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COMPANY INFORMATION

Board of directors	Mr. Rasik Kantaria	- Chairman
	Mr. Shantilal Shah	
	Mr. Amar Kantaria	
	Mr. Dilesh Somchand Bid (Appointed 25th September 2009)	
	Mr. Gajendra Jesukhlal Batavia (Appointed 25th September 2009 and deceased 11th April 2010)	
	Mr. Mukesh Patel (Retired 22nd July 2009)	
	Mr. Rapinder Singh Sehmi (Resigned 25th September 2009)	
Executive management	Mrs. Rita Thatthi	- Principal Officer / CEO
	Ms. Eva Wambui	- Claims Manager
	Mrs. Jayshree Balakumar	- Financial Consultant
	Ms. Winfred Muoki	- Legal Manager
	Mr. Crispus Gisemba	- Underwriting Manager
	Mr. Lawi Kariuki	- Manager

Company secretary

Commercial Registrars
P.O. Box 49925-00100
Nairobi

Head office and registered office

Plot L.R. No. 209/2259/1
Tausi Court, Tausi Road
Off Muthithi Road, Westlands
P.O. Box 28889-00200
Nairobi, Kenya
Tel: 3746602/3/17
Mobile: 0729145888/0735145020
Fax: 3746618

Independent auditor

RSM Ashvir
Certified Public Accountants
1st Floor, Reliance Centre,
Woodvale Grove, Westlands
P.O. Box 349, 00606
Nairobi,
Kenya.

Principal banker

Prime Bank Limited, Nairobi

CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report and Financial Statements for Tausi Assurance Company Ltd as at 31st December 2009.
The year 2009 was a difficult one for Kenya with global financial crises of 2008 continuing into 2009. The Country also suffered from severe drought which impacted negatively on the important agriculture sector. The economy grew by an estimated 2.7% in 2009 compared to 1.7% the previous year. The overall inflation declined from 13.3% in January to approximately 5.3% in December.

The Company's performance

In the year 2009 the Company registered a sterling performance with a pre tax profit of Ksh. 138m compared to Ksh. 12.6m in 2008. The restructuring process embarked upon in 2006, in terms of the business underwritten, management, overall objectives to enhance customer satisfaction and shareholders' value, has been very successful and the results attest to it.
The gross premium underwritten in 2009 of Ksh.511m was marginally higher than 2008, Ksh.487m. The investment income rose from Ksh.58m in 2008 to Ksh.69.7m in 2009 and a healthy underwriting profit was generated. Commissions earned in 2009 were substantially lower than the previous year at Ksh.38.9m compared to Ksh. 74m earned in 2008 due to unusual earnings accounted for in the year 2008. The net incurred claims for the year 2009 were Ksh.125m from Ksh.200m in 2008 which is an impressive reduction of Ksh.75m. The administrative and other expenses also reduced by Ksh. 20m from Ksh.115m in 2008 to Ksh.95m in 2009.
The shareholders' fund stands at Ksh. 332.5m as at 31.12.2009 compared to Ksh. 141.3m in 2008. The shareholders have already provided additional capital to the Company and further funds will be injected by them to raise the paid up capital to Ksh.300m by June 2010.
The Company has always believed in being a good corporate citizen and the following needy causes were supported:

- School bursaries
- Sponsoring of eye surgeries at the Lions Sight First Eye hospital
- Jaipur foot project

Board of Directors

During the year two directors were inducted to the board, Mr. G.J.Batavia and Mr.D.S.Bid.
Unfortunately, Mr. G.J Batavia passed away in April 2010 after a short illness. We express our deep sorrow to his family members.

Appreciation

I wish to record my appreciation to our esteemed clients, agents and brokers for choosing to insure with Tausi. None of our achievements would have been possible without their loyal support. I also thank the management and staff for their efforts. I thank the shareholders for the trust and confidence they have shown in the board and management of the Company and for injecting the necessary capital when called upon to do so. I am grateful to my fellow directors for their diligence and commitment in executing their duties.
Finally, my thanks go to the Commissioner of Insurance and the Insurance Regulatory Authority for their co-operation and guidance throughout the year.

Thank you

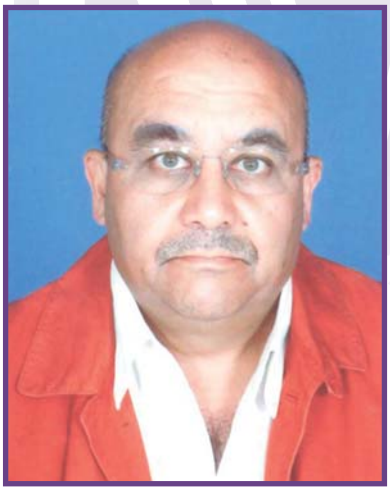
Rasik Kantaria
Chairman

BOARD OF DIRECTORS

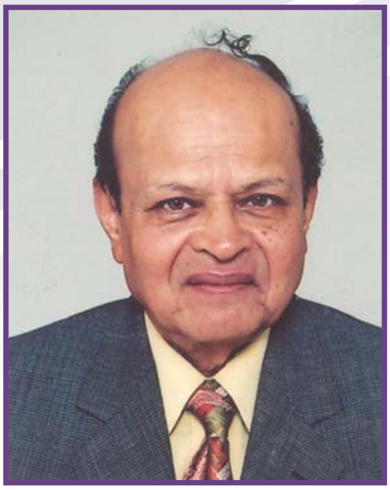
Mr. Rasik Kantaria
Chairman

Mr. Shantilal Khimji Shah
Director

Mr. Amar Rasiklal Kantaria
Director



Mr. Dilesh Somchand Bid
Director



Mr. Gajendra Jesukhlal Batavia
Director (Deceased)

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st December 2009, which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of the registered office is set out on page 2.

Principal activities

The company is licenced under Section 31 of the Insurance Act (Cap. 487) to transact in all classes of general insurance business with the exception of aviation.

Results and dividends

The net profit / (loss) for the year of Shs. 98,445,230 (2008: Shs. (1,811,656)) has been added to / deducted from retained earnings. The directors do not recommend the declaration of a dividend for the year.

Directorate

The directors who held office during the year and to the date of this report are set out on page 2.

Auditor

The company's auditor, RSM Ashvir, has expressed its willingness to continue in office in accordance with Section 159 (2) of the Kenyan Companies Act, subject to the approval by the Commissioner of Insurance in accordance with Section 56(4) of the Insurance Act.

By order of the board

Rasik Kantaria
Chairman

Nairobi 23rd April 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the preparation and fair presentation of these financial statements, which are free from material misstatement whether due to fraud or error. They also accept responsibility for:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgments that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st December 2009 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 7th April 2010 and signed on its behalf by:

Rasik Kantaria
Chairman

Shantilal Shah
Director

MANAGEMENT TEAM

Standing from left: Lawi Kariuki (Manager), Susan Kerubo (Asst Manager - Marine), Eva Wambui (Manager - Claims), Rita Thatthi (CEO-Principal Officer), Steve Ogunde (Deputy Manager - Reinsurance), Jayashree Balakumar (Financial Consultant), Winfred Muoki (Manager - Legal), Crispus Gisemba (Manager - Underwriting)

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TAUSI ASSURANCE COMPANY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Tausi Assurance Company Limited, set out on pages 9 to 38 which comprise the balance sheet at 31st December 2009, and the profit and loss account, statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31st December 2009 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
iii) the company's balance sheet and profit and loss account are in agreement with the books of account.

RSM Ashvir
Certified Public Accountants
Nairobi

28th April, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	2009 Shs	2008 Shs
Gross earned premiums	4	509,543,258	506,129,461
Insurance premiums ceded to reinsurers	4	(206,562,337)	(187,333,028)
Net insurance premium revenue	4	302,980,921	318,796,433
Investment income	5	69,753,464	58,530,040
Other income	6	200,482	-
Commissions earned		38,920,567	74,028,578
Changes in fair value of financial assets at fair value through profit and loss	7	(521,540)	(38,742,430)
Total income		411,333,894	412,612,621
Claims payable	8	(216,831,408)	(260,604,786)
Insurance claims recoverable from reinsurers	8	91,758,163	60,272,107
Net insurance claims	8	(125,073,245)	(200,332,679)
Administrative and other expenses		(94,893,372)	(115,157,176)
Commissions payable		(52,792,411)	(84,953,101)
Profit before tax	9	138,574,866	12,169,665
Tax (expense)	10	(40,129,636)	(13,981,321)
Net profit / (loss) for the year		98,445,230	(1,811,656)
Earnings / (loss) per share			
Basic	11	74.22	-

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	2009 Shs	2008 Shs
Profit / (loss) for the year		98,445,230	(1,811,656)
Other comprehensive income:			
(Deficit) on revaluation of property, plant and equipment	14	(7,500,000)	-
Reversal of depreciation	14	4,200,000	-
Deferred income tax relating to components of other comprehensive income	19	990,000	330,000
Other comprehensive income for the year, net of tax		(2,310,000)	330,000
Total comprehensive income for the year attributable to the owners of the company		96,135,230	(1,481,656)

BALANCE SHEET AT 31ST DECEMBER 2009

	Note	2009 Shs	2008 Shs
CAPITAL EMPLOYED			
Share capital	12	219,963,300	124,949,400
Revaluation surplus	13	28,653,665	30,963,665
Retained earnings		83,874,865	(14,570,365)
Total equity		332,491,830	141,342,700
REPRESENTED BY:			
Assets			
Property, plant and equipment	14	109,666,214	112,250,664
Prepaid operating lease rentals	15	4,520,020	4,575,940
Intangible assets	16	16,617,583	685,800
Held-to-maturity investments	17	191,643,287	104,330,388
Financial assets at fair value through profit or loss	18	62,066,872	79,948,612
Loans receivable	20	54,455,589	64,984,743
Receivables arising out of reinsurance arrangements		9,311,638	27,680,085
Receivables arising out of direct insurance arrangements		18,819,982	17,195,840
Reinsurers' share of insurance liabilities	21	246,345,282	257,867,529
Other receivables	22	53,669,265	20,444,125
Current income tax recoverable		-	464,483
Deposits with financial institutions	23	419,989,651	341,892,149
Cash and bank balances	23	95,270,001	48,088,088
Total assets		1,282,375,384	1,080,408,446
Liabilities			
Insurance contract liabilities	24	580,259,605	628,574,843
Unearned premium	26	209,354,506	205,255,694
Payables arising from reinsurance arrangements		21,830,481	60,306,351
Payables arising out of direct insurance arrangements		56,767,833	18,786,182
Other payables	27	32,523,417	10,765,060
Deferred income tax	19	14,402,269	15,377,616
Current income tax payable		34,745,443	-
Total liabilities		949,883,554	939,065,746
		332,491,830	141,342,700

The financial statements on pages 9 to 38 were approved for issue by the board of directors on 7th April 2010 and were signed on its behalf by:

Rasik Kantaria
Chairman

Shantilal Shah
Director

Rita Thatthi
Principal Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	Share capital Shs	Revaluation surplus Shs	Retained earnings Shs	Total Shs
At 1st January 2008		124,949,400	31,733,665	(13,858,709)	142,824,356
Changes in equity in 2008					
Net (loss) for the year		-	-	(1,811,656)	(1,811,656)
Transfer of excess depreciation		-	(1,100,000)	1,100,000	-
Deferred income tax on transfer of excess depreciation		-	330,000	-	330,000
Total comprehensive income for the year		-	(770,000)	(711,656)	(1,481,656)
At 31st December 2008		124,949,400	30,963,665	(14,570,365)	141,342,700
At 1st January 2009		124,949,400	30,963,665	(14,570,365)	141,342,700
Changes in equity in 2009					
Net profit for the year		-	-	98,445,230	98,445,230
(Deficit) on revaluation of property, plant and equipment		-	(3,300,000)	-	(3,300,000)
Deferred income tax relating to components of other comprehensive income	19	-	990,000	-	990,000
Total comprehensive income for the year		-	(2,310,000)	98,445,230	96,135,230
Transactions with owners:					
Shares issued for cash	12	95,013,900	-	-	95,013,900
At 31st December 2009		219,963,300	28,653,665	83,874,865	332,491,830

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	2009 Shs	2008 Shs
Cash flows from operating activities			
Profit before income tax		138,574,866	12,169,665
Adjustments for:			
Depreciation on property, plant and equipment	14	2,509,270	4,343,542
Amortisation of prepaid operating lease rentals	15	55,920	55,920
Amortisation of intangible assets	16	457,731	486,046
Fair value loss on financial assets at fair value through profit or loss	7	521,540	38,742,430
Investment income		(64,632,269)	(51,643,894)
(Gain) on sale of financial assets at fair value through profit and loss		(2,549,350)	(3,023,516)
(Gain) on sale of property, plant and equipment		(200,482)	-
Dividend income	5	(2,571,845)	(3,862,630)
Operating profit / (loss) before working capital changes		72,165,381	(2,732,437)
(Increase) in:			
Insurance contract and other receivables		(4,958,589)	(91,830,427)
(Decrease) / increase in:			
Insurance contract and other payables		(27,051,100)	137,126,821
Provision for unearned premium		4,098,812	(15,936,132)
Cash generated from operations		44,254,504	26,627,825
Income tax paid		(4,905,056)	-
Net cash generated from operating activities		39,349,448	26,627,825
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(3,332,538)	(1,485,286)
Purchase of intangible assets	16	(16,389,514)	(775,568)
Purchase of financial assets at fair value through profit and loss		-	(68,365,680)
Proceeds from disposal of financial assets		19,909,550	27,377,472
Proceeds from disposal of property, plant and equipment		308,200	-
Loans repaid / (advanced)		10,529,154	(28,962,569)
Deposits with financial institutions		(78,097,502)	12,550,000
Investment in held-to-maturity investments		(87,312,899)	(150,000)
Investment income		64,632,269	51,643,894
Dividends received		2,571,845	3,862,630
Net cash (used in) investing activities		(87,181,435)	(4,305,107)
Cash flows from financing activities			
Issue of share capital	12	95,013,900	-
Net cash generated from financing activities		95,013,900	-
Net increase in cash and cash equivalents		47,181,913	22,322,718
Cash and cash equivalents at 1st January		78,088,088	55,765,370
Cash and cash equivalents at 31st December	23	125,270,001	78,088,088

NOTES

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), which is also the functional currency (see (c)).

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

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

b) New and revised standards

i) Adoption of new and revised standards

IAS 1 - Presentation of Financial Statements (revised 2007) became effective from 1st January 2009 and has been adopted. This has resulted in the addition of a Statement of Comprehensive Income and changes in the presentation of the Statement of Changes in Equity.

The following new and revised standards and interpretations have also become effective for the first time and have been adopted by the company where relevant to its operations:

- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 15 - Agreements for Construction of Real Estates
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
- IFRS 8 - Operating Segments
- IAS 20 (amendment) - Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 (amendment) - Borrowing Costs
- IAS 32 (amendment) and IAS 1 (amendment) - Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRS 1 (amendment) - First Time Adoption of IFRS, and IAS 27 (amendment) - Consolidated and Separate Financial Statements - cost of investment in subsidiaries
- IFRS 2 (amendment) - Share Based Payment: vesting conditions and cancellations
- IFRS 7 (amendment) - Improving Disclosures about Financial Instruments
- The annual improvements project published in May 2008, with amendments to 15 standards that could result in changes in presentation, recognition or measurement principles, while another 9 standards have been amended for editorial or terminology changes.

The adoption of the above has had no material effect on the company's accounting policies or disclosures.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

b) New and revised standards (continued)

ii) New and revised standards and interpretations which have been issued but are not effective

The following revised standards and interpretations have been published and will be effective for the first time in the year ending 31st December 2010. The company has not early adopted any of these amendments or interpretations.

- IAS 27 (Revised) - Consolidated and Separate Financial Statements
- IFRS 3 (Revised) - Business Combinations
- IFRS 5 (Amendment) - Non-current Assets Held for Sale and Discontinued Operations
- The annual improvements project published in April 2009.

The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2010.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

d) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

e) Insurance contracts

i) Classification

The company issues insurance contracts that transfer insurance risk or financial risk or both from the insured to the insurer. The company carries on general insurance business and its insurance contracts are classified into categories in accordance with the provisions of the Insurance Act. Classes of general insurance include: engineering, fire - domestic risks and industrial and commercial risks, liability, marine, motor - private and commercial vehicles, personal accident, theft, workmen's compensation and employers' liability, and miscellaneous (i.e. class of insurance not included under those listed above).

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks.

Personal accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified nature.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

e) Insurance contracts (continued)

ii) Recognition and measurement

a) Premium income

Premium income is recognised on assumption of risk, and includes estimates of premiums due but not yet received, less an allowance for cancellations and unearned premiums. Unearned premiums represent the proportion of premiums written up to the accounting date that relates to the unexpired terms of policies in force at the balance sheet date. Unearned premium is computed using the 1/24th method.

b) Claims

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. 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'). 'IBNR' provisions are based on management experience and estimates, but are subject to a minimum percentage set by the Commissioner of Insurance. Outstanding claims are not discounted.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled.

c) Commissions payable

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 acquisition costs that relate to policies that are in force at the year end.

d) Liability adequacy test

At each balance sheet date, the company performs liability adequacy tests to ensure the adequacy of contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

e) Reinsurance contracts held

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

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

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

e) Insurance contracts (continued)

ii) Recognition and measurement (continued)

e) Reinsurance contracts held (continued)

The company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

f) Investment income

A proportion of commissions receivable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

Rental income from operating leases is recognised on a straight line basis over the period of the lease.
Dividend income is recognised when the right to receive the payment is established.
Interest income is recognised on a time proportion basis using the effective interest method.

g) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. Buildings are subsequently carried at a revalued amount, based on tri-annual valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight line or reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %	
Buildings	2	Straight line
Motor vehicles	25	Reducing balance
Furniture & fittings	12.5	"
Computers, copiers & faxes	30	"

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

h) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the company are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life using an annual rate of 33.33%.

i) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

j) Retirement benefit obligations

Defined contribution

The company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered guaranteed scheme managed by an insurance company. A defined contribution plan is a plan under which the company pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The company's contributions are charged to the profit and loss account in the year to which they relate.

The company and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

k) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

l) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

m) Leases

Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

n) Income taxes

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. Income tax expense is recognised in the profit and loss account 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 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 liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

o) Financial instruments

The company classifies its financial instruments into the following categories:

i) **Financial assets or financial liability at fair value through profit or loss** which comprise financial assets or financial liabilities designated by the company at fair value through profit or loss and which are managed and their performance evaluated on a fair value basis in accordance with the company's investment strategy.
ii) **Held-to-maturity investments** which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has a positive intention and ability to hold to maturity.
ii) **Loans and receivables** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates at fair value through profit or loss or as available-for-sale financial assets.
iv) **Financial liabilities** measured at amortised cost which comprise all financial liabilities except those financial liabilities at fair value through profit or loss.

i) Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method, while all other financial assets are carried at their fair values, without deduction for transaction costs that may be incurred on sale.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

o) Financial instruments (continued)

i) Financial assets (continued)

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value for quoted shares is determined using the quoted bid price at the balance sheet date while that of non-quoted shares is determined using valuation techniques.

The company assesses at each balance sheet whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in fair value of financial assets at fair value through profit or loss are recognised in the profit and loss account.

Impairment losses of held-to-maturity investments and loans and receivables are recognised in the profit and loss account. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

The company classifies financial assets as follows:

* Cash in hand, deposits and placements with banking institutions, loans receivable, reinsurance receivables and receivables related to insurance contracts, including amounts due from agents, brokers and insurance contract holders are classified as 'loans and receivables'.
* Government securities acquired on first issue directly from the government are classified as 'held-to-maturity investments'.
* Investments in quoted securities are classified as 'at fair value through profit or loss'. The fair value is determined using the quoted bid price at the balance sheet date.

ii) Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

o) Financial instruments (continued)

ii) Financial liabilities (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Borrowings and trade and other liabilities are classified as financial liabilities by the directors and are carried at amortised cost.

p) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

q) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits with banking institutions and other short-term highly liquid investments in money market instruments with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and which are not encumbered, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

r) Share capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

s) Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting.

t) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the accounting policies adopted by the company, the directors make certain estimates and judgements that may affect the carrying values of assets and liabilities in the next financial period. Such estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate such estimates and judgements at each financial reporting date to ensure that they are still believed to be reasonable under the prevailing circumstances based on the information available.

Key assumptions about the future made by the directors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) The ultimate liability arising from claims made under insurance contracts

Estimates made in the determination of outstanding claims under insurance contracts including an estimate of IBNR. Such estimates are made on the basis of the best information available at the time the records for the year are closed. The amount of claims outstanding provision net of amounts recoverable under reinsurance contracts at the year end amounted to Shs. 416,497,032 (2008: Shs. 451,027,672).

NOTES (CONTINUED)

2. Critical accounting estimates and judgments in applying accounting policies (continued)

ii) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Impairment losses on receivables

The company regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit and loss account, management makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of any receivables.

The judgements made by the directors in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

i) Whether assets are impaired; and
ii) Whether the company has the ability to hold 'held-to maturity' investments until they mature. If the company were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

3. Risk management objectives and policies

The company's activities expose it to a variety of risks which include insurance risk and financial risk (credit, liquidity and market risks). The company's overall risk management policies are set out by the board and implemented by management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company has developed policies on underwriting, reinsurance, credit and has defined criteria for the approval of intermediaries and reinsurers. The company does not hedge against any risks.

a) Insurance risk

The risk under any one insurance contract is the possibility of the occurrence of the insured event and the uncertainty of the resulting claim. The inherent nature of an insurance contract makes this risk random and unpredictable as the number and amount of claims and benefits vary from year to year from levels established by using statistical data.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces is that the actual claims and benefit payments may exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than that estimated at the time of the claim intimation and subsequent revision based on the best information available at the time of estimation.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. In addition, the company reviews the risk of each client prior to the renewal of insurance policies.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry insured.

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Insurance risk (continued)

i) Underwriting

The company ensures that the underwriting department takes into consideration the class of risk being underwritten, the amount of the risk and the specific risks attached to the industry and the client before underwriting or renewing policies. Management has put in place controls to ensure that high risk policies are not renewed through a scrutiny of the claims paid ratios and the profitability on each client portfolio.

The concentration of insurance risk before and after reinsurance by class of insurance is summarised below:

Year ended 31st December 2009	Class of Insurance						
	Motor Shs	Fire Shs	Theft Shs	Workmen's compensation Shs	Marine Shs	Others Shs	Total Shs
Gross earned premiums	126,750,722	98,087,300	71,990,302	68,154,985	81,286,434	63,273,515	509,543,258
Less: Premiums ceded to reinsurers	(8,442,089)	(77,857,897)	(46,018,018)	(4,079,731)	(32,431,769)	(37,732,833)	(206,562,337)
Net earned premiums	118,308,633	20,229,403	25,972,284	64,075,254	48,854,665	25,540,682	302,980,921
Gross earned premiums - %	24.88%	19.25%	14.13%	13.37%	15.95%	12.42%	100%
Premiums ceded to reinsurers - %	4.09%	37.69%	22.28%	1.97%	15.70%	18.27%	100%
Net earned premiums - %	39.05%	6.68%	8.57%	21.15%	16.12%	8.43%	100%

Year ended 31st December 2008	Class of Insurance						
	Motor Shs	Fire Shs	Theft Shs	Workmen's compensation Shs	Marine Shs	Others Shs	Total Shs
Gross earned premiums	136,754,415	94,806,127	66,025,042	66,445,892	86,616,571	55,481,414	506,129,461
Less: Premiums ceded to reinsurers	(5,761,247)	(73,551,410)	(40,334,207)	(3,181,744)	(33,212,190)	(31,292,230)	(187,333,028)
Net earned premiums	130,993,168	21,254,717	25,690,835	63,264,148	53,404,381	24,189,184	318,796,433
Gross earned premiums - %	27.02%	18.73%	13.05%	13.13%	17.11%	10.96%	100.00%
Premiums ceded to reinsurers - %	3.08%	39.26%	21.53%	1.70%	17.73%	16.70%	100.00%
Net earned premiums - %	41.09%	6.67%	8.06%	19.84%	16.75%	7.59%	100.00%

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Insurance risk (continued)

ii) Claims

a) Claims management

The frequency and severity of claims is affected by several factors including the underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The company has a specialised claims department dealing with claims management. The department assesses all claims and also carries out investigations where such claims do not conform to expected norms. Claims are reviewed individually at the time of intimation and subsequently reviewed when new information regarding the claim is received, and at least once every quarter, and adjusted to reflect the last information based on the underlying facts, contractual terms and conditions, assessments provided by independent loss adjustors and changes in the current laws, amongst other factors. The company actively manages and pursues early settlement of claims to reduce its exposure to unpredictable developments. Outstanding claims are not discounted.

b) Claims provisions

Claims are paid on a claims-occurrence basis and the company is liable for all insured events that occurred during the contract term, even if the loss is notified after the end of the contract term. As a result, liability claims are settled over a long period of time. In addition, a provision is made by the management for claims that may have occurred but have not been reported to the company at the date of the financial statements. Such provisions are termed as Incurred But Not Reported (IBNR), and are based on the managements' experience and estimates, but subject to the minimum percentages set by the Commissioner of Insurance.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of expected subrogation value and other recoveries. In calculating the claims outstanding provision, the company uses the information available and adjusts this for an estimate based on the claims experience. The claims experience is based on the loss ratio, which is defined as the ratio between the ultimate cost of the insurance claims to the insurance premium earned in a particular financial year in relation to such claims. The company takes all reasonable steps to ensure that it has all appropriate information regarding its claims exposures. However, due to the inherent uncertainty in establishing claims provisions, it is likely that the financial settlement may be different from the assessed liability. Moreover, the amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedents on matters of contract and tort. Casualty claims are also subject to the emergence of new types of latent claims, but no allowance is included for this at the balance sheet date.

The estimation of IBNR is subject to greater degrees of uncertainty than the estimation of the cost of settling claims already notified to the company. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claim. For casualty contracts, IBNR proportion to the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the company considers any information available from loss adjustors and information on the cost of settling claims with similar characteristics in previous periods.

The rates used by the company for each class of insurance business are:

	Class of Insurance				
Year	**Motor**	**Fire**	**Workmen's Compensation**	**Marine**	**Others**
2009	5%	1%	5%	2.5%	5%
2008	5%	1%	5%	2.5%	5%
Minimum prescribed rates by Commissioner of Insurance	5%	1%	1%	3%	5%

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

b) Financial risk

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a company-wide basis. The company does not grade the credit quality of financial assets that are neither past due nor impaired. Key areas where the company is exposed to credit risk are:

- financial assets at fair value through profit and loss;
- deposits with financial institutions;
- loans receivable;
- receivables arising out of reinsurance arrangements; and
- receivables arising out of direct insurance arrangements.

Exposure to credit risk on loans receivable is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral against loans in the form of mortgage interests over property and other registered securities over assets.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings.

The company has reinsurance arrangements in place to minimise its exposure to claims. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. Credit risk on receivables arising out of reinsurance arrangements is managed by assessing the creditworthiness of reinsurers on an annual basis by reviewing their financial strength prior to finalisation of any contract.

Credit risk on receivables arising out of direct insurance arrangements is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

Due to the inherent nature of Government securities, these are considered to have minimal credit risk. For other assets which are not material, credit risk is not managed.

The credit exposure of the company as at the balance sheet date is as follows:

31st December 2009	Fully performing Shs'000	Past due but not impaired Shs'000	Past due and impaired Shs'000	Total Shs'000
Financial assets at fair value through profit or loss	62,067	-	-	62,067
Loans receivable	54,456	-	-	54,456
Held-to-maturity investments	191,643	-	-	191,643
Deposits with financial institutions	384,990	-	35,000	419,990
Receivables arising out of reinsurance arrangements	8,573	739	-	9,312
Receivables arising out of direct insurance arrangements	18,820	-	-	18,820
Reinsurers' share of insurance liabilities	246,345	-	-	246,345
Other receivables	5,887	-	303	6,190
Bank balances	95,270	-	-	95,270
	1,068,051	739	35,303	1,104,093

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

b) Financial risk (continued)

i) Credit risk (continued)

	Fully performing Shs'000	Past due but not impaired Shs'000	Past due and impaired Shs'000	Total Shs'000
31st December 2008				
Financial assets at fair value through profit or loss	79,949	-	-	79,949
Loans receivable	64,985	-	-	64,985
Held-to-maturity investments	104,330	-	-	104,330
Deposits with financial institutions	306,892	-	35,000	341,892
Receivables arising out of reinsurance arrangements	26,963	717	-	27,680
Receivables arising out of direct insurance arrangements	12,893	-	4,303	17,196
Reinsurers' share of insurance liabilities	257,868	-	-	257,868
Other receivables	7,441	-	-	7,441
Bank balances	48,088	-	-	48,088
	909,409	717	39,303	949,429

ii) Liquidity risk

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

The table below and overleaf analyses assets and liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

At 31st December 2009	90 days Shs '000	1 year Shs '000	1 - 5 years Shs '000	Over 5 years Shs '000
Assets				
Financial assets at fair value through profit or loss	1,919	-	-	60,148
Loans receivable	2,719	8,161	34,510	9,066
Held-to-maturity investments	1,984	17,165	69,412	103,082
Deposits with financial institutions	162,278	222,712	35,000	-
Receivables arising out of reinsurance arrangements	6,613	2,699	-	-
Receivables arising out of direct insurance arrangements	18,820	-	-	-
Reinsurers' share of insurance liabilities	24,635	49,760	171,950	-
Other receivables	1,981	4,209	-	-
Cash and bank balances	95,270	-	-	-
	316,219	304,706	310,872	172,296

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

b) Financial risk (continued)

ii) Liquidity risk (continued)

At 31st December 2009	**90 days Shs '000**	**1 year Shs '000**	**1 - 5 years Shs '000**	**Over 5 years Shs '000**
Liabilities and shareholders' funds				
Insurance contract liabilities	63,270	124,530	392,460	-
Payables arising from reinsurance arrangements	21,830	-	-	-
Unearned premium	18,716	190,639	-	-
Other payables	1,709	2,853	4,048	-
Current income tax	-	34,745	-	-
Deferred tax	-	14,402	-	-
	105,525	367,169	396,508	-
Net liquidity gap	**210,694**	**(62,463)**	**(85,636)**	**172,296**

At 31st December 2008				
Assets				
Financial assets at fair value through profit or loss	-	-	-	79,949
Loans receivable	-	9,879	44,438	10,668
Held-to-maturity investments	1,727	20,603	70,000	12,000
Deposits with financial institutions	61,284	240,608	5,000	35,000
Receivables arising out of reinsurance arrangements	27,680	-	-	-
Receivables arising out of direct insurance arrangements	17,196	-	-	-
Reinsurers' share of insurance liabilities	6,757	79,158	-	171,953
Other receivables	1,335	6,106	-	-
Cash and bank balances	48,088	-	-	-
	164,067	356,354	119,438	309,570
Liabilities and shareholders' funds				
Insurance contract liabilities	61,617	566,958	-	-
Payables arising from reinsurance arrangements	60,306	-	-	-
Unearned premium	16,988	188,268	-	-
Other payables	1,590	10,765	-	-
Current tax payable	-	4,466	-	-
Deferred tax	-	15,378	-	-
	140,501	785,835	-	-
Net liquidity gap	**23,566**	**(429,481)**	**119,438**	**309,570**

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

b) Financial risk (continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

a) Interest rate risk

The company is exposed to various risks associated with the effects of fluctuation in the prevailing levels of market interest rates on its financial position and cash flows. The management closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

Had the weighted average interest rates been 1% higher / lower, with all other variables held constant, post-tax profit would have increased / decreased by Shs. 6,585,512 (2008: Shs. 5,054,347).

b) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The company's underwriting, reinsurance and claims settlements are done in the principal currency, which is the Kenya Shilling. The limited exposure to foreign currency risk relates to the amounts invested in foreign currency bank accounts.

c) Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The company is exposed to other price risk on its investment in quoted shares. If the price of financial assets through profit or loss decreased / increased by 5 percentage points, with other factors remaining constant, profit would decrease / increase by Shs. 3,103,343 (2007: Shs. 3,997,431).

c) Capital management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by Insurance Act (Cap. 487);
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk; and
- to maintain as strong capital base to support the development of its business.

The Insurance Act (Cap. 487) specifies the minimum amount and type of capital that must be held. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The company is subject to insurance solvency regulations. With effect from 14th June 2010, the required minimum capital has been increased to Shs. 300,000,0000.

The table below summarises the minimum required capital and the regulatory capital held:

	2009 Shs	2008 Shs
Capital held	219,963,300	124,949,400
Required minimum capital	100,000,000	100,000,000

NOTES (CONTINUED)

4. Net insurance premium revenue

The premium income of the company, analysed between the principal classes of business is as follows:

	Gross Shs	Reinsurance Shs	Net Shs
Year ended 31st December 2009			
Fire	98,085,668	(77,760,376)	20,325,292
Motor	126,752,354	(8,442,089)	118,310,265
Workmen's compensation	68,154,985	(4,079,731)	64,075,254
Marine	81,286,434	(32,431,769)	48,854,665
Theft	71,990,302	(46,018,018)	25,972,284
Others	63,273,515	(37,830,354)	25,443,161
	509,543,258	(206,562,337)	302,980,921

	Gross Shs	Reinsurance Shs	Net Shs
Year ended 31st December 2008			
Fire	94,806,127	(73,551,410)	21,254,717
Motor	136,754,415	(5,761,247)	130,993,168
Workmen's compensation	66,445,892	(3,181,744)	63,264,148
Marine	86,616,571	(33,212,190)	53,404,381
Theft	66,025,042	(40,334,207)	25,690,835
Others	55,481,414	(31,292,230)	24,189,184
	506,129,461	(187,333,028)	318,796,433

5. Investment income

	2009 Shs	2008 Shs
Interest income		
Held-to-maturity investments	11,371,228	9,623,045
Bank deposits and bank balances	41,006,503	31,123,533
Loans and receivables	7,542,174	6,281,638
Net rental income	3,752,484	4,615,678
Gain on sale of financial assets at fair value through profit or loss	2,549,350	3,023,516
Dividend income		
- Financial assets at fair value through profit or loss	2,571,845	3,862,630
Miscellaneous income	959,880	-
	69,753,464	58,530,040

6. Other income

	2009 Shs	2008 Shs
Gain on disposal of property, plant and equipment	200,482	-

7. Changes in fair value

These comprise changes in fair value of:

	2009 Shs	2008 Shs
Financial assets at fair value through profit or loss	(521,540)	(38,742,430)

NOTES (CONTINUED)

8. Net insurance claims

The claims of the company, analysed between the principal classes of business is as follows:

Year ended 31st December 2009	Gross Shs	Reinsurance Shs	Net Shs
Motor	(61,989,270)	3,408,514	(58,580,756)
Workmen's compensation	(8,384,424)	2,047,317	(6,337,107)
Theft	(43,177,613)	23,621,665	(19,555,948)
Others	(103,280,101)	62,680,667	(40,599,434)
	(216,831,408)	91,758,163	(125,073,245)

Year ended 31st December 2008	Gross Shs	Reinsurance Shs	Net Shs
Motor	(145,953,222)	9,777,159	(136,176,063)
Workmen's compensation	(23,929,647)	985,374	(22,944,273)
Theft	(24,659,269)	13,263,702	(11,395,567)
Others	(66,062,648)	36,245,872	(29,816,776)
	(260,604,786)	60,272,107	(200,332,679)

9. Profit before tax expense

	2009 Shs	2008 Shs
(a) Items charged		
The following items have been charged in arriving at profit before tax expense:		
Employee benefits expense (Note 9(b))	61,884,818	66,637,836
Depreciation on property, plant and equipment	2,509,270	4,343,542
Amortisation of prepaid operating lease rentals	55,920	55,920
Amortisation of intangible assets	457,731	486,046
Auditors' remuneration		
Current year	1,400,000	1,400,000
Provision for impairment in financial assets		
Loans and receivables	2,789,950	913,735
(b) Employee benefits expense		
The following items are included in employee benefits expense:		
Retirement benefit costs		
Defined contribution scheme	2,303,895	2,293,259
National Social Security Fund	152,000	165,000

10. Tax expense

	2009 Shs	2008 Shs
Current income tax	40,114,983	4,341,464
Deferred income tax (Note 19)	14,653	9,639,857
Income tax expense	40,129,636	13,981,321

NOTES (CONTINUED)

10. Tax expense

	2009 Shs	2008 Shs
The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
Profit before income tax	138,574,866	12,169,665
Tax calculated at the statutory tax rate of 30%	41,572,460	3,650,899
Tax effect of:		
Expenses not deductible for tax purposes	401,735	13,173,193
Income not subject to tax	(1,844,559)	(2,842,771)
Income tax expense	40,129,636	13,981,321

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year.

	2009 Shs	2008 Shs
Net profit / (loss) profit attributable to shareholders	98,445,230	(1,811,656)
Weighted average number of ordinary shares in issue during the year prior to rights issue	1,249,494	1,249,494
Weighted average number of ordinary shares in issue during the year after rights issue	2,199,633	-
Basic earnings / (loss) per share	74.22	(1.45)

There were no potentially dilutive shares outstanding at 31st December 2009 and 31st December 2008.

12. Share capital

	No. of ordinary shares	Issue and paid up capital Shs
At 1st January 2009	1,249,494	124,949,400
Rights issue	950,139	95,013,900
At 31st December 2009	2,199,633	219,963,300
At 1st January 2008 and 31st December 2008	1,249,494	124,949,400

The total number of authorised ordinary shares is 3,000,000 (2008: 3,000,000) with a par value of Shs. 100 each.

On 12th November 2009, the issued and paid up capital was increased from Shs. 124,949,400 to Shs. 219,963,300 by an issue for cash of 950,139 ordinary shares at a price of Shs. 100 per share.

13. Revaluation surplus

The revaluation surplus arose on the revaluation of the building and is stated at net of deferred income tax. The Commissioner of Insurance has allowed capitalisation of revaluation reserves up to a maximum of 50%. The reserve is not distributable.

NOTES (CONTINUED)

14. Property, plant and equipment

At 1st January 2008	Buildings Shs	Motor vehicles Shs	Furniture & fittings Shs	Computers, copiers & faxes Shs	Total Shs
Cost or valuation	105,000,000	848,600	18,940,077	12,768,763	137,557,440
Accumulated depreciation	(2,100,000)	(537,260)	(9,304,103)	(10,507,157)	(22,448,520)
Net carrying value	102,900,000	311,340	9,635,974	2,261,606	115,108,920
Year ended 31st December 2008					
Opening carrying value	102,900,000	311,340	9,635,974	2,261,606	115,108,920
Additions	-	-	930,612	554,674	1,485,286
Depreciation charge	(2,100,000)	(77,835)	(1,320,823)	(844,884)	(4,343,542)
Closing carrying value	100,800,000	233,505	9,245,763	1,971,396	112,250,664
At 31st December 2008					
Cost or valuation	105,000,000	848,600	19,870,689	13,323,437	139,042,726
Accumulated depreciation	(4,200,000)	(615,095)	(10,624,926)	(11,352,041)	(26,792,062)
Net carrying value	100,800,000	233,505	9,245,763	1,971,396	112,250,664
Year ended 31st December 2009					
Opening carrying value	100,800,000	233,505	9,245,763	1,971,396	112,250,664
Revaluation	(7,500,000)	-	-	-	(7,500,000)
Additions	-	1,343,750	1,190,988	797,800	3,332,538
Disposals	-	(55,460)	(52,258)	-	(107,718)
Reversal of prior years' depreciation charge	4,200,000	-	-	-	4,200,000
Depreciation charge	-	(380,449)	(1,298,062)	(830,759)	(2,509,270)
Closing carrying value	97,500,000	1,141,346	9,086,431	1,938,437	109,666,214
At 31st December 2009					
Cost or valuation	97,500,000	2,093,750	20,564,783	14,121,237	134,279,770
Accumulated depreciation	-	(952,404)	(11,478,352)	(12,182,800)	(24,613,556)
Net carrying value	97,500,000	1,141,346	9,086,431	1,938,437	109,666,214

Buildings was valued on 21 December 2009 by R.R. Oswald & Co. Ltd., independent valuers, on the basis of open market value. The carrying amount of the asset was restated to the revalued amount of the asset, and the resulting deficit arising on revaluation net of deferred income tax was recognised in other comprehensive income and debited to the revaluation surplus in equity.

NOTES (CONTINUED)

14. Property, plant and equipment (continued)

If the building was stated on the historical cost basis, the carrying values would be as follows:

	Building Shs
2009	
Cost	50,000,000
Accumulated depreciation	(8,000,000)
	42,000,000
2008	
Cost	50,000,000
Accumulated depreciation	(7,000,000)
	43,000,000

15. Prepaid operating lease rentals

Prepaid operating lease rentals are recognised at historical cost and subsequently amortised over the lease period. The movement in prepaid operating lease rentals is as follows:

	2009 Shs	2008 Shs
Cost		
At 1st January and 31st December	5,000,000	5,000,000
Amortisation		
At 1st January	424,060	368,140
Charge for the year	55,920	55,920
At 31st December	479,980	424,060
Net book value		
At 31st December	4,520,020	4,575,940

16. Intangible assets

	Software costs	
	2009 Shs	2008 Shs
Cost		
At 1st January	2,907,885	2,132,317
Additions	91,360	775,568
Work in progress	16,298,154	-
At 31st December	19,297,399	2,907,885
Amortisation		
At 1st January	2,222,085	1,736,039
Charge for the year	457,731	486,046
At 31st December	2,679,816	2,222,085
Net book value		
At 31st December	16,617,583	685,800

17. Held-to-maturity financial assets

Treasury bonds	134,015,958	104,330,388
Kengen PIBO	57,627,329	-
	191,643,287	104,330,388

NOTES (CONTINUED)

17. Held-to-maturity financial assets (continued)

Treasury bonds amounting to Shs. 61,000,000 (2008: Shs. 55,000,000) are held under lien with the Central Bank of Kenya in accordance with Section 32(1) of the Insurance Act (Cap. 487). These funds are not available to finance the company's operations.

18. Financial assets at fair value through profit or loss	**2009 Shs**	**2008 Shs**
Quoted securities:		
At 1st January	79,948,612	74,679,318
Additions	-	68,365,680
Disposals	(17,360,200)	(24,353,956)
Fair value (loss)	(521,540)	(38,742,430)
At 31st December	62,066,872	79,948,612

19. Deferred income tax

Deferred income tax is calculated using the tax rate of 30% (2008: 30%). The movement on the deferred income tax account is as follows:

	2009 Shs	**2008 Shs**
At 1st January	15,377,616	6,067,759
Charge to profit and loss account (Note 10)	14,653	9,639,857
(Credit) to equity	-	(330,000)
(Credit) to other comprehensive income	(990,000)	-
At 31st December	14,402,269	15,377,616
The (credit) to other comprehensive income relates to:		
(Deficit) on revaluation of property, plant and equipment	(3,300,000)	-

Deferred tax assets and liabilities, deferred tax charge / (credit) in the profit and loss account and in the statement of comprehensive income are attributable to the following items:

	At 1st January 2009 Shs	**Charged / (credited) to profit & loss Shs**	**(Credited) to other comprehensive income Shs**	**At 31st December 2009 Shs**
Deferred income tax asset				
Excess depreciation over capital allowances	23,309	(12,350)	-	10,959
Provision for liabilities and charges	(485,693)	27,003	-	(458,690)
	(462,384)	14,653	-	(447,731)
Deferred income tax liability				
Revaluation surplus	15,840,000	-	(990,000)	14,850,000
Net deferred tax liability	15,377,616	14,653	(990,000)	14,402,269

In addition, deferred tax of Shs. NIL (2008: Shs. 330,000) was transferred from the revaluation surplus to retained earnings. This relates to the difference between the actual depreciation of the revalued carrying amounts of buildings and the equivalent depreciation based on the historical cost of those assets (the excess depreciation).

NOTES (CONTINUED)

20. Loans receivable	2009 Shs	2008 Shs
Mortgage loans	53,571,156	62,414,364
Other loans	884,433	2,570,379
Total loans	54,455,589	64,984,743

21. Reinsurers' share of insurance liabilities

Reinsurers' share of:		
- Unearned premium (Note 26)	82,582,709	80,320,358
- Notified claims outstanding (Note 25)	157,452,667	171,952,880
- Claims incurred but not reported (Note 25)	6,309,906	5,594,291
	246,345,282	257,867,529

Amounts due from reinsurers in respect of claims paid by the company on contracts that are reinsured are included as receivables arising out of reinsurance arrangements.

22. Other receivables

Deposits and prepayments	1,856,233	1,995,765
Sundry debtors	4,944,405	6,106,410
Deposits with courts	9,811,640	12,341,950
Deferred commission	37,056,987	-
	53,669,265	20,444,125

23. Cash and cash equivalents

Cash and bank balances	95,270,001	48,088,088
Deposits with financial institutions	419,989,651	341,892,149
	515,259,652	389,980,237

Fixed deposits amounting to Shs. 35 million (2008: Shs. 35 million) are held under lien with NIC Bank Ltd. These funds are not available to finance the company's day to day operations.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash and bank balances	95,270,001	48,088,088
Deposits with financial institutions	30,000,000	30,000,000
	125,270,001	78,088,088

24. Insurance contract liabilities

Short-term non-life insurance contracts:		
- Claims reported and claims handling expenses	555,496,971	604,794,951
- Claims incurred but not reported	24,762,634	23,779,892
Total gross insurance liabilities (Note 25)	580,259,605	628,574,843

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2009 and 2008 are not material.

NOTES (CONTINUED)

25. Movement in insurance liabilities and reinsurance assets

	2009			2008		
	Gross Shs	Reinsurance Shs	Net Shs	Gross Shs	Reinsurance Shs	Net Shs
Short-term insurance business						
Notified claims	604,794,951	171,952,880	432,842,071	462,898,621	101,367,904	361,530,717
Incurred but not reported	23,779,892	5,594,291	18,185,601	26,781,244	6,003,823	20,777,421
At 1st January	628,574,843	177,547,171	451,027,672	489,679,865	107,371,727	382,308,138
Cash paid for claims settled in the year	(251,362,048)	(91,758,163)	(159,603,885)	(191,654,582)	(60,272,107)	(131,382,475)
Increase in liabilities						
- arising from current year claims	140,868,000	54,773,994	86,094,006	155,212,000	66,179,965	89,032,035
- arising from prior year claims	62,178,810	23,199,571	38,979,239	175,337,560	64,267,586	111,069,974
At 31st December	580,259,605	163,762,573	416,497,032	628,574,843	177,547,171	451,027,672
Notified claims	555,496,971	157,452,667	398,044,304	604,794,951	171,952,880	432,842,071
Incurred but not reported	24,762,634	6,309,906	18,452,728	23,779,892	5,594,291	18,185,601
At 31st December	580,259,605	163,762,573	416,497,032	628,574,843	177,547,171	451,027,672

26. Provision for unearned premium

	2009			2008		
	Gross Shs	Reinsurance Shs	Net Shs	Gross Shs	Reinsurance Shs	Net Shs
At 1st January	205,255,694	80,320,358	124,935,336	221,191,826	77,462,560	143,729,266
Net increase / (decrease) in the year	4,098,812	2,262,351	1,836,461	(15,936,132)	2,857,798	(18,793,930)
At 31st December	209,354,506	82,582,709	126,771,797	205,255,694	80,320,358	124,935,336

NOTES (CONTINUED)

27. Other payables

	2009 Shs	2008 Shs
Accrued expenses	2,853,318	5,342,359
Other liabilities	5,756,339	5,422,701
Deferred commision	23,913,760	-
	32,523,417	10,765,060

28. Contingent liabilities

i) In common with the insurance industry in general, the company is subject to litigation arising in the normal course of insurance business. The directors are of the opinion that this litigation will not have a material effect on the financial position of the company.

ii) Subsequent to the rights issue approved at the Annual General Meeting of the company held on 22nd July 2009, 2 shareholders have applied to the court to determine the allocation of 299,861 ordinary shares of Shs. 100 each which were unsubscribed during the rights issue. The directors are of the opinion that the suit will not have any material impact on the financial position of the company.

iii) Mr. Mukesh Patel, a former director of the company has filed a suit against the company for the defective appointment of Mr. Amar Kantaria as a director of the company at the Annual General Meeting of 22nd July 2009. The directors are of the opinion that the suit will not have any material impact on the financial position of the company or on any actions taken by the director during his tenure at the company.

29. Related party transactions

The company is related to other companies which are related through common shareholding or common directorships.
The following transactions were carried out with related parties.

	2009	2008
i) Transactions with related parties		
Gross premiums written	165,919,112	10,170,410
Net claims incurred	3,669,012	376,164
Commission paid	26,389,124	-
ii) Outstanding balances with related parties		
Outstanding premium	-	1,129,645
Claims payable	2,570,000	-
Deposits with financial institutions	94,000,000	75,000,000
Current account balances	94,438,891	48,211,029

NOTES (CONTINUED)

29. Related party transactions (continued)	2009 Shs	2008 Shs
ii) Outstanding balances with related parties (continued)		
Mortgage loans receivable:		
- Staff	776,329	1,048,282
Other loans receivable:		
- Staff	-	236,381

The loans to related parties bear market rates of interest and are secured by pledge of security documents.

All related party transactions are at arm's length on terms and conditions as offered to other clients. There are no impairment provisions held against any related party balances.

iii) Directors' remuneration		
Directors' remuneration		
- As executives (included in Note 29(iv))	1,500,000	1,500,000
- Fees	2,000,000	1,100,000
	3,500,000	2,600,000
iv) Key management compensation		
Salaries and other employment benefits	22,657,460	22,647,379
Post-employment benefits	616,980	564,660
	23,274,440	23,212,039
v) Contingencies		
Guarantees	3,239,255	830,801

The guarantees have been issued to third parties by Prime Bank Ltd. on behalf of the company in the ordinary course of business. Based on the estimate of the financial effect of the contingencies and the corresponding obligation from the third parties, no loss is anticipated.

GENERAL INSURANCE BUSINESS REVENUE ACCOUNT

Class of insurance business	Engineering	Fire Domestic	Fire Industrial	Public Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Theft	Workmens' Compensation	Miscellaneous	2009 Total	2008 Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Gross premiums written	23,787,430	20,997,964	77,567,081	5,627,114	80,801,018	70,113,313	52,997,844	14,005,904	71,283,520	73,893,285	20,305,246	511,379,719	487,335,531
Change in net unearned premiums	396,099	73,980	(553,357)	586,831	485,416	2,135,169	1,506,028	(639,308)	706,782	(5,738,300)	(795,801)	(1,836,461)	18,793,930
Gross earned premiums	24,183,529	21,071,944	77,013,724	6,213,945	81,286,434	72,248,482	54,503,872	13,366,596	71,990,302	68,154,985	19,509,445	509,543,258	506,129,461
Less: premiums ceded to reinsurers	(20,138,109)	(11,190,548)	(66,569,828)	(2,552,743)	(32,431,769)	(4,677,962)	(3,764,127)	(9,341,768)	(46,018,018)	(4,079,731)	(5,797,734)	(206,562,337)	(187,333,028)
Net earned premiums	4,045,420	9,881,396	10,443,896	3,661,202	48,854,665	67,570,520	50,739,745	4,024,828	25,972,284	64,075,254	13,711,711	302,980,921	318,796,433
Gross claims paid	(13,201,433)	(5,536,044)	(32,066,025)	(307,842)	(29,976,306)	(43,290,438)	(40,741,364)	(2,415,357)	(47,359,068)	(31,922,504)	(4,545,667)	(251,362,048)	(191,654,582)
Changes in net outstanding claims	(76,552)	533,964	1,202,338	(4,027,556)	(12,320,370)	4,830,309	17,212,223	572,215	4,181,455	23,538,080	(1,115,466)	34,530,640	(68,950,204)
Less: reinsurance recoverable	11,499,260	2,971,536	31,456,816	10,296	14,733,058	312,963	3,095,551	1,406,597	23,621,665	2,047,317	603,104	91,758,163	60,272,107
Net claims incurred	(1,778,725)	(2,030,544)	593,129	(4,325,102)	(27,563,618)	(38,147,166)	(20,433,590)	(436,545)	(19,555,948)	(6,337,107)	(5,058,029)	(125,073,245)	(200,332,679)
Commissions receivable	2,982,395	2,296,642	15,575,768	324,078	5,272,951	23,415	7,974	1,735,974	8,436,581	(4,912)	2,269,701	38,920,567	74,028,578
Commissions payable	(2,504,075)	(2,442,566)	(12,520,874)	(611,553)	(7,236,741)	(4,023,404)	(3,213,678)	(1,795,874)	(9,206,170)	(8,041,288)	(1,196,188)	(52,792,411)	(84,953,101)
Expenses of management	(4,184,573)	(3,693,863)	(13,645,235)	(989,895)	(14,214,134)	(12,334,003)	(9,323,131)	(2,463,853)	(12,539,861)	(12,998,958)	(3,572,003)	(89,959,509)	(107,070,709)
Total expenses and commissions	(3,706,253)	(3,839,787)	(10,590,341)	(1,277,370)	(16,177,924)	(16,333,992)	(12,528,835)	(2,523,753)	(13,309,450)	(21,045,158)	(2,498,490)	(103,831,353)	(117,995,232)
Underwriting profit / (loss)	(1,439,558)	4,011,065	446,684	(1,941,270)	5,113,123	13,089,362	17,777,320	1,064,530	(6,893,114)	36,692,989	6,155,192	74,076,323	468,522