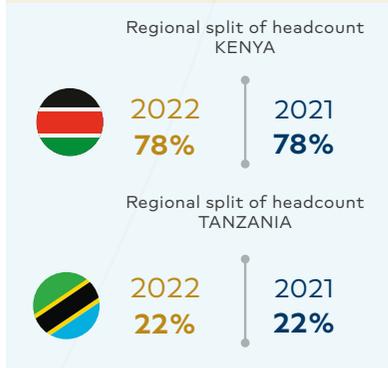
**New Hires by Age**

● Under 30 Years ● 30-50 Years ● 50+ Years



OUR VALUE CREATION

# HUMAN CAPITAL



## 2. INTELLECTUAL CAPITAL

Our business continues to create value through various initiatives that enhance collective institutional knowledge and intellectual wealth.

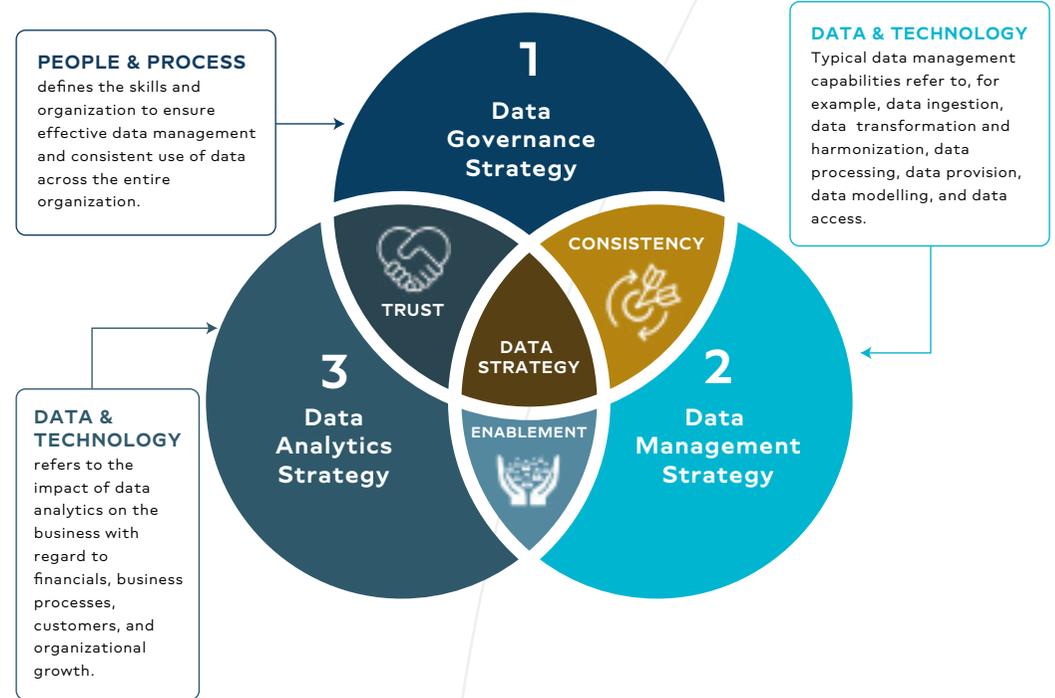
The Insurance Industry has evolved over the years with respect to digitalization and a great shift to customer obsession. As a business we recognize that to be relevant into the future we need to innovate and embrace:-

- Data Analytics
- Customer Experience
- Risk Management
- Regulatory Compliance
- Collaboration.

### Data Analytics

With the advent of new technologies, the business is working towards being proficient in using data analytics, artificial intelligence, and machine learning to analyze risk and make informed decisions. In recognition of this, our business has developed a 3 Pillars Data Strategy to enable us optimize our data.

### THE 3 PILLARS OF THE ICEA LION DATA STRATEGY



### Customer Experience

The business continues to improve our processes towards offering seamless and personalized customer experience. This has necessitated a deep understanding of our customer needs and preferences, as well as the ability to leverage technology to deliver customized solutions. To help us achieve this, the business during the year has continued to improve on our customers end to end journeys. The achieved innovations during the year include:-

## INTELLECTUAL CAPITAL

### a.) Digital Customer Self-Service Portal ([www.selfservice.icealion.com](http://www.selfservice.icealion.com))

Our existing clients can purchase insurance policies as well as view their policy statements from the comfort of their phone or computer using our Self-Service platforms.



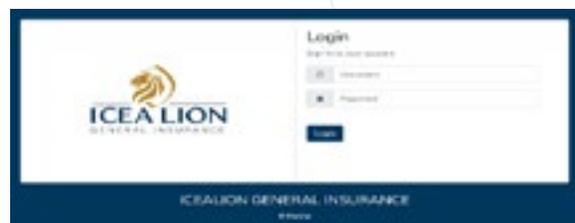
### b.) Travel Insurance Portal ([www.travel.icealion.com](http://www.travel.icealion.com))

Below is our Travel Insurance Portal. Our customers can obtain Travel insurance cover within a few minutes through this platform.



### c.) Corporate Marine Portal ([www. https://corporatemarine.icealion.com/](https://corporatemarine.icealion.com/))

Our corporate marine customers can obtain a marine certificate under 5 minutes via our marine portal.



### d.) Medical Second Opinion (MSO) Cover Enabled On WhatsApp

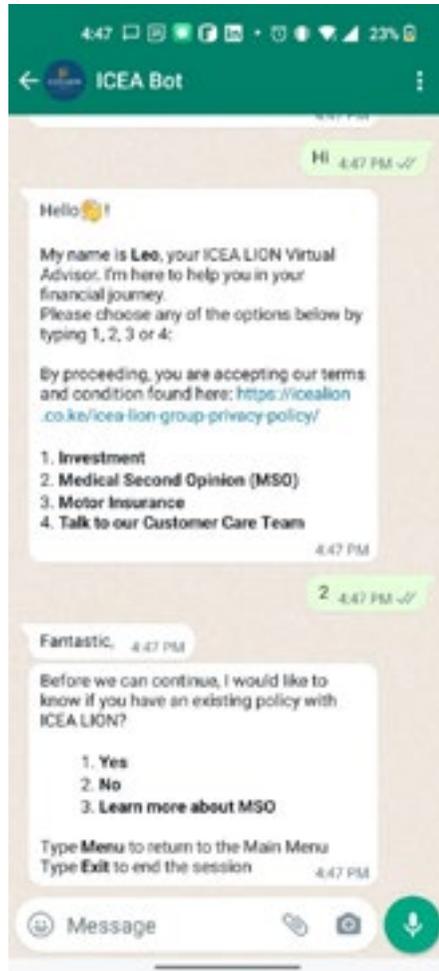
Our Medical Second Opinion (MSO) is a cover that gives our customers access to world class medical professionals to review their medical conditions while saving them money on travel outside the country to access these services. With this cover, you get the following benefits:

- Access to world class medical professionals to review client's medical conditions.
- Save money on travel outside the country to access these services
- Access to easy enrolment and payment process
- Review of diagnosis and treatment plan by specialists in world leading medical centers.
- Alternative treatment options

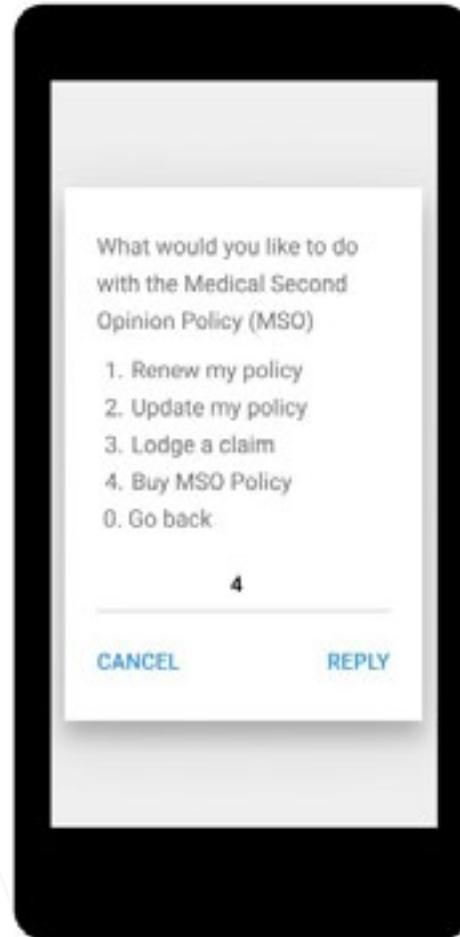
Our customers can now access and purchase our MSO insurance cover conveniently through our WhatsApp platform within 10 minutes. Our Leo Chatbot can also respond to basic questions and enquiries about the product instantly. The business is working on enabling this process through the **USSD \*793#**. Below are our MSO WhatsApp Chatbot and MSO USSD platform which is under development.

# INTELLECTUAL CAPITAL

## Buy MSO via WhatsApp Chatbot-In Use



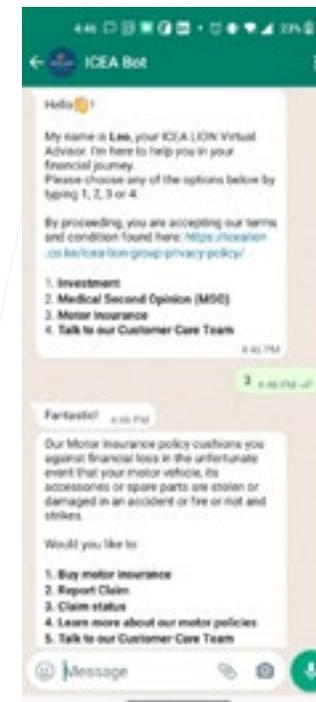
## Buy MSO via USSD(coming soon...)



## e) WhatsApp Motor Buy Journey

The business is in the process of finalizing the development of a WhatsApp solution to enable our customers purchase motor insurance through WhatsApp. Soon our customers will be able to purchase Motor Policies within 20 minutes on an end to end journey with a plan to further improve the period it takes in future roll outs.

Below is a log in picture to this innovation.



# INTELLECTUAL CAPITAL

## f) Social Media

Social Media is a powerful tool that allows ICEA LION to connect with our audience, build brand awareness, and drive engagement. Through social media we showcase our commitment to transparency, accountability, and stakeholder engagement. By sharing updates on the sustainability initiatives and stakeholder engagement efforts, we demonstrate our commitment to creating long-term value for all our stakeholders.

Social Media is an integral part of our customer obsession strategy to communicate with stakeholders and share information about our products, business operations, financial performance, and sustainability initiatives. As champions of prosperity and sustainable futures for our people, we aim to be an inspiring and enabling institution that empowers customers to chase their futures while conquering their today. On the right is a snapshot of our social media engagement across various platforms.



OUR VALUE CREATION

# INTELLECTUAL CAPITAL

## Risk Management

The business has evolved in its management of risk in an increasingly complex and interconnected world and adopted the Dynamic Risk Assessment Approach as detailed on Page 88. This has required a deep understanding of the interdependencies between various risks and the ability to develop innovative risk management solutions.

During the year, in recognition of the need to provide environment-based insurance solutions, we have developed an **Environmental Impairment Liability insurance (EIL)** which covers the cost of restoring damage caused by environmental accidents, such as pollution of land, water, air, and biodiversity damage. This solution also commonly referred to as **Pollution**

**Risk Insurance** covers four key specific risks which are:

- Clean-up Costs following a Pollution Incident
- Third Party Claims for Bodily Injury, Property Damage or Clean-up Costs
- Third Party Claims resulting from Transportation Activities
- Emergency Costs i.e costs incurred by the insured in response to a pollution incident that presents an imminent and substantial danger to human health and the environment

The popularity of this product is growing steadily, further emphasizing the need in the market for solutions to address emerging environmental challenges.

## Regulatory Compliance

Our business has continued to stay abreast of the latest regulatory requirements and compliance standards requiring a deep understanding of the regulatory landscape and the ability to navigate complex regulatory frameworks. The business is in the process of developing an operations software as noted under page 138 to further enhance efficiencies in our business operations.

## Collaboration

As a group we continue to collaborate effectively with other stakeholders, including brokers, agents, and customers, this has necessitated strong communication and interpersonal skills, as well as the ability to work in a team environment. To achieve this, the business has innovated towards development of a **Partners Portal** that enables seamless sharing of information with our intermediaries.

Our Financial Advisors (FAs) will no longer require physical proposal forms in the near future. Instead, they will be able to onboard new clients and issue cover through our new Agent Mobile Platform within 30 minutes, eliminating the need for proposal forms.

Our Partners Portal enables our partners, brokers, and intermediaries to efficiently do business with us.

## Agent App - Under Development



## Partners Portal (www.partner.icealion.com) - Rolled Out



### 3. SOCIAL & RELATIONSHIP CAPITAL

In 2022, we continued to build our Social and Relationship Capital through several initiatives involving both our staff and customers. Our staff are the front-line ambassadors of our brand and we have seen their passion and commitment to building the ICEA LION brand through the engagements that they undertake both internally as well as with our partners and customers.

We highlight here some of the key engagements that went a long way towards building our Social and Relationship Capital and ultimately, our brand.

#### GOING ABOVE AND BEYOND ON CLIMATE FINANCE

##### Growth of the Nairobi Declaration on Sustainable Insurance

Together with the UNEP-FI, ICEA LION co-developed a statement of commitment for sustainable insurance linked to the United Nations Sustainable Development Goals (SDG). This commitment dubbed "The Nairobi Declaration on Sustainable Insurance" aims to promote collaboration among all like minded stakeholders to promote the goal of sustainable and inclusive development through our business practices. Starting with 8 signatories in April 2021 when the declaration was launched, there are currently more than 100 signatories to the Declaration from across Africa. The growth of this Declaration has been that of a joint effort between ourselves and other Founding signatories FSD Africa, Namib-Re and African Risk Capacity who have all worked to raise awareness and drive more membership to the Declaration. The Declaration is now funded and resourced by FSD Africa.



For more information on the Nairobi Declaration, please visit: [www.sustainableinsurancedeclaration.org](http://www.sustainableinsurancedeclaration.org)

##### Launch of the Africa Climate Risk Facility

We are glad to be part of the global financial institutions that are championing sustainable ways to fight climate change. At COP 27, we made a commitment as signatories to the Declaration to underwrite a total capacity of 14 billion USD of cover for climate risks by 2030. Through this facility, we are rallying our peers from across Africa to cumulatively protect 1.4 billion people against floods, droughts and tropical cycles over the next 7 years. This is a testament to our quest to ensure that we contribute to the long term sustainability and resilience of our countries. This was announced at an event that we, ICEA LION, FSD Africa, Namib-re and African Risk Capacity, co-hosted together with the UN High Level Climate Champions on Finance Day at COP 27. In this event, we announced the set-up of the Africa Climate Risk Facility (WW), a multi-donor Trust Fund that will be available for all NDSI signatories for purposes of premium subsidies by sovereigns and sub-sovereigns, capacity building and support for product development for ESG and Climate Change oriented products. We are part of the team playing a leading role in the set-up of this facility and are currently mobilizing funds for this facility to ensure that it can provide the pool of premiums from which NDSI signatories can all participate.

# SOCIAL & RELATIONSHIP CAPITAL

## COP 27 Pictorials



## SOCIAL & RELATIONSHIP CAPITAL



On Resilience day at COP 27, we participated in a panel discussion alongside The Global Energy Alliance for People and Planet and the UN High Level Climate Champion. The session's theme was "Opportunity to Accelerate System Transformation for Resilience" with the purpose being to showcase the implementation agenda and cast a spotlight on financing resilience. We specifically covered the role that the Africa Climate Risk Facility will play in enabling economic resilience in Africa.



### Participation at the World Economic Forum

Most recently and in recognition of our leadership in this space, ICEA LION was invited by the Permanent Mission of Switzerland in Geneva to speak at the House of Switzerland on Geneva Day in Davos, Switzerland. This high level event was graced by two Heads of State -the President of the Swiss Confederation, H. E Mr. Alain Berset and the President of Equador, H. E Mr. Guillermo Lasso Mendoza. We participated in a session titled "Time for sustainable finance to accelerate the decarbonization of the economy," where we highlighted our sustainability journey and the progress we have made on sustainable finance.

## SOCIAL & RELATIONSHIP CAPITAL



### GOING ABOVE AND BEYOND IN THOUGHT LEADERSHIP ENGAGEMENT

#### Participation in the UNEP PSI's Target Setting Protocol

As the only Africa participant to the NZIA, we played a role in the development of the Target Setting Protocol in a project coordinated by the UNEP PSI. This is in recognition of our need to set science-based targets that will keep us on track with our transition plans towards reducing green-house gas emissions. This Protocol was released at the World Economic Forum in Davos, Switzerland.



#### Participation in Partnership for Carbon Accounting Financials (PCAF)

In September 2019, the Partnership for Carbon Accounting Financials (PCAF) was launched globally to harmonise greenhouse gas (GHG) accounting methods and to enable financial institutions to consistently measure and disclose the GHG emissions financed by their loans and investments (so-called financed emissions). In 2020, the first version of The Global GHG Accounting & Reporting Standard for the Financial Industry (the "Financed Emissions Standard") was launched. As an industry-led partnership, PCAF is governed by a Steering Committee formed by ABN AMRO, Amalgamated Bank, ASN Bank, the Global Alliance for Banking on Values, Morgan Stanley, NMB Bank, Triodos Bank, and a representative from the United Nations (UN)-convened Net-Zero Asset Owner Alliance.

## SOCIAL & RELATIONSHIP CAPITAL

At the time of publishing this document, more than 329 financial institutions, including banks, investors, asset managers, re/insurers, participate in PCAF.1. A new PCAF working group was initiated in October 2021 to co-create a separate global GHG accounting & reporting standard for emissions associated with re/insurance

underwriting portfolios (i.e., Insurance-Associated Emissions Standard). We are part of the 16 members of the PCAF Insurance-Associated Emissions Working Group as depicted below.



# SOCIAL & RELATIONSHIP CAPITAL

## Participation in Life and Health ESG Guide

We were one of 12 leading insurers from across the globe and UNEP who developed the first ever ESG Guide for Life and Health. This guide:

- Provides recommended guidance to insurance industry participants in developing approaches to evaluate the potential impact of ESG risks on underwriting risks in life & health insurance business from both individual and group business perspectives.
- Highlights the potential materiality of certain ESG risks on underwriting risks in the life & health insurance business, and provide examples for consideration to mitigate such risks.
- Addresses growing concerns by key stakeholders (e.g. NGOs, investors, governments, regulators) on ESG risks and articulate the peculiarities of the insurance business.
- Demonstrates the valuable role the insurance industry plays in the global economy and society, and strengthen the industry's contribution to sustainable development.



We are indebted to all the individuals and organisations worldwide who contributed invaluable insights to the development of this pioneering guide through a global survey, a public consultation, and various meetings.

### Project team co-leads

#### UN Environment Programme

- **Butch Bacani**  
Programme Leader, UNEP's Principles for Sustainable Insurance Initiative
- **Diana Diaz**  
Programme Supervisor, UNEP's Principles for Sustainable Insurance Initiative

#### HSBC Life

- **Edward Monoreiffe**  
CEO, HSBC Insurance (Asia) & HSBC Life (International)
- **Claire Mackenzie**  
Head of Sustainability, HSBC Global Insurance & Partnerships
- **Teresa Fung**  
Senior Sustainability Implementation Manager, HSBC Global Insurance & Partnerships

### Project team members

- **Wiebe Koek** (Achmea)
- **Amita Chaudhury**, **Wilfred Luk**, **Aditya Reuben Holder** (AIA)
- **Chad Park** (Co-operators)
- **Anne Schielke** (ERGO)
- **Asman Mugambi Ibrahim**, **Kennedy Odenyo** (ICEA LION Life)
- **Sebastian Solka** (Munich Re)
- **Angélique Bayot** (OCOR)
- **Tomas Carmona**, **Vicencius Cataldi** (SulAmérica)
- **Maira Gill**, **Mark Hardy** (TD Insurance)
- **Carmen Gimeno**, **Jordi Balcells**, **Andrea Davila Brindley** (VidaCaja)
- **Stefan Krüpfel** (Zürich Insurance Group)

## SOCIAL & RELATIONSHIP CAPITAL

### Participation in TNFD Africa Pilot Group

We have also been active members to the Taskforce on Nature Related Financial Disclosures (TNFD) insurer pilot group, where we were one of the African voices piloting the beta-version of the TNFD framework. The TNFD was established in response to the growing appreciation that finance is a critical part of the solution and the beta TNFD framework seeks to shift financial flows to nature-positive outcomes. The Africa pilot's objective is to build knowledge, awareness and capacity on nature in financial institutions as well as capture Africa-specific feedback which will ensure the framework is fit-for-purpose for African financial institutions. We have been part of this 'African Voice' pilot and are leading the way globally on engaging with and testing the TNFD framework.

### Participation in the Africa Natural Capital Alliance (ANCA)

ANCA is an African-led collaborative forum to enable nature-positive outcomes. Through ANCA, we have spoken at three events during the year where we persuaded our peers to tackle the nature agenda.

### Participation in the Nature Positive Taskforce

We have been active members to the Nature Positive Task Force which is developing thought leadership and guidance notes on how insurers can support countries' Nature and Biodiversity plans in light of the recently released Global Biodiversity Framework at COP 15.

### Rallying our West African Colleagues

We participated at a high level event of the Nigerian Insurance Industry at the College of Insurance and Financial Management Annual Conference of Insurance Directors and Executives in collaboration with Nigerian Regulator, the National Insurance Commission (NAICOM). The theme of the event was Transforming the Insurance Industry Through ESG: Director Roles where we were privileged to speak on the topic 'ESG Integration in the African Insurance Industry: Lessons to be Learnt'. We challenged our West African colleagues to embrace ESG and encouraged them to become signatories to the Nairobi Declaration on Sustainable Insurance. This rallying call was captured by a communique that was sent out to the Nigerian Insurance Industry as well as the Nigerian media. In the coming year, we plan on an aggressive recruitment drive to the Declaration from the Nigerian and North African market. We recognize that more diverse voices make the African voice stronger and we can more effectively engage our peers, regulators and policy makers to pursue sustainable business practices.



# SOCIAL & RELATIONSHIP CAPITAL

## Contribution to Journals and the Media






### World leading medical experts now available to you from ICEA LION!

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WE'RE BETTER TOGETHER | INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

## Achieving customer-centric delivery

BY ANDREW MUTURI

Owing to economic stress, the insurance penetration rate in Kenya decreased from 2.34 percent in 2021 to 2.2 percent in 2022. Indeed, many households are finding it difficult to prioritise insurance within their limited budgets. But while this may be the case, insurance is a low-cost way of managing unexpected large costs from various misfortunes.

Selling insurance in a market where it is not highly prioritised calls for insurers to be more creative in coming up with solutions and products that speak to customers' specific needs and fit within their thin budgets. This calls for a disciplined understanding of the customer.

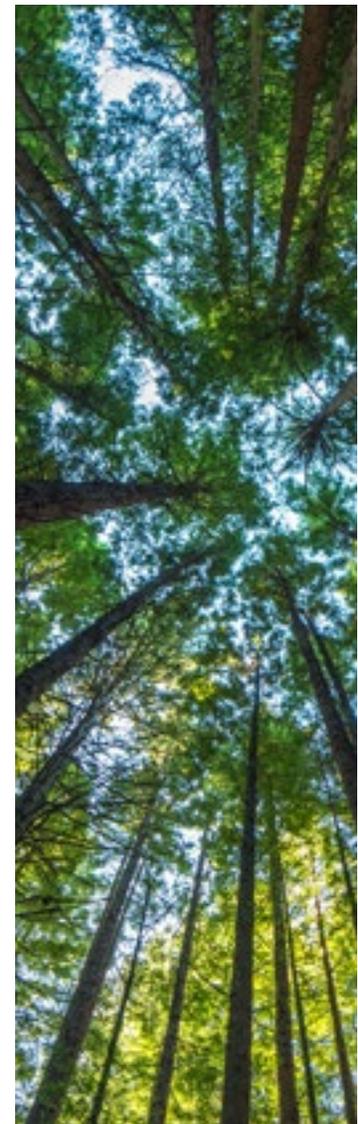
There are many factors to be considered when pricing an insurance product, with a need to balance both investor interests and consumer needs. Insurers have to strike the right balance.

Fortunately, the journey has already begun and the conversations are happening in some insurance companies. Partnerships are emerging as key to sustainable solutions that deliver cost-effective products to consumers.

The key is to achieve customer-centric delivery and specific products that customers can use and access at lower costs. Innovation on insurance products that cater for specific needs has also come in to lower the cost of insurance, as opposed to catering for many aspects that the consumer may not need. This will drive the uptake of such insurance products.

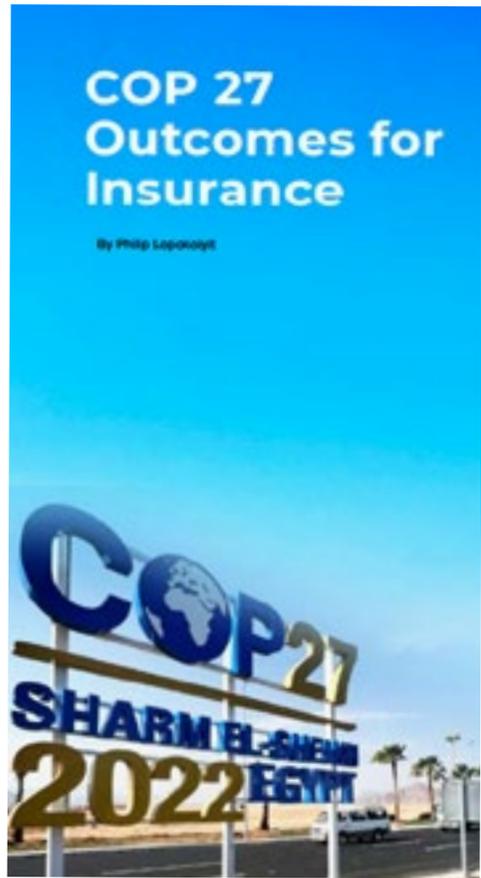
Hence, the future is bright for Kenyan insurance customers as various companies scramble to offer better solutions and service.

**The writer is the Head of Direct Business at ICEA LION General Insurance Co Ltd**



# SOCIAL & RELATIONSHIP CAPITAL

## Contribution to Journals and the Media Continued



The twenty seventh Conference of the Parties (COP 27) was held in Sharm El Sheikh, Egypt in November and as financial institutions, we have a lot to reflect upon. It has been well said about Africa's contribution to carbon emissions. Indeed, we have contributed the least—less than four per cent and specifically for Kenya, about 0.1 per cent. This has been a common argument for years and very well so, but it is time we focused on the opportunities rather than the challenges.

It is not to say that highlighting African challenge is not important. A just transition that does not lag behind our development as African nations is key and COP 27 finally gave this the much-needed focus. This, in addition to the Parties agreeing to the establishment of the long-awaited loss and damage fund for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, was a big win for Africa. It is notable that nature and biodiversity are critical to this discussion, much so that one cannot speak about climate change without mentioning nature and biodiversity. These two were a major area of focus at COP 27.

It is for this reason that we co-chaired, together with the UNEP Principles of Sustainable Insurance (PSI), the Nairobi Declaration on Sustainable Insurance (NDI) in April 2021. The NDI is an Africa-focused initiative designed to encourage and support African insurance market players in achieving the UN Sustainable Development Goals. Signatories to the Declaration sign their willingness to develop ESG principles within their businesses. It is a pioneering tool, therefore, for insurance players in Africa to become change agents in light of the urgent challenge facing humanity. This role has been well acknowledged, including most recently by the World Economic Forum that highlighted Africa's unique position where the insurance sector, unlike other markets, is leading Africa's sustainability path. Starting with just eight signatories in April 2021, with the help of partners such as the ISG Africa, we now have 61 signatories to the NDI from across Africa.

To expand further into the West African market, we most recently spoke at the insurance directors annual conference in Nigeria convened by the Nigerian College of Insurance and Financial Management. At this event, we shared our journey on ESG encouraging West African insurance players to sign up to the NDI. We are pleased that this call to action has been circulated in the latest communication by the College to the insurance industry in Nigeria.

The key highlight of the NDI activities this year, was hosting a COP 27 event on November 9. This event was led by a team of signatory representatives (ICEA LION, African Risk Capacity and Sumo-Be) together with the UN Climate Change Champions. The event theme was dubbed "Leveraging the African Insurance Industry to Create Resilient African Economies".

At this event, NDI signatories committed to taking action to address the African climate change challenge through the establishment of the Africa Climate Risk Facility. This facility includes a cumulative \$900m multi-donor funded Trust Fund that provides premium subsidies, product development technical assistance and policyholder capacity building. Signatories commit to underwrite, through the facility, 50% of cover for climate risks to protect sustainably, 1.4 billion people against floods, droughts and tropical cyclones by 2030. The facility is a mechanism to scale private sector underwriting of climate disaster risk in Africa. It will facilitate the uptake of climate risk insurance by African sovereigns, cities and humanitarian organisations in order to help African countries better manage the financial impacts of climate shocks and increase the resilience of the most vulnerable communities. It intends to offer a collaborative approach to developing, implementing and scaling up climate risk insurance products in the continent and will include collaboration between Governments, the insurance sector, development agencies, humanitarian agencies and Development Finance Institutions (DFIs). Together with development partners, and as signatories, we are working towards mobilising resources for this Trust Fund. NDI signatories will participate as private insurers through a competitive bidding process whereby bids will be filtered based on a pre-defined selection criteria.

Another initiative that creates significant opportunities for us is the insurance sector, especially given our role as asset owners in the Africa Carbon Markets Initiative (ACMI). The initiative, led by the Global Energy Alliance for People and Planet (GEAPP) and the United Nations Economic Commission for Africa (UNECA) aims to expand Africa's participation in the Voluntary Carbon Markets by setting carbon emissions for the continent. It will develop a road map that will be implemented over the next few years to meet those ambitions. Insurers, as asset owners and managers—in cases of large insurance groups—cannot and should not be left out of the carbon markets agenda.

The Kenyan insurance industry should join the NDI, as a sign of commitment to the climate change and ESG agenda. It will also make the industry eligible to participate in the Africa Climate Risk Facility, an opportunity that will be open to all signatories who have the willingness to develop and roll out these products.

OUR VALUE CREATION

# SOCIAL & RELATIONSHIP CAPITAL

## ABOVE & BEYOND WITH OUR ENGAGEMENTS

### Customer Service Week

The theme for Customer Service Week was 'Celebrating Service and Sustaining Customer Inclusion' and we took the opportunity to celebrate our customers through all our customer touchpoints.

Moments captured during our Customer Service Week. Our clients and colleagues had a great time! We value your patronage and are looking forward to serving you today and beyond.



## SOCIAL & RELATIONSHIP CAPITAL

### The ICEA LION 'King of the Course' Golf Series

The King of the Course Golf Series has proved to be an invaluable avenue for Customer Appreciation and acquisition. The Series is a much anticipated event by our customers across the country. The ICEA LION King of the Course Golf Series held its 5th leg at Nandi Bears Club in Nandi County. Faith Jemutai nabbed the top prize for the tournament.



### End of Year Christmas Party

The African Themed party was a great opportunity to bring staff together and also appreciate key staff for exemplary performance.



# SOCIAL & RELATIONSHIP CAPITAL



## AKI Sports Day

ICEA LION team delivered a fantastic performance at the AKI Sports Day, winning 1st prize and bringing several trophies home.



## SOCIAL & RELATIONSHIP CAPITAL

### CORPORATE SOCIAL INVESTMENT

During the year we engaged in several activities as part of our corporate social engagements. These include:

#### Lewa Marathon.

'ICEA LION was the event's Sustainability Sponsor, partly underwriting the cost of the event and purchasing 200 tree seedlings for Lewa from the Ngare Ndare Forest Trust.'



#### Tree Planting.

'ICEA LION team joined AKI Kenya tree planting exercise at Ngong Hills. We are committed to playing our part in counteracting the negative effects of climate change.'



Please refer to pages 233 to 241 on our ICEA LION Group corporate social responsibility support for the period January 2013 to 31 December 2022.

## SOCIAL & RELATIONSHIP CAPITAL

### 49th Annual Kenya Medical Association Scientific Conference

We're delighted to have been one of the sponsors of the 49th Annual Kenya Medical Association Scientific Conference at the Noble Hotel in Eldoret themed 'Activating Health Systems Change to Improve Physician Well-being'. We're playing our part in providing innovative solutions for the medical field as well as financial well-being for physicians.



### CORPORATE GOVERNANCE

We have a reputation for honesty and integrity in our management practices. This indeed lives up to one of our four core values: "We Champion Integrity." We have developed: a robust corporate governance framework anchored on global best practice governance systems. These include the U.K. Corporate Governance Code, the Organization for Economic Co-operation and Development (OECD) Principles on Corporate Governance and The King IV Report. We have also benchmarked ourselves against the locally adopted Code of Corporate Governance for the Private Sector in Kenya.

The standards for conduct established by the Company's Code of Business Conduct and Ethics serve to implement these guidelines and principles which are obligatory for all employees. The Code of Conduct and other internal guidelines adopted on its basis provide all employees with clear guidance on conduct that is in accordance with the values of the Company. They provide employees with practical guidelines for making their own decisions and avoiding potential conflicts of interest. These guidelines also help employees recognize when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners. We believe good ethics are paramount and that organisations should aim for a strong ethical culture that is self-policing.

### ANTI-BRIBERY AND CORRUPTION

Our commitment to fight all forms of corrupt activities is covered in our Anti-Bribery Policy. Channels have been set up, including an independently managed whistleblowing system which helps employees and other stakeholders report on fraud, corruption and unethical activities.

### SUPPLIERS AND RESPONSIBLE SUPPLY CHAINS

We have a formal supplier selection process for all products and services procured that is reviewed every three years. All new suppliers are expected to comply with our Anti-bribery Policy as well as our ESG expectations including fair working practices, A copy of these policies are provided to them when they come on board. We have adopted a centralized procurement service which aims to bring with it enhanced efficiencies with regards to the procurement process. This service is overseen by a Procurement Committee.

OUR VALUE CREATION

## SOCIAL & RELATIONSHIP CAPITAL

### ADVOCATING FOR HUMAN RIGHTS

Throughout the year, we kept committed to our initial belief, that advocating for a better respect for human rights is not only necessary but is possible. Our operational activities, interaction with clients and other third parties as well as our staff policies aim to help understand, provide, and even create positive examples of human rights implementation.

### EMPLOYEE WELFARE

The Business does not have unionisable employees. Staff attrition remains within our risk appetite.

### GOVERNMENT AND REGULATORS

Recognizing that the government is a key stakeholder, we ensure that we are in full compliance with all applicable laws and regulations. The task of the compliance team includes advising the business units on laws, provisions and other regulations, the creation, implementation and monitoring of compliance with internal guidelines and standards as well as regular training of employees on the rules which are applicable.

### DATA PROTECTION

Data is at the core of what we do. We recognize that it is our duty to protect corporate and personal information in all our operations. In light of the new Data Protection Act, 2019, we have put in place mechanisms for ensuring full compliance with this Act. We have in place a Data Protection Policy, reviewed and approved by the Board, that sets out our commitment to the security, information risk management, confidentiality and quality of information. We have made the requisite disclosures on Data Privacy to our clients through our website, appointed a Data Protection Officer and are in the process of realigning our business and client engagement processes to fully comply with the requirements.





## 4. NATURAL CAPITAL

Climate change and nature and bio-diversity are inextricably linked. It is evident, even from the effects seen in our country, that nature-related risk is already impacting our economies and societies. Nature risks for several real economy sectors are very material and comparable to climate-related risks and more so for financial institutions. Global and local efforts to respond to the nature crisis have gained momentum and are already appearing in regulatory and policy agendas. As members of the UNEP PSI, we have been part of the Nature Positive Taskforce which is developing thought leadership and guidance notes on how insurers can support countries' Nature and Biodiversity plans in light of the recently released Global Biodiversity Framework at COP 15.

We have also been active members to the Taskforce on Nature Related Financial Disclosures (TNFD) insurer pilot group, where we were one of the African voices piloting the beta-version of the TNFD framework. The TNFD was established in response to the growing appreciation that finance is a critical part of the solution.

The beta TNFD framework seeks to shift financial flows to nature-positive outcomes. The Africa pilot's objectives is to build knowledge, awareness and capacity on nature in financial institutions as well as capture Africa-specific feedback which will ensure the framework is fit-for-purpose for African financial institutions. We have been part of this '**African Voice**' pilot leading the way globally on engaging with and testing the TNFD framework.

We also joined the African Natural Capital Alliance (ANCA), an African-led collaborative forum to enable nature-positive outcomes. Through ANCA, we have spoken at a number of events as we persuade our peers to tackle the nature agenda.

# NATURAL CAPITAL

We will in the coming year launch some nature-specific insurance products as part of our commitment to addressing these current challenges.

In recognition of our leadership, we have been involved in various high level engagements specific to nature including speaking at ANCA events. We are currently a leading Africa voice in the carbon markets discussion within the insurance sector. We have spoken at the USAID Kenya Carbon Markets event held in Nairobi. We have also participated in the Kenya Carbon Removal Roadmap workshop co-hosted by the Government of Kenya and the Thunderbird School of Government at the Arizona State University.

African Carbon Markets is predicted to be the next economic promise and financial markets frontier not just for our country, Kenya but also for East Africa and the rest of the continent.

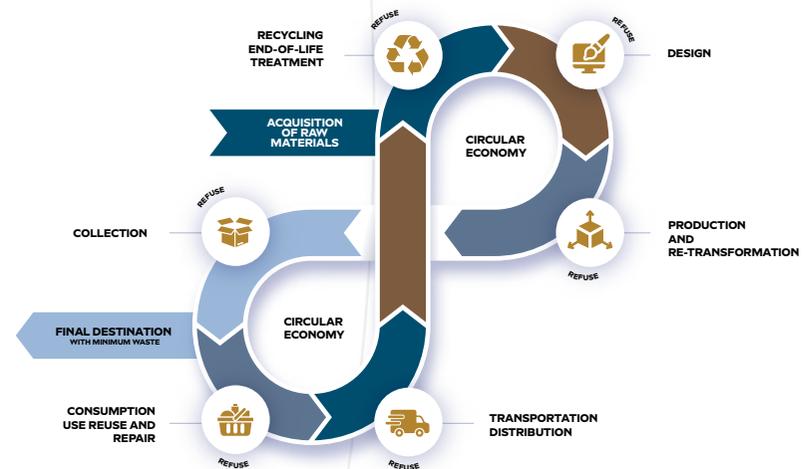
## Our Circular Economy Strategy Through Sustainable Waste Management

Underserved communities across this country have been overburdened with the negative environmental and health impacts caused by a non-circular economy. Many landfills and manufacturing and processing facilities are located in close proximity to low-income communities. How we extract, use, and dispose of our resources can affect already vulnerable communities disproportionately. In our action to address the climate crisis, material recovery has an important role to play.

A circular economy keeps materials, products, and services in circulation for as long as possible.

It reduces material use, redesigns materials, products, and services to be less resource intensive, and recaptures "waste" as a resource to manufacture new materials and products. The circular economy gives us the tools to tackle climate change and biodiversity loss together, while addressing important social needs. It gives us the power to grow prosperity, jobs, and resilience while cutting greenhouse gas emissions, waste, and pollution. Circularity, when designed in a thoughtful and inclusive manner, has the potential to protect the environment, improve economics, and elevate social justice. Our work on circularity has been pegged on the new waste management process that we have adopted.

We have formulated a partnership with the **Taka Taka Ni Mali (TTNM)** Foundation, a non-profit organisation, whose work is to **assist women, youth, and the disabled persons in improving their livelihoods** through the waste management ecosystem.



## NATURAL CAPITAL

TTNM has restructured our premises waste ecosystem by deploying waste segregation areas within our offices and collecting the waste for recycling. Papers are recycled at **Chandaria Paper Industries** into products such as books, while the plastic is recycled at **Mr. Green** and **Vintz Plastic Ltd.** into products such as benches, poles and tables. TTNM then provides us with data via their digital platform whereby we are able to trace how our waste is recycled and/or disposed of. Included in this project is capacity building sessions for all staff on the importance of embracing circularity through sorting, separating and recycling of waste where possible.



# NATURAL CAPITAL

## Our Environmental Management Policy

The following activities indicate our commitment towards environmental sustainability:

- We have identified and comply with all environmental legislation, standards and codes of practice, which are relevant to our business.
- We continue to improve our environmental performance through effective measurement, monitoring, communication and adoption of best techniques available to our tenants, suppliers and other stakeholders
- We influence our stakeholders to minimise, wherever possible, the use of natural resources (energy, fuel and water) and raw materials such as paper and other consumables. We have digitised many of our internal processes in a bid to reduce usage of paper as well as enhance efficiency of operations
- We identify and manage instances of soil, groundwater or surface water contamination resulting from our operations
- We continue to improve our sanitation standards by ensuring there is adequate cleanliness and safety
- We conduct energy audits and implement the recommendations given for efficient use of energy on site.

Additionally, we do not knowingly:

- Do business with companies whose activities involve industrial activity where the specified use of proceeds would significantly convert or degrade a critical habitat.
- Carry out business with companies whose activities do not adhere to local laws, regulations and standards on pollution prevention.
- Do business with companies that contravene international environmental agreements that have been enacted into the law.

## Responsible Consumption

We continuously work to reduce the carbon footprint of our activities. The business continues to manage the above activities and this is evidenced by the level of costs incurred on various parameters as highlighted below.



## NATURAL CAPITAL

### Introduction of an Environmental Liability Insurance Product

Environmental liability means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities) that directly or indirectly results from or based upon:-

- a.) Violation of any environmental law,
- b.) The generation, use, handling, transportation, storage, treatment or disposal of any hazardous materials,
- c.) Exposure to any hazardous materials,
- d.) The release or threatened release of any hazardous materials into the environment.

In recognition of the need to provide environment-based insurance solutions, we have developed an Environmental liability insurance (ELI) which covers the cost of restoring damage caused by environmental accidents, such as pollution of land, water, air, and biodiversity damage. The popularity of this product is growing steadily, further emphasising the need in the market for solutions to address emerging environmental challenges.

### Introduction of Climate Risk Modelling

We have introduced the Swiss Re climate risk modelling which enables us to underwrite and price risks in areas prone to flood and other climate-related disasters more effectively. It also provides us with data on the flood and climate related risks within our underwriting portfolio thereby improving our ability to serve our customers better. Clients who in the past would have been declared as un-insurable can now access our insurance products since we have a more scientific view of their risks. We will in the coming year deploy an early-warning solution that will help our clients mitigate against upcoming floods through the use of climate science and data.

### Leaders of the geothermal underwriting pool

Kenya has pledged to transition to 100% clean energy by 2030. Currently, Kenya's clean energy ratio is one of the highest in the world at 92%. At the same time, Kenya's proven geothermal potential amounts to more than 10,000 MW which is about 50% of the geothermal deposits in Africa. In spite of this, less than 9% of its geothermal potential has been utilised. In recognition of the need to de-risk early stage geothermal investments, FSD Africa introduced Parhelion, a UK-based geothermal underwriter, to put together a geothermal underwriting consortium. We have been selected as the leaders of this consortium whose purpose is to provide insurance solutions to investors in this sector.

### Our teams visit to KenGen geothermal facility in Olkaria



## NATURAL CAPITAL



### Staff support for renewable energy through a green loans scheme

We have introduced a green loans staff scheme through partnerships with various providers including Chloride Exide. This loan scheme incentivises staff to purchase renewable energy solutions such as solar powered and heating equipment, water harvesting and recycling solutions, bio-digesters for production of power for the urban and rural homes. The loans are provided to staff at a subsidised rate.



OUR VALUE CREATION

## 5. MANUFACTURED CAPITAL

The Group's manufactured capital represents our physical infrastructure which includes the traditional brick and mortar customer contact points, investment property, vehicles, IT equipment and furniture as well as our digital infrastructure. The efficient use of manufactured capital enables us to be flexible and responsive to customer needs, resulting in the effective delivery of products and services to customers.

### INVESTMENT PROPERTIES

Our investment properties provide the long-term investment returns that would enable us keep our promises to all stakeholders.

Below are the prime properties we own:

- Arboretum View located on Riverside Drive.



- Lion Place located on Waiyaki Way.



- Williamson House located on 4th Ngong Avenue.



### BRANCHES AND GEOGRAPHICAL FOOTPRINT

Our manufactured capital includes ICEA LION's geographical footprint covering the head office, and branches. Our branch network also acts as a distribution network reaching devolved units within the counties. The group pursues financial inclusion by having branches across the country that allows a greater population to access our products and services.

For all our properties, we have employed best practice processes in terms of health, safety and environmental management.

Below are the changes in our branches network during the year.

#### New branches

During the year, the business expanded its regional footprint to Kakamega, Nanyuki and Kisii. Our Regional Footprint is described on page 16 of our report.



Nanyuki



Kakamega

OUR VALUE CREATION

# MANUFACTURED CAPITAL

## Relocating branch

Our Mombasa branch lease which was previously housed at the Standard Chartered building in Mombasa came to an end on 31 December 2022. The group has found new branch premises on **Acacia Centre** and it's anticipated the branch will have moved to its new location by early 2023.



Mombasa

## OUR DIGITAL PLATFORMS AND OPERATING PHILOSOPHY

Manufactured capital, particularly our digital infrastructure plays a vital role in reducing resource use, allowing human capital to be directed towards strategic, creative and value generating activities. Having identified the crucial role played by manufactured capital in driving customer accessibility, satisfaction and process efficiency, we place great strategic importance on optimizing and leveraging on our physical and digital infrastructure to drive stakeholder value.

A key element of our manufactured capital is the ICT system infrastructure which includes servers, core systems, utilities, IP telephony and security systems. This is governed by a well-structured ICT governance model. We have invested heavily on infrastructure over the past few years, an essential component in building efficiencies within our business model. The operational philosophy that drives the Group's digital agenda accelerates the flow of knowledge and information within the organisation and to parties outside the organization, external suppliers and distribution channels. Special focus has been given to our digital channels such as mobile apps and portals including the partners portal that were launched during the year. Below is a list of our key ICT infrastructure.

 ROBUST INFRASTRUCTURE	 CRM SOLUTION ZOHU	 SOCIAL MEDIA	 LIVE CHAT	 WEBSITE	 CONTACT CENTRE	 DATA SECURITY	 CYBER SECURITY	 ELECTRONIC DATA MANAGEMENT	 BUSINESS INTELLIGENCE PORTALS	 ROBUST FINANCIAL SYSTEMS
 ANALYTICS CAPABILITIES	 GOVERNANCE RISK & CONTROL MODULE	 UNIFIED THREAT MANAGEMENT SOLUTIONS	 MOBILE PLATFORMS	 HR MODULE ZOHU PEOPLE	 INTRANET	 CLOUD BASED SOLUTION	 DATA CENTRE	 MOTOR INSURANCE PORTAL	 SHARED ECONOMY MODEL	 BOARDVANTAGE

## MANUFACTURED CAPITAL

### ICEA LION GENERAL MANAGEMENT SYSTEM (IGMS)

Over the past 2 years the business has been in the process of developing its own operations software known as IGMS. The new operations software will position the business to drive greater customer experience. In addition the system is built to incorporate a new accounting standard, IFRS 17 and will thus make the reporting under this standard more seamless. IGMS is set to be launched in 2023.

During the year, the business developed various solutions to better improve our service offering among them being:-

#### FIRST NOTIFICATION OF CLAIMS SOLUTION(FNOL)

This is a WhatsApp based solution that will enable our customers notify us of their claims digitally and have the same registered. In future developments, this innovation will also enable our customers track the progress of the claims handling process through a self-service journey. The business is working on an official launch of this great innovation.

#### DEBTORS RECONCILIATION SOFTWARE

The business developed its bespoke debtor's reconciliation software that has assisted in automating the reconciliation of debtor balances and enabled us serve our customers including our intermediaries more efficiently.

#### IFRS 17 IMPLEMENTATION

The business partnered with Insightsoftware and Deloitte for implementation of IFRS 17, Insurance Contracts.

The business has largely completed the implementation of this standard and is in the process of completing the final User Acceptance Tests. This project was made possible by an interdepartmental team constituting Finance, Actuarial, Technology and Transformation and the Operations teams. We also take this opportunity to thank our implementation partners Insightsoftware and Deloitte for their continued support.



## 6. FINANCIAL CAPITAL

### ESG MATTERS

In 2022, climate change continued to pose a significant risk to economies and businesses around the world, and as a result, Environmental, Social and Governance (ESG) matters remain a prominent concern in the commercial and investment spheres.

One challenge facing businesses is the lack of uniformity in the definition and reporting of ESG metrics, which has led to issues with greenwashing. To address this, the International Sustainability Standards Board was formed in 2021 by the IFRS Foundation. This standards-setting body is aimed at meeting the demand for high-quality, transparent, reliable, and comparable reporting by companies on climate and other environmental, social, and governance matters. You can find more information about this initiative on the IFRS website [www.ifrs.org/groups/international-sustainability-standards-board](http://www.ifrs.org/groups/international-sustainability-standards-board).

Despite these challenges, business has a crucial role to play in combating climate change. As a Group, we remain committed to running a sustainable profitable business in support of this great human endeavor to leave a better planet for future generations.

Colin Mayer’s statement that **“The purpose of business is to create profitable solutions to the problems of people and planet. It is not to profit by creating problems for people and planet”** continues to resonate with us, and we discuss our efforts in this area in more detail in section Natural Capital on pages 130 to 135 of this report. We believe that internationalization of sustainability accounting will promote transparency and standardization of ESG reporting, and we will continue to support these efforts.

### FUNDS FOR BUSINESS OPERATIONS

The funding for the Group’s operations comes from shareholders and proceeds from our operations. These funds are used to run the activities of the group and generate value for our stakeholders. The Group’s objectives when managing capital is to safeguard the shareholders’ investment as well as ensuring optimization in the management of both discretionary and non-discretionary capital. The group has a strong balance sheet fully funded by shareholders funds.

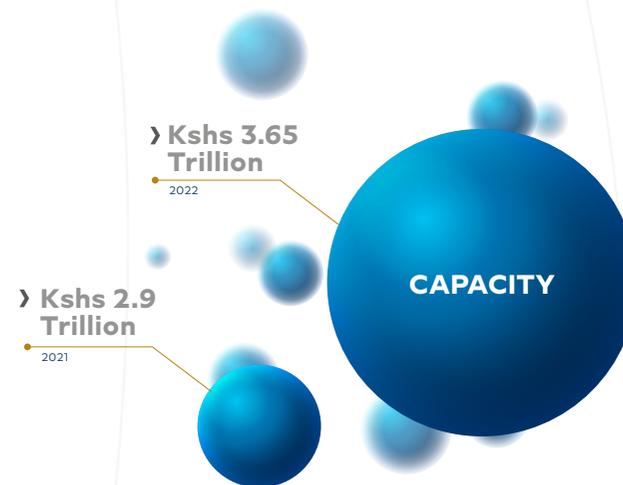
### BRIEF PERFORMANCE OVERVIEW

Despite the significant impact on the equities market, the business surpassed its targets on Gross Written Premium securing a stronger

market share as well as surpassed its realized profits targets. The underwriting performance of the business has been impacted by losses reported on the Motor Private Class. The business has identified various initiatives to turn around the performance of this class.

### CAPACITY GIVEN TO THE MARKET

Capacity given to the market in Kenya and Tanzania to allow our insureds continue doing business without fear of losses amounts to Kshs 3.65 Trillion (2021-Kshs 2.9 Trillion).



Please refer to pages 176 to 180 of this integrated report for the sum-insured statistics.

OUR VALUE CREATION

# FINANCIAL CAPITAL

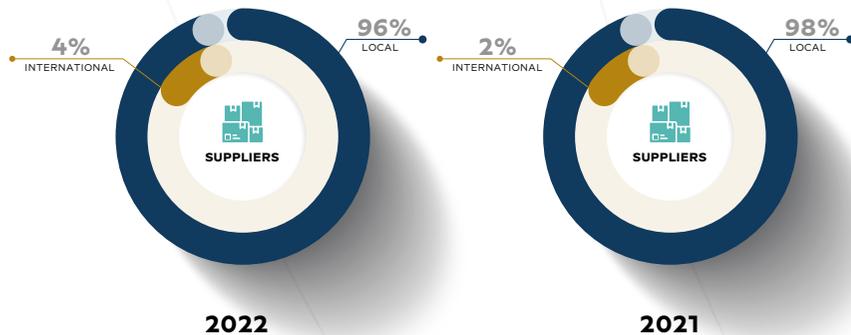
## TAXES PAID TO THE GOVERNMENT

Our Contribution to economic sustainability in term of taxes paid to the Government over the past 8 years is as summarized below:-



## SUPPORTING LOCAL SUPPLIERS

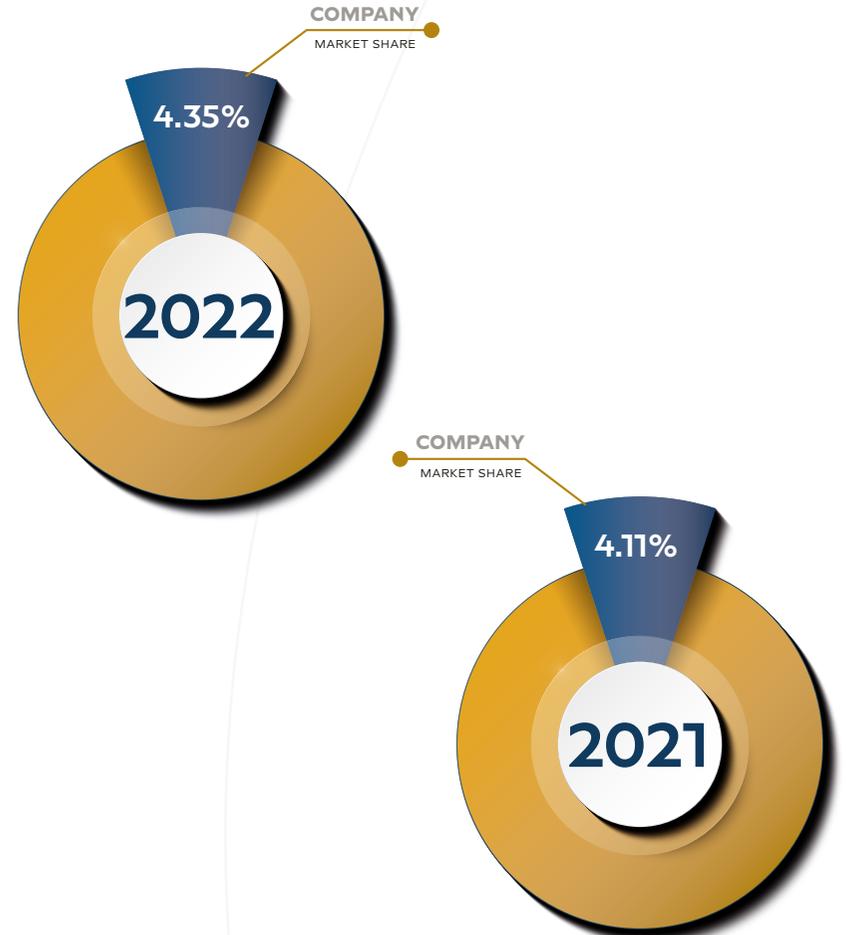
Our expenditure is heavily biased towards supporting local suppliers with the ratio of local to international suppliers being 96%:4% (2021-98%:2%).



## OUR KEY PERFORMANCE NUMBERS

Below is a summary of our growth on various key aspects of our financial capital:-

## KEY INPUTS - Q3 MARKET SHARE



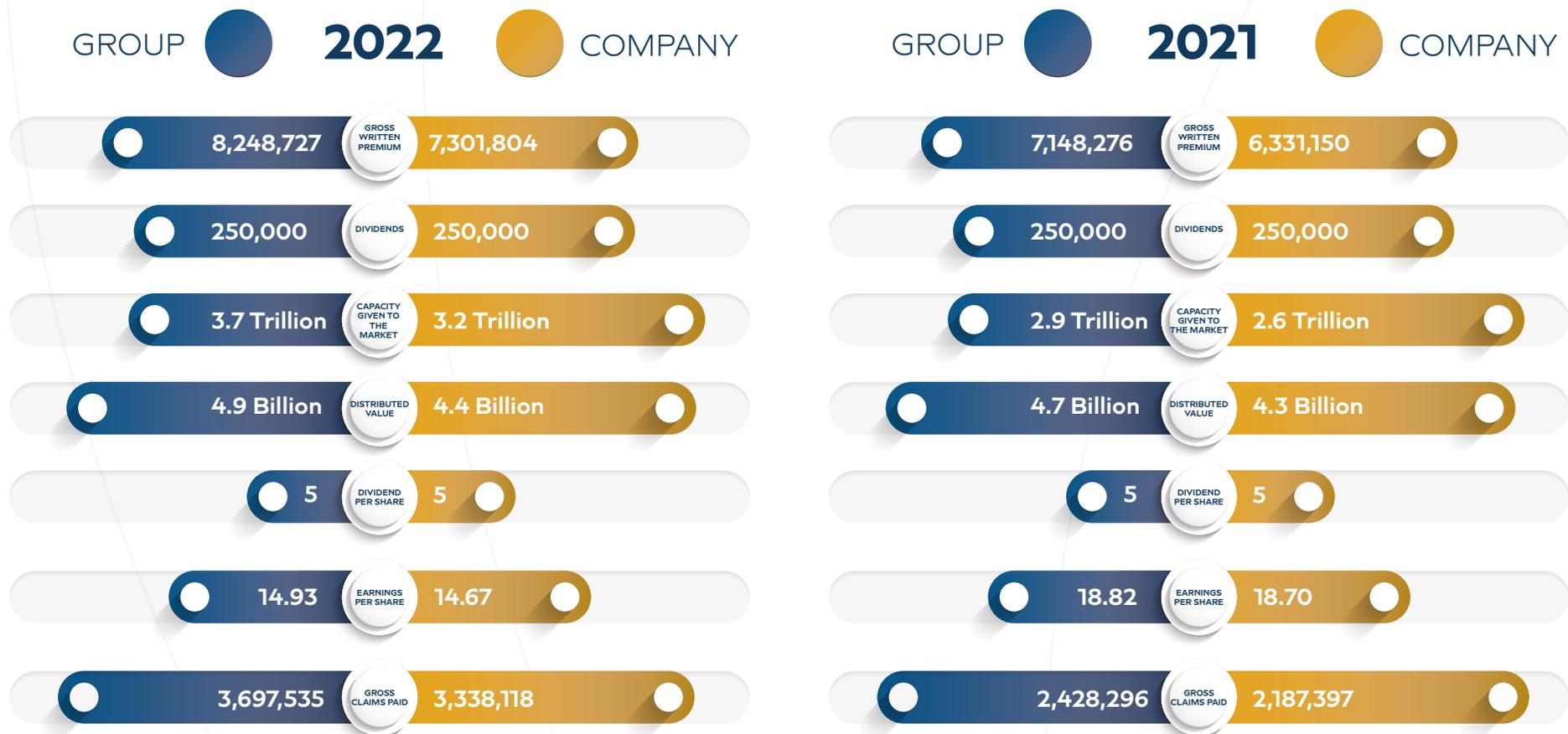
# FINANCIAL CAPITAL

## KEY INPUTS



# FINANCIAL CAPITAL

## KEY OUTPUTS



# FINANCIAL CAPITAL

	VALUE ADDED STATEMENT				
	GROUP				
	2022	2021	2020	2019	2018
<b>Gross written premiums &amp; Interest Income</b>	9,527	8,858	7,979	7,517	7,201
<b>Less; Insurance ceded and costs of other services</b>	4,603	4,162	3,919	3,607	3,455
<b>Wealth Created</b>	<b>4,920</b>	<b>4,696</b>	<b>4,061</b>	<b>3,910</b>	<b>3,745</b>
<b>Distribution:</b>					
<b>Employees-Salaries, Wages and Other benefits</b>	912	831	756	783	732
<b>Benefits to Sales Agents and brokers</b>	906	776	690	622	652
<b>Taxes paid to Government</b>	319	345	290	218	178
<b>Dividends to shareholders</b>	250	250	200	200	200
<b>Policyholders</b>	1,946	1,710	1,559	1,286	1,707
<b>Retention to support future business growth:</b>					
<b>Depreciation and Amortization</b>	79	89	88	110	69
<b>Retained Earnings</b>	508	696	478	690	208
	<b>4,920</b>	<b>4,696</b>	<b>4,061</b>	<b>3,910</b>	<b>3,745</b>

	VALUE ADDED STATEMENT				
	COMPANY				
	2022	2021	2020	2019	2018
<b>Gross written premiums &amp; Interest Income</b>	8,468	7,902	7,303	7,056	6,783
<b>Less; Insurance ceded and costs of other services</b>	4,022	3,598	3,526	3,314	3,184
<b>Wealth Created</b>	<b>4,446</b>	<b>4,303</b>	<b>3,778</b>	<b>3,741</b>	<b>3,599</b>
<b>Distribution:</b>					
<b>Employees-Salaries, Wages and Other benefits</b>	778	734	673	710	657
<b>Benefits to Sales Agents and brokers</b>	766	659	601	564	603
<b>Taxes paid to Government</b>	307	331	276	219	190
<b>Dividends to shareholders</b>	250	250	200	200	200
<b>Policyholders</b>	1,801	1,567	1,480	1,255	1,642
<b>Retention to support future business growth:</b>					
<b>Depreciation and Amortization</b>	61	74	74	97	65
<b>Retained Earnings</b>	484	688	473	694	242
	<b>4,446</b>	<b>4,303</b>	<b>3,778</b>	<b>3,741</b>	<b>3,599</b>

# FINANCIAL STATEMENTS

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## REPORT OF DIRECTORS

Directors submit their report together with the audited financial statements for the year ended 31 December 2022 which disclose the state of affairs of ICEA LION General Insurance Limited (the "Company" and ICEA LION General Insurance Company (Tanzania) Limited, together ("the Group").

### BUSINESS REVIEW

The principal activity of the company and its subsidiary is the transaction of general insurance business.

The group reported a profit before tax of Kshs 1,076,920,000 (2021: Kshs 1,290,711,000) whereas the company reported a profit before tax of Kshs 1,040,191,000 (2021: Kshs 1,269,134,000). The decline in performance was largely attributed to a decrease in investment income owing to lower stock prices at the Nairobi Securities Exchange and a lower underwriting result. The Group and Company's 5 years financial highlights including ratios are summarised on pages 38 to 43.

The group is exposed to various risks including insurance risk, financial risk and capital risk. The details of these risks and how the Group manages them are discussed on Note 4 - pages 174 to 194 and on pages 86 to 98.

### GROUP AND COMPANY RESULTS

Profit before income tax

Income tax expense

**Profit for the year**

Attributable to owners of the parent

Attributable to non-controlling interest

**Profit attributable to equity holders of the parent company transferred to retained earnings**

	GROUP		COMPANY	
	2022 Shs' 000	2021 Shs' 000	2022 Shs' 000	2021 Shs' 000
Profit before income tax	1,076,920	1,290,711	1,040,191	1,269,134
Income tax expense	(318,720)	(344,818)	(306,506)	(334,072)
<b>Profit for the year</b>	<b>758,200</b>	<b>945,893</b>	<b>733,685</b>	<b>935,062</b>
Attributable to owners of the parent	746,678	940,802	-	-
Attributable to non-controlling interest	11,522	5,091	-	-
<b>Profit attributable to equity holders of the parent company transferred to retained earnings</b>	<b>758,200</b>	<b>945,893</b>	<b>733,685</b>	<b>935,062</b>

### RESULTS AND DIVIDEND

Profit for the year of Ksh 746,678,000 (2021: Ksh 940,802,000) has been added to retained earnings. During the year, no interim dividend was paid (2021: 50,000,000). The directors recommend the approval of a final dividend of Ksh 250,000,000 (2021: Ksh 200,000,000).

### DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 24.

### RELEVANT AUDIT INFORMATION

The Directors in office as at the date of this report can confirm that:

- (i) There is no relevant information of which the Company's auditor is unaware; and
- (ii) Each Director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## REPORT OF DIRECTORS (CONTINUED)

### EMPLOYEES

The average number of employees in 2022 was 220 (2021: 216). 2022 managerial staff averaged at 32 (2021: 30) while non-managerial staff averaged at 187 (2021: 186). During the year the key strategic plan was to ensure proper talent sourcing, career development, performance management, culture, engagement and workforce planning. Very deliberate and clear initiatives aimed at having a workforce that is adequate and with the right skills and competencies were put in place. Please also refer to pages 103 to 109 on more details with respect to our Human Capital.

### AUDITOR

KPMG Kenya continue as the Group statutory auditors in accordance with the Guideline to the Insurance Industry on external auditors issued by the Insurance Regulatory Authority. The term of audit engagement of KPMG Kenya began in the previous financial year's audit work following their appointment by the Board of Directors as the Company's auditor in accordance with the provisions of Section 719 of the Kenyan Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

### PROFESSIONAL INDEMNITY COVER

This is provided in line with best market practice to provide protection for the non-executive directors in undertaking their duties in such capacity.

### APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue at a meeting of the Directors held on 17 March 2023.

By Order of the Board



SECRETARY

17 March 2023  
Nairobi

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of ICEA LION General Insurance Company Limited (the "Group and Company") set out on pages 153 to 228 which comprise the consolidated and company statements of financial position as at 31 December 2022, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

The Directors' responsibilities include determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by 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 misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group and Company as at the end of the financial period and of the profit or loss of the Group and Company for that period. It also requires the Directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and its profit or loss.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and Company and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

### APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 17 March 2023.



**J Wangai**  
Chairman



**J K Kimeu**  
Director

17 March 2023

## REPORT OF THE PARENT COMPANY CONSULTING ACTUARY

I have conducted an actuarial valuation of the Company insurance liabilities as at 31 December 2022.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Insurance Act Cap 487 of the Laws of Kenya. Those principles require that prudent principles for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the audited financial statements of the Company.

In my opinion, the insurer's insurance liabilities reserves of the Company were adequate as at 31 December 2022.



**James I. O. Olubayi - Fellow of the Institute of Actuaries**

**17 March 2023**



**KPMG Kenya**  
**Certified Public Accountants**  
 8th Floor, ABC Towers  
 Waiyaki Way  
 PO Box 40612 00100 GPO  
 Nairobi, Kenya

Telephone +254-20-2806000  
 Fax +254-20-2215695  
 Email: [info@kpmg.co.ke](mailto:info@kpmg.co.ke)  
 Web: [www.kpmg.com/eastafrica](http://www.kpmg.com/eastafrica)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED

### Report on the audit of the consolidated and separate financial statements

#### *Our Opinion*

We have audited the consolidated and separate financial statements of ICEA LION General Insurance Company Limited (the "Group and Company") as set out on pages 153 to 228 which comprise the consolidated and company statements of financial position as at 31 December 2022, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of ICEA LION General Insurance Company Limited as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan Companies Act, 2015.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Kenya, a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Partners

AM Mbai  
 BM Ndung'u  
 BO Amukah  
 JI Kariuki  
 JM Gathecha  
 JM Ndunyu

MM Gachuhi  
 PI Kinuthia  
 S Obock  
 W Genga



## INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED (continued)

### Report on the audit of the consolidated and separate financial statements (Continued)

#### Key audit matters (continued)

#### Outstanding claims provision (applicable to the consolidated and separate financial statements)

See Note 2(g), 3 and 45 to the consolidated and separate financial statements

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED
<p>Outstanding claims provision constitute about 48% and 50% of the Group’s and Company’s total liabilities respectively. Valuation of these provisions is highly judgmental, and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those provisions that are recognised in respect of claims that have occurred, but have not yet been reported to the Company (incurred but not reported (IBNR)).</p> <p>Small changes in the assumptions used to value the provisions, particularly those relating to the amount and timing of future claims, can lead to material impacts on the valuation of outstanding claims provision.</p> <p>The key assumptions that drive the reserving calculations (determination of insurance contract liabilities) include loss ratios, claim expense assumptions and claim development factors. The valuation of outstanding claims provision depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating outstanding claims provision, or for forming judgments over key assumptions, is not complete and accurate then material impacts on the valuation of outstanding claims provision may arise.</p> <p>Consequently, we have determined the valuation of outstanding claims provision to be a key audit matter.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> <li>– Obtaining an understanding of the processes, systems and applications used in determination of outstanding claims provision. This included assessing the design and operating effectiveness of key controls around the claims handling and reserve setting processes of the Group and Company;</li> <li>– Inspecting claims received and claims paid immediately after 31 December 2022 to assess whether there were any unrecorded insurance contract liabilities at the end of the period;</li> <li>– Obtaining samples of outstanding claims reserves and comparing the estimated amount of the reserve to reports from the Group and Company’s loss adjusters;</li> <li>– Re-performing reconciliations between the historical claims data recorded in the financial systems and the data used in the actuarial reserving calculations including selecting a sample of the data and comparing to the policy documents to ensure its complete and accurate;</li> <li>– Evaluating the appropriateness of management’s liability adequacy testing (management’s assessment of reasonableness of IBNR) by assessing the historical IBNR sufficiency through performing an actual vs expected analysis on prior years’ reserves for any surpluses or shortfalls;</li> <li>– Using our internal actuarial specialists to assist us in assessing the appropriateness of the methodology and the reasonableness of the assumptions used by management in the estimation of IBNR reserves at 31 December 2022 by comparing economic assumptions such as discount rates and inflation to market observable data and non-economic assumptions such as initial loss ratio and claims retention proportion against the Company’s historical experience.</li> <li>– Assessing the adequacy of disclosures in the financial statements in accordance with the requirements of IFRS 4 Insurance contracts.</li> </ul>

#### Other information

The directors are responsible for the other information. The other information comprise the information included in the *ICEA LION General Insurance 2022 Integrated Report*, but does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED (continued)

### Report on the audit of the consolidated and separate financial statements (Continued)

#### **Other information (continued)**

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

#### **Directors' responsibilities for the consolidated and separate financial statements**

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control, as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's and/or the Company to cease to continue as a going concern.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED (continued)

### Report on the audit of the consolidated and separate financial statements (continued)

#### **Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)**

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 legal and regulatory requirements**

As required by the Kenyan Companies Act, 2015, we report to you based on our audit, that in our opinion the information given in the report of the directors on pages 145 and 146 is consistent with the consolidated and separate financial statements.

*The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Dr. Alexander Mbai – Practicing Certificate No. 2172.*

For and behalf of:

**KPMG Kenya**  
**Certified Public Accountants**  
**PO Box 40612 – 00100**  
**Nairobi, Kenya**

**Date:** 30 March 2023

# Consolidated and Company Statements of profit or loss and other Comprehensive Income

## for the year ended 31 December 2022

Gross Written Premium  
Gross Earned Premium  
Less: Reinsurance premium ceded

### Net earned premiums

Commission income  
Investment income  
Finance income  
Foreign exchange gains

### Total income

Claims expense  
Commission expense  
Operating and other expenses  
Finance costs  
Impairment of assets

### Total expenses

Profit before income tax  
Income tax expense

### Profit for the year

### Other comprehensive income net of tax;

#### Items that may not be subsequently classified to profit or loss

Change in fair value of equity securities at Fair Value Through Other Comprehensive Income  
Deferred Tax on fair value gain

#### Items that may subsequently be classified to profit or loss

Exchange differences on translating net assets of foreign subsidiary  
Change in fair value of debt securities at Fair Value Through Other Comprehensive Income  
Deferred Tax on fair value loss

### Total other comprehensive (loss)/income net of tax

### Total comprehensive income for the year

#### Profit attributable to:

Owners of the parent  
Non-controlling interest

#### Total comprehensive income attributable to:

Owners of the parent  
Non-controlling interest

Earnings per share (Basic and Diluted)

Notes	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh '000	2022 Ksh'000	2021 Ksh '000
5(a)	8,248,727	7,148,276	7,301,804	6,331,150
5(b)	7,799,740	7,130,989	6,932,005	6,371,575
5(c)	(3,875,525)	(3,541,306)	(3,411,734)	(3,128,218)
	<b>3,924,215</b>	<b>3,589,683</b>	<b>3,520,271</b>	<b>3,243,357</b>
6	638,959	569,984	536,254	482,502
7(a)	1,061,523	1,125,017	978,300	1,074,226
7(b)	3,459	6,496	3,459	6,496
8	19,964	8,721	18,426	7,132
	<b>5,648,120</b>	<b>5,299,901</b>	<b>5,056,710</b>	<b>4,813,713</b>
9	(1,946,373)	(1,710,292)	(1,800,682)	(1,566,584)
10	(906,444)	(776,137)	(766,151)	(658,993)
11(a)	(1,684,471)	(1,538,978)	(1,419,080)	(1,332,401)
11(b)	(41,381)	(51,956)	(38,447)	(51,028)
11(c)	7,469	68,173	7,841	64,427
	<b>(4,571,200)</b>	<b>(4,009,190)</b>	<b>(4,016,519)</b>	<b>(3,544,579)</b>
	<b>1,076,920</b>	<b>1,290,711</b>	<b>1,040,191</b>	<b>1,269,134</b>
13(a)	(318,720)	(344,818)	(306,506)	(334,072)
	<b>758,200</b>	<b>945,893</b>	<b>733,685</b>	<b>935,062</b>
34(a)	1,055	337	-	-
26(b)	(316)	(102)	-	-
	<b>739</b>	<b>235</b>	-	-
	21,904	11,001	-	-
33(c)	(59,982)	(15,988)	(59,982)	(15,988)
26(b)	(13,912)	4,796	(13,912)	4,796
	<b>(51,990)</b>	<b>(191)</b>	<b>(73,894)</b>	<b>(11,192)</b>
	<b>(51,251)</b>	<b>44</b>	<b>(73,894)</b>	<b>(11,192)</b>
	<b>706,949</b>	<b>945,937</b>	<b>659,791</b>	<b>923,870</b>
	746,678	940,802	733,685	935,062
	11,522	5,091	-	-
	<b>758,200</b>	<b>945,893</b>	<b>733,685</b>	<b>935,062</b>
	684,785	935,564	659,791	923,870
	22,164	10,373	-	-
	<b>706,949</b>	<b>945,937</b>	<b>659,791</b>	<b>923,870</b>
15	14.93	18.82	14.67	18.70

The notes on pages 158 to 228 are an integral part of these financial statements.

# Consolidated and Company Statements of Financial Position

as at 31 December 2022

## ASSETS

Intangible assets
Property and equipment
Right-of-use asset
Investment in subsidiaries at cost
Investment properties
Investment in Real Estate Investment Trusts
Other receivables
Due from subsidiary company
Kenya motor insurance pool
Investment in sub-lease
Deferred income tax
Current tax recoverable
Deferred acquisition costs
Reinsurers' share of technical provisions and reserves
Receivables arising out of direct insurance arrangements
Receivables arising out of reinsurance arrangements
Corporate bonds at amortised cost
Debt securities at amortised cost
Debt securities at fair value through other comprehensive income
Equity securities at fair value through other comprehensive income
Equity securities at fair value through profit or loss
Deposits with financial institutions at amortised cost
Cash and bank balances

### Total Assets

## EQUITY AND LIABILITIES

Ordinary shares
Other reserve
Contingency reserve
Currency translation reserve
Retained earnings
Proposed dividends

Non-controlling interests

### Total Equity

## LIABILITIES

Deferred income tax
Other payables
Lease liability
Deferred reinsurance commissions
Unearned premiums reserve
Payables arising from direct and reinsurance arrangements
Outstanding claims provisions

### Total Liabilities

### Total Equity and Liabilities

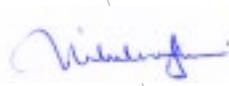
Notes	GROUP		COMPANY	
	2022 Ksh '000	2021 Ksh '000	2022 Ksh '000	2021 Ksh '000
17	46,361	30,819	39,719	23,929
18	68,242	73,447	53,577	64,749
19	159,004	169,826	123,094	163,679
20	-	-	50,147	50,147
21(a)	2,800,000	2,710,000	2,800,000	2,710,000
21(b)	34,121	20,488	34,121	20,488
22	178,729	202,215	132,263	164,405
23	-	-	2,802	758
24	50,858	52,087	50,858	52,087
25	123	51,629	123	51,629
26(c)	24,651	26,088	-	-
13(d)	73,860	35,174	38,988	6,108
27	346,429	294,067	278,963	244,525
28	3,536,013	2,472,694	3,187,864	2,065,775
29	473,390	494,933	472,135	486,338
30	634,926	218,257	555,492	169,724
32	74,833	58,973	58,915	58,973
33(a)	5,486,996	4,768,216	5,355,249	4,624,873
33(c)	1,387,061	1,346,639	1,387,061	1,346,639
34(a)	9,889	8,161	-	-
34(b)	958,805	1,124,639	806,174	1,012,524
35(a)	654,879	1,027,395	232,375	710,529
35(c)	153,048	85,182	118,264	22,938
	<b>17,152,218</b>	<b>15,270,929</b>	<b>15,778,184</b>	<b>14,050,817</b>
37	1,000,000	1,000,000	1,000,000	1,000,000
38(a)	(104,559)	(31,056)	(106,358)	(32,464)
38(b)	71,318	57,511	-	-
38(c)	(16,890)	(28,500)	-	-
38(d)	5,523,161	5,040,426	5,461,172	4,977,487
	250,000	200,000	250,000	200,000
	<b>6,723,030</b>	<b>6,238,381</b>	<b>6,604,814</b>	<b>6,145,023</b>
39	149,303	127,003	-	-
	<b>6,872,333</b>	<b>6,365,384</b>	<b>6,604,814</b>	<b>6,145,023</b>
26(c)	343,667	292,608	343,667	292,608
40	748,035	572,529	668,678	508,190
41	289,767	399,558	253,896	393,626
42	187,979	163,617	147,551	130,846
43	3,268,200	2,792,478	2,840,520	2,470,720
44	498,527	488,878	310,044	316,357
45	4,943,710	4,195,877	4,609,014	3,793,447
	<b>10,279,885</b>	<b>8,905,545</b>	<b>9,173,370</b>	<b>7,905,794</b>
	<b>17,152,218</b>	<b>15,270,929</b>	<b>15,778,184</b>	<b>14,050,817</b>

The financial statements on pages 153 to 228 were approved and authorised for issue by the board of directors on 17 March 2023 and were signed on its behalf by:

J. Wangai  
Chairman



J. K. Kimeu  
Director



P. Lopokoiyit  
Chief Executive Officer and Principal Officer



The notes on pages 158 to 228 are an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital	Other reserve	Contingency reserve	Currency translation reserve	Retained earnings	Proposed dividends	Attributable to shareholders	Non-controlling interest	Total
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
<b>2021</b>									
<b>Balance at 1 January 2021</b>	1,000,000	(19,988)	56,058	(34,330)	4,364,821	150,000	5,516,561	102,886	5,619,447
<b>Total comprehensive income</b>									
Profit for the year	-	-	-	-	940,802	-	940,802	5,091	945,893
Other comprehensive income	-	(11,068)	-	5,830	-	-	(5,238)	5,282	44
<b>Total comprehensive income for the year</b>	-	<b>(11,068)</b>	-	<b>5,830</b>	<b>940,802</b>	-	<b>935,564</b>	<b>10,373</b>	<b>945,937</b>
Transfer to contingency reserve	-	-	1,453	-	(15,197)	-	(13,744)	13,744	-
<b>Transaction with owners</b>									
-2019 final dividends	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
-2020 interim dividend paid	-	-	-	-	(50,000)	-	(50,000)	-	(50,000)
-2020 proposed final dividend	-	-	-	-	(200,000)	200,000	-	-	-
<b>Balance as at 31 December 2021</b>	<b>1,000,000</b>	<b>(31,056)</b>	<b>57,511</b>	<b>(28,500)</b>	<b>5,040,426</b>	<b>200,000</b>	<b>6,238,381</b>	<b>127,003</b>	<b>6,365,384</b>
<b>2022</b>									
<b>At 1 January 2022</b>	1,000,000	(31,056)	57,511	(28,500)	5,040,426	200,000	6,238,381	127,003	6,365,384
<b>Total comprehensive income</b>									
Profit for the year	-	-	-	-	746,678	-	746,678	11,522	758,200
Other comprehensive income	-	(73,503)	-	11,610	-	-	(61,893)	10,642	(51,251)
<b>Total comprehensive income for the year</b>	-	<b>(73,503)</b>	-	<b>11,610</b>	<b>746,678</b>	-	<b>684,785</b>	<b>22,164</b>	<b>706,949</b>
Transfer from retained earnings to contingency reserve	-	-	13,807	-	(13,943)	-	(136)	136	-
<b>Transaction with owners</b>									
-2021 final dividend paid	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
-2022 proposed final dividend	-	-	-	-	(250,000)	250,000	-	-	-
<b>Balance as at 31 December 2022</b>	<b>1,000,000</b>	<b>(104,559)</b>	<b>71,318</b>	<b>(16,890)</b>	<b>5,523,161</b>	<b>250,000</b>	<b>6,723,030</b>	<b>149,303</b>	<b>6,872,333</b>

The notes on pages 158 to 228 are an integral part of these financial statements.

## Company Statement of Changes in Equity

### for the year ended 31 December 2022

**2021****Balance at 1 January 2021**

Profit for the year	-	-	935,062	-	935,062
Other comprehensive income	-	(11,192)	-	-	(11,192)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(11,192)</b>	<b>935,062</b>	<b>-</b>	<b>923,870</b>

**Transaction with owners**

-2020 final dividends	-	-	-	(150,000)	(150,000)
-2021 interim dividend paid	-	-	(50,000)	-	(50,000)
-2021 proposed final dividend	-	-	(200,000)	200,000	-
<b>Balance as at 31 December 2021</b>	<b>1,000,000</b>	<b>(32,464)</b>	<b>4,977,487</b>	<b>200,000</b>	<b>6,145,023</b>

**2022****At 1 January 2022**

Profit for the year	-	-	733,685	-	733,685
Other comprehensive income	-	(73,894)	-	-	(73,894)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(73,894)</b>	<b>733,685</b>	<b>-</b>	<b>659,791</b>

**Transfer to retained earnings from contingency reserve****Transaction with owners**

-2021 final dividends	-	-	-	(200,000)	(200,000)
-2022 proposed dividend	-	-	(250,000)	250,000	-
<b>Balance as at 31 December 2022</b>	<b>1,000,000</b>	<b>(106,358)</b>	<b>5,461,172</b>	<b>250,000</b>	<b>6,604,814</b>

Share capital	Other reserve	Retained earnings	Proposed dividends	TOTAL
Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
1,000,000	(21,272)	4,292,425	150,000	5,421,153
-	-	935,062	-	935,062
-	(11,192)	-	-	(11,192)
<b>-</b>	<b>(11,192)</b>	<b>935,062</b>	<b>-</b>	<b>923,870</b>
-	-	-	(150,000)	(150,000)
-	-	(50,000)	-	(50,000)
-	-	(200,000)	200,000	-
<b>1,000,000</b>	<b>(32,464)</b>	<b>4,977,487</b>	<b>200,000</b>	<b>6,145,023</b>
1,000,000	(32,464)	4,977,487	200,000	6,145,023
-	-	733,685	-	733,685
-	(73,894)	-	-	(73,894)
<b>-</b>	<b>(73,894)</b>	<b>733,685</b>	<b>-</b>	<b>659,791</b>
-	-	-	-	-
-	-	-	(200,000)	(200,000)
-	-	(250,000)	250,000	-
<b>1,000,000</b>	<b>(106,358)</b>	<b>5,461,172</b>	<b>250,000</b>	<b>6,604,814</b>

The notes on pages 158 to 228 are an integral part of these financial statements.

# Consolidated and Company Statements of Cash Flows

for the year ended 31 December 2022

## Cash flows generated from operating activities

Cash generated from operations

Income tax paid

Interest paid on lease liability

### Net cash (used in)/ generated from operating activities

## Cash flows from investing activities

Dividend income received

REIT income received

Purchase of intangible assets

Purchase of property and equipment

Proceeds from sale of property and equipment

Purchases of Investment Property

Purchase of REIT

Purchase of corporate bonds

Proceeds from maturities of corporate bonds

Purchases of debt securities at amortised cost

Proceeds from maturities of debt securities at amortised cost

Purchases of debt securities at fair value through other comprehensive income

Proceeds from disposal of debt securities at fair value through other comprehensive income

Proceeds of sale of equity securities held at fair value through profit or loss

Purchase of equity instruments held at fair value through profit or loss

Purchases of deposits maturing after 3 months

Proceeds from maturities of deposits maturing after 3 months

Interest income received

Rental income received

### Net cash generated from investing activities

## Cash flows from financing activities

Dividends paid to shareholders of parent company

Repayment of principal lease payment

Income on investment in sub-lease received

### Net cash used in financing activities

### Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at beginning of year

Effect of exchange rate changes on translation of cash and cash equivalents

### Cash and cash equivalents at year end

Notes	GROUP		COMPANY	
	2022 Ksh '000	2021 Ksh '000	2022 Ksh '000	2021 Ksh '000
49(a)	97,267	778,327	30,475	643,411
13(c)	(315,448)	(346,634)	(302,239)	(332,047)
41	(41,381)	(51,956)	(38,447)	(51,028)
	<b>(259,562)</b>	<b>379,737</b>	<b>(310,211)</b>	<b>260,336</b>
7	62,755	39,006	55,949	33,790
7	815	266	815	266
17	(21,100)	(21,111)	(19,560)	(14,168)
18	(24,421)	(43,167)	(14,948)	(38,211)
	134	1,400	134	1,400
21(a)	(3,744)	-	(3,744)	-
21(b)	(12,298)	(20,000)	(12,298)	(20,000)
32(b)	(15,940)	(57,830)	-	(57,830)
32(b)	1,143	96,318	1,143	96,318
33(b)	(1,422,535)	(730,391)	(1,412,454)	(707,430)
33(b)	694,261	446,710	672,587	438,371
33(c)	(908,077)	(2,019,071)	(908,077)	(2,019,071)
	807,729	1,177,863	807,729	1,177,863
	1,818	49,918	1,282	49,918
34(b)	(10,128)	(46,303)	-	(36,486)
35(b)	(409,816)	(4,314,353)	(27,911)	(3,975,741)
35(b)	262,962	4,472,069	-	4,196,601
	842,079	743,876	827,987	727,640
	188,196	252,097	188,196	252,097
	<b>33,833</b>	<b>27,297</b>	<b>156,830</b>	<b>105,327</b>
16	(200,000)	(200,000)	(200,000)	(200,000)
41	(73,458)	(52,534)	(60,074)	(42,302)
	5,318	10,165	5,318	10,165
	<b>(268,140)</b>	<b>(242,369)</b>	<b>(254,756)</b>	<b>(232,137)</b>
	<b>(493,869)</b>	<b>164,665</b>	<b>(408,137)</b>	<b>133,526</b>
	854,484	684,879	733,467	599,941
20	4,785	4,940	-	-
49(b)	<b>365,400</b>	<b>854,484</b>	<b>325,330</b>	<b>733,467</b>

The notes on pages 158 to 228 are an integral part of these financial statements.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes

**1 GENERAL INFORMATION**

ICEA LION General Insurance Company Limited (the "Company") transacts general insurance business and is incorporated in Kenya under the Companies Act as a private limited liability company. The Company is domiciled in Kenya. The Company Subsidiary ICEA LION General Insurance Company (Tanzania) Limited is incorporated in Tanzania as a private limited liability company. The subsidiary is domiciled in Tanzania.

Please refer to the Corporate Information on page 232 on details of the Company and the Subsidiary addresses.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Where reference is made in the accounting policies to Group or Company it should be interpreted as being applicable to the consolidated or separate financial statements as the context requires. The consolidated and separate financial statements are hereinafter referred to as "the financial statements".

**(a) Basis of preparation***(i) Statement of compliance*

The consolidated financial statements of the Company and its subsidiary as well as the separate financial statements of the Company, together referred to as "the financial statements", have been prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in the manner required by the Kenyan Companies Act, 2015. The financial statements comply with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

*(ii) Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following which are measured at fair value:-

- Financial instruments at fair value through profit or loss,
- Financial assets at fair value through other comprehensive income, and;
- Investment properties

*(iii) Functional and presentation currency*

The financial statements are presented in Kenya Shillings (KShs), which is the functional currency of the parent company. Except as otherwise indicated, financial information presentation in Kenya shillings has been rounded to the nearest thousand (KShs '000').

*(iv) Use of estimates and judgements*

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

**New standards amendments and interpretations****i) New standards, amendments and interpretations effective and adopted through the year**

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Group has not early adopted the new standards in preparing these consolidated financial statements.

Description	Effective date
Newly effective standards for 01 Jan 2022 to 31 Dec 2022	
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	01 Apr 2021
Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)	01 Jan 2022
Annual Improvements to IFRS Standards 2018-2020	01 Jan 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 Jan 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	01 Jan 2022

**ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2022**

Standards available for early adoption	
IFRS 17 Insurance Contracts	01 Jan 2023
Amendments to IFRS 17	01 Jan 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 Jan 2023
Definition of Accounting Estimate (Amendments to IAS 8)	01 Jan 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income Taxes	01 Jan 2023
Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17)	01 Jan 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	01 Jan 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01 Jan 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	01 Jan 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional

The Group 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 material impact on the Group's consolidated financial statements in the period of initial application.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (a) Basis of preparation (continued)

## A. Estimated impact of the adoption of IFRS 17

The Group has assessed the estimated impact that the initial application of IFRS 17 will have on its consolidated financial statements. Based on assessments undertaken to date, the total adjustment (after tax) to the balance of the Group's total equity is estimated to be a reduction of between 5% and 10% of the shareholders' funds. The Group will restate comparative information on adoption of IFRS 17.

The assessment above is preliminary because not all of the transition work has been finalised. The actual impact of adopting IFRS 17 on 1 January 2023 and 2022 may change because:

- the Group is continuing to refine the new accounting processes and internal controls required for applying IFRS 17;
- although User Acceptance Tests (UATs) were carried out in the fourth quarter of 2022, the new systems and associated controls in place have not been operational for a more extended period;
- the Group has not finalised the testing and assessment of controls over its new IT systems and changes to its governance framework; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.

## B. 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.

## Identifying contracts in the scope of IFRS 17

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

## 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 or issued by different Group entities 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 two groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently;

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. The group did not have such contracts.

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 reinsurance contracts may be 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 against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

## 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 Group 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 number of requirements in IFRS 17.

## Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (a) Basis of preparation (continued)

**Reinsurance contracts**

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Proportional reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

**Measurement – Overview**

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM). The CSM is only applicable for insurance portfolios measured using the General Measurement Method.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. The group only has contracts without 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.

The Group expects that it will apply the PAA to all contracts because the following criteria are expected to be met at inception.

*Insurance contracts and loss-occurring reinsurance contracts:*-The coverage period of each contract in the group is one year or less.

*Risk-attaching reinsurance contracts:*-The Group has carried out a PAA Eligibility test and the resulting measurement of the asset for remaining coverage does not differ materially from the result of applying the accounting policies described above.

**Measurement**

On initial recognition of each insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Group has elected to amortize insurance acquisition cash flows over the period of the insurance contract.

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 Group expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Group will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group 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.

The Group will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The Group 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 Group's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for insurance contracts.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (a) Basis of preparation (continued)

## Measurement (continued)

Changes from IFRS 4	Impact on equity transition to IFRS 17
Under IFRS 17, the Group 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 Group 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 Group's accounting policy under IFRS 17 to amortise eligible insurance acquisition cash flows when they are incurred over the period of the contract is consistent with the current treatment	Nil
Under IFRS 17, the Group will be required to recognize the Loss Component which arises when the Present Value of Future Fulfilment Cash flows is less than the Liability for Remaining Coverage (LRC). Under IFRS 4, the Unearned Premium Reserve (UPR) and the Additional Unexpired Risk Reserve (AURR) would be used to cater for future fulfilment cash flows. The AURR and UPR is retrospective and is recognized over the life of the policy contract whereas the Loss component is Prospective.	Decrease

Based on assessments undertaken to date, the total adjustment (after tax) to the balance of the Group's total equity is estimated to be a reduction of between 5% and 10% of the shareholders' funds. The Group will restate comparative information on adoption of IFRS 17.

#### Measurement – Significant judgements and estimates Estimates of future cash flows

In estimating future cash flows, the Group 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 Group'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 Group 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 Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance 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 fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. 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.

#### Discount rates

The Fulfilment Cash Flows ("FCF"), which are a component of the insurance liabilities, include an adjustment to reflect the time value of money and the financial risks related to the future cash flows.

The group will use a discount rate that explicitly adjusts for time value of money, financial risks and liquidity characteristics of the insurance contract cash flows. No credit risk allowed for in the discount rate applied.

In order to compute the discount rate, the bottom-up approach, one of the methods prescribed in the IFRS 17 standard, will be used by the group to determine discount rates for all product groups, as risk free rates are readily available and the only further adjustment required will be the illiquidity premium.

IFRS 17 does not prescribe a method for deriving a risk free curve, therefore, the group will use the Government of Kenya yield curve. The group does not expect to have cash flows extending up to and beyond 23 years and therefore extrapolation of discount rates will not be applicable.

Once a liquid risk-free yield curve is in place, the group will adjust it with an illiquidity premium that will reflect the differences between the liquidity characteristics of the financial instrument, that underlie the rates observed in the market, and the liquidity

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(a) Basis of preparation (continued)****Discount rates (continued)**

characteristics of the insurance contracts.

In order to determine the illiquidity premium, the group will use covered bonds, where the 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 liquid risk-free rate. The term structure of illiquidity premium could be, but is not necessarily, constant over time, with respect to its level or its shape. However, considering market data limitations the group will use a single illiquidity adjustment at all durations. Considering market data limitations and practicability, the group will, where applicable, use the same illiquidity premium adjustment in determining discount rates for all contracts.

One discount rate shall be applied across all portfolios unless facts and circumstances indicate that specific portfolios will have different liquidity characteristics.

**Risk adjustments for non-financial risk**

The measurement of insurance contract liabilities in accordance with IFRS 17, requires an explicit risk adjustment ("RA") for non-financial risk. The RA excludes financial risks, such as investment returns (cash flows not directly tied to contract cash flows). The non-financial risks that the group is exposed to are premium and claim liability risk exposures with respect to timing and amount of cash flows. IFRS 17 does not specify a technique to determine the RA. However, it requires an entity to disclose confidence intervals, regardless of the method chosen to determine the RA.

The purpose of the RA is to determine the insurer's own assessment of the uncertainty and variability inherent in the fulfilment cash flows. As such, the disclosure in the financial statements should provide a reasonable description of the basis on which the RA is determined to ensure sufficient understanding and comparability.

A range of risk adjustment techniques were considered by the group, and it was concluded that the Quantile Technique - Value at Risk, would be used for both underlying and reinsurance contracts. The consideration behind the uptake of this approach is that this method is easy to communicate and translate into a confidence interval for disclosure purposes.

It is a requirement that the confidence level used to determine the RA for non-financial risk is disclosed. A key feature of having a confidence level is to facilitate comparisons, both across time and with other entities.

IFRS 17 does not specify the level of granularity at which the RA must be calculated. The group has currently opted to determine the RA at an aggregate level, that is, a uniform risk adjustment rate will be used for all classes of business.

**Presentation and disclosure**

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

Under IFRS 17, portfolios of 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 such as insurance receivables and payables and policyholder loans 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 are disaggregated into:-

- a. an insurance service result, comprising insurance revenue and insurance service expenses and
- b. insurance finance income 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.

**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 Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. For contracts measured using the PAA, insurance revenue is recognized based on the gross LRC (excluding Acquisition Cost) recorded at the point when premium is received and credited to LRC, equal to the proportionate daily expired and or earned days of the coverage days of the policy at the reporting period. The requirements in IFRS 17 to recognize insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice of recognizing revenue when the related premiums are written.

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 expenses will no longer be presented separately in profit or loss, because the Group will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(a) Basis of preparation (continued)****Insurance Service Result (continued)**

The Group 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 Group will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

**Disclosure**

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

**Transition**

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using the fair value approach.

Irrespective of the transition approach used, the following items will not be applied retrospectively:-

The Group considers the full retrospective approach impracticable under any of 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) or 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 other cash 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 retrospective basis;
- information required to allocate fixed and variable overheads to groups of contracts, because the Group'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.

**Reinsurance of onerous underlying contracts**

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group will establish a loss-recovery component at 1 January 2022.

**Fair value approach**

The Group will measure an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2022 for the rights to obtain:-

- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2022 but not yet recognised at that date, and renewals of such contracts;
- renewals of contracts recognised at 1 January 2022;
- other future contracts after 1 January 2022 without paying again insurance acquisition cash flows that it has already paid.

**(b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the Company and its subsidiaries. Control is achieved when the company:-

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

**i) Subsidiaries**

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Basis of consolidation (continued)**

ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including;

- The size of the Company's holding of voting relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements incorporate the financial statements of the company and its subsidiary ICEA LION General Insurance Company (Tanzania) Limited made up to 31 December.

**(ii) Investment in subsidiary companies**

In the separate financial statements, investment in subsidiary is accounted for at cost.

**(c) Kenya Motor Insurance Pool**

The Kenya Motor Insurance Pool balances represent the group's share of the surplus and net assets of the pool.

Results of the company's share of the two Kenya Motor Insurance Pools are accounted for in profit or loss in accordance with the Pool's accounting year which runs from October of the previous year to September of the current year. As a result, the Pool's results for the 4th quarter of the group's accounting year are accounted for in the subsequent year.

**(d) Revenue recognition****i) Revenue (described as Gross Earned Premium in the statement of comprehensive income)**

Premium revenue is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the end of each reporting period, and are calculated using the 365th basis for all classes of business.

**ii) Other income**

Commissions receivable are recognised as income in the period in which they are earned. To achieve this a proportion of reinsurance commissions receivable is deferred and recognised as income over the period of the policy.

Interest income for all interest bearing financial instruments is recognised using the effective interest rate method. Dividend income on available for sale equities is recognised as income in the period in which the right to receive payment is established. Rental income is recognised as income in the period in which it is earned.

Results of the company's share of the two Kenya Motor Insurance Pools are accounted for in profit or loss in accordance with the Pool's accounting year which runs from October of the previous year to September of the current year. As a result, the Pool's results for the 4th quarter of the Group's accounting year are accounted for in the subsequent year.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Reinsurance**

The Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance attained are recognised as income in the same manner as they would be if the reinsurance were considered direct business. Ceded reinsurance arrangements do not relieve the group from its obligations to policyholders. Premiums ceded and claims reimbursed are presented on a gross basis in the consolidated statement of comprehensive income and statement of financial position as appropriate.

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.

The group also assumes reinsurance risk in the normal course of business for non-life insurance contracts. Premiums and claims on 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.

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

**(f) Commissions payable and deferred acquisition costs**

A proportion of commissions payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of commissions payable and other acquisition costs that relate to the unexpired term of the policies that are in force at the year end.

**(g) 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 provisions represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of each reporting period, but not settled at that date, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Outstanding claims are computed on the basis of the

best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR") at the end of each reporting period based on the group's experience but subject to the minimum levels of IBNR set by regulations in Kenya and Tanzania.

**(h) Unearned premium reserve**

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 at which time it is recognised as premium income.

**(i) Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings ("Ksh") rounded to the nearest thousand, which is the Group's presentation currency.

**(ii) Transactions and balances**

In preparing the financial statements of individual entities in the group, transactions in foreign currencies during the year are recorded at rates ruling at the transaction dates. Assets and liabilities at the end of each reporting period which are expressed in foreign currencies are translated at rates ruling at that date. The resulting differences are dealt with in profit or loss in the year in which they arise.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Kenya shillings, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated to Kenya shillings using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in other comprehensive income and accumulated in equity under the groups' currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Retirement Contribution obligations**

The Group operates two defined contribution pension schemes for its employees. The assets of these schemes are held in separate trustee administered funds. The schemes are funded by contributions from both the employees and the employer. Contributions are determined by the rules of the schemes.

The group also contributes to the statutory defined contribution pension schemes, the National Social Security Fund (NSSF) in Kenya and Tanzania. Contributions to these schemes are determined by local statute.

The Group's obligations to retirement contribution schemes are charged to profit or loss as they fall due. There is no further obligation to the group.

**(k) Income tax expense**

Income tax expense is the aggregate amount charged /(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

**Current income tax**

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

**Deferred income tax**

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

**(l) Investment properties**

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. Investment properties are carried at fair value, representing market value determined by external independent valuers. Changes in their carrying amount between the statement of financial position dates are accounted

for through profit or loss. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

**(m) Dividends payable**

Dividends payable on ordinary shares are charged to equity in the period in which they are declared. Dividends declared after the reporting date are not recognised as liabilities at the end of each reporting period.

Proposed dividends are shown as a separate component of equity.

**(n) Property and equipment**

All property and equipment are initially recorded at cost. These are stated at historical cost less accumulated depreciation and less any accumulated impairment losses.

**Depreciation**

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life at the following rates:

Buildings	4%
Furniture, fixtures and fittings and office equipment	12.5% - 20%
Motor vehicles	25%
Computer equipment	25%
Software	33.3%

Property and equipment is periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts.

**(o) Intangible assets**

Intangible assets comprise of computer software costs which are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated to write off the cost of computer software on a straight line basis over its estimated useful life of 3 years.

The useful lives of intangible assets are assessed to be either finite or indefinite. Costs associated with maintaining computer software are recognized as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software beyond their original specifications and lives is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over a period of 3 years. There are no intangible assets with indefinite useful lives.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (p) Leases

(a) *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Group recognises the lease payments as an operating expense 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 assets are consumed.

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 Group uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- 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 lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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 the lease payments made.

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount

rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

During the year, the Group eliminated the impact of Value Added Tax in its measurement of both lease liability and right-of-use asset and expensed the Value Added Tax under variable lease payments not included in lease liability. In addition the head office lease terms were substantially changed resulting into a re-measurement of both the lease liability and the right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(p) Leases (continued)**

lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**(b) The Group as the lessor**

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group 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.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

**(q) Financial assets****Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition and derecognition**

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

**Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**Debt securities**

Subsequent measurement of debt securities depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

**Amortised cost**

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

**FVOCI**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (q) Financial assets (continued)

presented as separate line item in the statement of profit or loss.

*Equity securities*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Determination of fair value**

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (NSE, DSE). The quoted market price used for financial assets held by the Group is the current bid price.

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, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of

the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

**Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and debt instruments carried at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

IFRS 9 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- Debt securities measured at amortised cost
- Receivables arising from direct insurance arrangements;
- Receivables arising from reinsurance arrangements;
- Corporate bonds;
- Deposits with financial institutions; and
- Cash and bank balances
- Kenya motor insurance pool

No impairment loss is recognised on equity investments and financial assets measured at FVPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- Other financial instruments (other than trade and lease receivables) for which credit

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (q) Financial assets (continued)

**Amortised cost (continued)**

risk has not increased significantly since initial recognition.

Loss allowances for premium and rent receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

**Measurement of expected credit losses**

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

**Expected credit losses**

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

**ECL = PD x LGD x EAD**

In applying the IFRS 9 impairment requirements, the Group follows the general

approach.

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.
- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

**Definition of default**

The Group will consider a financial asset to be in default when:

- the counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the counterparty or borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; or;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: e.g. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) Financial assets (continued)****Expected credit losses (continued)**

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

**Significant increase in credit risk (SIICR)**

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

**Measurement of ECL**

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default;
- Loss given default (LGD); and
- Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by Standard & Poors based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)). The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity; industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios.

**Fair value through profit or loss (FVTPL)**

If a financial asset or group of financial assets is not held within the "hold to collect" or the "hold to collect and sell" business model it should be measured at FVTPL. FVTPL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) Financial assets (continued)****Fair value through profit or loss (FVTPL) (continued)**

is the residual category and IFRS 9. Additionally, a business model in which an entity manages financial assets, with the objective of realizing cash flows through solely the sale of the assets would result into FVTPL business model. Even though the entity might collect contractual cash flows while it holds the financial assets the objectives of such a business model is not achieved by both collecting contractual cash flows and selling financial assets. This is because the collection of contractual cash flows is not integral to achieving the business models objectives; instead it is incidental to it.

**Financial liabilities**

Two measurement categories exist for financial liabilities; FVTPL and amortised cost. Financial liabilities that are held for trading are measured at FVTPL and all other financial liabilities are measured at amortised cost unless the fair value option is applied. IFRS 9, contains an option to designate a financial liability as measured at FVTPL when:-

- (i) Doing so significantly reduces or eliminates an accounting mismatch that would arise from measuring assets and liabilities or recognising gains or losses on different basis
- (ii) The liability is part of a group of financial liabilities that are managed and performance is evaluated on a fair value basis.

A financial liability that does not meet any of the above two criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

**Derecognition of financial liabilities**

A financial liability is removed from the statement of financial position when and only when it is extinguished, i.e. when the obligation in the contract is either discharged or cancelled or it expires. Where there been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as extinguishment of the original financial liability and the recognition of a new financial liability.

A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

**(r) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**(s) Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have an original maturity of 3 months or less.

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

At each end of the reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and the impairment loss is recognised in the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

**(u) Share capital**

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

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Shares are classified as equity when there is no obligation to transfer cash or other assets.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the entity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key assumptions concerning the future and other sources of estimation uncertainty that directors have made in applying the group's accounting policies:

*Outstanding claim reserves*

Delays can be experienced in the notification and settlement of certain types of claims and therefore the ultimate cost of this category of claims cannot be known with certainty at the end of each reporting period. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. 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 Group uses the Basic Chain Ladder techniques and the Bornhuetter-Ferguson Method, dependent on the class of business being projected, to estimate the ultimate cost of claims and the IBNR. These techniques/methods are used as they are appropriate for mature classes of business that have relatively stable development patterns. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated claims cost for each year. The development of insurance liabilities provides a measure of the group's ability to estimate the ultimate value of claims. In order to compute the Net Incurred But not Reported (IBNR) a reinsurance recovery rate is determined.

In the event that minimum prescribed IBNR rates as determined by the insurance regulations in Kenya and Tanzania are higher than those estimated by the group, the regulatory limits are applied.

The key variable used in determining IBNR and outstanding claim reserves is the value of claims where actual claims incurred may differ from historical claims incurred. Outstanding claim reserves also include an unallocated loss adjustment expenses reserve. Determination of the level of expenses required to pay claims on run-off in the event the business was to be wound up, is an area of professional judgement.

The table below summarises the impact of the change to the value of claims on the financial positions.

**GROUP**

	31 December 2022		31 December 2021		
% change	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000	
Value of claims	1%	49,437	27,589	41,959	28,963

**COMPANY**

	31 December 2022		31 December 2021		
% change	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000	
Value of claims	1%	46,090	25,955	37,934	27,642

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: one-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.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)****Calculation of loss allowance**

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on the financial assets had been 5% higher (lower) as of 31 December 2022, the loss allowance would have been Kshs. 22,664,000 and Kshs. 21,562,000 (2021: Kshs. 23,533,000 and Kshs. 22,518,000) for the group and the company respectively.

**Valuation of investment properties**

The valuation takes into effect the general state of the economy which is in a depressed state exacerbated by the current COVID-19 pandemic. This has resulted into a depressed property market where prices in both rental and property sales have gone down. This has been reflected in the valuation hence resulting into a key judgement area.

The effects of changes in gross annual rental and yield will have the following effect on the fair value of the properties:-

**GROUP AND COMPANY**

		31 December 2022	31 December 2021
	% change	Impact on profit before tax Kshs'000	Impact on profit before tax Kshs'000
Gross annual rental	+/-5%	10,025	10,477
Gross annual rental	-5%	(10,025)	(10,477)
Rate of return	+2.5%	5,012	5,239
Rate of return	-2.5%	(5,012)	(5,239)

**Assessment as to whether the right-of-use assets is impaired**

In estimating the recoverable amount of the right-of-use asset, the directors have made assumptions about the achievable market rates for similar properties with similar lease terms. Due to the associated uncertainty, it is possible that the estimates of the amount of lease payment that will be recovered through the sub-lease of the property may need to be revised during the next year.

**Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 2). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

**4 RISK MANAGEMENT****Governance framework**

The primary objective of the group's risk and financial management framework is to protect the group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place. The group has a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to management.

**Management of Insurance and financial risk**

The group's activities expose it to a variety of risks. The group classifies the various risks it is exposed to into insurance risk and financial risk. Financial risks include credit risk, liquidity risk and market risk. Market risk includes the effect of changes in equity market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets, identification and management of risks. It seeks to minimise potential adverse effects on its financial performance by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. The group has put in place investment policies which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (Continued)****Management of Insurance and financial risk (continued)****i) Insurance risk**

Insurance risk in the group arises from:

- (a) Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
- (b) Unexpected claims arising from a single source;
- (c) Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
- (d) Inadequate reinsurance protection or other risk transfer techniques; and
- (e) Inadequate reserves

(a), (b) and (c) can be classified as the core insurance risk, (d) relates to reinsurance planning, while (e) is about reserving.

**Core insurance risk**

This risk is managed through:

- Diversification across a large portfolio of insurance contracts;
- Careful selection guided by a conservative underwriting philosophy;
- Continuous monitoring of the business performance per class and per client and corrective action taken as deemed appropriate;
- A minimum of one review of each policy at renewal to determine whether the risk remains within the acceptable criteria;
- Having a business acceptance criteria which is reviewed from time to time based on the experience and other developments; and
- Having a mechanism of identifying, quantifying and accumulating exposures to contain them within the set underwriting limits.

**Reinsurance planning**

Reinsurance purchases are reviewed annually to verify that the levels of protection being sought reflect developments in exposure and risk appetite of the group. The basis of these purchases is underpinned by the group's experience, financial modelling by and exposure of the reinsurance broker.

The reinsurance is placed with providers who meet the Group's counter party security requirements.

**Claims reserving**

The group's reserving policy is guided by the prudence concept. Estimates are made of the estimated cost of settling a claim based on the best available information on registration of a claim, and this is updated as and when additional information is obtained and annual reviews done to ensure that the reserves are adequate. Management is regularly provided with claims settlement reports to inform on the reserving performance. The claims reserves also includes an estimate for incurred but not reported claims.

**Short-term insurance contracts**

The Group principally issues the following types of general insurance contracts: Aviation, engineering, fire, liability, marine, motor, personal accident, theft, workmen compensation and various miscellaneous general risk classes. The risks under these policies usually cover twelve months duration.

These risks on these contracts do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry. The 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 and geography. Furthermore, strict claim review policies to assess all new and ongoing 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. earthquakes and 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 Board of Directors may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

(i) Management of Insurance and financial risk (continued)  
Insurance risk (continued)

The table below sets out the concentration of insurance exposure by the main classes of business in which the group operates. The amounts are the carrying amounts of the sum insured (gross and net of reinsurance) arising from insurance contracts.

GROUP		Ksh '000	Ksh'000	Ksh'000	Ksh'000	
		Below 20m	20m to 50m	Over 50 million	Total	
Aviation	Gross	704,219	698,636	682,954,150	684,357,005	
	Net	84,677	35,237	568,501	688,415	
Engineering	Gross	5,077,166	6,457,828	124,180,758	135,715,752	
	Net	4,884,149	6,058,398	20,610,969	31,553,516	
Fire Domestic	Gross	20,648,439	25,586,480	49,186,599	95,421,518	
	Net	20,502,174	25,487,639	37,404,014	83,393,827	
Fire Industrial	Gross	38,560,703	36,909,921	1,617,830,076	1,693,300,700	
	Net	19,023,906	27,525,782	168,450,523	215,000,211	
Liability	Gross	9,365,789	11,482,321	270,508,082	291,356,192	
	Net	8,113,176	8,973,210	51,620,000	68,706,386	
Marine	Gross	4,738,590	4,601,069	80,678,440	90,018,099	
	Net	4,359,169	3,314,281	8,058,279	15,731,729	
Miscellaneous Accident	Gross	2,467,447	4,944,910	13,533,754	20,946,111	
	Net	730,920	1,068,702	964,312	2,763,934	
Motor Commercial	Gross	10,086,732	4,048,510	82,741,045	96,876,287	
	Net	9,697,470	3,558,851	74,293,403	87,549,724	
Motor Private	Gross	40,996,115	3,499,471	6,363,660	50,859,246	
	Net	40,402,252	3,403,001	6,317,044	50,122,297	
Personal Accident	Gross	33,285,965	32,028,590	139,234,963	204,549,518	
	Net	9,491,010	15,539,198	58,175,545	83,205,753	
Theft	Gross	10,858,157	7,552,066	64,567,246	82,977,469	
	Net	10,745,782	7,465,664	60,393,345	78,604,791	
Workmen's Compensation	Gross	902,437	62,920,016	144,423,837	208,246,290	
	Net	870,702	62,031,742	128,234,483	191,136,927	
		<b>Gross</b>	<b>177,691,759</b>	<b>200,729,818</b>	<b>3,276,202,610</b>	<b>3,654,624,187</b>
<b>31 December 2022</b>		<b>Net</b>	<b>128,905,387</b>	<b>164,461,705</b>	<b>615,090,418</b>	<b>908,457,510</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)**  
**Management of Insurance and financial risk (continued)**  
**(i) Insurance risk (continued)**

The table below sets out the concentration of insurance exposure by the main classes of business in which the group operates. The amounts are the carrying amounts of the sum insured (gross and net of reinsurance) arising from insurance contracts.

GROUP		Ksh '000	Ksh'000	Ksh'000	Ksh'000
		Below 20m	20m to 50m	Over 50 million	Total
Aviation	Gross	705,574	823,353	565,349,039	566,877,966
	Net	80,147	57,825	768,086	906,058
Engineering	Gross	4,842,458	5,652,491	92,377,541	102,872,490
	Net	4,619,128	4,909,576	18,268,563	27,797,267
Fire Domestic	Gross	20,583,192	22,965,770	48,660,401	92,209,363
	Net	19,113,412	22,364,085	34,799,391	76,276,888
Fire Industrial	Gross	34,819,820	33,596,778	1,315,192,004	1,383,608,602
	Net	16,045,618	22,528,389	139,727,080	178,301,087
Liability	Gross	8,356,459	10,392,070	213,988,262	232,736,791
	Net	7,232,094	7,918,515	34,801,147	49,951,756
Marine	Gross	3,743,252	3,613,270	16,990,605	24,347,127
	Net	3,576,672	2,381,691	6,893,031	12,851,394
Miscellaneous Accident	Gross	10,630,121	10,902,583	14,895,474	36,428,178
	Net	2,343,114	2,280,754	1,840,542	6,464,410
Motor Commercial	Gross	10,275,915	4,410,353	10,081,598	24,767,866
	Net	9,314,539	4,062,328	9,045,835	22,422,702
Motor Private	Gross	41,080,807	3,662,347	8,347,591	53,090,745
	Net	38,097,822	3,379,053	7,522,369	48,999,244
Personal Accident	Gross	3,980,132	14,112,208	112,018,953	130,111,293
	Net	3,557,680	13,235,131	50,162,802	66,955,613
Theft	Gross	10,409,784	6,732,625	62,308,280	79,450,689
	Net	10,258,758	6,603,074	56,133,421	72,995,253
Workmen's Compensation	Gross	899,474	63,622,401	121,303,581	185,825,456
	Net	864,943	63,208,561	112,715,633	176,789,137
	<b>Gross</b>	<b>150,326,988</b>	<b>180,486,249</b>	<b>2,581,513,329</b>	<b>2,912,326,566</b>
	<b>Net</b>	<b>115,103,927</b>	<b>152,928,982</b>	<b>472,677,900</b>	<b>740,710,809</b>
<b>31 December 2021</b>					

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (i) Insurance risk (continued)

## COMPANY

## 31 December 2022

		Ksh '000	Ksh'000	Ksh'000	Ksh'000
		Below 20m	20m to 50m	Over 50 million	Total
Aviation	Gross	704,219	698,636	673,319,575	674,722,430
	Net	84,677	35,237	563,036	682,950
Engineering	Gross	3,999,898	5,149,574	100,216,466	109,365,938
	Net	3,905,752	4,893,816	16,980,909	25,780,477
Fire Domestic	Gross	19,517,726	24,954,353	47,870,455	92,342,534
	Net	19,486,195	24,918,725	36,258,574	80,663,494
Fire Industrial	Gross	35,054,620	32,479,169	1,445,316,934	1,512,850,723
	Net	15,971,570	23,665,171	131,317,145	170,953,886
Liability	Gross	8,157,319	10,614,000	161,816,660	180,587,979
	Net	7,017,670	8,174,400	21,531,066	36,723,136
Marine	Gross	3,641,870	3,543,533	75,179,254	82,364,657
	Net	3,507,153	2,717,898	5,688,366	11,913,417
Miscellaneous Accident	Gross	1,564,708	3,343,552	11,005,600	15,913,860
	Net	534,780	725,668	748,010	2,008,458
Motor Commercial	Gross	7,710,487	2,029,325	5,680,866	15,420,678
	Net	7,702,677	2,029,325	5,680,866	15,412,868
Motor Private	Gross	37,479,574	3,337,238	5,897,505	46,714,317
	Net	37,383,843	3,289,262	5,897,505	46,570,610
Personal Accident	Gross	32,693,011	31,612,532	135,668,472	199,974,015
	Net	8,958,644	15,289,232	57,641,784	81,889,660
Theft	Gross	9,684,506	6,844,403	62,422,482	78,951,391
	Net	9,681,106	6,824,403	58,980,559	75,486,068
Workmen's Compensation	Gross	534,623	62,608,479	140,017,243	203,160,345
	Net	534,623	61,751,358	126,309,141	188,595,122
<b>Gross</b>		<b>160,742,561</b>	<b>187,214,794</b>	<b>2,864,411,512</b>	<b>3,212,368,867</b>
<b>Net</b>		<b>114,768,690</b>	<b>154,314,495</b>	<b>467,596,961</b>	<b>736,680,146</b>

31 December 2022

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (i) Insurance risk (continued)

## COMPANY

## 31 December 2021

		Ksh '000	Ksh'000	Ksh'000	Ksh'000
		Below 20m	20m to 50m	Over 50 million	Total
Aviation	Gross	705,574	798,542	546,541,075	548,045,191
	Net	80,147	57,825	758,294	896,266
Engineering	Gross	4,060,185	4,834,944	82,273,152	91,168,281
	Net	3,927,610	4,346,078	17,462,177	25,735,865
Fire Domestic	Gross	19,529,265	22,298,432	47,716,890	89,544,587
	Net	18,625,315	22,063,783	34,526,396	75,215,494
Fire Industrial	Gross	32,073,880	30,724,802	1,185,988,388	1,248,787,070
	Net	14,877,350	21,456,390	131,187,007	167,520,747
Liability	Gross	7,396,193	9,481,784	139,620,171	156,498,148
	Net	6,374,053	7,077,784	20,094,251	33,546,088
Marine	Gross	3,245,247	3,201,975	14,670,072	21,117,294
	Net	3,170,315	2,155,086	5,819,172	11,144,573
Miscellaneous Accident	Gross	10,315,645	10,689,623	14,514,600	35,519,868
	Net	2,277,031	2,240,723	1,831,020	6,348,774
Motor Commercial	Gross	9,006,006	2,668,651	6,005,481	17,680,138
	Net	8,184,839	2,575,161	6,005,481	16,765,481
Motor Private	Gross	38,334,575	3,280,511	8,080,384	49,695,470
	Net	35,712,762	3,069,708	7,345,516	46,127,986
Personal Accident	Gross	3,224,269	13,267,439	109,479,624	125,971,332
	Net	2,922,892	12,832,019	49,326,705	65,081,616
Theft	Gross	9,313,662	6,224,357	60,703,555	76,241,574
	Net	9,281,745	6,134,797	55,164,528	70,581,070
Workmen's Compensation	Gross	603,617	63,279,042	118,771,804	182,654,463
	Net	598,231	62,899,542	111,322,255	174,820,028
<b>Gross</b>		<b>137,808,118</b>	<b>170,750,102</b>	<b>2,334,365,196</b>	<b>2,642,923,416</b>
<b>Net</b>		<b>106,032,290</b>	<b>146,908,896</b>	<b>440,842,802</b>	<b>693,783,988</b>

## 31 December 2021

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)****Management of Insurance and financial risk (continued)****(i) Insurance risk (continued)**

The geographical concentration of the Group's sum insured is disclosed below. The disclosure is based on the countries where the business is written.

**31 December 2022**

Kenya

Tanzania

**Total****31 December 2021**

Kenya

Tanzania

**Total**

Gross Sum insured Ksh'000	Reinsurance Share Ksh'000	Net Sum insured Ksh'000
3,212,368,867	2,475,688,719	736,680,148
442,255,320	270,477,958	171,777,362
<b>3,654,624,187</b>	<b>2,746,166,677</b>	<b>908,457,510</b>
2,642,923,416	1,949,139,428	693,783,988
269,403,150	222,476,329	46,926,821
<b>2,912,326,566</b>	<b>2,171,615,757</b>	<b>740,710,809</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)****Management of Insurance and financial risk (continued)****(ii) Financial risks****(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risks, equity price risk and foreign exchange currency risk. The sensitivity analyses presented below are based on a change in one assumption while holding all other assumptions constant.

**(i) Foreign exchange currency risk**

Foreign exchange currency 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 group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities, which mitigate the foreign currency exchange rate risk. The currency risk is also effectively managed by ensuring that the transactions between the group and other parties are designated in the functional currencies of the individual group companies.

At 31 December 2022, if the Kenya shilling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the group profit before tax for the year would have been Ksh 998,178 (2021: Ksh 436,027) higher/lower, mainly as a result of US dollar denominated deposits with financial institutions in Kenya and in Tanzania.

At 31 December 2022, if the Kenya shilling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the company profit before tax for the year would have been Ksh 921,311 (2021: Ksh 356,588) higher/lower, mainly as a result of US dollar denominated deposits with financial institutions in Kenya and in Tanzania.

**(ii) Interest rate risk**

The group is exposed to the risk that the level of interest income and in effect the cash flows will fluctuate due to changes in market interest rates. To manage this, the group ensures that the investment maturity profiles are well spread. The securities that are subject to interest rate risk are bank deposits, corporate bonds and debt securities.

An increase/decrease of 5 percentage points in interest yields would result in an increase/(decrease) in the group profit before tax for the year by Ksh 42,652,000 (2021: Ksh 36,871,000).

An increase/decrease of 5 percentage points in interest yields would result in an increase/(decrease) in the company profit before tax for the year by Ksh 40,100,000 (2021: Ksh 34,871,000).

**(iii) Equity price risk**

Equity 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 those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The group is exposed to equity securities price risk as a result of its holdings in equity investments which are listed and traded on the Nairobi Securities Exchange and on the Dar-es-Salaam Stock Exchange which are classified at fair value through profit or loss. Exposure to equity price risk in aggregate is monitored in order to ensure compliance.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)****Management of Insurance and financial risk (continued)****(ii) Financial risks (continued)****a) Market risk (continued)****(iii) Equity price risk (continued)**

with the relevant regulatory limits for solvency purposes.

The group has a defined investment policy which sets limits on the group's exposure to equity securities both in aggregate terms and by category/share. This policy of diversification is used to manage the group's price risk arising from its investments in equity securities.

At 31 December 2022, if equity market indices had increased/decreased by 5%, with all other variables held constant, the group profit before tax for the year would have increased/decreased by Ksh 9,212,000 (2021: Ksh 5,323,000).

At 31 December 2022, if equity market indices had increased/decreased by 5%, with all other variables held constant, the company profit before tax for the year would have increased/decreased by Ksh 10,259,000 (2021: Ksh 5,248,000).

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the group by failing to discharge a contractual obligation. The following policies and procedures are in place to mitigate the group's exposure to credit risk:

- Net exposure limits are set for each counterparty or group of counterparties i.e. limits are set for investments and cash deposits, and minimum credit ratings for investments that may be held.
- Reinsurance is placed with counterparties that have a good credit rating.
- Ongoing monitoring by the management credit committee.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the group. Management information reported to the directors include details of provisions for impairment on receivables and subsequent write offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. The table below shows the carrying amounts of financial assets bearing credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group and Company's receivables from direct insurance business and reinsurance receivables.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (b) Credit risk (continued)

## GROUP

Total exposure on receivables arising out of direct and reinsurance arrangements as at December 2022

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
91,566	17,021	11,740	515	56,249	177,091
140,739	92,376	32,181	68,346	120,450	454,092
12,317	63,146	17,136	13,577	40,873	147,049
<b>244,622</b>	<b>172,543</b>	<b>61,057</b>	<b>82,438</b>	<b>217,572</b>	<b>778,232</b>
307,650	125,047	119,634	64,328	155,602	772,261
<b>552,272</b>	<b>297,590</b>	<b>180,691</b>	<b>146,766</b>	<b>373,174</b>	<b>1,550,493</b>

## Total impairment as at December 2022

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
40	212	106	(566)	57,655	57,447
63	134	182	44,025	121,505	165,909
6	147	241	40,219	40,873	81,486
<b>109</b>	<b>493</b>	<b>529</b>	<b>83,678</b>	<b>220,033</b>	<b>304,842</b>
205	205	732	32,202	103,991	137,335
<b>314</b>	<b>698</b>	<b>1,261</b>	<b>115,880</b>	<b>324,024</b>	<b>442,177</b>

## Net carrying amount as at December 2022

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
91,526	16,809	11,634	1,079	(1,406)	119,642
140,676	92,242	32,000	24,321	(1,054)	288,185
12,311	62,999	16,895	(26,642)	-	65,563
<b>244,513</b>	<b>172,050</b>	<b>60,529</b>	<b>(1,242)</b>	<b>(2,460)</b>	<b>473,390</b>
307,445	124,842	118,902	32,126	51,611	634,926
<b>551,958</b>	<b>296,892</b>	<b>179,431</b>	<b>30,884</b>	<b>49,151</b>	<b>1,108,316</b>

## Loss Rates

Agents
Brokers
Direct
Reinsurance Receivables

0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
0%	1%	1%	-110%	102%	32%
0%	0%	1%	64%	101%	37%
0%	0%	1%	296%	100%	55%
0%	0%	1%	50%	67%	18%
<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>79%</b>	<b>87%</b>	<b>29%</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (b) Credit risk (continued)

## GROUP

## Total exposure on receivables arising out of direct and reinsurance arrangements as at December 2021

Agents
Brokers
Direct
Travel
TGAs
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	87,208	16,476	9,183	14,715	71,746	199,328
Brokers	138,946	129,868	19,207	89,343	114,451	491,815
Direct	27,065	15,101	12,862	24,882	28,315	108,225
Travel	92	(150)	(5)	(176)	643	404
TGAs	2,201	2,139	1,652	2,218	(2,076)	6,134
<b>Receivables arising out of direct insurance arrangements</b>	<b>255,512</b>	<b>163,434</b>	<b>42,899</b>	<b>130,982</b>	<b>213,079</b>	<b>805,906</b>
Reinsurance Receivables	86,096	(53,677)	219,771	(152,788)	259,224	358,626
<b>Total</b>	<b>341,608</b>	<b>109,757</b>	<b>262,670</b>	<b>(21,806)</b>	<b>472,303</b>	<b>1,164,532</b>

## Total impairment as at December 2021

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	1	(59)	(40)	12,378	70,313	82,593
Brokers	2,374	(48)	3,131	58,704	114,450	178,611
Direct	(57)	104	208	21,199	28,315	49,769
<b>Receivables arising out of direct insurance arrangements</b>	<b>2,318</b>	<b>(3)</b>	<b>3,299</b>	<b>92,281</b>	<b>213,078</b>	<b>310,973</b>
Reinsurance Receivables	141	(150)	281	(119,127)	259,224	140,369
<b>Total</b>	<b>2,459</b>	<b>(153)</b>	<b>3,580</b>	<b>(26,846)</b>	<b>472,302</b>	<b>451,342</b>

## Net carrying amount as at December 2021

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	89,500	18,525	10,870	4,378	-	123,273
Brokers	136,572	129,916	16,076	30,640	-	313,204
Direct	27,122	14,997	12,654	3,683	-	58,456
<b>Receivables arising out of direct insurance arrangements</b>	<b>253,194</b>	<b>163,438</b>	<b>39,600</b>	<b>38,701</b>	<b>-</b>	<b>494,933</b>
Reinsurance Receivables	85,956	(53,527)	219,490	(33,662)	-	218,257
<b>Total</b>	<b>339,150</b>	<b>109,911</b>	<b>259,090</b>	<b>5,039</b>	<b>-</b>	<b>713,190</b>

## Loss Rates

Agents
Brokers
Direct
Reinsurance Receivables

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	0%	0%	0%	74%	100%	40%
Brokers	0%	0%	16%	66%	100%	36%
Direct	0%	1%	2%	85%	100%	46%
Reinsurance Receivables	0%	0%	0%	78%	100%	39%
<b>Total</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>123%</b>	<b>100%</b>	<b>39%</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (b) Credit risk (continued)

## COMPANY

## Total exposure on receivables arising out of direct and reinsurance arrangements as at December 2022

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	87,540	17,939	10,201	2,521	54,443	172,644
Brokers	140,562	92,587	30,871	66,741	119,414	450,175
Direct	12,317	63,136	17,145	13,571	40,384	146,553
<b>Receivables arising out of direct insurance arrangements</b>	<b>240,419</b>	<b>173,662</b>	<b>58,217</b>	<b>82,833</b>	<b>214,241</b>	<b>769,372</b>
Reinsurance Receivables	303,569	110,439	118,477	56,249	92,599	681,333
<b>Total</b>	<b>543,988</b>	<b>284,101</b>	<b>176,694</b>	<b>139,082</b>	<b>306,840</b>	<b>1,450,705</b>

## Total impairment as at December 2022

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	7	1	-	(329)	54,443	54,122
Brokers	63	134	182	42,325	119,414	162,118
Direct	6	147	241	40,219	40,384	80,997
<b>Receivables arising out of direct insurance arrangements</b>	<b>76</b>	<b>282</b>	<b>423</b>	<b>82,215</b>	<b>214,241</b>	<b>297,237</b>
Reinsurance Receivables	205	205	732	32,100	92,599	125,841
<b>Total</b>	<b>281</b>	<b>487</b>	<b>1,155</b>	<b>114,315</b>	<b>306,840</b>	<b>423,078</b>

## Net carrying amount as at December 2022

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	87,533	17,938	10,201	2,850	-	118,522
Brokers	140,499	92,453	30,689	24,416	-	288,057
Direct	12,311	62,989	16,904	(26,648)	-	65,556
<b>Receivables arising out of direct insurance arrangements</b>	<b>240,343</b>	<b>173,380</b>	<b>57,794</b>	<b>618</b>	<b>-</b>	<b>472,135</b>
Reinsurance Receivables	303,364	110,234	117,745	24,149	-	555,492
<b>Total</b>	<b>543,707</b>	<b>283,614</b>	<b>175,539</b>	<b>24,767</b>	<b>-</b>	<b>1,027,627</b>

## Loss Rates

Agents
Brokers
Direct
Reinsurance Receivables

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	0%	0%	0%	(13%)	100%	31%
Brokers	0%	0%	1%	63%	100%	36%
Direct	0%	0%	1%	296%	100%	55%
Reinsurance Receivables	0%	0%	1%	57%	100%	39%
<b>Total</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>82%</b>	<b>100%</b>	<b>29%</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (b) Credit risk (continued)

## Company

## Total exposure on receivables arising out of direct and reinsurance arrangements as at December 2021

Agents
Brokers
Direct
Travel
TGAs
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	87,204	16,551	9,231	14,074	71,718	198,778
Brokers	130,799	129,938	16,070	91,900	112,298	481,005
Direct	27,244	14,970	12,831	24,952	25,729	105,726
Travel	92	(150)	(5)	(176)	643	404
TGAs	2,201	2,139	1,652	2,218	(2,076)	6,134
<b>Receivables arising out of direct insurance arrangements</b>	<b>247,540</b>	<b>163,448</b>	<b>39,779</b>	<b>132,968</b>	<b>208,312</b>	<b>792,047</b>
Reinsurance Receivables	75,028	(51,934)	221,249	(159,548)	214,115	298,910
<b>Total</b>	<b>322,568</b>	<b>111,514</b>	<b>261,028</b>	<b>(26,580)</b>	<b>422,427</b>	<b>1,090,957</b>

## Total impairment as at December 2021

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	-	-	-	11,893	70,284	82,177
Brokers	-	-	164	63,797	112,299	176,260
Direct	-	-	181	21,362	25,729	47,272
<b>Receivables arising out of direct insurance arrangements</b>	<b>-</b>	<b>-</b>	<b>345</b>	<b>97,052</b>	<b>208,312</b>	<b>305,709</b>
Reinsurance Receivables	30	(63)	988	(85,884)	214,115	129,186
<b>Total</b>	<b>30</b>	<b>(63)</b>	<b>1,333</b>	<b>11,168</b>	<b>422,427</b>	<b>434,895</b>

## Net carrying amount as at December 2021

Agents
Brokers
Direct
<b>Receivables arising out of direct insurance arrangements</b>
Reinsurance Receivables
<b>Total</b>

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	89,497	18,540	10,878	4,223	-	123,138
Brokers	130,799	129,938	15,906	28,103	-	304,745
Direct	27,244	14,970	12,650	3,591	-	58,455
<b>Receivables arising out of direct insurance arrangements</b>	<b>247,540</b>	<b>163,448</b>	<b>39,434</b>	<b>35,917</b>	<b>-</b>	<b>486,338</b>
Reinsurance Receivables	74,998	(51,872)	220,261	(73,663)	-	169,724
<b>Total</b>	<b>322,538</b>	<b>111,576</b>	<b>259,695</b>	<b>(37,746)</b>	<b>-</b>	<b>656,062</b>

## Loss Rates

Agents
Brokers
Direct
Reinsurance Receivables

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	0%	0%	0%	74%	100%	40%
Brokers	0%	0%	1%	69%	100%	37%
Direct	0%	0%	1%	86%	100%	45%
Reinsurance Receivables	0%	0%	0%	54%	100%	43%
<b>Total</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>(42%)</b>	<b>100%</b>	<b>40%</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (b) Credit risk (continued)

In determining the expected credit losses for these assets the Group has taken into account the historical default experience, the financial position of the counterparties, financial analysts reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. In the case of equity investments classified at fair value through profit or loss, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

The maximum exposure to credit risk is as summarised below:

## GROUP

## 31 December 2022

Receivables arising out of direct insurance arrangements
Receivables arising out reinsurance arrangements
Debt securities at amortised cost
Debt securities at fair value through other comprehensive income
Corporate bonds at amortised cost
Deposits with financial institutions at amortised cost
Kenya Motor Insurance Pool
Other receivables
Cash and bank balances

## 31 December 2021

Receivables arising out of direct insurance arrangements
Receivables arising out reinsurance arrangements
Debt securities at amortised cost
Debt securities at fair value through other comprehensive income
Corporate bonds at amortised cost
Deposits with financial institutions at amortised cost
Kenya Motor Insurance Pool
Other receivables
Cash and bank balances

Carrying Amount Ksh'000	Provision for Impairment Ksh'000	Net Ksh'000
778,232	(304,842)	473,390
772,261	(137,335)	634,926
5,492,403	(5,407)	5,486,996
1,387,061	-	1,387,061
74,916	(83)	74,833
658,119	(3,240)	654,879
50,909	(51)	50,858
159,778	(1,587)	158,191
153,667	(739)	152,928
<b>9,527,346</b>	<b>(453,284)</b>	<b>9,074,062</b>
805,906	(310,973)	494,933
358,626	(140,369)	218,257
4,773,009	(4,793)	4,768,216
1,346,639	-	1,346,639
59,056	(83)	58,973
1,033,141	(5,746)	1,027,395
52,233	(146)	52,087
188,618	(8,378)	180,240
85,039	(179)	84,860
<b>8,702,267</b>	<b>(470,667)</b>	<b>8,231,600</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)  
(ii) Financial risks (continued)

## (b) Credit risk (continued)

## COMPANY

## 31 December 2022

Receivables arising out of direct insurance arrangements
Receivables arising out reinsurance arrangements
Debt securities at amortised cost
Debt securities at fair value through other comprehensive income
Corporate bonds at amortised cost
Deposits with financial institutions at amortised cost
Kenya Motor Insurance Pool
Other receivables
Cash and bank balances

## 31 December 2021

Receivables arising out of direct insurance arrangements
Receivables arising out reinsurance arrangements
Debt securities at amortised cost
Debt securities at fair value through other comprehensive income
Corporate bonds at amortised cost
Deposits with financial institutions at amortised cost
Kenya Motor Insurance Pool
Other receivables
Cash and bank balances

Please refer to Note 11(c) for movements in expected credit losses.

**Credit risk – Increase/decrease of ECL rate by 5%**

If the ECL rates on financial assets had been 5% higher (lower) as of 31 December 2022, the loss allowance for the Group and Company would have been Ksh 22,664,000 and Ksh 21,562,000 higher (lower). (2021 - Ksh 23,533,000 and Ksh 22,518,000 for the Group and Company respectively).

## (c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has developed and put in place an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Carrying Amount Ksh'000	Provision for Impairment Ksh'000	Total Ksh'000
769,372	(297,237)	472,135
681,333	(125,841)	555,492
5,360,641	(5,392)	5,355,249
1,387,061	-	1,387,061
58,998	(83)	58,915
233,848	(1,473)	232,375
50,909	(51)	50,858
121,292	(430)	120,862
118,883	(739)	118,144
<b>8,782,337</b>	<b>(431,246)</b>	<b>8,351,091</b>
792,047	(305,709)	486,338
298,910	(129,186)	169,724
4,629,652	(4,779)	4,624,873
1,346,639	-	1,346,639
59,056	(83)	58,973
714,844	(4,315)	710,529
52,233	(146)	52,087
157,310	(5,961)	151,349
22,877	(179)	22,698
<b>8,073,568</b>	<b>(450,358)</b>	<b>7,623,210</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (c) Liquidity risk (continued)

The table below analyses the group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

## GROUP

## 31 December 2022

## Assets

Debt securities at amortised cost	1,168,587	2,520,151	2,738,399	5,381,104	11,808,241
Debt securities at fair value through other comprehensive income	-	-	-	1,387,061	1,387,061
Corporate bonds at amortised cost	8,670	17,340	83,943	-	109,953
Deposits with financial institutions	632,330	2,777	-	-	635,107
Cash and bank balances	153,048	-	-	-	153,048
Equity securities at fair value through profit or loss	54,501	117,587	130,186	529,839	832,113
Investment property	224,000	499,199	553,794	1,645,715	2,922,708
Receivables arising out of reinsurance arrangements	511,389	104,349	104,349	52,173	772,260
Receivables arising out of direct insurance arrangements	642,699	54,532	54,532	27,268	779,031
Other receivables	313,439	303,996	-	-	617,435

## Total assets

Outstanding claims provision	2,650,628	1,289,193	465,932	236,113	4,641,866
Payables arising from reinsurance arrangements	176,940	109,571	109,571	54,784	450,866
Lease liability	102,508	105,211	244,018	-	451,737
Other payables	858,866	156,934	14,349	-	1,030,149

## Total liabilities

## Liquidity gap

## 31 December 2021

## Assets

Debt securities at amortised cost	1,302,233	1,989,790	2,123,731	5,654,459	11,070,213
Debt securities at fair value through other comprehensive income	-	-	-	1,346,639	1,346,639
Corporate bonds at amortised cost	7,084	14,168	71,998	-	93,250
Deposits with financial institutions	1,021,311	-	-	-	1,021,311
Cash and bank balances	85,237	-	-	-	85,237
Equity securities at fair value through profit or loss	64,525	139,831	155,655	567,278	927,289
Investment property	216,800	483,154	535,993	1,592,817	2,828,764
Receivables arising out of reinsurance arrangements	169,808	75,528	75,528	37,762	358,626
Receivables arising out of direct insurance arrangements	664,871	56,413	56,413	28,209	805,906
Other receivables	237,386	-	-	-	237,386

## Total assets

Outstanding claims provision	1,725,016	1,195,990	347,002	198,518	3,466,526
Payables arising from reinsurance arrangements	152,764	134,446	134,446	67,222	488,878
Lease liability	96,576	204,561	106,927	247,930	655,994
Other payables	499,175	81,809	-	-	580,984

## Total liabilities

## Liquidity gap

	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
	<b>3,708,663</b>	<b>3,619,931</b>	<b>3,665,203</b>	<b>9,023,160</b>	<b>20,016,957</b>
	<b>(80,279)</b>	<b>1,959,022</b>	<b>2,831,333</b>	<b>8,732,263</b>	<b>13,442,339</b>
	<b>3,769,255</b>	<b>2,758,884</b>	<b>3,019,318</b>	<b>9,227,164</b>	<b>18,774,621</b>
	<b>2,473,531</b>	<b>1,616,806</b>	<b>588,375</b>	<b>513,670</b>	<b>5,192,382</b>
	<b>1,295,724</b>	<b>1,142,078</b>	<b>2,430,943</b>	<b>8,713,494</b>	<b>13,582,239</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (c) Liquidity risk (continued)

## COMPANY

## 31 December 2022

## Assets

Debt securities at amortised cost	1,151,572	2,486,122	2,704,370	5,166,849	11,508,913
Debt securities at fair value through other comprehensive income	-	-	-	1,387,061	1,387,061
Corporate bonds at amortised cost	7,084	14,168	64,914	-	86,166
Deposits with financial institutions	211,503	-	-	-	211,503
Cash and bank balances	118,264	-	-	-	118,264
Equity securities at fair value through profit or loss	47,564	103,713	116,312	356,409	623,998
Investment property	224,000	499,199	553,794	1,645,715	2,922,708
Receivables arising out of reinsurance arrangements	449,758	92,630	92,630	46,315	681,333
Receivables arising out of direct insurance arrangements	635,391	53,912	53,912	26,956	770,171
Other receivables	226,104	223,303	-	-	449,407

## Total assets

Outstanding claims provision	2,276,138	1,195,668	453,057	228,656	4,153,519
Payables arising from reinsurance arrangements	159,711	60,133	60,133	30,067	310,044
Lease liability	102,508	105,211	244,018	-	451,737
Other payables	742,453	73,776	-	-	816,229

## Total liabilities

## Liquidity gap

## 31 December 2021

## Assets

Debt securities at amortised cost	1,264,345	1,958,190	2,092,131	5,438,353	10,753,019
Debt securities at fair value through other comprehensive income	-	-	-	1,346,639	1,346,639
Corporate bonds at amortised cost	7,084	14,168	71,998	-	93,250
Deposits with financial institutions	702,879	-	-	-	702,879
Cash and bank balances	22,993	-	-	-	22,993
Equity securities at fair value through profit or loss	59,739	130,260	146,084	447,636	783,719
Investment property	216,800	483,154	535,993	1,592,817	2,828,764
Receivables arising out of reinsurance arrangements	140,383	63,411	63,411	31,705	298,910
Receivables arising out of direct insurance arrangements	653,438	55,443	55,443	27,722	792,046
Other receivables	225,592	224,834	-	-	450,426

## Total assets

Outstanding claims provision	1,464,265	1,022,121	321,874	193,294	3,001,554
Payables arising from reinsurance arrangements	20,598	118,304	118,304	59,151	316,357
Lease liability	93,800	202,246	106,087	247,930	650,063
Other payables	482,788	65,423	-	-	548,211

## Total liabilities

## Liquidity gap

	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
<b>31 December 2022</b>					
<b>Assets</b>					
Debt securities at amortised cost	1,151,572	2,486,122	2,704,370	5,166,849	11,508,913
Debt securities at fair value through other comprehensive income	-	-	-	1,387,061	1,387,061
Corporate bonds at amortised cost	7,084	14,168	64,914	-	86,166
Deposits with financial institutions	211,503	-	-	-	211,503
Cash and bank balances	118,264	-	-	-	118,264
Equity securities at fair value through profit or loss	47,564	103,713	116,312	356,409	623,998
Investment property	224,000	499,199	553,794	1,645,715	2,922,708
Receivables arising out of reinsurance arrangements	449,758	92,630	92,630	46,315	681,333
Receivables arising out of direct insurance arrangements	635,391	53,912	53,912	26,956	770,171
Other receivables	226,104	223,303	-	-	449,407
<b>Total assets</b>	<b>3,071,240</b>	<b>3,473,047</b>	<b>3,585,932</b>	<b>8,629,305</b>	<b>18,759,524</b>
Outstanding claims provision	2,276,138	1,195,668	453,057	228,656	4,153,519
Payables arising from reinsurance arrangements	159,711	60,133	60,133	30,067	310,044
Lease liability	102,508	105,211	244,018	-	451,737
Other payables	742,453	73,776	-	-	816,229
<b>Total liabilities</b>	<b>3,280,810</b>	<b>1,434,788</b>	<b>757,208</b>	<b>258,723</b>	<b>5,731,529</b>
<b>Liquidity gap</b>	<b>(209,570)</b>	<b>2,038,259</b>	<b>2,828,724</b>	<b>8,370,582</b>	<b>13,027,995</b>
<b>31 December 2021</b>					
<b>Assets</b>					
Debt securities at amortised cost	1,264,345	1,958,190	2,092,131	5,438,353	10,753,019
Debt securities at fair value through other comprehensive income	-	-	-	1,346,639	1,346,639
Corporate bonds at amortised cost	7,084	14,168	71,998	-	93,250
Deposits with financial institutions	702,879	-	-	-	702,879
Cash and bank balances	22,993	-	-	-	22,993
Equity securities at fair value through profit or loss	59,739	130,260	146,084	447,636	783,719
Investment property	216,800	483,154	535,993	1,592,817	2,828,764
Receivables arising out of reinsurance arrangements	140,383	63,411	63,411	31,705	298,910
Receivables arising out of direct insurance arrangements	653,438	55,443	55,443	27,722	792,046
Other receivables	225,592	224,834	-	-	450,426
<b>Total assets</b>	<b>3,293,253</b>	<b>2,929,460</b>	<b>2,965,060</b>	<b>8,884,872</b>	<b>18,072,645</b>
Outstanding claims provision	1,464,265	1,022,121	321,874	193,294	3,001,554
Payables arising from reinsurance arrangements	20,598	118,304	118,304	59,151	316,357
Lease liability	93,800	202,246	106,087	247,930	650,063
Other payables	482,788	65,423	-	-	548,211
<b>Total liabilities</b>	<b>2,061,451</b>	<b>1,408,094</b>	<b>546,265</b>	<b>500,375</b>	<b>4,516,185</b>
<b>Liquidity gap</b>	<b>1,231,802</b>	<b>1,521,366</b>	<b>2,418,795</b>	<b>8,384,497</b>	<b>13,556,460</b>

The liquidity gap on 1 year is adequately covered by cash flows from day to day operations.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)**  
**Management of Insurance and financial risk (continued)**  
**(ii) Financial risks (continued)**  
**(d) Fair value hierarchy**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active 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. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Nairobi Securities Exchange ("NSE"), and Dar es Salaam Securities ("DSE") equity investments and government bonds classified at fair value through profit or loss and fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial and non-financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021.

**GROUP****31 December 2022**

- Equity securities at fair value through profit or loss
- Equity securities at fair value through other comprehensive income
- Debt securities at fair value through other comprehensive income
- Investment Property

	Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
- Equity securities at fair value through profit or loss	958,805	-	-	958,805
- Equity securities at fair value through other comprehensive income	-	-	9,889	9,889
- Debt securities at fair value through other comprehensive income	1,387,061	-	-	1,387,061
- Investment Property	-	-	2,800,000	2,800,000
	<b>2,345,866</b>	<b>-</b>	<b>2,809,889</b>	<b>5,155,755</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 4 RISK MANAGEMENT (continued)

## Management of Insurance and financial risk (continued)

## (ii) Financial risks (continued)

## (d) Fair value hierarchy (continued)

## GROUP

## 31 December 2021

- Equity securities at fair value through profit or loss
- Equity securities at fair value through other comprehensive income
- Debt securities at fair value through other comprehensive income
- Investment Property

## COMPANY

## 31 December 2022

- Equity securities at fair value through profit or loss
- Debt securities at fair value through other comprehensive income
- Investment Property

## 31 December 2021

- Equity securities at fair value through profit or loss
- Debt securities at fair value through other comprehensive income
- Investment Property

There were no transfers between levels 1, 2 and 3 during the year.

Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
1,124,639	-	-	1,124,639
-	-	8,161	8,161
1,346,639	-	-	1,346,639
-	-	2,710,000	2,710,000
<b>2,471,278</b>	<b>-</b>	<b>2,718,161</b>	<b>5,189,439</b>

Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
806,174	-	-	806,174
1,387,061	-	-	1,387,061
-	-	2,800,000	2,800,000
<b>2,193,235</b>	<b>-</b>	<b>2,800,000</b>	<b>4,993,235</b>

Level 1 Ksh'000	Level 2 Ksh'000	Level 3 Ksh'000	Total Ksh'000
1,012,524	-	-	1,012,524
1,346,639	-	-	1,346,639
-	-	2,710,000	2,710,000
<b>2,359,163</b>	<b>-</b>	<b>2,710,000</b>	<b>5,069,163</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)**  
**Management of Insurance and financial risk (continued)**  
**(iii) Capital risk management**

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- Allocation of capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- Aligning the profile of assets and liabilities taking account of risks inherent in the business.
- Maintaining financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- Maintaining strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value.

The operations of the group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The group has met all of these requirements throughout the financial year.

The Kenyan and Tanzania Insurance Acts require each insurance company to hold the minimum level of paid up capital as follows:

	Kenya Ksh'000	Tanzania Ksh'000
General insurance companies	600,000	113,863

Both companies are in compliance with the capital requirements as at 31 December 2022.

The solvency margin of the Company as at 31 December 2022 and 2021 is illustrated below.

**Kenya**

The Capital Adequacy Ratio based on the Risk Based Model is as follows:-

	2022 Ksh'000	2021 Ksh'000
Total Capital Available	5,884,425	5,373,153
Minimum Required Capital	1,814,704	1,701,376
Capital Adequacy Ratio	324%	316%

**Tanzania**

The Excess Admitted Assets depicting Tanzania's Solvency is as follows:-

	2022 Ksh'000	2021 Ksh'000
Excess admitted assets	24,933	16,391

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**4 RISK MANAGEMENT (continued)**  
**Management of Insurance and financial risk (continued)**  
**(iii) Capital risk management (continued)**

**Tanzania**

As per the provisions of the Tanzania Insurance Act, the minimum amount of paid up share capital to be maintained by a life or general insurer shall be:-

- for the year ending 31 December, 2012, one billion five hundred Million Tanzania Shillings, as the base;
- for the end of subsequent years, the minimum amount of paid up share capital for the prior year times the lesser of 1.1 or the ratio of the current year Consumer Price Index to the prior year Consumer Price Index;
- for companies transacting non-life and non- marine business only the minimum amount of capital to be maintained shall be half of the amount provided under this sub regulation.

Paid up capital

2022 Tsh'000	2021 Tsh'000
2,657,342	2,657,342

**5 (a) GROSS WRITTEN PREMIUMS**

Motor  
 Fire  
 Aviation  
 Workmen's compensation  
 Marine  
 Medical  
 Liability  
 Personal Accident  
 Engineering  
 Theft  
 Miscellaneous

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Motor	2,773,465	2,497,060	2,356,102	2,109,151
Fire	1,757,498	1,508,495	1,513,489	1,311,134
Aviation	1,398,016	1,177,104	1,352,628	1,089,149
Workmen's compensation	552,106	436,311	543,544	433,845
Marine	299,634	243,053	267,300	223,711
Medical	298,460	285,262	298,460	285,262
Liability	271,406	263,285	234,004	240,766
Personal Accident	265,111	167,412	237,115	141,477
Engineering	241,896	203,064	191,068	178,777
Theft	239,781	249,356	208,340	214,071
Miscellaneous	151,354	117,874	99,754	103,807
	<b>8,248,727</b>	<b>7,148,276</b>	<b>7,301,804</b>	<b>6,331,150</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 5 (b) GROSS EARNED PREMIUMS

Motor
Fire
Aviation
Workmen's compensation
Medical
Marine
Liability
Personal Accident
Engineering
Theft
Miscellaneous

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Motor	2,579,158	2,278,456	2,188,969	1,931,902
Fire	1,698,309	1,457,622	1,463,149	1,241,521
Aviation	1,282,747	1,442,991	1,229,884	1,364,287
Workmen's compensation	514,408	447,049	508,606	444,661
Medical	301,249	290,229	301,249	290,229
Marine	300,537	240,354	268,670	219,567
Liability	272,722	256,111	244,485	234,309
Personal Accident	246,837	161,737	220,247	141,014
Engineering	243,787	204,981	212,354	181,072
Theft	240,053	240,463	210,837	226,145
Miscellaneous	119,933	110,996	83,555	96,868
<b>Total</b>	<b>7,799,740</b>	<b>7,130,989</b>	<b>6,932,005</b>	<b>6,371,575</b>

## 5 (c) REINSURANCE PREMIUMS CEDED

Fire
Aviation
Liability
Medical
Motor
Engineering
Personal Accident
Marine
Miscellaneous
Workmen's Compensation
Theft

	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Fire	1,348,844	1,134,913	1,155,644	946,494
Aviation	1,279,454	1,384,215	1,226,719	1,305,702
Liability	223,724	202,182	200,374	188,169
Medical	210,973	200,991	210,974	200,991
Motor	176,586	145,509	88,456	64,998
Engineering	164,367	140,657	141,880	121,361
Personal Accident	140,487	83,591	120,009	69,232
Marine	122,713	100,316	105,123	88,370
Miscellaneous	101,997	92,918	69,463	79,766
Workmen's Compensation	64,922	38,196	61,527	37,185
Theft	41,458	17,918	31,565	25,950
<b>Total</b>	<b>3,875,525</b>	<b>3,541,306</b>	<b>3,411,734</b>	<b>3,128,218</b>

## 6 COMMISSIONS INCOME

Commissions receivable
Add: movement in deferred reinsurance commission
Commissions earned

	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Commissions receivable	660,586	569,173	552,960	476,048
Add: movement in deferred reinsurance commission	(21,627)	811	(16,706)	6,454
<b>Total</b>	<b>638,959</b>	<b>569,984</b>	<b>536,254</b>	<b>482,502</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 7 (a) INVESTMENT INCOME

Interest on deposits with financial institutions  
 Interest on corporate bonds held at amortised cost  
 Interest on debt securities – amortised cost  
     – fair value through other comprehensive income

**Total interest income**

Dividends receivable on equity instruments  
 REITs income

**Total dividend income**

Rental income from investment properties  
 Fair value losses on investment properties (note 21(a))  
 Other income  
 Gain on disposal of Treasury Bonds  
 (Loss)/gain on revaluation of equity instruments (note 34(b))  
 Gain on revaluation of Real Estate Investment Trust (REIT) (note 21(b))  
 Gain on disposal of equity instruments

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Interest on deposits with financial institutions	60,389	49,870	28,857	27,249
Interest on corporate bonds held at amortised cost	7,105	9,637	7,026	9,637
Interest on debt securities – amortised cost	643,469	570,023	624,031	552,632
– fair value through other comprehensive income	142,092	107,895	142,092	107,895
<b>Total interest income</b>	<b>853,055</b>	<b>737,425</b>	<b>802,006</b>	<b>697,413</b>
Dividends receivable on equity instruments	62,755	39,006	55,949	33,790
REITs income	815	266	815	266
<b>Total dividend income</b>	<b>63,570</b>	<b>39,272</b>	<b>56,764</b>	<b>34,056</b>
Rental income from investment properties	200,500	209,544	200,500	209,544
Fair value losses on investment properties (note 21(a))	86,256	-	86,256	-
Other income	40,876	17,331	36,451	13,268
Gain on disposal of Treasury Bonds	56	5,130	56	5,130
(Loss)/gain on revaluation of equity instruments (note 34(b))	(184,245)	106,469	(205,180)	104,969
Gain on revaluation of Real Estate Investment Trust (REIT) (note 21(b))	1,335	488	1,335	488
Gain on disposal of equity instruments	120	9,358	112	9,358
	<b>1,061,523</b>	<b>1,125,017</b>	<b>978,300</b>	<b>1,074,226</b>

## 7 (b) FINANCE INCOME

Finance income on investment in sub-lease

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Finance income on investment in sub-lease	3,459	6,496	3,459	6,496
	<b>3,459</b>	<b>6,496</b>	<b>3,459</b>	<b>6,496</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**8 FOREIGN EXCHANGE GAINS**

Foreign exchange losses arise from translation of foreign currency denominated transactions into the local currency. These are further categorized into realized and unrealized gains as follows:

Realized gains

Unrealized gains

**Net foreign exchange gains**

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
7,400	2,989	5,862	1,400
12,564	5,732	12,564	5,732
<b>19,964</b>	<b>8,721</b>	<b>18,426</b>	<b>7,132</b>

**9 CLAIMS EXPENSE**

Gross claims expense

Less: amounts recoverable from reinsurers

**Net claims expense**

Analysis of net claims expense per class is as shown below

Motor

Fire

Medical

Personal Accident

Theft

Marine

Engineering

Liability

Workmen's Compensation

Miscellaneous

Aviation

**Net claims expense**

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
3,528,890	2,473,134	3,169,478	2,261,247
(1,582,517)	(762,842)	(1,368,796)	(694,663)
<b>1,946,373</b>	<b>1,710,292</b>	<b>1,800,682</b>	<b>1,566,584</b>

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
1,544,877	1,377,796	1,428,330	1,270,091
164,598	57,474	139,200	41,602
92,015	58,051	92,015	58,051
56,900	34,750	56,561	32,755
18,068	102,064	27,349	96,243
24,463	75,990	20,363	71,524
25,273	42,291	19,768	34,686
20,302	(1,787)	18,365	(1,294)
1,242	(46,121)	1,391	(46,247)
1,109	2,584	1,021	2,250
(2,474)	7,200	(3,681)	6,923
<b>1,946,373</b>	<b>1,710,292</b>	<b>1,800,682</b>	<b>1,566,584</b>

**10 COMMISSIONS EXPENSE**

Commissions payable

Change in deferred acquisition costs

**Commissions expense**

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
954,404	806,768	800,590	683,751
(47,960)	(30,631)	(34,439)	(24,758)
<b>906,444</b>	<b>776,137</b>	<b>766,151</b>	<b>658,993</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 11 (a) OPERATING AND OTHER EXPENSES

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
Employee benefit expense (note 12)	911,709	830,561	778,198	734,322
Investment expenses	51,663	43,783	43,655	37,841
Depreciation on property and equipment (note 18)	30,466	40,789	26,120	37,784
Depreciation on right-of-use asset IFRS 16 (note 19)	42,459	43,243	30,971	33,128
Variable lease payment not included in lease liability	28,028	31,741	28,023	31,738
Repairs and maintenance	18,100	13,740	16,192	12,725
Branding and marketing expenses	23,674	22,677	10,695	15,992
Professional and consultancy fees	44,076	86,559	36,520	59,581
Levies	89,913	75,918	68,846	63,517
Auditors' remuneration	6,960	6,864	4,324	4,234
Directors' emoluments				
- fees for services as directors	15,698	11,556	11,220	7,090
Amortisation of intangible assets (note 17)	6,055	4,549	3,770	3,415
Recruitment fees	396	90	396	90
Training fee	10,321	4,956	8,675	3,631
Electricity and water	6,802	6,858	4,483	5,410
Entertainment	8,426	5,306	5,872	3,511
Motor vehicle expenses	9,112	8,408	3,965	4,626
Printing and stationery	21,502	14,269	20,004	12,135
Postage and telephone	21,821	17,960	14,699	12,144
Travelling	19,398	10,085	13,511	7,672
Bank charges	9,697	8,666	7,655	7,042
Subscriptions	6,302	5,163	5,459	4,940
Donations	1,526	312	1,503	300
Books, newspapers, magazines & periodicals	958	1,273	830	1,153
Business development marketing expenses	144,367	134,886	144,335	134,204
Software expenses	64,085	36,037	58,203	32,560
IT expenses	15,593	15,580	15,439	12,049
Insurance	43,107	37,646	41,686	36,819
Security	4,621	4,091	3,536	3,076
Cleaning	5,035	4,922	4,293	4,212
Other expenses	22,601	10,490	6,002	5,460
<b>Operating and other expenses</b>	<b>1,684,471</b>	<b>1,538,978</b>	<b>1,419,080</b>	<b>1,332,401</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 11 (b) FINANCE COST

Interest on lease liabilities (Note 41)

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
41,381	51,956	38,447	51,028
<b>41,381</b>	<b>51,956</b>	<b>38,447</b>	<b>51,028</b>

## 11 (c) IMPAIRMENT OF FINANCIAL ASSETS

Impairment write back on receivables arising out of reinsurance arrangements  
 Impairment write back on receivables arising out of direct insurance arrangements  
 Total impairment write back on receivables (Note 31)  
 Impairment charge/(write back) on investment and other assets

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
(3,345)	(1,676)	(3,345)	(1,514)
(7,143)	(22,930)	(8,472)	(26,468)
<b>(10,488)</b>	<b>(24,606)</b>	<b>(11,817)</b>	<b>(27,982)</b>
3,019	(43,567)	3,976	(36,445)
<b>(7,469)</b>	<b>(68,173)</b>	<b>(7,841)</b>	<b>(64,427)</b>

## 11 (d) MOVEMENT IN EXPECTED CREDIT LOSSES

At 1 January  
 Write back for the year  
 Write-off  
 Exchange difference

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
470,667	546,792	450,357	523,677
(7,469)	(68,173)	(7,841)	(64,427)
-	(8,893)	-	(8,893)
1,577	941	-	-
<b>464,775</b>	<b>470,667</b>	<b>442,516</b>	<b>450,357</b>

## 12 EMPLOYEE BENEFIT EXPENSES

**Employee costs**

Salaries and benefits

**Defined contribution retirement schemes**

- Group pension fund  
 - National Social Security Fund  
 Medical  
 Staff welfare

**The average number of employees during the year was as follows:**

- Business Development  
 - Operations  
 - Management and administration

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
792,155	727,449	682,438	649,908
57,305	46,124	57,305	46,124
9,778	8,163	485	153
32,391	36,184	25,461	30,976
20,080	12,641	12,509	7,161
<b>911,709</b>	<b>830,561</b>	<b>778,198</b>	<b>734,322</b>
63	54	48	39
113	121	89	100
44	41	33	31
<b>220</b>	<b>216</b>	<b>170</b>	<b>170</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 13 INCOME TAX EXPENSE

## a) Tax expense

Current income tax expense	
Prior year current tax under-provision	
<b>Total current year tax expense</b>	
Deferred income tax credit (Note 26(b))	
Prior year deferred tax (over)/under-provision (Note 26(b))	
<b>Total deferred tax expense</b>	

## b) Reconciliation of tax expense to expected tax based on accounting profit

The group's income tax expense is computed in accordance with income tax rules applicable to general insurance companies. The tax rate is 30%.

**Profit before income tax**

Tax calculated at a rate of 30% (2021 - 30%) for the Company and 30% at Subsidiary (2021:30%)

Tax effect of:

- Income not subject to tax	
- Expenses not deductible for tax purposes	
Prior year current tax under-provision	
Prior year deferred tax over-provision	

## c) Tax movement

At 1 January

**Current taxation expense**

Tax paid relating to tax assessment	
Tax paid	

**Total tax paid**

Exchange difference on translation

**At 31 December**

## d) Analysed as follows:

Current tax recoverable

GROUP		COMPANY	
2022	2021	2022	2021
Ksh'000	Ksh'000	Ksh'000	Ksh'000
274,274	297,843	265,044	286,785
4,315	8,207	4,315	8,207
<b>278,589</b>	<b>306,050</b>	<b>269,359</b>	<b>294,992</b>
47,240	29,445	44,256	29,757
(7,109)	9,323	(7,109)	9,323
<b>40,131</b>	<b>38,768</b>	<b>37,147</b>	<b>39,080</b>
<b>318,720</b>	<b>344,818</b>	<b>306,506</b>	<b>334,072</b>

2022	2021	2022	2021
Ksh'000	Ksh'000	Ksh'000	Ksh'000
1,076,920	1,290,711	1,040,191	1,269,134
323,075	387,213	312,058	380,740
(123,448)	(89,254)	(121,409)	(87,682)
121,887	29,329	118,651	23,484
4,315	8,207	4,315	8,207
(7,109)	9,323	(7,109)	9,323
<b>318,720</b>	<b>344,818</b>	<b>306,506</b>	<b>334,072</b>

2022	2021	2022	2021
Ksh'000	Ksh'000	Ksh'000	Ksh'000
(35,174)	6,068	(6,108)	30,947
<b>278,589</b>	<b>306,050</b>	<b>269,359</b>	<b>294,992</b>
-	(12,486)	-	(12,486)
(315,448)	(334,148)	(302,239)	(319,561)
<b>(315,448)</b>	<b>(346,634)</b>	<b>(302,239)</b>	<b>(332,047)</b>
(1,827)	(658)	-	-
<b>(73,860)</b>	<b>(35,174)</b>	<b>(38,988)</b>	<b>(6,108)</b>
(73,860)	(35,174)	(38,988)	(6,108)
<b>(73,860)</b>	<b>(35,174)</b>	<b>(38,988)</b>	<b>(6,108)</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**14 PROFIT FOR THE YEAR**

A profit of Ksh 733,685,000 (2021: Ksh 935,062,000) has been dealt with in the books of the company, ICEA LION General Insurance Company Limited.

**15 EARNINGS PER SHARE**

Basic earnings per share have been calculated by dividing the profit for the year attributable to equity holders of the parent company by the number of ordinary shares in issue at the end of the reporting period.

Profit attributable to ordinary shareholders (Ksh'000)  
Number of ordinary shares ('000)  
Basic and diluted earnings per share (Ksh)

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
746,678	940,802	733,685	935,062
50,000	50,000	50,000	50,000
<b>14.93</b>	<b>18.82</b>	<b>14.67</b>	<b>18.70</b>

There were no potentially dilutive shares outstanding at 31 December 2022 or 31 December 2021. Diluted earnings per share are therefore the same as basic earnings per share.

**16 DIVIDENDS**

No interim dividend (2021: 50,000,000) was paid in the year. At the annual general meeting, a final dividend in respect of 2022 of Kshs 5 (2021 - Kshs 4) per share amounting to Kshs 250,000,000 (2021: Ksh 200,000,000) will be proposed by the directors. The final proposed dividend for the year is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The total dividend for the year ended 31 December 2022 will therefore be Ksh 5.00 per share (2021: Ksh 5.00 per share) amounting to a total of Ksh 250,000,000 (2021: Ksh 250,000,000).

**17 INTANGIBLE ASSETS – COMPUTER SOFTWARE****(a) GROUP****Cost**

At 1 January  
Additions  
Exchange difference

**At 31 December****Amortisation**

At 1 January  
Charge for the year  
Exchange difference

**At 31 December****Net book value****At 31 December**

2022 Computer Software Ksh'000	2022 Work in progress Ksh'000	2022 Total Ksh'000	2021 Computer Software Ksh'000	2021 Work in progress Ksh'000	2021 Total Ksh'000
137,198	16,102	153,300	130,694	8,260	138,954
2,569	18,531	21,100	13,269	7,842	21,111
7,877	-	7,877	(6,765)	-	(6,765)
<b>147,644</b>	<b>34,633</b>	<b>182,277</b>	<b>137,198</b>	<b>16,102</b>	<b>153,300</b>
122,481	-	122,481	124,702	-	124,702
6,055	-	6,055	4,549	-	4,549
7,380	-	7,380	(6,770)	-	(6,770)
<b>135,916</b>	<b>-</b>	<b>135,916</b>	<b>122,481</b>	<b>-</b>	<b>122,481</b>
<b>11,728</b>	<b>34,633</b>	<b>46,361</b>	<b>14,717</b>	<b>16,102</b>	<b>30,819</b>

Work in progress represents costs incurred towards development of an operations software and implementation of IFRS 17 Insurance Contracts Standard.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

## 17 INTANGIBLE ASSETS – COMPUTER SOFTWARE (continued)

## (b) COMPANY

**Cost**

At 1 January

Additions

**At 31 December****Amortisation**

At 1 January

Charge for the year

**At 31 December****Net book value****At 31 December**

	2022 Computer Software Ksh'000	2022 Work in progress Ksh'000	2022 Total Ksh'000	2021 Computer Software Ksh'000	2021 Work in progress Ksh'000	2021 Total Ksh'000
At 1 January	132,859	16,102	148,961	126,533	8,260	134,793
Additions	1,029	18,531	19,560	6,326	7,842	14,168
<b>At 31 December</b>	<b>133,888</b>	<b>34,633</b>	<b>168,521</b>	<b>132,859</b>	<b>16,102</b>	<b>148,961</b>
At 1 January	125,032	-	125,032	121,617	-	121,617
Charge for the year	3,770	-	3,770	3,415	-	3,415
<b>At 31 December</b>	<b>128,802</b>	<b>-</b>	<b>128,802</b>	<b>125,032</b>	<b>-</b>	<b>125,032</b>
<b>At 31 December</b>	<b>5,086</b>	<b>34,633</b>	<b>39,719</b>	<b>7,827</b>	<b>16,102</b>	<b>23,929</b>

Work in progress represents costs incurred towards development of an operations software and implementation of IFRS 17 Insurance Contracts Standard.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 18 PROPERTY AND EQUIPMENT

## (a) GROUP

## Cost

At 1 January 2021

Additions

Disposal

Exchange difference on translation

**At 31 December 2021**

At 1 January 2022

Additions

Disposals

Exchange difference on translation

**At 31 December 2022**

## Depreciation

At 1 January 2021

Charge for the year

Elimination on disposal

Exchange difference on translation

**At 31 December 2021**

At 1 January 2022

Charge for the year

Elimination on disposal

Exchange difference on translation

**At 31 December 2022**

## Net book value

**At 31 December 2022****At 31 December 2021**

	Motor vehicles Ksh'000	Computer equipment Ksh'000	Furniture fittings and office equipment Ksh'000	Total Ksh'000
At 1 January 2021	50,634	121,515	282,681	454,830
Additions	12,760	7,343	23,064	43,167
Disposal	(4,911)	(314)	(131)	(5,356)
Exchange difference on translation	(641)	269	721	349
<b>At 31 December 2021</b>	<b>57,842</b>	<b>128,813</b>	<b>306,335</b>	<b>492,990</b>
At 1 January 2022	57,842	128,813	306,335	492,990
Additions	10,313	9,664	4,444	24,421
Disposals	(1,615)	(511)	(120)	(2,246)
Exchange difference on translation	2,217	628	1,724	4,569
<b>At 31 December 2022</b>	<b>68,757</b>	<b>138,594</b>	<b>312,383</b>	<b>519,734</b>
At 1 January 2021	49,749	90,844	243,328	383,921
Charge for the year	3,684	11,859	25,246	40,789
Elimination on disposal	(4,911)	(303)	(114)	(5,328)
Exchange difference on translation	62	29	70	161
<b>At 31 December 2021</b>	<b>48,584</b>	<b>102,429</b>	<b>268,530</b>	<b>419,543</b>
At 1 January 2022	48,584	102,429	268,530	419,543
Charge for the year	5,178	12,553	12,735	30,466
Elimination on disposal	(1,562)	(511)	(120)	(2,193)
Exchange difference on translation	754	1,916	1,006	3,676
<b>At 31 December 2022</b>	<b>52,954</b>	<b>116,387</b>	<b>282,151</b>	<b>451,492</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>15,803</b>	<b>22,207</b>	<b>30,232</b>	<b>68,242</b>
<b>At 31 December 2021</b>	<b>9,258</b>	<b>26,384</b>	<b>37,805</b>	<b>73,447</b>

Fully depreciated assets at 31 December 2022 amounted to Ksh 395,507,322 (2021 – Ksh 360,435,227). The notional annual depreciation on these assets would have been Ksh 74,652,166 (2021 – Ksh 68,284,771).

None of the Group's property and equipment has been pledged as security for borrowings.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 18 PROPERTY AND EQUIPMENT (continued)

## (b) COMPANY

## Cost

## At 1 January 2021

Additions

Disposals

## At 31 December 2021

## At 1 January 2022

Additions

Disposals

## At 31 December 2022

## Depreciation

At 1 January 2021

Charge for the year

Disposals

## At 31 December 2021

At 1 January 2022

Charge for the year

Disposals

## At 31 December 2022

## Net book value

## At 31 December 2022

## At 31 December 2021

Motor vehicles Ksh'000	Computer equipment Ksh'000	Furniture fittings and office equipment Ksh'000	Total Ksh'000
39,279	115,195	265,770	420,244
12,760	6,263	19,188	38,211
(4,911)	-	-	(4,911)
<b>47,128</b>	<b>121,458</b>	<b>284,958</b>	<b>453,544</b>
47,128	121,458	284,958	453,544
4,570	7,872	2,506	14,948
-	(137)	-	(137)
<b>51,698</b>	<b>129,193</b>	<b>287,464</b>	<b>468,355</b>
<b>39,279</b>	<b>85,770</b>	<b>230,873</b>	<b>355,922</b>
3,360	11,259	23,165	37,784
(4,911)	-	-	(4,911)
<b>37,728</b>	<b>97,029</b>	<b>254,038</b>	<b>388,795</b>
37,728	97,029	254,038	388,795
3,850	11,453	10,817	26,120
-	(137)	-	(137)
<b>41,578</b>	<b>108,345</b>	<b>264,855</b>	<b>414,778</b>
<b>10,120</b>	<b>20,848</b>	<b>22,609</b>	<b>53,577</b>
<b>9,400</b>	<b>24,429</b>	<b>30,920</b>	<b>64,749</b>

Fully depreciated assets at 31 December 2022 amounted to Ksh 368,905,678 (2021: Ksh 333,304,919). The notional annual depreciation on these assets would have been Ksh 68,853,788 (2021: Ksh 61,904,721).

None of the Company's assets has been pledged as security for borrowings.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 19 RIGHT-OF-USE ASSET

**Cost**

At 1 January
Additions
Lease modification
De-recognition of right of use asset
Exchange difference
At 31 December

**Amortisation**

At 1 January
Charge for the year
Exchange difference
At 31 December

**Net book value**

The Group and Company leases various office premises. The average lease term is five years.

During the year 2022, there was a change in terms of the JKUAT Towers lease where the new lease was effective 1 May 2022. In addition the Mombasa old lease ended on 31 December 2022 and a new lease was entered into effective 1 December 2022. The old lease was derecognised as at 31 December 2022.

VAT for the lease payment has been included under variable lease payments in profit or loss.

The maturity analysis of the lease liabilities is presented in note 41.

Amortisation expense on right-of-use assets
Interest expense on lease liabilities
Variable lease payment not included in the measurement of the lease liability
Finance income on investment in sub-lease

The Group and Company makes payments in relation to service charge on its leased properties. These amounts are not included in the calculation of the lease liability as the actual cost to the group depends on the actual expenses incurred which varies from time to time. The Group and Company has no restrictions or covenants imposed by its leases, neither are there arranged sale and leaseback transactions.

The Company has determined the threshold for low values leases as Ksh 1,000,000.

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
319,915	322,761	282,165	290,721
53,279	-	13,474	-
(1,898)	-	(1,898)	-
(21,190)	(8,556)	(21,190)	(8,556)
2,902	5,710	-	-
<b>353,008</b>	<b>319,915</b>	<b>272,551</b>	<b>282,165</b>
150,089	103,650	118,486	85,358
42,459	43,243	30,971	33,128
1,456	3,196	-	-
<b>194,004</b>	<b>150,089</b>	<b>149,457</b>	<b>118,486</b>
<b>159,004</b>	<b>169,826</b>	<b>123,094</b>	<b>163,679</b>

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
42,459	43,243	30,971	33,128
41,381	51,956	38,447	51,028
28,028	31,741	28,023	31,738
3,459	6,496	3,459	6,496

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

## 20 INVESTMENT IN SUBSIDIARIES

## COMPANY

## At cost

ICEA LION General Insurance Company (Tanzania) Limited

Beneficial ownership	Country of incorporation	2022 Sh'000	2021 Sh'000
53%	Tanzania	50,147	50,147

The principal activity of ICEA LION General Insurance Company (Tanzania) Limited is the underwriting of the general insurance business. 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 parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

## Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within Tanzania. The supervisory frameworks require the subsidiary to keep certain solvency levels and comply with other ratios.

Set out below is the summarised financial information for the subsidiary.

## Summarised statement of financial position

Total assets  
Total liabilities

## Net assets

2022 Ksh'000	2021 Ksh'000
1,426,981	1,271,017
(1,109,315)	(1,000,511)
<b>317,666</b>	<b>270,506</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

## 20 INVESTMENT IN SUBSIDIARIES (continued)

**Summarised statement of comprehensive income**

Gross earned premiums

Underwriting loss

**Profit before income tax**

Income tax charge

Other comprehensive income

**Total comprehensive income****Summarised cash flows**

Net cash generated from operating activities

Net cash used in investing activities

Net cash used in financing activities

**Net increase/(decrease) in cash and cash equivalents**

Cash and cash equivalents at beginning of year

Exchange gain on cash and cash equivalents

**Cash and cash equivalents at end of year**

2022 Ksh'000	2021 Ksh'000
867,736	736,928
(40,024)	(24,124)
<b>36,730</b>	<b>21,578</b>
(12,214)	(10,746)
739	235
<b>25,255</b>	<b>11,067</b>
76,318	149,158
(95,179)	(111,308)
(13,384)	(11,179)
<b>(32,245)</b>	<b>26,671</b>
62,244	84,940
4,785	4,940
<b>34,784</b>	<b>116,551</b>

## 21 (a) INVESTMENT PROPERTIES

At 1 January

Additions

Fair value gain

**At 31 December****GROUP AND COMPANY**

2022 Ksh'000	2022 Ksh'000
2,710,000	2,710,000
3,744	-
86,256	-
<b>2,800,000</b>	<b>2,710,000</b>

The investment properties were valued by Lloyd Masika Limited, independent valuers on the basis of open market value for existing use.

Rental income arising from investment properties during the year amounted to Ksh 200,500,000 (2021: Ksh 209,544,000). Expenses relating to investment property amounted to Ksh 43,655,000 (2021: Ksh 37,841,000).

Refer to note 4 (page 191) for the fair value hierarchy disclosure and note 3 (page 174) for the sensitivity effects of changes in gross annual rental and the yield.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

**21 (b) REAL ESTATE INVESTMENT TRUSTS**

At 1 January  
 Additions  
 Fair value gain  
**At 31 December**

**GROUP AND COMPANY**

2022 Ksh'000	2021 Ksh'000
20,488	-
12,298	20,000
1,335	488
<b>34,121</b>	<b>20,488</b>

The dividend earned together with fair value gains during the year was Ksh 2,149,715 (2021 - Ksh 754,000). The effective rate of return was 6.3% (2021 - 3.7%).

**22 OTHER RECEIVABLES**

Staff receivables  
 Sundry receivables  
 Rental receivables  
 Prepayments  
 Due from related parties (Note 51(d))

**GROUP****COMPANY**

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
43,193	44,280	35,258	28,919
69,577	84,662	43,912	71,131
31,248	35,852	31,248	35,852
23,972	21,974	11,106	13,056
10,739	15,447	10,739	15,447
<b>178,729</b>	<b>202,215</b>	<b>132,263</b>	<b>164,405</b>

Please refer to note 4(b) and 11(c) for expected credit losses on other receivables.

**23 DUE FROM SUBSIDIARY COMPANY**

Due from ICEA LION Tanzania Limited (Note 51)

**COMPANY**

2022 Ksh'000	2021 Ksh'000
2,802	758
<b>2,802</b>	<b>758</b>

The balance due from the subsidiary company is non-interest bearing and is repayable within 3 months.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**24 KENYA MOTOR INSURANCE POOL**

This represents the group's share of the net assets of the pool. This balance is recoverable from the pool through a refund of the amount due upon discontinuation of the pool as well as a share of investment income generated by the pool's investments annually. The movement in the amount due is shown below;

At 1 January
Proceeds from Kenya Motor Pool
Net (decrease)/ increase in the group's share of net assets of the pool
Impairment credit/(charge)
<b>At 31 December</b>

**25 INVESTMENT IN SUB-LEASE**

Investment in sub-lease
-------------------------

**GROUP AND COMPANY**

2022 Ksh'000	2021 Ksh'000
52,087	75,867
-	(29,172)
(1,325)	5,538
96	(146)
<b>50,858</b>	<b>52,087</b>

2022 Ksh'000	2021 Ksh'000
123	51,629

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**26 DEFERRED INCOME TAX ASSET/LIABILITY**

Deferred taxation is calculated, on all temporary differences under the liability method using the income tax rates of 30% applicable in both Kenya and Tanzania.

**(a) The deferred income tax liability/asset is attributable to the following items:****Deferred tax liability:**

Revaluation surplus - Investment properties  
Unrealised exchange gain

**Deferred tax assets:**

Excess depreciation over capital allowances  
Provisions  
Unrealised exchange losses  
Lease liability and right-of-use asset  
Fair value losses on other comprehensive income

**Net deferred tax liability****(b) Movement in net deferred tax income liability is as follows:****At 1 January**

Income statement charge  
Prior year deferred tax over-provision

**Total deferred tax charge/(credit) to profit or loss**

Deferred tax on other comprehensive income that may subsequently be classified to profit or loss  
Deferred tax on other comprehensive income that may not subsequently be classified to profit or loss  
Exchange difference on translation

**At 31 December****(c) Analysis of the year-end balance is as follows:**

Deferred taxation assets  
Deferred taxation liabilities

**At 31 December**

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
	553,654	527,777	553,654	527,777
	5,067	2,562	5,067	2,562
	<b>558,721</b>	<b>530,339</b>	<b>558,721</b>	<b>530,339</b>
	(15,069)	(24,424)	(15,622)	(24,482)
	(176,365)	(168,170)	(158,931)	(145,000)
	(4,037)	(2,670)	(1,297)	(842)
	(39,204)	(53,495)	(39,204)	(53,495)
	(5,030)	(15,060)	-	(13,912)
	<b>(239,705)</b>	<b>(263,819)</b>	<b>(215,044)</b>	<b>(237,731)</b>
	<b>319,016</b>	<b>266,520</b>	<b>343,667</b>	<b>292,608</b>
	<b>266,520</b>	<b>233,513</b>	<b>292,608</b>	<b>258,324</b>
	47,240	29,445	44,256	29,757
	(7,109)	9,323	(7,109)	9,323
	<b>40,131</b>	<b>38,768</b>	<b>37,147</b>	<b>39,080</b>
	13,912	(4,796)	13,912	(4,796)
	316	102	-	-
	(1,863)	(1,067)	-	-
	<b>319,016</b>	<b>266,520</b>	<b>343,667</b>	<b>292,608</b>
	(24,651)	(26,088)	-	-
	343,667	292,608	343,667	292,608
	<b>319,016</b>	<b>266,520</b>	<b>343,667</b>	<b>292,608</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

**27 DEFERRED ACQUISITION COSTS**

At 1 January  
Net increase in the year

**At 31 December**

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
294,067	261,444	244,525	219,767
52,362	32,623	34,438	24,758
<b>346,429</b>	<b>294,067</b>	<b>278,963</b>	<b>244,525</b>

**28 REINSURERS' SHARE OF TECHNICAL PROVISIONS AND RESERVES**

Reinsurers' share of

- unearned premiums
- adjusted unexpired risk reserve

**Reinsurers' share of unearned premium reserve (Note 43)**

- outstanding claims
- incurred but not reported

**Reinsurers' share of outstanding claims (Note 46)****Total reinsurers' share**

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
1,346,508	1,169,409	1,171,748	1,027,944
2,606	8,537	2,606	8,537
<b>1,349,114</b>	<b>1,177,946</b>	<b>1,174,354</b>	<b>1,036,481</b>
1,945,914	1,088,229	1,772,525	852,544
240,985	206,519	240,985	176,750
<b>2,186,899</b>	<b>1,294,748</b>	<b>2,013,510</b>	<b>1,029,294</b>
<b>3,536,013</b>	<b>2,472,694</b>	<b>3,187,864</b>	<b>2,065,775</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

**29 RECEIVABLES ARISING OUT OF DIRECT INSURANCE ARRANGEMENTS**

The approved credit period with respect to the Company for corporate accounts is 60 days while for direct and retail accounts is 30 days. The subsidiary operates on a cash and carry basis. Before accepting any new customer, the group assesses the customer's credit quality and defines credit limits for that specific customer. The concentration of credit risk arises from commercial lines business which contributes over 70% (2021 - over 70%) of the total gross written premium.

**GROUP****31 December 2022**

Receivable arising out of direct insurance arrangements  
Provision for impairment

**31 December 2021**

Receivable arising out of direct insurance arrangements  
Provision for impairment

**COMPANY****31 December 2022**

Receivable arising out of direct insurance arrangements  
Provision for impairment

**31 December 2021**

Receivable arising out of direct insurance arrangements  
Provision for impairment

	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
	473,390	304,842	778,232
	-	(304,842)	(304,842)
	<b>473,390</b>	<b>-</b>	<b>473,390</b>
	494,933	310,973	805,906
	-	(310,973)	(310,973)
	<b>494,933</b>	<b>-</b>	<b>494,933</b>
	472,135	297,237	769,372
	-	(297,237)	(297,237)
	<b>472,135</b>	<b>-</b>	<b>472,135</b>
	486,338	305,709	792,047
	-	(305,709)	(305,709)
	<b>486,338</b>	<b>-</b>	<b>486,338</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 30 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

## GROUP

## 31 December 2022

Receivable arising out of reinsurance arrangements  
Provision for impairment

## 31 December 2021

Receivable arising out of reinsurance arrangements  
Provision for impairment

## COMPANY

## 31 December 2022

Receivable arising out of reinsurance arrangements  
Provision for impairment

## 31 December 2021

Receivable arising out of reinsurance arrangements  
Provision for impairment

## 31 IMPAIRMENT MOVEMENT

At 1 January  
Write off  
Write-back for the year (note 11c)  
Exchange difference

Made up of:  
Impairment on direct insurance arrangements (Note 29)  
Impairment on receivables arising out of reinsurance arrangements (Note 30)

	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
	634,926	137,335	772,261
	-	(137,335)	(137,335)
	<b>634,926</b>	<b>-</b>	<b>634,926</b>
	218,257	140,369	358,626
	-	(140,369)	(140,369)
	<b>218,257</b>	<b>-</b>	<b>218,257</b>
	555,492	125,841	681,333
	-	(125,841)	(125,841)
	<b>555,492</b>	<b>-</b>	<b>555,492</b>
	169,724	129,186	298,910
	-	(129,186)	(129,186)
	<b>169,724</b>	<b>-</b>	<b>169,724</b>

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
	451,342	484,560	434,895	471,770
	-	(9,281)	-	(8,893)
	(10,488)	(24,606)	(11,817)	(27,982)
	1,323	669	-	-
	<b>442,177</b>	<b>451,342</b>	<b>423,078</b>	<b>434,895</b>
	304,842	310,973	297,237	305,709
	137,335	140,369	125,841	129,186
	<b>442,177</b>	<b>451,342</b>	<b>423,078</b>	<b>434,895</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 32 (a) CORPORATE BONDS AT AMORTISED COST

Corporate bonds maturing within:

- 0 to 1 year
- 1 to 5 years

At 31 December

## (b) CORPORATE BONDS MOVEMENT

At 1 January

Additions

Maturities/Coupons

Accrued interest

Impairment

At 31 December

Please refer to note 4(b) and 11(c) for expected credit losses on corporate bonds.

## 33 (a) DEBT SECURITIES AT AMORTISED COST

Treasury bills and bonds maturity

- Within 3 months
- Within 4 to 12 months
- Within 1 to 5 years
- Over 5 years

If the financial assets were measured at fair value, they would be disclosed at level 1 in the fair value measurement hierarchy. The fair value of these investments as at 31 December 2022 was Ksh 6,806,086,000 and Ksh 6,662,241,000 (2021: Ksh 6,330,609,000 and Ksh 6,199,079,000) at the Group and Company level respectively. Please refer to note 4(b) and note 11(c) for details of expected credit losses.

## (b) MOVEMENT IN DEBT SECURITIES AT AMORTISED COST

At 1 January

Additions

- Beyond 3 months
- Within 3 months

Maturities

- Beyond 3 months
- Within 3 months

Impairment

Amortisation

Exchange difference

At 31 December

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
-	-	-	-
74,833	58,973	58,915	58,973
<b>74,833</b>	<b>58,973</b>	<b>58,915</b>	<b>58,973</b>

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
58,973	96,318	58,973	96,318
15,940	57,830	-	57,830
(1,143)	(96,318)	(1,143)	(96,318)
1,085	1,226	1,085	1,226
(22)	(83)	-	(83)
<b>74,833</b>	<b>58,973</b>	<b>58,915</b>	<b>58,973</b>

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
-	9,772	-	-
328,523	567,210	328,523	576,982
2,443,796	1,836,955	2,443,796	1,836,955
2,714,677	2,354,279	2,582,930	2,210,936
<b>5,486,996</b>	<b>4,768,216</b>	<b>5,355,249</b>	<b>4,624,873</b>

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
4,768,216	4,728,165	4,624,873	4,621,980
1,422,535	730,391	1,412,454	707,430
-	17,852	-	-
(694,261)	(446,710)	(672,587)	(438,371)
(9,314)	(259,036)	771	(257,646)
(614)	3,773	(614)	3,680
(9,644)	(11,898)	(9,648)	(12,200)
10,078	5,679	-	-
<b>5,486,996</b>	<b>4,768,216</b>	<b>5,355,249</b>	<b>4,624,873</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

**33 (c) DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

At 1 January  
 Additions  
 Disposals  
 Fair value losses  
**At 31 December**

**GROUP AND COMPANY**

2022 Ksh'000	2021 Ksh'000
1,346,639	615,822
908,077	2,019,071
(807,673)	(1,272,266)
(59,982)	(15,988)
<b>1,387,061</b>	<b>1,346,639</b>

**34 (a) EQUITY SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

At 1 January  
 Fair value gains  
 Exchange difference on translation  
**At 31 December**

**GROUP****COMPANY**

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
8,161	7,493	-	-
1,055	337	-	-
673	331	-	-
<b>9,889</b>	<b>8,161</b>	-	-

**(b) EQUITY SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

At 1 January  
 Additions  
 Disposals  
 Fair value (losses)/gains  
 Exchange difference on translation  
**At 31 December**

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
1,124,639	1,008,252	1,012,524	911,629
10,128	46,303	-	36,486
(1,699)	(50,999)	(1,170)	(40,560)
(184,245)	106,469	(205,180)	104,969
9,982	14,614	-	-
<b>958,805</b>	<b>1,124,639</b>	<b>806,174</b>	<b>1,012,524</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 35 (a) DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST

Deposits maturing:

- Within 3 months (note 48(b))
- Provision for impairment

- Beyond 3 months
- Provision for impairment

GROUP		COMPANY	
2022	2021	2022	2021
Ksh'000	Ksh'000	Ksh'000	Ksh'000
213,665	759,530	208,379	714,993
(1,313)	-	(1,313)	(4,464)
<b>212,352</b>	<b>759,530</b>	<b>207,066</b>	<b>710,529</b>
444,431	273,760	25,469	-
(1,904)	(5,895)	(160)	-
<b>654,879</b>	<b>1,027,395</b>	<b>232,375</b>	<b>710,529</b>

## (b) MOVEMENT IN DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST

Opening balance

Additions

- Beyond 3 months
- Within 3 months

Maturities

- Beyond 3 months
- Within 3 months

Provision for impairment

Exchange difference

**Closing balance**

2022	2021	2022	2021
Ksh'000	Ksh'000	Ksh'000	Ksh'000
1,027,395	682,604	710,529	426,896
409,816	4,314,353	27,911	3,975,741
3,835,203	700,251	3,830,298	632,261
(262,962)	(4,472,069)	-	(4,196,601)
(4,386,734)	(214,576)	(4,339,354)	(126,457)
2,678	(1,555)	2,991	(1,311)
29,483	18,387	-	-
<b>654,879</b>	<b>1,027,395</b>	<b>232,375</b>	<b>710,529</b>

## (c) CASH AND BANK BALANCES

There were no restrictions on the bank and cash balances and hence these have been disclosed as cash and cash equivalents.

Bank balances

Cash balances

Provision for impairment

2022	2021	2022	2021
Ksh'000	Ksh'000	Ksh'000	Ksh'000
153,888	85,634	118,883	22,997
120	120	120	120
(960)	(572)	(739)	(179)
<b>153,048</b>	<b>85,182</b>	<b>118,264</b>	<b>22,938</b>

## 36 WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

The following table summarises the weighted average effective interest rates realised during the year on interest-bearing investments:

Government securities  
Corporate bonds  
Deposits with financial institutions

2022	2021	2022	2021
%	%	%	%
14.02	14.05	12.5	12.6
12.25	12.25	12.3	12.3
5.55	6.87	3.0	6.1

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 37 SHARE CAPITAL

Number of shares '000	Ordinary shares Ksh'000
50,000	1,000,000

Balance at 1 January 2021, 31 December 2021 and 31 December 2022

The total authorised number of ordinary shares is 50,000,000 with a par value of Ksh 20 per share. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company. All shares rank equally with regards to the Company's residual assets.

## 38 RESERVES

## (a) Other reserve

The reserve represents the surplus on the revaluation of financial instruments held at fair value through other comprehensive income net of deferred tax. This reserve is not distributable.

## (b) Contingency reserve

The contingency reserve relates to the subsidiary, ICEA LION General Insurance Company (Tanzania) Limited. According to Tanzania Insurance Act 2009, a contingency reserve is required to be maintained. This reserve shall not be less than 3% of the net premium written or 20% of net profit, whichever is the greater. The reserve shall accumulate until it reaches the minimum paid up share capital of the company or 50% of the net earned premiums, whichever is greater. This reserve is not distributable.

## (c) Currency translation reserve

The statement of financial position of the subsidiary, ICEA LION General Insurance Company (Tanzania) Limited, is translated into Kenya Shillings at year end rate of exchange, while the statement of comprehensive income is translated into Kenya Shillings at the average rate of exchange for the year. The resulting translation differences are dealt with through other comprehensive income and accumulated in equity under the group's currency translation reserve. This reserve is not distributable.

## (d) Retained earnings

Retained earnings represent the percentage of net earnings not paid out as dividends, but retained by the group to be reinvested in its core business activities.

## 39 NON-CONTROLLING INTERESTS

At 1 January  
Share of profit for the year  
Share of other comprehensive income  
Transfer to contingency reserve  
**Total at end of year**

## GROUP

2022 Ksh'000	2021 Ksh'000
127,003	102,886
11,522	5,091
10,642	5,282
136	13,744
<b>149,303</b>	<b>127,003</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 40 OTHER PAYABLES

Accrued expenses  
Due to related parties (note 51(e))  
Other liabilities

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
526,434	439,377	526,432	375,038
31,846	33,088	31,846	33,088
189,755	100,064	110,400	100,064
<b>748,035</b>	<b>572,529</b>	<b>668,678</b>	<b>508,190</b>

The carrying amount of the above other payables approximates their fair value. Other liabilities mainly comprises of bonus provision.

## 41 LEASE LIABILITY

At 1 January  
Additions  
Interest charge for the year (note 11(b))  
Interest charge payments during the year  
Principal lease payments during the year  
Lease de-recognition\*\*  
Exchange difference

**At 31 December****Maturity analysis of operating lease payments:**

Year 1  
Year 2  
Year 3  
Year 4  
Year 5 and onwards

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
399,558	460,120	393,626	446,835
56,089	2,277	13,221	-
41,381	51,956	38,447	51,028
(41,381)	(51,956)	(38,447)	(51,028)
(73,458)	(52,534)	(60,074)	(42,302)
(92,877)	(10,907)	(92,877)	(10,907)
455	602	-	-
<b>289,767</b>	<b>399,558</b>	<b>253,896</b>	<b>393,626</b>

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
84,402	98,654	81,687	95,878
84,414	83,087	82,249	81,687
88,344	83,164	87,028	82,249
25,154	87,868	23,730	87,028
44,920	68,650	44,920	68,650
<b>327,234</b>	<b>421,423</b>	<b>319,614</b>	<b>415,492</b>

\*\* De-recognition during the current and prior year represents surrendered leases.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

## 42 DEFERRED REINSURANCE COMMISSIONS

At 1 January  
Increase/(decrease) in the year  
**At 31 December**

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
163,617	163,121	130,846	137,300
24,362	496	16,705	(6,454)
<b>187,979</b>	<b>163,617</b>	<b>147,551</b>	<b>130,846</b>

## 43 UNEARNED PREMIUMS RESERVE

## GROUP

## 2022

At 1 January 2022  
Net increase in the year  
Adjusted Unexpired Risk Reserve  
At 31 December 2022

## 2021

At 1 January 2021  
Net increase in the year  
Adjusted Unexpired Risk Reserve  
At 31 December 2021

## COMPANY

## 2022

At 1 January 2022  
Net increase in the year  
Adjusted Unexpired Risk Reserve  
At 31 December 2022

## 2021

At 1 January 2021  
Net increase in the year  
Adjusted Unexpired Risk Reserve  
At 31 December 2021

Gross Ksh'000	Reinsurance Ksh'000	Net Ksh'000
2,792,478	(1,177,946)	1,614,532
341,753	(166,768)	174,985
133,969	(4,400)	129,569
<b>3,268,200</b>	<b>(1,349,114)</b>	<b>1,919,086</b>
2,486,880	(1,334,867)	1,152,013
241,532	165,458	406,990
64,066	(8,537)	55,529
<b>2,792,478</b>	<b>(1,177,946)</b>	<b>1,614,532</b>
Gross Ksh'000	Reinsurance Ksh'000	Net Ksh'000
2,470,720	(1,036,481)	1,434,239
247,715	(135,267)	112,448
122,085	(2,606)	119,479
<b>2,840,520</b>	<b>(1,174,354)</b>	<b>1,666,166</b>
2,486,880	(1,240,145)	1,246,735
(80,226)	212,201	131,975
64,066	(8,537)	55,529
<b>2,470,720</b>	<b>(1,036,481)</b>	<b>1,434,239</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

## 44 PAYABLES ARISING OUT OF DIRECT AND REINSURANCE ARRANGEMENTS

At 31 December

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
498,527	488,878	310,044	316,357

## 45 OUTSTANDING CLAIMS PROVISION

At 1 January

Claims expense and claim handling expenses

Payments for claims and claims handling expenses

Exchange difference on translation

At 31 December

2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
4,195,877	4,440,277	3,793,447	4,025,467
4,424,001	2,167,468	4,153,685	1,955,377
(3,697,535)	(2,428,502)	(3,338,118)	(2,187,397)
21,367	16,634	-	-
<b>4,943,710</b>	<b>4,195,877</b>	<b>4,609,014</b>	<b>3,793,447</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 46 MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

The table below illustrates how the group's estimates of total claims outstanding for each accident year has changed at successive year ends.

GROUP  
2022

## Group - Gross of Reinsurance

Accident Year  
One Year Later  
Two Years Later  
Three Years Later  
Four Years Later

## Current Estimate of Cumulative Claims

Cumulative Payments to Date  
Reserve in Respect of Prior Years  
IBNR Reserve  
ULAE Reserve

## Total Gross Liability as per the Balance Sheet

	Accident Year					Total
	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	2022 Kshs'000	
Accident Year	2,011,697	1,811,515	2,469,337	2,124,146	4,055,767	
One Year Later	2,107,823	2,159,268	2,741,636	2,541,807	-	
Two Years Later	2,115,367	2,141,364	2,731,696	-	-	
Three Years Later	2,073,567	2,117,746	-	-	-	
Four Years Later	2,031,163	-	-	-	-	
<b>Current Estimate of Cumulative Claims</b>	<b>2,031,163</b>	<b>2,117,746</b>	<b>2,731,696</b>	<b>2,541,807</b>	<b>4,055,767</b>	<b>13,478,179</b>
Cumulative Payments to Date	(1,898,266)	(1,988,363)	(2,392,499)	(2,008,976)	(2,157,950)	(10,446,054)
Reserve in Respect of Prior Years	985,059	-	-	-	-	985,059
IBNR Reserve	-	-	-	-	893,598	893,598
ULAE Reserve	-	-	-	-	32,928	32,928
<b>Total Gross Liability as per the Balance Sheet</b>	<b>1,117,956</b>	<b>129,383</b>	<b>339,197</b>	<b>532,831</b>	<b>2,824,343</b>	<b>4,943,710</b>

COMPANY  
2022

## Company - Gross of Reinsurance

Accident Year  
One Year Later  
Two Years Later  
Three Years Later  
Four Years Later

## Current Estimate of Cumulative Claims

Cumulative Payments to Date  
Reserve in Respect of Prior Years  
IBNR Reserve  
ULAE Reserve

## Total Gross Liability as per the Balance Sheet

	2018	2019	2020	2021	2022	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	
Accident Year	1,848,232	1,582,064	2,039,196	1,833,960	3,755,682	
One Year Later	1,977,176	1,981,539	2,339,235	2,241,756	-	
Two Years Later	1,998,966	1,970,067	2,348,787	-	-	
Three Years Later	1,956,735	1,954,535	-	-	-	
Four Years Later	1,913,166	-	-	-	-	
<b>Current Estimate of Cumulative Claims</b>	<b>1,913,166</b>	<b>1,954,535</b>	<b>2,348,787</b>	<b>2,241,756</b>	<b>3,755,682</b>	<b>12,213,926</b>
Cumulative Payments to Date	(1,787,334)	(1,827,635)	(2,030,196)	(1,803,514)	(1,993,662)	(9,442,341)
Reserve in Respect of Prior Years	970,358	-	-	-	-	970,358
IBNR Reserve	-	-	-	-	834,143	834,143
ULAE Reserve	-	-	-	-	32,928	32,928
<b>Total Gross Liability as per the Balance Sheet</b>	<b>1,096,190</b>	<b>126,900</b>	<b>318,591</b>	<b>438,242</b>	<b>2,629,091</b>	<b>4,609,014</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 46 MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

The table below illustrates how the group's estimates of total claims outstanding for each accident year has changed at successive year ends.

GROUP  
2021

## Group - Gross of Reinsurance

	Accident Year							Total
	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	
Accident Year	2,405,016	2,396,799	2,569,017	2,000,233	1,795,452	2,437,784	2,103,265	
One Year Later	2,678,196	2,753,163	2,934,541	2,098,913	2,143,026	2,712,335	-	
Two Years Later	2,718,425	2,874,143	2,843,108	2,107,226	2,125,590	-	-	
Three Years Later	2,721,256	2,884,804	2,813,660	2,065,401	-	-	-	
Four Years Later	2,724,220	2,809,674	2,769,755	-	-	-	-	
Five Years Later	2,758,272	2,772,886	-	-	-	-	-	
Six Years Later	2,744,317	-	-	-	-	-	-	
<b>Current Estimate of Cumulative Claims</b>	<b>2,744,317</b>	<b>2,772,886</b>	<b>2,769,755</b>	<b>2,065,401</b>	<b>2,125,590</b>	<b>2,712,335</b>	<b>2,103,265</b>	<b>17,293,549</b>
Cumulative Payments to Date	(2,536,907)	(2,498,063)	(2,535,497)	(1,869,920)	(1,889,784)	(2,083,229)	(1,124,330)	(14,537,730)
Reserve in Respect of Prior Years	597,787	-	-	-	-	-	-	597,787
Forex adjustments	-	-	-	-	-	-	16,632	16,632
IBNR Reserve	-	-	-	-	-	-	789,227	789,227
ULAE Reserve	-	-	-	-	-	-	36,412	36,412
<b>Total Gross Liability as per the Balance Sheet</b>	<b>805,197</b>	<b>274,823</b>	<b>234,258</b>	<b>195,481</b>	<b>235,806</b>	<b>629,106</b>	<b>1,821,206</b>	<b>4,195,877</b>

COMPANY  
2021

## Company - Gross of Reinsurance

	Accident Year							Total
	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	
Accident Year	2,143,072	2,183,334	2,445,000	1,849,051	1,582,064	2,039,196	1,850,484	
One Year Later	2,441,355	2,560,765	2,802,799	1,978,555	1,981,539	2,339,235	-	
Two Years Later	2,484,226	2,690,411	2,721,373	2,000,345	1,970,067	-	-	
Three Years Later	2,486,224	2,708,306	2,695,883	1,958,114	-	-	-	
Four Years Later	2,498,307	2,633,269	2,651,934	-	-	-	-	
Five Years Later	2,531,791	2,596,465	-	-	-	-	-	
Six Years Later	2,516,027	-	-	-	-	-	-	
<b>Current Estimate of Cumulative Claims</b>	<b>2,516,027</b>	<b>2,596,465</b>	<b>2,651,934</b>	<b>1,958,114</b>	<b>1,970,067</b>	<b>2,339,235</b>	<b>1,850,484</b>	<b>15,882,326</b>
Cumulative Payments to Date	(2,311,648)	(2,322,044)	(2,418,569)	(1,768,228)	(1,746,545)	(1,856,836)	(1,025,160)	(13,449,030)
Reserve in Respect of Prior Years	595,418	-	-	-	-	-	-	595,418
IBNR Reserve	-	-	-	-	-	-	728,321	728,321
ULAE Reserve	-	-	-	-	-	-	36,412	36,412
<b>Total Gross Liability as per the Balance Sheet</b>	<b>799,797</b>	<b>274,421</b>	<b>233,365</b>	<b>189,886</b>	<b>223,522</b>	<b>482,399</b>	<b>1,590,057</b>	<b>3,793,447</b>



## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 46 MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (continued)

The table below shows the movement in the company's outstanding claims provision and related reinsurance share of outstanding claims.

## COMPANY

## 2022

At 1 January 2022

Notified claims

ULAE

Incurred but not reported

**Total at beginning of year**

Claims paid in year

Increase in liabilities:-

- Arising from current year claims

- Arising from prior year claims

**Total at end of year**

Notified claims

ULAE

Incurred but not reported

**Total at end of year**

## 2021

At 1 January 2021

Notified claims

ULAE

Incurred but not reported

**Total at beginning of year**

Claims paid in year

Increase in liabilities:-

- Arising from current year claims

- Arising from prior year claims

**Total at end of year**

Notified claims

ULAE

Incurred but not reported

**Total at end of year**

Refer to note 3 for the sensitivity effects of changes in value of claims.

Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
3,028,714	(852,544)	2,176,170
36,412	-	36,412
728,321	(176,750)	551,571
<b>3,793,447</b>	<b>(1,029,294)</b>	<b>2,764,153</b>
(3,338,118)	1,378,048	(1,960,070)
4,279,494	(2,403,184)	1,876,310
(125,809)	40,920	(84,889)
<b>4,609,014</b>	<b>(2,013,510)</b>	<b>2,595,504</b>
3,741,943	(1,772,524)	1,969,419
32,928	-	32,928
834,143	(240,986)	593,157
<b>4,609,014</b>	<b>(2,013,510)</b>	<b>2,595,504</b>

Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
3,293,476	(1,192,911)	2,100,565
37,802	-	37,802
694,189	(142,254)	551,935
<b>4,025,467</b>	<b>(1,335,165)</b>	<b>2,690,302</b>
(2,187,397)	694,663	(1,492,734)
2,064,906	(364,078)	1,700,828
(109,529)	(24,714)	(134,243)
<b>3,793,447</b>	<b>(1,029,294)</b>	<b>2,764,153</b>
3,028,714	(852,544)	2,176,170
36,412	-	36,412
728,321	(176,750)	551,571
<b>3,793,447</b>	<b>(1,029,294)</b>	<b>2,764,153</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

**47 CAPITAL COMMITMENTS**

Approved Capital Expenditure

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
190,946	196,830	179,470	174,398

**48 CONTINGENT LIABILITIES****a) Legal proceedings**

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 result of all pending or threatened legal proceedings, management does not believe that such proceedings (including outstanding litigations) will have a material effect on its results and financial position of the group. However provisions for claims have been made as far as management believe the claim will be paid.

**b) Solvency regulations**

The group is also subject to insurance solvency regulations in the two 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.

**c) Kenya Revenue Authority (KRA) Audit**

During the year 2021, the company received a tax assessment relating to an audit carried out by the Kenya Revenue Authority with respect to Corporate Income Tax and Value Added Tax. The Company lodged an objection to the assessment. The Company entered into an Alternative Dispute Resolution (ADR) with KRA to handle the Corporate Income Tax issues and an Alternative Dispute Resolution agreement was signed off on 26 November 2021. The Value Added Tax matter is being handled at the Tribunal. The probability of the assessment crystallizing to a liability is deemed to be remote.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 49 NOTES TO THE CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

**(a) Cash generated from operations**

Reconciliation of profit before tax to cash used in operations;

Profit before income tax

Adjustments for:

Depreciation on property and equipment (Note 18)

Depreciation on right of use asset (Note 19)

Gain/(loss) on disposal of equity instruments at fair value through profit or loss

Gain on disposal of treasury bonds

Gain on sale of property and equipment

Finance income on investment in sub-lease

Impairment on treasury bonds beyond 3 months

Impairment on deposits

Impairment on corporate bond

Interest on lease liabilities

Amortisation of intangible assets (Note 17)

REIT revaluation (Note 21(b))

Fair value gains on Equity revaluation (Note 7(a))

Fair value gains on investment properties (Note 7(a))

Rental income (Note 7)

Dividend income (Note 7)

REIT income (Note 7)

Interest income (Note 7)

Gain on discontinued lease

Changes in working capital:

- Kenya motor insurance pool receivable

- receivables arising out of reinsurance arrangements

- receivables arising out of direct insurance arrangements

- reinsurers share of technical provisions and reserves

- deferred acquisition costs

- other receivables net of rental debtors

- due from subsidiary company

- outstanding claims provisions

- unearned premiums reserves

- payables arising from direct and reinsurance arrangements

- deferred reinsurance commissions

- other payables

**Cash generated from operations**

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
	1,076,920	1,290,711	1,040,191	1,269,134
	30,466	40,789	26,120	37,784
	42,459	43,243	30,971	33,128
	(120)	(9,358)	(112)	(9,358)
	(56)	(5,130)	(56)	(5,130)
	(976)	(1,372)	(134)	(1,400)
	(3,459)	(6,496)	(3,459)	(6,496)
	614	(3,773)	614	(3,680)
	495	1,555	160	(3,154)
	(22)	(83)	-	(83)
	41,381	51,956	38,447	51,028
	6,055	4,549	3,770	3,415
	(1,335)	(488)	(1,335)	(488)
	184,245	(106,469)	205,180	(104,969)
	(86,256)	-	(86,256)	-
	(200,500)	(209,544)	(200,500)	(209,544)
	(62,755)	(39,006)	(55,949)	(33,790)
	(815)	(266)	(815)	(266)
	(853,055)	(737,425)	(802,006)	(697,413)
	(35,372)	(2,348)	(35,372)	(2,348)
	1,229	23,780	1,229	23,780
	(416,669)	(24,240)	(385,769)	(22,541)
	21,543	10,184	14,203	16,035
	(1,063,319)	525,250	(1,122,088)	509,536
	(52,362)	(32,623)	(34,438)	(24,758)
	35,859	(3,506)	43,677	7,644
	-	-	(2,044)	1,120
	747,833	(244,400)	815,567	(232,020)
	475,723	54,376	369,799	(16,160)
	9,649	112,038	(6,313)	36,179
	24,362	496	16,705	(6,454)
	175,505	45,927	160,488	34,680
	<b>97,267</b>	<b>778,327</b>	<b>30,475</b>	<b>643,411</b>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes (continued)

## 49 NOTES TO THE CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS (continued)

**(b) Analysis of cash and cash equivalents**

Cash and bank balances

Debt securities maturing within 3 months (Note 33(a))

Deposits with financial institutions maturing within 3 months (Note 35(a))

GROUP		COMPANY	
2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
153,048	85,182	118,264	22,938
-	9,772	-	-
212,352	759,530	207,066	710,529
<b>365,400</b>	<b>854,484</b>	<b>325,330</b>	<b>733,467</b>

## 50 OPERATING LEASE INCOME

**Maturity analysis of operating lease receipts:**

Year 1

Year 2

Year 3

Year 4

Year 5

Year 6

Year 7 and onwards

The following table presents the amounts reported in profit or loss:

Lease income on operating leases

**GROUP AND COMPANY**

2022 Ksh'000	2021 Ksh'000
200,500	209,544
220,086	221,114
239,580	232,170
251,559	243,778
264,137	255,967
277,344	268,765
291,211	282,204
<b>1,744,417</b>	<b>1,713,542</b>

2022 Ksh'000	2021 Ksh'000
200,500	209,544

## 51 RELATED PARTIES

The ultimate holding company is Asset Managers Limited while the immediate parent company is ICEA LION Insurance Holdings Limited. There are several other companies, which are related to ICEA LION General Insurance Company Limited through common shareholdings or common directorships. In the normal course of business, insurance policies are sold to related parties. All transactions with related parties are held at arm's length. Transactions with related parties during the year and related outstanding balances are disclosed below:

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## Notes (continued)

## 51 RELATED PARTIES (Continued)

## a) Transactions with related parties

Premiums received net of commissions	
Management fees – earned	
– expense	
Staff loans	
Reinsurance premiums	

## b) Balances with related parties

- i) Deposits with financial institutions
- ii) Bank balances
- iii) Interest receivable
- iv) Premiums receivable from related parties
- v) Impairment on deposits with NCBA Bank Kenya PLC
- vi) Loans to staff

## c) Amounts due from a subsidiary

## d) Due from related company\*:

ICEA LION Asset Management	
ICEA LION Trustee Services Ltd	
ICEA Life Uganda	
ICEA General Uganda	
Mitchell Cotts Freight Kenya Ltd	
Kahuho Holdings Ltd	
ICEA LION Insurance Holdings	

## e) Due to related company:

ICEA LION Life Assurance Ltd	
First Chartered Securities	
Williamson Development Ltd	
ICEA LION Insurance Holdings Ltd	
Knight Frank (K)	

## f) Key management and directors' remuneration

Director's remuneration (fees)	
Key management remuneration	

\*No provision for bad debts were held with respect to amounts due from related parties.

## 52 EVENTS AFTER THE REPORTING DATE

There were no significant subsequent events after the year and that would necessitate disclosure or adjusting the financial statements.

	GROUP		COMPANY	
	2022 Ksh'000	2021 Ksh'000	2022 Ksh'000	2021 Ksh'000
	339,966	375,660	339,966	360,447
	-	-	7,130	6,575
	13,024	14,805	13,024	14,805
	42,340	43,279	34,405	27,918
	109,525	144,484	109,525	144,484
	126,784	297,425	75,294	249,611
	168,597	55,482	117,107	18,668
	3,149	4,884	158	362
	64,695	93,570	64,695	93,570
	-	1,590	478	1,590
	32,199	32,920	30,141	24,346
	-	-	<b>2,802</b>	<b>758</b>
	22	17	22	17
	36	-	36	-
	3,334	3,194	3,334	3,194
	6,898	11,233	6,898	11,233
	448	448	448	448
	1	1	1	1
	-	554	-	554
	<b>10,739</b>	<b>15,447</b>	<b>10,739</b>	<b>15,447</b>
	24,091	27,073	24,091	27,073
	-	72	-	72
	6,894	5,943	6,894	5,943
	821	-	821	-
	40	-	40	-
	<b>31,846</b>	<b>33,088</b>	<b>31,846</b>	<b>33,088</b>
	15,894	11,420	11,220	7,090
	268,020	263,565	225,979	226,366

**APPENDIX I - CONSOLIDATED REVENUE ACCOUNTS**  
**Supplementary Information**  
for the year ended 31 December 2022

Class of Insurance Business	Aviation	Engineering	Fire	Fire	Liability	Marine	Motor	Motor	Personal	Theft	Workmen's	Medical	Miscella	2022	2021
	Ksh'000	Ksh'000	Domestic	Industrial	Ksh'000	Ksh'000	Private	Comm	Accident	Ksh'000	Comp	Ksh'000	neous	Total	Total
			Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Gross Premium Written	1,398,016	241,896	155,441	1,602,057	271,406	299,634	1,935,979	837,486	265,111	239,781	552,106	298,460	151,354	8,248,727	7,148,276
Change in unearned prem	115,269	(1,891)	7,155	52,034	(1,316)	(903)	182,028	12,279	18,274	(272)	37,698	(2,789)	31,421	448,987	17,287
Gross earned prem	1,282,747	243,787	148,286	1,550,023	272,722	300,537	1,753,951	825,207	246,837	240,053	514,408	301,249	119,933	7,799,740	7,130,989
Less : Reinsurance payable	(1,279,454)	(164,367)	(74,680)	(1,274,164)	(223,724)	(122,713)	(95,221)	(81,365)	(140,487)	(41,458)	(64,922)	(210,973)	(101,997)	(3,875,525)	(3,541,306)
<b>Net earned premiums</b>	<b>3,293</b>	<b>79,420</b>	<b>73,606</b>	<b>275,859</b>	<b>48,998</b>	<b>177,824</b>	<b>1,658,730</b>	<b>743,842</b>	<b>106,350</b>	<b>198,595</b>	<b>449,486</b>	<b>90,276</b>	<b>17,936</b>	<b>3,924,215</b>	<b>3,589,683</b>
Gross Claims Paid	28,773	181,730	82,510	1,040,630	10,300	180,289	1,188,391	463,935	105,535	70,852	101,032	239,473	4,085	3,697,535	2,428,296
Change in o/s claims	(3,996)	(4,656)	(23,099)	17,213	11,634	(11,228)	57,796	(118,444)	18,759	(49,710)	(93,354)	20,196	(2,976)	(181,865)	118,588
	<b>24,777</b>	<b>177,074</b>	<b>59,411</b>	<b>1,057,843</b>	<b>21,934</b>	<b>169,061</b>	<b>1,246,187</b>	<b>345,491</b>	<b>124,294</b>	<b>21,142</b>	<b>7,678</b>	<b>259,669</b>	<b>1,109</b>	<b>3,515,670</b>	<b>2,546,884</b>
Less : Reinsurance recoveries	(27,251)	(151,801)	(38,427)	(914,229)	(1,632)	(144,598)	(19,645)	(27,156)	(67,394)	(3,074)	(6,436)	(167,654)	-	(1,569,297)	(836,592)
<b>Claims Incurred</b>	<b>(2,474)</b>	<b>25,273</b>	<b>20,984</b>	<b>143,614</b>	<b>20,302</b>	<b>24,463</b>	<b>1,226,542</b>	<b>318,335</b>	<b>56,900</b>	<b>18,068</b>	<b>1,242</b>	<b>92,015</b>	<b>1,109</b>	<b>1,946,373</b>	<b>1,710,292</b>
Commissions earned	(32,226)	(38,950)	(5,185)	(359,470)	(49,684)	(25,782)	(4,000)	(8,316)	(40,001)	(4,842)	(11,935)	(28,360)	(30,208)	(638,959)	(569,984)
Commissions incurred	17,765	44,758	24,669	291,728	30,545	37,537	172,553	80,019	44,214	30,635	93,529	29,067	9,425	906,444	776,137
Expenses of Management	19,435	39,987	30,376	130,396	40,494	65,099	626,515	275,462	40,128	86,692	130,550	26,676	6,558	1,518,368	1,384,061
<b>Total Expenses &amp; Commissions</b>	<b>4,974</b>	<b>45,795</b>	<b>49,860</b>	<b>62,654</b>	<b>21,355</b>	<b>76,854</b>	<b>795,068</b>	<b>347,165</b>	<b>44,341</b>	<b>112,485</b>	<b>212,144</b>	<b>27,383</b>	<b>(14,225)</b>	<b>1,785,853</b>	<b>1,590,214</b>
<b>Underwriting profit/(loss)</b>															
<b>-2022</b>	<b>793</b>	<b>8,352</b>	<b>2,762</b>	<b>69,591</b>	<b>7,341</b>	<b>76,507</b>	<b>(362,880)</b>	<b>78,342</b>	<b>5,109</b>	<b>68,042</b>	<b>236,100</b>	<b>(29,122)</b>	<b>31,052</b>	<b>191,989</b>	<b>289,177</b>
<b>-2021</b>	<b>50,814</b>	<b>341</b>	<b>23,518</b>	<b>187,491</b>	<b>32,162</b>	<b>(28,222)</b>	<b>(224,976)</b>	<b>(64,579)</b>	<b>6,859</b>	<b>9,119</b>	<b>273,713</b>	<b>(828)</b>	<b>23,765</b>	<b>289,177</b>	
<b>Key ratios:</b>															
Loss ratio	-75	32	29	52	41	14	74	43	54	9	0	102	6	50	48
Commission ratio	1	19	16	18	11	13	9	10	17	13	17	10	6	11	11
Expense ratio	1	17	20	8	15	22	32	33	15	36	24	9	4	18	19
Combined ratio	76	89	96	75	85	57	122	89	95	66	47	132	-73	95	92

## APPENDIX II - COMPANY REVENUE ACCOUNTS

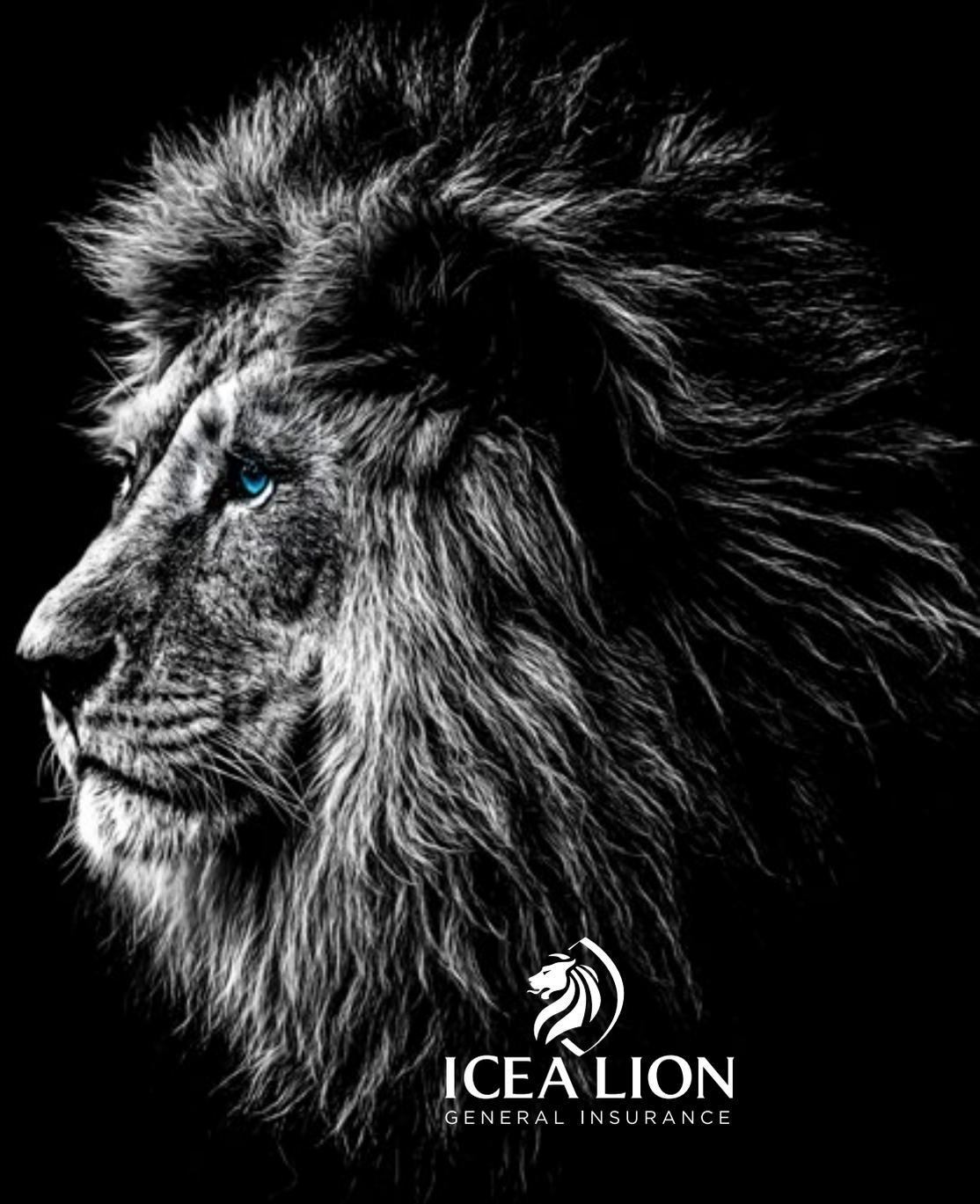
### Supplementary Information

for the year ended 31 December 2022

Class of insurance business	Aviation	Engineering	Fire		Liability	Marine	Motor		Personal	Theft	Workmen's	Medical	Miscella	2022	2021
	Ksh'000	Ksh'000	Domestic	Industrial	Ksh'000	Ksh'000	Private	Comm	Accident	Ksh'000	Comp	Ksh'000	neous	Total	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Gross Premium Written	1,352,628	191,068	150,833	1,362,656	234,004	267,300	1,749,129	606,973	237,115	208,340	543,544	298,460	99,754	7,301,804	6,331,150
Change in gross earned prem	122,744	(21,286)	7,308	43,032	(10,481)	(1,370)	162,745	4,388	16,868	(2,497)	34,938	(2,789)	16,199	369,799	(40,425)
Gross earned prem	1,229,884	212,354	143,525	1,319,624	244,485	268,670	1,586,384	602,585	220,247	210,837	508,606	301,249	83,555	6,932,005	6,371,575
Less : Reinsurance payable	(1,226,719)	(141,880)	(72,109)	(1,083,535)	(200,374)	(105,123)	(66,680)	(21,776)	(120,009)	(31,565)	(61,527)	(210,974)	(69,463)	(3,411,734)	(3,128,218)
<b>Net earned premiums</b>	<b>3,165</b>	<b>70,474</b>	<b>71,416</b>	<b>236,089</b>	<b>44,111</b>	<b>163,547</b>	<b>1,519,704</b>	<b>580,809</b>	<b>100,238</b>	<b>179,272</b>	<b>447,079</b>	<b>90,275</b>	<b>14,092</b>	<b>3,520,271</b>	<b>3,243,357</b>
Gross Claims Paid	10,002	94,843	81,553	958,990	10,057	173,531	1,124,931	370,250	100,777	68,604	101,032	239,473	4,075	3,338,118	2,187,397
Change in gross outstanding claims	(4,537)	(5,872)	(23,458)	8,079	9,837	(11,426)	61,459	(107,468)	19,337	(38,528)	(93,205)	20,196	(3,054)	(168,640)	73,852
	5,465	88,971	58,095	967,069	19,894	162,105	1,186,390	262,782	120,114	30,076	7,827	259,669	1,021	3,169,478	2,261,249
Less : Reinsurance recoverable	(9,146)	(69,203)	(38,258)	(847,706)	(1,529)	(141,742)	(9,631)	(11,211)	(63,553)	(2,727)	(6,436)	(167,654)	-	(1,368,796)	(694,665)
<b>Net claims Incurred</b>	<b>(3,681)</b>	<b>19,768</b>	<b>19,837</b>	<b>119,363</b>	<b>18,365</b>	<b>20,363</b>	<b>1,176,759</b>	<b>251,571</b>	<b>56,561</b>	<b>27,349</b>	<b>1,391</b>	<b>92,015</b>	<b>1,021</b>	<b>1,800,682</b>	<b>1,566,584</b>
Commissions earned	(30,128)	(32,811)	(4,707)	(302,556)	(47,707)	(21,688)	(644)	(33)	(33,253)	(2,534)	(11,153)	(28,360)	(20,680)	(536,254)	(482,502)
Commissions payable	15,243	38,167	23,606	231,092	29,529	32,254	151,924	52,578	39,217	26,173	92,465	29,067	4,836	766,151	658,993
Expenses of Management	19,376	32,951	28,626	99,742	34,802	56,494	538,703	179,761	36,466	71,928	128,826	26,676	3,328	1,257,679	1,186,244
<b>Total Expenses &amp; Commissions</b>	<b>4,491</b>	<b>38,307</b>	<b>47,525</b>	<b>28,278</b>	<b>16,624</b>	<b>67,060</b>	<b>689,983</b>	<b>232,306</b>	<b>42,430</b>	<b>95,567</b>	<b>210,138</b>	<b>27,383</b>	<b>(12,516)</b>	<b>1,487,576</b>	<b>1,362,735</b>
<b>Underwriting profit/(loss)</b>															
<b>-2022</b>	<b>2,355</b>	<b>12,399</b>	<b>4,054</b>	<b>88,448</b>	<b>9,122</b>	<b>76,124</b>	<b>(347,038)</b>	<b>96,932</b>	<b>1,247</b>	<b>56,356</b>	<b>235,550</b>	<b>(29,123)</b>	<b>25,587</b>	<b>232,013</b>	<b>314,038</b>
<b>-2021</b>	<b>50,210</b>	<b>5,365</b>	<b>22,890</b>	<b>181,964</b>	<b>28,088</b>	<b>(28,602)</b>	<b>(203,617)</b>	<b>(51,036)</b>	<b>5,239</b>	<b>8,537</b>	<b>273,458</b>	<b>(828)</b>	<b>22,370</b>	<b>314,038</b>	
<b>Key ratios:</b>															
Loss ratio	-116	28	28	51	42	12	77	43	56	15	0	102	7	51	48
Commission ratio	1	20	16	17	13	12	9	9	17	13	17	10	5	10	10
Expense ratio	1	17	19	7	15	21	31	30	15	35	24	9	3	17	19
Combined ratio	26	82	94	63	79	53	123	83	99	69	47	132	-82	93	90

# APPENDICES

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## CORPORATE INFORMATION

### REGISTERED OFFICE

#### ICEA LION Centre

Riverside Park, Chiromo Road, Westlands  
P.O. Box 30190 - 00100 Nairobi  
Tel: +254 (0) 20 2750000  
Mobile: +254 719 071000 | +254 730 151000  
Contact Centre: +254 719 071999 | +254 730 151999  
+254 (0) 20 2750999  
Email: info@icealion.com

### SECRETARY

Kennedy M Ontiti  
First Chartered Securities Limited  
ICEA LION Centre, Chiromo Road  
P.O. Box 30345 - 00100 Nairobi

### SUBSIDIARY

ICEA LION General Insurance Company Limited  
(Tanzania)  
Plot No. 331  
Kambarage Road, Mikocheni "A"  
P.O. Box 1948 Dar-es-Salaam  
Tanzania

### AUDITOR

KPMG Kenya  
Certified Public Accountants  
ABC Towers, Waiyaki Way  
PO Box 40612 – 00100  
Nairobi, Kenya

### ADVOCATES

Kaplan and Stratton Advocates  
Williamson House  
4th Ngong Avenue  
P.O. Box 40111 - 00100 Nairobi

### CONSULTING ACTUARIES

Zamara Actuaries, Administrators and Consultants  
Limited  
Landmark Plaza, 10th Floor  
Argwings Kodhek Rd  
P.O. Box 52439 - 00200 Nairobi

### BANKERS

NCBA Bank Kenya PLC  
NCBA House  
P.O. Box 44599 - 00100 Nairobi

Standard Chartered Bank Kenya Limited  
Kenyatta Avenue Branch  
P.O. Box 30003 - 00100 Nairobi



# CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

2013

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Kenya Paraplegic Organization	Bring Zack Back Campaign	Health	200,000	100,000	100,000
2.	Kenya Paraplegic Organization	Charity Golf Tournament	Health	200,000	100,000	100,000
3.	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	200,000	100,000	100,000
4.	The Association of Kenya Insurers	Annual Medical Camp	Health	50,000	25,000	25,000
5.	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	100,000	50,000	50,000
6.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	200,000	-	200,000
7.	Rhino Ark Charitable Trust	Support of Rhino Charge Team	Environment	100,000	50,000	50,000
8.	Kahawa Garisson	High School Project	Education	300,000	150,000	150,000
9.	August 7 Memorial Trust	In Support of the Needy	Special Projects - Support of Needy	100,000	50,000	50,000
10.	SOS Children's Villages	In Support of the Needy Children	Special Projects - Support of Needy	100,000	50,000	50,000
11.	Lions Club of Kenya	Charity Golf Tournament	Special Projects - Support of Needy	250,000	125,000	125,000
12.	Faraja Cancer Support Trust	Faraja Cancer Centre Development	Health	2,000,000	1,000,000	1,000,000
13.	KCB Safari Rally	Official Event Insurer June 2013 - June 2014	Brand Equity - Sports	1,000,000	-	1,000,000
<b>Total Support Amount</b>				<b>4,800,000</b>	<b>1,800,000</b>	<b>3,000,000</b>

## APPENDICES

## CORPORATE SOCIAL RESPONSIBILITY (CSR) &amp; INVESTMENT (CSI) 2013

## ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Alexis Foundation	Charity Golf Tournament	Education	75,000	37,500	37,500
2.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	500,000	250,000	250,000
3.	Heart to Heart Foundation	Heart Run (Karen Hospital)	Health	50,000	25,000	25,000
4.	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045	5,023	5,023
5.	Faraja Cancer Support Trust	Purchase of Branded Tee Shirts	Health	200,000	100,000	100,000
6.	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000	25,000	25,000
7.	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	100,000	50,000	50,000
8.	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000	50,000	50,000
9.	The Association of Kenya Insurers	Annual Medical Camp, Kamangu Primary - Kiambu	Health	50,000	25,000	25,000
10.	Drumbeat Ltd - Amazing Maasai Marathon	"Supporting Girl Child Secondary Education in Maasailand - Official Event Insurer"	Education	130,000	65,000	65,000
11.	The Kenya Red Cross	Annual Gala Dinner for the Disaster Kitty	Special Projects - Disaster Preparedness	300,000	-	300,000
12.	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254	135,127	135,127
<b>Total Support Amount</b>				<b>1,835,299</b>	<b>767,650</b>	<b>1,067,650</b>

2014

# CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013

2015

## ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Insurance Institute of Kenya	IJK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000	-	50,000
2.	Special Olympics Kenya	3 Air Tickets for Special Olympics Swim Team	Special Projects - Sports	500,000	250,000	250,000
3.	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000	10,000	10,000
4.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000	-	300,000
5.	The Association of Kenya Insurers	Annual Medical Camp - Ngurubaini Primary School - Mwea	Health	70,000	35,000	35,000
6.	Consolata Youth Rehabilitation Programme	COYREP & ICEA LION Visit To Clean Up Deep Sea Slum	Brand Equity - Environment	100,000	50,000	50,000
7.	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000	50,000	50,000
8.	Wema Centre Trust	Annual Fund Raising Dinner	Special Projects - Support of Needy	250,000	125,000	125,000
9.	Help Baby Ivannah	Medical Bill Support For The Late Baby Ivannah	Special Projects - Support of Needy	30,000	15,000	15,000
10.	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254	135,127	135,127
11.	KCB Safari Rally	Official Event Insurer Jun 2014 - Dec 2015	Brand Equity - Sports	3,000,000	-	3,000,000
<b>Total Support Amount</b>				<b>4,690,254</b>	<b>670,127</b>	<b>4,020,127</b>

## APPENDICES

## CORPORATE SOCIAL RESPONSIBILITY (CSR) &amp; INVESTMENT (CSI) 2013

## ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Insurance Institute of Kenya	IJK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000	25,000	25,000
2.	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000	25,000	25,000
3.	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045	5,023	5,023
4.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000	150,000	150,000
5.	Association of Kenya Insurers	Joint Insurers Pensions Awareness Campaign	Special Projects - Financial Literacy	1,000,000	500,000	500,000
6.	Jockey Club of Kenya - Horse Derby	111th Kenya Derby Prize Money For Riders	Brand Equity - Sports	1,000,000	500,000	500,000
7.	Jockey Club of Kenya - Horse Derby	Social Media Boosting to Advertise Event	Brand Equity - Sports	17,493	8,746	8,746
8.	Duke of Edinburgh's Presidential Award Scheme	Feeding Youth During Mt. Kenya Climb	Education	500,000	250,000	250,000
9.	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000	10,000	10,000
10.	East African & Kenya Motor Sports Club	FIM MotoCross Of African Nations 2016	Brand Equity - Sports	500,000	250,000	250,000
11.	East African Motor Sports Club	Refurbishing 16 Spectator Stands & Constructing 14 new ones	Brand Equity - Sports	1,397,000	698,500	698,500
12.	The Association of Kenya Insurers	Annual Medical Camp - Karagita - Naivasha	Health	85,000	42,500	42,500
13.	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254	135,127	135,127
Total Support Amount				5,199,792	2,599,896	2,599,896

2016

2017  
2018  
2019  
2020  
2021

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	The Association of Kenya Insurers	Annual Medical Camp - Gatanga - Thika	Health	85,000	42,500	42,500
2.	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000	25,000	25,000
3.	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045	5,022.50	5,022.50
4.	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	500,000	300,000	200,000
Total Support Amount				645,045	372,522.50	272,522.50
1.	The Association of Kenya Insurers	Annual Medical Camp - Matuu - Machakos	Health	90,000	45,000	45,000
2.	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000	500,000	200,000
Total Support Amount				790,000	545,000	245,000
1.	The Association of Kenya Insurers	Annual Medical Camp - Isinya	Health	90,000	45,000	45,000
2.	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000	-	700,000
Total Support Amount				790,000	45,000	745,000
1.	Lewa Wildlife Conservancy	Virtual Lewa Marathon	Brand Equity - Environment	100,000	50,000	50,000
2.	National Emergency Response Committee	COVID-19 Pandemic Support	Health & Special Projects	10,000,000	5,000,000	5,000,000
Total Support Amount				10,100,000	5,050,000	5,050,000
1.	The Academy of Dance and Arts Ltd	Grease Musical Show Sponsorship	Brand Equity - Special Projects	250,000	-	250,000
2.	Wema Centre	Sponsorship for Wemathon	Brand Equity - Sports	50,000	-	50,000
Total Support Amount				300,000	-	300,000

## APPENDICES

## CORPORATE SOCIAL RESPONSIBILITY (CSR) &amp; INVESTMENT (CSI) 2013

## ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1	MSK GALA Award	MSK GALA Award	Brand Equity - Special Projects	30,000	30,000	
2	Minet Kenya Financial Services Limited	Annual Trustee Conf Sponsorship	Special Projects - Financial Literacy	100,000	100,000	
3	Ashanti Pension Insurance Agency Ltd	NHIF Dc Agency	Special Projects - Financial Literacy	200,000	200,000	
4	JKUAT Srbs - Trustee Account	JKUAT Srbs - Trustee Account	Special Projects - Financial Literacy	75,000	75,000	
5	Rhino Ark Kenya Charitable Trust	Rhino Charge Sponsorship	Environment	300,000	150,000	150,000
6	Zamara Actaries Administrators And Consultants	Sponsorship Zamara Fanaka	Special Projects - Financial Literacy	100,000	100,000	
8	VHI(K) Public Health Reserve Account	CSR Support For Village Hopecore	Health	25,000	25,000	
9	2NK Sacco	CSR Support For 2nk Sacco	Transport	50,000	50,000	
10	Meru University Of Science And Technology	Luncheon Sponsorship	Education	30,000	30,000	
11	University Of Nairobi Foundation Registered Trusts	University Of Nairobi Foundation Launch Sponsorship	Education	100,000	50,000	50,000
13	Kenya Association Of Technical Training Institutions	Sponsorship Katti AGM	Education	200,000	200,000	
14	Mulembe Golf Sports Club	Mulembe Golf Tournament	Sports	100,000	100,000	
15	Forum For African Women Educationalists	FAWE Dinner	Education	100,000	100,000	

2022

# CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013

## ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
16	Limuru Country Club	Limuru Country Club	Sports	50,000	50,000	
17	Kenya Medical Association	Sponsorship 49th KMA Conference	Health	100,000	100,000	
18	Lewa Wildlife Conservancy	Lewa Wildlife Conservancy	Brand Equity - Environment	503,000	250,000	253,000
19	81 Tank Battalion Nakuru	Cocktail Sponsorship	Brand Equity - Special Projects	76,315	76,315	
20	Embakasi Garrison	Sponsorship Embakasi Garrison	Education	120,000	120,000	
21	Association Of Kenya Professional Insurance Agents	Association Of Kenya Professional Insurance Agents	Brand Equity - Special Projects	150,000	150,000	
22	DEVKI Charitable Foundation	Donation-School Feeding Programs In Drought Areas	Special Projects - support of needy	500,000		500,000
23	Kenya Manufacturers Association	Sponsorship 49th KMA Conference	Brand Equity - Special Projects	100,000		100,000
24	The Academy Of Dance & Arts Limited	Performance Of GREASE Sponsorship	Brand Equity - Special Projects	200,000		200,000
25	WEMA Centre	Sponsorship For WEMA Centre	Special Projects - support of needy	50,000		50,000
26	Central Account National Defence College	Sponsorship Cultural Day	Education	100,000		100,000
27	Lohana Ladies Circle	Sponsorship Lohana Ladies Circle(LLC) Charity Walk	Special Projects - support of needy	100,000		100,000
<b>Total Support Amount</b>				<b>3,459,315</b>	<b>1,956,315</b>	<b>1,503,000</b>
<b>TOTAL CORPORATE SOCIAL RESPONSIBILITY SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2022</b>				<b>32,614,705</b>	<b>13,809,010</b>	<b>18,805,695</b>

## APPENDICES

## CORPORATE SOCIAL RESPONSIBILITY (CSR) &amp; INVESTMENT (CSI) 2013

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
2016-2017	1. Ewaso Lions - Lion Conservation Project	Warrior Watch & Lion Monitoring Equipment		862,554	431,277	431,277
		Production of the Lion Conservation Video	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	3,838,634	1,919,317	1,919,317
		Promoting the Lion Conservation Video & Initiative on Social Media (Facebook, Instagram & YouTube)		600,000	300,000	300,000
	2. Kenya Wildlife Service (KWS) National Lion Census	KWS Methodology & Standardization Workshop Sponsorship		462,000	231,000	231,000
		National Lion Census - Phase I - Lake Nakuru National Park		821,167	410,583.50	410,583.50
<b>Total Support Amount</b>				<b>6,584,355</b>	<b>3,292,177.50</b>	<b>3,292,177.50</b>
2018	1. Lewa Wildlife Conservancy	ICEA LION Staff Immersion & Sensitization Videography & Photography		194,880	97,440	97,440
		Conservation Education Programme - 15 Schools, 690 Students, 60 Teachers from Northern Kenya for 2 Days	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	3,515,000	1,757,500	1,757,500
		Conservation Education Programme - ICEA LION Staff immersion		200,000	100,000	100,000
		Lion Predator Monitoring Programme		472,000	236,000	236,000
<b>Total Support Amount</b>				<b>4,381,880</b>	<b>2,190,940</b>	<b>2,190,940</b>

# CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013

## ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
2019	1. Kenya Wildlife Service (KWS) National Lion Census	National Lion Census - Census Equipment for 5 Regions		1,701,925	850,963	850,963
	2. Lewa Wildlife Conservancy	ICEA LION Staff Immersion & Sensitization Videography & Photography	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	194,880	97,440	97,440
		Conservation Education Programme - ICEA LION Staff immersion with Bardassa Secondary School		200,000	100,000	100,000
		Lion Predator Monitoring Programme		472,000	236,000	236,000
	<b>Total Support Amount</b>				<b>2,568,805</b>	<b>1,284,493</b>
2020	1. Lewa Wildlife Conservancy	Fund Raising Gala Dinner: Chief Guest :Eliud Kipchoge	Brand Equity - Environment	600,000	300,000	300,000
	2. "Organization of East & Southern African Insurers (OESAI)	Sponsored OESAI Sustainability Conference	Brand Equity - Environment	600,000	300,000	300,000
	<b>Total Support Amount</b>				<b>1,200,000</b>	<b>600,000</b>
<b>TOTAL CORPORATE SOCIAL INVESTMENT SUPPORT AMOUNT FROM OCT 2016 - DEC 2022</b>				<b>14,735,040</b>	<b>7,367,520</b>	<b>7,367,520</b>
<b>TOTAL CORPORATE SOCIAL RESPONSIBILITY &amp; INVESTMENT SUPPORT AMOUNT FROM JAN 2013 - DEC 2022</b>				<b>47,349,745</b>	<b>21,176,530</b>	<b>26,173,215</b>

# AWARDS & ACCOLADES 2012 - 2022



## ICPSK CHAMPIONS OF GOVERNANCE AWARDS

WINNER	YEAR
Insurance Sector	2017, 2014
Company Secretary of the Year: Kennedy Ontiti	2016, 2015
<b>1<sup>ST</sup> RUNNERS UP</b>	
Insurance Sector	2016, 2015
Company Secretary of the Year: Kennedy Ontiti	2018
<b>2<sup>ND</sup> RUNNERS UP</b>	
Overall Champions of Governance Award	2018
CEO of the Year: Steven Oluoch	2016
Insurance Sector	2016
Company Secretary of the Year: Kennedy Ontiti	2017

## EAST AFRICAN MARITIME AWARDS

<b>WINNER</b>	
Marine Cargo Insurer	2018

## INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (ICPAK) FINANCIAL REPORTING (FiRe) AWARDS

<b>INSURANCE CATEGORY</b>	
<b>1<sup>ST</sup> RUNNERS UP</b>	
Insurance Category	2022
<b>WINNER</b>	
Environmental Category	2021
<b>2<sup>ND</sup> RUNNERS UP</b>	
Environmental Category	2020
<b>1<sup>ST</sup> RUNNERS UP</b>	
Insurance Category	2019
<b>2<sup>ND</sup> RUNNER UP</b>	
Insurance Category	2018

## KENYA INSTITUTE OF MANAGEMENT (KIM) COMPANY OF THE YEAR AWARDS (COYA) 2017

<b>WINNER</b>	
CEO of the Year: Steven Oluoch	2017
Financial Management Determinant	2017

## THINK BUSINESS AWARDS

WINNER	YEAR
General Insurer of the Year	2017, 2014
Lifetime Achievement Award: CEO - Steven Oluoch	2018
Best Insurer in Product Distribution & Marketing	2017
Corporate Risk Manager of the Year: Dorothy Maseke	2018, 2017
Training	2016
Customer Satisfaction	2016
Customer Service	2018, 2017
Claims Settlement	2018, 2015
Risk Management	2015
Best Insurer in Sustainable CSR	2018
Major Loss Award	2012
Best Company in Technology & Digital Applications	2018
<b>1<sup>ST</sup> RUNNERS UP</b>	
Best Insurer in Sustainable CSR	2017
Customer Service	2016, 2014
Risk Management Award	2017, 2014
Marketing Initiative of the Year	2012
Most Innovative Insurance Company	2018
Best Insurance Company in Product Distribution & Marketing	2018
Training	2015
Fraud Detection & Prevention	2018, 2016, 2015

WHO WE ARE

AWARDS & ACCOLADES 2012 - 2021 & GCR RATING

**2ND RUNNERS UP**

General Insurer of the Year	2018, 2016, 2015
Training	2018, 2014
Fraud Detection & Prevention	2017, 2014
Claims Settlement	2016

**DELOITTE'S BEST COMPANY TO WORK FOR AWARDS**

<b>WINNER</b>	<b>YEAR</b>
Insurance Sector	2014, 2015

**1ST RUNNERS UP**

Overall: Mid-Size Companies (under 500 employees)	2016
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**THE 2018 ASSOCIATION OF PRACTITIONERS IN ADVERTISING (APA) LOERIES AWARDS**

**WINNER**

- Overall: Grand Prix Award - #BackYourFuture Campaign
- Gold Award: Integrated Campaign - #BackYourFuture Campaign
- Silver Award: Integrated Campaign - Travel Insurance Campaign

**INSTITUTE OF CUSTOMER SERVICE – ICS KENYA AWARDS**

**WINNER**

Insurance Sector	2014
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**INSURANCE INSTITUTE OF KENYA (IIK) ANNUAL QUIZ**

**WINNER**

	2017
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**INTERNATIONAL SAFETY TRAINING CENTRE AWARD**

**WINNER**

International Workplace Safety Award	2019
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**ASSOCIATION OF KENYA INSURERS (AKI) SPORTS DAY**

**WINNER**

Indoor Games	2019, 2018
Swimming	2019

**1ST RUNNERS UP**

Overall Champions	2019, 2018, 2016
Track & Field Games Champions	2019, 2018
Auxiliary Games, Indoor Games, Volleyball and Athletics Games Champions	

**AFRICAN CRISTAL MEDIA & ADVERTISING AWARDS - MOROCCO**

**2ND RUNNERS UP**

	<b>YEAR</b>
Digital Insurance Category	2019

## ICEA LION'S INTEGRATED LAB

Meet our team that spearheaded and continues to champion Integrated Thinking and delivered the 2022 Integrated Report that was developed and designed in-house.

### Joseph Mutinda

Marketing and Communications Assitant  
Manager  
ICEA LION Group

### Zipporah Chege

Chief Finance Officer  
ICEA LION General Insurance

### Kevin Nyakeri

Chief Finance Officer  
ICEA LION Life Assurance

### Dorothy Maseke

Group Head, Risk & Compliance  
ICEA LION Group



## ICEA LION'S GENERAL INSURANCE FINANCE & ACTUARIAL TEAM

We appreciate this dedicated team from our finance and actuarial function who worked dilligently in liason with integrated lab team to deliver our 2022 integrated report.



### Standing from left to right

- Sheila Mwiti
- Titus Magua
- Caroline Chakava
- Dickson Gathuku
- John Mbote
- Victor Kabaki
- Jessica Mghoi
- Jeremiah Ng'ethe
- Mercy Mulata
- Anthony Murathi
- Magdalene Muchiri
- Cosmus Mwiti
- Theresiah Kasive

### Seated from left to right

- Joy Gachoka
- Zebedeo Nyakwana
- Zipporah Chege
- Robert Gathage
- Magdalene Busuru
- Sylvia Mutia

## ICEA LION'S SHARED SERVICES TEAM



# ICEA LION'S GENERAL MANAGEMENT TEAM





**ICEA LION**  
GENERAL INSURANCE

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