

Scaling New Horizons

2021 INTEGRATED REPORT



ICEA LION
GENERAL INSURANCE



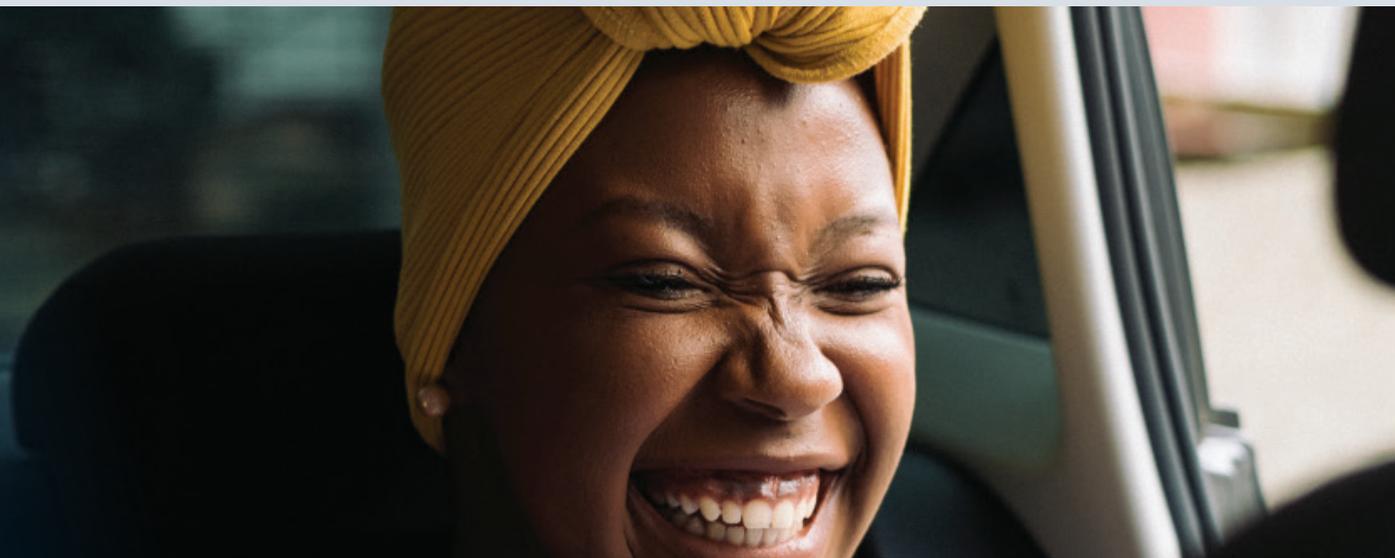
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TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



THE NAIROBI DECLARATION ON
SUSTAINABLE INSURANCE

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FOREWORD

SCALING NEW HORIZONS

For over 100 years, ICEA LION has consolidated its resilience and assisted its clients in sustainably protecting and creating their wealth. It has remained this way even in the unprecedented period of the COVID 19 pandemic. Our sustainable value creation story continues to be based on integrated thinking, and our performance on each of the 6 capitals is testament to this. Our relentless pursuit of best practice with regard to corporate governance and excellence in how we operate are qualities that people look for in a brand that adds value to the lives of customers, agents, employees, investors and other partners.

Much happened in the year 2021. We weathered a difficult period in the previous year and continued to adapt by embracing agility and other practices.

The year 2021 was also a year when we bid farewell to our CEO. We also welcome a new CEO, a seasoned Commercial and Market Transformation Expert with both executive and non-executive Board Member experience.

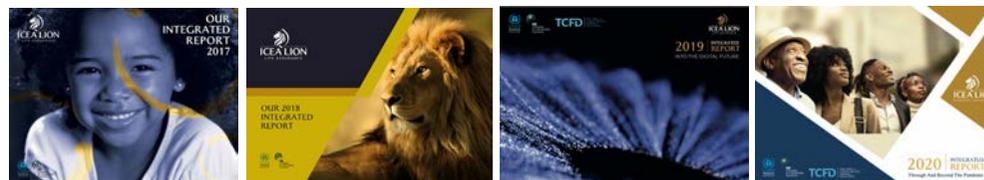
The Annual Integrated Report is the core report for the Group providing material financial and non-financial information. It explains our value creation process across the six capitals, the connections between the context we operate in, our strategy and the corporate governance structure that underpins 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 financial, manufactured, intellectual, human, social (relationship) and natural capital. 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.

OUR PAST REPORTS



MATERIALITY

This report regards material aspects as those which are likely to impact the Group'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 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.

REPORTING PERIOD & RESPONSIBILITY OF THE INTEGRATED REPORT

The Integrated Report has been prepared for the period 1 January to 31 December 2021 and covers the activities of ICEA LION General 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. The Board, through its Committees, are regularly engaged by management in the approach to the preparation and presentation of this report.

ACTING AS A RESPONSIBLE LEADER

As a signatory to UNEP FI's Principles of Sustainable Insurance (PSI), we continue to stand by our commitment of responsible business. 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. It positions us as a thought leader as we seek dominance towards shaping policies that positively influence the insurance market and the economy at large.

In this regard, in April 2021, we hosted delegates from Africa and the rest of the world in the first ever Principles for Sustainable Insurance (PSI) market event in East and Central Africa. During this historic meeting, in conjunction with the UNEP's Finance Initiative, we co-developed a statement of commitment for sustainable insurance linked to the United Nations Sustainable Development Goals (SDG). The commitment was dubbed "The Nairobi Declaration on Sustainable Insurance" which aims to promote collaboration among all like minded stakeholders to promote the goal of sustainable and inclusive development through our business practices. We currently have 15 signatories to this declaration and we expect this number to increase in 2022. We also forged a very strong partnership with Financial Sector Deepening (FSD) on this which will catalyze the progression of this initiative in Africa.

2021 was also the year we 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. We see sustainability as a long-term value driver and the NZIA is an important step towards building a sustainable future for everyone. 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 cannot do it alone; it takes partnerships like these to address these big and emerging challenges. As a NZIA member, we commit to setting science-based intermediate targets every five years and independently report on our progress on an annual basis.

OUR TRIPLE ROLE

As a Group, we play a triple role for 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 more resilient economies.



THE NAIROBI DECLARATION ON SUSTAINABLE INSURANCE

Note: To read more about the Nairobi Declaration on Sustainable Insurance please visit this website: www.sustainableinsurancedeclaration.org





ICEA LION
GENERAL INSURANCE

WHO WE ARE

01

ABOUT ICEA LION GROUP

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 reorganisation 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.

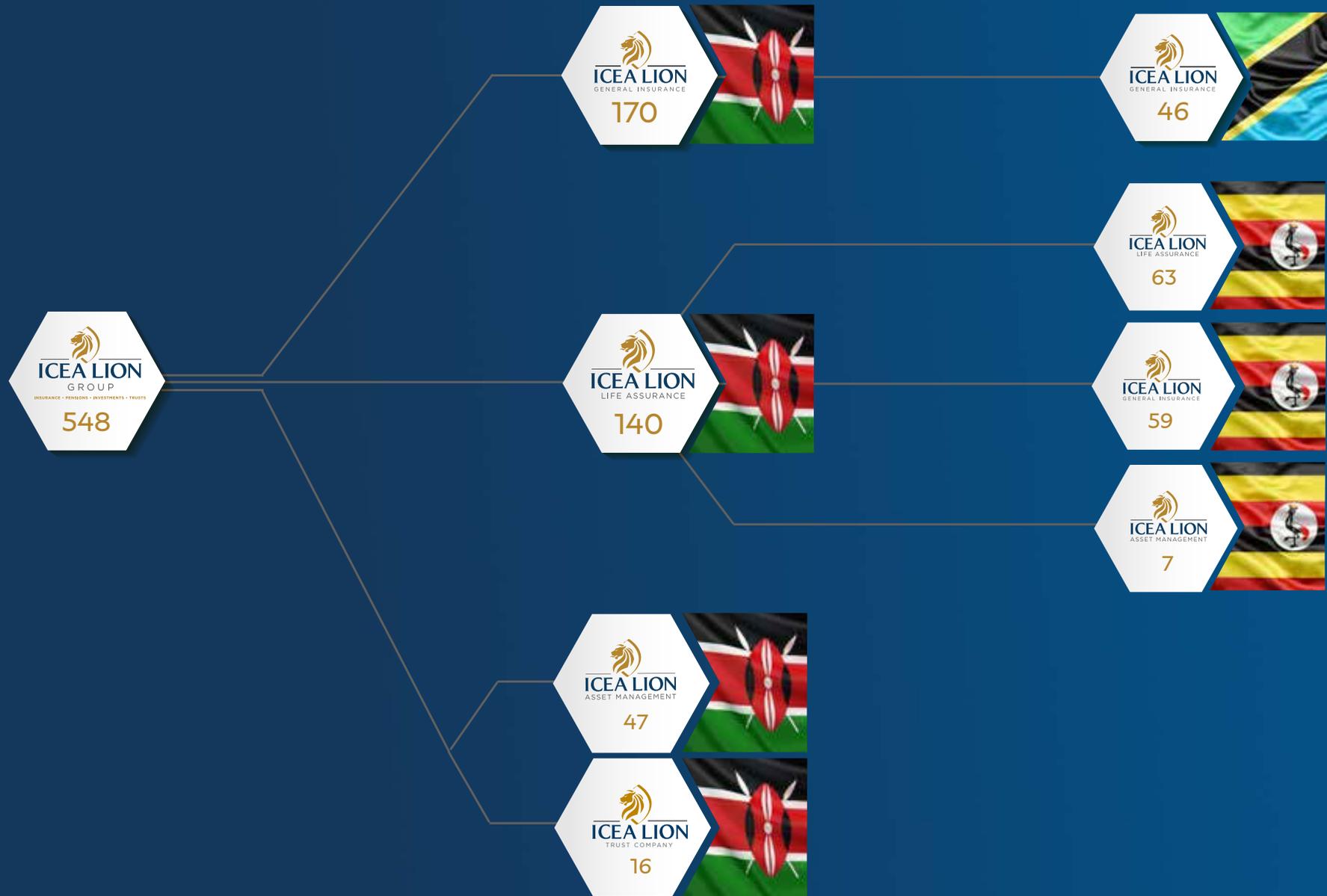
ICEA LION Group companies are owned by ICEA LION Insurance Holdings Limited. Our non-life and life companies are General Insurance Company Ltd and ICEA LION Life Assurance Company Ltd. ICEA LION Asset Management Ltd and ICEA LION Trust Company Limited Ltd are our investment and individual and corporate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

The ICEA LION Team at a previous Family Fun Day spell out our name.



Our ICEA LION Group Staff Complement Across East Africa





ICEA LION
GENERAL INSURANCE

What Drives Us

OUR MISSION

To Protect & Create Wealth

OUR 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

1895

The roots of Lion of Kenya (now ICEA LION General Insurance) can be traced to the very beginnings of the insurance industry in Kenya. In 1895 Smith Mackenzie & Company were appointed local Lloyd's agents in Mombasa.

The agency eventually evolved into a Royal Exchange Insurance Company branch. In later years, this merged with Guardian Assurance, Atlas Assurance, Caledonian Insurance, Employers Liability Assurance and Commercial Union, among others, to form the Guardian Royal Exchange and Commercial Union groups in East Africa.

1950's

In the 1950s, we operated as a Joint Marine Office where ICEA LION's predecessors Guardian Royal Exchange and commercial groups in East Africa comprised the majority.

1978

With the introduction of the Incorporation Act in 1978, these groups, which had been run jointly, were converted into a local company, Lion of Kenya Insurance Company Limited, which would soon emerge as a well-respected brand within general insurance circles in the Kenyan market.

2012

Lion of Kenya was later renamed ICEA LION General Insurance in 2012 following business reorganisation with its sister company Insurance Company of East Africa (ICEA).

To enhance growth through wider regional representation, in 1998, when the Tanzania market was opened for private investors, the company invested in a subsidiary – Lion of Tanzania, now ICEA LION General Insurance Company Limited. This was a joint venture with Tanzania Development Finance Company and has grown to transact all classes of general insurance business.

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.



OUR REGIONAL FOOTPRINT

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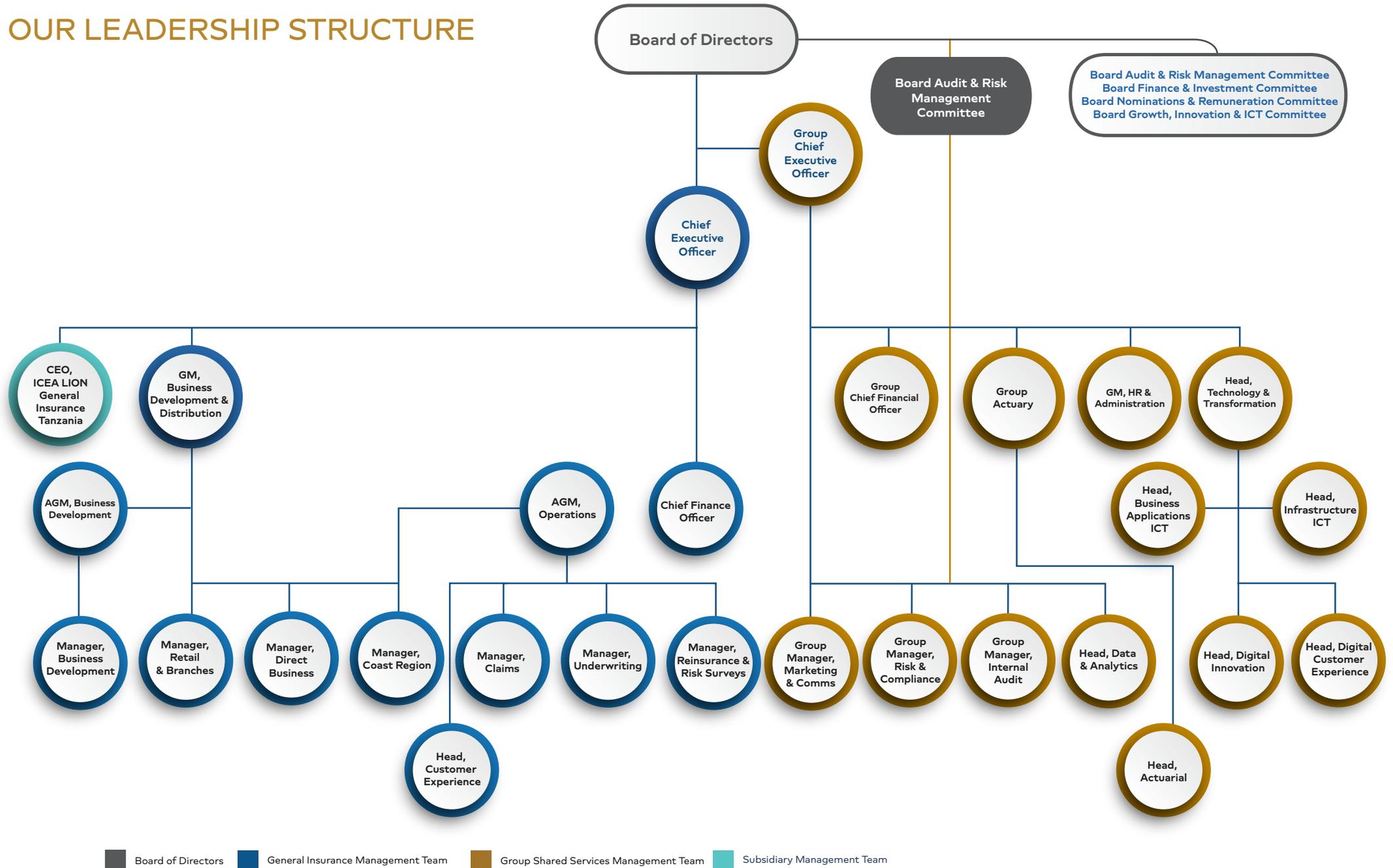
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OUR LEADERSHIP STRUCTURE



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 an illustration of how our strategy creates shared value and aligns to the Sustainable Development Goals (SDGs).



Financial Capital

- Value added to the economy of Kshs 4.7 Billion (2020: Kshs 4 Billion)
- Net Assets of Kshs 6.4 Billion (2020: Kshs 5.6 Billion)
- Taxes paid of Kshs 767 Million (2020: Kshs 694 Million)
- Local procurement constitutes 98% (2020: 98%) of total procurement
- Market share of 5.8% (2020: 6.8%)



Social & Relationship Capital

- Spearheaded and Co-developed the Nairobi Declaration on Sustainable Insurance
- Hosted 4th UNEP Finance Initiative's Principles for Sustainable Insurance Market event in April 2021
- Treating Customers Fairly (TCF) compliance standards resulting in a Net Promoter Score (NPS) - 38.5 in 2021 from 34.5 in 2020
- Customer Satisfaction Index (CSI) score of 76.3% in 2021 up from 72.3% in 2020
- Contribution to the COVID 19 kitty
- Support for staff and clients on health and wellbeing during COVID 19
- Corporate Social Investment & Responsibility worth 24.37 million between 2013 & 2021
- Grew our social media following : Facebook over 60,000 | Twitter over 8,700 | LinkedIn over 19,100 | Instagram over 5,100 | YouTube over 1,410



Natural Capital

- Signatory to UNEP FI Principles for Sustainable Insurance since 2016
- Participant in TCFD Insurer Pilot Group as the only Africa Member to develop climate change recommendations
- Our ICEA LION Insurance Holdings CEO was appointed to the Board of UNEP-FI PSI as the Africa Representative
- Sponsorship to sustainability initiatives and forums such as the Organisation of East and Southern African Insurers (OESAI) conference on Sustainability
- Monitored resource usage (water, fuel, power & paper)
- Contributed Kshs 9,317,520 to Nature Conservation Initiatives as a Corporate Citizen between 2013 - 2020



Manufactured Capital

- 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
- Our investment properties provide a stable and secure long-term return to our clients and shareholders



Intellectual Capital

- Deployed the end-to-end Motor Insurance portal that allows customers to buy or renew insurance as well as make a claim and book a car valuation.
- Deployed our revamped website that includes e-commerce capabilities
- Upgraded our self-service portal to include e-commerce capabilities
- Introduced our Medical Second Opinion (MSO) product to our Group Clients & Staff
- Deployed the motor garage & assessment management system
- Deployed our end-to-end corporate marine portal in addition to the retail option
- Deployed a partners portal to enable us better collaborate with our partners including intermediaries



Human Capital

- Proportion of women staff members working at 53% up from 52% in 2020
- Percentage of women in senior management at 36% from 39% in 2020
- Direct jobs sustained in entire economy - 217
- Number of staff between 30s to 50s – 66% representing cumulative insurance experience.
- Number of staff in wellbeing programs - 216
- Learning costs per employee Kshs. 64,545
- Number of trained coaches - 20



JOSEPH WANGAI
CHAIRMAN, ICEA LION GENERAL INSURANCE



CHAIRMAN'S STATEMENT

I am indeed delighted and honoured to pen this inaugural statement as the new Chairman. Special thanks go to my predecessor, Dr. Chris W. Obura, for his dedicated service and valuable contribution to our group over the past 9 years since the merger of LION of Kenya Insurance Company Limited and Insurance Company of East Africa Limited and prior to that as the Chairman of Lion of Kenya Insurance Company Kenya Limited. The Group flourished under his leadership with the shareholder funds growing from Kshs 2.75 billion in 2012 to over Kshs 6 billion as at 31 December 2021 and the total assets growing from Kshs 9.9 billion in 2012 to over Kshs 15 billion as at 31 December 2021. Dr Obura has made a significant contribution in ensuring that we maintain sufficient focus on pursuing sustainable insurance practices. I also take this opportunity to thank our former Chief Executive Officer (CEO), Mr. Paul Muthaura, for his remarkable contribution and warmly welcome our new CEO Mr. Philip Lopokoiyit who joined the Company on 20th September 2021. We wish Philip all the best as he settles in his role as leader of our business and helps us to **Scale New Heights**.

A RECOVERY YEAR

The year 2021 for ICEA LION General insurance business depicted gradual recovery from the shocks of the COVID-19 Pandemic from 2020. The business witnessed a 7% growth in its topline having lost some business the previous year because of the Pandemic. In addition, it has performed exceptionally well on profitability achieving the highest Profit Before Tax in its history. This performance was largely driven by improved investment income supported by higher interest income and revaluation gains on equities. The stellar performance arose from execution of our strategic initiatives that centered on our continuous customer obsession journey supported by leveraging on our digital capabilities and our quest for an improved Agile Culture in the running of our business.

While the Kenya business continued to contribute the bulk of the Group's profitability at 98%, the Tanzania business is positioned to increase its contribution in the years ahead in view of the significant strides it is making in the growth of its market share with an aim of being among the top 10 general underwriters in Tanzania by end of 2022.

|| *I am indeed delighted and honoured to pen this inaugural statement as the new Chairman. I take over from Dr. Chris W. Obura who has been a member of the board for 34 years, 28 of which he was the Chair. Dr. Obura will continue serving on the Board of ICEA LION Insurance Holdings Limited.* **||**

KEY HIGHLIGHTS FOR THE YEAR

Metric	2021 Performance	2020 Performance
Group Gross Written Premium	7.15 Billion	6.67 Billion
Sum Insured (Capacity given to our insureds to enable them operate)	2.9 Trillion	3 Trillion
Gross claims paid	2.43 Billion	2.36 Billion
Market Share including Medical Business	As at Quarter 3 - 4.1%	4.6%
Market Share excluding Medical Business	As at Quarter 3 - 5.8%	6.8%
Our Customer Base	41,321	37,944
Underwritten Policies	73,191	69,008
Taxes paid to the Government	625.8 Million	566.57 Million
No of staff	216	214

We were delighted to be able to engage with and service our potential and existing clients remotely using our digital interfaces. See 41 to 43 for highlights.

OUR RESPONSE ON COVID-19

The business paid COVID-19 related medical claims to the tune of Kshs 10 million in 2021 compared to Kshs 3.3 million in 2020, thus contributing to the lives of our Customers and supporting those who were infected. In support of our staff during the pandemic, the business incurred an additional Kshs 13.5million (2020-Kshs 11.9 million) towards facilitating staff transport and providing enabling connectivity to enable our staff to Work From Home (WFH).

INDUSTRY PERFORMANCE

According to the Insurance Regulatory Authority (IRA) Quarter 3, 2021 Report, the insurance industry premiums grew by 19% to stand at Kshs 213.5b(2020-Kshs 179.4b); with the Life Business insurance premiums growing by 24% to Kshs 92.1b(2020-Kshs74.3b) while the Non-Life insurance premiums grew by 15.5% to Kshs 121.4b(2020-Kshs 105.1b). The General business exhibited strong recovery from the impact of the pandemic in 2020 with growth experienced on Workmen's' Compensation by 98%, Engineering by 38%, Fire Industrial by 21.8% and Marine & Transit by 20.7%.

The Government WIBA and other covers drove the growth in the Workmen's Compensation class. The Claims Incurred Loss Ratio deteriorated from 63.3% to 68.6% owing to a correction of claims experience informed by lower claims in 2020 due to containment measures implemented on account of the pandemic. The underwriting results dipped by Kshs 3.2b from a loss of Kshs 0.88b to a loss of Kshs 4.12b. The deterioration of Loss Experience was on account of the Motor and Medical classes. Given the low concentration ratio in the non-life insurance industry, our business is obliged to strategize beyond the current operational norms to capture the untapped great potential. ICEA LION General Insurance Company Limited will continue giving top attention to investment in digitization of its processes and distribution of its products and services as well as entrench leadership in the development of products and services to capture the uninsured market as a pivotal part of our strategy.

LOOKING AHEAD

In August 2022, Kenya goes into the General Elections. Internationally, the Ukraine crisis has seen an impact on commodity prices and attendant risks. The Company remains vigilant in mitigating the emerging risks during 2022. The business has deployed a new strategic plan for the period 2022 to 2024 with a tagline 10by2 aimed at achieving sustainable double-digit growth. We are confident that the execution of this strategy will enable the business achieve even greater growth and offer superior solutions and services to our customers.

The potential for the uninsured risks in the market is immense and even as we make investments in our digital space, the business shall pursue a path of unrelenting focus on redesign and innovation of our product offerings to respond to the demands of an increasingly more sophisticated customer. It is through such initiatives that we can increase insurance penetration and thereby play our rightful role in the economies we operate in and beyond.

ACKNOWLEDGEMENTS

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

Finally, I extend my gratitude to our shareholders and my fellow Directors for their continued commitment and invaluable service as we continue to steer our businesses to greater heights.


JOE WANGAI | CHAIRMAN

OUR BOARD OF DIRECTORS



Visit www.ICEALION.com to review their individual profiles

FIRST ROW

Joseph Wangai, **Chairman** | James Ndegwa, **Director** | Mariam Abdullahi, **Director** | Mugwe Manga, **Director** | Kairo Thuo, **Director**
Robin Ndegwa, **Alternate Director** | Doug Lacey, **Director**

SECOND ROW

Andrew Ndegwa, **Director** | Patrick Mugambi, **Alternate Director** | David Hutchison, **Director** | Dr. Caesar Mwangi, **Director**
Norm Kelly, **Director** | John Kimeu, **Director** | Joseph Muiruri, **Director**

THIRD ROW

Ernest Ndegwa, **Director** | Kennedy Ontiti, **Company Secretary** | Philip Lopokoiyit, **Chief Executive Officer**

CHIEF EXECUTIVE OFFICER'S STATEMENT ICEA LION INSURANCE HOLDINGS

I would like to start with some significant developments in relation to our people. In 2021, we welcomed a new CEO for our General Business, Mr Philip Lopokoiyit, following the departure of our previous CEO, Mr Paul Muthaura. Paul served us diligently especially during the uncertainties of the COVID-19 pandemic and I sincerely thank him for the great effort he made to ensure the business remained resilient in the face of a totally unexpected disruption that had no previous blue print to benchmark against.

During 2021, we realized that much to our chagrin, the pandemic persisted and remained with us. We thus continued implementing our two key focus areas by ensuring that firstly, our staff remained safe through adherence to Ministry of Health (MoH) COVID-19 safety measures we had put in place in 2020 and secondly by ensuring our teams were able to continue working remotely whilst providing seamless service to our numerous clients.

During the year, in line with our vision to be the leading Pan-African Insurance and Finance Group, we implemented key strategic initiatives. We made a decision to review the relevance of our existing five-year strategy for the period 2018 to 2022 and decided to develop a new three-year strategy for the period 2022 to 2024. This initiative was based on the continuous fluidity in the operating environment as well as the need to effectively position ourselves for the disrupted and uncertain business environment we faced.

A key pillar of our strategy going forward was to develop an agile culture that would enable us to effectively respond to the emerging opportunities and risks in the environment. I am pleased to note that this strategy did inject fresh thinking into our Group and our people were fully immersed in its development. We remain fully committed to its execution in the years to come.



DR. CAESAR MWANGI
CEO, ICEA LION INSURANCE HOLDINGS

It is indeed a great pleasure for me to reflect on the adventure of 2021 and share my views in this Integrated Report.

From a business results point of view, I am pleased to mention that our Business in Kenya and Tanzania remained resilient in the face of the pandemic and the results posted confirm this resilience.

As a Group, we continued to champion the sustainable insurance agenda in the continent through our commitment to the UNEP Finance Initiatives Principles of Sustainable Insurance (PSI). In this regard, in April 2021, we hosted delegates from Africa and the rest of the world in the first ever PSI market event in East and Central Africa. During this historic meeting, in conjunction with the UNEP-FI, we co-developed a statement of commitment to sustainable insurance linked to the United Nations Sustainable Development Goals (SDG). The commitment was dubbed **"The Nairobi Declaration on Sustainable Insurance"** which aims to promote collaboration among all like minded stakeholders to promote the goal of sustainable and inclusive development through our business practises. We currently have 15 signatories to this declaration and we expect this number to increase in 2022. We also forged a very strong partnership with FSD Africa on this which will catalyse the progression of this initiative in Africa.



THE NAIROBI DECLARATION ON SUSTAINABLE INSURANCE

Other initiatives we also participated in include; COP 26 in Glasgow where we contributed as panellists on Africa Day at a High Level Event convened by the Vulnerable Group of Twenty (V20) Ministers of Finance, the UNEP FI, the Munich Climate Insurance Initiative (MCII), the G20+ and V20-led InsuResilience Global Partnership. The panel was "We Are All At Risk: Collaborative Efforts to Invest in Resilience and Close the Financial Protection Gap." We also participated in the AFSIC Invest in Africa UK conference where we shared our perspectives on Green Finance in Africa.

To read more about the Nairobi Declaration on Sustainable Insurance please visit this website:

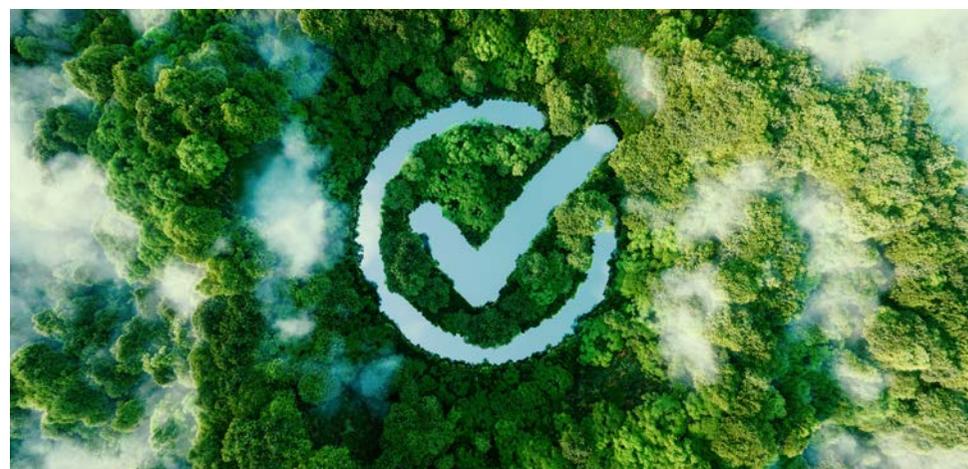
www.sustainableinsurancedeclaration.org

I was also invited to join the UNEP FI Leadership Council alongside various global leaders, to provide Africa based perspectives on the issues of sustainable business practises in light of the growing threats the world is facing such as the climate crisis, biodiversity loss, pollution as well as waste and growing inequality. ICEA LION Group's representation at this high level forum remains a unique testament to our commitment to long term sustainable business practises.

As we continue to serve our customers, we remain committed to the ideals of relevant customer-led solutions for the unique needs in the market and the continuous collaboration with all stakeholders to increase insurance penetration, education and trust in the markets we serve.

As we proceed with our ambitious and far-reaching aspirations, I would like to thank our directors, clients, team members, collaborators and other stakeholders as we march forward on this bold vision of a better and brighter future for the generations to come, through our sustainable business practises.

DR. CAESAR MWANGI | CHIEF EXECUTIVE OFFICER



CHIEF EXECUTIVE OFFICER'S STATEMENT

ICEA LION GENERAL INSURANCE

I am delighted to present our 2021 Integrated Report, my first as Chief Executive Officer.

THE COVID-19 PANDEMIC AND OUR BUSINESS RESPONSE

The year 2021 was marked by uncertainty on what the impact of COVID-19 would be. The emergence and availability of COVID-19 vaccines together with the sustained campaigns for vaccinations, led to the plateauing of the learning curve in the therapeutics and management of those infected. This went a long way in establishing the new normalcy resulting in the lifting of travel restrictions in the country. Towards the end of the year, the Omicron variant threatened to reverse the gains made on account of the variant's rapid transmissibility resulting into a positivity rate of over 35% and increased hospital admissions.

We continued to support and enable our staff to Work From Home (WFH) and for the most critical staff, appropriate arrangements were made to ensure the risk of contracting the virus was reduced. The measures taken by the business have gone a long way in ensuring the safety of our staff.

GROUP PERFORMANCE

Despite the uncertainties in both our Kenya and Tanzania economies, the Group has reported its highest profit before tax at Kshs 1.29billion, boosted by a significant improvement in investment income, prudent underwriting and underpinned by growth in the Gross Written Premiums. Our subsidiary's performance has also registered significant improvement in its top line performance further contributing to the record performance.

“ The industry continues to be characterized by stiff competition as well as an increase in the number of players. We have developed a strategy that will enable us grow profitably as we pursue sustainable insurance practices. ”



PHILIP LOPOKOIYIT
CEO, ICEA LION GENERAL INSURANCE

INDUSTRY DEVELOPMENTS

The non-life insurance industry has had great opportunities and challenges during the year that range from the hardening of reinsurance rates, worsening of the claims experience on the motor book and recorded high level of COVID-19 related medical claims. In addition, there was a simplification of insurance products messaging initiative through the Association of Kenya Insurers (AKI) and the win on the court case filed by AKI in relation to the imposition of Value Added Tax (VAT) on insurance agency and brokerage services. The industry continues to be characterized by stiff competition amongst the players as well as an increase in the number of players. As a business in this industry we have developed a strategy that would enable us grow profitably as well as pursuing sustainable insurance practices.

OUR 2022-2024 STRATEGY

A new strategy for our business was developed in November 2021 covering the period 2022-2024 with a tagline 10By2. The tagline is on the basis of our ambition on the top line and derivative business lines by 2024. This strategy is centred on a 5 pillar strategy as shown below:

Below are the 5 Strategic pillars for the next 3 year period



ACKNOWLEDGEMENTS

I would like to thank my predecessor, Mr Paul Muthaura for his valuable contribution to our business. On behalf of our Board of Directors, our staff and myself, I take this opportunity to wish Paul all the best in his future endeavors.



During the year, our long serving Board Chairman Dr. Chris W Obura retired and was replaced by Mr. Joe Wangai. I take this opportunity to welcome Mr. Wangai and thank Dr. Obura for his significant contribution to the group that spanned several decades.



OUTLOOK

As a business, we have started the year 2022 with renewed vigor and focus looking at the economic, political and other extraneous factors facing our business as opportunities that will spur our growth. Our business has carefully planned to **Scale New Horizons** in 2022 and beyond as well as play a big role in shaping the non-life insurance industry in the countries we operate in.

CLOSING REMARKS

Our success would not have been possible without the contribution of our capable and committed team members, the leadership team, customers, intermediaries, partners, shareholders, as well as the guidance received from our Board of Directors and our stakeholders at large. I am grateful to you all for your valued contribution to the business.

On to Scaling New Horizons!

PHILIP LOPOKOIYIT | CHIEF EXECUTIVE OFFICER

OUR LEADERSHIP TEAM



OUR TANZANIA SUBSIDIARY

OUR SHARED SERVICES TEAM



OUR SHARED SERVICES TEAM



ROW 1

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

ROW 2

Radcliffe Nyamai, Manager, Business Development - Commercial
 Andrew Muturi, Manager, Business Development - Direct
 Evelyn Musunzar, Manager, Business Development – Retail & Branches
 John Njenga, Manager - Reinsurance & Risk Surveys
 Lydia Mwirigi, Manager - Claims
 Lucy Karanja, Manager - Underwriting

ROW 3

Maryleen Thome, Head, Customer Experience
 Joy Omondi, Head, Actuarial
 Jared Awando, Director & Chief Executive Officer - Tanzania
 Dr. Caesar Mwangi - CEO, ICEA LION Insurance Holdings
 Naomi Munyi, Group Head of Finance
 Juliana Nguli, GM - Human Resources & Administration

ROW 4

Anthony Muturi, Group Actuary
 Nkatha Gitonga, Group Manager - Marketing & Communications
 Dorothy Maseke, Group Manager - Risk & Compliance
 Martin Kariithi, Head - Data & Analytics
 Kevin Kombo, Group Internal Auditor

ROW 5

Paul Kioi, GM Technology & Transformation
 Caroline Maina, Head - ICT Business Applications
 David Too, Head - ICT Infrastructure
 Dr. Abiud Mulongo, Head - Digital
 John Wanjogu, Head - Digital Customer Experience
 Mercy Mbugua, Projects Officer - Technology & Transformation

Visit www.ICEALION.com to view their individual profiles



ZIPPORAH CHEGE
CHIEF FINANCE OFFICER



CHIEF FINANCE OFFICER'S STATEMENT

It gives me great pleasure to give an overview of the financial performance of our business for the year ended 31 December 2021. Our business was impacted by various factors including the continued impact of the COVID-19 Pandemic, rising interest rates and the weakening of the Kenya shilling against major currencies. At the insurance industry level, key highlights included the release of Data Protection Act regulations for discussion (now gazetted on 11 February 2022) as well as the win by the insurance industry through the Association of Kenya Insurers (AKI) of the case against the Tax Laws amendment making the insurance agency and brokerage services Vatable back to being exempt for VAT.

The non-life industry Gross Written Premium as at Quarter 3 of 2021, grew by 15% but the profitability deteriorated to a loss of Kshs 4 billion from a loss of under Kshs 1 billion by Quarter 3 of the previous period. The drop in profitability was largely because of the higher loss ratio reported in the period from 63.3% to 68.6%. This was largely driven by the losses incurred on the motor class.

The Nairobi Securities Exchange reported an improved performance on the equities market for the first 3 quarters of the year but the performance dipped towards the end of the year.

OUR PERFORMANCE

The year 2021 was a recovery year for our business on the back of investment income performance. This was driven by the reported revaluation gains on equities as well as the increased interest income during the period. The underwriting performance was however lower than the previous period with the drop in performance largely driven by the losses reported on our motor book.

The claim count on our motor book grew from **3,620** in 2020 to **4,671** in 2021 on motor private and from **770** in 2020 to **925** in 2021 on motor commercial. The average net cost of claims for both classes increased by 1.7% and 21.8% for motor private and motor commercial books respectively.

|| Our business reported the highest Profit Before Tax in its history and our Company Global Credit Rating was upgraded from AA-Stable Outlook to AA-Positive Outlook. ||

All our underwritten classes grew with the exception of the Aviation, Theft and Personal Accident Classes. The classes that contributed to the significant growth were Fire Industrial and Motor Private at Kshs 253 million and KShs 208 million at the Company level and KShs 275 million and Kshs 234 million at the group level.

The Company and the Group reported its highest Profit Before Tax in its history at Kshs 1.27 billion and Kshs 1.29 billion. Our business Solvency ratios stood at 316% for the Kenya business and TZS 323 million for our subsidiary business. In addition, our investment assets crossed the Kshs 10 billion mark for the first time at both the Company and the Group level.

The Company and Group shareholders' funds increased to Kshs 6.15 billion and Kshs 6.36 billion respectively from Kshs 5.6 billion and Kshs 5.4 billion in 2020.

OUR GLOBAL CREDIT RATING

Global Credit Rating (GCR) reviewed both businesses during the period. The Kenyan business was upgraded from AA- with a Stable Outlook to AA- with a Positive Outlook in July 2021. The revision was based on the potential of our business to benefit from more explicit support, including integration and synergies post consolidation into ICEA LION Insurance Holdings.

Our Tanzania subsidiary business was rated BBB- Stable outlook on 26 August 2021.

OUR MARKET POSITIONING

Our Kenya business market share stood at 4.11% as at 3rd Quarter 2021 compared to a market share of 4.6% as at 31 December 2020. On the other hand, our subsidiary has continued to improve in its performance having registered a growth of 27.8% as at 31 December 2021. In addition, the subsidiary was the third fastest growing company in the Tanzania market with a market share of 2.24% from 1.91% in the year 2020. The subsidiary business ranked position 15 up from position 16 the previous period.

DIVIDENDS AND SHARE-HOLDERS RETURNS

The Company paid an interim dividend of Kshs 50 million and has proposed a final dividend of Kshs 200 million for the year ended 31 December 2021. With continued improved performance it is planned that the business will be able to consistently pay dividends to its shareholders. The return on equity as a function of profit before tax at the group level stood at 15% (2020-12%).

OUR 2022-2024 STRATEGY

The business has set out a new strategy for the period 2022-2024 as described under page 44 of this report. Embedded on our strategy is a shift of our business towards Customer Obsession and partnerships for growth. Our business focus shall be on a better understanding of our customers and the design of new and repackaged products and refinement of our operations towards ensuring that our customers' needs are met and exceeded.

FINANCIAL REPORTING AWARD EXCELLENCE (FIRE) AWARD

Our business received Fire Awards under the Insurance Category for 2019 and under the Environmental and Social Reporting Category for the years 2020 and 2021. We remain committed to Financial Reporting Excellence and continuous improvement in our reporting and disclosures.





LOOKING AHEAD

The year 2022 being an elections year presents an uncertain economic environment because of the COVID-19 Pandemic as well as the national elections set for later in the year. Despite this, we are confident that the business will not only be resilient on the face of this uncertainty but will thrive.

IFRS 17, INSURANCE CONTRACTS

The business is in the process of implementing IFRS 17, Insurance Contracts a reporting standard effective 1 January 2023. This is a key project for the business with a substantial cost and person-hours investment. The business anticipates that the implementation will lead to transformation of our business on the basis of the new aspects per the IFRS 17 standard that give a clear view of the quality of the underwritten book and the projected outcome in terms of profitability of the underlying contracts.

APPRECIATION

I take this opportunity to thank our other stakeholders including our Board, management and my fellow employees for their commitment, resilience and living true to our core-shared values. This has enabled us take advantage of the opportunities that have been available for our business as well as soar above any challenges the business has faced and close the year at an all-time highest Profit before Tax.

Finally, I thank our shareholders for their trust and confidence in the management team that has enabled us navigate the landscape and return a decent return and do hereby give them comfort that we will do our very best to excel in the execution of our duties.

To an even greater performance in year 2022 and beyond.

ZIPPORAH CHEGE | CHIEF FINANCE OFFICER

Group Five Year Financial Highlights

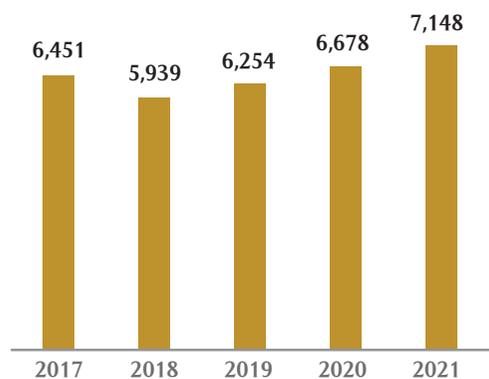
Summary Statement of Comprehensive Income	2021	2020	2019	2018	2017
Revenue	KSH "000"	KSH "000"	Kshs"000"	Kshs"000"	Kshs"000"
Gross Written Premiums	7,148,276	6,677,610	6,253,833	5,938,870	6,451,009
Net Earned Premiums	3,589,683	3,401,285	3,005,595	3,175,195	3,902,445
Claims Incurred	1,710,292	1,558,676	1,285,974	1,706,875	2,245,931
Operating, Finance and Impairment Expenses	1,522,761	1,491,346	1,548,093	1,441,213	1,317,413
Underwriting Profits	289,177	391,311	237,951	46,855	183,751
Investment Income	1,125,017	809,159	1,093,698	745,712	1,003,902
Profit Before Tax	1,290,711	972,312	1,104,319	590,823	1,039,121
Taxation	344,818	289,791	218,367	177,693	241,740
Profit After Tax	945,893	682,521	885,952	413,130	797,381
Other Comprehensive Income	44	7,745	10,903	(1,596)	186,572
Total Comprehensive Income	945,937	690,266	896,855	411,534	983,953
Summary Statement of Financial Position					
Shareholders' Funds	6,365,384	5,619,447	5,129,181	4,604,852	4,507,479
Total Assets	15,270,929	14,613,780	13,789,566	12,658,127	13,495,806
Total Liabilities	8,905,545	8,994,333	8,660,385	8,053,275	8,988,327
Investment Assets	11,064,512	9,848,653	9,537,019	8,878,645	9,228,163
Key Ratios					
Loss Ratio	48%	46%	43%	54%	58%
Expense Ratio	19%	19%	21%	21%	18%
Return on Investment	10%	8%	11%	8%	11%
Return on Equity	15%	12%	17%	13%	23%

Company Five Year Financial Highlights

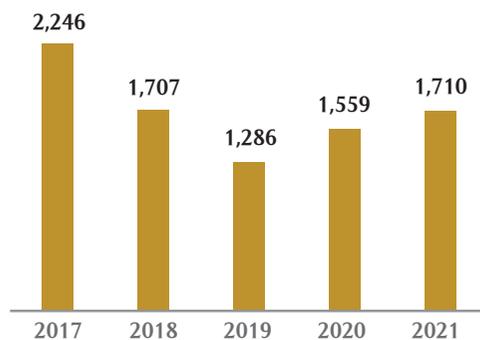
Summary Statement of Comprehensive Income	2021	2020	2019	2018	2017
Revenue	Kshs"000"	Kshs"000"	Kshs"000"	Kshs"000"	Kshs"000"
Gross Written Premiums	6,331,150	6,057,394	5,855,812	5,609,278	6,103,330
Net Earned Premiums	3,243,357	3,156,237	2,840,981	3,036,033	3,737,910
Claims Incurred	1,566,584	1,480,393	1,255,384	1,642,077	2,200,520
Operating, Finance and Impairment Expenses	1,319,002	1,312,865	1,385,721	1,288,232	1,144,728
Underwriting Profits	314,038	406,739	266,672	123,125	226,828
Investment Income	1,074,226	766,747	1,070,357	713,365	956,135
Profit Before Tax	1,269,134	948,603	1,113,672	632,864	1,044,217
Taxation	334,072	275,716	219,350	190,275	242,370
Profit After Tax	935,062	672,887	894,322	442,589	801,847
Other Comprehensive Income	(11,192)	(8,054)	12,148	8,806	190,901
Total Comprehensive Income	923,870	664,833	906,470	451,395	992,748
Summary Statement of Financial Position					
Shareholders' Funds	6,145,023	5,421,153	4,956,320	4,421,791	4,263,540
Total Assets	14,050,817	13,560,594	13,069,643	11,996,071	12,860,725
Total Liabilities	7,905,794	8,139,441	8,113,323	7,574,280	8,597,185
Investment Assets	10,484,026	9,382,645	9,152,899	8,487,870	8,817,065
Key Ratios					
Loss Ratio	48%	47%	44%	54%	59%
Expense Ratio	19%	18%	20%	19%	15%
Return on Investment	10%	8%	12%	8%	11%
Return on Equity	15%	12%	18%	14%	24%

Five Year Financial Highlights

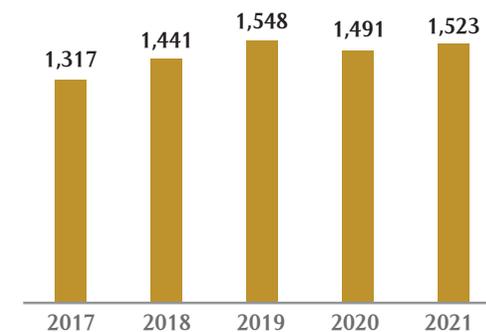
Group Gross Written Premiums



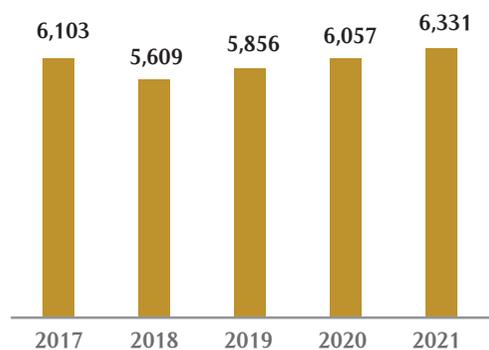
Group Claims



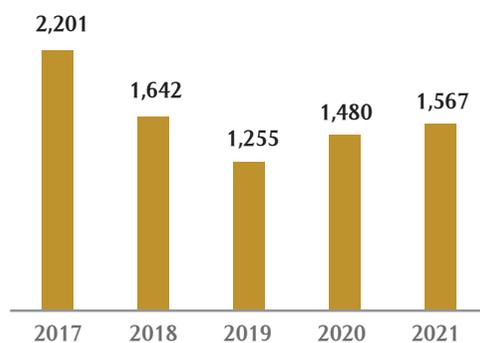
Group Operating, Finance and Impairment Expenses



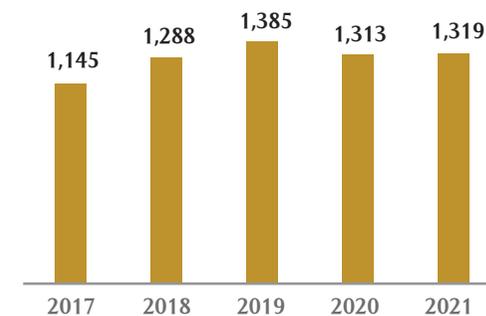
Company Gross Written Premiums



Company Claims

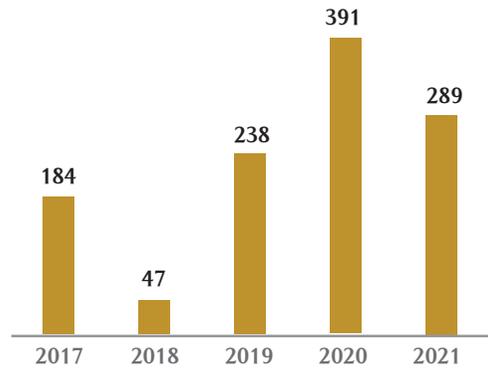


Company Operating, Finance and Impairment Expenses

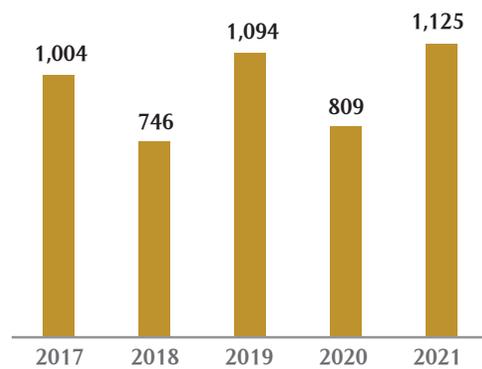


Five Year Financial Highlights (continued)

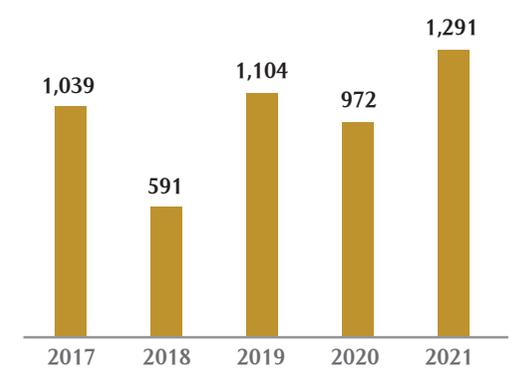
Group Underwriting Profits



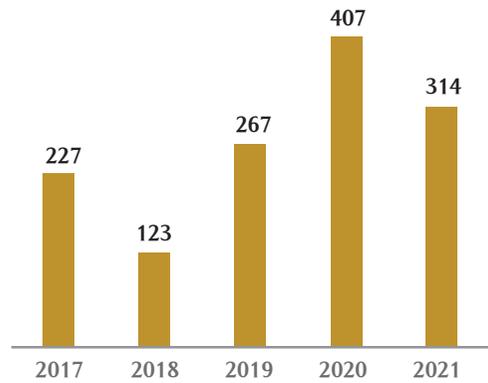
Group Investment Income



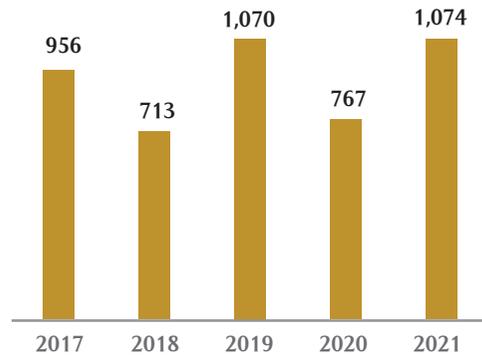
Group Profit Before Tax



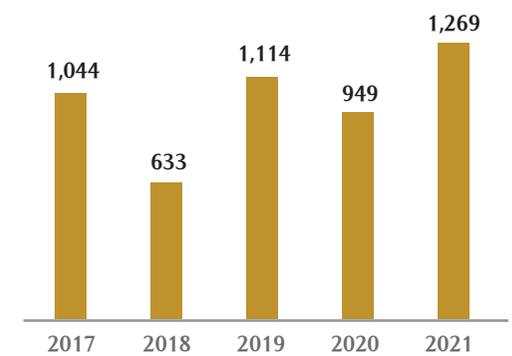
Company Underwriting Profits



Company Investment Income

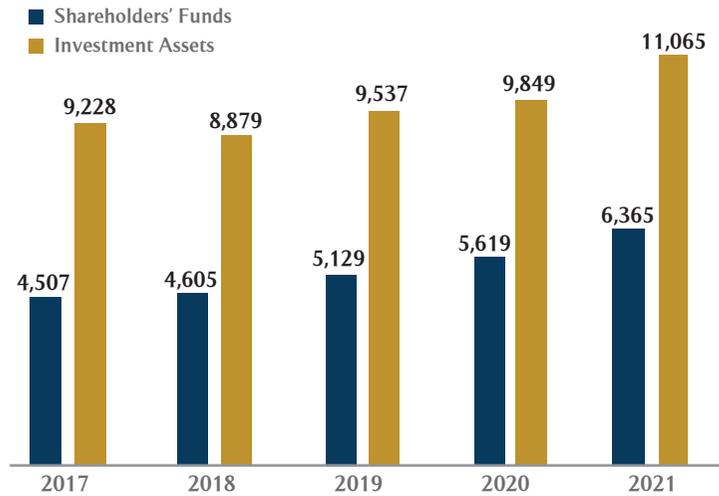


Company Profit Before Tax

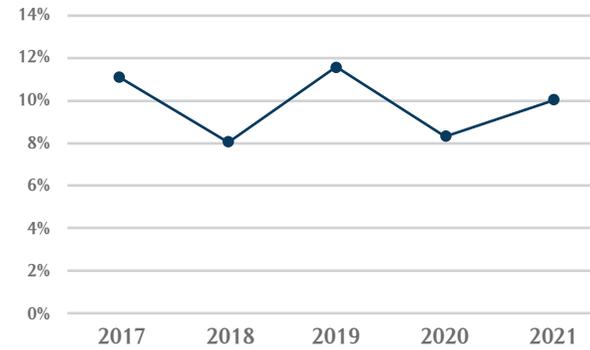


Five Year Financial Highlights (continued)

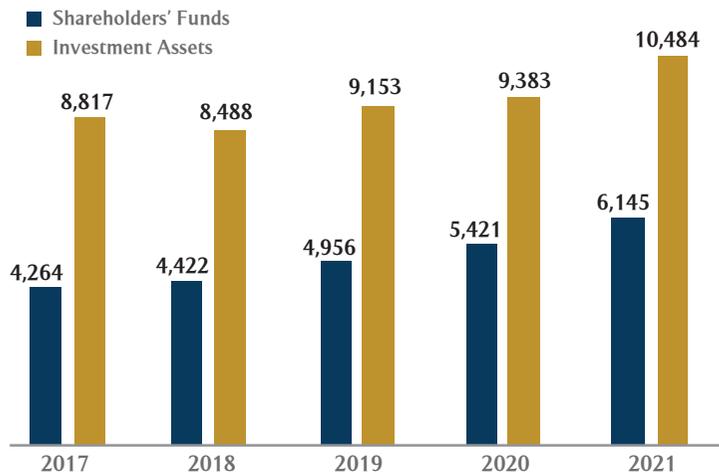
Group



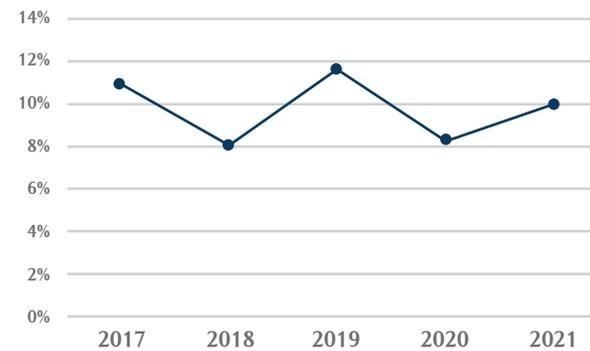
Group Return on Investment



Company

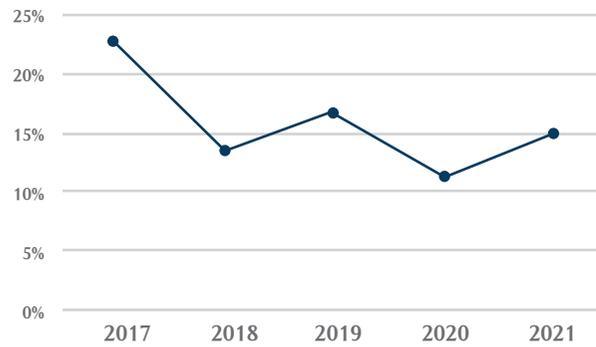


Company Return on Investment

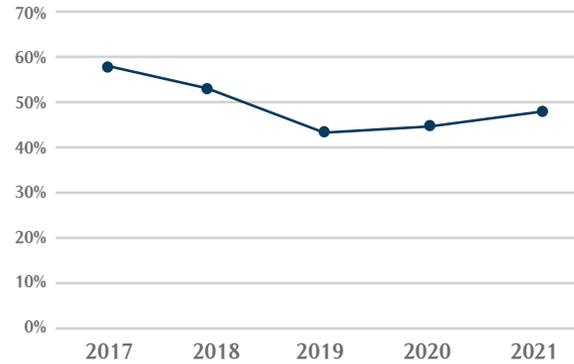


Five Year Financial Highlights (continued)

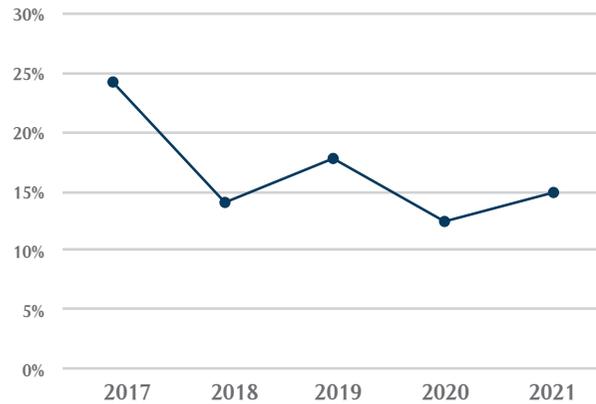
Group Return on Equity



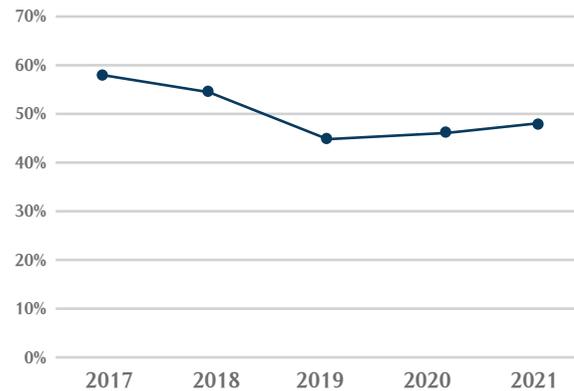
Group Loss Ratio



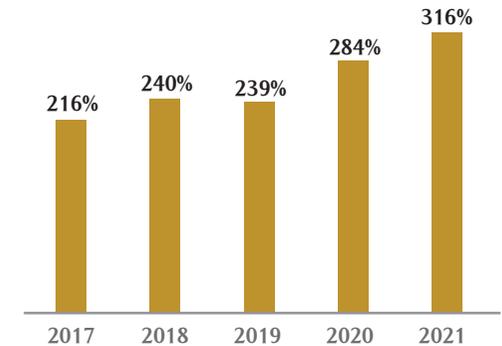
Company Return on Equity



Company Loss Ratio



Capital Adequacy Ratio





ICEA LION
GENERAL INSURANCE

WHERE & HOW WE OPERATE

02

OPERATING CONTEXT

THE GENERAL INSURANCE INDUSTRY IN KENYA

On Gross Written Premium, the industry grew by 15.5% from Kshs 105 billion to Kshs 121.4 billion. The growth was largely on account of Workmen's Compensation class which grew by 98% to Kshs 11 billion on account of the NHIF WIBA account.

The performance of the non-life insurance industry in 2021 dropped by over 100% to report an underwriting loss of Kshs 4 billion as at Quarter 3 of 2021 compared to a loss of Kshs 879m as at Quarter 3 of 2020. The loss was mainly on account of underwriting losses on the Motor Private and Motor Commercial classes amounting to Kshs 4.8 billion and Kshs 2.5 billion respectively. Workmen's Compensation reported the largest underwriting profit at Kshs 1.65 billion followed by the Theft and Medical classes at Kshs 319 million and Kshs 316 million.

The industry loss ratio deteriorated from 63.3% to 68.6%.

KENYAN ECONOMY

The year commenced on a positive sentiment backed by a quicker rollout of COVID 19 vaccines and significant recovery in the business environment. The local economy posted stellar 9.9% performance in the first 9 months of the year supported by recovery in broad sectors led by the Education, Tourism and Transport sectors.

(I) INTEREST RATES

Interest rates sustained an upward trajectory in 2021 as liquidity tightened slightly from 2020 levels. This further presented opportunity to build our largest asset class, Fixed Income, at increasingly competitive rates. In addition, trading opportunities in this asset class further contributed to improved investment income. An improved interest rate environment propelled a review of the Counterparty Model and is still an ongoing process as we look to grow returns for our clients.

Below is a summary of the interest rates in 2021 as compared to 2020.

MONTHLY AVERAGE RATES	DECEMBER 2021	DECEMBER 2020	CHANGE
91 day T Bill	7.26%	6.90%	0.36BPS
182 day T Bill	7.95%	7.37%	0.58BPS
364 day T Bill	9.13%	8.27%	0.86BPS
Interbank	5.08%	5.14%	-0.06BPS
Call deposit	7.14%	5.67%	1.47BPS
3-month deposit	7.91%	7.12%	0.79BPS

(II) EXCHANGE RATES

The currency weakened as demand for the US Dollar rose due to an increasing demand and a strengthening US dollar. This was positive for assets invested to meet our various dollar denominated obligations, albeit, at a higher cost.

Below is a summary of the exchange rates in 2021 as compared to 2020.

CURRENCY	DECEMBER 2021	DECEMBER 2020	CHANGE
USD-KES	113.14	109.17	-4%
GBP-KES	152.05	148.36	-2%
EUR-KES	127.99	133.90	4%
ZAR-KES	7.11	7.46	5%
KES-UGX	31.31	33.38	6%
KES-TZS	20.37	21.24	4%
KES-RWF	9.17	9.08	-1%
Fx reserves (USDbn)	8.82	7.75	14%
Import Cover months	5.39	4.76	13%

(III) INFLATION

Headline inflation rose to 5.73% from 5.62% as at December 2020. The rise in global oil prices and persistent supply chain issues continue to pose risks to the near term outlook on inflation.

(IV) CURRENT ACCOUNT DEFICIT, DIASPORA REMITTANCES AND THE FOREX RESERVE

The current account deficit widened to 5.4% in 2021 compared to 4.6% in 2020 on account of a higher import bill which more than offset increased receipts from remittances as well as agricultural and service exports.

Diaspora remittances for the year to 31 December 2021 rose to USD 3.7billion reflecting a 20% annual growth rate. The foreign exchange reserve remain adequate at USD 8.8 billion (5.39 months of import cover) to deal with any shocks that might arise. The import cover exceeded the statutory requirement of at least 4 months as at the year end.

(V) THE LOCAL EQUITY MARKET

The local equity market presented an opportunity to grow our investment income through capital gains in a period of frozen dividend payouts. The new Unquoted Securities Platform also provided an opportunity to diversify our investment assets through the ACORN Student Accommodation REIT offering. Other Investment opportunities under review are the Government backed Road Annuity Program.

(VI) THE PROPERTY SECTOR

The property sector experienced a recovery as previous held back decisions were concluded as well as return to office models adopted.

THE GLOBAL ECONOMY

The global economy grew by 5.9% in 2021. The expected growth rate in 2022 is 4.4% and 3.8% in 2023. According to the IMF World Economic Outlook report, the global economy in 2021 was characterized by supply disruptions hindering manufacturing, resurgence in COVID-19 cases held back a broader recovery and the slight signs of turnaround from November 2021 only partially offset the declines that were experienced during the year. This has resulted into the global economy entering 2022 in a weaker position than anticipated. The emergence of new COVID-19 Variants risk higher economic disruptions. The implementation of an effective global strategy is key in reducing/stopping the emergence of other variants. This would include worldwide access to vaccines, tests and treatments.

REGULATORY & INDUSTRY ISSUES

The insurance industry has continued to face various regulatory and industry issues and has also driven the execution of various strategic aspects. Some of the issues and developments witnessed in the industry in 2021 are as follows:-

(I) HARDENING OF RATES BY REINSURERS

The industry has gone through a hardening of rates by reinsurers during the year occasioning a general increase in premium across a number of classes, the latest one being on motor policies. This change has had mixed reactions from the market.

The move by reinsurers is informed by what the reinsurers indicate is realization that underwriters were charging premiums and offering terms that are not commensurate with the risks being carried and the re (insurance) risk landscape in the market which renders some classes of business/business occupations and some categories of risks unprofitable.

(II) VAT ON COMMISSIONS

The Tax Laws (Amendment) Act, 2020 amended the VAT Act, 2015 to remove insurance agency and brokerage services from the list of exempt services. This meant that services by insurance agents and brokers would be subject to VAT. The industry through AKI filed a petition in 2020 under a certificate of urgency. On 16 December 2021, the court ruled in favor of AKI. This means insurance agency and brokerage services are exempt for VAT.

(III) DATA PROTECTION

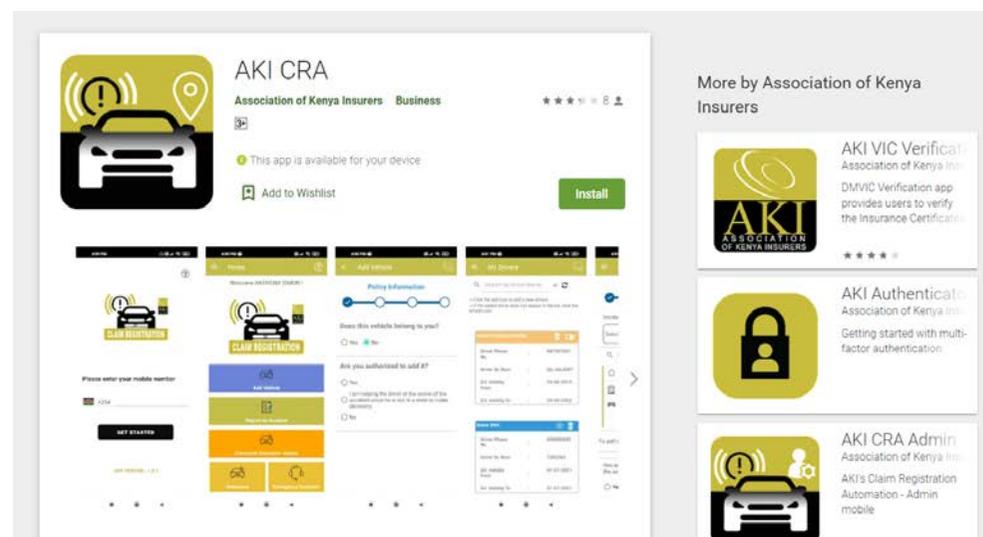
Data is at the core of what we do. We recognise that it is our duty to protect corporate and personal information in all our operations. In light of the new Data Protection Act, 2019, we have put in place mechanisms for ensuring full compliance with this Act. We have in place a Data Protection Policy, 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.

(IV) CLAIMS REGISTRATION APPLICATION (CRA) BY AKI

The Association of Kenya Insurers (AKI) secretariat has developed a Claims Registration Application (CRA) that will enable insureds to report motor insurance claims instantly and conveniently.

The system was made available to the public on 1st September, 2021 following successful development and testing phase. The system which is available to the public in the form of a mobile application **can be downloaded on smart phones, Android and iOS or by using USSD *352# to lodge a claim**. This initiative is a critical part of the motor insurance digitization at industry level whose objective is to improve the customer experience journey.

Below is an illustration of this platform



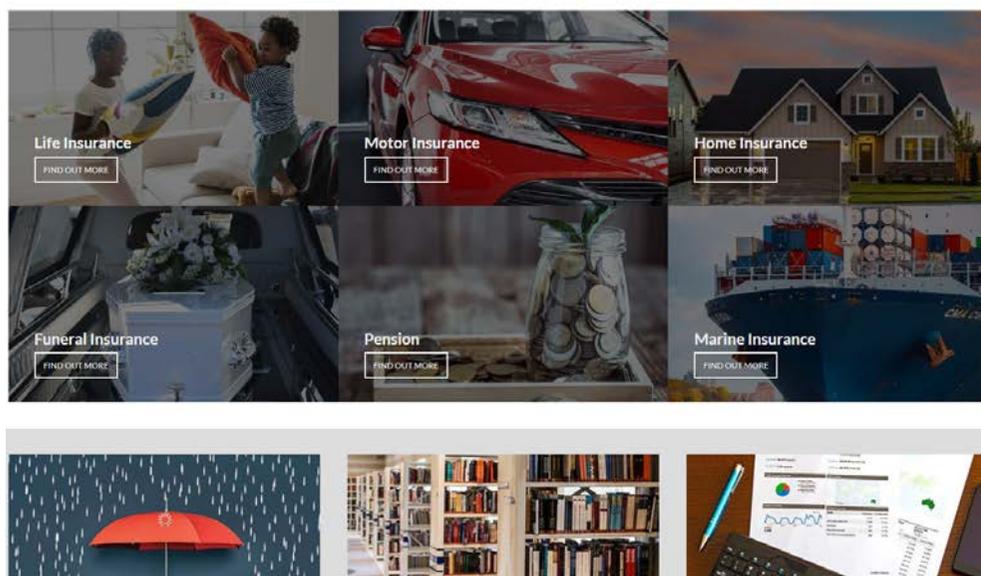
(V) UNDERSTANDING INSURANCE WEBSITE AWARENESS CAMPAIGN (AKI)

Market research by the Association of Kenya Insurers (AKI) and other organizations have consistently shown that insurance is considered complex and therefore out of reach for the "mass" market.

This complexity results from the language used to explain insurance concepts. With this in mind, the Secretariat developed a website where it sought to break down insurance concepts and jargon using simple language. Using the content on the website, the Association developed animated videos to take advantage of the fact that audiovisual content is most consumed by the target audience.

The Secretariat has commenced raising awareness of the website and directing the audience to the site using its social media platforms and in due course Citizen TV and other news outlets. The Campaign was sustained in 2021 and was aimed at helping the public understand that insurance is a welcome initiative and compliments efforts by individual insurers in this regard. It is hoped that the joint efforts across the industry together with alignment of other factors that influence the uptake or otherwise of insurance will help improve insurance penetration in the long run from the current low of around 2%.

Below is an illustration of this platform.



(VI) INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 17, INSURANCE CONTRACTS

The industry largely the underwriters and the reinsurers will be impacted by a new IFRS 17 on Insurance Contracts which is effective 1 Jan 2023. The industry has thus focused on preparing to ensure compliance with this new standard. It is anticipated that the implementation of this standard will have a material impact on how insurance contracts are accounted for and reported. As a Group, adequate preparations and processes are in place to ensure successful implementation of IFRS 17.

(VII) DEVELOPMENT OF AN INTEGRATOR PORTAL IN 2022 THROUGH AKI

AKI is in the process of developing a portal that seeks to provide a platform for all member companies to distribute their various products. The portal will be a single reference point for insurance products which will enable customers to compare offerings from insurance companies conveniently starting with the simple and easy to sell products like motor.

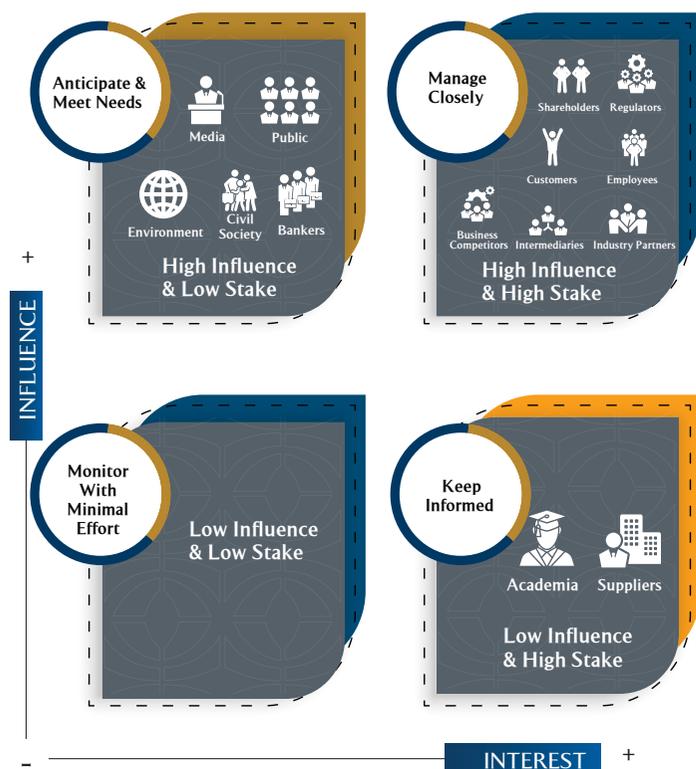


STAKEHOLDER MAPPING

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 consider the processes required to identify the people, groups and organisations that could affect or be affected by our business activities.

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.

STAKEHOLDER MAP



OUR STAKEHOLDER MANAGEMENT PROCESS

We have mapped our stakeholders according to their interest and influence.

This mapping allows us to define appropriate engagement strategies for each stakeholder group.

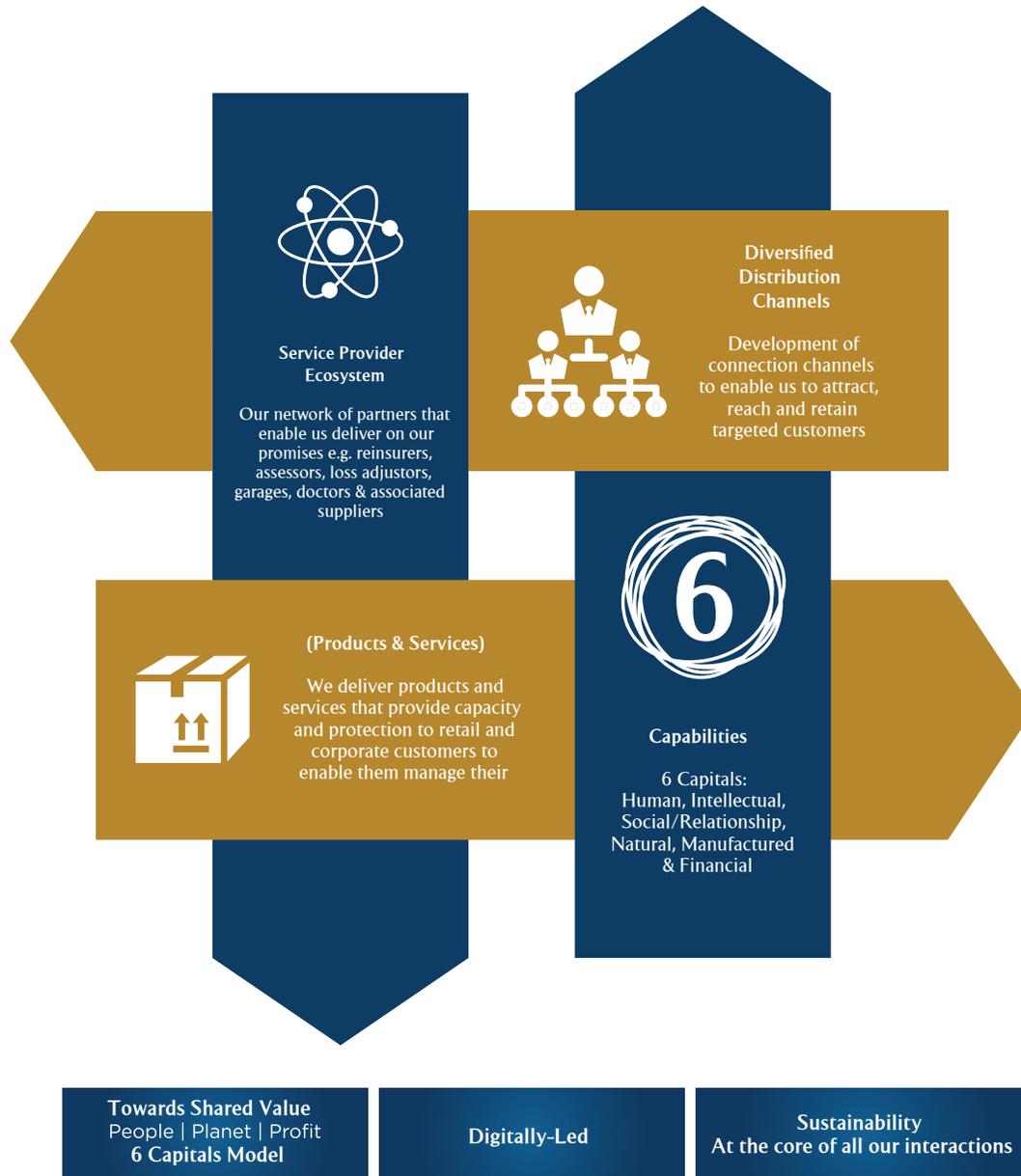
Below is the process we follow in mapping and managing our stakeholders.



OUR STAKEHOLDERS



OUR BUSINESS MODEL



2021 STRATEGIC PLAN & PERFORMANCE

OVERVIEW

The business has run a 5-year strategy for the period 2018-2022. A number of fundamental changes have taken place including the coming in of a strategic investor, Prudential Financial Inc. through Leapfrog Strategic Africa Investments (LSAI) that made a 24% investment in ICEA LION Insurance Holdings Limited as well as leadership changes. The onset of the COVID-19 Pandemic, which hit the country from March 2020, has also triggered a significant shift in the business dynamics in the country and our business was no exception.

Below is an overview of our 2018-2022 strategic pillars



AN ASSESSMENT OF OUR PERFORMANCE AGAINST OUR 2018-2022 STRATEGY AS AT 31 DECEMBER 2021.



Capturing growth markets

The identified growth markets were motor and medical classes. The motor class has achieved a CAGR 4% from Kshs 1.817billion in 2017 to Kshs 2.109billion by December 2021. The motor private class has however not been profitable throughout the review period with the exception of year 2020. The business also launched telematics through "Secudrive" to assist in better risk management of the motor class as well as undertaken various processes reviews aimed at a turnaround in the performance of this class. We did not manage to close on an innovative way to grow the medical class of business but significant effort was made in exploring the same and will continue.



Setting up a Growth & Innovation Centre (GIC)

Progress was achieved through the GIC with respect to data analytics and digital. It was however found prudent to close the GIC and actions moved to the respective businesses.



Developing customer connectivity

The Group invested on several digital channels including the following:-
The Partners portal
• The Self Service portal
• The Mobile App for Agents
• The USSD channel and
• The WhatsApp Chatbot as well as several product based online onboarding customer journey such as Motor and Travel insurance.

Please see Page 41 for images of our digital channels. On the aspect of Developing personalized experience, product and services and measure satisfaction through NPS, the foundation has been laid through the various channels and platforms as mentioned above. In the new strategic period, the focus will be to orchestrate customer experience across the various channels into a digital ecosystem to avoid a silo approach. In support of visibility of the digital customer touchpoints, ICEA LION Group has rebranded and upgraded the website and introduced selected ecommerce customer journeys. The Group has also developed an Omni channel ecommerce based self-service portal and rebranding is in progress.



Becoming an insight Driven organization

To facilitate the development of "purple people" we embarked on a data analytics training program that was well attended with around 12 members from ICEA LION Group. We have acquired and on boarded the Domo BI solution that provides entry-level data warehousing. For more intricate processes that integrate artificial intelligence and advanced data analytics we are piloting the IBM and Microsoft Azure cloud data warehouse solutions. In terms of core (e.g. products and services), we continue the journey in telematics, where we will be expanding our offering through piloting an Internet of Things (IoT) device that will be placed in the vehicles. The IoT device will provide more accurate measurements and will alleviate issues related to data and battery usage from the mobile app. With regards to data monetization, we are building and deploying a



Winning with partner & channel ecosystem

The business also embarked on implementing a partner's portal. This assists in digitizing and optimizing the intermediary's distribution channel.

In addition, ICEA LION Group joined the BimaLab Insurtech Accelerator Program as a Partner.

BimaLab is an insurance innovation hub that aims to harness innovation that will create synergies and efficiencies within the insurance sector with the purpose of financial inclusion and enhanced access to



Harvesting group synergies

The business has continued to grow its top line by harnessing the group ecosystem and shall continue to enhance growth on this strategic initiative.

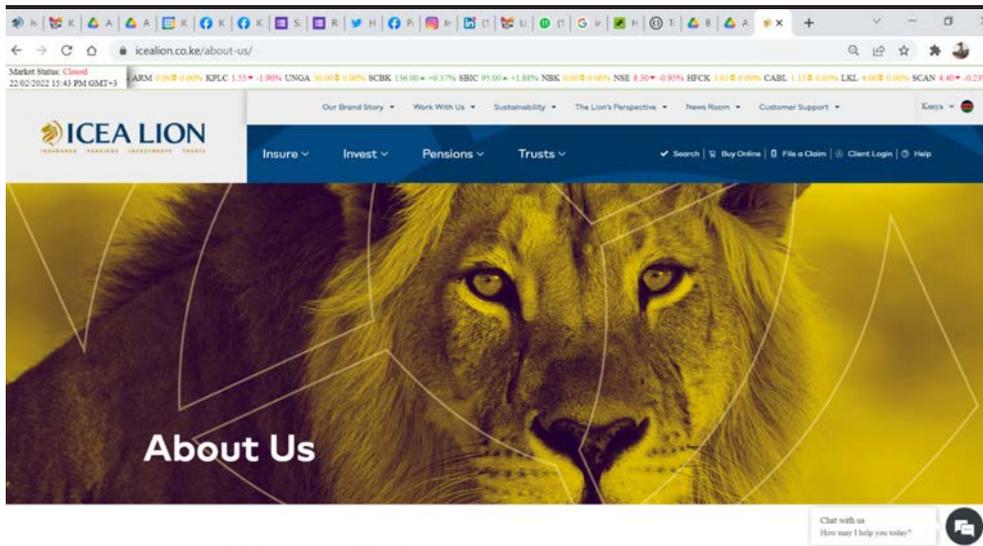
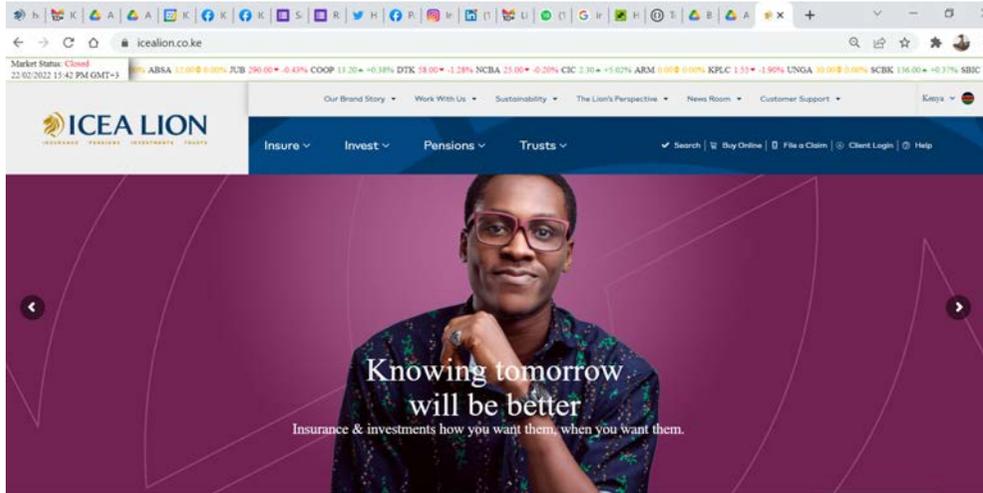


Gaining profitability from operations efficiency

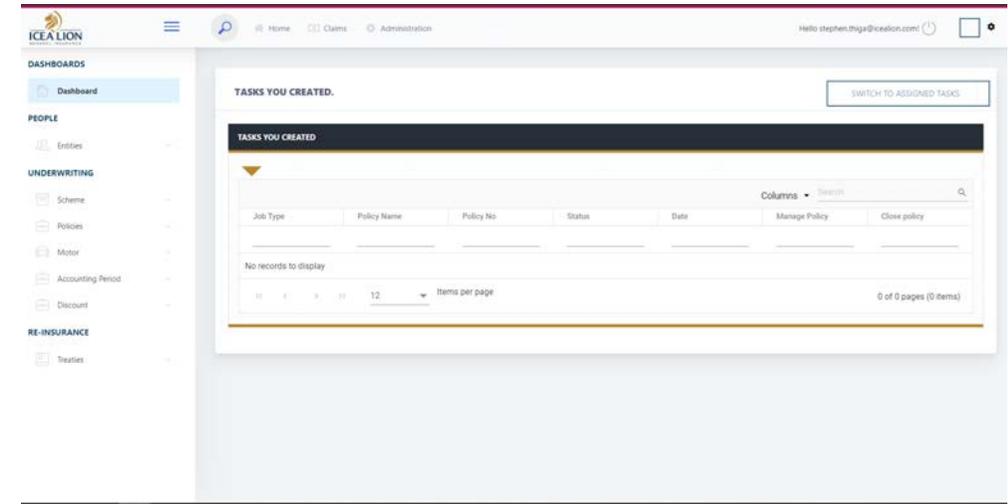
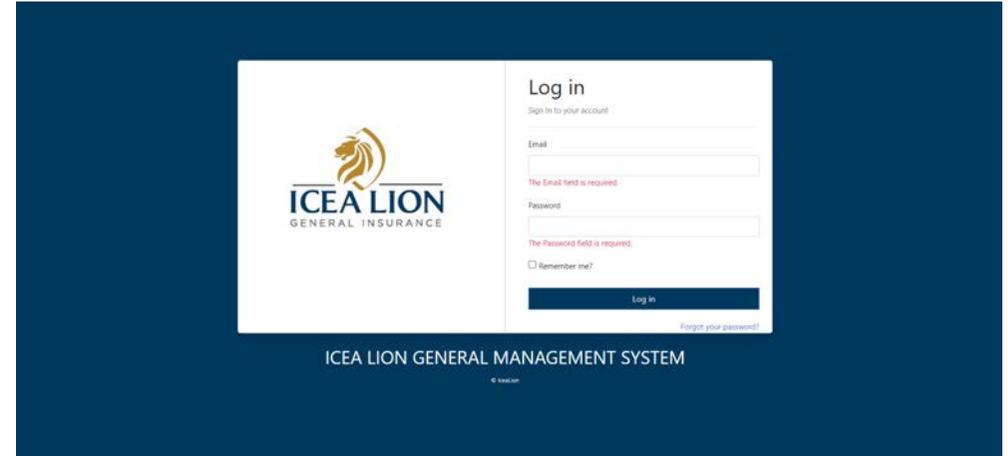
The business embarked on developing the new core system for General Insurance (IGMS). Please see overleaf an image of the IGMS new Core System
Great progress has been made in development of this system with a go live date of May 2022. During the review period, the business has achieved its highest profit before tax in its history.

SNAPSHOTS OF OUR DIGITAL PLATFORMS & PORTALS

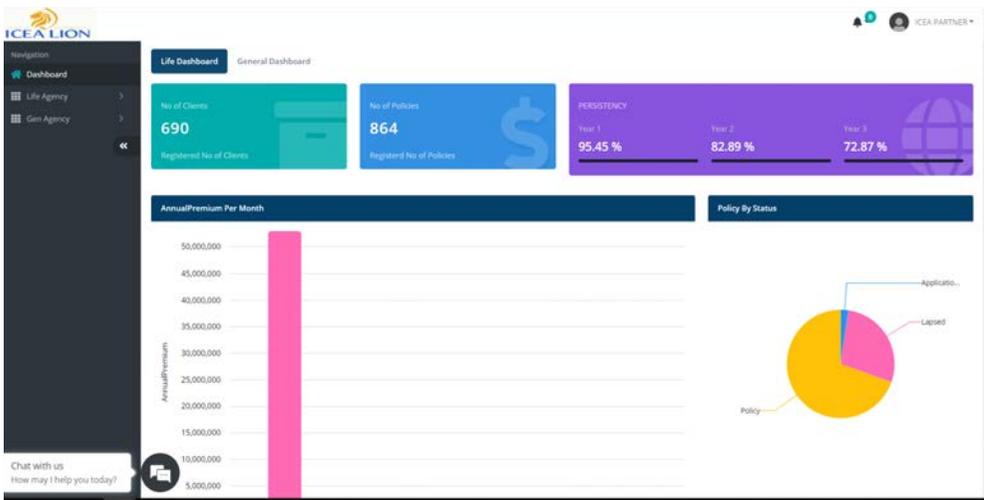
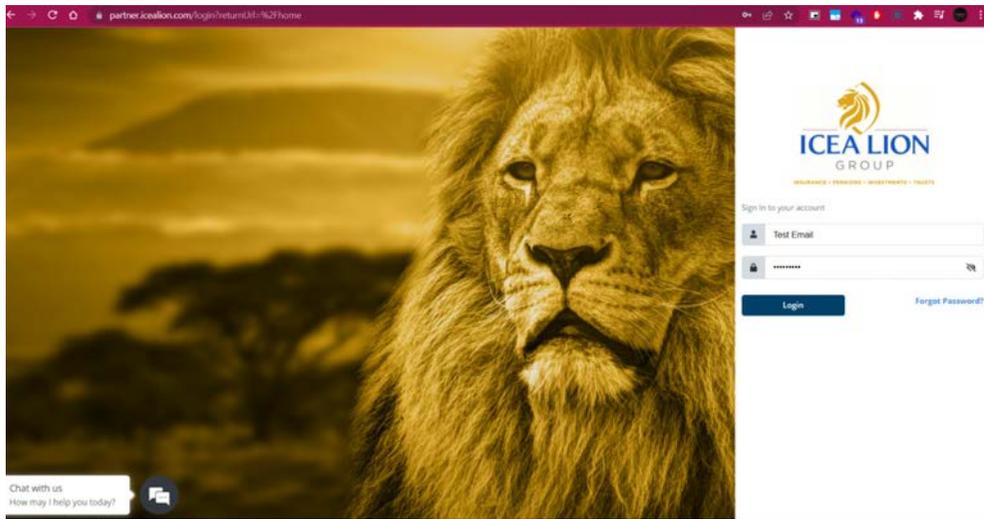
OUR REVAMPED WEBSITE



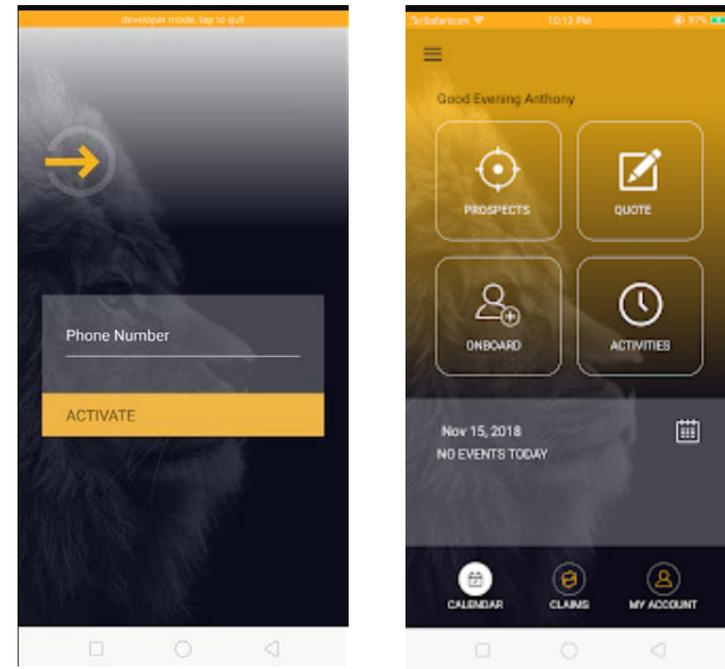
ICEA LION GENERAL MANAGEMENT SYSTEM (ILGMS)



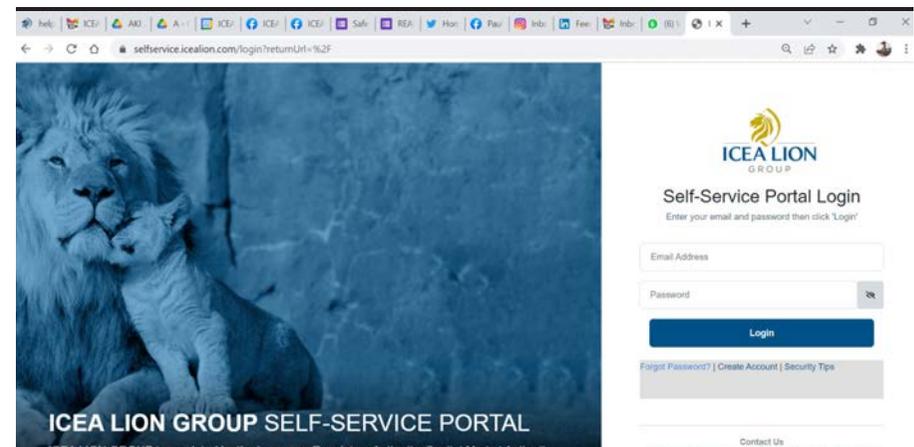
PARTNERS' PORTAL



AGENTS' MOBILE APP



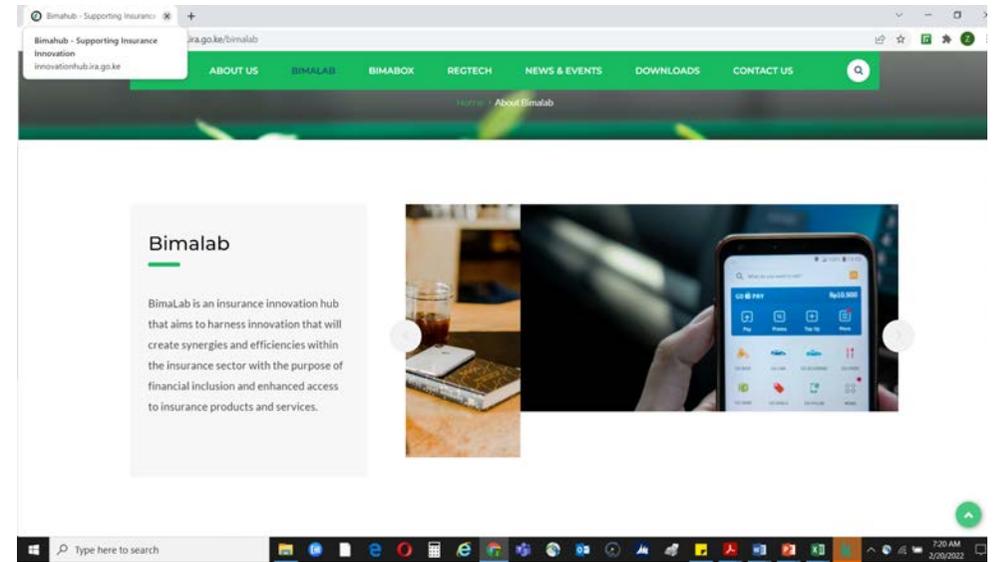
SELF-SERVICE PORTAL



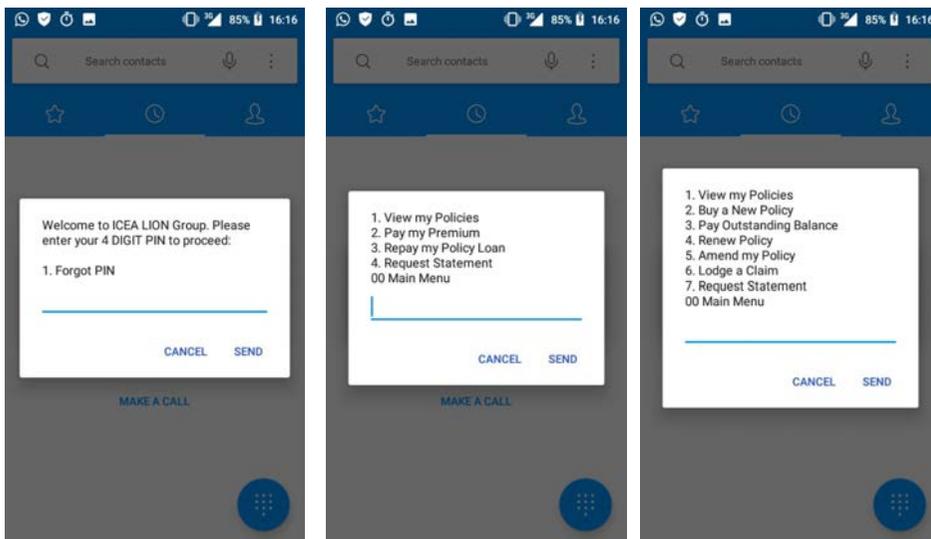
THE WHATSAPP CHATBOT



BIMALAB PORTAL



USSD CHANNEL



OUR 2022-2024 STRATEGIC PLAN

The business has had significant achievements anchored on the above 7 pillars including enabling the business achieve the highest profit before tax in its history. The fundamental shift occasioned by the factors described above necessitated a reset of our new 3-year strategy covering the period 2022-2024. The strategy formulation process involved an identification of the pain points that the business has faced, market scanning and determination of strategies that would enable our business make remarkable impact in our business. This resulted into narrowing our strategic pillars from seven to five with a major focus placed on transforming our organization to be obsessed with our customers. Our 2022-2024 strategy has a tagline 10By2 denoting the key achievement numbers over the strategy period.

Below are our 5 strategic pillars:



A QUICK OVERVIEW OF OUR STRATEGIC PILLARS

1. OBSESSED WITH CUSTOMER EXPERIENCE AND OUTCOMES

The business will focus on better understanding of our customers through profiling and segmentation as well as developing products that speak to the identified customer needs. The enhancement of our customer experience journey will be a key focus as well as measurement of our performance based on clearly defined Customer Experience metrics.



2. INSIGHT DRIVEN INNOVATION, GOVERNANCE AND OPERATIONS

The business will focus on running an efficient business through development of new and repackaged products as well as deploying improvements to our processes and service turnaround times. These are aimed at differentiating our business against our competitors.

3. POWERED BY A CUSTOMER AND BUSINESS RESPONSIVE GROUP ECOSYSTEM

Our business is part of a big group with opportunities for cross selling our products as well as identifying synergies across the various businesses for growth.

4. CHAMPIONING INTERNAL AND EXTERNAL PARTNERSHIPS FOR DYNAMIC SCALABLE RESULTS

Through exploring various potential partnerships, the business aims at building on both internal and external partnerships for quicker and more efficient driven growth. The internal partnerships will be executed through cross-functional teams that will handle various projects in an agile manner for faster execution.

The external partnerships will focus on building synergies that will enable our business deliver superior and timely solutions to our customers as well as foster sustainable insurance within our business.

5. TALENTED AND CAPABLE PEOPLE COMMITTED TO TIMELY AND PROGRESSIVE SOLUTION DELIVERY

Without a talented and capable team, strategy execution will be impaired. Our business is committed to ensuring that our staff have the right skills for execution of the business strategy and that a high performance culture is fostered.

With the rapidly changing environment, our business is committed to execute our laid out strategy for success as well as celebrate the successes that we achieve.



- 01 Being obsessed with our customers by clearly understanding their needs and exceeding their expectations at every touch point along their customer experience journey
- 02 Optimize data for decision-making.
- 03 Partnerships for quick wins both internally and externally
- 04 Operational efficiencies
- 05 Promote a performance driven Culture
- 06 Celebrate success



- 01 Customer surveys
- 02 Benchmark against competition on Net Promoter Score (NPS) and CSAT (Customer Satisfaction Index)
- 03 Industry reports from the Insurance Regulatory Authority
- 04 Revenue and Profit growth
- 05 Economic Value Add Achievement
- 06 Market share
- 07 Internal and external employee surveys
- 08 Internal data quality reports



ICEA LION
GENERAL INSURANCE

**GOVERNANCE
STATEMENTS**

03

CHAIRMAN'S GOVERNANCE STATEMENT

On behalf of the ICEA LION General Insurance Board, it is my pleasure to share with you this comprehensive 2021 Corporate Governance Report.

We are committed to achieving the highest standards possible in terms of accountability, integrity, fairness, responsibility and 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 practices and ensuring compliance by all the Company's organs. 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.

BOARD CHARTER & WORK PLAN

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

Our focus on incorporating best in class corporate governance frameworks and culture translates to a strong company that delivers sustainable returns and impact for all our stakeholders.



JOSEPH WANGAI

CHAIRMAN, ICEA LION GENERAL INSURANCE



OUR BOARD CHARTER

Key components in our Board charter include the following:

- 01 SIZE AND COMPOSITION OF THE BOARD IN COMPLIANCE WITH REGULATORY GUIDELINES AND BEST PRACTICE
- 02 ROLE/FUNCTIONS OF THE BOARD
- 03 BOARD TENURE
- 04 GUIDELINES ON APPOINTMENT TO THE BOARD
- 05 BOARD TRAINING
- 06 BOARD INDUCTION PROCESSES
- 07 PERFORMANCE EVALUATION OF THE BOARD AND ITS COMMITTEES
- 08 BOARD REMUNERATION POLICIES

BOARD COMPOSITION & APPOINTMENTS

Our Board of Directors consists of the Chief Executive Officer, and thirteen non-executive directors including myself as Chairman. Five of these Directors are independent. Our 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 2021, 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 and coordinated by the Chairman and Company Secretary, goes beyond a check-box compliance exercise.

BOARD OF DIRECTORS ATTENDANCE – YEAR 2021

Date		19.03.2021	24.06.2021	24.09.2021	26.11.2021
J. Wangai	Chairman, Appointed a Director on 19.3.2021 and a Chairman on 24.6.2021	√	√	√	√
Dr. C. W. Obura	Previous Chairman, Retired on 24.6.2021	√	√	-	-
J. P. M. Ndegwa	Member	√	√	√	√
A. S. M. Ndegwa	Member	√	√	√	√
R. M. Ndegwa	Alternate Director	√	X	√	√
J. K. Muiruri	Member	√	√	√	√
J. K. Kimeu	Member	√	√	√	√
D. G. M. Hutchison	Member	√	√	√	√
P. K. Mugambi	Alternate Director	√	√	√	√
Dr. C. Mwangi	Member	√	√	√	√
M. Manga	Member	√	√	√	√
M. Abdullahi	Member	√	√	√	√
K. Thuo	Member	√	√	√	√
N. Kelly	Member	√	√	√	√
D. Lacey	Member	√	√	√	√
E. M. Ndegwa	Member, Appointed a Director on 18.3.2022	-	-	-	-
P. Muthaura	Chief Executive Officer, Resigned on 31.10.2021	X	√	√	-
P. Lopokoiyit	Chief Executive Officer, Appointed on 20.09.2021	-	-	√	√

BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE

Date		16.03.2021	22.06.2021	22.09.2021	24.11.2021
Kairo Thuo	Chairman	X	√	√	√
J. K. Muiruri	Member	√	√	√	√
A. S. M. Ndegwa	Member	√	X	√	X
Dr. C. Mwangi	Member	√	√	√	√
J. K. Kimeu	Member	√	√	√	√
D. G. M. Hutchison	Member	√	√	√	√
P. K. Mugambi	Member	√	√	√	√
R. M. Ndegwa	Member	√	√	√	√
P. Muthaura	Chief Executive Officer Resigned on 31.10.2021	X	√	√	-
P. Lopokoiyit	Chief Executive Officer Appointed on 20.09.2021	-	-	√	√

BOARD FINANCE & INVESTMENT COMMITTEE

Date		15.03.2021	21.06.2021	20.09.2021	22.11.2021
A. S. M. Ndegwa	Chairman	√	√	√	√
J. K. Kimeu	Member	√	√	√	√
J. K. Muiruri	Member	X	√	√	√
P. K. Mugambi	Member	√	√	√	√
M. Manga	Member	√	√	√	√
P. Muthaura	Chief Executive Officer, Resigned on 31.10.2021	X	√	√	-
P. Lopokoiyit	Chief Executive Officer, Appointed on 20.09.2021	-	-	√	√

NOMINATION & REMUNERATION COMMITTEE

Date		17.03.2021	25.11.2021
J. P. M. Ndegwa	Chairman	√	√
A. S. M. Ndegwa	Member	√	√
Dr. C. Mwangi	Member	√	√
J. K. Muiruri	Member	√	√
J. K. Kimeu	Member	√	√
P. Muthaura	Chief Executive Officer, Resigned on 31.10.2021	X	-
P. Lopokoiyit	Chief Executive Officer, Appointed on 20.09.2021	-	√

BOARD ICT COMMITTEE & GROWTH & INNOVATION COMMITTEE MEETING

Date		15.03.2021	22.06.2021	20.09.2021	22.11.2021
M. Manga	Chairman	√	√	√	√
A. S. M. Ndegwa	Member	√	√	√	√
J. K. Muiruri	Member	X	√	√	√
J. K. Kimeu	Member	√	√	√	√
P. K. Mugambi	Member	√	√	√	√
M. Abdullahi	Member	√	√	√	√
Dr. C. Mwangi	Member	√	√	√	√
P. Muthaura	Chief Executive Officer, Resigned on 31.10.2021	X	√	√	-
P. Lopokoiyit	Chief Executive Officer, Appointed on 20.09.2021	-	-	√	√

√ Attended

× Not Attended

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 executive management of ICEA LION who attend by invitation. They report on their activities quarterly to the Board.



(A) BOARD AUDIT & RISK MANAGEMENT COMMITTEE

This committee is chaired by an independent non-executive director. There are six other non-executive directors, two of whom are independent. The CEO, the Chief Finance Officer, Manager - Internal Audit and the Manager - Risk and Compliance attend by invitation. The committee met four times in 2021 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.

The committee meets 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.

The Audit, Risk and Compliance 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 at ICEA LION.

(B) BOARD FINANCE & INVESTMENTS COMMITTEE

This committee is made up of five Directors four of whom are non-executive and one 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, and review the performance of the investment portfolio and monitor special projects.

(C) BOARD GROWTH, INNOVATION AND ICT COMMITTEE

This committee is chaired by a non-executive director. Four other non-executive directors, two of whom are independent also sit in. 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 2021. 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's 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

Two non-executive directors, one of whom is independent, and two other directors sit on this committee. The committee meets at least twice a year or more frequently as required. 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.

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 on 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 spearheaded and 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

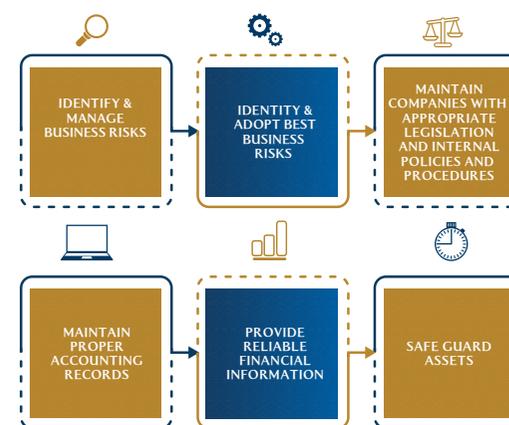
Our Company is exposed to a variety of risks which can have a negative impact on our stakeholders. We have put in place a strong integrated risk management process in our daily business activities as well as solid corporate governance structures that promote effective identification, monitoring and management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



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

- 01 ESTABLISHMENT AND MONITORING OF THE INTERNAL CONTROL FRAMEWORK BY THE MANAGEMENT
- 02 REVIEW OF THE INTERNAL AND EXTERNAL AUDIT REPORTS
- 03 DEFINED PROCEDURES FOR THE APPROVAL OF MAJOR TRANSACTIONS
- 04 HAVING TERMS OF REFERENCE FOR THE BOARD AND EACH OF ITS COMMITTEES
- 05 A CLEAR ORGANIZATIONAL STRUCTURE WITH DOCUMENTED DELEGATION OF AUTHORITY

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:

- 01 THE CORPORATE GOVERNANCE CODE FOR PRIVATE SECTOR ORGANISATIONS
- 02 UNEP FI PRINCIPLES OF SUSTAINABLE INSURANCE
- 03 THE ANTI-MONEY LAUNDERING GUIDELINES BY THE INSURANCE REGULATORY AUTHORITY (IRA);
- 04 THE UK CORPORATE GOVERNANCE CODE;
- 05 ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) PRINCIPLES ON CORPORATE GOVERNANCE;
- 06 THE KING IV REPORT ON CORPORATE GOVERNANCE
- 07 FINANCIAL ACTION TASK FORCE (FATF) AMONG OTHERS.

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 on this 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 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 informs the 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 relevant laws 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.

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.

DIRECTORS' EMOLUMENTS

The aggregate amount of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 50(f) to the financial statements for the year ended 31 December 2021. (See page 179)

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 50(f) to the financial statements for the year ended 31 December 2021. (See page 179)

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 performance 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 our 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.

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. It is my pleasure in the spirit of disclosure in this integrated report, to introduce the statements from our Board Committee Chairmen.

BOARD FINANCE & INVESTMENT COMMITTEE

CHAIRMAN'S STATEMENT

It is my pleasure to present the report of the Board Finance and Investment Committee for the year ended 31 December 2021.

The Committee is charged with the responsibility of:

01 REVIEWING AND RECOMMENDING TO THE BOARD THE COMPANY'S ASSET ALLOCATION POLICIES AND STRATEGIES INCLUDING ASSET LIABILITY MATCHING

02 REVIEWING INVESTMENT POLICIES AND STRATEGIES

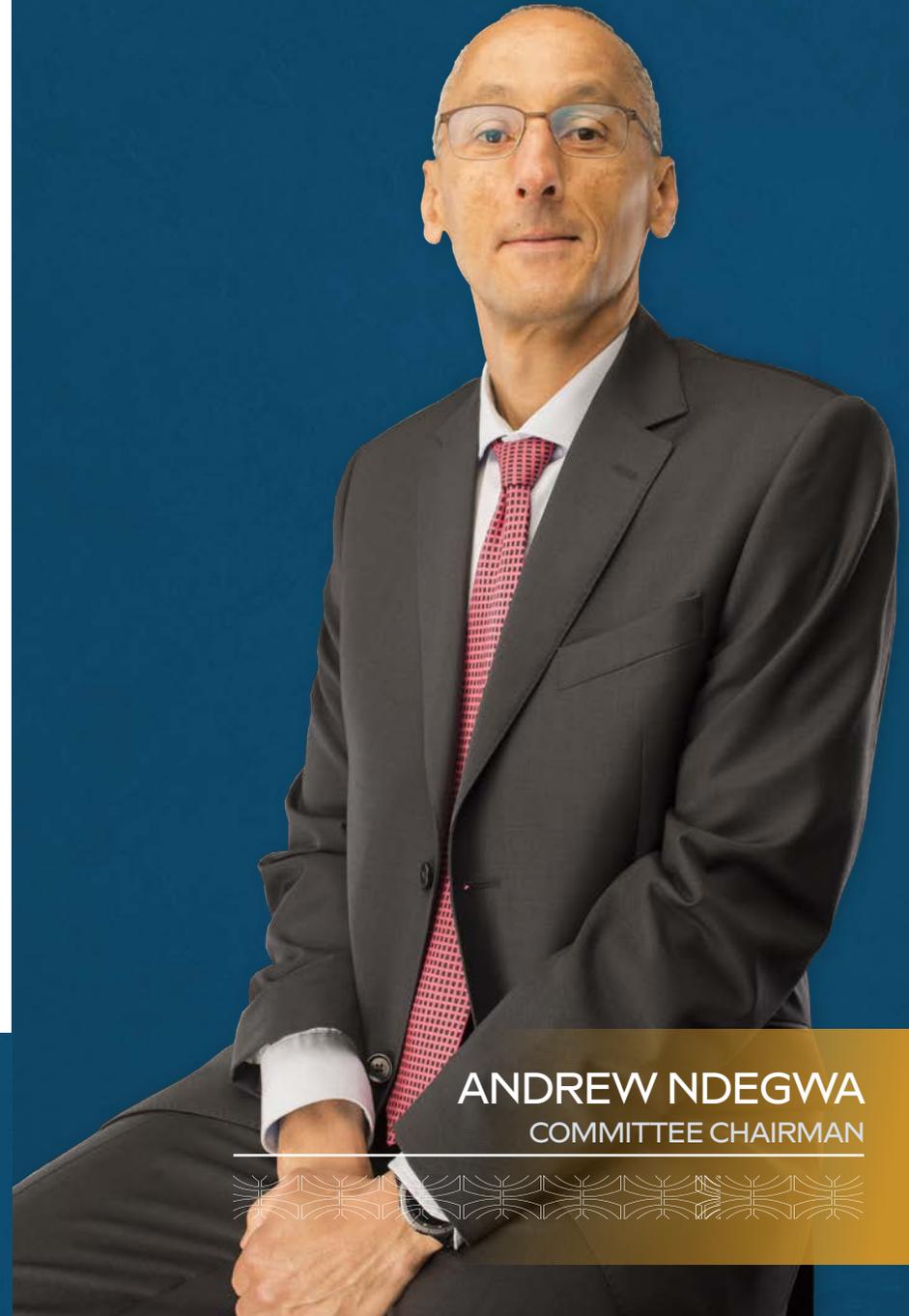
03 MONITORING COMPLIANCE WITH THE APPROVED INVESTMENT STRATEGY INCLUDING INVESTMENT MIX

04 MONITORING THE PERFORMANCE OF THE INVESTMENT PORTFOLIO

05 RECOMMENDING INVESTMENT PROPOSALS TO THE BOARD FOR APPROVAL AND OVERSEEING INVESTMENT PROJECTS

06 ENGAGING AND OVERSEEING THE PERFORMANCE OF INVESTMENT MANAGERS AND CONSULTANTS

“During the year our investment assets crossed the Kshs 10 billion mark for the first time at both the Company and the Group level.**”**



ANDREW NDEGWA
COMMITTEE CHAIRMAN

The year 2021 was a recovery year for the economy and indeed for our business following the impact of the COVID-19 Pandemic from March 2020. The roll out of the COVID-19 Vaccines served to facilitate increased activity and to boost positive sentiment about our business environment. As discussed in the operating context under pages 32 to 35 of this report, interest rates sustained an upward trajectory presenting an opportunity to build our fixed income asset portfolio resulting in improved investment income and a higher return on our investment assets at a rate of 10.2% (2020 - 8%).

The new Unquoted Securities Platform provided opportunity to diversify our investment assets through the ACORN Student Accommodation REITs offering. Our business is committed to further diversifying our investment portfolio in order to improve returns and spread risk, and we shall continue to actively explore opportunities to do so.

The property sector experienced a recovery as previous held back decisions were concluded and return to office models adopted. The Committee took steps to enhance property income including incentivizing letting agencies and being cognizant of the prevailing tenant driven market environment.

During the year our investment assets crossed the Kshs 10 billion mark for the first time at both the Company and the Group level. This was on the back of improved interest rates, increase in funds available for investment and the turnaround on the Nairobi Securities Exchange, which resulted in a recorded revaluation gain on equities of Kshs 105 million and Kshs 106.3 million at the Company and Group level respectively.

The Committee adopted a robust Asset Liability Model which addressed gaps identified in the previous model and included additional functionalities. Going forward, Management is using the tool prospectively in investment management. In addition, the Asset Liability Committee (ALCO) Terms of Reference were approved and the respective committee members incorporated

LOOKING FORWARD

2022 presents new opportunities to continue to grow our investments and strengthen the resilience of the portfolio. In addition however, we face existing and emerging risks including: election related uncertainty; unfavorable weather conditions; global supply disruptions; possible rising of global oil prices; and the tightening of monetary policies in developed economies. We are however optimistic that we shall not only navigate these successfully but also seize the opportunities that arise, guided by our investment strategy which is centred around the objectives of capital preservation and stability of returns.

The Group and Company's investment portfolio performance was as follows:-

	2021	Group	2020	2021	Company	2020
Investment Income	1,125m		809m	1,074m		766m
Return on Investment	10.2%		8%	10.24%		8%
Investment Assets	11.06b		9.8b	10.48b		9.4b
Growth on Investment assets	1.2b		0.327b	1.09b		0.245b

The occupancy rates and rental yields for the Company's three properties as at 31 December 2021 and 31 December 2020 were as follows:-

Property	Type	2021 Occupancy rate	2020 Occupancy rate	2021 Rental Yield	2020 Rental Yield
Lion Place	Residential	91%	91%	9.39%	9.39%
Williamson House	Commercial	90%	95%	9.12%	9.1%
Arboretum View	Commercial	79%	74%	4.09%	3.9%

BOARD AUDIT & RISK MANAGEMENT COMMITTEE

CHAIRMAN'S STATEMENT

Our prudent approach to risk management has enabled us to remain resilient in a highly volatile, uncertain, complex and ambiguous operating (VUCA) environment. The Committee had to be highly vigilant on a continuing range of issues most of which spilled over from the year 2020. In light of this, we continued to review and reprioritize our agenda in response to the post COVID-19 world. This, we did, while focusing on our fundamental responsibilities in respect to the oversight of financial reporting and internal controls, which added complexities arising from the crisis.

The top of mind issues for the Committee during this period were:

01

Continuous monitoring of performance, cash flow, capital preservation, and a renewed focus on the strength of the balance sheet.

02

Third-party risk management, scenario planning, awareness of new legislation specifically on workplace health and safety, and ensuring comprehensive business continuity by thinking that is relevant for the times. This included monitoring the effectiveness of Working from Home (WFH) plans and employee productivity monitoring.

03

Monitoring and maintaining an effective internal control environment, taking into account changes as a result of updated policies and procedures, increased cyber security and data privacy issues, and displacement of staff many of whom were working remotely.

04

The potential for heightened risk of fraud due to financial pressures and new operating environments.

|| During the 2021 financial year, and in response to COVID-19, we made a number of decisions that have ultimately supported our purpose and created long-term value for the Group and our stakeholders. ||



KAIRO THUO
COMMITTEE CHAIRMAN



As a Committee, health and safety risks continued to take centre stage during the year under review, with the risk appetite guiding the Groups Crisis Management team's oversight activities during these unprecedented times.

During the year, the Committee:

	Provided oversight to the Groups Pandemic Response plans in liaison with other Board Committees.
	Reviewed the Company's Integrated Report
	Reviewed the effectiveness of the internal controls and the work of Risk and Internal Audit functions.

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

	The accounting judgments made by management that could have a significant effect on the Group's financial results
	Oversight of ICT changes affecting financial systems and controls
	The clarity of disclosure of financial information
	Whether the financial statements, taken as a whole, give a true and fair view of the Company's financial performance

The Statement of Directors' Responsibilities on this can be found on page 100 of this report.

The Committee also approved the on-boarding of a new External Auditor – KPMG.

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's subsidiaries 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.

The Company's principal risks are set out from pages 65 to 75 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 of preparing the integrated report are:

	Recruitment of suitable qualified and experience finance, internal audit and risk team members
	Segregation of duties, clear lines and accountability and delegation of authority
	Policies & procedures that cover financial planning & reporting, preparation of financial & non-financial information & 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 areas where controls could be further automated, 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.

OUR NEW APPROACH TO RISK MANAGEMENT

The Company has implemented a Dynamic Risk Assessment (DRA) approach which 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. Going forward, this committee will review Type 1 risks, which are the normal day to day risks that sit in the risk registers and are highlighted on pages 69 to 71 as well as Type 2 risks which are more emerging and external risks that may have a great impact on the Company's strategy from both a risk and opportunity standpoint.

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

The extensive use of remote working led to a greater threat of cybercrime. For this reason, changes in the types of attacks have been constantly monitored and tools are in place to identify and manage the risks in a timely manner. This risk was on top of the Committees radar with clear measures and targets put in place to minimise the risks. Extensive awareness campaigns to staff were conducted during this period. With the new Data Protection Act, 2019, the Committee placed significant focus on data loss risks with the Company adopting a clear roadmap ad strategy for data protection compliance. No major information security breaches were noted in 2021.

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.

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:

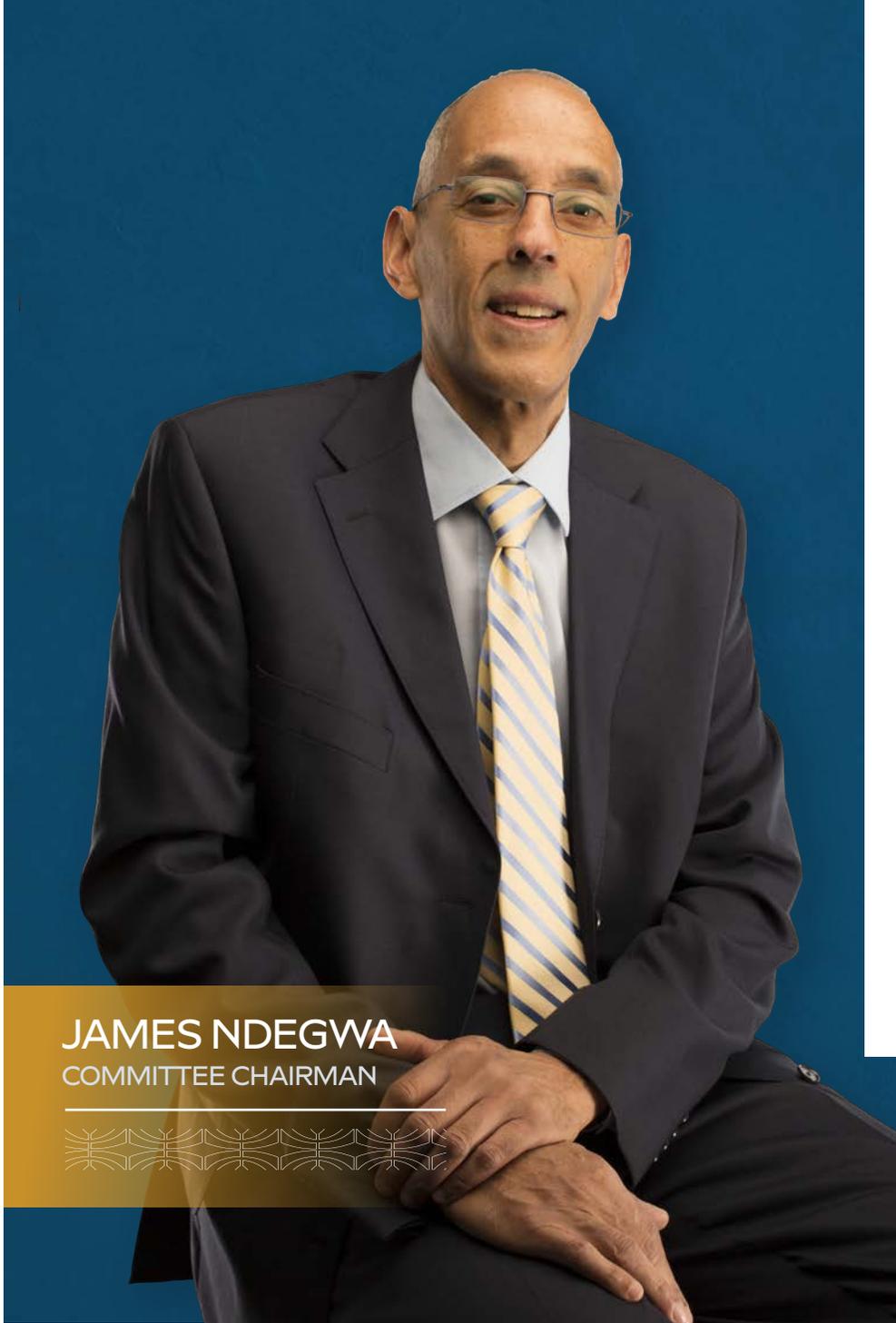
KEY AUDIT THEME	FOCUS AREA	MEETING DATES 2021
Information Technology	IT Disaster Recovery & Business Continuity Planning	16th March
Operations	Claims Management	22nd June
Operations	Underwriting	21st September
Information Technology	Enterprise Service Bus System (IT)	21st September
Information Technology	Self Service Portal (IT)	21st September
Strategy & Operations	Customer Relationship Management	24th November
Compliance & Regulatory	Anti-Money Laundering	24th November
Information Technology	Microsoft Dynamics Navision System (IT)	24th 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 approved KPMG as the new external auditor with the following having been taken into consideration during the process:

- Terms, areas of responsibility, duties and scope of work of the external auditor
- Audit work-plan for the Group
- The letter from the external auditor confirming their independence and objectivity
- The auditor's fee



JAMES NDEGWA
COMMITTEE CHAIRMAN

BOARD NOMINATIONS & REMUNERATION COMMITTEE

CHAIRMAN'S STATEMENT

Our aim is to support the Board Vision of a Group characterized by integrity and responsible business practices, robust governance with a focus on our people.

The role of this Committee is to make 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.

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

The Committee meets at least twice a year and is responsible to the Board.

In 2021 the Committee executed the following key actions:

- Continued to oversee and approve strategies for securing the health and safety of employees and other stakeholders in line with Ministry of Health guidelines on COVID-19. This provided an environment that supported business continuity and ensured effective risk management to mitigate health and safety risks for employees.
- Oversaw the Company's compliance with regulatory frameworks, Best Practice, Corporate Governance and Relevant codes.
- Oversaw the recruitment of senior management.
- Reviewed and approved an enhanced employee benefits structure.

|| Our aim is to support the Board Vision of a Group characterized by integrity and responsible business practices, robust governance as well performance-based remuneration and reward. ||

EXECUTIVE APPOINTMENTS

Chief Executive Officer ICEA LION General – Philip Lopokoiyit

Mr. Philip Lopokoiyit was appointed the Chief Executive Officer and Principal Officer of the Company following regulatory approval effective September 20, 2021. This appointment arose following the decision by Mr. Paul Muthaura to step down from office in line with medical advice to allow for his complete recovery after an accident he suffered in early 2021.

Philip is a seasoned commercial and market transformation expert with both executive and non-executive board experience. Philip has most recently executed key strategy execution and business delivery leadership in companies as diverse as Flamingo Horticulture Kenya and British American Tobacco (in East, Central and West Africa) having begun his professional career at PricewaterhouseCoopers. He has also served as a non-executive director in various NCBA Group entities within Kenya and Uganda, as well as on the boards of CIC Insurance Group and CIC Asset Management.

The Committee acknowledges and appreciates the enormous contribution Paul made as Chief Executive of ICEA LION General during his tenure. Paul was instrumental in providing exemplary leadership during the COVID-19 disruption ensuring business continuity and development of relevant innovations to ensure business success.

BOARD APPOINTMENTS

During the year the Committee recommended three non-executive board appointments that were made following regulatory approval:

Mr. Joseph Wangai Wamae

Mr Wangai is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). He has extensive experience in financial management as a professional accountant, auditor and business advisory professional, keen on entrenching best practice in corporate governance for best and all round performance. He recently served as a Partner with Deloitte and Touché East Africa for a period of 21 years. Mr Wangai has also served as a member of the Board of Deloitte Africa for five years with three of those being the Deputy Chairman and two being the Chairman. Currently he is a member of the Board of Kenya Golf Limited and also serving as a non-executive member of the board of Kenyatta International Convection Centre.

Mr. Douglas Lacey

Doug is a special advisor to Leapfrog Strategic Africa Investments (LSAI), a partnership between Prudential Financial Inc. and Leapfrog Investments in which he was one of the founding partners. Doug has served in various senior engagements, and at African Life Assurance Company, he last served as Divisional Chief Executive, Rest of Africa responsible for business operations in Botswana, Namibia, Kenya, Zambia, Tanzania and Ghana. He also served on the boards of all African Life companies in these countries.

He is a Fellow of the Chartered Insurance Institute (CII) UK.

Mr. Norman Kelly

Norman is an actuarial specialist with extensive experience working in different Africa Markets. He is currently a member of the Continuous Statistical Investigation (CSI) Committee, a sub-committee of the Actuarial Society. He has served in various senior positions including being the head the actuarial function for African Life's subsidiaries in Botswana, Kenya, Ghana, Zambia and Tanzania, other African territories includes Nigeria and Uganda. In 2008 he was appointed as a Director to the Boards of Botswana Insurance Holdings Limited (BIHL) and Pan Africa Insurance Holdings (PAIH), both listed entities on the Botswana and Kenya stock exchanges respectively. In the same year he served as a board member to the Board of Enterprise Life Assurance Company (ELAC) in Ghana and was also appointed as an alternate director to African Life Zambia and African Life Tanzania Boards.

REMUNERATION PHILOSOPHY

The Group is committed to a remuneration philosophy that focuses on rewarding consistent and sustainable individual and corporate performance. 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. The Group has a competitive remuneration structure that enables the Company to attract, motivate, reward and retain highly talented people.

REMUNERATION PRINCIPLES

The principles that reflect and drive the remuneration philosophy are:

- Internal and external pay equity based on fair and transparent remuneration practices.
- Pay for performance that rewards employees for the contribution they make to the Company.
- Transparency and objectivity in the reward systems to ensure they are easy to understand and communicate.
- Flexibility to accommodate business environment changes that impact staff remuneration issues.
- Fostering team work and collaboration beyond individual roles, departments and beyond operating business boundaries.
- Total remuneration made up of fixed and variable pay components.

The targeted remuneration level for the Group is influenced by the prevailing market rates, business performance levels, viable and sustainable cost ratios, and prevailing pay rates in our targeted source of competent staff. Market rates are informed through periodic benchmarking surveys of relevant comparator organizations and employment markets.

JAMES NDEGWA | CHAIRMAN

THE BOARD GROWTH, INNOVATION & ICT COMMITTEE

CHAIRMAN'S STATEMENT

INTRODUCTION

As Chair, it gives me great pleasure to present the 2021 board innovation and ICT committee report. The year 2021 has been characterized with the recovery of the global economy thanks in part to the proliferation of COVID-19 vaccines. Despite the world slowly recoiling back to normal life away from curfews and other restrictions, the digital advances in communication and delivery of goods and services is unlikely to reverse. As such the need for businesses, such as ours, to continuously deliver superior digital customer experience remains unchanged. It is important to note that insurance penetration continues to remain low in East Africa at around 2% on average as a result of the limited ability of the industry to attract retail and corporate customers outside of the existing net. Herein lies the opportunity that the Technology and Transformation department seeks to exploit.

The leadership together with the management have heeded to this clarion call of customers and have successfully executed the first steps towards molding a future proof department by relooking at our target operating model and expanding the department's innovation and data harnessing span by incorporating the ideas and resources from other departments under cross functional teams. With these building blocks in place the outlook for the year 2022 will be exciting as we roll out innovative products and services that this report will touch on.

MUGWE MANGA
COMMITTEE CHAIRMAN



|| The need for businesses, such as ours, to continuously deliver superior digital customer experience remains unchanged. ||

THE DEPARTMENT STRUCTURE: THE JOURNEY TOWARDS AN EFFECTIVE OPERATING MODEL

With the dissolution of the Growth and Innovation Centre (GIC), the Group took another look at how best to bring out innovative products and services to our customers. Upon strategic reflection, one of the challenges exhibited was the separation of traditional ICT functions and cross departmental innovation. To answer this challenge a new structure was accorded. This new umbrella is called the Technology and Transformation Department.

This department hosts both the functional ICT operations and incorporates new elements to assist in the execution of digital transformation strategies powered by innovation from group departments.

Some of the outcomes already being realized from this new structure include:

- Simpler ICT governance with efficient use of ICT resources especially talent with a reduced overall cost structure
- Coherent reporting to the Committee and Group board on technology and transformation matters

All in all, the new structure seeks to develop robust direct digital channels to the customers while harnessing superior data that will serve the customer better. It is with this data that the department will be able to grow its innovative products that would be further aligned to the customers needs. The power of knowing our customers is a strength we pursue as part of the '**segmentation of one**' strategy of bespoke offerings.

INNOVATION EVERYWHERE: DEVELOPING CROSS FUNCTIONAL TEAMS

Cross functional teams are important in effectively delivering innovative products to the customers on time and on budget. This process is highly valued because it creates ownership of new ideas that can be complex to execute in a siloed manner. Working with individuals under a structured project by project bases helps not only creating an agile working methodology but ensures that the best ideas get to market. A reality of innovation is that not all ideas will light up or fly.

2022 OUTLOOK: SERVING OUR CUSTOMERS DIGITALLY

Driven by business strategy for the next 3 years, the Technology and Transformation department has embarked on two focus areas for the year 2021:

- Move to cloud
- Digital distribution

ACKNOWLEDGEMENTS

The strength of ICEA LION Group remains its people and without their talent and dedication the Lion cannot run. I would therefore like to acknowledge and thank the amazing people working to make the Technology and Transformation department an engine for long term growth for the company. As we gear up to 2022, we must remain steadfast in our quest to always serve the customer better at all times.

MUGWE MANGA | CHAIRMAN





ICEA LION
GENERAL INSURANCE

**OUR RISK
LANDSCAPE**



04

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 has implemented a Dynamic Risk Assessment (DRA) approach which is a new technique for identifying and managing risks.

This approach enables a connected view of risks away from the traditional, two dimensional view, by mathematically and visually illustrating risk connectivity, contagion and clusters. It introduces the dimension of interconnectivity and velocity of the risks.

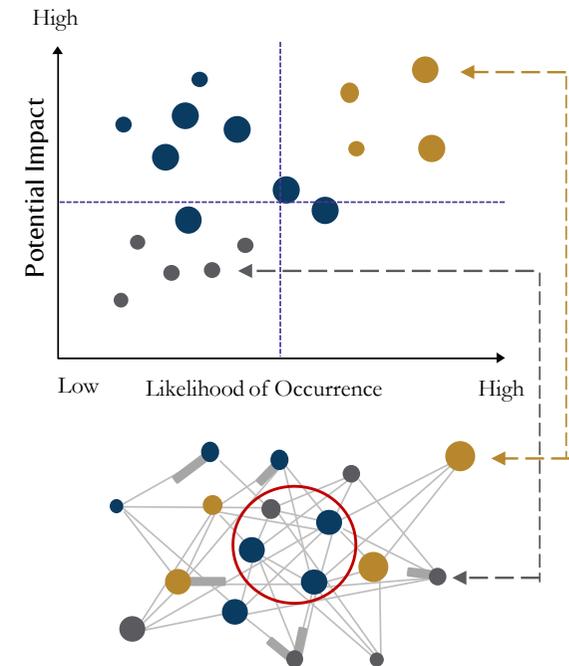
Interconnect- edness of Risk

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 the COVID 19 pandemic, unprecedented low interest rates, population growth, its flow-on effects on food and water supplies, the energy revolution, rising life expectancy, amongst others.

Velocity of Risk

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.

GOVERNANCE, RISK AND COMPLIANCE



Governance at a Glance

Our risk governance process is robust with a well developed Enterprise Risk Management Framework, which includes mandated committees comprised of persons with the relevant skills and expertise.



Risk Management

Our risk measures aim at matching regulatory requirements and shareholder expectations for risk-adjusted returns.

We prudently manage our capital, liquidity and funding levels to support business growth, maintain interested parties confidence, as well as to create & protect wealth for our shareholders and clients. We closely monitor both financial and non-financial risks parameters to manage risks.



Regulatory Compliance

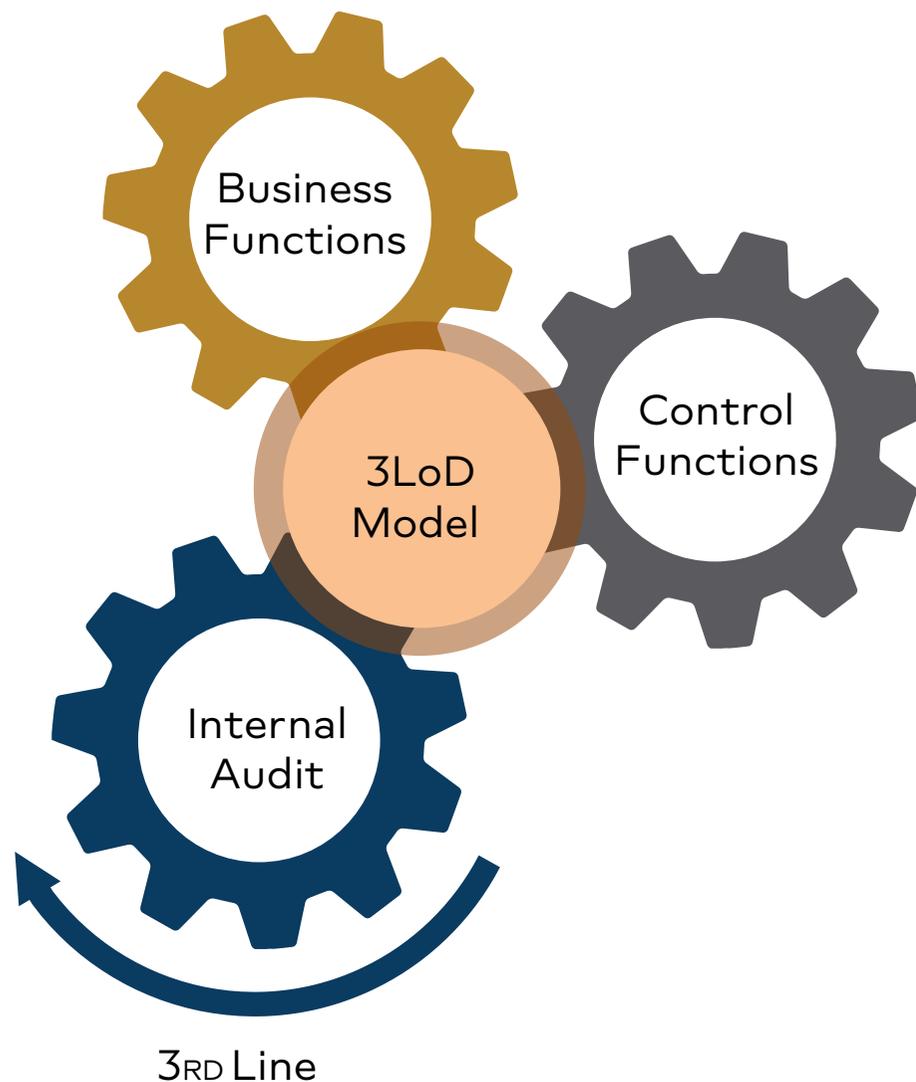
We manage compliance in accordance with our Compliance Framework and are guided by our Company values, code of ethics and applicable statutes/regulations/guidelines.

The Company is cognizant that non compliance has the potential of financial losses, fines or diminished reputational capital. We therefore continuously monitor our progress in managing compliance risks and ensure strict adherence to our internal and external compliance requirements.

Effective management of risks inherent in our business and in our operating environments, and ensuring that our market conduct reflects the highest standards of ethical and responsible business practice, underpin the trust our interested parties place in us.

OUR APPROACH TO RISK MANAGEMENT

We Operate a Three Lines of Defense (“3LoD”) Model



The 1st Line of Defense are all the business functions who are the "owners" of the risks.

The 2nd Line of Defense are all the independent risk and control functions.

The 3rd Line of Defense is Internal Audit, which provides independent assurance on the effectiveness of internal controls.

1 st Line of Defense	
The Board	General Support Functions
Business Units	Technology & Transformation
Technical Support Functions	Human Resources & Administration
Finance	Marketing & Communications
Underwriting	Research & Development
Claims	
Reinsurance	

2 nd Line of Defense
Risk Management Committees
Risk Management Function
Actuarial Function
Legal and Compliance Function

3 rd Line of Defense
Internal Audit

RISK APPETITE PROCESS AND SETTING

Policyholders, the shareholders and the regulators interests must all be protected at all times. 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 and risk reporting.

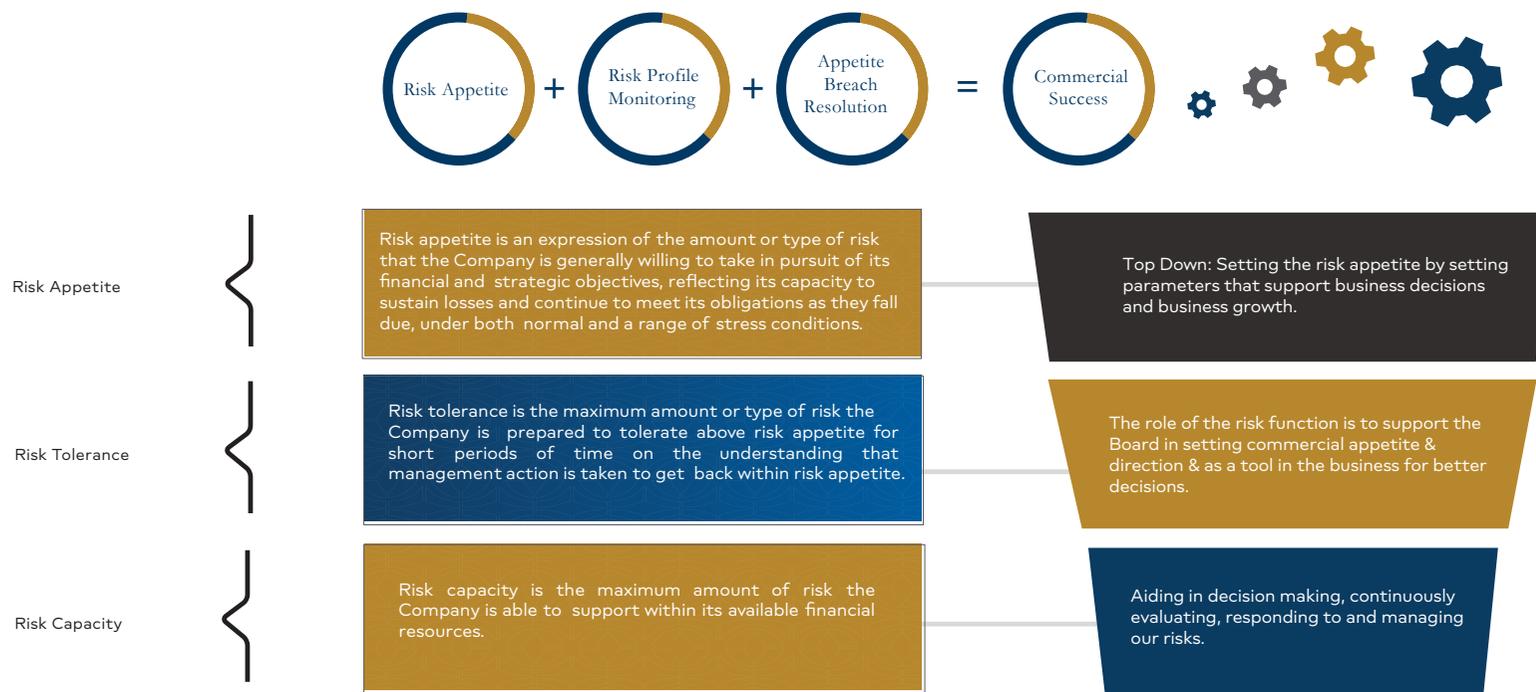
We have put in place a strong integrated risk management process in our daily business activities, as well as strong corporate governance structures that promote effective identification, monitoring and management of risk.

We have established a fully-fledged risk management and compliance function headed by a senior officer. 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.

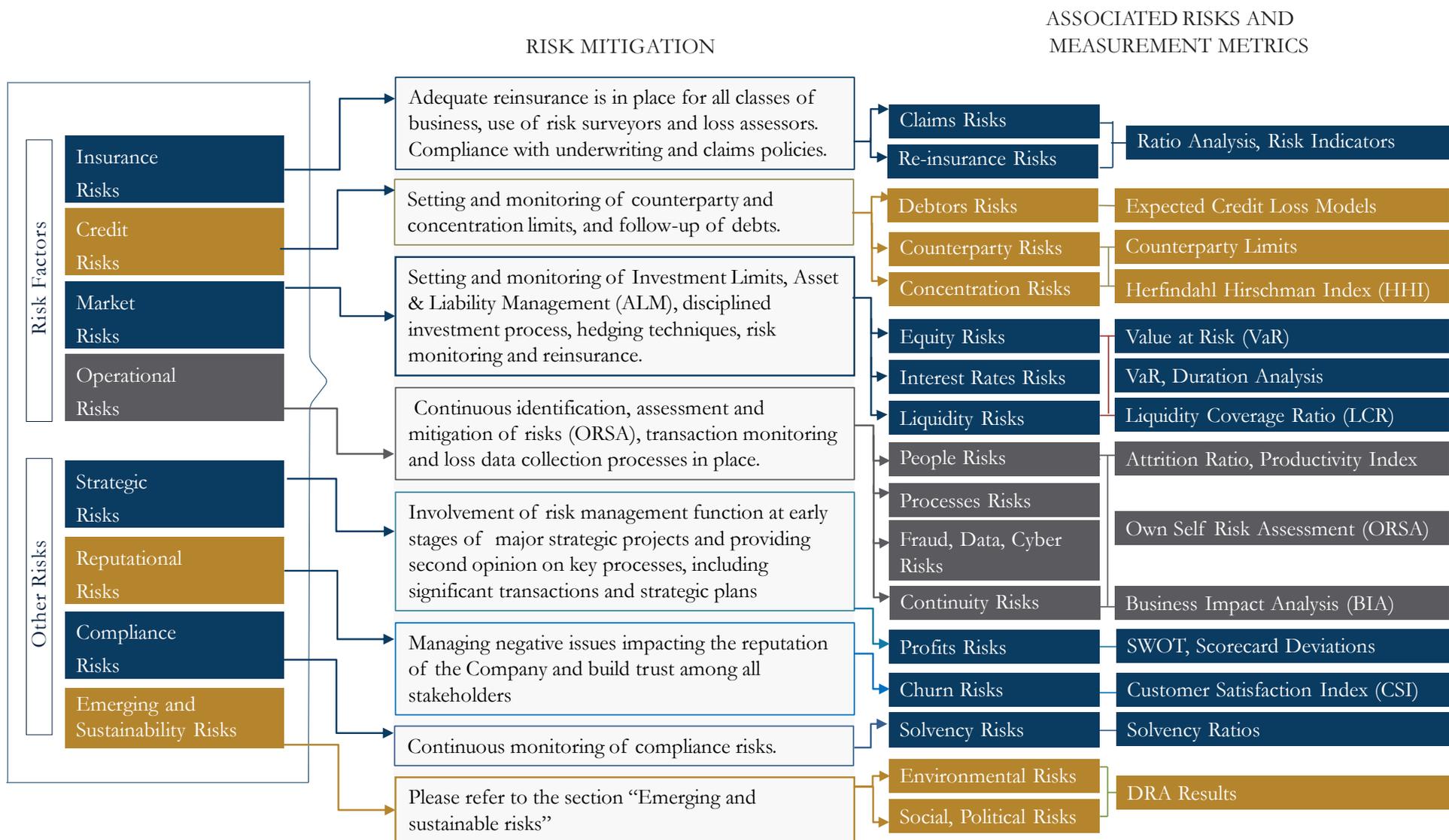
Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. Specific key risks are also measured individually against pre-defined risk tolerance levels. We have implemented well developed and documented internal procedures, clearly defined reporting lines 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.

Integration of risk management has been a journey that has led to continuous improvement, the latest of which is the introduction of the Dynamic Risk Assessment approach.



RISK FACTORS AND MEASUREMENT



RISK FACTORS AND MEASUREMENT



INSURANCE RISKS

The risk that the cost of contractual claims may be higher than that assumed in the premium basis. Adequate reinsurance is in place for all classes of business.

Continuous monitoring of key ratios such as loss ratios, expense ratios and re-insurance ratios. We also have measures to ensure compliance with the underwriting and claims processes and procedures, which includes risk surveyors, use of loss assessors, among others.



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 its 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 investments such as banks, and investment brokers.

There is also continuous engagement with all relevant stakeholders with regards to follow-up of debts.

The Company has a Credit control policy which provides guidance on procedures and processes relating to debtors' management and provides a level of uniformity in the manner in which credit and debt management tasks are executed.

Additionally, the exposure to credit risk is covered by 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 related 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 thorough 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 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 seven risk categories: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; damages to physical assets; business disruption; and 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.

RISK FACTORS AND MEASUREMENT



OPERATIONAL RISKS

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 and 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 transact general 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



Climate Change



Artificial Intelligence and Big Data



Terrorism and Threats To National Security



Social and Demographic Changes



Cyber Risks



Natural Resources and Environmental Management



EMERGING AND SUSTAINABILITY RISKS

The Company has identified 6 key emerging risks that may affect how we do business but at the same time introduce new opportunities to us. These are climate change, artificial intelligence and big data, terrorism and threats to national security, social and demographic changes, cyber risks, and natural resources and environmental management.

1. CLIMATE CHANGE

There are various initiatives at the international 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.

Closer home, 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 2023, it will require banks to incorporate the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in their reporting and disclosures. The Nairobi Stock 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 Retirements Benefits Authority (RBA) on the other hand has joined the Nature Related Financial Disclosures (NRFD) Task Force . The IRA has begun to pay attention to ESG and climate change and will in future require insurers to promote action on sustainability and provide disclosures on ESG. These regulators are currently developing policies and regulators on ESG with the support of development partners. The increased activity generally represent regulatory and policy starting points which point to increased focus and attention within the financial services sector.

As an institution, we have taken a proactive approach and in the year 2021 joined the UN-convened Net Zero Insurance Alliance (NZIA). We have also been members to the TCFD insurer pilot group as well as UNEP FI's Principles of Sustainable Insurance. We have established a clear sustainability process and strategy that guides our approach towards managing ESG risks and exploring opportunities that may arise.

We also birthed the Nairobi Declaration on Sustainable Insurance during the 4th PSI Market event that we hosted in April 2021. This Declaration is a statement of commitment by African insurance industry leaders to support the achievement of the UN Sustainable Development Goals (SDGs). The Declaration currently has 15 signatories since it's launch and we are aiming for 50 signatories by the time COP27 is held in Egypt in 2022. Looking to the future, we intend to commit to the Principles of Responsible Investments (PRI).

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), block chain, 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.

3. TERRORISM AND THREATS TO NATIONAL SECURITY

With the 2022 election drawing near, the country has seen a surge in incidents of political incitement. This, coupled with the country's history of political motivated violence every five-year election cycle poses some level of risk to the stability of the country.

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

The variant mutations of the COVID 19 virus has increasingly resulted in social and demographic changes globally as authorities continue to impose measures that have over the past two years significantly reduced economic activity. These effects will continue to cause serious challenges related to 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. specific needs. 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.

5. CYBER RISKS

According to the World Economic Forum Global Risks Report, cyber-attacks continue to be of high concern to businesses especially in the post-COVID environment. This has further been exacerbated by working from home arrangements which made institutions lower their cyber risk defenses, not necessarily out of carelessness but largely as a result of the shift in focus and attention occasioned by the pandemic. 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. 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.



ICEA LION
GENERAL INSURANCE

**OUR VALUE
CREATION**

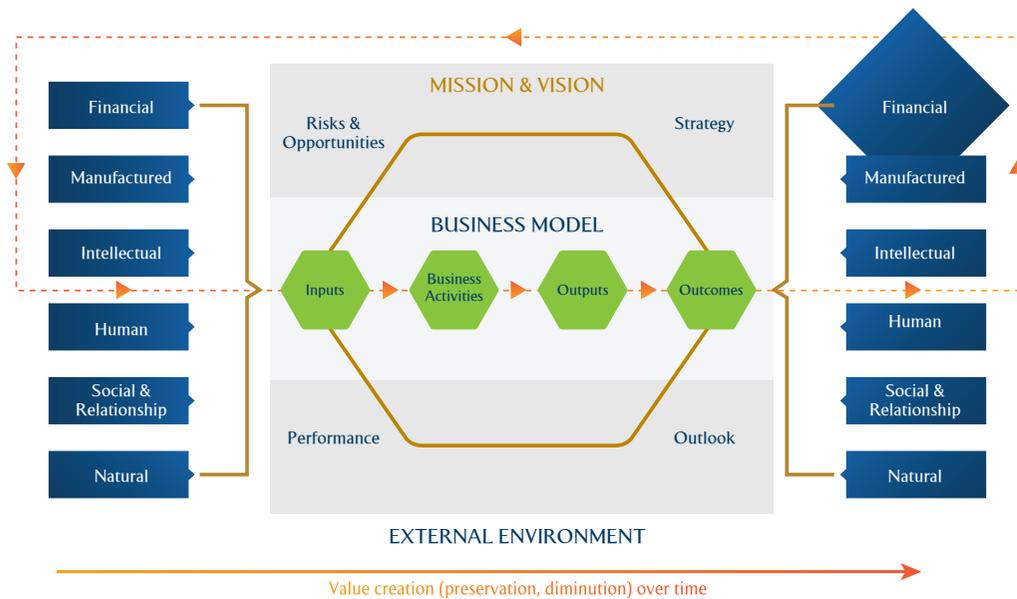
05

OUR APPROACH: THE 6 CAPITALS MODEL

It is our intent to provide insights into how our resources and relationships; collectively referred to as the 6 Capitals; are used by the organisation. We will also share how we interact with our external environment to create value over the short-, medium- and long-term.

MAINTAINING OUR CAPITALS TO CREATE VALUE IN THE FUTURE

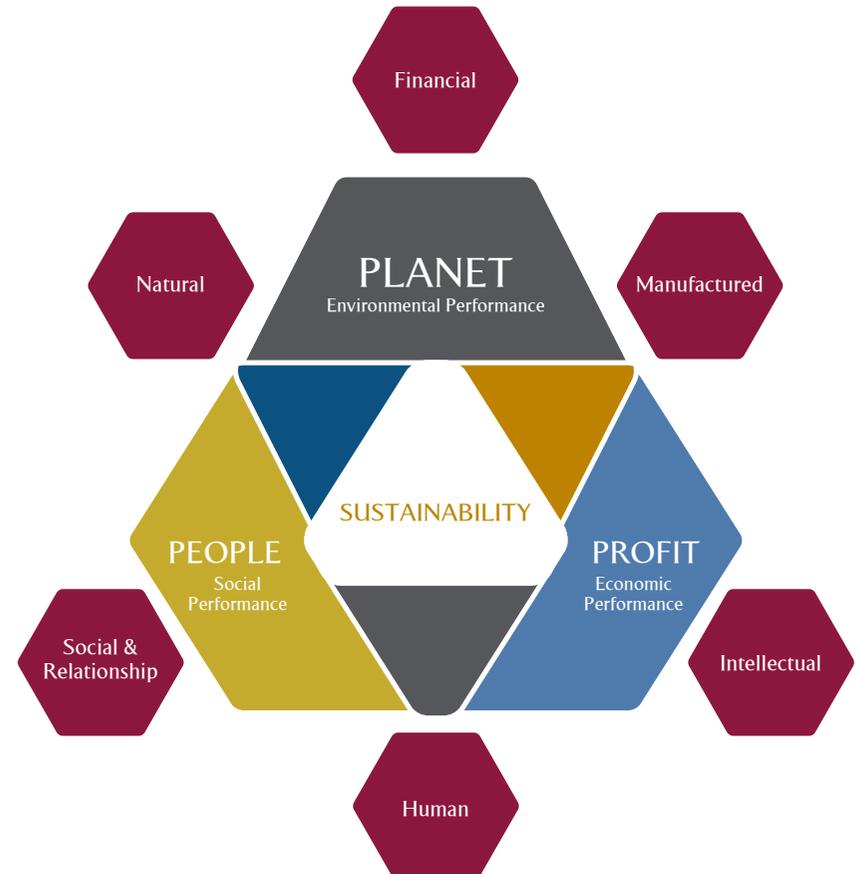
Capitals represent stores of value that can be built up, transformed or run down over time in the production of goods or services. Their availability, quality and affordability can affect the Group's long-term viability. The following capitals are inputs to our business model.



EMBRACING THE SIX CAPITALS MODEL & THE TRIPLE BOTTOM LINE

The Triple Bottom Line has been particularly influential in corporate reporting practices. For a long time, Triple Bottom Line and sustainability have been the preferred terms to refer to the non-financial reporting practices of large organisations.

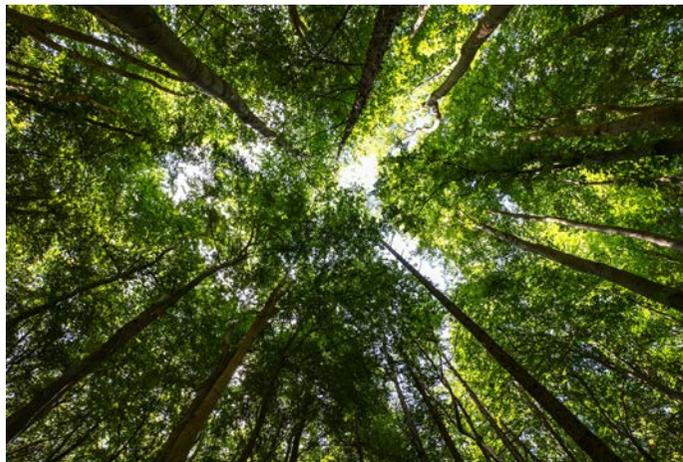
More recently, we have adopted the 6 Capitals Model approach on integrated reporting proposed by the IIRC. The diagram below shows how the 6 Capitals relate to the Triple Bottom Line approach that we have used in the past.



ENSURING OUR SUSTAINABILITY BY EMBRACING THE SHARED VALUE APPROACH

Our commitment to the shared value approach highlights our desire to spearhead and propagate opportunities for future generations. We are committed to embedding the principles of integrated thinking in our business. For us to be accountable to our stakeholders, we have to be understood. In light of this, integrated reporting allows us to communicate our commitment towards this end, our dreams and aspirations in creating a better future, and where we are on this journey.

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.



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 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.



3. Our Social and Relationship Capital

These include our institutions 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 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 organisational 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.



5. 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.



6. Our Manufactured Capital

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

MATERIALITY ASSESSMENT

OUR MATERIAL ISSUES

Material issues are these 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.



Corporate Conduct	Shared Value	Treating Customers Fairly	Profitability	Digital Transformation	Our People	Operational Efficiency	Risk Management	Health & Safety
<ul style="list-style-type: none"> Integrity Ethics Core Values Governance Consistency Trust Compliance Stakeholder engagement Transparency Confidentiality Professionalism Brand Philosophy 	<ul style="list-style-type: none"> Inclusivity Diversity Sustainable Practices Local Procurement Financial inclusion Non-discrimination 	<ul style="list-style-type: none"> Culture Trust Innovation Agility Flexibility Brand Promise Data Protection 	<ul style="list-style-type: none"> Shareholder Value Sustainable Growth 	<ul style="list-style-type: none"> Ease of transacting Engagement & Communication One stop financial services shop 	<ul style="list-style-type: none"> Retention Skills-matching Culture Succession Training Placement- Matching Remuneration Promotion Disability Consideration Employee Engagement Competence, Rewards 	<ul style="list-style-type: none"> Continuity & Availability of Services Accuracy of transactions Turn-around time Reliability Convenience Automation 	<ul style="list-style-type: none"> Resilience Succession Strategy Prudence Compliance Diversification Audit results Credit Rating results Regulator Inspection Results Standard Operating Procedures\Policies Monitoring Due diligence 	<ul style="list-style-type: none"> COVID 19 protection Mental health Fitness& Wellbeing Occupational Health & Safety Compliance

HUMAN CAPITAL

ICEA LION Group prides in its employees who are its most valuable asset. The Group invests in the continuous development of the Human Capital for holistic growth.

The year under review was challenging due to the COVID-19 pandemic, however, our human capital remained resilient, agile and responsive to the needs of our stakeholders. Kudos to our employees for their commitment in providing the best experience to our customers during a tough period.

EMPLOYEES WELLBEING – HEALTH AND SAFETY OF OUR PEOPLE

The Group continued with the onsite and offsite work arrangement to ensure business continuity and to avoid service disruption. Consequently, majority of our employees were enabled through effective remote connectivity while those working from the office were provided with private transport services to ensure their safety.

The Group provided ongoing staff support through provision of relevant seminars related to issues such as mental, emotional and financial well-being. Staff were also provided with counselling services and home based care when necessary. We continued to regularly sensitize our staff on safety protocols and in September 2021 we participated in the Kenya Private Sector Alliance (KEPSA) initiative to vaccinate staff and their dependents. During the year, one of our subsidiary staff members succumbed to COVID-19 related complications.



The Late Grace Mboya
Business Development Manager
ICEA LION General Insurance Tanzania

Recognizing that COVID-19 may be around for a while, the Group developed a hybrid work model focussed on staff safety and well-being while maintaining high levels of productivity.

In light of increasing security risks, we continue to collaborate with security intelligence experts to ensure our premises are secure and that we have access to reliable, real-time information on the security situation across the country.

We have a dedicated Crisis Management Team (CMT) that is responsible for continuously monitoring developments related to the pandemic monitoring, planning appropriate responses and overseeing implementation of required initiatives. The CMT is also accountable for the security management processes and procedures that we have adopted.

IMPROVED STAFF BENEFITS

In line with our values, we have continuously demonstrated that our people are important to us. In this regard, we enhanced limits for the staff medical cover and also provided an extra benefit to enable staff and their dependents to access world class Medical Second Opinions (MSO) for conditions that they have been diagnosed with. The MSO benefit is provided to ensure staff and dependants obtain correct proper diagnosis of their conditions before commencement of treatment. This minimizes risks of misdiagnosis but also ensures effective utilization of their medical cover limits.

EMPLOYEES ENGAGEMENT

The Group has identified various opportunities and channels to connect, listen and speak to employees towards promoting a positive culture, encouraging healthy interpersonal relations and towards the creation of a healthy work environment.

Employees were engaged through regular Town hall sessions, virtual meetings, focus groups and through provision of expert led health care talks. Employees were also engaged through their participation in various projects requiring inter disciplinary teams. In addition to these, two Group wide day long team building sessions were held to promote inter personal bonding and enhancement of the One Team One Group concept we strive for.

The Group entered a team for the OESAI Regional Quiz Competition organized by Ghana Re where we emerged 2nd from an overall field of 114 teams.

In our ongoing effort to promote a culture of excellence in behaviour and performance, we continued to implement reward and recognition programs. The flag ship program is the annual **Simba Excellence Awards** where staff that excelled in various award categories were awarded their prizes during the annual Christmas end of year event.

STAFF CAPACITY BUILDING

We continue to empower our employees. Through the eLearning platform and in line with our strategic focus, the Group identified and implemented Agility, Customer Centricity, Personal Effectiveness and Anti-Money Laundering and Counter Terrorism Financing as priority courses for all staff during the year.

Apart from initiatives targeted at all staff, we also had initiatives targeted at specific categories of staff such as leaders and millennials in the workplace.

A series of seminars referred to as The Simba Leadership Development program designed and targeted at staff with leadership roles. The main focus of this program was to raise the awareness of our leaders so that they could effectively promote the desired trust and transparency required for effective staff engagement.

Recognizing the unique characteristics of millennials in the work place, we organized specific engagement sessions for this category of staff to promote their decisions making and leadership capabilities.

In addition to these, we also focussed on enhancing the capacity of our staff to engage with and utilize data for effective decision making. In house classes on Data Analytics were conducted for various staff members.

One of our staff qualified for the prestigious Fellow of the Institute of Actuaries- UK during the year while several staff progressed in their pursuit of various professional qualifications.

We also purposefully continued to develop our staff who were approaching retirement age as we develop others to take over in line with our succession plans.

AFRICA LEARNING HEALTH INDEX

ICEA LION participated in the Africa Learning Health Index Survey to assess how our learning and development practice compares to the rest of the industry in Africa. The Learning Health index has eight distinct dimensions of learning key to a healthy learning organization. The survey provided a baseline on the index that will help the business improve and progress learning practices going forward.

STAFF COACHING PROGRAM

The second cohort of the Certified Engagement and Productivity Coaches (CEPC) graduated on 21st May 2021 with the Global Coaching Diploma. The coaches conducted a coaching marathon and staff sensitization session in May 2021 to celebrate their achievement.

In total 75 employees have benefited from the coaching program and some of them have shared their transformation testimonials which have demonstrated the success of coaching as an effective tool for personal transformation.

PERFORMANCE MANAGEMENT

During the year, the Group reviewed the performance management system and designed improvements to promote a focus on outcomes as opposed to a focus on activities. The review and improvements was aimed at promoting the development of a high performance culture in the Group.

REORGANIZATION OF THE SHARED SERVICE AND ESTABLISHMENT OF THE GROUP STRUCTURE

Based on the need to facilitate attainment of Group objectives through clear accountabilities and proper coordination of all activities, a new Group structure was designed and implemented. The structure created the Group Coordination and Support function working closely with the Group CEO and it includes functions such as Data Analytics, Research and Partnerships and the Contact Centre.

Group Technology and Transformation was formed to house four critical functions; Digital, Business applications, Group infrastructure, Projects and Digital Customer Experience.

Other functions in the structure include: Group Audit, Finance, Risk and Compliance, People and Culture and Marketing and Communications. The new structure was designed to ensure effective support to operating business, effective strategy implementation and to unlock group synergies through effective coordination and support.

OUR CERTIFIED
ICEA LION
GROUP
COACHES



GEORGE
NYAKUNDI



PETER
WACHIRA



NKATHA
GITONGA



ANDREW
MUTURI



EVELYNE
MUSUNZAR



RADCLIFFE
NYAMAI



ELIZABETH
IRUNGU



KEVIN
NYAKERI



ZIPPORAH
CHEGE



CAROL
MAINA



MARYLEEN
THOME



DAVID
TOO



EINSTEIN
KIHANDA



DOROTHY
MASEKE



ENID
OTIENO



LYDIA
MWIRIGI



ANNE
NJUGI
(UGANDA)



PATIENCE
ARINAITWE
(UGANDA)



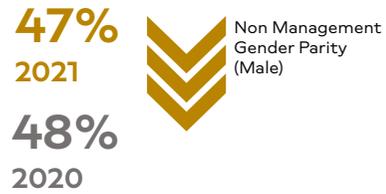
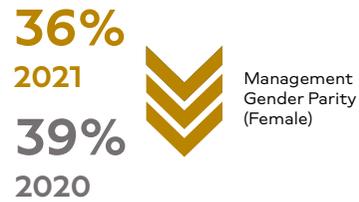
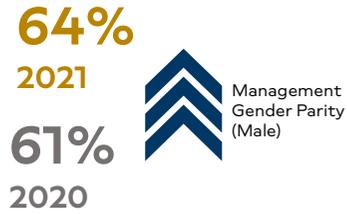
PATRICIA
KIHARA



BARACK
OBATSA

HUMAN RESOURCE DATA

Gender Distribution



New Hires



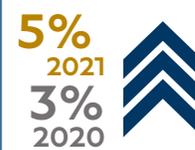
New Hires by Age



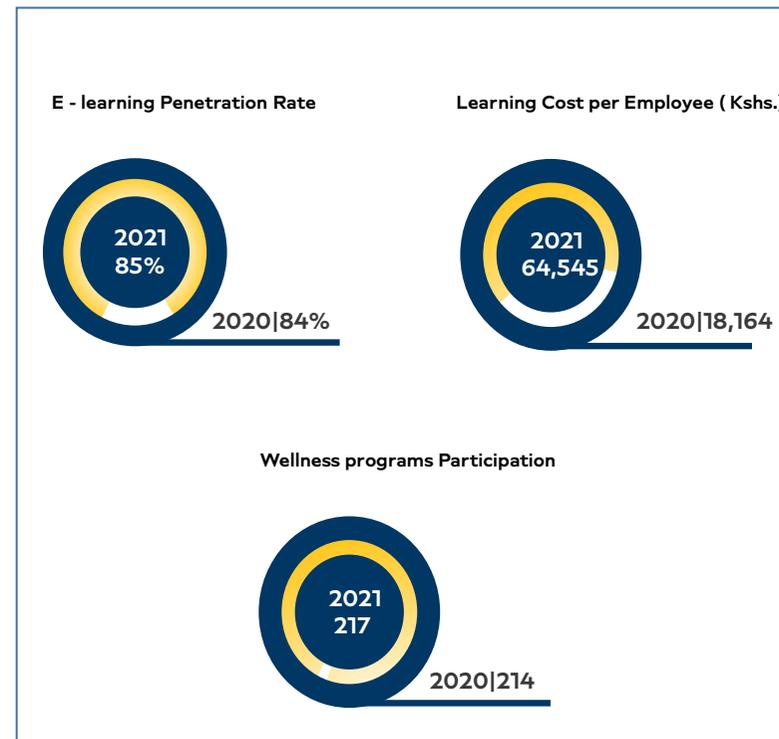
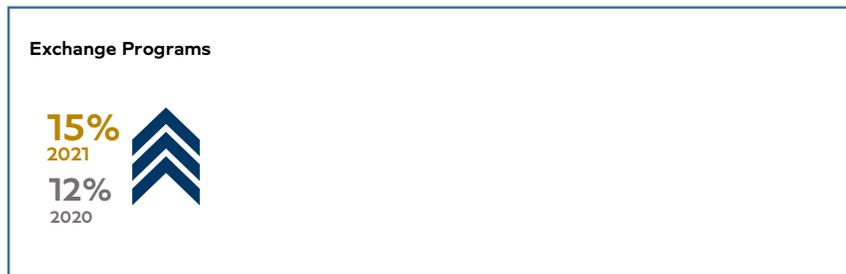
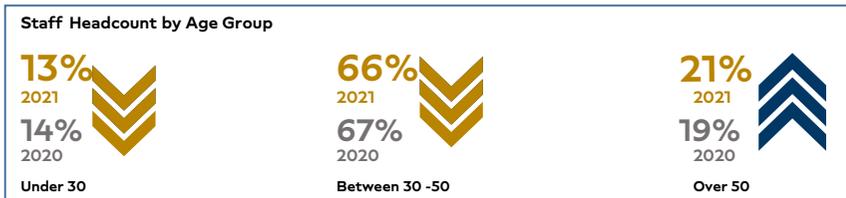
Staff Separation



Staff Attrition Rate



HUMAN RESOURCE DATA



INTELLECTUAL CAPITAL

MEDICAL SECOND OPINION (MSO)

OUR NEWEST PRODUCT SUPPORTS THE PRINCIPLES OF SUSTAINABLE INSURANCE

MSO is a first in market in East Africa and brings the world of medical experts to the average citizen of East Africa at an extremely affordable price. This product is available as a rider on many insurance products offered by the ICEA LION Group Companies (including life and health).

Once a client has been diagnosed with one of the major diseases, the product allows them to seek a second medical opinion from a panel of experts from World Leading Medical Centres (WLMC) who specialize in the diagnosed condition. It allows them to obtain clarity on the right diagnosis and treatment options available for the diagnosis. Should there be tests without a diagnosis, this product would help them narrow down the diagnosis and treatment options.

Our product is available at an affordable rate (from a low as \$7 to \$23 or Kshs 823 to Kshs 2,543 annually as a rider within our products) and covers the member, spouse(s), children, member parents and spouse(s) parents. It enables world-class diagnosis for all, including clients wherever they are located.

We developed this product as a direct need to address the following sustainability challenges:

- Increasing rate of chronic conditions in developing countries as highlighted by the WHO
- High cost of medical care in treating these conditions especially chronic conditions and long term illnesses
- Demand for greater transparency on costs and medical care options that are available for those in need
- Greater demand by regulators and policy makers to ensure that customers are treated fairly
- The risk of unscrupulous medical providers who may over diagnose or attempt to over-treat diseases in a bid to increase their revenues

The opportunities in place include the availability of telemedicine as well as increased collaboration and co-working among medical specialists from different parts of the world. This means that while patients have the ability to access top-of-the range specialists from different parts of the world, the costs involved are too high prohibiting many from seeking this support.

Our product resolves these challenges by enabling our clients to access specialist diagnosis and second opinions at the touch of a button and at an extremely affordable rate.

MSO LINKAGE TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The MSO supports the following Sustainable Development Goals:

GOAL 3: Good Health and Well-being

The MSO strengthens the capacity of East African countries in the management and mitigation of national health risks in light of the rising cases of chronic diseases among developing countries.

GOAL 10: Reduced Inequality

The MSO enables equal opportunity and reduces inequalities of outcome by making access to world-class medical opinions available to all. It achieves the following sustainability targets of affordability, access and distribution.

ICEA LION's MSO product is an equaliser – world-class medical diagnosis and treatment options for all.

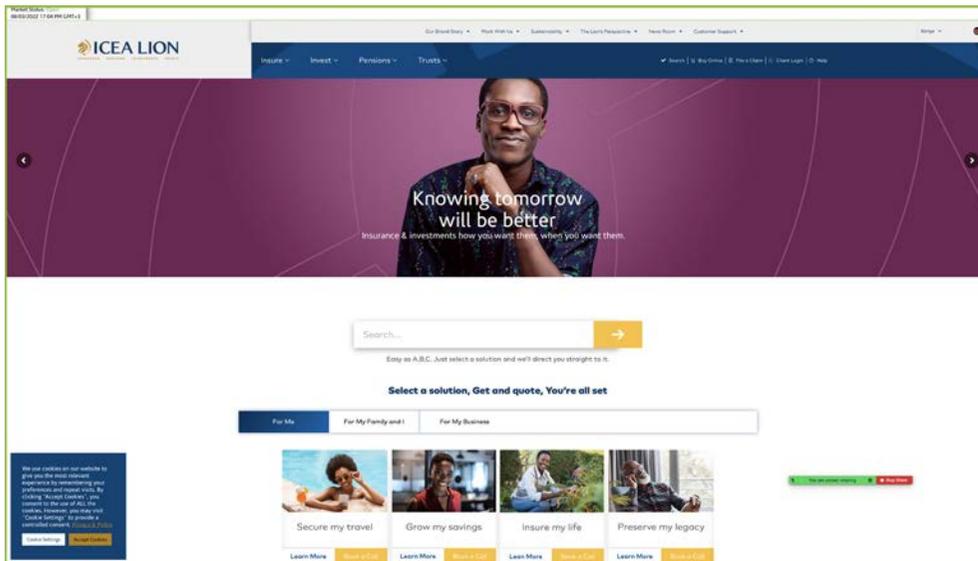
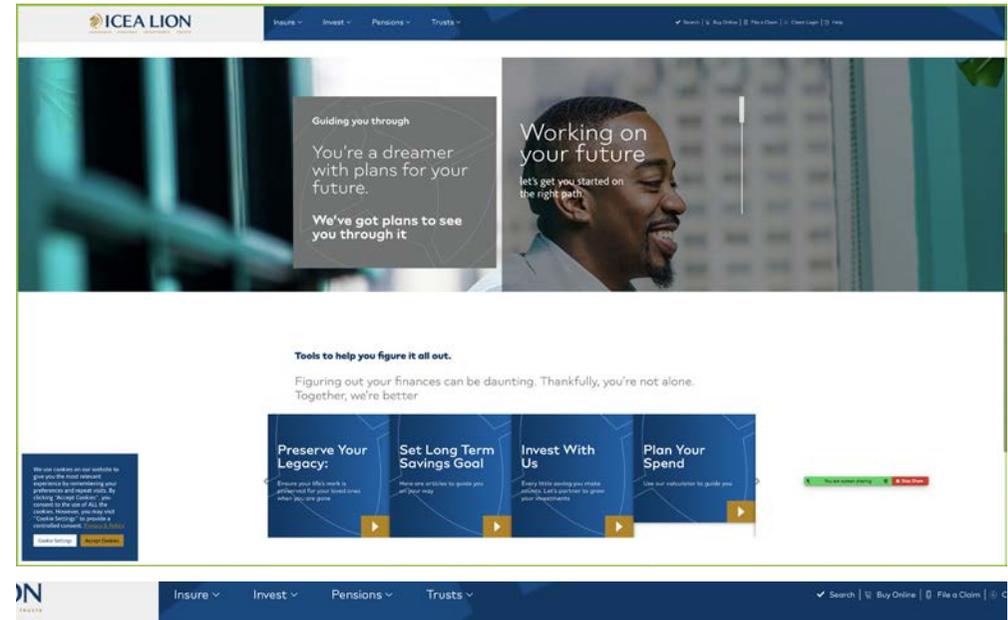


For more information, please visit <https://mediguide.com/ke/icealion/>

SNAPSHOTS OF OUR NEWLY REVAMPED E-COMMERCE ENABLED WEBSITE

We launched our revamped website in March 2021. The new site is e-commerce enabled and is premised on providing palatable content to our potential and existing clients who seek information about insurance, pensions, investments and trusts. The website also showcased the brand's revamped look and feel with vibrant and expanded brand colours that had been tested against internal and external audiences across East Africa to gauge its appeal. The website was also rolled out to our subsidiaries in Uganda and Tanzania in the course of the year.

Below are illustrations of the same.



What Are The Benefits of ICEA LION's Travel Insurance?

Emergency Return Home Following Death of a Close Family Member

In the event that you are hospitalized due to sudden illness or because of an accident for more than ten days or in the event of your unfortunate demise, ICEA LION will meet the cost in respect of one immediate family member accompanying you at the moment of the event and who resides in Kenya with you provided that this family member is unable to travel by his or her own means of transport used for the initial trip.

Travel of One Immediate Family Member

If you, during your insured journey, suffer illness or injury, ICEA LION will pay the reasonable extra travel and accommodation expenses, for one person to travel to, remain with, or accompany you back to Kenya. This is subject to the medical advice provided by the medical team and ICEA LION's written agreement.

Follow-up Treatment in Kenya

ICEA LION pays for expenses incurred up to the maximum stated amount outlined in the Schedule of Benefits in your policy document. These include follow-up treatment for injury or illness as well as optical or dental conditions arising from an injury which was first treated outside Kenya, during your insured journey. This treatment must be undertaken within 30 days of return to Kenya.

Repatriation of Mortal Remains / Burial Expenses

In the unfortunate event of your demise, ICEA LION will pay the reasonable costs of returning your mortal remains to Kenya, or the reasonable funeral-related costs if your body is buried or cremated at the place where you passed on.

Medical Evacuation in case of illness or Accident

In the event you suffer an illness or injury that is covered under the medical expenses and that requires you to be transported to another location or to return you to Kenya via emergency air, land or water transportation to obtain medical treatment, then ICEA LION will pay for the cost of the necessary services including the necessary accompanying medical staff.

Personal Accident Cover

In the unfortunate event of your disability or demise as a result of injury suffered whilst on your journey, ICEA LION will pay out your insurance benefit subject to the limit provided the Schedule of Benefits indicated in your policy document.

SOCIAL & RELATIONSHIP CAPITAL

COLLABORATION ON 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. We have rallied our peers within the insurance industry in Africa and currently have 15 signatories to this Declaration. We have mobilized support and resources since the Declaration was launched and FSD Africa is now supporting it with an aim of getting at least 50 signatories by the time COP 27 is held in Egypt in November 2022.



www.sustainableinsurancedeclaration.org

THE SPIRIT BEHIND THE DECLARATION

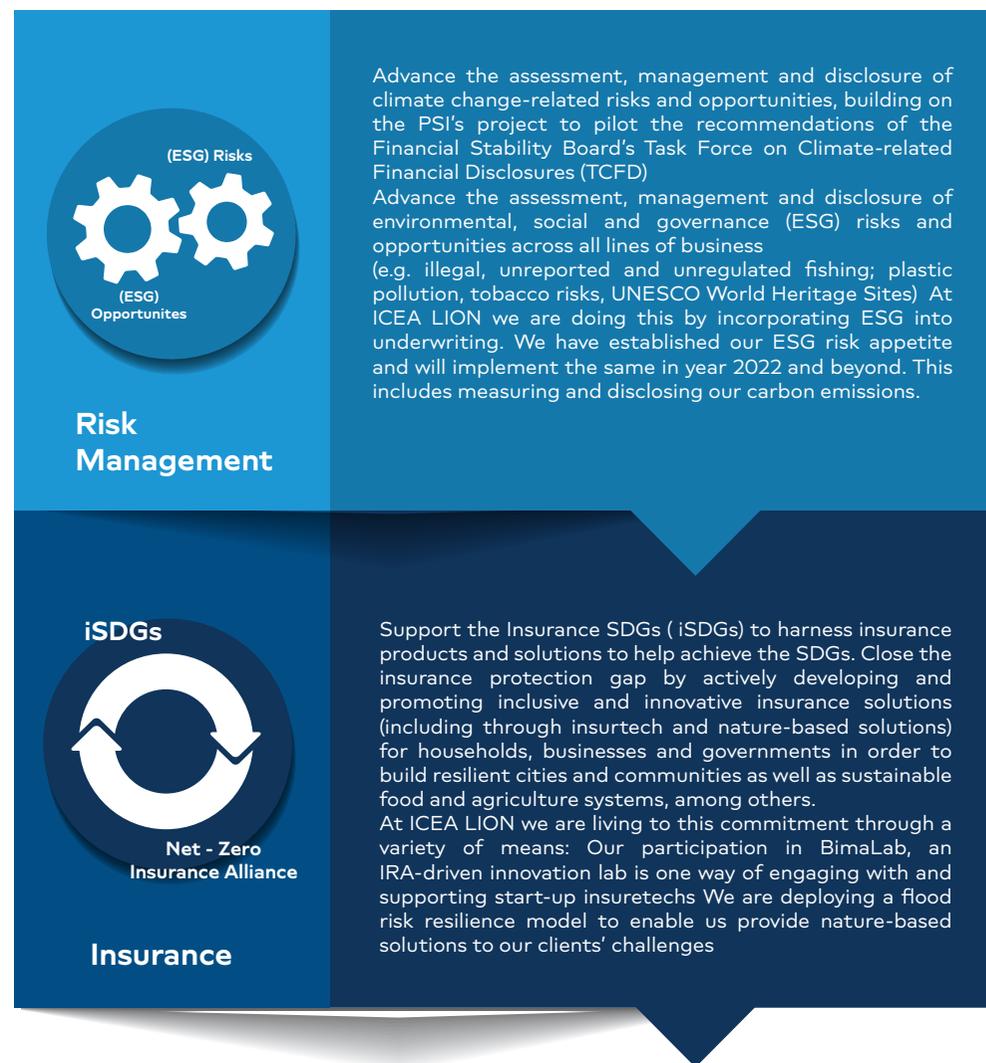
As risk managers, insurers and investors, we recognize that the African insurance industry has a key role to play in promoting economic, social and environmental sustainability—in other words, sustainable development—including ensuring a sustainable recovery from the COVID-19 pandemic.

We further recognize that while progress is being made in many places, most of the progress is done in a disjointed manner and therefore the action to meet the SDGs is not advancing at the speed or scale required. There is therefore a need to accelerate solutions as we embark on the UN’s Decade of Action to deliver the SDGs by 2030.

This Declaration addresses the challenge in Africa and aims to:

- Create an increased awareness of the sustainability challenge
- Encourage and challenge ourselves as insurers to put words into real action by developing products and solutions to address the sustainability challenge
- Collectively push our regulators and policy makers to enact policies that will not only provide an even playing field but also incentivize the insurance industry in pursuing responsible business

Signatories to the Declaration make the following 5 commitments:





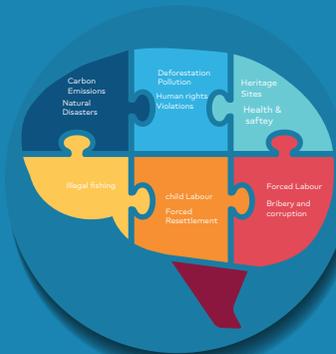
Investments

Support the transition to a resilient, net-zero emissions economy, building on the work of the UN-convened Net-Zero Asset Owner Alliance. We have invested in Kenya's first green bond and continue to explore innovative financial instruments that support a carbon resilient economy.



Policy, regulatory & industry engagement

Engage with policymakers, regulators and industry associations on key sustainability issues for the African insurance industry. We are living to this commitment by having co-developed the Nairobi declaration. We continue to be active members of the UNEP PSI and the Net Zero Insurance Alliance. We also participated as the only Africa member to the Task Force on Climate Related Financial Disclosures (TCFD). We are supporting The Actuarial Society of Kenya (TASK) members in understanding ESG and are regular trainers in their events on this subject. We are closely collaborating with industry bodies such as the Association of Kenya Insurers, the Organization for East and Southern African Insurers (OESA) among others on ESG and climate change.



Sustainable Insurance thinking and practices

Promote the adoption and implementation of the four Principles for Sustainable Insurance across African insurance markets. Enhance the knowledge and capacity of the African insurance industry on sustainable insurance. Shape the sustainable insurance agenda in Africa and strengthen the global effort of insuring for sustainable development. Our internal and external engagements speak to these. We have various thought leadership roles including representation in the UNEP PSI Global Board and as well as the Leadership Council. We have participated in a number of events including: Hosting the 4th Africa PSI market event. We were represented at COP 26 and at the AFSIC Invest in Africa Conference in London.

HOSTED 4TH PSI MARKET EVENT

On 22nd of April 2021, we hosted delegates from Africa and the rest of the world in the first ever PSI market event in East and Central Africa.

The event themed **“Harnessing African insurance markets to achieve the UN Sustainable Development Goals”** was patronized by over 900 guests and high level speakers. The sessions covered key sustainability challenges and opportunities for African insurers’ risk management, insurance and investment activities – including closing the insurance protection gap – and building resilient cities as well as sustainable food and agriculture systems. Speakers also discussed the impact of COVID-19 on the insurance industry and how African insurers are responding to the pandemic.

The Nairobi Declaration on Sustainable Insurance highlighted above was also launched at this event.

TREATING CUSTOMERS FAIRLY

We have put our customers at the core of our business and operations. Our customer satisfaction indexes and net promoter scores (NPS) have improved over the years as we move to a customer obsessed approach.

The table below shows our CSI scores over the past 4 years:

2018	2019	2020	2021
64.5%	70.9%	72.3%	76.3%

The table below shows our net promoter scores over the past 3 years. Positive NPS scores are considered good and are an indicator that a client is most likely able to recommend our services.

2019	2020	2021
25.6	34.5	38.5

Registration is still open!
 Visit <https://www.unepfi.org/psi/africa-market-event-2021/> to reserve your slot.
 Once you register, you will have a chance to network with other attendees through the virtual networking platform that we have activated.

SEE YOU THERE!

Event Moderator: Reuben Wambui, Africa Regional Coordinator, UNEP Finance Initiative (UNEP FI)

Welcome Remarks: Butch Bacani, Programme Leader, UNEP's Principles for Sustainable Insurance (PSI)

Keynote Speakers: Dr. Caesar Mwangi, CEO, ICEA LION Insurance Holdings; Mark Napier, CEO, FSD Africa; Sandra Ojiambo, CEO and Executive Director of UN Global Compact

CEO Panel 1 (10:50-11:50 hrs (EAT)): COVID-19 & its impact on the African insurance industry & its sustainability priorities. Speakers: Tom Gichuhi, Executive Director, Association of Kenya Insurers (AKI); Godfrey Kiptum, CEO & Commissioner of Insurance, Insurance Regulatory Authority of Kenya (IRA); Hope Murera, CEO, Zap Re; Thomas Sunday, CEO & Commissioner of Insurance, National Insurance Commission, Nigeria (NAICOM)

CEO Panel 2 (12:00-1:30 hrs (EAT)): Translating SDGs in the context of African Insurance Markets. Speakers: Beat Strehel, CEO, Swiss Re Africa; Dr. Caesar Mwangi, CEO, ICEA LION Insurance Holdings; Lesley Ndlovu, CEO, African Risk Capacity (ARC) Ltd; Parry Karualhe-Marrin, CEO, NamBo & Chair, Organisation of Eastern & Southern African Insurers (OESA); Connor Donaldson, Head of Implementation, International Association of Insurance Supervisors (IAIS)

Platinum Sponsor: fidsafrica (UK) Ltd

African Risk Capacity Gold Sponsor

Afternoon Thematic Roundtables: hosted by senior industry experts from across Africa. These will run between 1400 and 1630 hrs (EAT).

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 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 organizations 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

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, a copy of which is 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.

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 legal provisions 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.

OUR PASSION FOR LION CONSERVATION

The partnership between KWS, Lion Conservationists and ICEA LION that began in 2016 received a boost as we handed over equipment worth Kes 1.7 Million towards continual monitoring of lions in the designated conservation areas across Kenya. This donation provides a sustainable way for KWS and its conservation partners to continually monitor our lion population even after the nationwide animal census.

The set of equipment comprised, among others, digital SLR cameras, data collection smart phones, satellite texters and trackers, binoculars, fuel drums, call back equipment and laptops. The population of lions in the wild has been noted to have decreased significantly throughout Africa and is currently at 20,000 with an estimated 2,489 being from Kenya. The lions' official conservation status is 'threatened and vulnerable'. Africa is synonymous with lions and people all over the world travel to Kenya to witness and experience our spectacular natural and wildlife wealth.



Prior to this, ICEA LION funded the KWS and Conservation Partners Methodologies and Standardisation Workshop to the tune of Kes. 0.46 Million. The workshop was conceptualised to ensure that the census project team was effective in terms of time and investment. This was to be realized by optimizing the efforts of conservation partners as well as by standardizing the census methodology. A key outcome from the standardisation workshop was that the originally planned eight census areas were reduced to five. Thereafter, ICEA LION funded the pilot census undertaken at Lake Nakuru National Park with Kes. 0.82 Million. The exercise further realised skills transfer and creation of job opportunities over and above testing and refining the efficacy of the aforementioned standardized census methodologies.

A key impact of our financial and operational support is the formulation and release of the National Recovery and Action Plan for Lion and Spotted Hyena in Kenya (2020-2030) which has updated the number of lions from approximately 2000 in 2014 to 2489 in 2021. Considering this was a key mission for ICEA LION under the MoU, to determine the real number of Lions in Kenya, the release of this Plan and indeed the report means that we have positively impacted the preservation of our natural wealth and that we have lived up to our Corporate Mission, "To Protect & Create Wealth!"

NATURAL CAPITAL

In a sustainable economy, an existing generation recognises that its choices may affect the ability of future generations to meet their own needs. This means that it considers how the environment can be protected to avoid climate change, soil degradation, water scarcity and polluted air, and how communities can be stable and resilient.

As a Group, we recognise that we have a significant responsibility towards environmental sustainability as a means of protecting natural capital. We are committed to minimize our impact on the environment through deliberate management of environmental risks and prevention of pollution.

Due to this commitment, in 2021 we became signatories to the Net Zero Insurance Alliance. This in essence sets our ESG risk appetite as we continue being the industry north-star in spearheading and driving the ESG agenda in this region. We also continue to be active members of the UNEP Finance Initiative's Principles of Sustainable Insurance (PSI) which places emphasis on management of environmental issues.

COLLABORATION ON 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. We have rallied our peers within the insurance industry in Africa and currently have 15 signatories to this Declaration. We have mobilised support and resources since the Declaration was launched and FSD Africa is now supporting it with an aim of getting at least 50 signatories by the time COP 27 is held in Egypt in November 2022.



THE NAIROBI DECLARATION ON
SUSTAINABLE INSURANCE



CEOs breakfast meeting on the Nairobi Declaration on Sustainable Insurance

OUR FOCUS ON ENVIRONMENTAL SUSTAINABILITY

We have an Environmental Policy which highlights our commitment towards environmental sustainability as follows:

- 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 minimize, 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 promote raw materials use minimization through the use of reduce, reuse, recycle and dispose methodology

- 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 adequacy, 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. There was a slight increase in electricity costs during the year due to the slightly higher cost per kw as compared to the previous year.

The usage of paper continues to reduce over time. There was no overseas business travel carried out in 2021 due to COVID 19 restrictions.

Cost Line (Kes"000"	2021	2020	2019	2018
Electricity	6,739	5,622	6,131	5,044
Paper Cost	322	701	1,162	1,022

OUR PASSION FOR LION CONSERVATION

Please see page 90 for more information on our Passion for Lion Conservation.



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

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.

Our manufactured capital includes ICEA LION's geographical footprint covering the head office, subsidiaries and branches as shown on page 11 of this report. Our branch network also acts as a distribution network reaching devolved units within the counties. For all our properties, we have employed best practice processes in terms of health, safety and environmental management.

The following is a listing of the prime properties we own:

- Arboretum View located on Riverside Drive.
- Lion Place located on Waiyaki Way.
- Williamson House located on 4th Ngong Avenue. We have leased 13 other properties that host each of our branches.



Lion Place



Williamson House



Our properties occupancy levels are as described on page 56 of this report.

OUR DIGITAL PLATFORMS AND OPERATING PHILOSOPHY

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 organisation –

external suppliers and distribution channels. Special focus has been given to our digital channels such as mobile apps and portals including the partners and administrator's portal that were launched during the year.

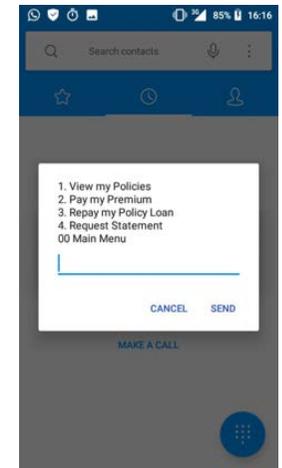
MAKING WORK FROM HOME WORK

Making work from home a possibility in today's world is no longer a luxury but a necessity to any company's survival. With the advent of mandatory work from home cultures, we have focused greatly in building the necessary infrastructure to seamlessly support this. Apart from providing infrastructure, software protection through cyber security resilience programs are incredibly important. Having centred on digital transformation project in the previous year, the focus in 2021 was utilisation and optimisation of the Group's systems in a bid to delve deeper into the customer journey thus enhancing their experience whilst growing our bottom line and digital market share.

These included:

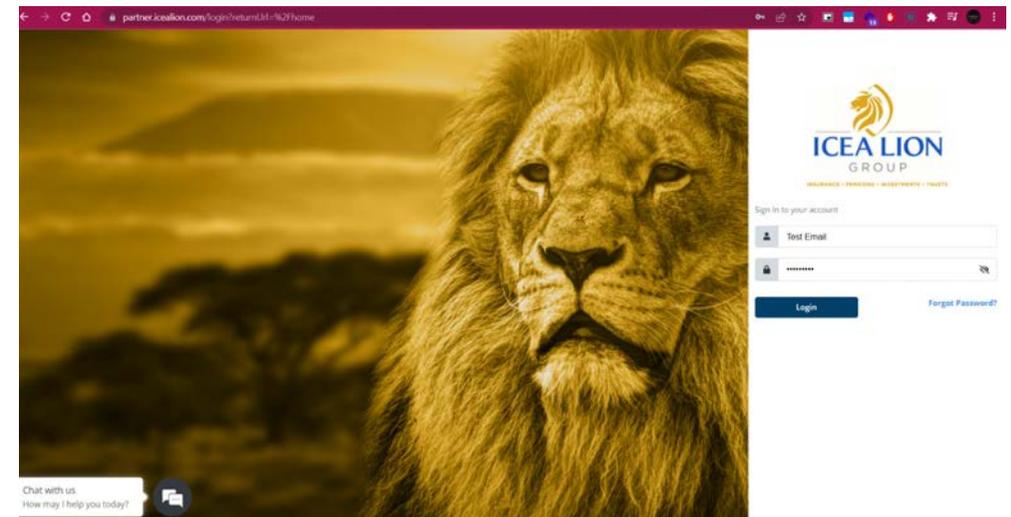
- 01 DEVELOPMENT OF OUR CORE INSURANCE SYSTEM
- 02 IMPLEMENTATION OF THE MOTOR GARAGE AND ASSESSMENT MANAGEMENT SYSTEM
- 03 REALIZATION OF VALUE ON THE MOBILE APPLICATION THROUGH INCREASED USE BY OUR AGENTS
- 04 ROLL OUT OF A USSD CHANNEL FOR CUSTOMER CONNECTIVITY
- 05 TRAINING AND ROLL OUT OF THE AGILE METHODOLOGY IN TRANSFORMING OUR VALUE DELIVERY CULTURE
- 06 EMBEDDING DATA ANALYTICS IN PRODUCT IMPROVEMENT AND DEVELOPMENT THROUGH MACHINE LEARNING AND PREDICTIVE ALGORITHMS
- 07 REALIGNMENT OF OUR PROCESSES TO COMPLY WITH THE NEW DATA PROTECTION ACT 2019

The table below highlights some of our key ICT infrastructure.



USSD CHANNEL

PARTNERS' PORTAL



FINANCIAL CAPITAL

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.

OUR KEY PERFORMANCE NUMBERS

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

PARAMETER	GROUP KSHS'000	COMPANY KSHS'000
GROSS WRITTEN PREMIUM	7,148,276	6,331,150
SHAREHOLDERS FUNDS	6,365,384	6,145,023
INVESTMENT ASSETS	11,064,512	10,484,026
PROFIT BEFORE TAX	1,290,711	1,269,134
TOTAL ASSETS	15,270,929	14,050,817
DISTRIBUTED VALUE	4,696,000	4,303,000

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. From a cashflows perspective, the opening cashflows for the year were Kshs 599million and Kshs 684 million at the Company and Group level respectively. The business has generated cashflows from operating activities amounting to Kshs 260 million and Kshs 380 million from the Company and the Group.

In addition the cashflows from investing activities amounted to Kshs 105 million and Kshs 27 million for the Company and the Group respectively, whereas the cashflows used in financing activities were Kshs 232 million and Kshs 242 million at the Company and at the Group respectively.

The Group and the Company reported the highest profit ever despite the effects of the economy downturn on account of COVID-19 Pandemic.

KEY INPUTS

PARAMETER	QUANTUM
SHAREHOLDERS FUNDS	Kshs 6.3 BILLION
MARKET SHARE	KENYA 4.11% TANZANIA 2.24%
FREE CASHFLOW	Kshs 854.5 MILLION

OUTCOMES

Metric	Group 2021 Kshs	Group 2020 Kshs
Gross Written Premium	7.148 billion	6.677 billion
Dividends	250 million	200 million
Capacity to the Market	2.9 trillion	3 trillion



CAPACITY GIVEN TO THE MARKET

Capacity given to the market in Kenya and Tanzania to allow our insured continue doing business without fear of losses amounts to Kshs 2.9 Trillion (2020-Kshs 3 Trillion). Please refer to pages 126 to 129 of this integrated report for the sum-insured statistics.

TAXES PAID TO THE GOVERNMENT

Our Group contribution to economic sustainability in terms of payments of taxes paid to the Government in form of taxes over the past 7 years is as summarised below

Year	Group Taxes paid Kshs million
2015	440
2016	651
2017	421
2018	766
2019	627
2020	694
2021	767

SUPPORTING LOCAL SUPPLIERS

Our expenditure is heavily biased towards supporting local suppliers with the ratio of local to international suppliers being 98%:2% for the last 4 years.

VALUE ADD STATEMENT

GROUP					
	2021	2020	2019	2018	2017
	Ksh Millions	Ksh Millions	Kshs Millions	Kshs Millions	Kshs Millions
Wealth Sources	8,858	7,960	7,517	7,201	8,327
Less; insurance ceded & costs of other services	4,162	3,919	3,607	3,455	3,510
Wealth created:	4,696	4,061	3,910	3,745	4,817
DISTRIBUTION:					
Policyholders	1,710	1,559	1,286	1,707	2,246
Employees - salaries, wages & other benefits	831	756	783	732	673
Benefits to sales agents	776	690	637	652	812
Taxes paid to government	345	290	218	178	242
Dividends to shareholders	250	200	200	200	200
Total Distribution	3,912	3,495	3,110	3,469	4,173
RETENTION TO SUPPORT FUTURE BUSINESS GROWTH:					
Depreciation & amortization	88	87	102	69	47
Retained earnings	696	478	684	208	597
Total Retention	784	565	786	277	644
Total Distribution and Retention:	4,696	4,061	3,910	3,745	4,817

COMPANY					
	2021	2020	2019	2018	2017
	Ksh Millions	Ksh Millions	Kshs Millions	Kshs Millions	Kshs Millions
Wealth Sources	7,901	7,303	7,055	6,783	7,781
Less; insurance ceded & costs of other services	3,598	3,525	3,314	3,184	3,156
Wealth created:	4,303	3,778	3,741	3,599	4,625
DISTRIBUTION:					
Policyholders	1,567	1,480	1,255	1,642	2,201
Employees - salaries, wages & other benefits	734	673	710	657	588
Benefits to sales agents	659	601	564	603	749
Taxes paid to government	331	258	220	190	242
Dividends to shareholders	250	200	200	200	200
Total Distribution	3,541	3,230	2,949	3,292	3,980
RETENTION TO SUPPORT FUTURE BUSINESS GROWTH:					
Depreciation & amortization	74	74	97	65	43
Retained earnings	688	473	695	242	602
Total Retention	762	547	792	307	645
Total Distribution and Retention:	4,303	3,778	3,741	3,599	4,625

REPORT OF DIRECTORS

Directors submit their report together with the audited financial statements for the year ended 31 December 2021 which disclose the state of affairs of ICEA LION General Insurance Limited (the “Company” and its subsidiary, together (“the Group”).

BUSINESS REVIEW

The principal activity of the company and its subsidiary, ICEA LION General Insurance Company Limited (Tanzania), is the transaction of general insurance business.

The group reported a profit before tax of Kshs 1,290,711,000 (2020: Kshs 972,312,000) whereas the company reported a profit before tax of Kshs 1,269,134,000 (2020: Kshs 948,603,000). The improved performance was largely attributed to an increase in investment income owing to higher stock prices at the Nairobi Securities Exchange and higher reported interest income. The Group and Company’s 5 years financial highlights including ratios are summarised on pages 25 to 30.

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 124 to 144 and on pages 65 to 75.

GROUP 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

	2021 Shs' 000	2020 Shs' 000
Profit before income tax	1,290,711	972,312
Income tax expense	(344,818)	(289,791)
Profit for the year	945,893	682,521
Attributable to owners of the parent	940,802	677,994
Attributable to non-controlling interest	5,091	4,527
Profit attributable to equity holders of the parent company transferred to retained earnings	945,893	682,521

RESULTS AND DIVIDEND

Profit for the year of Ksh 940,802,000 (2020: Ksh 677,994,000) has been added to retained earnings. During the year, an interim dividend of Ksh 50,000,000 (2020: 50,000,000) was paid. The directors recommend the approval of a final dividend of Ksh 200,000,000 (2020: Ksh 150,000,000).

DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 16.

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 2021 was 216 (2020: 214). 2021 managerial staff averaged at 30 (2020: 33) while non-managerial staff averaged at 186 (2020: 181). 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 80 to 84 on more details with respect to our Human Capital.

AUDITOR

KPMG Kenya have been appointed as the Group statutory auditors effective 2021 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 current 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 717 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 18 March 2022.

By Order of the Board



SECRETARY

18 March 2022
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 106 to 179 which comprise the consolidated and company statements of financial position as at 31 December 2021, 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 and other explanatory information.

The Directors' responsibilities include determining that the basis of accounting described in Note 2 as an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting 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 International Financial Reporting 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 18 March 2022.



J K Kimeu

Director

18 March 2022



J K Muiruri

Director

REPORT OF THE PARENT COMPANY CONSULTING ACTUARY

I have conducted an actuarial valuation of the Company insurance liabilities as at 31 December 2021.

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 2021.



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

18 March 2022



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Certified Public Accountants
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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 106 to 179 which comprise the consolidated and company statements of financial position as at 31 December 2021, 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 and other explanatory information.

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 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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

BC D'Souza
JM Gathecha
JI Kariuki
PI Kinuthia
AM Mbai

BM Ndung'u
JM Ndunyu
S Obock



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, 44 and 45 to the consolidated and separate financial statements

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED
<p>Outstanding claims provision constitute about 47% and 48% 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"> — 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; — Inspecting claims received and claims paid immediately after 31 December 2021 to assess whether there were any unrecorded insurance contract liabilities at the end of the period; Checking samples of claims reserves through comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters; — Obtaining samples of outstanding claims reserves and comparing the estimated amount of the reserve to reports from loss adjusters; — Re-performing reconciliations between the 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; — Evaluating the appropriateness of management's liability adequacy testing by assessing the historical incurred but not reported (IBNR) sufficiency as well as the Unexpired Risk Reserve through performing an actual vs expected analysis on prior years' reserves for any surpluses or shortfalls; — 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 reserves at 31 December 2021; and; — Evaluating the adequacy of disclosures in the financial statements including disclosures of key estimates and judgements on outstanding claims provision in accordance with IFRS 4 <i>Insurance Contracts</i>.

Other matter

The consolidated and separate financial statements of ICEA LION General Insurance Company Limited as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2021.

Other information

The directors are responsible for the other information. The other information comprise the information included in the ICEA LION General Insurance Company Limited 2021 Integrated Report, but does not include the consolidated and separate financial statements and our auditor's report thereon.



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)

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.

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 IFRSs 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 98 and 99 is consistent with the financial statements.

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

For and behalf of:

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

Date: **30** March 2022

Consolidated and Company Statements of profit or loss and other

Comprehensive Income

for the year ended 31 December 2021



	Notes	GROUP		COMPANY	
		2021 Ksh'000	2020 Ksh '000	2021 Ksh'000	2020 Ksh '000
Gross Written Premium	5(a)	7,148,276	6,677,610	6,331,150	6,057,394
Gross Earned Premium	5(b)	7,130,989	6,535,040	6,371,575	5,988,397
Less: Reinsurance premium ceded	5(c)	(3,541,306)	(3,133,755)	(3,128,218)	(2,832,160)
Net earned premiums		3,589,683	3,401,285	3,243,357	3,156,237
Commission income	6	569,984	485,671	482,502	405,626
Investment income	7(a)	1,125,017	809,159	1,074,226	766,747
Finance income	7(b)	6,496	6,838	6,496	6,838
Foreign exchange gains	8	8,721	9,469	7,132	7,493
Total income		5,299,901	4,712,422	4,813,713	4,342,941
Claims expense	9	(1,710,292)	(1,558,676)	(1,566,584)	(1,480,393)
Commission expense	10	(776,137)	(690,089)	(658,993)	(601,079)
Operating and other expenses	11(a)	(1,538,978)	(1,356,049)	(1,332,401)	(1,175,847)
Finance costs	11(b)	(51,956)	(56,396)	(51,028)	(55,145)
Impairment of assets	11(c)	68,173	(78,900)	64,427	(81,874)
Total expenses		(4,009,190)	(3,740,110)	(3,544,579)	(3,394,338)
Profit before income tax		1,290,711	972,312	1,269,134	948,603
Income tax expense	13(a)	(344,818)	(289,791)	(334,072)	(275,716)
Profit for the year		945,893	682,521	935,062	672,887
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	33(a)	337	692	-	-
Deferred Tax on fair value gain	26(b)	(102)	(208)	-	-
		235	484	-	-
Items that may subsequently be classified to profit or loss					
Exchange differences on translating net assets of foreign subsidiary		11,001	15,315	-	-
Change in fair value of debt securities at Fair Value Through Other Comprehensive Income	32(b)	(15,988)	7,823	(15,988)	7,823
Loss on disposal of debt securities at fair value through other comprehensive income		-	(19,329)	-	(19,329)
Deferred Tax on fair value loss	26(b)	4,796	3,452	4,796	3,452
		(191)	7,261	(11,192)	(8,054)
Total other comprehensive income/(loss) net of tax		44	7,745	(11,192)	(8,054)
Total comprehensive income for the year		945,937	690,266	923,870	664,833
Profit attributable to:					
Owners of the parent		940,802	677,994	935,062	672,887
Non-controlling interest		5,091	4,527	-	-
		945,893	682,521	935,062	672,887
Total comprehensive income attributable to:					
Owners of the parent		935,564	685,512	923,870	664,833
Non-controlling interest		10,373	4,754	-	-
		945,937	690,266	923,870	664,833
Earnings per share (Basic and Diluted)	15	18.82	13.56	18.70	13.46

The notes on pages 111 to 179 are an integral part of these financial statements

Consolidated and Company Statements of Financial Position as at 31 December 2021



	Notes	GROUP		COMPANY	
		2021 Ksh `000	2020 Ksh `000	2021 Ksh `000	2020 Ksh `000
ASSETS					
Intangible assets	17	30,819	14,252	23,929	13,176
Property and equipment	18	73,447	70,909	64,749	64,322
Right-of-use asset	19	169,826	219,111	163,679	205,363
Investment in subsidiaries at cost	20	-	-	50,147	50,147
Investment properties	21(a)	2,710,000	2,710,000	2,710,000	2,710,000
Investment in Real Estate Investment Trusts	21(b)	20,488	-	20,488	-
Other receivables	22	202,215	237,385	164,405	210,819
Due from subsidiary company	23	-	-	758	1,878
Kenya motor insurance pool	24	52,087	75,867	52,087	75,867
Investment in sub-lease	25	51,629	55,298	51,629	55,298
Deferred income tax	26(c)	26,088	24,811	-	-
Current tax recoverable	13(d)	35,174	24,879	6,108	-
Deferred acquisition costs	27	294,067	261,444	244,525	219,767
Reinsurers' share of technical provisions and reserves	28	2,472,694	2,997,945	2,065,775	2,575,311
Receivables arising out of direct insurance arrangements	29	494,933	505,117	486,338	502,373
Receivables arising out of reinsurance arrangements	30	218,257	194,017	169,724	147,183
Corporate bonds at amortised cost	31(a)	58,973	96,318	58,973	96,318
Debt securities at amortised cost	32(a)	4,768,216	4,728,165	4,624,873	4,621,980
Debt securities at fair value through other comprehensive income	32(b)	1,346,639	615,822	1,346,639	615,822
Equity securities at fair value through other comprehensive income	33(a)	8,161	7,493	-	-
Equity securities at fair value through profit or loss	33(b)	1,124,639	1,008,252	1,012,524	911,629
Deposits with financial institutions at amortised cost	34(a)	1,027,395	682,604	710,529	426,896
Cash and bank balances	34(b)	85,182	84,091	22,938	56,445
		15,270,929	14,613,780	14,050,817	13,560,594
EQUITY AND LIABILITIES					
Ordinary shares	36	1,000,000	1,000,000	1,000,000	1,000,000
Other reserve	37(a)	(31,056)	(19,988)	(32,464)	(21,272)
Contingency reserve	37(b)	57,511	56,058	-	-
Currency translation reserve	37(c)	(28,500)	(34,330)	-	-
Retained earnings	37(d)	5,040,426	4,364,821	4,977,487	4,292,425
Proposed dividends		200,000	150,000	200,000	150,000
		6,238,381	5,516,561	6,145,023	5,421,153
Non-controlling interests	38	127,003	102,886	-	-
		6,365,384	5,619,447	6,145,023	5,421,153
LIABILITIES					
Deferred income tax	26(c)	292,608	258,324	292,608	258,324
Other payables	39	572,529	526,602	508,190	473,510
Current tax payable	13(d)	-	30,947	-	30,947
Lease Liability	40	399,558	460,120	393,626	446,835
Deferred reinsurance commissions	41	163,617	163,121	130,846	137,300
Unearned premiums reserve	42	2,792,478	2,738,102	2,470,720	2,486,880
Payables arising from direct and reinsurance arrangements	43	488,878	376,840	316,357	280,178
Outstanding claims provision	44	4,195,877	4,440,277	3,793,447	4,025,467
		8,905,545	8,994,333	7,905,794	8,139,441
		15,270,929	14,613,780	14,050,817	13,560,594

The financial statements on pages 106 to 179 were approved and authorised for issue by the board of directors on 18 March 2022 and were signed on its behalf by:

J.K. Kimeu
Director

J.K. Muiruri
Director

P. Lopokoiyit
Principal Officer

The notes on pages 111 to 179 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021



	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
2020									
Balance at 1 January 2020	1,000,000	(12,191)	46,876	(49,645)	3,891,696	150,000	5,026,736	102,445	5,129,181
Profit for the year	-	-	-	-	677,994	-	677,994	4,527	682,521
Other comprehensive income	-	(7,797)	-	15,315	-	-	7,518	227	7,745
Total comprehensive income for the year	-	(7,797)	-	15,315	677,994	-	685,512	4,754	690,266
Transfer to contingency reserve	-	-	9,182	-	(4,869)	-	4,313	(4,313)	-
Transaction with owners									
-2019 final dividends	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
-2020 interim dividend paid	-	-	-	-	(50,000)	-	(50,000)	-	(50,000)
-2020 proposed final dividend	-	-	-	-	(150,000)	150,000	-	-	-
Balance as at 31 December 2020	1,000,000	(19,988)	56,058	(34,330)	4,364,821	150,000	5,516,561	102,886	5,619,447
2021									
At 1 January 2021	1,000,000	(19,988)	56,058	(34,330)	4,364,821	150,000	5,516,561	102,886	5,619,447
Profit for the year	-	-	-	-	940,802	-	940,802	5,091	945,893
Other comprehensive income	-	(11,068)	-	5,830	-	-	(5,238)	5,282	44
Total comprehensive income for the year	-	(11,068)	-	5,830	940,802	-	935,564	10,373	945,937
Transfer from retained earnings to contingency reserve	-	-	1,453	-	(15,197)	-	(13,744)	13,744	-
Transaction with owners									
-2020 final dividend paid	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
-2021 interim dividend paid	-	-	-	-	(50,000)	-	(50,000)	-	(50,000)
-2021 proposed final dividend	-	-	-	-	(200,000)	200,000	-	-	-
Balance as at 31 December 2021	1,000,000	(31,056)	57,511	(28,500)	5,040,426	200,000	6,238,381	127,003	6,365,384

The notes on pages 111 to 179 are an integral part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2021

2020

Balance at 1 January 2020

Profit for the year

Other comprehensive income

Total comprehensive income for the year

Transaction with owners

-2019 final dividends

-2020 interim dividend paid

-2020 proposed final dividend

Balance as at 31 December 2020

2021

At 1 January 2021

Profit for the year

Other comprehensive income

Total comprehensive income for the year

Transfer to retained earnings from contingency reserve

Transaction with owners

-2020 final dividends

-2021 interim dividend paid

-2021 proposed dividend

Balance as at 31 December 2021

Share capital	Other reserve	Retained earnings	Proposed dividends	TOTAL
Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
1,000,000	(13,218)	3,819,538	150,000	4,956,320
-	-	672,887	-	672,887
-	(8,054)	-	-	(8,054)
-	(8,054)	672,887	-	664,833
-	-	-	(150,000)	(150,000)
-	-	(50,000)	-	(50,000)
-	-	(150,000)	150,000	-
1,000,000	(21,272)	4,292,425	150,000	5,421,153
1,000,000	(21,272)	4,292,425	150,000	5,421,153
-	-	935,062	-	935,062
-	(11,192)	-	-	(11,192)
-	(11,192)	935,062	-	923,870
-	-	-	(150,000)	(150,000)
-	-	(50,000)	-	(50,000)
-	-	(200,000)	200,000	-
1,000,000	(32,464)	4,977,487	200,000	6,145,023

The notes on pages 111 to 179 are an integral part of these financial statements.

Consolidated and Company Statements of Cash Flows

for the year ended 31 December 2021



Notes	GROUP		COMPANY		
	2021 Ksh '000	2020 Ksh '000	2021 Ksh '000	2020 Ksh '000	
Cash flows from operating activities					
Cash generated from operations	48(a)	778,327	236,180	643,411	173,939
Income tax paid	13(c)	(346,634)	(319,410)	(332,047)	(315,466)
Interest paid on lease liability	40	(51,956)	(56,396)	(51,028)	(55,145)
Net cash generated from/(used in) operating activities		379,737	(139,626)	260,336	(196,672)
Cash flows from investing activities					
Purchase of property and equipment	18	(43,167)	(32,466)	(38,211)	(29,727)
Proceeds from sale of property and equipment		1,400	933	1,400	69
Purchase of intangible assets	17	(21,111)	(10,873)	(14,168)	(9,741)
Purchases of debt securities at amortised cost		(730,391)	(544,592)	(700,000)	(508,250)
Proceeds from maturities on debt securities at amortised cost		446,710	282,350	438,371	254,045
Purchases of debt securities at fair value through other comprehensive income		(1,886,008)	(650,000)	(1,886,008)	(650,000)
Proceeds from disposal of debt securities at fair value through other comprehensive income		1,177,863	724,131	1,177,863	724,131
Proceeds of sale of equity securities held at fair value through profit or loss		49,918	2,895	49,918	2,895
Purchase of equity instruments held at fair value through profit or loss		(46,303)	(56,480)	(36,486)	(56,480)
Purchase of REIT	21(b)	(20,000)	-	(20,000)	-
Purchase of corporate bonds	31(a)	(57,830)	-	(57,830)	-
Proceeds from maturities of corporate bonds	31(a)	96,318	47,030	96,318	47,030
Proceeds on disposal of corporate bond at FVTPL		-	14,914	-	14,914
Purchases of deposits maturing after 3 months		(4,314,353)	(2,977,785)	(3,975,741)	(2,936,164)
Proceeds from maturities of deposits maturing after 3 months		4,339,006	3,048,341	4,063,538	3,048,341
Interest income received		743,876	669,956	720,210	646,156
Rental income received		252,097	213,638	252,097	213,638
Dividend income received	7	39,272	42,221	34,056	38,699
Net cash generated from investing activities		27,297	774,213	105,327	799,556
Cash flows from financing activities					
Dividends paid to shareholders of parent company	16	(200,000)	(200,000)	(200,000)	(200,000)
Repayment of principal lease payment	40	(52,534)	(40,581)	(42,302)	(33,250)
Income on investment in sub-lease received		10,165	8,996	10,165	8,996
Net cash used in financing activities		(242,369)	(231,585)	(232,137)	(224,254)
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of year		684,879	279,379	599,941	221,311
Effect of exchange rate changes on translation of cash and cash equivalents		4,940	2,499	-	-
Cash and cash equivalents at year end	48(b)	854,484	684,880	733,467	599,941

The notes on pages 111 to 179 are an integral part of these financial statements.

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 183 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 International Financial Reporting Standards (IFRSs) 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 IFRSs as issued by the International Accounting Standards Board (IASB).

(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 during the year

The Company has adopted the following new standards and amendments during the year ended 31 December 2021, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2021. The nature and effects of the changes are as explained here in.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates (IBOR) with alternative benchmark rates. The Board identified two groups of accounting issues arising from IBOR reform that could affect financial reporting and divided its projects into two phases. The Phase 2 amendments principally address the following issues.

Practical expedient for modifications- Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate, similar to IFRS 16.

Specific relief from discontinuing hedging relationships-The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. For example, a company will not need to discontinue existing hedging relationships because of changes to hedge documentation required solely by IBOR reform. Therefore, when a hedged risk changes due to benchmark reform, a company may update the hedge documentation to reflect the new benchmark rate and the hedge may be able to continue without interruption.

However, similar to the Phase 1 amendments, there is no exception from the measurement requirements that apply for the hedged items and hedging instruments under IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement. Once the new benchmark rate is in place, the hedged items and hedging instruments are remeasured based on the new rate and any hedge ineffectiveness will be recognised in profit or loss.

New disclosures will apply so that users of financial statements can understand the effect of the reform on a company's financial instruments and risk management strategy, a company will need to provide additional information about:

- The nature and extent of risks to which the company is exposed arising from financial instruments subject to IBOR reform and how it manages those risks; and
- the company's progress in completing its transition to alternative benchmark rates and how it is managing that transition.

The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. The adoption of these changes did not affect the amounts and disclosures of the Group and Company's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New standards, amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2021

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these financial statements.

The Company does not plan to adopt these standards early. These are summarised below;

(a) Those not expected to have any impact on the financial statements of the Company

Standards available for early adoption	Effective date
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 April 2021
- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
- Annual Improvements to IFRS Standards 2018-2020	1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
- Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
- Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income Taxes	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional

All standards and interpretations will be adopted at their effective date.

(b) Those expected to have a significant impact on the financial statements of the Company

Standards available for early adoption	Effective date
- IFRS 17 Insurance Contracts	1 January 2023
- Amendments to IFRS 17	1 January 2023

IFRS 17 Insurance Contracts

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

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

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

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

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

IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected.

IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates. The entity:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2021 (continued)

IFRS 17 Insurance Contracts (continued)

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the Group and the Company faces from issuing insurance contracts.

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January 2023. An entity shall apply the standard retrospectively unless impracticable.

The adoption of these changes will affect the amounts and disclosures of the Group and Company's financial statements. The impact will be material and is in the process of being quantified.

The Group has not early adopted any of these standards.

(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 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, investments in subsidiaries are accounted for at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax (continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Leases (continued)

(a) *The Group as lessee (continued)*

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect 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 of 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-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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

Determination of fair value (continued)

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

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).

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

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.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

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 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.

(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.

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 2021			31 December 2020	
	% 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%	41,959	28,963	44,403	27,772

COMPANY

	31 December 2021			31 December 2020	
	% 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%	37,934	27,642	40,255	26,903

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.

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.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 2021, the loss allowance would have been Kshs. 23,533,000 and Kshs. 22,518,000 (2020: Kshs. 27,334,000 and Kshs. 26,184,000) 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 2021	31 December 2020
	% change	Impact on profit before tax Kshs'000	Impact on profit before tax Kshs'000
Gross annual rental	+/-5%	10,477	10,682
Gross annual rental	-5%	(10,477)	(10,682)
Rate of return	+2.5%	5,239	5,341
Rate of return	-2.5%	(5,239)	(5,341)

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

4 RISK MANAGEMENT (Continued)

Management of Insurance and financial risk (continued)

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.

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 2021

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	
31 December 2021						
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	
		Gross	150,326,988	180,486,249	2,581,513,329	2,912,326,566
31 December 2021		Net	115,103,927	152,928,982	472,677,900	740,710,809

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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
31 December 2020					
Aviation	Gross	833,666	713,053	402,264,559	403,811,278
	Net	788,067	72,872	60,000	920,939
Engineering	Gross	4,783,532	4,631,090	57,534,622	66,949,244
	Net	4,866,636	5,009,373	13,655,008	23,531,017
Fire Domestic	Gross	36,405,374	44,548,335	93,630,515	174,584,224
	Net	36,569,056	43,986,654	65,943,080	146,498,790
Fire Industrial	Gross	41,468,890	55,538,749	1,571,824,305	1,668,831,944
	Net	36,451,098	53,394,674	274,727,302	364,573,074
Liability	Gross	7,773,042	9,292,963	179,621,206	196,687,211
	Net	7,696,288	7,329,836	22,356,678	37,382,802
Marine	Gross	10,740,650	4,843,560	26,767,434	42,351,644
	Net	10,958,043	4,833,939	12,856,312	28,648,294
Medical	Gross	12,868,650	-	-	12,868,650
	Net	3,860,595	-	-	3,860,595
Miscellaneous Accident	Gross	9,536,606	9,141,013	10,246,522	28,924,141
	Net	3,998,515	482,555	159,550	4,640,620
Motor Commercial	Gross	7,708,749	2,244,506	8,468,862	18,422,117
	Net	7,619,793	2,301,279	7,556,042	17,477,114
Motor Private	Gross	30,175,011	2,454,382	5,991,702	38,621,095
	Net	29,870,318	2,385,018	5,983,780	38,239,116
Personal Accident	Gross	2,997,684	12,129,863	104,951,725	120,079,272
	Net	3,349,644	11,660,659	45,200,935	60,211,238
Theft	Gross	10,527,433	8,328,616	57,662,895	76,518,944
	Net	10,474,903	8,408,353	52,650,283	71,533,539
Workmen's Compensation	Gross	910,944	62,939,298	109,342,916	173,193,158
	Net	972,257	62,903,784	103,335,394	167,211,435
Gross		176,730,231	216,805,428	2,628,307,263	3,021,842,922
Net		157,475,213	202,768,996	604,484,364	964,728,573
31 December 2020					

4 RISK MANAGEMENT (continued)
Management of Insurance and financial risk (continued)
(i) Insurance risk (continued)

COMPANY		Ksh '000	Ksh'000	Ksh'000	Ksh'000	
		Below 20m	20m to 50m	Over 50 million	Total	
31 December 2021	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	
	Gross	137,808,118	170,750,102	2,334,365,196	2,642,923,416	
31 December 2021	Net	106,032,290	146,908,896	440,842,802	693,783,988	

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(i) Insurance risk (continued)

COMPANY		Ksh '000	Ksh'000	Ksh'000	Ksh'000
		Below 20m	20m to 50m	Over 50 million	Total
31 December 2020					
Aviation	Gross	795,915	662,577	401,278,637	402,737,129
	Net	761,240	41,192	60,000	862,432
Engineering	Gross	4,065,130	4,149,842	49,185,743	57,400,715
	Net	4,160,654	4,269,398	12,348,857	20,778,909
Fire Domestic	Gross	35,026,801	43,952,424	93,176,789	172,156,014
	Net	35,288,497	43,490,141	65,534,726	144,313,364
Fire Industrial	Gross	38,142,708	52,012,373	1,486,451,381	1,576,606,462
	Net	32,749,046	49,238,184	255,344,067	337,331,297
Liability	Gross	7,138,315	8,698,177	138,171,964	154,008,456
	Net	6,960,151	6,538,177	20,367,319	33,865,647
Marine	Gross	10,447,419	4,572,493	22,957,270	37,977,182
	Net	10,505,339	4,761,051	11,832,419	27,098,809
Medical	Gross	12,868,650	-	-	12,868,650
	Net	3,860,595	-	-	3,860,595
Miscellaneous Accident	Gross	9,259,956	8,900,026	9,665,728	27,825,710
	Net	3,938,786	482,555	159,550	4,580,891
Motor Commercial	Gross	6,878,472	2,002,676	4,720,554	13,601,702
	Net	6,878,420	2,002,676	4,720,554	13,601,650
Motor Private	Gross	27,810,042	2,203,978	5,912,480	35,926,500
	Net	27,809,374	2,203,978	5,912,480	35,925,832
Personal Accident	Gross	2,696,974	11,539,822	102,306,230	116,543,026
	Net	2,747,471	11,527,322	44,206,249	58,481,042
Theft	Gross	9,645,048	7,648,959	55,843,708	73,137,715
	Net	9,645,038	7,628,959	51,729,625	69,003,622
Workmen's Compensation	Gross	688,285	62,623,966	107,728,636	171,040,887
	Net	688,285	62,620,224	102,597,236	165,905,745
Gross		165,463,715	208,967,313	2,477,399,120	2,851,830,148
Net		145,992,896	194,803,857	574,813,082	915,609,835
31 December 2020					

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.

	Gross Sum insured Ksh'000	Reinsurance Share Ksh'000	Net Sum insured Ksh'000
31 December 2021			
Kenya	2,642,923,416	1,949,139,428	693,783,988
Tanzania	269,403,150	222,476,329	46,926,821
Total	2,912,326,566	2,171,615,757	740,710,809
31 December 2020			
Kenya	2,851,830,148	1,936,220,313	915,609,835
Tanzania	170,012,774	120,894,036	49,118,738
Total	3,021,842,922	2,057,114,349	964,728,573

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 2021, 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 436,027 (2020: Ksh 473,447) higher/lower, mainly as a result of US dollar denominated deposits with financial institutions in Kenya and in Tanzania.

At 31 December 2021, 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 356,588 (2020: Ksh 374,633) 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 36,871,000 (2020: Ksh 34,537,000).

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 34,871,000 (2020: 33,042,000).

(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.

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 2021, if equity market indices had increased/decreased by 5%, with all other variables held constant, the group profit before tax for the year would increase by Ksh 5,323,000 (2020: decrease by Ksh 7,454,000).

At 31 December 2021, if equity market indices had increased/decreased by 5%, with all other variables held constant, the company profit before tax for the year would increase by Ksh 5,248,000 (2020: decrease by Ksh 7,664,000).

(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 2021

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

	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
Receivables arising out of direct insurance arrangements	255,512	163,434	42,899	130,982	213,079	805,906
Reinsurance Receivables	86,096	(53,677)	219,771	(152,788)	259,224	358,626
Total	341,608	109,757	262,670	(21,806)	472,303	1,164,532

Total impairment as at December 2021

	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
Receivables arising out of direct insurance arrangements	2,318	(3)	3,299	92,281	213,078	310,973
Reinsurance Receivables	141	(150)	281	(119,127)	259,224	140,369
Total	2,459	(153)	3,580	(26,846)	472,302	451,342

Net carrying amount as at December 2021

	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
Receivables arising out of direct insurance arrangements	253,194	163,438	39,600	38,701	-	494,933
Reinsurance Receivables	85,956	(53,527)	219,490	(33,662)	-	218,257
Total	339,150	109,911	259,090	5,039	-	713,190

Loss Rates

	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%
Total	0%	0%	1%	123%	100%	39%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2020

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	133,577	4,505	3,771	10,116	25,356	177,325
Brokers	115,821	108,498	48,549	152,543	180,050	605,461
Direct	28,492	11,738	3,476	4,752	15,618	64,076
Travel	75	25	35	127	353	615
TGAs	(598)	271	972	(31)	-	614
Receivables arising out of direct insurance arrangements	277,367	125,037	56,803	167,507	221,377	848,091
Reinsurance Receivables	136,734	3,977	22,582	9,299	163,011	335,603
Total	414,101	129,014	79,385	176,806	384,388	1,183,694

Total impairment as at December 2020

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	-	-	-	9,346	25,385	34,731
Brokers	-	-	487	109,127	179,970	289,584
Direct	12	26	52	3,801	14,768	18,659
Receivables arising out of direct insurance arrangements	12	26	539	122,274	220,123	342,974
Reinsurance Receivables	80	250	74	872	140,310	141,586
Total	92	276	613	123,146	360,433	484,560

Net carrying amount as at December 2020

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	133,054	4,801	4,778	866	324	143,823
Brokers	115,821	108,498	48,062	43,416	80	315,877
Direct	28,480	11,712	3,424	951	850	45,417
Receivables arising out of direct insurance arrangements	277,355	125,011	56,264	45,233	1,254	505,117
Reinsurance Receivables	136,654	3,727	22,508	8,427	22,701	194,017
Total	414,009	128,738	78,772	53,660	23,955	699,134

Loss Rates

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	0%	0%	0%	92%	100%	20%
Brokers	0%	0%	1%	72%	100%	48%
Direct	0%	0%	1%	80%	95%	29%
Reinsurance Receivables	0%	6%	0%	9%	86%	42%
Total	0%	0%	1%	70%	94%	41%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

	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
Receivables arising out of direct insurance arrangements	247,540	163,448	39,779	132,968	208,312	792,047
Reinsurance Receivables	75,028	(51,934)	221,249	(159,548)	214,115	298,910
Total	322,568	111,514	261,028	(26,580)	422,427	1,090,957

Total impairment as at December 2021

	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
Receivables arising out of direct insurance arrangements	-	-	345	97,052	208,312	305,709
Reinsurance Receivables	30	(63)	988	(85,884)	214,115	129,186
Total	30	(63)	1,333	11,168	422,427	434,895

Net carrying amount as at December 2021

	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	(1)	304,745
Direct	27,244	14,970	12,650	3,591	-	58,455
Receivables arising out of direct insurance arrangements	247,540	163,448	39,434	35,917	(1)	486,338
Reinsurance Receivables	74,998	(51,872)	220,261	(73,663)	-	169,724
Total	322,538	111,576	259,695	(37,746)	(1)	656,062

Loss Rates

	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%
Total	0%	0%	1%	-42%	100%	40%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2020

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	133,579	4,492	3,773	10,136	25,018	176,998
Brokers	115,801	106,058	48,806	152,662	179,787	603,114
Direct	28,524	11,795	3,497	4,847	13,438	62,101
Travel	75	25	35	127	353	615
TGAs	(598)	271	972	(31)	-	614
Receivables arising out of direct insurance arrangements	277,381	122,641	57,083	167,741	218,596	843,442
Reinsurance Receivables	122,237	-	14,466	-	141,181	277,884
Total	399,618	122,641	71,549	167,741	359,777	1,121,326

Total impairment as at December 2020

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	-	-	-	9,291	25,018	34,309
Brokers	-	-	487	109,127	179,970	289,584
Direct	12	26	48	3,651	13,439	17,176
Receivables arising out of direct insurance arrangements	12	26	535	122,069	218,427	341,069
Reinsurance Receivables	47	-	62	-	130,592	130,701
Total	59	26	597	122,069	349,019	471,770

Net carrying amount as at December 2020

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	133,056	4,788	4,780	941	353	143,918
Brokers	115,801	106,058	48,319	43,535	(183)	313,530
Direct	28,512	11,769	3,449	1,196	(1)	44,925
Receivables arising out of direct insurance arrangements	277,369	122,615	56,548	45,672	169	502,373
Reinsurance Receivables	122,190	-	14,404	-	10,589	147,183
Total	399,559	122,615	70,952	45,672	10,758	649,556

Loss Rates

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	0%	0%	0%	92%	100%	19%
Brokers	0%	0%	1%	71%	100%	48%
Direct	0%	0%	1%	75%	100%	28%
Reinsurance Receivables	0%	0%	0%	0%	92%	47%
Total	0%	0%	1%	73%	97%	42%

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 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

31 December 2020

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	Total Ksh'000
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
8,702,267	(470,667)	8,231,600
848,091	(342,974)	505,117
335,603	(141,586)	194,017
4,736,729	(8,564)	4,728,165
615,822	-	615,822
96,744	(426)	96,318
686,944	(4,340)	682,604
75,943	(76)	75,867
258,850	(48,425)	210,425
84,293	(401)	83,892
7,739,019	(546,792)	7,192,227

4 RISK MANAGEMENT (continued)
Management of Insurance and financial risk (continued)
(ii) Financial risks (continued)
(b) Credit risk (continued)
COMPANY
31 December 2021

Receivables arising out of direct insurance arrangements	792,046	(305,708)	486,338
Receivables arising out reinsurance arrangements	298,910	(129,186)	169,724
Debt securities at amortised cost	4,629,652	(4,779)	4,624,873
Debt securities at fair value through other comprehensive income	1,346,639	-	1,346,639
Corporate bonds at amortised cost	59,056	(83)	58,973
Deposits with financial institutions at amortised cost	714,844	(4,315)	710,529
Kenya Motor Insurance Pool	52,233	(146)	52,087
Other receivables	157,310	(5,961)	151,349
Cash and bank balances	22,877	(179)	22,698
	8,073,567	(450,357)	7,623,210

31 December 2020

Receivables arising out of direct insurance arrangements	843,442	(341,069)	502,373
Receivables arising out reinsurance arrangements	277,884	(130,701)	147,183
Debt securities at amortised cost	4,630,438	(8,458)	4,621,980
Debt securities at fair value through other comprehensive income	615,822	-	615,822
Corporate bonds at amortised cost	96,744	(426)	96,318
Deposits with financial institutions at amortised cost	430,050	(3,154)	426,896
Kenya Motor Insurance Pool	75,943	(76)	75,867
Other receivables	235,317	(39,509)	195,808
Cash and bank balances	56,609	(284)	56,325
	7,262,249	(523,677)	6,738,572

	Carrying Amount Ksh'000	Provision for Impairment Ksh'000	Total Ksh'000
	792,046	(305,708)	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
	8,073,567	(450,357)	7,623,210
	843,442	(341,069)	502,373
	277,884	(130,701)	147,183
	4,630,438	(8,458)	4,621,980
	615,822	-	615,822
	96,744	(426)	96,318
	430,050	(3,154)	426,896
	75,943	(76)	75,867
	235,317	(39,509)	195,808
	56,609	(284)	56,325
	7,262,249	(523,677)	6,738,572

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 2021, the loss allowance for the Group and Company would have been Ksh 23,533,000 and Ksh 22,518,000 higher (lower). (2020 - Ksh 27,334,000 and Ksh 26,184,000 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

Assets

	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
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	3,769,255	2,758,884	3,019,318	9,227,164	18,774,621

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	2,473,531	1,616,806	588,375	513,670	5,192,382
Liquidity gap	1,295,724	1,142,078	2,430,943	8,713,494	13,582,239

31 December 2020

Assets

	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
Debt Securities at amortised cost	1,003,063	2,051,998	1,885,709	3,723,859	8,664,629
Debt securities at fair value through other comprehensive income	-	-	-	615,822	615,822
Corporate bonds at amortised cost	34,236	75,923	-	-	110,159
Deposits with financial institutions	682,604	-	-	-	682,604
Receivables arising out of reinsurance arrangements	208,961	44,122	44,122	38,398	335,603
Reinsurers' share of technical provisions and reserves	2,555,301	439,579	3,143	(78)	2,997,945
Receivables arising out of direct insurance arrangements	206,056	263,532	263,545	114,958	848,091
Cash and bank balances	84,091	-	-	-	84,091
Other receivables	237,385	-	-	-	237,385
Total assets	5,011,697	2,875,154	2,196,519	4,492,959	14,576,329

Outstanding claims provision	3,627,530	812,747	-	-	4,440,277
Payables arising from reinsurance arrangements	28,608	143,468	138,012	66,752	376,840
Lease liability	98,183	194,462	210,470	247,930	751,045
Other payables	449,556	-	-	-	449,556
Total liabilities	4,203,877	1,150,677	348,482	314,682	6,017,718
Liquidity gap	807,820	1,724,477	1,848,037	4,178,277	8,558,611

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

(c) Liquidity risk (continued)

COMPANY

31 December 2021

Assets

	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
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	3,293,253	2,929,460	2,965,060	8,884,872	18,072,645

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	2,061,451	1,408,094	546,265	500,375	4,516,185

Liquidity gap

	1,231,802	1,521,366	2,418,795	8,384,497	13,556,460
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31 December 2020

Assets

	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
Debt Securities at amortised cost	989,397	2,024,665	1,858,376	3,595,844	8,468,282
Debt securities at fair value through other comprehensive income	-	-	-	615,822	615,822
Corporate bonds at amortised cost	34,236	75,923	-	-	110,159
Deposits with financial institutions	426,896	-	-	-	426,896
Receivables arising out of reinsurance arrangements	179,858	32,675	32,675	32,676	277,884
Reinsurers' share of technical provisions and reserves	2,133,440	438,806	3,143	(78)	2,575,311
Receivables arising out of direct insurance arrangements	203,514	262,567	262,567	114,794	843,442
Cash and bank balances	56,445	-	-	-	56,445
Other receivables	210,819	-	-	-	210,819
Total assets	4,234,605	2,834,636	2,156,761	4,359,058	13,585,060

Outstanding claims provision	3,214,199	811,268	-	-	4,025,467
Payables arising from reinsurance arrangements	(35,406)	126,234	126,234	63,116	280,178
Lease liability	87,510	192,685	209,447	247,930	737,572
Other payables	396,463	-	-	-	396,463
Total liabilities	3,662,766	1,130,187	335,681	311,046	5,439,680

Liquidity gap

	571,839	1,704,449	1,821,080	4,048,012	8,145,380
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The liquidity gap on 1 year is adequately covered by cash flows from day to day operations.

The Group and Company does not maintain cash resources to meet all of the liability needs. The Board sets limits on the minimum proportion of funds available to meet any unexpected levels of liability payments.

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 2021 and 31 December 2020.

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

	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
	2,471,278	-	2,718,161	5,189,439

4 RISK MANAGEMENT (continued)
Management of Insurance and financial risk (continued)
(ii) Financial risks (continued)
(d) Fair value hierarchy (continued)
GROUP
31 December 2020

- 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	1,008,252	-	-	1,008,252
- Equity securities at fair value through other comprehensive income	-	-	7,493	7,493
- Debt securities at fair value through other comprehensive income	615,822	-	-	615,822
- Investment Property	-	-	2,710,000	2,710,000
	1,624,074	-	2,717,493	4,341,567

COMPANY
31 December 2021

- Equity securities at fair value through profit or loss
- 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	1,012,524	-	-	1,012,524
- Debt securities at fair value through other comprehensive income	1,346,639	-	-	1,346,639
- Investment Property	-	-	2,710,000	2,710,000
	2,359,163	-	2,710,000	5,069,163

31 December 2020

- Equity securities at fair value through profit or loss
- 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	911,629	-	-	911,629
- Debt securities at fair value through other comprehensive income	615,822	-	-	615,822
- Investment Property	-	-	2,710,000	2,710,000
	1,527,451	-	2,710,000	4,237,451

There were no transfers between levels 1, 2 and 3 during the year.

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	110,370

Both companies are in compliance with the capital requirements as at 31 December 2021.

The solvency margin of the Company as at 31 December 2021 and 2020 is illustrated below.

Kenya

The Capital Adequacy Ratio based on the Risk Based Model is as follows:-

	2021 Ksh'000	2020 Ksh'000
Total Capital Available	5,373,153	4,574,664
Minimum Required Capital	1,701,376	1,609,720
Capital Adequacy Ratio	316%	284%

Tanzania

The Excess Admitted Assets depicting Tanzania's Solvency is as follows:-

	2021 Ksh'000	2020 Ksh'000
Excess admitted assets	17,345	5,896

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.

	2021 Tsh'000	2020 Tsh'000
Paid up capital	2,657,342	2,657,342

5 (a) GROSS WRITTEN PREMIUMS

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Motor	2,497,060	2,145,811	2,109,151	1,861,470
Fire	1,508,495	1,233,483	1,311,134	1,058,621
Aviation and Marine	1,420,157	1,674,392	1,312,860	1,613,109
Other	1,102,731	1,024,803	1,063,680	999,387
Theft	249,356	285,366	214,071	239,436
Engineering	204,712	157,107	178,777	136,796
Personal Accident	165,765	156,648	141,477	148,575
	7,148,276	6,677,610	6,331,150	6,057,394

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



5 (b) GROSS EARNED PREMIUMS

Motor
Fire
Aviation and Marine
Other
Theft
Engineering
Personal Accident

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Motor	2,278,456	2,080,117	1,931,902	1,864,580
Fire	1,457,622	1,278,241	1,241,521	1,117,139
Aviation and Marine	1,683,345	1,516,204	1,583,854	1,451,115
Other	1,104,385	1,003,364	1,066,067	977,868
Theft	240,463	303,374	226,145	259,029
Engineering	204,981	179,065	181,072	153,681
Personal Accident	161,737	174,675	141,014	164,985
	7,130,989	6,535,040	6,371,575	5,988,397

5 (c) REINSURANCE PREMIUMS CEDED

Aviation and Marine
Fire
Other
Motor
Engineering
Personal Accident
Theft

	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Aviation and Marine	1,484,531	1,389,601	1,394,072	1,336,503
Fire	1,134,911	969,972	946,494	842,864
Other	534,289	401,069	506,111	383,940
Motor	145,509	94,700	64,998	37,757
Engineering	140,657	112,211	121,361	93,274
Personal Accident	83,591	85,370	69,232	79,165
Theft	17,818	80,832	25,950	58,657
	3,541,306	3,133,755	3,128,218	2,832,160

6 COMMISSIONS INCOME

Commissions receivable
Add: movement in deferred reinsurance commission
Commissions earned

	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Commissions receivable	569,173	480,096	476,048	396,666
Add: movement in deferred reinsurance commission	811	5,575	6,454	8,960
Commissions earned	569,984	485,671	482,502	405,626

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



7 (a) INVESTMENT INCOME

Interest on deposits with financial institutions
Interest on corporate bonds held at amortised cost
Interest on corporate bonds held at fair value through profit or loss
Interest on debt securities – amortised cost
– fair value through other comprehensive income

Total interest income

Dividends receivable on equity instruments
REITs income
Rental income from investment properties
Fair value losses on investment properties (note 21(a))
Other income
Gain on disposal of Treasury Bonds
Loss on disposal of Corporate Bonds
(Loss)/gain on revaluation of equity instruments (note 33(b))
Gain on revaluation of Real Estate Investment Trust (REIT)
Gain/(loss) on disposal of equity instruments

GROUP		COMPANY	
2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
49,870	44,198	27,249	27,592
9,637	16,973	9,637	16,973
-	792	-	792
570,023	574,522	552,632	561,232
107,895	54,260	107,895	54,260
737,425	690,745	697,413	660,849
39,006	42,221	33,790	38,699
266	-	266	-
209,544	213,638	209,544	213,638
-	(55,000)	-	(55,000)
17,331	36,400	13,268	31,609
5,130	32,724	5,130	32,724
-	(1,780)	-	(1,780)
106,469	(149,084)	104,969	(153,287)
488	-	488	-
9,358	(705)	9,358	(705)
1,125,017	809,159	1,074,226	766,747

Other income in the year 2020, largely comprised of compensation on compulsory acquisition of a small portion of Lion Place property to pave way for Nairobi Expressway construction of KShs 25 million, gain on motor pool and interest income on staff loans and advances.

7 (b) FINANCE INCOME

Finance income on investment in sub-lease

GROUP		COMPANY	
2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
6,496	6,838	6,496	6,838
6,496	6,838	6,496	6,838

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/(losses) as follows:

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Realized gains	2,989	3,102	1,400	1,126
Unrealized gains	5,732	6,367	5,732	6,367
Net foreign exchange gains	8,721	9,469	7,132	7,493

9 CLAIMS EXPENSE

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Gross claims expense	2,473,134	2,409,818	2,261,247	2,076,851
Less: amounts recoverable from reinsurers	(762,842)	(851,142)	(694,663)	(596,458)
Net claims expense	1,710,292	1,558,676	1,566,584	1,480,393

Analysis of net claims expense per class is as shown below

	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Motor	1,377,796	1,044,887	1,270,091	991,430
Fire	57,474	165,584	41,602	149,081
Aviation and Marine	83,190	62,956	78,448	58,393
Other	12,727	207,759	12,759	206,484
Theft	102,064	31,224	96,243	31,306
Personal Accident	34,750	21,374	32,755	22,686
Engineering	42,291	24,892	34,686	21,013
Net claims expense	1,710,292	1,558,676	1,566,584	1,480,393

10 COMMISSIONS EXPENSE

	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Commissions payable	806,768	685,377	683,751	584,041
Change in deferred acquisition costs	(30,631)	4,712	(24,758)	17,038
Commissions expense	776,137	690,089	658,993	601,079

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



11 (a) OPERATING AND OTHER EXPENSES

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Employee benefit expense (note 12)	830,561	756,028	734,322	673,098
Investment expenses	43,783	36,285	37,841	31,031
Depreciation on property and equipment (note 18)	40,789	37,987	37,784	34,907
Depreciation on right-of-use asset IFRS 16 (note 19)	43,243	43,129	33,128	33,066
Variable lease payment not included in lease liability and impact of COVID-19 rent concessions	31,741	17,200	31,738	17,198
Repairs and maintenance	13,740	16,092	12,725	15,424
Branding and marketing expenses	22,677	25,152	15,992	21,507
Professional and consultancy fees	86,559	50,138	59,581	25,581
Levies	75,918	81,737	63,517	66,257
Auditors' remuneration	6,864	6,601	4,234	3,964
Directors' emoluments				
- fees for services as directors	11,556	8,376	7,090	4,560
Amortisation of intangible assets (note 17)	4,549	6,909	3,415	6,363
Recruitment fees	90	28	90	28
Training fee	4,956	4,165	3,631	3,688
Electricity and water	6,858	5,538	5,410	4,317
Entertainment	5,306	3,348	3,511	1,833
Motor vehicle expenses	8,408	6,121	4,626	4,013
Printing and stationery	14,269	17,041	12,135	14,131
Postage and telephone	17,960	17,460	12,144	12,331
Travelling	10,085	7,853	7,672	5,737
Bank charges	8,666	6,823	7,042	5,640
Subscriptions	5,163	4,607	4,940	4,584
Donations	312	5,438	300	5,438
Books, newspapers, magazines & periodicals	1,273	1,118	1,153	1,002
Share of motor pool expenses	-	1,322	-	1,322
Business development marketing expenses	134,886	88,458	134,204	88,458
Software expenses	36,037	27,688	32,560	25,820
IT expenses	15,580	12,041	12,049	9,900
Insurance	37,646	40,416	36,819	39,602
Security	4,091	4,385	3,076	3,244
Cleaning	4,922	4,670	4,212	3,907
Other expenses	10,490	11,895	5,460	7,896
Operating and other expenses	1,538,978	1,356,049	1,332,401	1,175,847

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



11 (b) FINANCE COST

Interest on lease liabilities (Note 40)

GROUP		COMPANY	
2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
51,956	56,396	51,028	55,145
51,956	56,396	51,028	55,145

11 (c) IMPAIRMENT OF FINANCIAL ASSETS

Impairment write back on receivables arising out of reinsurance arrangements
 Impairment (write back)/charge on receivables arising out of direct insurance arrangements
 Total impairment charge on receivables (Note 29(b))
 Impairment (write back)/charge on investment and other assets

2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
(1,676)	(20,184)	(1,514)	(16,030)
(22,930)	61,183	(26,468)	59,564
(24,606)	40,999	(27,982)	43,534
(43,567)	37,901	(36,445)	38,340
(68,173)	78,900	(64,427)	81,874

Movement in expected credit losses

At 1 January
 (Write back)/charge for the year
 Write-off
 Exchange difference

2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
546,792	549,600	523,677	514,953
(68,173)	78,900	(64,427)	81,874
(8,893)	(81,548)	(8,893)	(73,150)
941	(160)	-	-
470,667	546,792	450,357	523,677

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

2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
727,449	661,925	649,908	595,065
46,124	47,394	46,124	47,394
8,163	6,823	153	264
36,184	26,554	30,976	22,093
12,641	13,332	7,161	8,282
830,561	756,028	734,322	673,098
54	61	39	52
121	71	100	54
41	82	31	69
216	214	170	175

13 INCOME TAX EXPENSE
a) Tax expense

Current income tax expense	
Prior year current tax under-provision	
Total current year tax expense	
Charge relating to tax assessment	
Deferred income tax credit (Note 26(b))	
Prior year deferred tax (over)/under-provision (Note 26(b))	
Total deferred tax expense	

GROUP		COMPANY	
2021	2020	2021	2020
Ksh'000	Ksh'000	Ksh'000	Ksh'000
297,843	253,870	286,785	250,188
8,207	57,285	8,207	57,285
306,050	311,155	294,992	307,473
-	12,486	-	12,486
29,445	(10,105)	29,757	(20,498)
9,323	(23,745)	9,323	(23,745)
38,768	(33,850)	39,080	(44,243)
344,818	289,791	334,072	275,716

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. During the year 2020 the Company's tax rate reduced to 25% as part of tax amendments by the government to cushion businesses following the impact of COVID-19. The rates were reinstated to 30% for the 2021 year of income.

Profit before income tax

Tax calculated at a rate of 30% (2020 - 25%) for the Company and 30% at Subsidiary (2020:30%)

Tax effect of:

- Income not subject to tax	
- Income subject to lower tax rate (alternative minimum tax)	
- Expenses not deductible for tax purposes	
Charge relating to tax assessment	
Prior year current tax under-provision	
Prior year deferred tax over-provision	
Impact on use of 30% on the tax rate for deferred tax	

2021	2020	2021	2020
Ksh'000	Ksh'000	Ksh'000	Ksh'000
1,290,711	972,312	1,269,134	948,603
387,213	244,263	380,740	237,151
(89,254)	(56,873)	(87,682)	(55,816)
-	3,682	-	-
29,329	49,277	23,484	44,939
-	12,486	-	12,486
8,207	57,285	8,207	57,285
9,323	(23,745)	9,323	(23,745)
-	3,416	-	3,416
344,818	289,791	334,072	275,716

c) Tax movement

At 1 January	
Current taxation expense	
Charge relating to tax assessment	
Tax paid relating to tax assessment	
Tax paid	
Total tax paid	
Exchange difference on translation	
At 31 December	

2021	2020	2021	2020
Ksh'000	Ksh'000	Ksh'000	Ksh'000
6,068	3,401	30,947	26,454
306,050	311,155	294,992	307,473
-	12,486	-	12,486
(12,486)	-	(12,486)	-
(334,148)	(319,410)	(319,561)	(315,466)
(346,634)	(319,410)	(332,047)	(315,466)
(658)	(1,564)	-	-
(35,174)	6,068	(6,108)	30,947
(35,174)	(24,879)	(6,108)	-
-	30,947	-	30,947
(35,174)	6,068	(6,108)	30,947

d) Analysed as follows:

Current tax recoverable	
Current tax payable	

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



14 PROFIT FOR THE YEAR

A profit of Ksh 935,062,000 (2020: Ksh 672,887,000) 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.

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Profit attributable to ordinary shareholders (Ksh'000)	940,802	677,994	935,062	672,887
Number of ordinary shares for basic earnings per share ('000)	50,000	50,000	50,000	50,000
Basic and diluted earnings per share (Ksh)	18.82	13.56	18.70	13.46

There were no potentially dilutive shares outstanding at 31 December 2021 or 31 December 2020. Diluted earnings per share are therefore the same as basic earnings per share.

16 DIVIDENDS

Ksh 50,000,000 interim dividend (2020: 50,000,000) was paid in the year. At the annual general meeting, a final dividend in respect of 2021 of Kshs 4 (2020 - Kshs 3) per share amounting to Kshs 200,000,000 (2020: Ksh 150,000,000) 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 2021 will therefore be Ksh 5.00 per share (2020: Ksh 4.00 per share) amounting to a total of Ksh 250,000,000 (2020: Ksh 200,000,000).

17 INTANGIBLE ASSETS – COMPUTER SOFTWARE

(a) GROUP

	2021 Computer Software Ksh'000	2021 Work in progress Ksh'000	2021 Total Ksh'000	2020 Computer Software Ksh'000	2020 Work in progress Ksh'000	2020 Total Ksh'000
Cost						
At 1 January	130,694	8,260	138,954	124,985	2,180	127,165
Additions	13,269	7,842	21,111	4,793	6,080	10,873
Exchange difference	(6,765)	-	(6,765)	916	-	916
At 31 December	137,198	16,102	153,300	130,694	8,260	138,954
Amortisation						
At 1 January	124,702	-	124,702	116,896	-	116,896
Charge for the year	4,549	-	4,549	6,909	-	6,909
Exchange difference	(6,770)	-	(6,770)	897	-	897
At 31 December	122,481	-	122,481	124,702	-	124,702
Net book value						
At 31 December	14,717	16,102	30,819	5,992	8,260	14,252

Work in progress represents costs incurred towards development of an operations software.

17 INTANGIBLE ASSETS – COMPUTER SOFTWARE (continued)**(b) COMPANY****Cost**

	2021 Computer Software Ksh'000	2021 Work in progress Ksh'000	2021 Total Ksh'000	2020 Computer Software Ksh'000	2020 Work in progress Ksh'000	2020 Total Ksh'000
At 1 January	126,533	8,260	134,793	122,872	2,180	125,052
Additions	6,326	7,842	14,168	3,661	6,080	9,741
At 31 December	132,859	16,102	148,961	126,533	8,260	134,793

Amortisation

At 1 January	121,617	-	121,617	115,254	-	115,254
Charge for the year	3,415	-	3,415	6,363	-	6,363
At 31 December	125,032	-	125,032	121,617	-	121,617

Net book value

At 31 December	7,827	16,102	23,929	4,916	8,260	13,176
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Work in progress represents costs incurred towards development of an operations software.

18 PROPERTY AND EQUIPMENT
(a) GROUP
Cost

At 1 January 2020
Additions
Disposal
Exchange difference on translation
At 31 December 2020

At 1 January 2021
Additions
Disposals
Exchange difference on translation
At 31 December 2021

Depreciation

At 1 January 2020
Charge for the year
Elimination on disposal
Exchange difference on translation
At 31 December 2020

At 1 January 2021
Charge for the year
Elimination on disposal
Exchange difference on translation
At 31 December 2021

Net book value

At 31 December 2021
At 31 December 2020

	Motor vehicles Ksh'000	Computer equipment Ksh'000	Furniture fittings and office equipment Ksh'000	Total Ksh'000
At 1 January 2020	59,890	94,043	277,368	431,301
Additions	95	27,400	4,971	32,466
Disposal	(10,738)	(500)	(943)	(12,181)
Exchange difference on translation	1,387	572	1,285	3,244
At 31 December 2020	50,634	121,515	282,681	454,830
At 1 January 2021	50,634	121,515	282,681	454,830
Additions	12,760	7,343	23,064	43,167
Disposals	(4,911)	(314)	(131)	(5,356)
Exchange difference on translation	(641)	269	721	349
At 31 December 2021	57,842	128,813	306,335	492,990
At 1 January 2020	58,298	79,207	217,150	354,655
Charge for the year	887	11,336	25,764	37,987
Elimination on disposal	(10,690)	(222)	(603)	(11,515)
Exchange difference on translation	1,254	523	1,017	2,794
At 31 December 2020	49,749	90,844	243,328	383,921
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
At 31 December 2021	48,584	102,429	268,530	419,543
Net book value				
At 31 December 2021	9,258	26,384	37,805	73,447
At 31 December 2020	885	30,671	39,353	70,909

Fully depreciated assets at 31 December 2020 amounted to Ksh 360,435,227 (2020 – Ksh 225,259,756). The notional annual depreciation on these assets would have been Ksh 68,284,771 (2020 – Ksh 48,825,342).

None of the Group's property and equipment has been pledged as security for borrowings.

18 PROPERTY AND EQUIPMENT (continued)
(b) COMPANY
Cost
At 1 January 2020

Additions

Disposals

At 31 December 2020
At 1 January 2021

Additions

Disposals

At 31 December 2021
Depreciation

At 1 January 2020

Charge for the year

Disposals

At 31 December 2020

At 1 January 2021

Charge for the year

Disposals

At 31 December 2021
Net book value

At 31 December 2021

At 31 December 2020

	Motor vehicles Ksh'000	Computer equipment Ksh'000	Furniture fittings and office equipment Ksh'000	Total Ksh'000
At 1 January 2020	48,006	89,017	262,680	399,703
Additions	-	26,637	3,090	29,727
Disposals	(8,727)	(459)	-	(9,186)
At 31 December 2020	39,279	115,195	265,770	420,244
At 1 January 2021	39,279	115,195	265,770	420,244
Additions	12,760	6,263	19,188	38,211
Disposals	(4,911)	-	-	(4,911)
At 31 December 2021	47,128	121,458	284,958	453,544
At 1 January 2020	48,006	75,075	206,844	329,925
Charge for the year	-	10,878	24,029	34,907
Disposals	(8,727)	(183)	-	(8,910)
At 31 December 2020	39,279	85,770	230,873	355,922
At 1 January 2021	39,279	85,770	230,873	355,922
Charge for the year	3,360	11,259	23,165	37,784
Disposals	(4,911)	-	-	(4,911)
At 31 December 2021	37,728	97,029	254,038	388,795
At 31 December 2021	9,400	24,429	30,920	64,749
At 31 December 2020	-	29,425	34,897	64,322

Fully depreciated assets at 31 December 2020 amounted to Ksh 333,304,919 (2020: Ksh 204,392,655). The notional annual depreciation on these assets would have been Ksh 61,904,721 (2019: Ksh 44,786,804).

None of the Company's assets has been pledged as security for borrowings.

19 RIGHT-OF-USE ASSET
Cost

At 1 January
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

GROUP		COMPANY	
2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
322,761	425,507	290,721	396,155
-	(84,690)	-	(84,690)
(8,556)	(20,744)	(8,556)	(20,744)
5,710	2,688	-	-
319,915	322,761	282,165	290,721
103,650	61,627	85,358	52,292
43,243	43,129	33,128	33,066
3,196	(1,106)	-	-
150,089	103,650	118,486	85,358
169,826	219,111	163,679	205,363

The Group and Company leases various office premises. The average lease term is five years.

The lease modification in year 2020 related to change of terms with respect to head office lease effective 1 January 2021, whereas de-recognition during the same and current period represented surrendered leases. The de-recognition in year 2020 also included de-recognition of Value Added Tax (VAT) that were excluded from cash flows as it is not a lease payment. 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 40.

Amortisation expense on right-of-use assets
Interest expense on lease liabilities
Variable lease payment not included in the measurement of the lease liability
Impact of COVID-19 rent concessions
Total variable lease payment and impact of COVID-19 rent concessions
Income from investment in sub-lease

2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
43,243	43,129	33,128	33,066
51,956	56,396	51,028	55,145
31,741	18,105	31,738	18,103
-	(905)	-	(905)
31,741	17,200	31,738	17,198
6,496	6,838	6,496	6,838

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.

20 INVESTMENT IN SUBSIDIARIES

COMPANY	Beneficial ownership	Country of incorporation	2021 Sh'000	2020 Sh'000
At cost				
ICEA LION General Insurance Company (Tanzania) Limited	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.

Impairment testing

During the year, an impairment test was carried out on the investment in subsidiary and it was concluded that the investment in not impaired.

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

	2021 Ksh'000	2020 Ksh'000
Total assets	1,271,017	1,105,210
Total liabilities	(1,000,511)	(856,773)
Net assets	270,506	248,437

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



20 INVESTMENT IN SUBSIDIARIES (continued)

Summarised statement of comprehensive income

Gross earned premiums

Underwriting loss

Profit/(Loss) before income tax

Income tax (charge)/credit

Other comprehensive income

Total comprehensive income /(loss)

Total comprehensive income allocated to non-controlling interests

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

	2021 Ksh'000	2020 Ksh'000
	736,928	546,643
	(24,124)	(15,428)
	21,578	23,706
	(10,746)	(14,075)
	235	485
	11,067	10,116
	5,147	4,754
	149,158	74,118
	(109,990)	(42,235)
	(11,179)	(11,269)
	27,989	20,614
	84,940	60,253
	3,622	4,073
	116,551	84,940

21 (a) INVESTMENT PROPERTIES

At 1 January

Fair value loss

At 31 December

GROUP AND COMPANY

	2021 Ksh'000	2020 Ksh'000
	2,710,000	2,765,000
	-	(55,000)
	2,710,000	2,710,000

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 209,544,000 (2020: Ksh 213,638,000). Expenses relating to investment property amounted to Ksh 37,841,000 (2020: Ksh 31,031,000).

Refer to note 4 (page 141) for the fair value hierarchy disclosure and note 3 (page 124) for the sensitivity effects of changes in gross annual rental and the yield.

21 (b) REAL ESTATE INVESTMENT TRUSTS

At 1 January
 Additions
 Fair value gain
At 31 December

GROUP AND COMPANY	
2021 Ksh'000	2020 Ksh'000
-	-
20,000	-
488	-
20,488	-

During the year 2021, the Company invested Kshs 20 million in the Acorn Student Accommodation REIT program. This has been carried at fair value through profit or loss at the reporting date. During the year, an income distribution of Kshs 266,000 was received from the REIT.

22 OTHER RECEIVABLES

Staff receivables
 Sundry receivables
 Rental receivables
 Prepayments
 Due from related parties (Note 50(d))

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Staff receivables	44,280	42,374	28,919	30,939
Sundry receivables	84,662	89,266	71,131	86,084
Rental receivables	35,852	64,500	35,852	64,500
Prepayments	21,974	26,960	13,056	15,011
Due from related parties (Note 50(d))	15,447	14,285	15,447	14,285
	202,215	237,385	164,405	210,819

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 (Note 50)

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Due from ICEA LION Tanzania (Note 50)	-	-	758	1,878

The balance due from the subsidiary company is non-interest bearing and is repayable within 3 months.

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;

GROUP AND COMPANY

	2021 Ksh'000	2020 Ksh'000
At 1 January	75,867	74,691
Proceeds from Kenya Motor Pool	(29,172)	-
Net increase in the group’s share of net assets of the pool	5,538	1,177
Impairment charge	(146)	(1)
At 31 December	52,087	75,867

25 INVESTMENT IN SUB-LEASE

	2021 Ksh'000	2020 Ksh'000
Investment in sub-lease	51,629	55,298

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 at 30%
Unrealised exchange gain

Deferred tax assets:

Excess depreciation over capital allowances
Provisions
Unrealised exchange losses
Unrealised tax losses
Lease liability and right-of-use asset
Fair value losses on other comprehensive income

Net deferred tax liability
(b) Movement in deferred tax income liability/asset is as follows:
At 1 January

Income statement charge/(credit)
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	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
	527,777	527,777	527,777	527,777
	2,562	3,681	2,562	3,681
	530,339	531,458	530,339	531,458
	(24,424)	(24,270)	(24,482)	(24,060)
	(168,170)	(193,498)	(145,000)	(182,335)
	(2,670)	(4,040)	(842)	(1,771)
	-	(9,642)	-	-
	(53,495)	(55,831)	(53,495)	(55,852)
	(15,060)	(10,664)	(13,912)	(9,116)
	(263,819)	(297,945)	(237,731)	(273,134)
	266,520	233,513	292,608	258,324
	233,513	272,606	258,324	306,019
	29,445	(10,105)	29,757	(20,498)
	9,323	(23,745)	9,323	(23,745)
	38,768	(33,850)	39,080	(44,243)
	(4,796)	(3,452)	(4,796)	(3,452)
	102	208	-	-
	(1,067)	(1,999)	-	-
	266,520	233,513	292,608	258,324
	(26,088)	(24,811)	-	-
	292,608	258,324	292,608	258,324
	266,520	233,513	292,608	258,324

27 DEFERRED ACQUISITION COSTS

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	261,444	264,017	219,767	236,805
Net increase/(decrease) in the year	32,623	(2,573)	24,758	(17,038)
At 31 December	294,067	261,444	244,525	219,767

28 REINSURERS' SHARE OF TECHNICAL PROVISIONS AND RESERVES

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Reinsurers' share of				
- unearned premiums	1,169,409	1,325,559	1,027,944	1,230,837
- adjusted unexpired risk reserve	8,537	9,308	8,537	9,308
- outstanding claims	1,088,229	1,466,171	852,544	1,192,911
- incurred but not reported	206,519	196,907	176,750	142,255
	2,472,694	2,997,945	2,065,775	2,575,311

29 (a) 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 80% of the total gross written premium.

GROUP
31 December 2021

Receivable arising out of direct insurance arrangements
Provision for impairment

31 December 2020

Receivable arising out of direct insurance arrangements
Provision for impairment

COMPANY
31 December 2021

Receivable arising out of direct insurance arrangements
Provision for impairment

31 December 2020

Receivable arising out of direct insurance arrangements
Provision for impairment

	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
31 December 2021	494,933	310,973	805,906
Provision for impairment	-	(310,973)	(310,973)
	494,933	-	494,933
31 December 2020	505,117	342,974	848,091
Provision for impairment	-	(342,974)	(342,974)
	505,117	-	505,117
31 December 2021	486,338	305,709	792,047
Provision for impairment	-	(305,709)	(305,709)
	486,338	-	486,338
31 December 2020	502,373	341,069	843,442
Provision for impairment	-	(341,069)	(341,069)
	502,373	-	502,373

29 (b) IMPAIRMENT MOVEMENT

At 1 January
Write off
Charge for the year (note 11c)
Exchange difference

Made up of:

Impairment on direct insurance arrangements (Note 29(a))
Impairment on receivables arising out of reinsurance arrangements (Note 30)

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	484,560	523,666	471,770	501,386
Write off	(9,281)	(81,548)	(8,893)	(73,150)
Charge for the year (note 11c)	(24,606)	40,999	(27,982)	43,534
Exchange difference	669	1,443	-	-
	451,342	484,560	434,895	471,770
Made up of:				
Impairment on direct insurance arrangements (Note 29(a))	310,973	342,974	305,709	341,069
Impairment on receivables arising out of reinsurance arrangements (Note 30)	140,369	141,586	129,186	130,701
	451,342	484,560	434,895	471,770

30 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

GROUP

31 December 2021

Receivable arising out of reinsurance arrangements

Provision for impairment

31 December 2020

Receivable arising out of reinsurance arrangements

Provision for impairment

	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
Receivable arising out of reinsurance arrangements	218,257	140,369	358,626
Provision for impairment	-	(140,369)	(140,369)
	218,257	-	218,257
Receivable arising out of reinsurance arrangements	194,017	141,586	335,603
Provision for impairment	-	(141,586)	(141,586)
	194,017	-	194,017

COMPANY

31 December 2021

Receivable arising out of reinsurance arrangements

Provision for impairment

31 December 2020

Receivable arising out of reinsurance arrangements

Provision for impairment

Receivable arising out of reinsurance arrangements	169,724	129,186	298,910
Provision for impairment	-	(129,186)	(129,186)
	169,724	-	169,724
Receivable arising out of reinsurance arrangements	147,183	130,701	277,884
Provision for impairment	-	(130,701)	(130,701)
	147,183	-	147,183

31 (a) CORPORATE BONDS AT AMORTISED COST

Corporate bonds maturing within:
- 0 to 1 year
- 1 to 5 years

At 31 December

Corporate bonds movement

At 1 January
Additions
Maturities
Accrued interest
Impairment

At 31 December

Please refer to note 4(b) and 11(c) for expected credit losses on corporate bonds.

31 (b) CORPORATE BONDS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

At 1 January
Maturities in the period

At 31 December

GROUP AND COMPANY

2021 Ksh'000	2020 Ksh'000
-	22,956
58,973	73,362
58,973	96,318

2021 Ksh'000	2020 Ksh'000
96,318	140,138
57,830	-
(96,318)	(47,030)
1,226	3,636
(83)	(426)
58,973	96,318

2021 Ksh'000	2020 Ksh'000
-	16,694
-	(16,694)
-	-

32 (a) DEBT SECURITIES AT AMORTISED COST

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Treasury bills and bonds maturity				
- Within 3 months	9,772	198,635	-	198,635
- Within 4 to 12 months	567,210	170,918	576,982	170,918
- Within 1 to 5 years	1,836,955	1,953,375	1,836,955	1,953,375
- Over 5 years	2,354,279	2,405,237	2,210,936	2,299,052
	4,768,216	4,728,165	4,624,873	4,621,980

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 2021 was Ksh 6,330,609,000 and Ksh 6,199,079,000 (2020: Ksh 5,660,375,000 and Ksh 5,554,190,000) at the Group and Company level respectively. Please refer to note 4(b) and note 11(c) for details of expected credit losses.

32 (b) DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP AND COMPANY	
	2021 Ksh'000	2020 Ksh'000
At 1 January	615,822	651,275
Additions	2,019,071	664,394
Disposals	(1,272,266)	(707,670)
Fair value (losses)/gains	(15,988)	7,823
At 31 December	1,346,639	615,822

33 (a) EQUITY SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	7,493	6,354	-	-
Fair value gains	337	692	-	-
Exchange difference on translation	331	447	-	-
At 31 December	8,161	7,493	-	-

33 (b) EQUITY SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	1,008,252	1,098,510	911,629	1,012,036
Additions	46,303	56,480	36,486	56,480
Disposals	(50,999)	(3,600)	(40,560)	(3,600)
Fair value gains/(losses)	106,469	(149,084)	104,969	(153,287)
Exchange difference on translation	14,614	5,946	-	-
At 31 December	1,124,639	1,008,252	1,012,524	911,629

34 (a) DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Deposits maturing:				
- Within 3 months (note 48(b))	759,530	402,154	714,993	344,861
- Beyond 3 months	273,760	284,790	-	85,189
- Provision for impairment	(5,895)	(4,340)	(4,464)	(3,154)
	1,027,395	682,604	710,529	426,896

34 (b) 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.

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Bank balances	85,241	84,372	22,997	56,726
Cash balances	120	120	120	120
Provision for impairment	(179)	(401)	(179)	(401)
	85,182	84,091	22,938	56,445

35 WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

The following table summarises the weighted average effective interest rates realised during the year on interest-bearing investments:

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Government securities	14.05	14.1	12.6	12.6
Corporate bonds	12.25	13.9	12.3	13.9
Deposits with financial institutions	6.87	5.9	6.1	5.0

36 SHARE CAPITAL

Balance at 1 January 2020, 31 December 2020 and 31 December 2021

Number of shares '000	Ordinary shares Ksh'000
50,000	1,000,000

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.

37 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.

38 NON-CONTROLLING INTERESTS

	GROUP	
	2021 Ksh'000	2020 Ksh'000
At 1 January	102,886	102,445
Share of profit for the year	5,091	4,527
Share of other comprehensive income	5,282	227
Transfer to contingency reserve	13,744	(4,313)
Total at end of year	127,003	102,886

39 OTHER PAYABLES

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Accrued expenses	439,377	394,255	375,038	346,805
Due to related parties (note 50(e))	33,088	26,909	33,088	26,909
Other liabilities	100,064	105,438	100,064	99,796
	572,529	526,602	508,190	473,510

The carrying amount of the above other payables approximates their fair value. Other liabilities mainly comprises of bonus provision.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



40 LEASE LIABILITY

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	460,120	619,496	446,835	600,215
Additions	2,277	-	-	-
Interest charge for the year (note 11(b))	51,956	56,396	51,028	55,145
Interest charge payments during the year	(51,956)	(56,396)	(51,028)	(55,145)
Principal lease payments during the year	(52,534)	(40,581)	(42,302)	(33,250)
Lease modification*	-	(84,690)	-	(84,690)
Rent concessions	-	(905)	-	(905)
Lease de-recognition**	(10,907)	(34,535)	(10,907)	(34,535)
Exchange difference	602	1,335	-	-
At 31 December	399,558	460,120	393,626	446,835

Maturity analysis of operating lease payments:

	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Year 1	96,576	98,182	93,800	87,510
Year 2	100,286	95,251	98,886	93,800
Year 3	104,275	99,212	103,360	98,886
Year 4	106,927	104,383	106,087	103,360
Year 5 and onwards	247,930	354,017	247,930	354,017
	655,994	751,045	650,063	737,573

* The lease modification relates to change of terms with respect to head office lease effective 1 January 2020.

** De-recognition during the current and prior year represent surrendered leases and in the prior year also included de-recognition of the Value Added Tax (VAT) that has been excluded from cash flows as it is not a lease payment. VAT for the lease payment has been included under variable lease payments in profit or loss.

41 DEFERRED REINSURANCE COMMISSIONS

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	163,121	167,197	137,300	146,260
Decrease in the year	496	(4,076)	(6,454)	(8,960)
At 31 December	163,617	163,121	130,846	137,300

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



42 UNEARNED PREMIUMS RESERVE

GROUP

2021

At 1 January 2021
 Net increase in the year
 Adjusted Unexpired Risk Reserve
 At 31 December 2021

2020

At 1 January 2020
 Net increase in the year
 Adjusted Unexpired Risk Reserve
 At 31 December 2020

	Gross Ksh'000	Reinsurance Ksh'000	Net Ksh'000
At 1 January 2021	2,486,880	(1,334,867)	1,152,013
Net increase in the year	241,532	165,458	406,990
Adjusted Unexpired Risk Reserve	64,066	(8,537)	55,529
At 31 December 2021	2,792,478	(1,177,946)	1,614,532
At 1 January 2020	2,582,602	(1,188,649)	1,393,953
Net increase in the year	115,699	(136,910)	(21,211)
Adjusted Unexpired Risk Reserve	39,801	(9,308)	30,493
At 31 December 2020	2,738,102	(1,334,867)	1,403,235

COMPANY

2021

At 1 January 2021
 Net increase in the year
 Adjusted Unexpired Risk Reserve
 At 31 December 2021

2020

At 1 January 2020
 Net increase in the year
 Adjusted Unexpired Risk Reserve
 At 31 December 2020

	Gross Ksh'000	Reinsurance Ksh'000	Net Ksh'000
At 1 January 2021	2,486,880	(1,240,145)	1,246,735
Net increase in the year	(80,226)	212,201	131,975
Adjusted Unexpired Risk Reserve	64,066	(8,537)	55,529
At 31 December 2021	2,470,720	(1,036,481)	1,434,239
At 1 January 2020	2,417,883	(1,111,929)	1,305,954
Net increase in the year	29,196	(118,908)	(89,712)
Adjusted Unexpired Risk Reserve	39,801	(9,308)	30,493
At 31 December 2020	2,486,880	(1,240,145)	1,246,735

43 PAYABLES ARISING OUT OF DIRECT AND REINSURANCE ARRANGEMENTS

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 31 December	488,878	376,840	316,357	280,178

44 OUTSTANDING CLAIMS PROVISION

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
At 1 January	4,440,277	4,075,203	4,025,467	3,853,271
Claims expense and claim handling expenses	2,167,468	2,718,925	1,955,377	2,377,810
Payments for claims and claims handling expenses	(2,428,502)	(2,364,946)	(2,187,397)	(2,205,614)
Exchange difference on translation	16,634	11,095	-	-
At 31 December	4,195,877	4,440,277	3,793,447	4,025,467

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)



45 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

	Accident Year							Total
	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	
Group - Gross of Reinsurance								
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	-	-	-	-	-	-	
Current Estimate of Cumulative Claims	2,744,317	2,772,886	2,769,755	2,065,401	2,125,590	2,712,335	2,103,265	17,293,549
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
Total Gross Liability as per the Balance Sheet	805,197	274,823	234,258	195,481	235,806	629,106	1,821,206	4,195,877

COMPANY

	Accident Year							Total
	2017 Kshs'000	2017 Kshs'000	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	
Company - Gross of Reinsurance								
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	-	-	-	-	-	-	
Current Estimate of Cumulative Claims	2,516,027	2,596,465	2,651,934	1,958,114	1,970,067	2,339,235	1,850,484	15,882,326
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
Total Gross Liability as per the Balance Sheet	799,797	274,421	233,365	189,886	223,522	482,399	1,590,057	3,793,447

45 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

	Accident Year						Total
	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	
Group - Gross of Reinsurance							
Accident Year	2,361,000	2,387,187	2,557,984	1,974,851	1,910,948	2,421,478	-
One Year Later	2,670,547	2,744,120	2,914,603	2,071,434	2,260,926	-	-
Two Years Later	2,709,231	2,865,540	2,824,178	2,080,346	-	-	-
Thress Years Later	2,711,431	2,876,111	2,793,838	-	-	-	-
Four Years Later	2,714,572	2,800,984	-	-	-	-	-
Five Years Later	2,748,351	-	-	-	-	-	-
Current Estimate of Cumulative Claims	2,748,351	2,800,984	2,793,838	2,080,346	2,260,926	2,421,478	15,105,923
Cumulative Payments to Date	(2,498,717)	(2,466,145)	(2,471,104)	(1,771,758)	(1,809,764)	(1,176,513)	(12,194,001)
Reserve in Respect of Prior Years	726,748	-	-	-	-	-	726,748
Forex Adjustments	-	-	-	-	-	481	481
IBNR Reserve	-	-	-	-	-	763,324	763,324
ULAE Reserve	-	-	-	-	-	37,802	37,802
Total Gross Liability as per the Balance Sheet	976,382	334,839	322,734	308,588	451,162	2,046,572	4,440,277

COMPANY

	Accident Year						Total
	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	
Company - Gross of Reinsurance							
Accident Year	2,143,057	2,183,546	2,437,793	1,848,232	1,706,032	2,039,196	-
One Year Later	2,441,355	2,559,403	2,795,854	1,977,176	2,105,508	-	-
Two Years Later	2,484,226	2,689,185	2,714,209	1,998,966	-	-	-
Thress Years Later	2,486,345	2,706,944	2,688,719	-	-	-	-
Four Years Later	2,498,307	2,631,907	-	-	-	-	-
Five Years Later	2,531,791	-	-	-	-	-	-
Current Estimate of Cumulative Claims	2,531,791	2,631,907	2,688,719	1,998,966	2,105,508	2,039,196	13,996,087
Cumulative Payments to Date	(2,286,088)	(2,299,677)	(2,370,728)	(1,698,962)	(1,684,419)	(1,085,743)	(11,425,617)
Reserve in Respect of Prior Years	723,006	-	-	-	-	-	723,006
IBNR Reserve	-	-	-	-	-	694,189	694,189
ULAE Reserve	-	-	-	-	-	37,802	37,802
Total Gross Liability as per the Balance Sheet	968,709	332,230	317,991	300,004	421,089	1,685,444	4,025,467

45 MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (continued)

The table below shows the movement in the Group's outstanding claims provision and related reinsurance share of outstanding claims

GROUP
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

Exchange difference on translation

Total at end of year

Notified claims

ULAE

Incurred but not reported

Total at end of year
2020

At 1 January 2020

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

Exchange difference on translation

Total at end of year

Notified claims

ULAE

Incurred but not reported

Total at end of year

	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
2021			
At 1 January 2021			
Notified claims	3,639,151	(1,466,171)	2,172,980
ULAE	37,802	-	37,802
Incurred but not reported	763,324	(196,906)	566,418
Total at beginning of year	4,440,277	(1,663,077)	2,777,200
Claims paid in year	(2,428,502)	836,923	(1,591,579)
Increase in liabilities:-			
- Arising from current year claims	2,220,350	(481,572)	1,738,778
- Arising from prior year claims	(52,881)	24,271	(28,610)
Exchange difference on translation	16,633	(11,293)	5,340
Total at end of year	4,195,877	(1,294,748)	2,901,129
Notified claims	3,370,239	(1,088,229)	2,282,010
ULAE	36,412	-	36,412
Incurred but not reported	789,226	(206,519)	582,707
Total at end of year	4,195,877	(1,294,748)	2,901,129
2020			
At 1 January 2020			
Notified claims	3,314,105	(989,602)	2,324,503
ULAE	38,359	-	38,359
Incurred but not reported	722,739	(184,985)	537,754
Total at beginning of year	4,075,203	(1,174,587)	2,900,616
Claims paid in year	(2,364,946)	674,257	(1,690,689)
Increase in liabilities:-			
- Arising from current year claims	2,651,681	(1,176,203)	1,475,478
- Arising from prior year claims	59,095	24,104	83,199
Exchange difference on translation	19,244	(10,648)	8,596
Total at end of year	4,440,277	(1,663,077)	2,777,200
Notified claims	3,639,151	(1,466,170)	2,172,981
ULAE	37,802	-	37,802
Incurred but not reported	763,324	(196,907)	566,417
Total at end of year	4,440,277	(1,663,077)	2,777,200

45 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
2021

At 1 January 2021

Notified claims

ULAE

Incurring 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

Incurring but not reported

Total at end of year

2020

At 1 January 2020

Notified claims

ULAE

Incurring 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

Incurring but not reported

Total at end of year

	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
At 1 January 2021			
Notified claims	3,293,476	(1,192,911)	2,100,565
ULAE	37,802	-	37,802
Incurring but not reported	694,189	(142,254)	551,935
Total at beginning of year	4,025,467	(1,335,165)	2,690,302
Claims paid in year	(2,187,397)	694,663	(1,492,734)
Increase in liabilities:-			
- Arising from current year claims	2,064,906	(364,078)	1,700,828
- Arising from prior year claims	(109,529)	(24,714)	(134,243)
Total at end of year	3,793,447	(1,029,294)	2,764,153
At 1 January 2020			
Notified claims	3,028,714	(852,544)	2,176,170
ULAE	36,412	-	36,412
Incurring but not reported	728,321	(176,750)	551,571
Total at end of year	3,793,447	(1,029,294)	2,764,153

	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
At 1 January 2020			
Notified claims	3,129,162	(872,620)	2,256,542
ULAE	38,359	-	38,359
Incurring but not reported	685,750	(161,588)	524,162
Total at beginning of year	3,853,271	(1,034,208)	2,819,063
Claims paid in year	(2,205,614)	596,458	(1,609,156)
Increase in liabilities:-			
- Arising from current year claims	2,309,713	(884,617)	1,425,096
- Arising from prior year claims	68,097	(12,798)	55,299
Total at end of year	4,025,467	(1,335,165)	2,690,302
At 1 January 2021			
Notified claims	3,293,476	(1,192,911)	2,100,565
ULAE	37,802	-	37,802
Incurring but not reported	694,189	(142,254)	551,935
Total at end of year	4,025,467	(1,335,165)	2,690,302

Refer to note 3 for the sensitivity effects of changes in value of claims.

46 CAPITAL COMMITMENTS

Approved Capital Expenditure

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Approved Capital Expenditure	196,830	150,875	174,398	137,835

47 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. 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 2021

Notes (continued)



48 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

Depreciation on right of use asset

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

Gain on lease liability

Impairment on deposits

Interest on lease liabilities

Amortisation of intangible assets (Note 17)

REIT revaluation (note 21(b))

Fair value gains on Equity revaluation(Note 7)

Fair value losses on investment properties(Note 7)

Rental income(Note 7)

Dividend and REIT income(Note 7)

Interest income(Note 7)

Loss on disposal of corporate bond

Gain on discontinued lease

Negative variable lease payment

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 used in operations

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Profit before income tax	1,290,711	972,312	1,269,134	948,603
Adjustments for:				
Depreciation	40,789	37,987	37,784	34,907
Depreciation on right of use asset	43,243	43,129	33,128	33,066
Gain/(loss) on disposal of equity instruments at fair value through profit or loss	(9,358)	705	(9,358)	705
Gain on disposal of treasury bonds	(5,130)	(32,724)	(5,130)	(32,724)
Gain on sale of property and equipment	(1,372)	(337)	(1,400)	208
Finance income on investment in sub-lease	(6,496)	(6,838)	(6,496)	(6,838)
Gain on lease liability	-	(5,016)	-	(5,016)
Impairment on deposits	1,555	794	(3,154)	(1,108)
Interest on lease liabilities	51,956	56,396	51,028	55,145
Amortisation of intangible assets (Note 17)	4,549	6,909	3,415	6,363
REIT revaluation (note 21(b))	(488)	-	(488)	-
Fair value gains on Equity revaluation(Note 7)	(106,469)	149,084	(104,969)	153,287
Fair value losses on investment properties(Note 7)	-	55,000	-	55,000
Rental income(Note 7)	(209,544)	(213,638)	(209,544)	(213,638)
Dividend and REIT income(Note 7)	(39,272)	(42,221)	(34,056)	(38,699)
Interest income(Note 7)	(737,425)	(690,745)	(697,413)	(660,849)
Loss on disposal of corporate bond	-	1,780	-	1,780
Gain on discontinued lease	(2,348)	(243)	(2,348)	(243)
Negative variable lease payment	-	(905)	-	(905)
Changes in working capital:				
- Kenya motor insurance pool receivable	23,780	(1,176)	23,780	(1,176)
- receivables arising out of reinsurance arrangements	(24,240)	(76,118)	(22,541)	(56,984)
- receivables arising out of direct insurance arrangements	10,184	63,184	16,035	62,469
- reinsurers share of technical provisions and reserves	525,250	(634,709)	509,536	(429,175)
- deferred acquisition costs	(32,623)	2,573	(24,758)	17,038
- other receivables net of rental debtors	(7,362)	14,472	3,881	25,821
- due from subsidiary company	-	-	1,120	4,200
- outstanding claims provisions	(244,400)	365,075	(232,020)	172,196
- unearned premiums reserves	54,376	155,501	(16,160)	68,997
- payables arising from direct and reinsurance arrangements	112,038	(30,502)	36,179	(60,488)
- deferred reinsurance commissions	496	(4,077)	(6,454)	(8,960)
- other payables	45,927	50,528	34,680	50,957
Cash used in operations	778,327	236,180	643,411	173,939

48 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 32(a))

Deposits with financial institutions maturing within 3 months (Note 34)

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
Cash and bank balances	85,182	84,091	22,938	56,445
Debt securities maturing within 3 months (Note 32(a))	9,772	198,635	-	198,635
Deposits with financial institutions maturing within 3 months (Note 34)	759,530	402,154	710,529	344,861
	854,484	684,880	733,467	599,941

49 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:

	GROUP AND COMPANY	
	2021 Ksh'000	2020 Ksh'000
Year 1	209,544	213,638
Year 2	221,114	218,442
Year 3	232,170	229,364
Year 4	243,778	240,832
Year 5	255,967	252,874
Year 6	268,765	265,518
Year 7 and onwards	282,204	278,793
	1,713,542	1,699,461

Lease income on operating leases

	2021 Ksh'000	2020 Ksh'000
Lease income on operating leases	209,544	213,638

50 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 2021

Notes (continued)



50 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

c) Amounts due from a subsidiary

d) Due from related company*:

ICEA LION Asset Management
ICEA Life Uganda
ICEA General Uganda
Mitchell Cotts Freight Kenya Ltd
Upstream Ltd
Karirana Tea Estates
Kahuho Holdings Ltd
ICEA LION Insurance Holdings

e) Due to related company:

ICEA LION Life Assurance
First Chartered Securities
Williamson Development Ltd

f) Key management and directors' remuneration

Director's remuneration (fees)
Key management remuneration

	GROUP		COMPANY	
	2021 Ksh'000	2020 Ksh'000	2021 Ksh'000	2020 Ksh'000
	375,660	342,923	360,447	328,003
	-	-	6,575	6,624
	22,486	10,801	14,805	10,801
	43,279	41,538	27,918	30,939
	144,484	132,467	144,484	132,467
	297,425	312,287	249,611	220,454
	55,482	117,365	18,668	53,080
	4,884	7,563	362	3,953
	93,570	79,858	93,570	79,858
	1,590	1,432	1,590	1,432
	-	-	758	1,878
	17	181	17	181
	3,194	3,194	3,194	3,194
	11,233	10,317	11,233	10,317
	448	488	448	488
	-	80	-	80
	-	24	-	24
	1	1	1	1
	554	-	554	-
	15,447	14,285	15,447	14,285
	27,073	25,090	27,073	25,090
	72	1,819	72	1,819
	5,943	-	5,943	-
	33,088	26,909	33,088	26,909
	11,420	8,376	7,090	4,560
	263,565	252,303	226,366	218,969

*No provision for bad debts were held with respect to amounts due from related parties.

APPENDIX I - CONSOLIDATED REVENUE ACCOUNTS
Supplementary Information
for the year ended 31 December 2021



Class of Insurance Business	Aviation	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Comm	Personal Accident	Theft	Workmen's Comp	Medical	Miscellaneous	2021 Total	2020 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	1,177,104	204,712	139,067	1,369,427	263,285	243,053	1,695,133	801,927	165,765	249,356	436,311	285,262	117,874	7,148,276	6,677,610
Change in unearned prem	(265,887)	(269)	739	50,134	7,174	2,699	177,258	41,346	4,028	8,893	(10,738)	(4,967)	6,877	17,287	142,570
Gross earned prem	1,442,991	204,981	138,328	1,319,293	256,111	240,354	1,517,875	760,581	161,737	240,463	447,049	290,229	110,997	7,130,989	6,535,040
Less : Reinsurance payable	(1,384,215)	(140,657)	(47,981)	(1,086,932)	(202,182)	(100,316)	(81,851)	(63,658)	(83,591)	(17,818)	(38,196)	(200,991)	(92,918)	(3,541,306)	(3,133,755)
Net earned premiums	58,776	64,324	90,347	232,361	53,929	140,038	1,436,024	696,923	78,146	222,645	408,853	89,238	18,079	3,589,683	3,401,285
Gross Claims Paid	60,822	239,743	12,359	355,932	18,378	66,845	888,232	308,064	85,394	84,051	91,307	214,970	2,199	2,428,296	2,364,946
Change in o/s claims	(746)	(907)	12,996	(25,174)	(10,734)	29,568	132,886	96,099	(552)	22,176	(131,763)	(6,718)	1,457	118,588	(128,922)
	60,076	238,836	25,355	330,758	7,644	96,413	1,021,118	404,163	84,842	106,227	(40,456)	208,252	3,656	2,546,884	2,236,024
Less : Reinsurance recoveries	(52,876)	(196,546)	(310)	(298,329)	(9,431)	(20,423)	(29,673)	(17,812)	(50,092)	(4,164)	(5,665)	(150,201)	(1,070)	(836,592)	(677,349)
Claims Incurred	7,200	42,290	25,045	32,429	(1,787)	75,990	991,445	386,351	34,750	102,063	(46,121)	58,051	2,586	1,710,292	1,558,676
Commissions earned	(52,333)	(41,694)	(5,980)	(298,676)	(31,671)	(17,409)	(4,716)	(6,636)	(21,218)	1,117	(7,562)	(56,395)	(26,811)	(569,984)	(485,671)
Commissions incurred	19,656	37,490	23,127	239,777	26,797	35,687	142,607	73,276	30,074	27,466	81,601	28,695	9,884	776,137	690,089
Expenses of Management	33,439	25,897	24,637	71,340	28,428	73,992	531,664	308,511	27,681	82,880	107,222	59,715	8,655	1,384,061	1,246,879
Total Expenses & Commissions	762	21,693	41,784	12,441	23,554	92,270	669,555	375,151	36,537	111,463	181,261	32,015	(8,272)	1,590,214	1,451,298
Underwriting profit/(loss)															
-2021	50,814	341	23,518	187,491	32,162	(28,222)	(224,976)	(64,579)	6,859	9,119	273,713	(828)	23,765	289,177	391,311
-2020	(168)	12,678	52,757	43,902	12,596	(9,971)	2,258	25,861	26,767	86,112	166,533	(45,602)	17,588	391,311	
Key ratios:															
Loss ratio	12	66	28	14	-3	54	69	55	44	46	-11	65	14	48	46
Commission ratio	2	19	17	17	10	15	8	9	19	16	19	10	8	11	10
Expense ratio	3	13	18	5	11	30	31	38	17	33	25	21	7	19	19
Combined ratio	14	99	74	19	40	120	116	109	91	96	33	101	-31	92	88

APPENDIX II - COMPANY REVENUE ACCOUNTS
Supplementary Information
for the year ended 31 December 2021



Class of insurance business	Aviation Ksh'000	Engineering Ksh'000	Fire Domestic Ksh'000	Fire Industrial Ksh'000	Liability Ksh'000	Marine Ksh'000	Motor Private Ksh'000	Motor Comm Ksh'000	Personal Accident Ksh'000	Theft Ksh'000	Workmen's Comp Ksh'000	Medical Ksh'000	Miscella neous Ksh'000	2021 Total Ksh'000	2020 Total Ksh'000
Gross Premium Written	1,089,149	178,777	135,239	1,175,894	240,766	223,711	1,527,146	582,005	141,477	214,071	433,845	285,262	103,808	6,331,150	6,057,394
Change in gross earned prem	(275,138)	(2,295)	480	69,132	6,457	4,144	159,219	18,030	464	(12,074)	(10,816)	(4,967)	6,939	(40,425)	68,997
Gross earned prem	1,364,287	181,072	134,759	1,106,762	234,309	219,567	1,367,927	563,975	141,013	226,145	444,661	290,229	96,869	6,371,575	5,988,397
Less : Reinsurance payable	(1,305,702)	(121,361)	(46,328)	(900,166)	(188,169)	(88,370)	(53,402)	(11,596)	(69,232)	(25,950)	(37,185)	(200,991)	(79,766)	(3,128,218)	(2,832,160)
Net earned premiums	58,585	59,711	88,431	206,596	46,140	131,197	1,314,525	552,379	71,781	200,195	407,476	89,238	17,103	3,243,357	3,156,237
Gross Claims Paid	49,936	171,577	11,741	324,357	17,740	63,360	815,777	264,458	84,623	76,480	91,307	214,970	1,071	2,187,397	2,205,614
Change in gross outstanding claims	(765)	(2,892)	12,980	(33,771)	(9,667)	27,252	125,495	72,860	(1,986)	21,550	(131,888)	(6,718)	1,402	73,852	(128,762)
	49,171	168,685	24,721	290,586	8,073	90,612	941,272	337,318	82,637	98,030	(40,581)	208,252	2,473	2,261,249	2,076,851
Less : Reinsurance recoverable	(42,247)	(133,998)	(207)	(273,497)	(9,367)	(19,088)	(4,745)	(3,754)	(49,882)	(1,787)	(5,665)	(150,201)	(227)	(694,665)	(596,458)
Net claims Incurred	6,924	34,687	24,514	17,089	(1,294)	71,524	936,527	333,564	32,755	96,243	(46,246)	58,051	2,246	1,566,584	1,480,393
Commissions earned	(48,299)	(36,247)	(5,380)	(240,889)	(30,297)	(13,694)	(805)	(27)	(16,316)	(2,646)	(7,343)	(56,395)	(24,164)	(482,502)	(405,626)
Commissions payable	16,327	32,257	22,406	183,301	24,913	32,216	125,481	49,290	26,224	28,146	81,139	28,695	8,598	658,993	601,079
Expenses of Management	33,423	23,649	24,001	65,131	24,730	69,753	456,939	220,588	23,879	69,915	106,468	59,715	8,053	1,186,244	1,073,652
Total Expenses & Commissions	1,451	19,659	41,027	7,543	19,346	88,275	581,615	269,851	33,787	95,415	180,264	32,015	(7,513)	1,362,735	1,269,105
Underwriting profit/(loss)															
-2021	50,210	5,365	22,890	181,964	28,088	(28,602)	(203,617)	(51,036)	5,239	8,537	273,458	(828)	22,370	314,038	406,739
-2020	(1,299)	12,962	53,252	39,586	14,129	(10,066)	19,891	41,530	22,557	78,912	164,841	(45,602)	16,046	406,739	
Key ratios:															
Loss ratio	12	58	28	8	-3	55	71	60	46	48	-11	65	13	48	47
Commission ratio	1	18	17	16	10	14	8	8	19	13	19	10	8	10	10
Expense ratio	3	13	18	6	10	31	30	38	17	33	25	21	8	19	18
Combined ratio	14	91	74	12	39	122	115	109	93	96	33	101	-31	90	87



ICEA LION
GENERAL INSURANCE

APPENDICES

06

CORPORATE INFORMATION

REGISTERED OFFICE

ICEA LION Centre
Riverside Park
Chiromo Road, Westlands
P.O. Box 30190 - 00100 Nairobi
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+254 (0) 20 2750999
Email: info@icealion.com

SECRETARY

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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 -2021

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2019

No.	Project	Description	Category	Group Cost	Life Assurance	General Insurance
2013						
1	Kenya Paraplegic Organization	Bring Zack Back Campaign	Health	200,000.00	100,000.00	100,000.00
2	Kenya Paraplegic Organization	Charity Golf Tournament	Health	200,000.00	100,000.00	100,000.00
3	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	200,000.00	100,000.00	100,000.00
4	The Association of Kenya Insurers	Annual Medical Camp	Health	50,000.00	25,000.00	25,000.00
5	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	100,000.00	50,000.00	50,000.00
6	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	200,000.00	-	200,000.00
7	Rhino Ark Charitable Trust	Support of Rhino Charge Team	Environment	100,000.00	50,000.00	50,000.00
8	Kahawa Garisson	High School Project	Education	300,000.00	150,000.00	150,000.00
9	August 7 Memorial Trust	In Support of the Needy	Special Projects - Support of Needy	100,000.00	50,000.00	50,000.00
10	SOS Children's Villages	In Support of the Needy Children	Special Projects - Support of Needy	100,000.00	50,000.00	50,000.00
11	Lions Club of Kenya	Charity Golf Tournament	Special Projects - Support of Needy	250,000.00	125,000.00	125,000.00
12	Faraja Cancer Support Trust	Faraja Cancer Centre Development	Health	2,000,000.00	1,000,000.00	1,000,000.00
13	KCB Safari Rally	Official Event Insurer June 2013 - June 2014	Brand Equity - Sports	1,000,000.00	-	1,000,000.00
Total Support Amount				4,800,000.00	1,800,000.00	3,000,000.00

2014						
1	Alexis Foundation	Charity Golf Tournament	Education	75,000.00	37,500.00	37,500.00
2	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	500,000.00	250,000.00	250,000.00
3	Heart to Heart Foundation	Heart Run (Karen Hospital)	Health	50,000.00	25,000.00	25,000.00
4	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045.00	5,022.50	5,022.50
5	Faraja Cancer Support Trust	Purchase of Branded Tee Shirts	Health	200,000.00	100,000.00	100,000.00
6	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000.00	25,000.00	25,000.00
7	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	100,000.00	50,000.00	50,000.00
8	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000.00	50,000.00	50,000.00
9	The Association of Kenya Insurers	Annual Medical Camp - Kamangu Primary - Kiambu	Health	50,000.00	25,000.00	25,000.00
10	Drumbeat Ltd - Amazing Maasai Marathon	Supporting Girl Child Secondary Education in Maasailand - Official Event Insurer	Education	130,000.00	65,000.00	65,000.00
11	The Kenya Red Cross	Annual Gala Dinner for the Disaster Kitty	Special Projects - Disaster Preparedness	300,000.00	-	300,000.00
12	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
Total Support Amount				1,835,299.00	767,649.50	1,067,649.50

CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2021

No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2015						
1	Insurance Institute of Kenya	IJK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	-	50,000.00
2	Special Olympics Kenya	3 Air Tickets for Special Olympics Swim Team	Special Projects - Sports	500,000.00	250,000.00	250,000.00
3	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000.00	10,000.00	10,000.00
4	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000.00	-	300,000.00
5	The Association of Kenya Insurers	Annual Medical Camp - Ngurubaini Primary School - Mwea	Health	70,000.00	35,000.00	35,000.00
6	Consolata Youth Rehabilitation Programme	COYREP & ICEA LION Visit To Clean Up Deep Sea Slum	Brand Equity - Environment	100,000.00	50,000.00	50,000.00
7	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000.00	50,000.00	50,000.00
8	Wema Centre Trust	Annual Fund Raising Dinner	Special Projects - Support of Needy	250,000.00	125,000.00	125,000.00
9	Help Baby Ivannah	Medical Bill Support For The Late Baby Ivannah	Special Projects - Support of Needy	30,000.00	15,000.00	15,000.00
10	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
11	KCB Safari Rally	Official Event Insurer Jun 2014 - Dec 2015	Brand Equity - Sports	3,000,000.00	-	3,000,000.00
Total Support Amount				4,690,254.00	670,127.00	4,020,127.00
No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2016						
1	Insurance Institute of Kenya	IJK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	25,000.00	25,000.00
2	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000.00	25,000.00	25,000.00
3	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045.00	5,022.50	5,022.50
4	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000.00	150,000.00	150,000.00
5	Association of Kenya Insurers	Joint Insurers Pensions Awareness Campaign	Special Projects - Financial Literacy	1,000,000.00	500,000.00	500,000.00
6	Jockey Club of Kenya - Horse Derby	111th Kenya Derby Prize Money For Riders	Brand Equity - Sports	1,000,000.00	500,000.00	500,000.00
7	Jockey Club of Kenya - Horse Derby	Social Media Boosting to Advertise Event	Brand Equity - Sports	17,492.80	8,746.40	8,746.40
8	Duke of Edinburgh's Presidential Award Scheme	Feeding Youth During Mt. Kenya Climb	Education	500,000.00	250,000.00	250,000.00
9	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000.00	10,000.00	10,000.00
10	East African & Kenya Motor Sports Club	FIM MotoCross Of African Nations 2016	Brand Equity - Sports	500,000.00	250,000.00	250,000.00
11	East African Motor Sports Club	Refurbishing 16 Spectator Stands & Constructing 14 new ones	Brand Equity - Sports	1,397,000.00	698,500.00	698,500.00
12	The Association of Kenya Insurers	Annual Medical Camp - Karagita - Naivasha	Health	85,000.00	42,500.00	42,500.00
13	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
Total Support Amount				5,199,791.80	2,599,895.90	2,599,895.90
No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2017						
1	The Association of Kenya Insurers	Annual Medical Camp - Gatanga - Thika	Health	85,000.00	42,500.00	42,500.00
2	Insurance Institute of Kenya	IJK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	25,000.00	25,000.00
3	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045.00	5,022.50	5,022.50
4	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	500,000.00	300,000.00	200,000.00
Total Support Amount				645,045.00	372,522.50	272,522.50
No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2018						
1	The Association of Kenya Insurers	Annual Medical Camp - Matuu - Machakos	Health	90,000.00	45,000.00	45,000.00
2	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000.00	500,000.00	200,000.00
Total Support Amount				790,000.00	545,000.00	245,000.00

2019						
1	The Association of Kenya Insurers	Annual Medical Camp - Isinya	Health	90,000.00	45,000.00	45,000.00
2	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000.00	-	700,000.00
Total Support Amount				790,000.00	45,000.00	745,000.00

2020						
1	Lewa Wildlife Conservancy	Virtual Lewa Marathon	Brand Equity - Environment	100,000.00	50,000.00	50,000.00
2	National Emergency Response Committee	COVID-19 Pandemic Support	Health & Special Projects	10,000,000.00	5,000,000.00	5,000,000.00
Total Support Amount				10,100,000.00	5,050,000.00	5,050,000.00

2021						
1	The Academy of Dance and Arts Ltd	Grease Musical Show Sponsorship	Brand Equity - Speacial Projects	250,000.00	-	250,000.00
2	Wema Centre	Sponsorship for Wemathon	Brand Equity - Sports	50,000.00	-	50,000.00
Total Support Amount				300,000.00	-	300,000.00
TOTAL CORPORATE SOCIAL RESPONSIBILITY SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2021				29,155,389.80	11,852,694.90	17,302,694.90

ICEA LION GROUP CORPORATE SOCIAL INVESTMENT SUPPORT - OCTOBER 2016 - DECEMBER 2020

No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2016 - 2017						
1		Warrior Watch & Lion Monitoring Equipment		862,554.00	431,277.00	431,277.00
2	Ewaso Lions - Lion Conservation Project	Production of the Lion Conservation Video	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	3,838,634.00	1,919,317.00	1,919,317.00
3		Promoting the Lion Conservation Video & Initiative on Social Media (Facebook, Instagram & YouTube)		600,000.00	300,000.00	300,000.00
4		KWS Methodology & Standardization Workshop Sponsorship		462,000.00	231,000.00	231,000.00
5	Kenya Wildlife Service (KWS) National Lion Census	National Lion Census - Phase I - Lake Nakuru National Park		821,167.00	410,583.50	410,583.50
Total Support Amount				6,584,355.00	3,292,177.50	3,292,177.50

No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2018						
1		ICEA LION Staff Immersion & Sensitization Videography & Photography		194,880.00	97,440.00	97,440.00
2	Lewa Wildlife Conservancy	Conservation Education Programme - 15 Schools, 690 Students, 60 Teachers from Northern Kenya for 2 Days	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	3,515,000.00	3,987,000.00	3,987,000.00
3		Conservation Education Programme - ICEA LION Staff immersion		200,000.00	100,000.00	100,000.00
4		Lion Predator Monitoring Programme		472,000.00	236,000.00	236,000.00
Total Support Amount				4,381,880.00	2,190,940.00	2,190,940.00

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		1,701,925.00	850,962.50	850,962.50
2		ICEA LION Staff Immersion & Sensitization Videography & Photography	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	194,880.00	97,440.00	97,440.00
3	Lewa Wildlife Conservancy	Conservation Education Programme - ICEA LION Staff immersion with Bardassa Secondary School		200,000.00	100,000.00	100,000.00
4		Lion Predator Monitoring Programme		472,000.00	236,000.00	236,000.00
Total Support Amount				2,568,805.00	1,284,492.50	1,284,492.50

No.	Project Partner	Description	Category	Group Cost	Life Assurance	General Insurance
2020						
1	Lewa Wildlife Conservancy	Fund Raising Gala Dinner: Chief Guest : Eliud Kipchoge	Brand Equity - Environment	600,000.00	300,000.00	300,000.00
2	Organization of East & Southern African Insurers (OESAI)	Sponsored OESAI Sustainability Conference	Brand Equity - Environment	600,000.00	300,000.00	300,000.00
Total Support Amount				1,200,000.00	600,000.00	600,000.00
TOTAL CORPORATE SOCIAL INVESTMENT SUPPORT AMOUNT FROM OCTOBER 2016 - DECEMBER 2021				14,735,040.00	7,367,520.00	7,367,520.00

TOTAL CORPORATE SOCIAL RESPONSIBILITY & INVESTMENT SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2021				43,890,429.80	19,220,214.90	24,670,370.90
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These costs exclude the launch event activities & related logistical costs

AWARDS & ACCOLADES 2012 - 2021 & GCR RATING



THINK BUSINESS AWARDS

WINNER

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

1ST RUNNERS UP

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

2ND RUNNERS UP

General Insurer of the Year - 2018, 2016, 2015
 Training - 2018, 2014
 Fraud Detection & Prevention - 2017, 2014
 Claims Settlement - 2016

ICPSK CHAMPIONS OF GOVERNANCE AWARDS

WINNER

Insurance Sector: 2018, 2017
 Company Secretary of the Year: **Kennedy Ontiti** - 2016, 2015

1ST RUNNERS UP

Insurance Sector: 2016, 2015
 Company Secretary of the Year: **Kennedy Ontiti** - 2018

2ND RUNNERS UP

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

WINNER

Marine Cargo Insurer - 2018

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (ICPAK) FINANCIAL REPORTING (FiRe) AWARDS

WINNER

Environmental and Social Reporting - 2021

1ST RUNNERS UP

Insurance Category - 2019

2ND RUNNERS UP

Insurance Category - 2018

KENYA INSTITUTE OF MANAGEMENT (KIM) COMPANY OF THE YEAR AWARDS (COYA) 2017

WINNER

CEO of the Year: **Steven Oluoch** - 2017
 Financial Management Determinant - 2017

DELOITTE'S BEST COMPANY TO WORK FOR AWARDS

WINNER

Insurance Sector - 2014, 2015

1ST RUNNERS UP

Overall: Mid-Size Companies (under 500 employees) - 2016

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

INSURANCE INSTITUTE OF KENYA (IIK) ANNUAL QUIZ

WINNER 2017

INTERNATIONAL SAFETY TRAINING CENTRE AWARD

WINNER

International Workplace Safety Award - 2019



Public credit rating report | Kenya Insurance | July 2021

ICEA LION General Insurance Company Limited

Rated entity / issue	Rating class	Rating scale	Rating	Outlook/Watch
ICEA LION General Insurance Company Limited	Financial strength	National	AA-(KE)	Positive Outlook

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 - 2016

AFRICAN CRISTAL MEDIA & ADVERTISING AWARDS - MOROCCO

2ND RUNNERS UP

Digital Insurance Category - 2019

**AWARDS & ACCOLADES
 2012 - 2021
 & GCR RATING**



REPORTING GUIDANCE INDEX

BASED ON INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC) FRAMEWORK

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ICEA LION'S INTEGRATED LAB

Meet our team that spearheaded and continues to champion Integrated Thinking and delivered the 2021 Integrated Report that was developed and designed in-house.

Special thanks to our in-house designer **Mwangi Kariuki** for his creative and tireless efforts.

Zipporah Chege

Chief Finance Officer
ICEA LION General Insurance

Dorothy Maseke

Group Manager
Risk & Compliance
ICEA LION Group

Nkatha Gitonga

Group Manager
Marketing & Communications
ICEA LION Group

Kevin Nyakeri

Chief Finance Officer
ICEA LION Life Assurance



We appreciate this dedicated team from our finance and actuarial departments who worked diligently in liaison with the Integrated Lab Team to deliver on our 2021 Audited Financial Statements.

STANDING FROM LEFT TO RIGHT

Mercy Mulata, Magdaline Muchiri, Dickson Gathuku, Cosmus Mwiti, Anthony Murathi, Jeremiah Ngethe, Carolyn Chakava, John Mbote, Magdalene Busuru, Sylvia Mutia, Sheila Mwiti, Elisha Muruga

SITTING FROM LEFT TO RIGHT:

Mildred Ngavala, Robert Gathage, Zipporah Chege, Zebedeo Nyakwana, Jessicah Mghoi



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GENERAL INSURANCE

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