



ANNUAL INTEGRATED REPORT 2022



Your Ideal Insurance Partner



HOME



BONDS



ENGINEERING



ACCIDENT



AGRICULTURE



AVIATION



TRAVEL



FIRE & ALLIED
DANGERS



TRANSPORT



MOTOR



MONEY



LIABILITY



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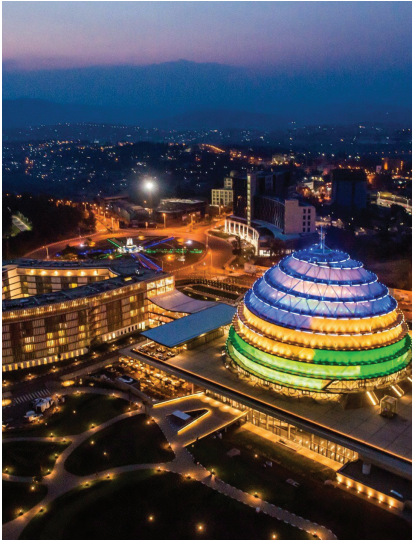
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COMPANY PROFILE**



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**“The Only
Happy END
that we know,
it’s the weekEND**

Preface

The report contains statements that relate to the BKGI's operations and performance in 2022 and the future perspectives. The content therein can largely be identified by the usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Such forward-looking statements are dependent on assumptions, data or methods that may be inaccurate or imprecise and hence are not guarantees of future operating, financial and other results. They constitute our current expectations based on reasonable assumptions. BKGI's actual results could materially differ from those projected in any forward-looking statements due to various future events, risks and uncertainties some of which are beyond our control. We do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

For any questions or feedback regarding this Annual Integrated Report or its content, please write to us on; info@bkinsurance.rw. The report can read online, at www.bkinsurance.rw

Our **Approach**

At BK Insurance, transparency is key to strengthening the bond of trust with all our stakeholders. We are committed to offering them a holistic and comprehensive view of our value creation process. We do this through Annual Integrated Reporting (AIR) a framework crafted by the regulator, the National Bank of Rwanda (NBR) as enshrined in the Insurance Regulatory framework of Rwanda.

Our Annual Integrated Report framework is a blend of qualitative and quantitative information. It covers financial and non-financial resources. It offers insights into our strategy and matters that are material to us. It also covers the insights on achieving our long-term objectives in context to the external operating environment.

Approval Process

The Board, supported by the Executive Committee Team, accepts responsibility for the integrity and completeness of this AIR. The Board and the Executive Management teams have put their collective minds to prepare, present and validate information in the report with assistance from a dedicated reporting team. The Board believes this report offers a fair and balanced view of our performance and prospects within the IR framework. It depicts how we are creating sustainable value and prosperity for our stakeholders.

Materiality

The report also highlights imminent issues material to our operations, along with their possible impact on our value creation. Our intent is to enable customers, investors and other stakeholders to make informed decisions on their engagement with the Company.





Abbreviations & Acronyms

AIR	Annual Integrated Report
BKGI	Bank of Kigali General Insurance
CPD	Continuous Professional Development
COVID-19	Corona Virus Disease 2019
ECR	Electronic Case Reporting
Excom	Executive Committee
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit Or Loss
MoH	Ministry of Health
MINAGRI	Ministry of Agriculture and Animal Resources
NBR	National Bank of Rwanda
RAB	Rwanda Agriculture Board
RITF	Rwanda International Trade Fair (EXPO)



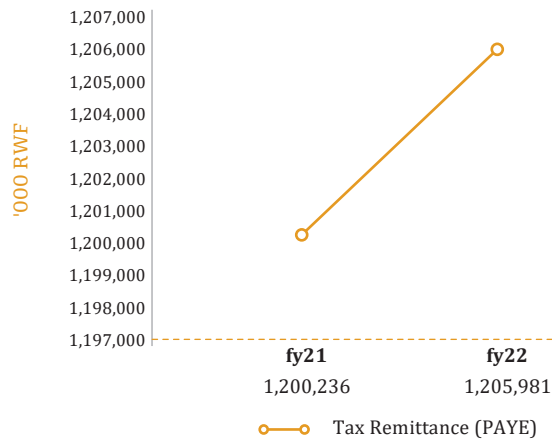
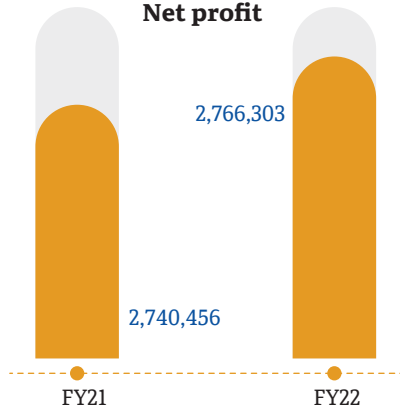
Drive your car
in the name of our
MOTOR INSURANCE



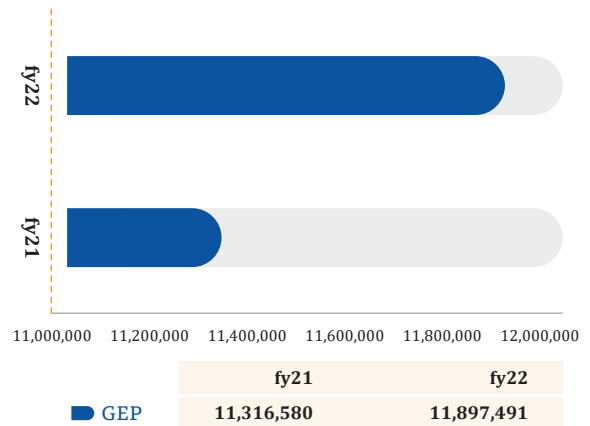
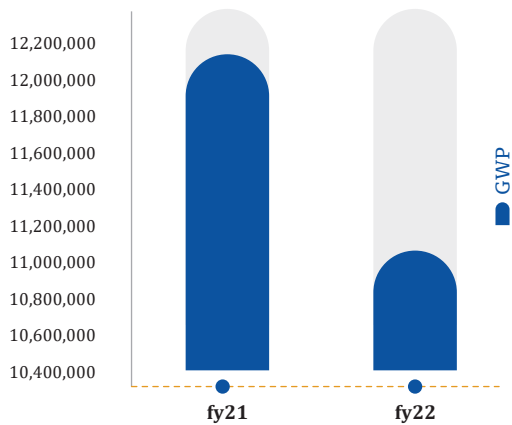
BKGI 2022

Performance at Glance

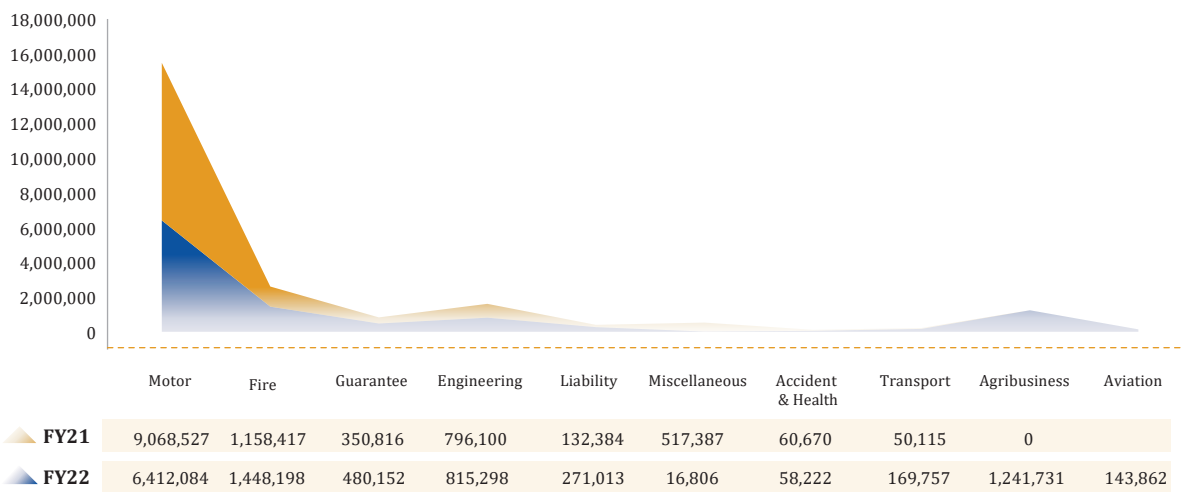
Net profit



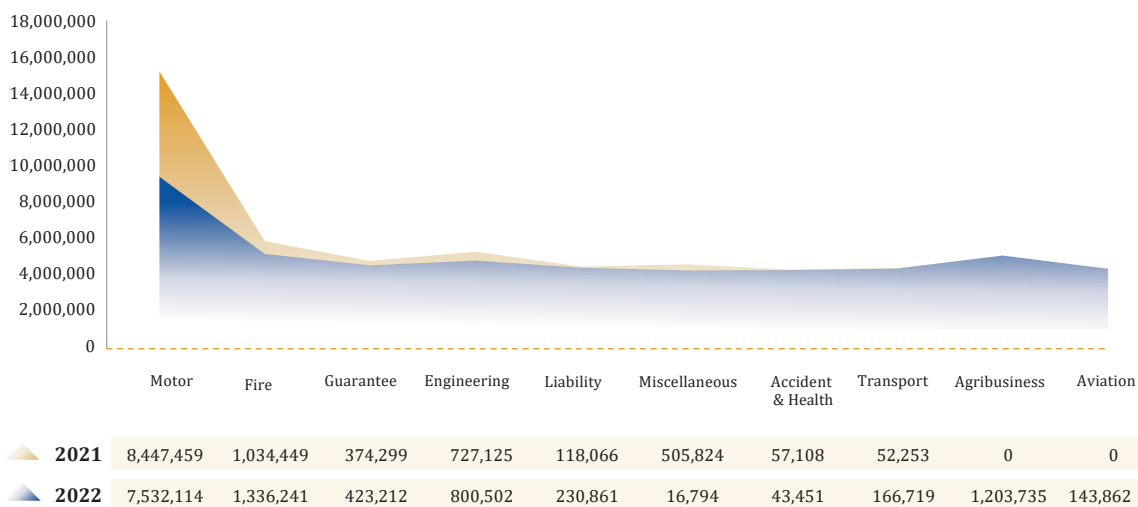
GWP 2022 vs 2021



GWP 2022 vs 2021



GEP 2022 vs 2021

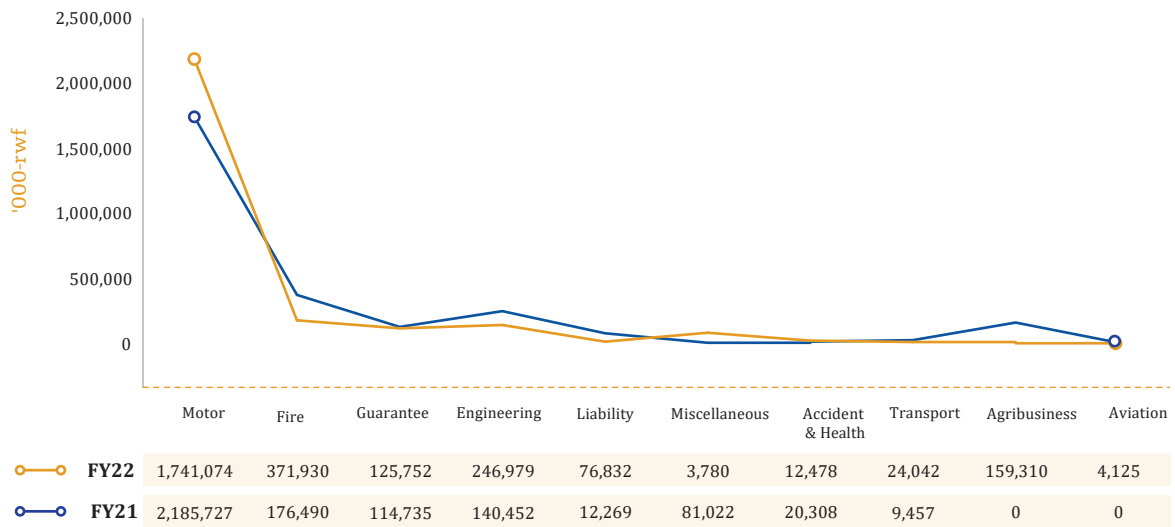


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**You are never too young
to start securing your property**

Profitability per Product 2021 vs 2022



Key Contributions to Claims Growth Compare 2021 & 2022

Class of Business	2021			2022		
	Written Premium 2021 ('000)	Gross Claims 2021 ('000) & Concentrat	Ratio Claims to Premium	Written Premium 2022 ('000)	Gross Claims 2022 ('000) & Concentrat	Ratio Claims to Premium
Motor	9,068,725	3,934,843	43%	6,412,084	3,916,172	61.1%
Fire & Allied Perils	1,158,515	85,532	7%	1,448,198	176,072	12.2%
Engineering	796,100	73,727	9%	815,298	151,537	18.6%
Liability	129,246	44,863	35%	154,353	8,222	5.3%
Marine/Transport/Travel	65,476	1,063	2%	169,757	5,503	3.2%
Bonds	350,816	14,472	4%	480,152	25,537	5.3%
Accident & Health	60,670	1,020	2%	58,222	12,415	21.3%
Aviation	-	-	-	143,862	-	0.0%
Agriculture	376,155	79,460	21%	1,241,759	458,884	37.0%
Miscellaneous	129,739	-	0%	133,466	4,031	3.0%
Total	12,135,441	4,234,980	35%	11,057,151	4,758,372	43.0%

Miscellaneous (Money, Terrorism, Fidelity Guarantee)

Premium and Claims Concentration 2021 and 2022

Class of Business	2021				2022			
	Written Premium 2021 ('000)	% of total Written Premium	Gross Claims 2021 ('000)	% of total Claims	Written Premium 2022 ('000)	% of total Written Premium	Gross Claims 2022 ('000)	% of total Claims
Motor	9,068,725	75%	3,934,843	93%	6,412,084	58%	3,916,172	82%
Fire & Allied Perils	1,158,515	10%	85,532	2%	1,448,198	13%	176,072	4%
Engineering	796,100	7%	73,727	2%	815,298	7%	151,537	3%
Liability	129,246	1%	44,863	1%	154,353	1%	8,222	0%
Marine/Transport/Travel	65,476	1%	1,063	0%	169,757	2%	5,503	0%
Bonds	350,816	3%	14,472	0%	480,152	4%	25,537	1%
Accident & Health	60,670	0%	1,020	0%	58,222	1%	12,415	0%
Aviation	-	0%	-	0%	143,862	1%	-	0%
Agriculture	376,155	3%	79,460	2%	1,241,759	11%	458,884	10%
Miscellaneous	129,739	1%	-	0%	133,466	1%	4,031	0%
Total	12,135,441	100%	4,234,980	100%	11,057,151	100%	4,758,372	100%

Miscellaneous (Money, Terrorism, Fidelity Guarantee)

Key Performance Indicators 2021 vs 2022

	FY21	FY22	Var.(%)
Assets	21,687,643	23,995,281	10.64
Retained Earnings	6,924,938	9,691,241	39.95
Ceded Premium-Reinsurers	2,246,801	3,207,913	42.78
Ceded Premium-Coinsurers	448,183	536,958	19.8
Commission Earned-Reinsurers	542,469	943,640	73.95
Commission Earned-Coinsurers	24,787	112,851	355.3
Operational Expenses	2,232,394	2,744,398	22.94
NBV-Tangibles	226,478	266,733	17.77
NBV -Intangibles	173,003	210,144	21.47



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Rwanda Insurance Sector Highlights of 2022

► Sector Profile

The insurance sector is dominated by public insurers. In terms of asset size, the 2 public insurers namely RSSB-Medical and Military Medical Insurance (MMI) remained dominant with an asset size equivalent to 62.2 percent of total assets and 41.8 percent of Gross Written Premium (GWP) of the insurance sector. On the other hand, private insurers held 37.8 percent of total assets and 58.2 percent of GWP. Insurance business is dominated by non-life insurance (including public insurers) representing 88.2 percent of GWP. Among the private insurers, non-life or general insurance representing 79.7 percent of GWP. Life insurance on the other hand, provided by 3 insurers, represented 10.7 percent of total sector premiums and 18.4 percent of private insurers GWP.

► Product Market Share

Insurers heavily depend on motor and medical insurance products. As at end June 2022, Motor and medical insurance products contributed 63.9 percent of total private insurer's premiums, reflecting the product concentration risk. Property represented 12.6 percent, guarantees (4.2 percent), engineering (5.5 percent), accident and health (2.3 percent), liability (2.3 percent), transportation (1.9 percent), and other non-life insurance products (7.3 percent.)

► Premiums Report

The balance sheet of the insurance sector continued to expand. Total assets of the insurance sector grew by 17 percent as at end June 2022 compared to the growth of 16 percent registered in June 2021. This growth reflected the increased investment income and capital increment. The growth of premiums moderated during the period under review. Premiums grew by 16 percent in June 2022 compared to the growth of 26 percent in June 2021.

► Claims Report

Claims in private insurance increased in period under review. As at June 2022, private insurers recorded the growth of the claims in value by 16 percent to Frw 30 billion. The growth of claims in motor was partially associated with an increase in spare parts price and increased labor cost all associated with increased inflation. Also the number of road users involved in the accident increased in period under review which also partially explains the increase of claims in motor.

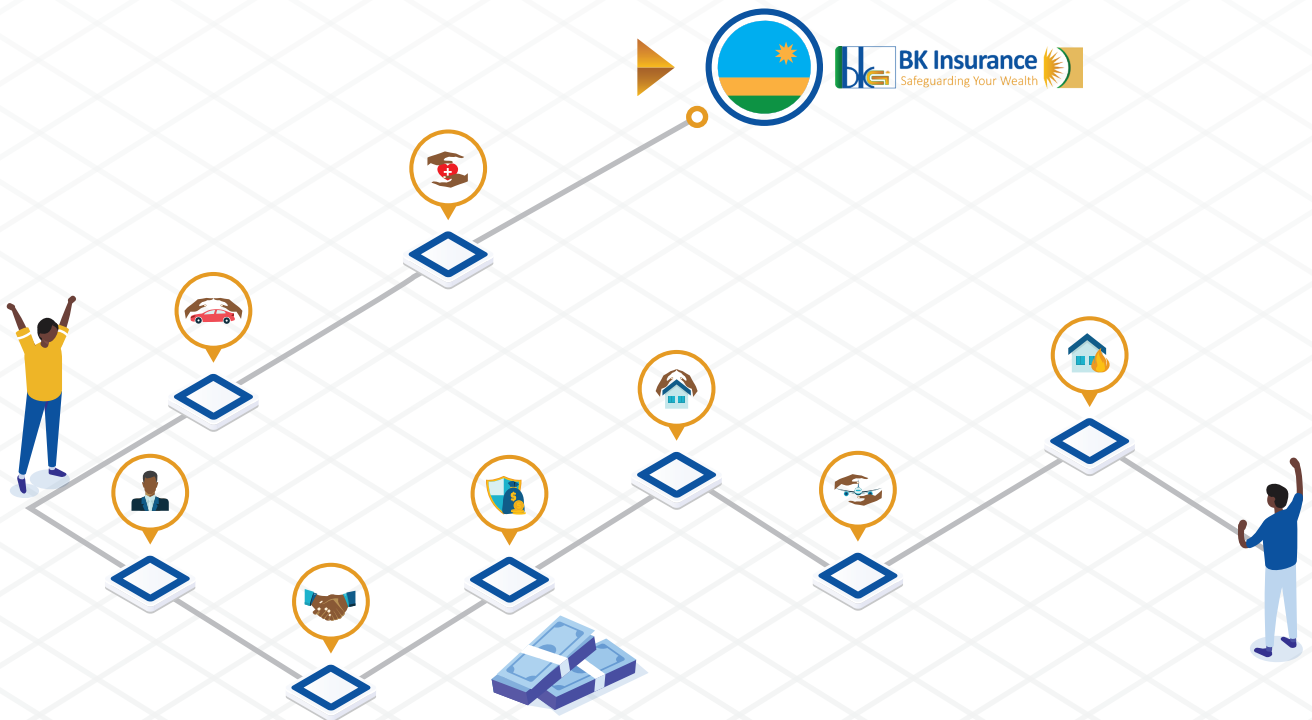
► Pension

The growth of assets of the public pension fund moderated with 6 percent growth. Total assets of the public pension fund increased by Frw 72 billion (from Frw 1,171 billion in June of 2021 to Frw 1,243 billion in June 2022). The main drivers of growth of assets were the increased market value of plots and acquisition of new plots by Pension fund, and members' contributions. During the period under review, the value of offshore investments (quoted) grew from Frw30 billion to Frw 47 billion reflecting the increase of Frw 17 billion.

The assets of Long Term Saving Scheme (LTSS) Ejo Heza continued to grow in period under-review. As at end June 2022, total assets of Long Term Saving Scheme (LTSS) Ejo Heza increased to Frw 32 billion from Frw 17 billion in June 2021. The large portion of these assets are investment in Government securities

(88 percent). The growth of assets of LTSS Ejo Heza is linked to the increased number of subscribers' and their contribution attributable to mobilization campaigns. Total contributions received increased to Frw 9 billion in June 2022 from Frw 8 billion in June 2021.

Likewise, the assets of voluntary pension schemes continued to increase. Private pension schemes remained 12 and altogether increased their assets by 27 percent from Frw 63.7 billion in June 2021 to Frw81.1 billion as at June 2022. The growth of the assets is linked to the growing members' contributions and investment income. Voluntary pension schemes continued to invest heavily in fixed income securities (at tune of 82 percent) with large share in government securities, followed by investment in term deposits with 9 percent.





Global Insurance Industry Outlook

Globally, Insurers are planning to review their Strategic Asset Allocation (SAA). Technology integration and embedding sustainability objectives are the other key trends that are set to accelerate. Year 2022 was expected to be another bumper year for the insurance industry, but the invasion of Ukraine has dashed those hopes. Premium income grew by roughly 1pp slower than originally assumed as the war takes its toll on economic activity and confidence, even as inflation supports the top line. Overall, global premium income grew by +4.8% in 2022, with life and p&c developing almost in step (+4.9% and +4.6% respectively). This figure must be considered against the backdrop of a global inflation rate of 6.2% this year.

Despite the great uncertainties today, we are not too pessimistic about the more distant future. After all, these uncertainties are precisely the breeding ground for rising risk awareness; they reinforce the impact of the two megatrends of climate and demographic change, which will continue to be the main drivers of demand for risk protection. Overall, we expect annual growth of +4.8% over the next 10 years (life: +4.9%; p&c: +4.6%). This corresponds to an increase in premium income by +67% or EUR2.8trn by 2032, of which just under EUR1.8trn will be generated by the life segment (+69%) and just over EUR1trn by the p&c segment (+63%).

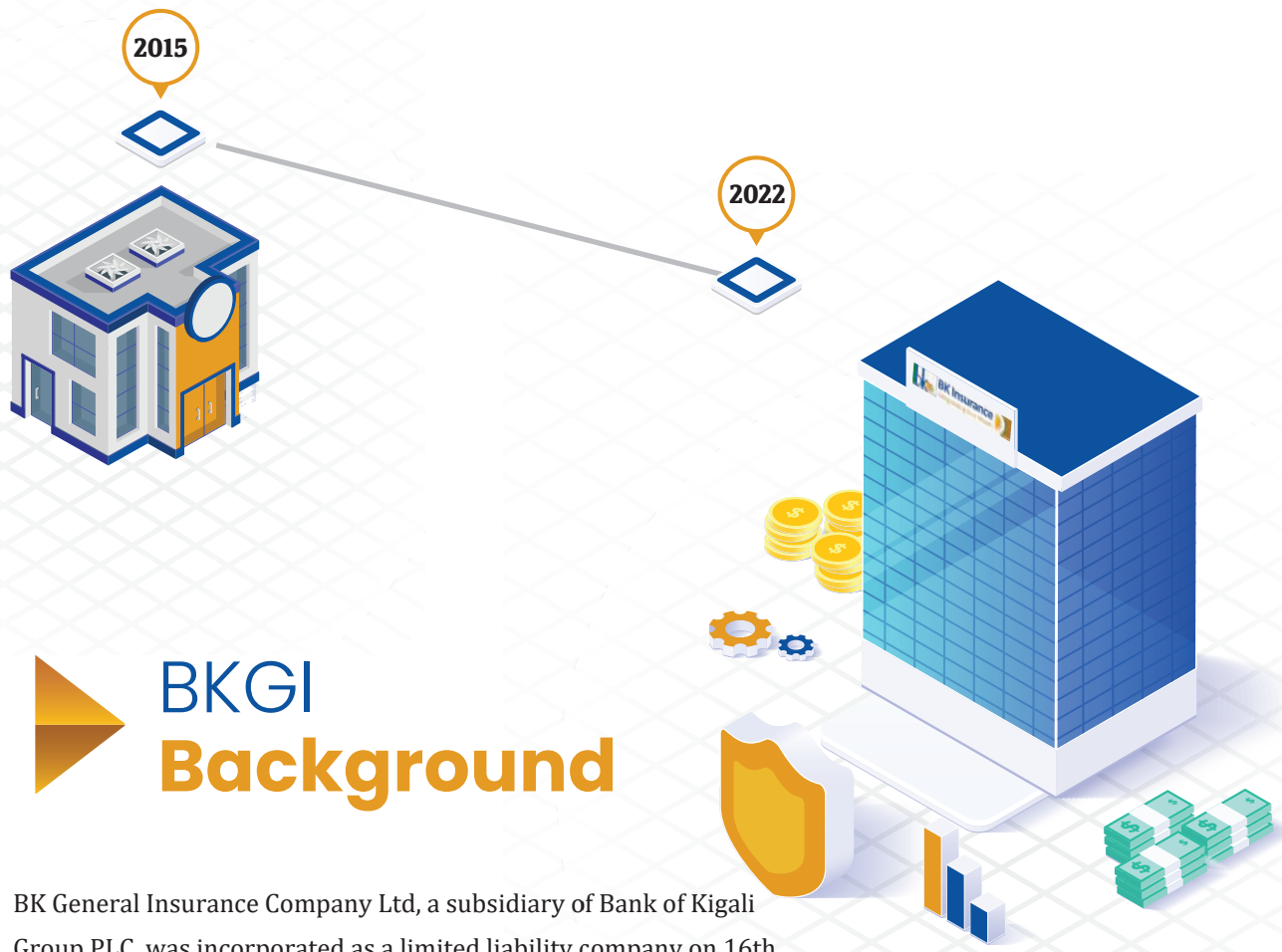
The pandemic and the war in Ukraine are wake-up calls for better risk management, and even more demand for protection. The industry must succeed in maintaining its economic and social relevance, offering innovative solutions for new and rising risks. The questions of insurability and affordability are likely to become increasingly urgent in the coming years. This requires a level of creativity and collaboration with all stakeholders, customers, carriers, and policy makers even beyond previous efforts.

Western Europe recorded an increase of 3.6% in total premium income (life: 3.8%, P&C: 3.3%); total premium income exceeded EUR 1,1trn. Reflecting the impact of the Ukraine war, growth is likely to decline to 2.9% in 2022 (life: 2.8%, p&c 3.1%). After that, however, an acceleration is also expected in Europe, with average growth over the next ten years expected to settle at 3.3% (life: 3.3%, non-life: 3.3%), well above the level of the last decade (1.6%), which was marred not only by Corona but also by the euro crisis.

Both lines of business might indirectly benefit from the recent crises. In the life business, increased risk awareness in the wake of the Covid 19 crisis and the inflation-triggered end of zero interest rates should make many savings and pension products more attractive again. In the p&c business, climate-mitigation efforts will intensify, first and foremost the decarbonization of energy supply. The quest for energy independence makes this even more important now. This requires major investments from both the private and public sectors and creates a high need for risk protection as new risks will emerge with this radical transformation of our economy.

 **INSURANCE COMPANY**

 **BKGI**
Company
Profile

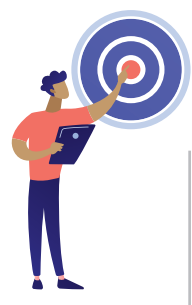


BK General Insurance Company Ltd, a subsidiary of Bank of Kigali Group PLC, was incorporated as a limited liability company on 16th September 2015 by Rwanda Development Board and was licensed by the National Bank of Rwanda to transact non-life insurance business on 22 March 2016.



► **Our Vision**

To be a leading provider of innovative, high quality insurance services



► **Our Goals**

To exceed customer expectations and we have put in place strategies to become a customer centric company



► **Our Mission**

To provide innovative, high quality insurance services that add value to shareholders' investments through technology enhanced products and motivated professional staff

► Our Values



Customer Focus

The philosophy of BK insurance is being customer focused and desirous of exceeding customer expectations all times. We will strive to deliver quality services to enable our clients to achieve their personal and business goals.



Team Work

We appreciate and reward both individual and team achievements. We relate freely with colleagues across organizational boundaries. Our team spirit is excellent and worthy of emulation.



Integrity

We ensure that the confidence reposed in us by our clients and other stakeholders will never be undermined and are continuously striving to fulfil our obligations to them



Creativity

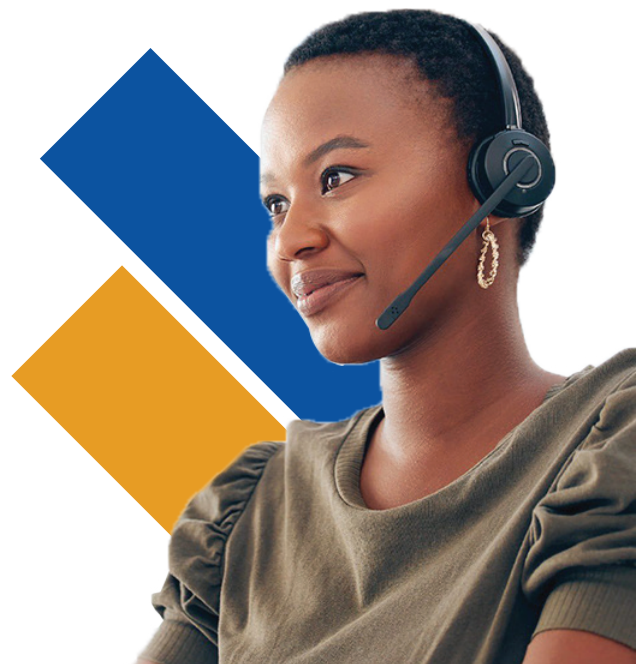
BK insurance believes that creativity is the driving force which keeps it growing and which is most vital to our customers.



We value our obligation to **our customers** to provide the highest **quality service** in a prompt professional and courteous manner at **all times**.



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BKGI Products



Motor Insurance

Under Motor Insurance, the following covers are provided.

- ▶ Third Party: Covers third party bodily injury and property damage arising out of a vehicle accident.
- ▶ Comprehensive: Covers third party liability and own property damage to the vehicle i.e., damage arising out of fire, theft and accidental damage to the vehicle



Fire & Allied Perils

Under Fire and Allied Perils, the following covers are provided.

- ▶ Personal Homes (Residential)
- ▶ Commercial Buildings
- ▶ Administrative Buildings
- ▶ Goods in stock (stock insurance)
- ▶ Machinery



Engineering

Under Engineering Insurance, the following are covered

- ▶ CAR (Contractors All Risks)
- ▶ EAR (Erection All Risks)
- ▶ Electronic and Electric All Risks
- ▶ CPM (Contractors Plant and Machinery)
- ▶ IT All risks
- ▶ Machinery breakdown
- ▶ Business interruption and Workmen compensation



Liability

Under Liability Insurance, the following are covered.

- ▶ Public Liability
- ▶ Professional liability
- ▶ Product Liability
- ▶ School Liability
- ▶ Carrier Liability
- ▶ Directors and Officers Liability



Agriculture

Under Agriculture Insurance, the following are covered

The livestock coverage includes:

- ▶ Cows
- ▶ Chickens
- ▶ Pigs

The crops coverage include:

- ▶ Maize
- ▶ Rice
- ▶ Irish Potatoes
- ▶ French Beans
- ▶ Chili



Travel

Under Travel Insurance, the following are covered

- ▶ Loss of luggage
- ▶ Travel delays & cancellation
- ▶ Repatriation
- ▶ Medical and other related expenses



Aviation

Under Aviation Insurance, the following are covered

- ▶ Aviation insurance covers physical damage to the aircraft and legal liability arising out of its ownership and operation.



Money

Under Money Insurance, the following are covered

- ▶ Money in transit: covers the policyholder against the physical loss/damage to money while moving it to and from your premises.
- ▶ Money in Safe: provides indemnity in case the policyholder's cash is damaged or lost while secured in a safe on their premises.
- ▶ Fidelity guarantee: Covers the loss of money or property sustained as a direct result of acts of fraud, theft or dishonesty by an employee in the course of employment.



Transport

Under Transport Insurance, the following are covered

- ▶ Marine Hull: covers the loss or damage of ships, cargo, terminals and any transport by which the property is transferred, acquired, or held between the points of origin and the final destination.
- ▶ Marine Cargo: protects goods from the risk of loss, damage, and theft during transit by sea, land and air from the port of origin to the final destination.
- ▶ Goods in Transit: covers for loss or damage of various types of goods while in transit by road, rail or any inland waterway within the geographical area set out in the policy.



Bonds

Under Bonds Insurance, the following are covered.

- ▶ Bid Bond
- ▶ Performance Bond
- ▶ Advance Payment Bond
- ▶ Custom Bond



Accident

Under Accident Insurance, the following are covered.

- ▶ Personal Accident Insurance: Covers accidental death and disability
- ▶ Group personal accident insurance: Provides insurance cover to a group of people. Mainly offered to company employees



Fidelity Guarantee

Under Fidelity Guarantee Insurance, the following are covered.

- ▶ This insurance policy provides coverage for businesses against financial losses in the event of a breach of trust by an employee



Home

Under Home Insurance, the following are covered.

- ▶ Residential building
- ▶ House contents / possessions
- ▶ Electronic equipment
- ▶ Workmen
- ▶ Neighbor's liability

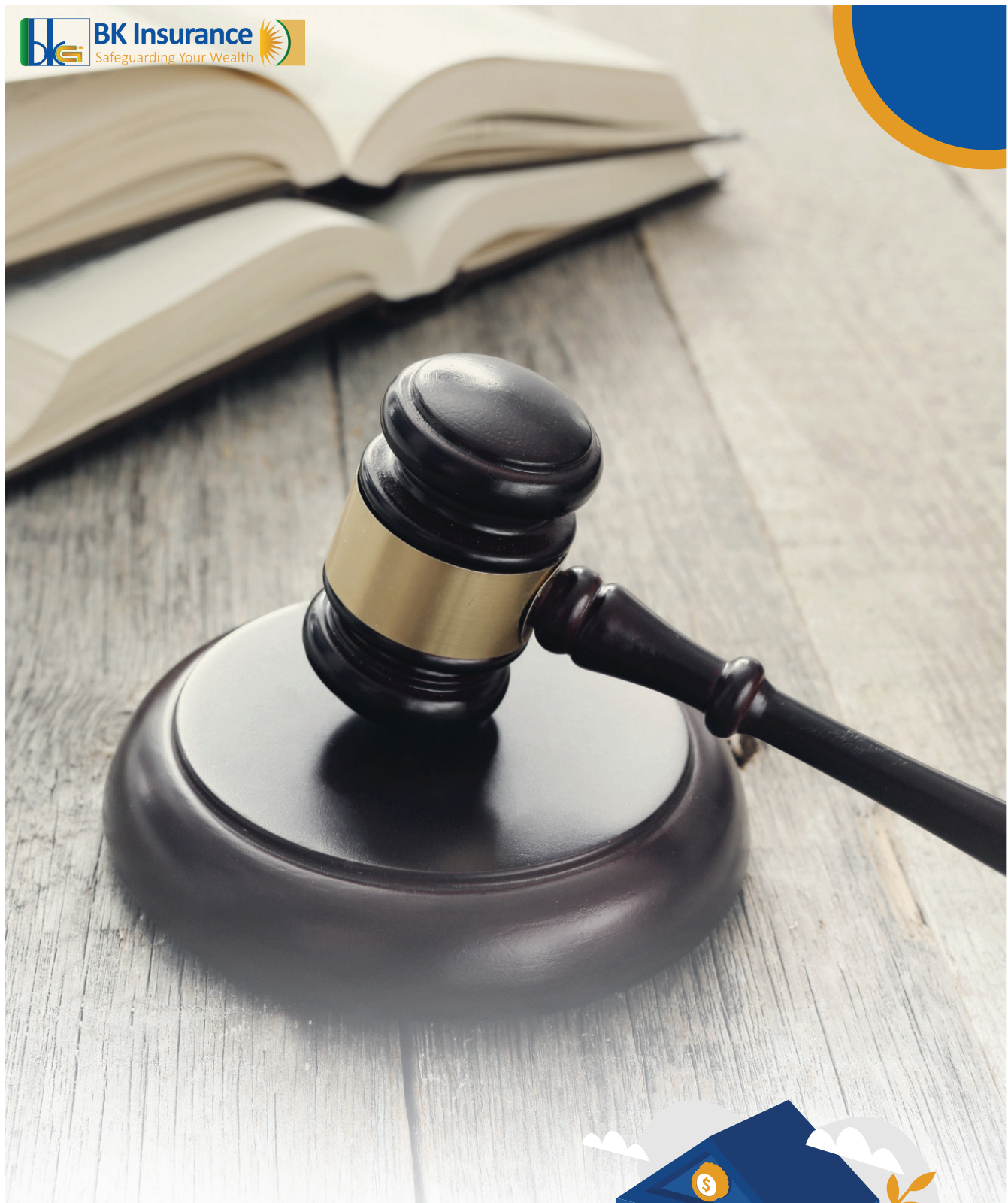
BK Insurance
Safeguarding Your Wealth

Umbrella Of
All Your **Business**

Take care of yourself, your Business, your properties at
BK Insurance
Contact us now >

Welcome to BK Insurance
In 2015, the Bank of Kigali Incorporated an insurance business through BK General Insurance Company that was licensed by the National Bank of Rwanda to transact insurance in March 2016. The Vision of BK General Insurance Company is to be the

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 **Governance
Report**





Chairperson's Statement



Jean Enock HABYIYAMBERE

Acting Chairman Board of Directors



I hope this correspondence from me, relaying it on behalf of BKGI Board of Directors finds you all safe, well and happy.

► Global Perspective

The global insurance industry is undergoing radical transformations. Tighter regulatory norms, volatile equity markets and rapidly changing customer expectations are some of the biggest challenges that the market is sailing through. However, despite these macroeconomic challenges, the industry is poised for robust growth riding on tech-driven disruptions.

Customer experience is at the heart of this dynamic landscape. As customer perceptions and demands continue to be increasingly volatile, relevance will be defined by the insurer's ability to provide products, plans and services in accordance with changing customer needs. It is in this perspective that BK Insurance has realigned its business strategy to become a more socially responsible insurer, that conducts business with care and passion for not only its customers but also the community as a whole.

There is changing perception of businesses towards insurance products. Enterprises are now seeking to establish a closer risk partnership with insurance players, treating them as risk advisors and not just risk underwriters.

The changes in the auto insurance landscape are also worth mentioning. As the auto industry globally shifts towards new ways of transportation including EVs, hybrid cars and telematics, insurance players will need to rethink their policies.

The auto industry is just an example. As new technologies emerge and find their way into different marketplaces, insurance leaders will have to continuously review the opportunities and challenges triggered by the technology landscape across industries. Notably, in 2022, Motor Insurance contributed 58% of BK Insurance's policy portfolio, an indicative of how important auto industry is to the company.

► **Our Business Belief**

At BK Insurance, we consider customer centricity and excellent stakeholder experiences the fundamental building blocks of a future-ready enterprise. In order to achieve this, we are promptly integrating the latest technological advancements to provide seamless customer experience across platforms along with efficient operations and digitally-led processes.

The journey of digitalisation of our products promises to bring a number of prominent benefits to us and our stakeholders. With the initial steps, we have already experienced immediate advantages in speed, agility, reliability and scalability. Our continuous approach of adopting significant technologies to support our stakeholders has positioned us among the industry leaders.

► **Value Creation**

Focusing on value creation for all our stakeholders, has already started reaping significant benefits through an enhanced product suite and enriched customer service. The advantages from the synergy are evident with significant reinvestments planned from the savings. Together we plan to take several defining steps for the progress of not just this institution but the industry as a whole.

► **Our Resolve towards the Environment and Society**

We have reviewed our business strategy to align our business engagements, according to the ESG (Environment Social and Governance) strategy that we dedicate ourselves to uphold. A fundamental distinguishing factor that sets us apart in the insurance industry is our unceasing effort to achieve greater levels of sustainability and social responsibility. At BK Insurance, Corporate Social Responsibility (CSR) and Environment, Social, Governance (ESG) are of paramount importance. We strive to create a greener and more sustainable future through our efforts whilst building a company with strong values and a heightened sense of social accountability.

To make this a success, we are realigning our CSR interventions to take up initiatives promoting environmentally-conscious actions. Notably, BK Insurance is committed

to reducing carbon footprint in Rwanda by giving priority to industrialists that are undertaking initiatives like recycling e-waste, rainwater harvesting and reducing both electricity and paper consumption.

As our world continues to struggle against pollution, decreasing forests and increasing natural calamities, it is the duty of any responsible company to adopt greener practices. At BK Insurance, we relentlessly work towards implementing policies that benefit the world we live in. The modern workforce needs to be instilled with a strong sense of responsibility, accountability and values.

► Inclusive Growth

BK Insurance is a collective pool of talented individuals with diverse strengths and backgrounds but brought together with a common vision to create a positive impact on the world around us. Coming out of the pandemic, our togetherness has to be stronger than ever as we move towards building a resilient company fit for the technology- driven new age.

On behalf of the Board of Directors, I would like to thank all the staff and stakeholders for being a part of our tenacious journey. This would not have been possible without your support and encouragement.

Message from the Managing Director



Alex BAHIZI

Managing Director, BK Insurance

Dear Stakeholders,



I hope this message finds you and your loved ones, in good health.

The economic activity across the world and domestically continued to be affected in the year 2022 by the War in Ukraine, Climate Change effects, insufficiency in food production, the effects of Covid 19 and soaring inflation levels. The escalating geo-political tensions largely affected logistical value chains.

This in effect, squeezed the expected activity and growth in key sectors like construction which normally generates high insurance demand. Thus, the general insurance industry suffered the consequences. Nonetheless, the sector still exhibited resilience with a modest growth of 11.1% y-o-y according to the National Bank of Rwanda (NBR).

BK Insurance like any other player sailing in the prevailing conditions, had quite a wave of challenges to navigate through. This message gives me an opportunity to present you the efforts, results and future strategies for the growth and progress of our company.

► Financial Performance

Specific to BK Insurance, we lost more than 30% of the portfolio to a newly created captive Military Insurance. Despite such significant loss of portfolio and prevailing tough economic times, BK Insurance registered a 1% growth in profit for the year ending 31 December 2022, rising from RWF2.740bn to RWF2.766bn, still positioning it as the most profitable company in the market. This was made possible by sustained strict underwriting appraisal, the relentless efforts of our sales force and our esteemed array of agents in securing new policies and fostering renewals. turnaround time for the recording and assessment of claims.

We registered Gross Written Premium Income (GWP) of RWF 11.057bn (merged) in FY2022 as against RWF12.134bn (standalone) in FY2021, a decline of (8.9%) covering a loss of 21% in one year which is unprecedented. BK Insurance trades among the leading General Insurers in Rwanda. Remarkably, we grew our leading product; the Motor insurance cautiously on account of supply chain disruptions, lower demand sentiment and competitive intensity, contributing 58% of our underwriting profit, and 75% of the GWP.

Overall, we experienced robust growth driven by the introduction of both agriculture and aviation segments. Consequently, the company witnessed market share accretion in commercial lines such as fire, engineering and marine cargo where we had a significant market share respectively.

There was a slight decline in the number of claims recorded and settled, dropping from 4,072 claims recorded in 2021 to 3,938 claims recorded in 2022, a (3.3%) decline due to the sizeable portion of the portfolio that migrated to the Defense Captive Insurance. In terms of settlement, a total of 2,755 claims were settled in 2022 compared with 2,971 settled in 2021, a (7.2%) decline. With the ongoing digitalization process, we hope to improve the turnaround time for the recording and assessment of claims.

► Long term growth story

BK Insurance's philosophy since inception, has been premised on profitability and return on investment – shareholder value. over the years we have continued to stay focused on profitable growth through disciplined underwriting, sustainable value creation, while delivering excellence in customer service. We have stayed true to our philosophy of delivering profitable growth over the past Six Years and it remains our long-term DNA.

Excellence in customer service remains one of our core pillars of strength. We believe that customer centricity is pivotal for any organization that strives to build a strong, long-lasting business loyalty. Customer centricity largely revolves around being able to solve any issues that our clients may face and being able to promptly adapt to new opportunities to improve customer experience.

Our recent endeavor to provide agriculture and aviation insurance to our customers, leveraging on the partnership with the Government (Ministry of Agriculture-Minagri) has magnified our strength of customer engagement, especially the below-the pyramid customer. This resonates directly with BK Group's moto of transforming community livelihoods.

► Diversity & Inclusion

BK Insurance remains committed to building an inclusive work environment where people from diverse backgrounds and genders can come together without any

social barriers. An amalgamation of diverse knowledge, experience and thought-processes is the key to building an adaptive and innovative organization.

We are striving towards making our diversity, equity & inclusion approach more contemporary to promote higher representation of diversity in the areas of gender, generation and probably people with disabilities. As part of the action plan, we have increased the gender representation to close to Forty 40% Percent in overall BK Insurance staff head count.

► Giving back to the society

The insurance sector is a major economic driver globally, not just by the virtue of the scale of investments it holds but also by the number of lives it touches. With multiple initiatives across domains, we also try to contribute towards social and environmental issues that call for immediate attention.

In collaboration with Bank of Kigali and in a bid to raise funds for educating vulnerable children, employees of Bank of Kigali and Agahozo Shalom Youth Village hiked Mount Karisimbi, which is the highest peak in Rwanda with an altitude of 4,507m. BK Insurance participated in sponsoring this initiative.

Apart from our ongoing initiatives, we also ensure that we step-up during common challenges and calamities. As the nation reeled from the pandemic, we extended our support towards the national vaccination drive.

Equally, BK Insurance sponsored handsomely the program of Road Safety education in collaboration with National Police which is part of our mission of insurance education and awareness.

► ESG Focus

To give impetus to Board oversight on ESG, BK Insurance has realigned its strategic plan with the ESG policy. We also have integrated ESG risks into our robust framework that allows us to take decisions considering long-term impact and sustainability.

BK Group Board has established a Foundation whose key pillars include Environmental Conservation and ESG. BK Insurance will be contributing 1% of its Net Income into this Foundation to champion among others ESG principles and environmental Conservation.

► Way Forward

The rate of change in recent times has accelerated way beyond a human mind can understand and plan for. However, we have all witnessed that the power of togetherness, intellect and resilience can help humans navigate even the most challenging of circumstances. BK Insurance will proactively implement strategies to stay ahead of the curve and withstand the eminent challenges of the present and the future.

We intend to expand and diversify distribution channels, initiate digital technology to make business acquisition and claims settlement services more reliable and friendly. We shall deploy significant investments in these areas. We are open to learning, relearning and recalibrating as we move forward.

We are glad to have had a splendid run over the last half a decade and are eternally thankful to all our stakeholders for believing in BK Insurance services.

I wish you all a prosperous year 2023!

Alex BAHIZI
Managing Director, BK Insurance

Board of Directors 2022



Sandra RWAMUSHAIJA
Chairperson

Appointmant Date

22 March 2016

Resignation Date

10 July 2022

Qualifications & Skills

A corporate lawyer with a proven track record of working in both private and public sectors. The founder and Managing Partner of Factum Law Firm Ltd. A member of the Rwanda Bar Association and the East African Law Society. Holds a Master's degree in Business Administration and a Bachelor's degree in Law from the United Kingdom.

Experience

Over 19 years of experience in top management positions with extensive knowledge in corporate legal matters, with a focus on strategy development and execution, business development, due diligence, financial analysis and structuring, investment management, negotiation and risk management.



Dr. Jack KAYONGA
Vice Chairman

Appointmant Date

22 September 2016

Resignation Date

12 July 2022

Qualifications & Skills

Holds a Doctorate in Business Leadership from, a MSc Degree in Finance and Banking and a BSc Degree in Economics, all completed with distinctions.

He won different accolades including Forbes Africa Young Business Leader of the year 2012, the East Africa All Africa Business Leaders Award and he is a fellow of the World Economic Forum.

Experience

Over the last 22 years, he has served in the financial services sector, and amassed experience as a seasoned banker and investment professional, He serves as a key resource person on several public and private Boards, Committees and Task Forces



Nathalie MPAKA
Member

Appointmant Date

22 March 2016

Resignation Date

4 November 2022

Qualifications & Skills

A qualified Chartered Certified Accountant (ACCA), and currently completing her MSc in international Banking and Finance, Previously served as a Governing Council member of ICPAR. In charge of Finance Strategy at BK Group Plc.

Experience

She's the Chief Finance Officer of BK Group Plc (BK) since 2014. Won the prestigious 2019 AABLA nominations for the Chief Financial Officer of the Year and Business Women of the Year.



Yves GATSIMBANYI
Member

Appointmant Date

22 September 2016

Qualifications & Skills

Holds an MBA in finance and accounting and a Bachelor's degree in Economics. He also holds a diploma in Risk management in Finance & Banking and is a certified lead risk manager. He has vast experience in financial sector particularly in risk management.

Experience

Head of Risk and Compliance department in Bank of Kigali since early 2010 and later joined Bank of Kigali Executive Management Team as the Chief Risk Officer. Served as a bank examiner at the National Bank of Rwanda for ten years. Served as head of Compliance and Internal Control at I&M Bank-Rwanda



Shehzad NOORDALLY
Member

Appointmant Date

01 August 2018

Qualifications & Skills

He's an FCCA, holds a Master's Degree in Economics and an LLM in Capital and Financial Market Laws (with distinction).

Experience

He has 10 years' experience Investment Management and Investment Banking activities. He has more than 20 years' experience in Accounting, Finance, Auditing, Management Consultancy. The CEO of CDH Capital Ltd, a Brokerage, Fund Manager and Asset Manager licensed by the Capital Market Authority (CMA). He is a Board Member of the Rwanda Securities Exchange (RSE) and Chairman of the Rwanda Association of Securities Brokers (RASB).



Patrice BASTIDE
Member

Appointmant Date

20 November 2018

Qualifications & Skills

Holds a BSc and a M.Sc. in Applied Mathematics.

Experience

Responsible for Swan's international development and oversees a number of projects mainly in sub Saharan Africa. Marketing Manager of Albatross Insurance and Group Business Development Manager of CIM Insurance.



Jean Enock HABIYAMBERE
Member

Appointmant Date

19 March 2020

Qualifications & Skills

He holds a Bachelor's Degree in Mathematics and Physics.

Experience

He has more than 20 years of experience in insurance business. Served for 10 years in the former Ministry of Higher Education and Scientific Research, including being a part time lecturer at the National University of Rwanda. He held various positions from technical director, Vice Managing Director to the Managing Director in former Soras currently Sanlam insurance. He served as Managing Director of Soras Vie Ltd for 3 years , and later on different Boards including School of Finance and Banking (SFB), Road Maintenance Fund (RMF), Soras Vie Ltd.



We are here for you!



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Executive Committee 2022



Alex N. BAHIZI
Managing Director



Dieudonne NGIRIMANA
Chief Finance Officer



Adolphe NGUNGA
Chief Operating Officer



Alice RWAGASANA
Chief Commercial Officer



Sheila A. USANASE
Legal Services Manager and Company Secretary





Corporate Governance

► Overview

BK General Insurance Company Limited is owned by BK Group PLC and SWAN General Limited with 70% and 30% stakes respectively.

BK General Insurance Company Limited ("BK GI") is committed to adhering to the highest standards of

good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. We have put in place elaborate governance processes, which comply with best practice as set out in various codes on Corporate Governance.

► Directors

The Directors who served during the year and up to the date of this report are:

Name	Title	Apointment Date	Resignation Date	Status
Sandra Rwamushaija	Outgoing Chairperson	Appointed on 22 March 2016	Resigned on 10 July 2022	Independent
Dr. Jack Nkusi Kayonga	Outgoing Vice Chairman	Appointed on 22 September 2016	Resigned on 12 July 2022	Independent
Nathalie Mpaka	Member	Appointed on 22 March 2016	Resigned on 4 November 2022	Non independent
Yves Gatsimbanyi	Member	Appointed on 22 September 2016	Ongoing	Non independent
Shehzad Noordally	Member	Appointed on 01 August 2018	Ongoing	Independent
Patrice Bastide	Member	Appointed on 20 November 2018	Ongoing	Non independent
Jean Enock Habiyambere	Acting Chairperson	Appointed on 19 March 2020	Ongoing	Independent

The members of board committees who served during the year and to the date of this report were:

Audit Committee	Risk management committee	Underwriting & Claims Strategy committee	IAL&HR Committee
Shehzad Noordally, Chairman	Shehzad Noordally, Chairman	Jean Enock Habiyambere, Chairman	Jean Enock Habiyambere, Chairman
Patrice Bastide M.G.M	Yves Gatsimbanyi	Patrice Bastide M.G.M	Patrice Bastide M.G.M
Nathalie Mpaka	Dr. Jack N. Kayonga	Yves Gatsimbanyi	Yves Gatsimbanyi Shehzad Noordally
			Dr Jack N. Kayonga Nathalie Mpaka

The Board has created the following principal committees, which normally meet on quarterly basis under well-defined and materially delegated terms of reference set by the Board.

Audit Committee

The Audit Committee in principal meets quarterly or as required. In accordance with regulatory requirement, the committee comprise non- executive members of the Board who are independent of the day today management of the company's operations with only one Non-Independent Director. The committee deals with all matters relating to the financial statements and internal control systems of the Company including dealing with independent auditors and National Bank of Rwanda inspectors.

Risk Management Committee

The committee was set up to assist the Board to mitigate risks in the Insurance business. It meets quarterly to advise the business on all matters pertaining to risk management in the market, operations and other risks.

Investments, Assets, Liability and HR Committee

The committee meets quarterly where applicable to review Company's investments, Assets and liabilities in addition to that, it reviews human resource policies and make suitable recommendations to the Board on senior management appointments and other related personnel. This committee advises the Board as well on remuneration related to employees.

Underwriting and Claims Strategy Committee

This Committee was set to assist Board to understand the framework of the Insurance Business – Underwriting, Reinsurance and Claims. It reviews all reports related claims in line with corporate governance regulation and assess the adequacy of insurance reserves. It also advises the Board on the reinsurance treaties, related capacity and retention.

► **Separation of Role of Chairman from Managing Director**

The Chairman is responsible for managing the Board and providing leadership to the Company while the Managing Director is responsible to the Board for running the business in accordance with the delegation of powers given by the Board. The Managing Director directs the implementation of Board decisions and instructions and the general management of the business with the assistance of the Senior Management Team

► **Board of Directors & their meetings attendance**

The Board consists of four independent non-executive directors. The Board is composed of directors with a good mix of skills, experience, and competencies in the relevant fields of expertise and is well placed to take the business forward. Appointments to the Board are made after careful consideration.

During the year, the Board convened and held four (4) ordinary meetings. All the meetings convened had sufficient quorum. A review of attendance to meetings by individual members during the period under review indicates that all the members gave sufficient time and attention to the affairs of the Board.

The Directors in office and their attendance to main Board are as follows:

Names	Position	Meetings eligible to attend	Meetings attended
Sandra Rwamushaija	Chairperson	4	2
Dr. Jack N. Kayonga	Vice chairperson	4	2
Nathalie Mpaka	Director	4	3
Yves Gatsimbanyi	Director	4	4
Jean Enock Habiyambere	Director	4	4
Shehzad Noordally	Director	4	4
Patrice Bastide M.G.M	Director	4	4

► Board Charter and Work Plan

The Board Charter contains provisions that ensure that the Board observes best practice in corporate governance and contains among other things; the size, role and functions of the Board; appointments, induction and tenure of directors and Board performance evaluation and remuneration of directors.

The Work Plan has a formal schedule of matters specifically reserved for the Board's attention to ensure it exercises full control over all significant matters. It sets out the schedule of meetings of the

Board and its committees and the main business to be dealt with at those meetings. Additional meetings are scheduled as and when the need arises.

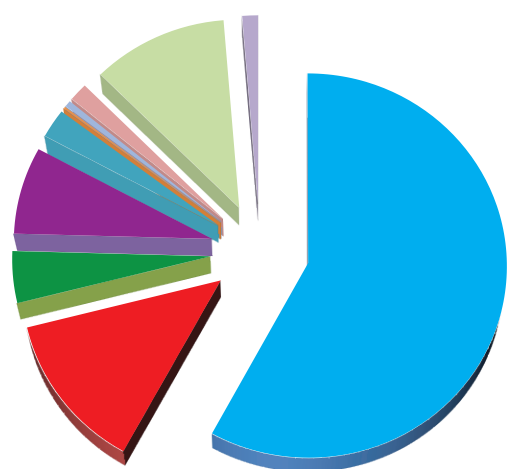
► Board Meetings

The Board of Directors meet quarterly or as required in order to monitor the implementation of the Company's planned strategy, review it in conjunction with its financial performance and approves issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.



 **Operations
Report**

► Underwriting Results in 2022



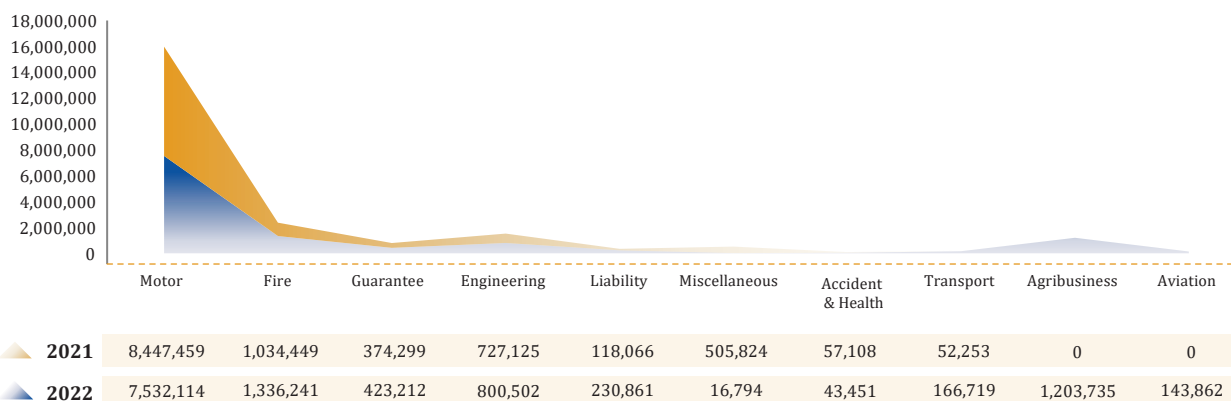
Motor	58%
Fire	13%
Guarantee	7%
Engineering	7%
Liability	3%
Miscellaneous	0%
Accident	1%
Transport	2%
Agribusiness	11%
Aviation	1%

KEY OBSERVATIONS

Due to the operational challenges that characterized FY2022, especially COVID-19 pandemic, GWP decreased (RWF1,089,424) or (8.97%), dropping from RWF12,146,935 in 2021 to RWF11,057,511 in 2022

Motor insurance, Fire and Applied Perils and Bonds take the lion's share of the GWP at BKGI, with 75%, 9% and 7% respectively.

GEP 2022 V 2021

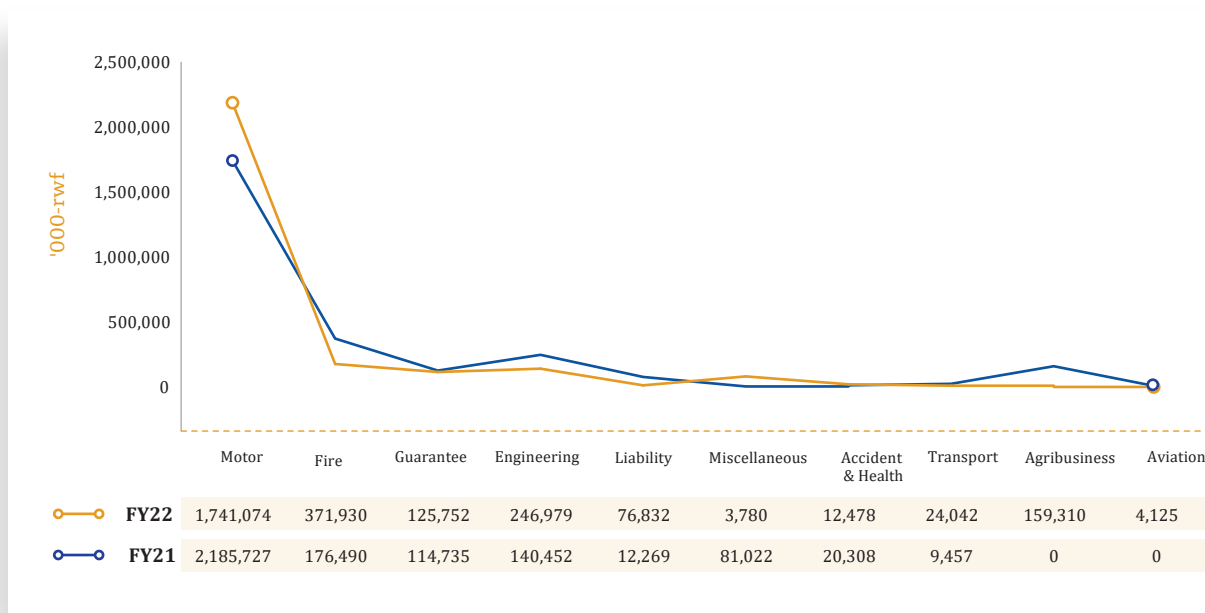


KEY OBSERVATIONS

We observed a decline in Motor Insurance GEP in 2022 by RWF915.345millions or (10.8%), largely due to covid-19 pandemic that restricted movements

Overall GEP increased by RWF580.908millions or 5.1%, mainly driven by sharp growth in Agriculture, plus the growth in the Fire, Guarantee, Liability policies

Profit Contributor in 2022 v 2021

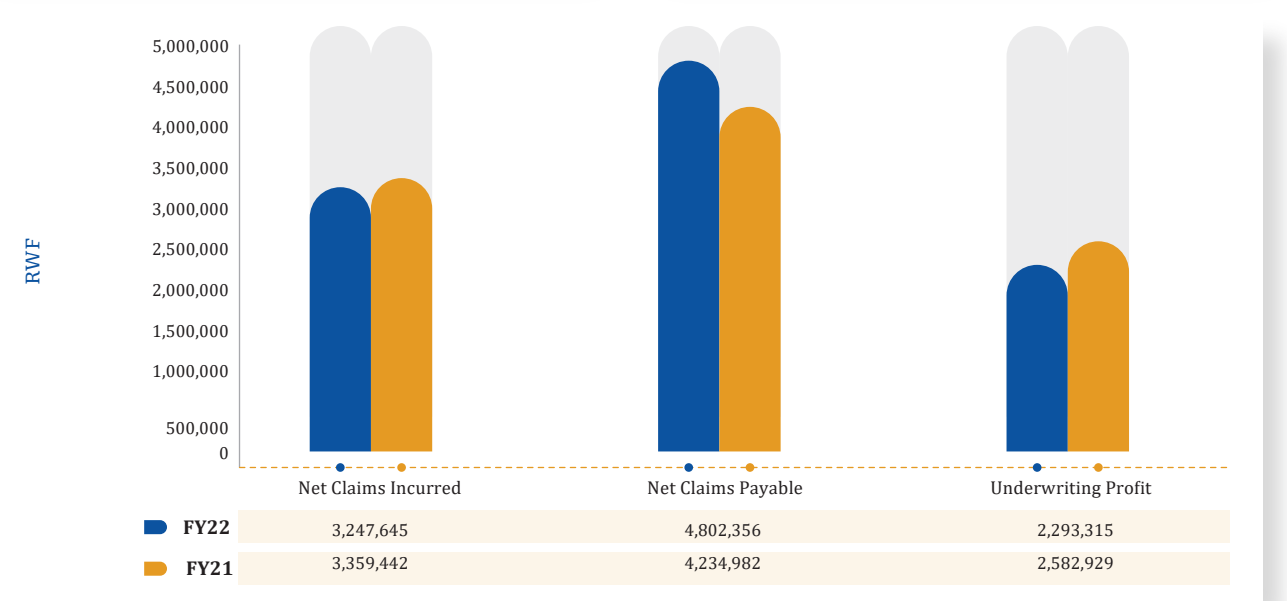
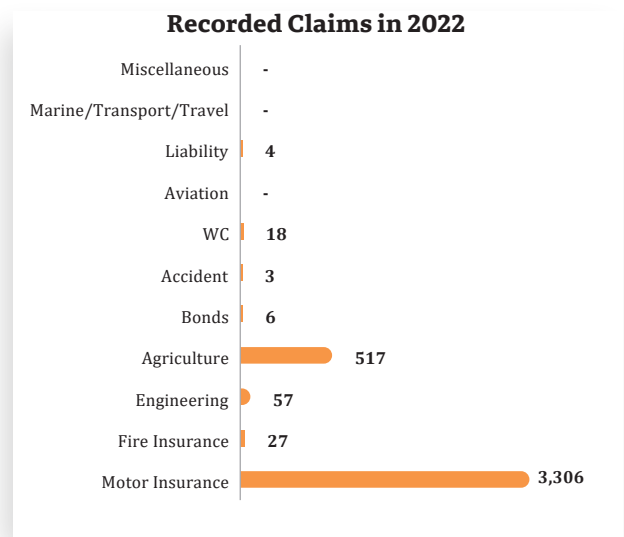
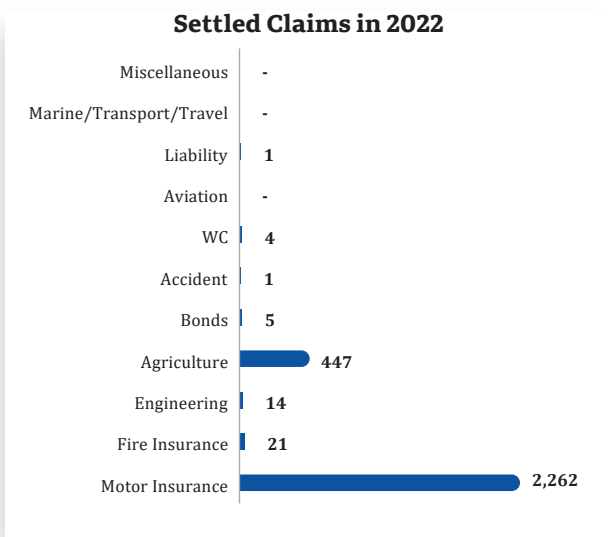
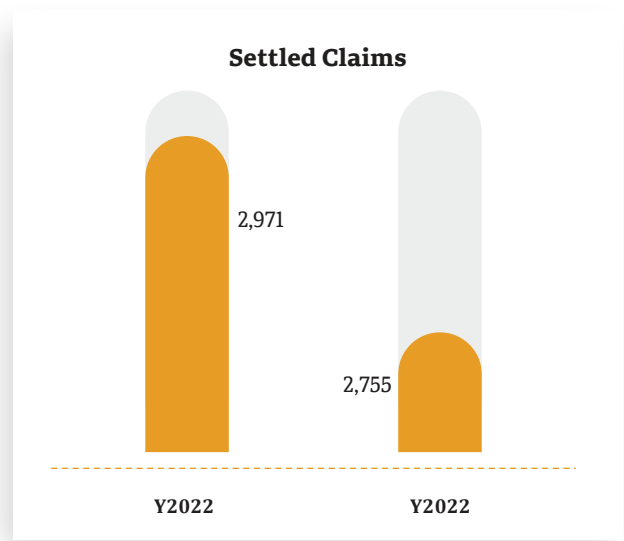
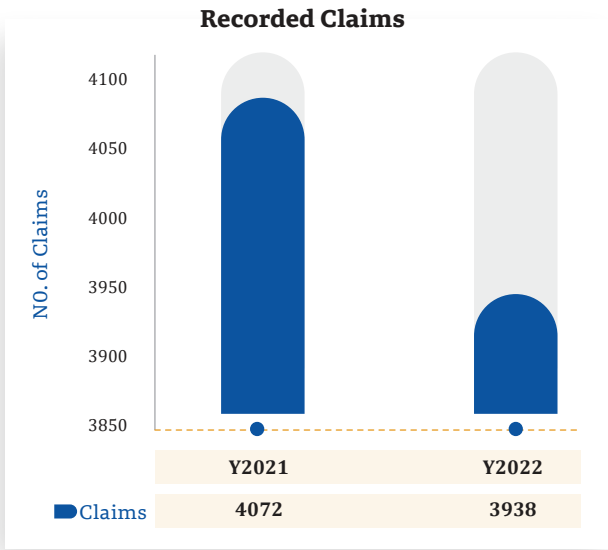


KEY OBSERVATIONS

Although Motor insurance dominated the contribution towards the profitability of the company, its profit contribution declined by (RWF444.653) or -20.3%, dropping from RWF2.185bn in 2021 down to RWF1.741bn in 2022.

Overall, profitability increased by a paltry 0.94% or RWF25.847million as compared with 2021, rising from RWF2.74bn to RWF2.766bn in 2022. Profitability was largely driven by Motor, Fire and Engineering Insurance policies.

► Reported Claims and Settled Claims 2021 vs 2022



Key Contributions to Claims Growth Compare 2021 & 2022

Class of Business	2021			2022		
	Written Premium 2021 ('000)	Gross Claims 2021 ('000) & Concentrat	Ratio Claims to Premium	Written Premium 2022 ('000)	Gross Claims 2022 ('000) & Concentrat	Ratio Claims to Premium
Motor	9,068,725	3,934,843	43%	6,412,084	3,916,172	61.1%
Fire & Allied Perils	1,158,515	85,532	7%	1,448,198	176,072	12.2%
Engineering	796,100	73,727	9%	815,298	151,537	18.6%
Liability	129,246	44,863	35%	154,353	8,222	5.3%
Marine/Transport/Travel	65,476	1,063	2%	169,757	5,503	3.2%
Bonds	350,816	14,472	4%	480,152	25,537	5.3%
Accident & Health	60,670	1,020	2%	58,222	12,415	21.3%
Aviation	-	-	-	143,862	-	0.0%
Agriculture	376,155	79,460	21%	1,241,759	458,884	37.0%
Miscellaneous	129,739	-	0%	133,466	4,031	3.0%
Total	12,135,441	4,234,980	35%	11,057,151	4,758,372	43.0%

Miscellaneous (Money, Terrorism, Fidelity Guarantee)

KEY OBSERVATIONS

We witnessed a decline in claims recorded in 2022 as compared with 2021, dropping from 3,938 to 4,072; a margin of 134, or a decline of (3.3%), the decline is generally attributable to reduction in the number of incidences, mainly in the biggest contributor of our product portfolio; motor insurance. Due to limited movements during the covid-19 pandemic, the country witnessed reduced risks on the road.

In the same perspective, volumes of settled claims reduced by 216 cases or (7%), dropping from 2,971 cases to 2,755, with motor insurance taking the lion's share of these settled claims, at a whopping 2,262 cases or 82%

Underwriting profit dropped significantly (by (11%)), mainly due to significant increase in payable claims, by 13%.

Management of Insurance & Financial Risks

The Company's activities expose it to a variety of risks, including insurance risk, liquidity risk, credit risk, and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management program focuses on the identification and management of risks and seeks to minimize 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. This section summarizes the way the Company manages these risks.

► Insurance Risk



The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The frequency and severity of claims can be affected by several factors. The most significant the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. (Refer Note 21 Claim Development schedule)

The following tables disclose the concentration of casualty insurance liabilities by class and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from casualty insurance contracts.

Maximum Insured Loss

Year ended 31 December 2022		0-500m Rwf'000	500-1000m Rwf'000	Above 1000m Rwf'000	Total Rwf'000
Motor	Gross	51,073,677	14,125,864	1,143,019,594	1,208,219,135
	Net	40,858,942	13,905,332	1,142,537,816	1,197,302,090
Fire	Gross	306,633,278	87,635,323	593,084,948	987,353,549
	Net	193,023,694	70,108,259	402,830,792	665,962,746
Bonds	Gross	10,432,059	2,274,771	1,102,113	13,808,943
	Net	9,388,853	2,047,294	991,902	12,428,049
Other classes	Gross	68,745,970	19,774,214	434,881,254	523,401,438
	Net	54,996,776	6,070,701	271,688,796	332,756,273
Total	Gross	436,884,984	123,810,172	2,172,087,909	2,732,783,065
	Net	298,268,265	92,131,586	1,818,049,306	2,208,449,157

Year ended 31 December 2021

Maximum Insured Loss

Year ended 31 December 2021		0-500m Rwf'000	500-1000m Rwf'000	Above 1000m Rwf'000	Total Rwf'000
Motor	Gross	35,947,022	30,745,698	2,680,930,767	2,747,623,488
	Net	29,337,022	30,265,698	2,679,800,767	2,739,403,488
Fire	Gross	250,743,444	54,713,427	392,783,554	698,240,425
	Net	157,841,400	43,770,742	266,783,554	468,395,695
Bonds	Gross	13,308,282	550,000	-	13,858,282
	Net	11,977,454	495,000	-	12,472,454
Other classes	Gross	40,819,695	22,366,551	477,005,772	540,192,017
	Net	32,655,756	6,866,551	298,005,772	337,528,078
Total	Gross	340,818,443	108,375,676	3,550,720,093	3,999,914,211
	Net	231,811,631	81,397,990	3,244,590,093	3,557,799,714

The insurance risks exposure Increased primarily as a result of increase in Fire and Motor contracts in the current year.

Claims on casualty contracts/general risks are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk

management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The IBNR has been determined and kept to the statutory minimum requirement of 15% of the outstanding claims payment.

	Regulatory Rwf'000	Actuarially computed Rwf'000
Gross IBNR	436,267	672,110
Net IBNR	109,067	453,408

► Financial Risk



The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk and equity price risk.

These risks arise from open positions in interest rates, currency exchange rates and equity securities prices, all of which are exposed to general and specific

market movements. The risks that the company primarily faces due to the nature of its investments and liabilities are liquidity risk and interest rate risk. The Company manages exposure to these risks through policies developed by the Finance and Investment Committee (FIC) at the group level. These policies have been developed to achieve long-term investment returns in excess of the company's obligations under insurance and investment contracts. The principal technique of the Company's FIC is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

► Market Risk



Foreign exchange risk

The company does not maintain foreign currency denominated current accounts with local banks. Which does not expose the company to foreign exchange risk arising from the various currency exposures, the company has had a few transactions denominated in foreign currency primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and is managed primarily through setting limits on the maximum exposure to any one currency. This exposes the company to foreign exchange risk arising from the various currency exposures, primarily with respect to the US dollar.

As of December 31, 2022 the company recognize insignificant gain and/or loss on foreign exchange gain because it trades mostly in Rwandan francs.

► Credit Risk



The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are receivables arising out of direct insurance arrangements, receivables arising out of reinsurance arrangements, reinsurers' share of insurance liabilities, loans, other receivables, deposits and cash at bank.

The Company structures the levels of credit risk it accepts by placing limits to counterparty, or groups of counterparties, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors.

Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk.

The Company's fixed interest rate financial instruments are deposits with financial institutions. The Company had no variable interest rate financial instrument as of December 2022 hence they are not sensitive to interest rate. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments.

Price Risk

The Company has financial instruments in Treasury bonds are measured at amortized cost and commercial papers which are not subject to price risk. instruments to fixed rate financial instruments.

Reinsurance is used to manage insurance risk. 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. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Management makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Maximum exposure to credit risk	2022 Rwf'000	2021 Rwf'000
Cash and bank balances	256,248	1,976,667
Deposits with financial institutions	5,956,178	3,785,286
Government securities at Amortized cost	9,087,256	6,236,874
Corporate bonds	1,376,930	1,383,080
Other assets	703,178	430,793
Receivables arising out of reinsurance arrangements	2,578,065	2,321,363
Receivables arising out of direct insurance arrangements	3,089,480	4,297,862
	23,047,335	20,431,925

All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated and none of the company's assets are past due or impaired.

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated.

None of the above assets are past due or impaired except for amounts in receivables arising out of direct insurance arrangements which are due on inception of insurance cover.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected

loss allowance for receivables arising out of direct insurance arrangements. The expected loss rates are based on the payment profiles of premiums over a period of 3 months before 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2022 was determined as follows for receivables arising out of direct insurance arrangements and reinsurance arrangements as follows;

31 December Direct insurance arrangements	2022 Rwf'000	2021 Rwf'000
Expected loss rate	5%	2%
Carrying amount (Rwf'000)	3,089,480	4,297,861
Loss allowance	149,005	85,957

The closing loss allowances as at 31 December 2022 reconcile to the opening loss allowances as follows;

	2022 Rwf'000	2021 Rwf'000
Opening loss allowance as at 1 January	87,171	47,513
Increase in impairment on premium receivable recognized in profit or loss during the year	61,83	39,658
Write off during the year	-	-
At 31 December	149,005	87,171

Reinsurance Arrangements	2022 Rwf'000	2021 Rwf'000
Expected loss rate	0%	0%
Carrying amount (Rwf'000)	2,578,065	2,321,363
Loss allowance	-	-

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 60 days past due.

Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables for which an impairment provision was recognized were written off against the provision when there was no expectation of recovering additional cash.

All of the entity's debt investments at amortized cost are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 6 months expected losses. Management considers 'low credit risk' for government bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

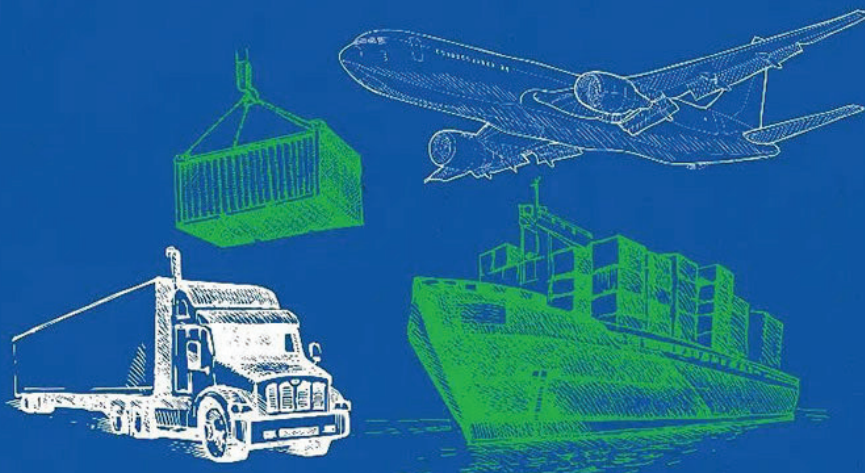
Deposits with financial institutions, cash at bank, government securities

Deposits with financial institutions, cash at bank and government securities are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management considers 'low credit risk' for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss

rate assigned to these has been determined to be 0.27% for deposits with financial institutions and cash at bank which is the probability of default assigned to a B+ investment grade by Standard & Poors Rating Agency. The loss rate assigned to government securities has been determined to be 0.50% which is the probability of default assigned to a B+ sovereign grade by Standard & Poors Rating

Agency.

The reconciliation of the loss allowance for deposits with financial institutions and government securities at amortised cost is disclosed under note 19 and note 20 respectively. The identified impairment loss on cash at bank and other assets was immaterial.



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		Gross Carrying amount					ECL		
	12 month Base PD Range	Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000	Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000
31 December 2022									
Cash and bank	0.05%-0.57%	256,248	-	-	256,248	808	-	-	808
Treasury bonds	0.05%-0.57%	9,087,256	-	-	9,087,256	45,436	-	-	45,436
Corporate bonds	1%-1.65%	1,104,795	-	-	1,104,795	10,208	-	-	10,208
Commercial Paper	1.5%-2.04%	272,135	-	-	272,135	5,549	-	-	5,549
Deposits with financial institutions	0.05%-0.57%	5,953,065	-	-	5,953,065	23,463	-	-	23,463
		16,673,499	-	-	16,673,499	85,464	-	-	85,464

		Gross Carrying amount					ECL		
	12 month Base PD Range	Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000	Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000
31 December 2022									
Cash and bank	0.05%-0.57%	1,976,667	-	-	1,976,667	9,422	-	-	9,422
Treasury bonds	0.05%-0.57%	6,236,874	-	-	6,236,874	35,550	-	-	35,550
Corporate bonds	1%-1.65%	1,105,080	-	-	1,105,080	18,234	-	-	18,234
Commercial Paper	1.5%-2.04%	272,203	-	-	272,203	5,553	-	-	5,553
Deposits with financial institutions	0.05%-0.57%	3,785,286	-	-	3,785,286	16,201	-	-	16,201
		13,376,110	-	-	13,376,110	84,960	-	-	84,960

► Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The company is exposed to daily calls on its available cash resources for claims settlement and other administration expenses. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of

reinvestment of maturing funds can be predicted with a high level of certainty. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls.

The table below presents undiscounted cash flows for both financial assets and financial liabilities at the financial reporting date:

At 31 December 2022	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
Creditors arising from reinsurance arrangements	-	-	931,761	-	-	931,761
Lease liabilities	6,639	20,522	58,176	529,297	-	614,634
Other payables	91,741	109,821	755,113	427,416	-	1,384,091
	98,380	130,343	1,745,050	970,562	-	2,930,487

At 31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
Creditors arising from reinsurance arrangements	-	-	1,357,935	-	-	1,357,935
Lease liabilities	504	32,009	144,042	682,392	186,000	1,044,947
Other payables	38,686	66,647	871,850	-	-	977,183
	39,190	98,565	2,373,827	682,392	186,000	3,380,065

The company maintains a portfolio of marketable and diverse assets such as short term deposits with financial institutions, investment in securities and cash and bank balances that can easily be liquidated to settle financial liabilities as and when they fall due. The Insurance Law (Law No. 05/2009 of 29/07/2009 on licensing and other requirements for carrying

insurance business in Rwanda) requires separation of the life and non-life insurance businesses into separate companies and each of the companies to hold a minimum level of paid up capital of Rwf 1 billion. However, the capital requirement will be Rwf 3 Billion starting from January 2022

Non-life insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of Rwf 500 million or 20% of the net premium income during the preceding financial year.

The capital and regulatory solvency thresholds were effective from July 2011 and the company was therefore required to comply with them for the

period ended 31 December 2022. During the year the Company held the minimum capital required to meet the solvency margins.

During the year end, the Company held the minimum capital required to meet the solvency margins. The Company's paid-up capital at the end of December 2022 is presented on note 26.

At 31 December 2022	2022 Rwf'000	2021 Rwf'000
Admitted assets	18,402,684	15,170,402
Admitted liabilities	12,120,276	12,223,536
Solvency margin	6,282,408	2,946,866
Required solvency margin	1,887,886	1,501,216
Surplus/Deficiency	4,394,522	1,445,650
Solvency coverage ratio	332.8%	196%

Valuation methods and assumptions

Reinsurance assets, insurance receivables, other receivables, deferred acquisition cost, due from related parties, insurance contract liabilities, trade and other payables, due to related parties, approximate their carrying value amounts due to the short-term maturities of these instruments.

The entity had no financial instruments subsequently measured at fair value through profit or loss and fair value through other comprehensive income.

Social Responsibility & Sponsorship Report

Agriculture Insurance



BK Insurance
Safeguarding Your Wealth

In consideration of crop and livestock, the performance of both is good in almost Value Chain, except for Chia Seeds and Chili, and piggery vis a vis maximum ratio set by the regulator (central bank-NBR).

Overall, GWP of crop insurance stood at over RWF683million, whereas GEP stood at RWF623million in 2022, as compared with RWF558million GWP and WF399million for livestock insurance.

Agriculture insurance performed well during 2022, thanks to the government support and contribution towards insurance penetration among farmers cooperatives across the country. Farmers' losses, mainly fueled by unpredictable climatic conditions, have been significantly minimized and mitigated.

BK Insurance
Safeguarding Your Wealth

3:11 PM

***182*8*1*005888#**

1 2 3
4 5 6
7 8 9
* 0 #

Pay for your insurance premium by simply dialing *182*8*1*005888#

Training of Agents On Agriculture Insurance



Our brokers and agents from 30 regions were equipped with agriculture insurance skills to enable them offer quality services to farmers and breeders in the livestock and crop insurance program. This training was conducted in April 2022, and well attended by BK insurance brokers and agents.

Dubbed, *'Tekana Urishingiwe Muhinzi Mworozzi'*, the program is a Training of Trainers (ToT) aimed at equipping brokers with hands on skills that help them serve crop and livestock clients.

At the time of training, about 21,000 livestock and 15,000 crop insurance policies had been recorded.

A farmer or breeder seeking crop and livestock insurance is required to be a commercial farmer, using proper fertilizers, seeds, rears livestock in the barn, milks the cows and feeds them well.

In the *'Tekana Urishingige Muhinzi Mworozzi'* program, the citizen contributes 60% and the rest of the money (40%) is provided by the government in the support program.

Compensating Burera Farmers Affected By Disasters

In September 2022, BK Insurance Company disbursed FRW 3,668,998 to potato farmers grouped under COVMB Cooperative in Burera District in Nemba Sector as compensation for the losses they suffered. Cooperative COVMB consists of more than 1450 farmers, practicing commercial potato farming in Nyirabibande Swamp on 319 hectares. Farmers had lost 14.99 hectares of the potatoes farmland due to drought, diseases and floods.

BK Insurance, according to Alex Bahizi, has disbursed FRW328million, of which FRW100million went into compensating farmers, and the rest went into

supporting farmers.

BK Insurance also gave prizes of 10 pumps and 15 ploughing machines to farmers who helped their colleagues understand the program.

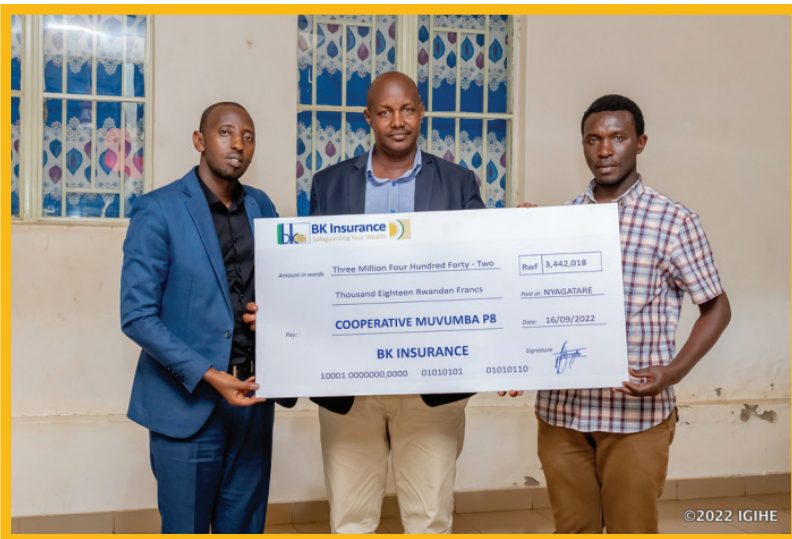
The ceremony was held in Nemba sector, Nyamugari Cell attended by the Minister of Agriculture and Livestock Dr. Dr. Gérardine Mukeshimana, Director General of Rwanda Agriculture Board (RAB), Dr Karangwa Patrick, Burera District Mayor, Uwanyirigira Marie Chantal, CEO, BK Insurance, Alex Bahizi among others.

Gallery





BK Insurance Compensates Frw 12M To Nyagatare Farmers

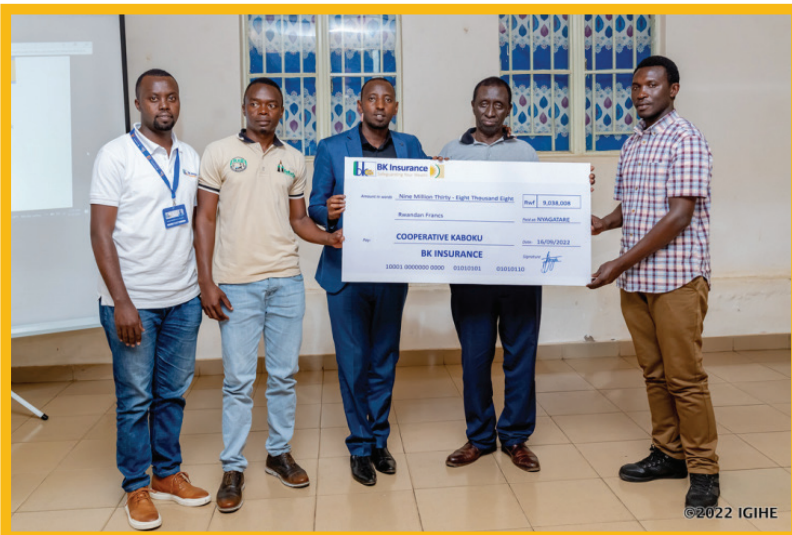


Over FRW12million was disbursed in September 2022 to crop insurance cooperatives in Nyagatare District, who suffered losses due to heavy rains.

Among the compensated farmers' cooperatives were; KABOKU cooperative who were paid FRW9 million, 27 farmers from the Umuvumba P8 cooperative, among others, where most of them are smallholding farmers, practicing on less than an acre of farmland.

KABOKU cooperative farms in Kagitumba Swamp located in the Matimba and Musheru Divisions with 900 hectares and more than 180members.

Umuvumba P8 Cooperative operates in Rwempasha and Tabagwe sectors, Muyango Peter, comprised of 27 memners.



In the year 2022, BK Insurance has paid 62 cooperatives around the country, equivalent to FRW450 million in crops insurance including rice, corn, pepper, soybeans, soybeans, beans. There are also farmers who paid more than FRW150 million for the insurance of their cattle

Awarding Best Agents



Six agents across the country were awarded for excellent performance, based on targets set for them by BK Insurance. Over RWF1.8million was disbursed in cash prizes to the best agents. Agents generally exhibited stellar performance in terms of client support services, including, but not limited

to; selling various insurance policies, supporting clients in recording and settling claims. Agents have also contributed to the brand management of BK Insurance.

BK Insurance is a diversified insurance company with 97 agents across the country.

BK Insurance gives Frw 15M of Equipment to Potato Seed Multiplication Farmers

In November 2022, BK Insurance donated equipment worth FRW5Million to agriculturalist engaged in potato seeds multiplication in Musanze District, Northern Province, at an event dubbed “Potato Care”

Beneficiaries included youths, women and elderly commercial potato farmers, hailing from Kinigi Sector, and from as far as Nyahibu District.

BK Insurance has been relying on potato plants for a year and a half, which is set to begin to rely on potato seeds through contracts with the SPF/F Fund.



BK Insurance Eyes Digitalizing Its Services

The Bank of Kigali's insurance agency, BK Insurance, has announced that in order to continue helping its customers and facilitating them, it plans to digitalize its services to t.

BK Insurance makes this announcement during the 2022 Customer Care Week.

One of the objectives of BK insurance is to strengthen the technology system so that every customer will get the service he wants without leaving his place.

BK Insurance will continue to improve its service based on technology, where it will be easier to inform and fulfill the requirements and to know where the accident file and the file requesting compensation have arrived. BK Insurance provides insurance mainly related to accidents, risks and assets such as vehicles, buildings and other infrastructure.



For international travelers, BK insurance offers cover in the event of an accident or other travel risks.

In addition to foreign travelers, BK Insurance also insures business operators through transportation of goods, especially marine cargo insurance covers.

Over 70% Rwandans engaged in agriculture are not adequately supported. Through the Agriculture Insurance, BK Insurance is saving farmers much losses and risks. This agricultural and livestock insurance is aimed at helping Rwandans develop and undertake development projects, but it is established in order to prevent losses caused by disasters or climate change.



BK Insurance At Expo 2022

Expo 2022 was attended by more than 500 exhibitors, including those from various African countries. BK General Insurance also decided to provide its services to the participants of 2022 expo, seeing the opportunity in working with BK Insurance in their

daily activities. Expo 2022 was an opportunity to create more awareness of BK Insurance products and services. BK insurance covers a wide range of insurance covers including motor insurance, building insurance and workers' compensation.





BK Group Raises Frw 62M For Agahozo Shalom Youth Village through Hiking Karisimbi

In a bid to raise funds for educating vulnerable children, employees of BK Group, including BK Insurance, contributed over FRW62Million towards the “Karisimbi Hiking” an annual campaign aimed at supporting Agahozo Shalom Youth Village.

The funds will be used to sponsor the education for over 500 vulnerable children at Agahozo Shalom Youth Village (ASYV).

The two-day hike that started on Friday, 21st October

2022 comprised of hikers from partner institutions – RSSB, I&M Bank, BK Arena, RTC, Amakoro Lodge and all BK Subsidiaries – with a total number of 20 hikers. The whole team reached safely the summit of Mt. Karisimbi which is over 4,000 meters above sea level.

This was the second consecutive year of hiking Karisimbi and raising funds for Agahozo Shalom Youth Village. In 2021, the BK Group hikers raised Rwf70 million for youth education through ASYV.



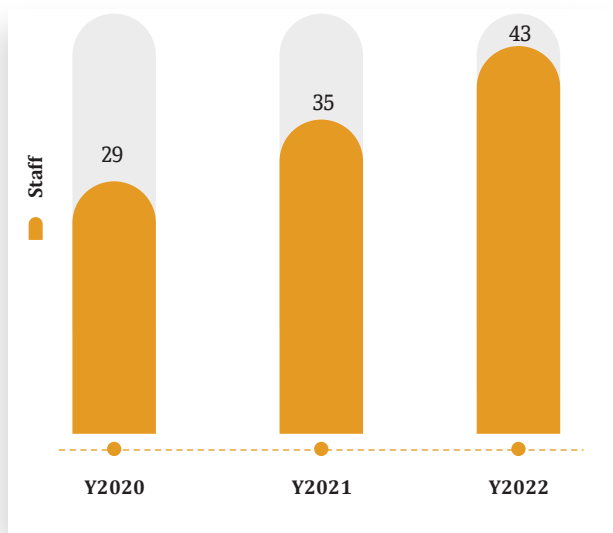




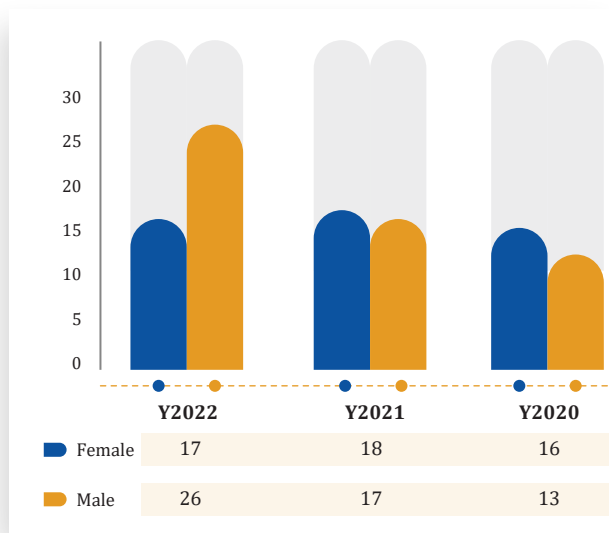
► Human Resource
Report 2022

BKGI is an equal opportunity company, employing people of all walks of life regardless their gender, culture, race, and religious beliefs.

Staff Number Growth



Gender Distribution



Despite of COVID-19 pandemic that saw most companies downsize, BKGI's staff were increased to 43 from the 35 recorded in 2021. Gender balance is

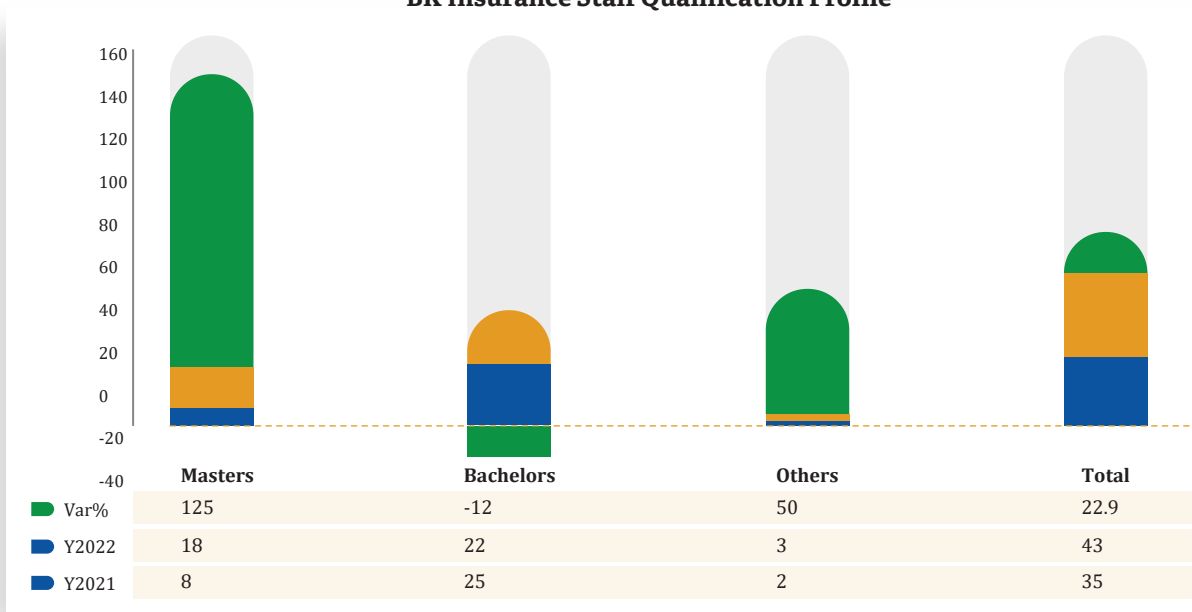
strictly observed at BKGI, where female staff are more than their male counterparts.

Qualifications

Majority of staff are degree holders, accounting to 51.4%, and eight (18) hold masters degrees in various fields.

	2021	2022
Masters	8	18
Bachelors	25	22
Others	2	3
Total	35	43

BK Insurance Staff Qualification Profile



BKGI upholds a comprehensive Continuous Professional Development (CPD) programs through trainings, experience sharing and mentorship sessions to ensure that staff's competitiveness is sustained.

During the reporting period, staff benefited trainings as summarized below;

	Foundation Course/ Insurance	Diploma 2 In Insurance
Operations Department	All (1)	Not Yet Enrolled
Underwriting Department	All (5)	3
Claims Department	All (4)	2
Reinsurance	All (1)	1

Cognizant of the market need to have competitive staff, some of our staff have continued to upgrade their professional skills by undertaking various educational programs at certificate and masters levels. By the end of 2022, 17 of our staff had benefited both foundation and advanced diploma in Insurance as illustrated in the table above.

New Recruitments in 2022

In 2022, we welcomed our new chief commercial officer, Ms Alice Rwagasana who replaced Irene Murerwa, who left the company in 2021. In addition. Two accountants were recruited to reinforce our finance department.

Promotion/Horizontal		Number Of Staff		
Officers	2	Senior Officer G1	To	Senior Officer G4
		Senior Officer G2	to	Senior Officer G4
Managers	4	Junior Manager G1	to	Junior Manager G4
		Junior Manager G1	to	Senior Manager G1
		Senior Manager G1	to	Senior Manager G4
		Senior Manager G3	to	Director D4
Chiefs	1	G1		G2

Seven (7) of our staff benefited promotions in their job positions based on general staff evaluation exercise and performance rankings. Congratulations to those men and women who exhibited exceptional performance during the year 2022.

Overall, staff performed well in their duties across the board. No staff performed below average, only 1 attained satisfactory level, whereas majority 90.7% (39 out of 43) attained excellent category (80-89%).

Grades	Category	Performance Evaluation Marks	Staff Number by Category
1	Excellent	80% - 89%	34
2	Good	70% - 79%	9
3	Satisfactory	60% - 69%	1
4	Poor/Average	50% - 59%	0

Our Human Capital Development Strategy

At BK Insurance, we believe that our employees are the driving force behind our success which they enable through their collective knowledge, skills, experience and abilities.

The year marked the return to normalcy after the impact of the Coronavirus pandemic and adoption of hybrid and new ways of working. Another key milestone the integration of the incoming employees.

Our human capital strategy has been constantly evolving to adapt and align to changes in external environment, internal

needs and requirements and this in turn has shaped the associated systems, processes and practices enabling our employees to deliver superior performance and growth for the present and beyond.

Below are the key pillars of BK Insurance's Human Capital Development Strategy;

Pillar 1: Organisation Design and Workforce Planning

Based on the evolving external environment, organisational strategy, technological changes, organisational life cycle and culture, the organisation design and structure are refreshed on an ongoing basis. This ensures that we are able to build capabilities for growth and competitiveness and drive effectiveness to attain our strategic goals in an efficient manner.

Based on the organisational strategic objectives, the current and future workforce requirements are reviewed every year. This includes understanding how workload and employee requirements would get

impacted with the new plans and how productivity improvement opportunities can be best leveraged to address them. Assessment of the existing workforce in terms of talent mix, availability and skills and competencies is done to understand how the existing workforce can align or support the annual as well as the long term requirements and what are the existing gaps. Talent management interventions and plans are agreed and rolled out to address the key gaps which have the greatest impact on organisational performance and help meet the strategic objectives. In addition, periodic productivity studies help us keep a check on the efficiency of the workforce.

Pillar 2: Performance Management

Our performance management systems and allied processes have been designed to reinforce a high-performance culture. Philosophically, we practice meritocracy where rewards are aligned with performance. Based on the cascade of organisation goals and priorities to rest of the organisation, Individual Key Performance Indicators (KPI) and targets are assigned to employees. These KPIs and the achievements against the targets are reviewed every quarter to factor in any changes in business priorities during the year and for course corrections to further improve performance. This process helps drive superior performance of employees year-on-year by continuously raising the bar. Regular recognition of top performers at the national and regional levels

helps drive and reinforce the performance culture. Performance-related interventions have also been customised for few businesses based on their unique needs and aligned to industry practices. Regular tracking of the performance input parameters in the form of Critical Success Factors has been also deployed. This helps the manager to get visibility on the progress made by the employee in their efforts to achieve the KPIs and also help employee get regular feedback of such progress. The entire performance management process is hosted on & deployed via the HRMS system helping drive a robust tracking and feedback mechanism especially in the hybrid working environment.

Pillar 3: Talent Management and Succession Planning

Our integrated talent management embodies identifying talent requirements, hire the right talent, provide need-based development and career growth opportunities and reward for high performance, has been a key enabler for business performance and long-term growth. The current talent management framework, systems and processes have been operational for several years now and has helped build a robust talent pipeline which continues to be our enduring strength.

Basis the analysis and findings, changes in the Talent Management processes are planned in a phased manner. The key highlights of the changes implemented in the first phase were refreshing the model of potential and assessing potential using a fair, scientific and objective method, creating a leadership assessment process incorporating these changes, metrics to govern the new process and outcomes and refreshing the criteria for disbursement of long term rewards.

Pillar 4: Talent Development

Based on evolving business needs and priorities and the transition to hybrid working, the learning & development agenda too has transitioned to adapt to these changes.

Structured on-boarding and induction at the time of joining, job knowledge awareness sessions and certifications, functional domain inputs and people capability certifications equip our employees to meet the expectations and challenges in their roles.

Leadership development interventions also help build a strong pipeline of leaders to take on higher and challenging responsibilities for the future. Virtual workshops including certifications enabled mid-to-senior managers with feedback skills, holding performance-coaching discussions in hybrid-working and action learning. Various learning initiatives have been rolled out to strengthen collaboration in hybrid working & alignment to organisational communication standards. Digital adoption is a critical pillar of the new learning philosophy.

Pillar 5: Employee Communication

We realise the importance of a continuous two-way communication with employees and continue to leverage multiple mediums & forums such as to listen, inform, communicate, build alignment and educate employees about the organisation's goals, processes and systems periodically. Additionally, forums like meetings, workshops are aimed at discussing and updating the leadership team on the overall business and people strategy and plans, share best practices and review the progress made on business and critical enterprise initiatives. Employees are also updated through noticeboards and Local Area

Networks (LANs) like intranet. In addition, as part of the integration of employees following the merger, communication helped employees understand the changes and transition and settle down quickly.

Communication on employee initiatives, benefits, processes, health and wellness and recognition at regular intervals continued through different communication modes including mailers, posters, and audio-visuals, among others. Social connect and bonding amongst employees is facilitated through hobby groups and informal chat rooms.

Pillar 6: Building Culture and Employee Engagement

We regularly align and educate employees on our guiding principles, which help employees understand how we can meet the evolving needs and expectations of our key external and internal stakeholders to achieve our organisational goals. This approach helps us to build a collective mindset and drive the behavioural standards across the board. Further, the initiatives taken on the feedback shared

by employees and the recognition and celebration of teams who deliver organisational priorities by demonstrating and living up to these behavioural standards, help reinforce and strengthen the culture. The impact of these interventions to address the feedback have been duly validated through employee evaluations, the scores of which have improved consistently over the last years.

Pillar 7: People and Culture Integration

During the year, a people and culture integration plan was deployed to ensure smooth transition of the incoming employees and their integration into the

combined organisation. a critical pillar of the new learning philosophy.

Pillar 8: Diversity Equity and Inclusion

We believe in reinforcing and ultimately building a workplace culture where everyone feels included and respected. It includes building an environment where we value individual differences and leverage them for a variety of perspectives, ideas and decisions which

will be the key to our success. This year, we renewed our focus on the Diversity Equity and Inclusion (DE&I) agenda through a structured programme management approach

Pillar 9: Employee Wellness

The second wave of the Coronavirus pandemic impacted health and wellness of employees as well as their family, relatives and friends. We continued to reach out to employees and extend infrastructure, economic and emotional support through a number of initiatives such as provision of vaccination services, face masks, onsite temperature testing (of

both clients and staff) and hand sanitizers. Further, initiatives such as leave donations also helped extend support to employees in need during these times. Periodically, we also arranged experts to talk on various topics related to physical and mental health and fitness with regular awareness communication.

Pillar 10: Technology Adoption

Through the Human Resource Information System (HRIS), we plan to have bring the entire HR processes and systems encompassing the employee's entire life-cycle activities under a unified platform offering anytime, anywhere access to leaders and employees. Apart from carrying out daily transactions and executing the processes, this platform will ensure the

availability of information to all employees at a single place at the click of a button and also brings in uniformity and transparency of information for easy decision-making. This system shall be available as a mobile application as well which has further enhanced its adoption by employees.

Pillar 11: Hybrid Working

As we gradually moved towards normalcy after the pandemic, we introduced and evolved the new ways of working. We launched remote working during the pandemic which gradually evolved to hybrid working offering employees location flexibility to work from office and home base location or completely from remote locations or from office, depending on the nature of roles. Such arrangements helped employees

manage work & personal commitments better while continuing to focus on performance outcomes and impact. Given the benefits of such hybrid work arrangements for all, we have adopted it as an on-going work arrangement along with supportive work practices to make it effective, post the opening up and return to work.

Pillar 12: Measuring the Progress

We have well-defined metrics to help us track the progress made on the various interventions and the resulting outcomes of the human capital development process. These metrics are tracked on a regular basis with corrective actions being taken or the process being fine-tuned wherever necessary. Some of these outcomes include employee engagement scores, diversity and mix of talent, internal talent occupying leadership positions, employee attrition and retention of key talent, average tenure of employees, average experience of

leadership team and senior management, time invested in learning, skill and leadership certification of employees and employee costs.

As we continue on our organisational journey to drive superior performance and growth, our employees as our key assets continue to play a critical role. Accordingly, we continue to evaluate and remodel our people practices to improve resilience, agility and flexibility and further strengthen our position as an equal opportunity employer and an employer of choice to enable them in this journey.



 **Financial
Statements**

COMPANY INFORMATION

BK General Insurance Company Ltd, a subsidiary of Bank of Kigali Group PLC, was incorporated as a limited liability company on 16th September 2015 by Rwanda Development Board and was licensed by the National Bank of Rwanda to transact non-life insurance business on 22 March 2016.

Registered office

BK General Insurance Company Ltd

TIN: 103752228

P.O. Box 724 Kigali, Rwanda

E: bkinsurance@bk.rw

W: www.bkgi.rw

Bankers.



Bank of Kigali Plc
Kigali - Rwanda



Equity Bank Rwanda Plc
Kigali - Rwanda



KCB Bank Rwanda Plc
Kigali - Rwanda



Cogebanque Plc
Kigali - Rwanda



Banque Populaire du Rwanda
Kigali - Rwanda



I&M Bank Rwanda Plc
Kigali - Rwanda



Zigama CSS
Kigali - Rwanda



CBA Rwanda Plc
Kigali - Rwanda



Bank of Africa Rwanda Plc
Kigali - Rwanda

REPORT OF DIRECTORS

The directors have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of BK General Insurance Company Limited (the “Company”).

Principal Activity

The Company underwrites classes of non-life (short term) insurance risks as defined by Law No. 52/2008 governing the organisation of insurance business in Rwanda.

Results

The results for the year are set out on page 11.

Dividend

The directors do not recommend payment of dividend for the year ended 31 December 2022.

Reserves

The reserves of the company are set out on page 13.

Directors

The Directors who served during the year and up to the date of this report are:

Name	Title	Appointment Date	Status
Sandra Rwamushaija	Chairperson	Resigned on 10 July 2022	Independent
Dr. Jack Nkusi Kayonga	Vice Chairman	Resigned on 12 July 2022	Independent
Nathalie Mpaka	Member	Resigned on 4 November 2022	Non independent
Yves Gatsimbanyi	Member	Appointed on 22 September 2016	Non independent
Shehzad Noordally	Member	Appointed on 01 August 2018	Independent
Patrice Bastide	Member	Appointed on 20 November 2018	Non independent
Jean Enock Habiyambere	Member	Appointed on 19 March 2020	Independent

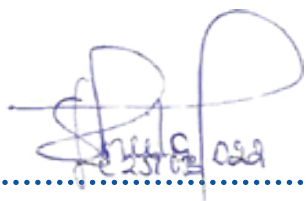
The members of board committees who served during the year and to the date of this report were:

Audit Committee	Risk management committee	Underwriting & Claims Strategy committee	IAL&HR Committee
Shehzad Noordally, Chairman	Shehzad Noordally, Chairman	Jean Enock Habiyambere, Chairman	Jean Enock Habiyambere, Chairman
Patrice Bastide M.G.M	Yves Gatsimbanyi	Patrice Bastide M.G.M	Dr Jack N. Kayonga
Nathalie Mpaka	Dr. Jack N. Kayonga	Yves Gatsimbanyi	Nathalie Mpaka

▶ Auditor

Ernst & Young Rwanda Limited as the external auditors in accordance with Regulation No. 44/2022 of 02/06/2022 on accreditation requirements and other conditions for external auditors for financial institutions and expressed willingness to continue in office.

By Order of the Board



Handwritten signature of Sheila A. USANASE in blue ink, with the name and date '23/03/2023' written below it.

Sheila A. USANASE
Company secretary

Date:.....31 March.....2023

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

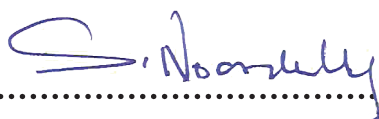
Law No. 007/2021 of 05/02/2021 governing companies requires the directors to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the Company's profit or loss. It also requires the directors to ensure that the Company maintains proper accounting records that 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 presentation and preparation of financial statements of the Company in accordance with International Financial Reporting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 governing companies. They also accept responsibility for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible in preparing the financial statements, for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The audit of the financial statements does not relieve the directors of this responsibility.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, the Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 governing companies.

Approval of annual financial statements



.....
Board Audit Committee Chairperson



.....
Director



.....
Managing Director

Date:..... 31 March2023

STATEMENT OF CORPORATE GOVERNANCE

BK General Insurance Company Limited is owned by BK Group PLC and SWAN General Limited with 70% and 30% stakes respectively.

BK General Insurance Company Limited ("BK GI") is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. We have put in place elaborate governance processes, which comply with best practice as set out in various codes on Corporate Governance.

▶ Board of Directors & their meetings attendance

The Board consists of four independent non-executive directors. The Board is composed of directors with a good mix of skills, experience, and competencies in the relevant fields of expertise and is well placed to take the business forward. Appointments to the Board are made after careful consideration.

During the year, the Board convened and held four (4) ordinary meetings. All the meetings convened had sufficient quorum. A review of attendance to meetings by individual members during the period under review indicates that all the members gave sufficient time and attention to the affairs of the Board.

The Directors in office and their attendance to main Board are as follows:

Names	Position	Meetings eligible to attend	Meetings attended
Sandra Rwamushaija	Chairperson	4	2
Dr. Jack N. Kayonga	Vice chairperson	4	2
Nathalie Mpaka	Director	4	3
Yves Gatsimbanyi	Director	4	4
Jean Enock Habiyambere	Director	4	4
Shehzad Noordally	Director	4	4
Patrice Bastide M.G.M	Director	4	4

▶ Board Charter and Work Plan

The Board Charter contains provisions that ensure that the Board observes best practice in corporate governance and contains among other things; the size, role and functions of the Board; appointments, induction and tenure of directors and Board performance evaluation and remuneration of directors. The Work Plan has a formal schedule of matters specifically reserved for the Board's attention to ensure it exercises full control over all significant matters. It sets out the schedule of meetings of the Board and its committees and the main business to be dealt with at those meetings. Additional meetings are scheduled as and when the need arises.

▶ Board Meetings

The Board of Directors meet quarterly or as required in order to monitor the implementation of the Company's planned strategy, review it in conjunction with its financial performance and approves issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.

▶ Board Committees

The Board has created the following principal committees, which normally meet on quarterly basis under well-defined and materially delegated terms of reference set by the Board.

a. Audit Committee

The Audit Committee in principal meets quarterly or as required. In accordance with regulatory requirement, the committee comprise non- executive members of the Board who are independent of the day today management of the company's operations with only one Non-Independent Director. The committee deals with all matters relating to the financial statements and internal control systems of the Company including dealing with independent auditors and National Bank of Rwanda inspectors.

b. Risk Management Committee

The committee was set up to assist the Board to mitigate risks in the Insurance business. It meets quarterly to advise the business on all matters pertaining to risk management in the market, operations and other risks.

c. Investments, Assets, Liability and HR Committee

The committee meets quarterly where applicable to review Company's investments, Assets and liabilities in addition to that, it reviews human resource policies and make suitable recommendations to the Board on senior management appointments and other related personnel. This committee advises the Board as well on remuneration related to employees.

d. Underwriting and Claims Strategy Committee

This Committee was set to assist Board to understand the framework of the Insurance Business – Underwriting, Reinsurance and Claims. It reviews all reports related claims in line with corporate governance regulation and assess the adequacy of insurance reserves. It also advises the Board on the reinsurance treaties, related capacity and retention.

▶ Separation of Role of Chairman from Managing Director

The Chairman is responsible for managing the Board and providing leadership to the Company while the Managing Director is responsible to the Board for running the business in accordance with the delegation of powers given by the Board. The Managing Director directs the implementation of Board decisions and instructions and the general management of the business with the assistance of the Senior Management Team.

REPORT OF INDEPENDENT AUDITORS

▶ Opinion

We have audited the accompanying financial statements of BK General Insurance Company Limited, which comprise of the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of changes in equity, and statement of cash flows for the year ended 31 December 2022 and a summary of significant accounting policies as set out on pages 11 to 56.

In our opinion, the financial statements present fairly, in all material respects, the financial position of BK General Insurance Company Limited as at 31 December 2022, and its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 Governing Companies.

▶ 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 Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of BK General Insurance Company Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

▶ Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by Law No. 007/2021 of 05/02/2021 Governing Companies. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

▶ Key Audit Matter.

Key Audit Matter	Audit procedures to address key audit matter
<p data-bbox="172 432 695 461"><i>Determination of insurance contract liabilities</i></p> <p data-bbox="172 499 783 734">Insurance contract liabilities included in note 21 of the financial statements are made up the outstanding claims provision (reported claims and incurred but not reported (“IBNR”) claims) and the provision for unearned premium. These were considered a matter of most significance to the current year audit for the following reasons:</p> <ul data-bbox="172 779 783 1400" style="list-style-type: none"> ▶ The estimation of the provisions involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. ▶ The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience. ▶ The magnitude of the insurance contract liabilities balance (RFW 8,162,399,000) in relation to total liabilities of (RFW 11,304,320,000). These insurance contract liabilities involve significant judgment over uncertain future outcomes, mainly the ultimate total settlement value of the insurance contract. 	<p data-bbox="820 432 1433 544">Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists:</p> <ul data-bbox="820 577 1433 1288" style="list-style-type: none"> ▶ Evaluating and testing the controls around the claim reserving and settlement process. ▶ Evaluating managements’ review process of the provisions. ▶ Comparing, for a sample of claims, the amounts as recorded in the claims systems to source documents. ▶ Reviewing the reconciliation between the claims data and that used to calculate the reserves. ▶ Considering the methodology and assumptions used by the Appointed Actuary and management in the estimation of reserves and assessing the methodologies applied against general accepted actuarial approaches; and <p data-bbox="820 1317 1433 1429">Back testing the robustness of the reserving process by performing an actual versus expected analysis on prior year’s reserves to assess this for any surpluses or shortfalls.</p>

▶ Directors’ Responsibility for the Financial Statements.

The company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No. 007/2021 of 05/02/2021 Governing Companies, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

▶ **Auditor's Responsibilities for the Audit of the Financial Statements.**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the 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 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 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 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 company to cease to continue as a going concern.
-

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

▶ **Report on other Legal Requirements.**

As required by the Law No. 007/2021 of 05/02/2021 Governing Companies we report to you, based on our audit, that:

- ▶ We have no relationship, interests and debts in the company;
- ▶ We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ▶ In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;
- ▶ We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.



STEPHEN K SANG
For and on behalf of Ernst & Young Rwanda Limited

Date:.....31 March.....2023

STATEMENT OF COMPREHENSIVE INOCME

	Notes	Dec-22 Rwf'000	Dec-21 Rwf'000
Gross written premium	5(a)	11,057,122	12,134,415
Change in unearned premium	5(b)	840,369	(817,835)
Gross earned premiums		11,897,491	11,316,580
Less: insurance premium ceded to reinsurers	5(c)	(3,744,871)	(2,694,984)
Net insurance premium revenue		8,152,620	8,621,596
Add Commissions earned	6	1,056,491	567,256
Less Underwriting expenses	8	(807,638)	(853,233)
Net underwriting income		8,401,473	8,335,619
Net claims incurred	7	(3,247,645)	(3,359,442)
Management expenses	11 (a)	(2,744,398)	(2,232,394)
Expected credit loss on financial assets	11(b)	(504)	(9,514)
Impairment loss on the insurance assets	11 (c)	(6,168)	(117,521)
Finance costs – Lease Interest expense	29	(109,443)	(33,819)
Underwriting profit		2,293,315	2,582,929
Interest income calculated using effective interest rate	9	1,575,473	1,244,482
Revenue from contracts with customers	10	72,890	108,114
Other income	10	30,606	5,167
Profit before income tax		3,972,284	3,940,692
Income tax charge	13	(1,205,981)	(1,200,236)
Profit for the year		2,766,303	2,740,456
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		2,766,303	2,740,456

The notes to the financial statements on pages 15 to 56 form an integral part of these financial statements.

STATEMENT TO THE FINANCIAL POSITION

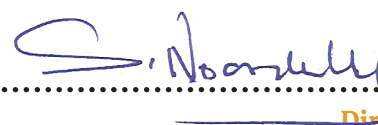
	Notes	Dec-22 Rwf'000	Dec-21 Rwf'000
Assets			
Non-current assets			
Equipment and motor vehicles	27	266,733	226,478
Intangible assets	28	210,144	173,003
Right-of-use assets	29	572,206	688,018
Deferred income tax	30	133,333	100,415
Total non-current assets		1,182,416	1,187,914
Current assets			
Receivables arising out of direct insurance arrangements	14	2,940,475	4,210,691
Reinsurers share of insurance liabilities	15	2,425,757	1,941,861
Receivable arising from coinsurance & Subrogation arrangement	16	152,308	379,502
Deferred acquisition costs	17	264,333	377,125
Other receivables	18	438,845	299,400
Deposits with financial institutions	19(a)	5,932,715	3,769,085
Investment in securities	19(b)	10,402,992	7,554,820
Cash and bank balances	20	255,440	1,967,245
Total current assets		22,812,865	20,499,729
Total assets		23,995,281	21,687,643
Liabilities			
Insurance contract liabilities	21	8,162,379	8,209,465
Creditors arising from reinsurance arrangements	23	931,761	1,235,766
Income tax payable	25	211,177	360,654
Lease liabilities	29	614,634	709,530
Other payables	24	1,384,089	1,247,290
Total liabilities		11,304,040	11,762,705

Equity			
Share capital	26	3,000,000	3,000,000
Retained earnings		9,691,241	6,924,938
Total Equity		12,691,241	9,924,938
Total equity and liabilities		23,995,281	21,687,643

The financial statements were approved for issue by the Board of Directors and signed on its behalf by:



.....
Director



.....
Director

STATEMENT TO CHANGES IN EQUITY

	Share capital Rwf'000	Retained earnings Rwf'000	Total Rwf'000
Year ended 31 December 2022			
At start of year	3,000,000	6,924,938	9,924,938
Additional capital	-	-	-
Total	3,000,000	6,924,938	9,924,938
Comprehensive income:			
Profit for the period	-	2,766,303	2,766,303
Other comprehensive income	-	-	-
Total comprehensive income	-	2,766,303	2,766,303
At end of year	3,000,000	9,691,241	12,691,241
Year ended 31 December 2021			
At start of year	2,857,143	4,184,482	7,041,625
Additional capital	142,857	-	142,857
Total	3,000,000	4,184,482	7,184,482
Comprehensive income:			
Profit for the period	-	2,740,456	2,740,456
Other comprehensive income	-	-	-
Total comprehensive income	-	2,740,456	2,740,456
At end of year	3,000,000	6,924,938	9,924,938

The notes to the financial statements on pages 15 to 56 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

▶ 1. General Information

BK General Insurance Company Limited underwrites short-term insurance business (non-life) risks. The company is a limited liability company incorporated and domiciled in Rwanda. The registered office is:

BK General Insurance Company Limited
Ground Floor, I&M Old building
P.O. Box 724 Kigali, Rwanda

▶ 2. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) New and amended standards and interpretation

IFRS 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2023.

Background

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.

In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023.

In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 to analyse implementation-related questions. The TRG met four times and while no further meetings have been scheduled, the TRG submission process remains open for stakeholders to send in questions they believe meet the TRG submission criteria.

Scope

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key Requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- ▶ The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
 - ▶ A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage period.
 - ▶ Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period
 - ▶ The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
 - ▶ The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
 - ▶ Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
 - ▶ Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
 - ▶ A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses
-

- ▶ Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- ▶ Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Transition

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17.

The Board decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

- ▶ Modified retrospective approach - based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application
- ▶ Fair value approach - the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 Fair Value Measurement and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date)

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

Impact

IFRS 17, together with IFRS 9, will result in profound changes to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to today's models. Key performance indicators will also likely be affected.

Finalisation of the amendment to IFRS 17

In December 2021, the IASB amended IFRS 17 to add a transition option for a “classification overlay” to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies IFRS 17 (i.e., from transition date to the date of initial application of IFRS 17).

b). Classification of Liabilities as Current or Non-current - Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2024.

Key Requirements

In January 2020 and October 2022, the Board issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement?
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- ▶ Disclosures

Right to defer settlement

The Board decided that if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date after the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the Board specified that the requirements in paragraph 72B apply only to liabilities arising from loan arrangements.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorized for issuance.

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Disclosures

IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities.

Transitions

The amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

Impact

The combined impact of the 2020 amendments and the 2022 amendments will have implications for entities applying them. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively

c). Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Effective for annual periods beginning on or after 1 January 2023.

Key Requirements

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- ▶ Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and
- ▶ Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Transition

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed.

Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary.

Impact

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

d). Definition of Accounting Estimates - Amendments to IAS 8

Effective for annual periods beginning on or after 1 January 2023.

Key Requirements

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board

Transitions

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Impact

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

e). Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

Effective for annual periods beginning on or after 1 January 2023.

Key Requirements

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability is deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

e). Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Effective for annual periods beginning on or after 1 January 2024.

Key Requirements

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

Key Requirements

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity.

► **Insurance contracts**

i). Classification

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the company defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that are at 10% more than the benefits payable if the insured event did not occur.

Insurance contracts issued by the Company are classified as general insurance business based on the duration of the risk insured. Classes of general insurance include Aviation insurance, Engineering insurance, Fire insurance -domestic risks, Fire insurance - industrial and commercial risks, Liability insurance, Marine Insurance, Motor insurance - private vehicles, Motor insurance - commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance (i.e. class of business 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. Short term business is normally of single-year duration.

ii). Recognition and measurement

1. Premium Income

Premium income is recognized on assumption of risks and includes estimates of gross premium underwritten less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date and is computed using the 365ths method. Premiums are shown before deduction of commission and are net of any taxes or duties levied on premiums.

2. Claims and policyholder benefits payable

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 financial reporting 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"). Outstanding claims are not discounted.

There is also additional unexpired risk reserve which is a prospective assessment of the amount that needs to be set aside in order to provide for the claims and expenses which will emerge from unexpired risks and which is over and above the unearned premium reserve pertaining to the same risks as the same valuation date.

3. Commissions payable and deferred acquisition costs (“DAC”)

A proportion of commission’s payable is deferred and amortized 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.

4. Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities net of related DAC. 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.

5. Reinsurance contracts

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements 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 recognized 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 recognized as an expense when due.

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 recognizes that impairment loss in the income statement. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets. These processes are set out in Note 4

6. Financial assets Impairment of financial assets

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as investment income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after.

ii. Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The company's financial liabilities include investment contracts, net asset value attributable to unit-holders, trade and other payables, borrowings and derivative financial instruments.

7. Salvage and subrogation reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

► **Fees and Commissions Income**

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

► **Interest Income**

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognized within 'investment income' in the Statement of comprehensive income using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

i). Classification

The company classifies its financial assets at initial recognition as subsequently measured at a mortised cost. Financial assets classified and measured at a mortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows

ii). Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

iii). Measurements

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- ▶ **Amortized 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 amortized 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 within operating and other expenses 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 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 derecognized, 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.
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▶ **Financial Liabilities**

In both the current and prior period, financial liabilities are classified as subsequently measured at amortized cost. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original

Effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

▶ **Offsetting of 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

▶ **Equipment and Vehicles**

All categories of equipment and motor vehicles are initially recorded at cost and subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. All other repairs and maintenance are charged to Statement of comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to write down their cost to their residual values over their estimated useful lives, as follows:

Equipment and motor vehicles 3 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized

▶ **Intangible Assets**

The company's intangible assets relate to computer software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.

Development costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets if:

- ▶ It is technically feasible to complete the software product so that it will be available for use;
- ▶ Management intends to complete the software product and use or sell it;
- ▶ There is an ability to use or sell the software product;
- ▶ It can be demonstrated how the software product will generate probable future economic benefits;
- ▶ Adequate technical, financial and other resources to complete the development and use or sell it are available; and,
- ▶ The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs that have been expensed are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years). Costs associated with maintaining computer software program are recognised as an expense as incurred.

‣ **Foreign Currency Translation**

a). Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwanda Francs which is the Company's functional currency and rounded to "000".

b). Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost. All other foreign exchange gains and losses are presented in the profit and loss account within 'other income.

‣ **Share Capital**

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

‣ **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

‣ **Employee Benefits**

a). Retirement benefit obligations

The Company's contributions to the defined contribution schemes are charged to the profit or loss account in the year to which they relate. Its employees also contribute to the appropriate national Social Security Fund, which are defined contribution schemes.

b). Other entitlements

Employee entitlements to long service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the financial reporting date.

The estimated monetary liability for employees accrued annual leave entitlement at the financial reporting date is recognized as an expense accrual.

▶ **Income Tax Expense**

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with Rwanda tax laws.

Deferred income tax is provided in full, 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. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

▶ **Dividend Distribution**

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

▶ **Provisions**

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. are declared. Proposed dividends are shown as a separate component of equity until declared.

▶ ***The company's leasing activities and how these are accounted for***

The company leases office space in two places in City of Kigali namely Remera branch and Headquarters. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ▶ Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- ▶ Variable lease payment that are based on an index or a rate
- ▶ Amounts expected to be payable by the lessee under residual value guarantees
- ▶ The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- ▶ Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic company environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- ▶ Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- ▶ Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by BK General Insurance company Limited which does not have recent third party financing, and
- ▶ Makes adjustments specific to the lease, eg. term, country, currency and security.

To determine the incremental borrowing rate, the Company:

- ▶ The amount of the initial measurement of lease liability;
- ▶ Any lease payments made at or before the commencement date less any lease incentives received
- ▶ Any initial direct costs and
- ▶ Restoration costs

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property leases across the company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For the leases of office space, the following factors are normally the most relevant:

- ▶ If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- ▶ If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- ▶ Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

▶ **3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

▶ ***The ultimate liability arising from claims made under insurance contracts***

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims that we have considered under note 4 – Insurance risk.

▶ ***Impairment losses on financial assets***

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- ▶ The Company's internal credit grading model, which assigns PDs to the individual grades
 - ▶ The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
 - ▶ The segmentation of financial assets when their ECL is assessed on a collective basis
 - ▶ Development of ECL models, including the various formulas and the choice of inputs
 - ▶ Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
 - ▶ Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
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▶ ***Income Taxes***

Judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters 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.

▶ ***Lease Term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). rences will impact the income tax and deferred tax provisions in the period in which such determination is made.

▶ **4. Management of Insurance and Financial Risks**

The Company's activities expose it to a variety of risks, including insurance risk, liquidity risk, credit risk, and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management program focuses on the identification and management of risks and seeks to minimize 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. This section summarizes the way the Company manages these risks.

▶ ***Lease Term***

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The frequency and severity of claims can be affected by several factors. The most significant the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. (Refer Note 21 Claim Development schedule).

The following tables disclose the concentration of casualty insurance liabilities by class and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from casualty insurance contracts.

Year ended 31 December 2022

Maximum Insured Loss

		0-500m Rwf'000	500-1000m Rwf'000	Above 1000m Rwf'000	Total Rwf'000
Motor	Gross	51,073,677	14,125,864	1,143,019,594	1,208,219,135
	Net	40,858,942	13,905,332	1,142,537,816	1,197,302,090
Fire	Gross	306,633,278	87,635,323	593,084,948	987,353,549
	Net	193,023,694	70,108,259	402,830,792	665,962,746
Bonds	Gross	10,432,059	2,274,771	1,102,113	13,808,943
	Net	9,388,853	2,047,294	991,902	12,428,049
Other classes	Gross	68,745,970	19,774,214	434,881,254	523,401,438
	Net	54,996,776	6,070,701	271,688,796	332,756,273
Total	Gross	436,884,984	123,810,172	2,172,087,909	2,732,783,065
	Net	298,268,265	92,131,586	1,818,049,306	2,208,449,157

Year ended 31 December 2021

Maximum Insured Loss

		0-500m Rwf'000	500-1000m Rwf'000	Above 1000m Rwf'000	Total Rwf'000
Motor	Gross	35,947,022	30,745,698	2,680,930,767	2,747,623,488
	Net	29,337,022	30,265,698	2,679,800,767	2,739,403,488
Fire	Gross	250,743,444	54,713,427	392,783,554	698,240,425
	Net	157,841,400	43,770,742	266,783,554	468,395,695
Bonds	Gross	13,308,282	550,000	-	13,858,282
	Net	11,977,454	495,000	-	12,472,454
Other classes	Gross	40,819,695	22,366,551	477,005,772	540,192,017
	Net	32,655,756	6,866,551	298,005,772	337,528,078
Total	Gross	340,818,443	108,375,676	3,550,720,093	3,999,914,211
	Net	231,811,631	81,397,990	3,244,590,093	3,557,799,714

The insurance risks exposure Increased primarily as a result of increase in Fire and Motor contracts in the current year.

Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts/general risks are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The IBNR has been determined and kept to the statutory minimum requirement of 15% of the outstanding claims payment.

	Regulatory Rwf'000	Actuarially computed Rwf'000
Gross IBNR	436,267	672,110
Net IBNR	109,067	453,408

► **Financial Risks**

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk and equity price risk.

These risks arise from open positions in interest rates, currency exchange rates and equity securities prices, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its investments and liabilities are liquidity risk and interest rate risk.

The Company manages exposure to these risks through policies developed by the Finance and Investment Committee (FIC) at the group level. These policies have been developed to achieve long-term investment returns in excess of the company's obligations under insurance and investment contracts. The principal technique of the Company's FIC is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

Market risk

Foreign exchange risk

The company does not maintain foreign currency denominated current accounts with local banks. Which does not expose the company to foreign exchange risk arising from the various currency exposures, the company has had a few transactions denominated in foreign currency primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and is managed primarily through setting limits on the maximum exposure to any one currency. This exposes the company to foreign exchange risk arising from the various currency exposures, primarily with respect to the US dollar.

As of December 31, 2022 the company recognize insignificant gain and/or loss on foreign exchange gain because it trades mostly in Rwandan francs.

Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk.

The Company's fixed interest rate financial instruments are deposits with financial institutions. The Company had no variable interest rate financial instrument as of December 2022 hence they are not sensitive to interest rate. No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments.

Credit Risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are receivables arising out of direct insurance arrangements, receivables arising out of reinsurance arrangements, reinsurers' share of insurance liabilities, loans, other receivables, deposits and cash at bank.

The Company structures the levels of credit risk it accepts by placing limits to counterparty, or groups of counterparties, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors.

Reinsurance is used to manage insurance risk. 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. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Management makes regular reviews to assess the degree of compliance with the Company procedures on credit.

	2022 Rwf'000	2021 Rwf'000
Cash and bank balances	256,248	1,976,667
Deposits with financial institutions	5,956,178	3,785,286
Government securities at Amortized cost	9,087,256	6,236,874
Corporate bonds	1,376,930	1,383,080
Other assets	703,178	430,793
Receivables arising out of reinsurance arrangements	2,578,065	2,321,363
Receivables arising out of direct insurance arrangements	3,089,480	4,297,862
	23,047,335	20,431,925

All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated and none of the company's assets are past due or impaired.

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated. None of the Company's credit risk counterparties are rated.

None of the above assets are past due or impaired except for amounts in receivables arising out of direct insurance arrangements which are due on inception of insurance cover.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables arising out of direct insurance arrangements. The expected loss rates are based on the payment profiles of premiums over a period of 3 months before 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2022 was determined as follows for receivables arising out of direct insurance arrangements and reinsurance arrangements as follows;

31 December	2022	2021
Direct insurance arrangements	Rwf'000	Rwf'000
Expected loss rate	5%	2%
Carrying amount (Rwf'000)	3,089,480	4,297,861
Loss allowance	149,005	85,957

The closing loss allowances as at 31 December 2022 reconcile to the opening loss allowances as follows;

	2022	2021
	Rwf'000	Rwf'000
Opening loss allowance as at 1 January	87,171	47,513
Increase in impairment on premium receivable recognized in profit or loss during the year	61,83	39,658
Write off during the year	-	-
At 31 December	149,005	87,171

Reinsurance Arrangements	2022	2021
	Rwf'000	Rwf'000
Expected loss rate	0%	0%
Carrying amount (Rwf'000)	2,578,065	2,321,363
Loss allowance	-	-

Deposits with financial institutions, cash at bank, government securities

Deposits with financial institutions, cash at bank and government securities are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management considers 'low credit risk' for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss rate assigned to these has been determined to be 0.27% for deposits with financial institutions and cash at bank which is the probability of default assigned to a B+ investment grade by Standard & Poors Rating Agency. The loss rate assigned to government securities has been determined to be 0.50% which is the probability of default assigned to a B+ sovereign grade by Standard & Poors Rating Agency.

The reconciliation of the loss allowance for deposits with financial institutions and government securities at amortised cost is disclosed under note 19 and note 20 respectively. The identified impairment loss on cash at bank and other assets was immaterial.

31 December 2022	12 month Base PD Range	Gross Carrying amount				ECL			
		Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000	Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000
Cash and bank	0.05%-0.57%	256,248	-	-	256,248	808	-	-	808
Treasury bonds	0.05%-0.57%	9,087,256	-	-	9,087,256	45,436	-	-	45,436
Corporate bonds	1%-1.65%	1,104,795	-	-	1,104,795	10,208	-	-	10,208
Commercial Paper	1.5%-2.04%	272,135	-	-	272,135	5,549	-	-	5,549
Deposits with financial institutions	0.05%-0.57%	5,953,065	-	-	5,953,065	23,463	-	-	23,463
		16,673,499	-	-	16,673,499	85,464	-	-	85,464

31 December 2022	12 month Base PD Range	Gross Carrying amount				ECL			
		Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000	Stage 1 Rwf'000	Stage 2 Rwf'000	Stage 3 Rwf'000	Total Rwf'000
Cash and bank	0.05%-0.57%	1,976,667	-	-	1,976,667	9,422	-	-	9,422
Treasury bonds	0.05%-0.57%	6,236,874	-	-	6,236,874	35,550	-	-	35,550
Corporate bonds	1%-1.65%	1,105,080	-	-	1,105,080	18,234	-	-	18,234
Commercial Paper	1.5%-2.04%	272,203	-	-	272,203	5,553	-	-	5,553
Deposits with financial institutions	0.05%-0.57%	3,785,286	-	-	3,785,286	16,201	-	-	16,201
		13,376,110	-	-	13,376,110	84,960	-	-	84,960

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The company is exposed to daily calls on its available cash resources for claims settlement and other administration expenses. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls.

The table below presents undiscounted cash flows for both financial assets and financial liabilities at the financial reporting date:

At 31 December 2022	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
Creditors arising from reinsurance arrangements	-	-	931,761	-	-	931,761
Lease liabilities	6,639	20,522	58,176	529,297	-	614,634
Other payables	91,741	109,821	755,113	427,416	-	1,384,091
	98,380	130,343	1,745,050	970,562	-	2,930,487

At 31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
Creditors arising from reinsurance arrangements	-	-	1,357,935	-	-	1,357,935
Lease liabilities	504	32,009	144,042	682,392	186,000	1,044,947
Other payables	38,686	66,647	871,850	-	-	977,183
	39,190	98,565	2,373,827	682,392	186,000	3,380,065

The company maintains a portfolio of marketable and diverse assets such as short term deposits with financial institutions, investment in securities and cash and bank balances that can easily be liquidated to settle financial liabilities as and when they fall due.

The Insurance Law (Law No. 05/2009 of 29/07/2009 on licensing and other requirements for carrying insurance business in Rwanda) requires separation of the life and non-life insurance businesses into separate companies and each of the companies to hold a minimum level of paid up capital of Rwf 1 billion. However, the capital requirement will be Rwf 3 Billion starting from January 2022.

Non-life insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of Rwf 500 million or 20% of the net premium income during the preceding financial year.

The capital and regulatory solvency thresholds were effective from July 2011 and the company was therefore required to comply with them for the period ended 31 December 2022. During the year the Company held the minimum capital required to meet the solvency margins.

During the year end, the Company held the minimum capital required to meet the solvency margins. The Company's paid-up capital at the end of December 2022 is presented on note 26.

At 31 December 2022	2022 Rwf'000	2021 Rwf'000
Admitted assets	18,402,684	15,170,402
Admitted liabilities	12,120,276	12,223,536
Solvency margin	6,282,408	2,946,866
Required solvency margin	1,887,886	1,501,216
Surplus/Deficiency	4,394,522	1,445,650
Solvency coverage ratio	332.8%	196%

Valuation methods and assumptions

Non-life insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of Rwf 500 million or 20% of the net premium income during the preceding financial year.

The capital and regulatory solvency thresholds were effective from July 2011 and the company was therefore required to comply with them for the period ended 31 December 2022. During the year the Company held the minimum capital required to meet the solvency margins.

During the year end, the Company held the minimum capital required to meet the solvency margins. The Company's paid-up capital at the end of December 2022 is presented on note 26.

5. a). Gross written premiums	2022 Rwf'000	2021 Rwf'000
Fire	1,448,198	1,158,417
Motor	6,412,084	9,068,527
Marine / transport	135,367	50,116
Travel	34,390	15,359
Accident	58,222	60,670
Liability	161,628	132,384
Engineering	815,298	796,100
Bonds	549,061	350,816
Money	109,385	123,340
Agriculture and Livestock	1,172,822	372,288
Aviation	143,862	-
Terrorism	16,805	6,398
Total	11,057,122	12,134,415

b). Change in unearned premium

Change in unearned premium	490,961	(1,088,954)
Reinsurance share of UPR	349,408	271,119
Change in unearned premium	840,369	(817,835)

c). Premiums ceded to reinsurers/Coinsurers product wise Reinsurers

Fire	557,898	435,281
Motor	813,175	706,122
Marine / Transport	120,446	44,074
Accident	4,078	44,161
Liability	203,934	58,095
Engineering	523,534	493,916
Agriculture	558,324	170,976
Bonds	355,770	290,890
Terrorism	16,350	3,286
Money	54,404	-
Sub total	3,207,913	2,246,801

Premiums ceded to reinsurers/Coinsurers product wise
Coinsurance cession
Coinsurers

Fire	63,262	160,529
Motor	(0)	200,000
Marine / Transport	12,098	2,370
Accident	-	-
Liability	10,501	2,884
Engineering	-	10,049
Money	12,849	23,316
Terrorism	-	1,922
Agriculture	411,063	136,780
Bonds	17,503	-
COMESA	9,682	10,333
Sub total	536,958	448,183
Total premium ceded	3,744,871	2,694,984

6. Commissions earned
From Reinsurers

Fire	245,704	148,637
Marine / Transport	39,376	16,006
Accident	1,305	24,907
Liability	72,093	17,502
Engineering	248,802	148,139
Bonds	177,938	141,072
Agriculture and livestock	152,188	45,420
Terrorism	6,234	786
	943,640	542,469

From Reinsurers

Fire	-	15,132
Accident	-	-
Liability	-	721
Marine / Transport	-	593
Engineering	-	2,512
Agriculture	112,851	-
Terrorism	-	-
Bonds	-	5,829
	112,851	24,787
	1,056,491	567,256

7. Claims and policyholder benefits

	2022	2021
	Rwf'000	Rwf'000
Fire	166,841	265,502
Motor	4,110,454	3,936,568
Engineering	71,479	70,168
Bonds	27,399	363
Transport	1,088	393
Accident	12,713	492
Agriculture and Livestock	397,125	7,200
Liability	7,179	36,082
Third party responsibility in claims	(435,797)	(564,900)
Co-insurance share in paid and payable claims	(224,411)	(27,957)
Change in claims outstanding provision	323,065	343,980
Change in Incurred but not Reported claims (IBNR)	116,313	142,696
Change in unexpired risk reserve	-	(3,562)
Claims and policyholder benefits	4,573,447	4,207,025
Reinsurer's share in paid claims	(1,195,811)	(808,371)
Reinsurer's share of change in outstanding claims	(95,463)	31,473
Reinsurer's share in IBNR	(34,977)	(70,685)
Reinsurer's share in paid and payable claims	(1,326,252)	(847,583)
	3,247,195	3,359,442

8. Commission expenses	2022 Rwf'000	2021 Rwf'000
Commission-brokers	338,132	463,939
Commission- agents	469,506	389,294
	807,638	853,233

9. Interest income calculated using effective interest rate	2022 Rwf'000	2021 Rwf'000
Interest from bank deposits	516,222	405,861
Interest from Treasury Bonds	889,428	665,682
Interest from Corporate Bonds	124,715	125,000
Interest from Commercial Papers	30,512	30,664
Interest from remunerated accounts	14,596	17,275
	1,575,473	1,244,482

10. Revenue from customer contracts	2022 Rwf'000	2021 Rwf'000
Gain on derecognition of lease	-	31,337
Non/Insurance certificates policy fees	72,890	76,777
Total revenue from contracts with customers	72,890	108,114
Other income	30,606	5,167

11. a). Operating and other expenses	2022 Rwf'000	2021 Rwf'000
Salaries And Other Employee Benefits (Note 12)	1,652,454	1,372,403
Fuel And Oil Expense	23,500	19,000
Rent Expense	-	15,335
Stationery Expenses	53,372	38,333
Transport Expenses	55,478	8,033
Transport Abroad (Staff, Directors)	71,895	85,086
It Consumables	71,007	43,652
Cleaning Services	17,143	6,748
Actuarial Charges	3,519	3,630
Communication Fees	17,709	20,637
Internet Expenses	23,212	26,561

Internet Expenses	23,212	26,561
Marketing Expenses	178,387	120,520
Other technical expenses	45,422	24,696
Insurance Fees	85,070	69,368
Contribution For Adherence	6,846	9,877
BNR Supervision Fees	60,672	45,767
Training Fees	20,622	24,636
Bank Charges, Commissions and Other Charges	16,765	14,744
Board Sitting Allowances	47,571	53,276
Refreshments and Reception	26,017	20,863
Written Off of input VAT and receivable from insurance contracts	14,800	95,908
Depreciation and Amortisation Expense	252,937	138,017
	2,744,398	2,232,394

	2022	2021
b). Expected credit loss on financial assets	Rwf'000	Rwf'000
ECL movement in investments (refer to note 4)	1,856	9,024
ECL Movement in deposits with financial institutions (refer to note 4)	7,262	(5,151)
Total Ecl movement on financial assets other than cash and bank balance	9,118	3,873
ECL movement in bank balances (refer to note 4)	(8,614)	5,641
	504	9,514

	2022	2021
c). Impairment provision	Rwf'000	Rwf'000
Impairments provisions on premium debtor	6,168	39,658
Write off of premium debtors	-	77,863
Impairment provision	6,168	117,521

12. Employee benefits expense	2022	2021
	Rwf'000	Rwf'000
Basic salary	1,130,060	934,184
Transport Allowance	124,203	104,894
Housing Allowance	292,867	247,287
RSSB pension Contributions	63,103	50,546
Maternity leave	2,197	2,297
Complementary pension	40,024	33,195
	1,652,454	1,372,403

13. Current Income tax expense	2022 Rwf'000	2021 Rwf'000
Current income tax charge	1,238,898	1,300,651
Deferred income tax credit (note 30)	(32,917)	(100,415)
	1,205,981	1,200,236

The income tax expense 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	3,972,285	3,940,695
Tax calculated at the statutory income tax rate of 30% (2021 - 30%)	1,191,685	1,182,209
Tax effect of:		
Expenses not deductible for tax purposes	14,295	54,933
Prior year understatement on deferred income tax asset	-	(36,906)
Income tax expense	1,205,981	1,200,236

14. Receivables arising out of direct insurance arrangements	2022 Rwf'000	2021 Rwf'000
Premium debtors	-	-
Premium debtors-Direct	1,826,670	1,293,740
Premium debtors-Agency	483,854	408,332
Premium debtors-Broker	537,917	2,567,257
Premium debtor-Coinsurance	241,039	28,533
Impairment loss on premium debtors	(149,005)	(87,171)
	2,940,475	4,210,691

Movements in the provision for impairment of receivables arising out of direct insurance arrangements are as follows:

At start of year	(87,170)	(47,513)
Charge for the year	(61,835)	(117,520)
Write-off of premium debtors	-	77,863
Bad debt written off recovery	-	-
At end of year	(149,005)	(87,170)

15. Reinsurer's share of insurance liabilities	2022 Rwf'000	2021 Rwf'000
Reinsurer share of:		
Unearned premiums	1,400,474	1,051,066
Notified/outstanding claims	806,581	711,118
Incurred but not reported claims	218,702	179,677
	2,425,757	1,941,861

16. Receivables arising out of coinsurance & subrogation arrangements	2022 Rwf'000	2021 Rwf'000
Subrogation assets		
Coinsurance control account	29,020	70,956
MUA Insurance	31,261	52,181
Saham	-	670
Britam	20,554	61,511
Special Guarantee Fund (SFG)	9,922	57,986
Prime insurance	36,413	21,423
Sanlam insurance	22,838	71,570
Radiant insurance	-	36,033
UAP INSURANCE	-	7,172
MAYFAIR	2,300	-
	152,308	379,502

17. Deferred acquisition costs	2022 Rwf'000	2021 Rwf'000
At start of year	377,125	275,599
Gross underwriting expense	694,846	954,759
Underwriting expense	(807,638)	(853,233)
At 31 December	264,333	377,125

18. Other receivables	2022 Rwf'000	2021 Rwf'000
Advance payment	49,377	39,377
Other debtors	50,188	6,168
BK Staff pension Fund	10,115	5,560
RSSB Maternity leave receivable	2,563	2,563
	112,243	53,668
*VAT Recoverable (Input VAT)	326,602	245,732
	438,845	299,400

VAT recoverable relate to the excess on input VAT over output VAT. The amount is recoverable from the local tax authority.

19. a). Deposits with financial institutions	2022 Rwf'000	2021 Rwf'000
Bank of Kigali	1,100,000	800,000
Cogebanque	500,000	500,000
I & M Bank	1,400,000	1,000,000
Commercial Bank of Africa	500,000	500,000
Equity Bank Rwanda	1,900,000	300,000
Unguka Bank	-	300,000
Aguka	200,000	200,000
Total term deposits	5,600,000	3,600,000
Add: Interest receivable	356,178	185,286
Less: Expected credit losses (Refer to note 4 for additional disclosure)	(23,463)	(16,201)
Carrying amount	5,932,715	3,769,085

Movement in Interest receivable from deposit with financial institutions

As at the start of the year	185,286	197,592
Interest income during the year	516,222	405,861
Interest received during the year	(345,330)	(418,167)
Total interest receivable	356,178	185,286

b). Investments in securities	2022 Rwf'000	2021 Rwf'000
Treasury bonds (National Bank of Rwanda)		
As at the start of the year	6,024,270	4,515,292
Addition during the year	2,799,969	1,508,978
Disposal/Matured during the year	-	-
Total T.Bonds	8,824,239	6,024,270
Interest receivable on T.Bond		
As at the start of the year	212,604	137,577
Interest income during the year	889,428	665,682
Interest received during the year	(839,017)	(590,655)
Total interest receivable	263,015	212,604
Expected credit losses (Refer to note 4 for additional disclosure)	(45,436)	(35,550)
Interest receivable on corporate bond (CVL)		
As at the start of the year	105,080	105,479
Interest income during the year	124,715	125,000
Interest received during the year	(125,000)	(125,399)
Total interest receivable	104,795	105,080
Expected credit losses (Refer to note 4 for additional disclosure)	(968)	(1,734)
Commercial paper (Horizon Group Limited)		
As at the start of the year	278,000	278,000
Addition during the year	278,000	278,000
Matured during the year	(278,000)	(278,000)
Total Commercial paper	278,000	278,000
Interest received in advance		
As at the start of the year	(5,797)	(5,881)
Interest income during the year	30,512	30,664
Interest received during the year	(30,580)	(30,580)
Total interest received in advance	(5,865)	(5,797)
Expected credit losses (Refer to note 4 for additional disclosure)	(5,549)	(5,553)
Total government securities	266,587	266,650

	2022 Rwf'000	2021 Rwf'000
Corporate bond (Crystal Ventures Limited)	1,000,000	1,000,000
As at the start of the year	-	-
Addition during the year	(9,240)	(16,500)
Less: Expected credit losses (Refer to note 4 for additional disclosure)	990,760	983,500
	10,402,992	7,554,820

20. Cash and Bank Balances	2022 Rwf'000	2021 Rwf'000
Bank balances under current accounts	256,248	1,976,667
Less: Expected credit loss (Refer to note 4 for additional disclosure)	(808)	(9,422)
	255,440	1,967,245

21. Insurance contract liabilities

Claims incurred but not reported (IBNR)		
As at start of the year	551,299	408,603
Movement into IBNR during the year	120,811	142,696
	672,110	551,299

Provision for unearned premium		
As at start of the year	5,072,782	3,983,827
Gross premium written	11,057,122	12,134,417
Premium earned during the period	(11,548,084)	(11,045,462)
	4,581,820	5,072,782
Provision for unexpired risk reserve	-	-
Total gross insurance contract liabilities	8,162,379	8,209,465

Reinsurance share of Reserves

Claims reported and loss adjustment expenses	806,581	711,118
Claims incurred but not reported (IBNR)	218,702	179,677
Provision for unearned premium	1,400,474	1,051,066
Total reinsurers' share of insurance contract liabilities	2,425,757	1,941,861

Net		
Claims reported and loss adjustment expenses	2,101,868	1,874,266
Claims incurred but not reported (IBNR)	453,408	371,623
Provision for unearned premium	3,181,346	4,021,716
Unexpired risk provision	-	-
Total net insurance contract liabilities	5,736,622	6,267,605

Claims development schedule	2017	2018	2019	2020	2021	2022
Gross claims	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Accident Year						
At end of claim year	1,184,639	2,498,958	3,143,649	3,731,730	4,316,101	4,829,243
One year later	36,753	51,133	100,890	206,156	139,783	-
Two years later	5,500	-	270	9,953	-	-
Three years later	2,000	-	-	-	-	-
Gross claims incurred	1,228,892	2,550,091	3,244,809	3,947,839	4,455,884	4,829,243
Gross IBNR	-	-	974	3,159	25,728	642,249
Ultimate gross claims projected	1,228,892	2,550,091	3,245,783	3,950,998	4,481,613	5,471,492

Net claims	2017	2018	2019	2020	2021	2022
	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
Accident Year						
At end of claim year	799,162	1,685,806	2,120,717	2,517,439	2,911,658	3,257,825
One year later	24,794	34,495	68,061	139,074	94,298	-
Two years later	3,710	-	182	6,714	-	-
Three years later	1,349	-	-	-	-	-
Gross claims incurred	829,015	1,720,301	2,188,960	2,663,227	3,005,956	3,257,825
Gross IBNR	-	-	657	2,131	17,357	433,264
Ultimate gross claims projected	829,015	1,720,301	2,189,617	2,665,358	3,023,313	3,691,089

22. Unearned premiums reserve

Unearned Premium Reserves (UPR) represents the liability for short term business contracts where the Company's obligations are not expired at the year end. Movements in the reserve are shown below:

Period ended 31 December 2021	Gross Rwf'000	Reinsurance Rwf'000	Net Rwf'000
At start of year:	3,983,827	779,946	3,203,881
Increase/(decrease) in the year	1,088,955	271,120	817,835
	5,072,782	1,051,066	4,021,716

Period ended 31 December 2022	Gross Rwf'000	Reinsurance Rwf'000	Net Rwf'000
At start of year:	5,072,782	1,051,066	4,021,716
Increase/(decrease) in the year	(490,962)	349,408	(840,369)
	4,581,820	1,400,474	3,181,347

UPR was computed based on Regulation N°05/2009 of 29/07/2009 on licensing requirements and other requirements for carrying out insurance business in Rwanda using 365th method.

The Company uses the chain ladder techniques to estimate the ultimate cost of claims and the IBNR. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern.

23. Creditors arising from reinsurance & subrogation arrangements

	Dec-22 Rwf'000	Dec-21 Rwf'000
Reinsurers payables:		
ZEP-RE	273,029	624,334
Africa-RE	384,522	244,319
Kenya-RE	2,800	9,997
CICA RE	-	(839)
GHANA REINSURANCE COMPANY LIMITED	24,274	5,845
KLAPTON INSURANCE COMPANY LIMITED	17,828	17,162
WAICA REINSURANCE KENYA LIMITED	47,995	5,874
MAPFRE	10,429	12,186
CONTINENTAL	3,797	-
Total	764,674	918,878

	Dec-22 Rwf'000	Dec-21 Rwf'000
Coinsurers payables:		
SONARWA-COMESA	69,775	29,615
BRITAM INSURANCE CO (RWANDA) LTD	3,294	59,000
MUA INSURANCE	-	59,000
PRIME INSURANCE LTD	10,290	76,091
RADIANT INSURANCE CO LTD	39,948	17,091
UAP INSURANCE	36,980	76,091
MAYFAIR	6,800	
	167,087	316,888
	931,761	1,235,766

24. a). Financial Liabilities

Accounts Payable	86,159	76,625
Technical service providers	23,662	11,723
Commissions payable-Agents	105,204	84,034
Commissions payable-Brokers	139,938	632,539
Staff Bonus	209,971	162,587
	564,934	967,508

b). Other Liabilities

PAYE	61,877	54,252
15% Withholding tax payable	-	702
Deferred reinsurance commission	304,387	-
RSSB payables	14,981	40,373
Maternity leave payable	761	1,092
Special guarantee fund dues	4,312	6,977
BRD student loan recovery	168	207
Community based health insurance (Mutuelle)	6,171	90
Complementary pension scheme	-	21,011
Self-commitment deduction (RPF)	2,084	2,018
Staff social assistance fund	1,386	1,302
Other creditors*	423,028	151,758
	819,155	279,782
Total	1,384,089	1,247,290

* Other creditors are related to cash covers for guarantees issued in favor of customers.

25. Income Tax Payable	Dec-22 Rwf'000	Dec-22 Rwf'000
Opening balance	360,654	172,479
Income tax for the period	1,238,898	1,300,651
Income tax payments during the year	(1,388,375)	(1,112,476)
Current income tax payable	211,177	360,654

26. Share Capital	Number of Shares	Dec-22 Rwf'000
BK Group (70%)	2,100,000	2,100,000
SWAN Group (30%)	900,000	900,000
		3,000,000

	Number of Shares	Dec-22 Rwf'000
At 1 January 2022,	3,000,000	3,000,000
Addition	-	-
At 31 December 2022	3,000,000	3,000,000

The total number of authorised shares is 5,000,000 with a par value of RWF 1,000 per share

27.	IT Equipment Rwf'000	Motor Vehicle Rwf'000	Furniture & Fittings Rwf'000	Total Rwf'000
Cost:				
At 1 Jan 2022	149,203	275,543	106,976	531,722
Additions	10,887	55,471	18,241	84,599
Total cost At 31 Dec 2022	160,091	331,014	125,217	616,321
Acc. depreciation:				
At 1 Jan 2022	126,868	167,643	10,733	305,244
Charge for the year	4,860	32,326	7,158	44,344
Total Acc Dep At 31 Dec 2022	131,729	199,969	17,891	349,588
Net Book Value 31 Dec 2022	28,362	131,045	107,326	266,733

	IT Equipment Rwf'000	Motor Vehicle Rwf'000	Furniture & Fittings Rwf'000	Total Rwf'000
Cost:				
At 1 Jan 2021	108,295	229,780	16,416	354,491
Additions	40,908	45,763	90,560	177,231
Total cost At 31 Dec 2022	149,203	275,543	106,976	531,722
Acc. depreciation:				
At 1 Jan 2021	102,559	109,014	7,346	218,919
Charge for the year	24,309	58,629	3,387	86,325
Total Acc Dep At 31 Dec 2021	126,868	167,643	10,733	305,244
Net Book Value 31 Dec 2021	22,335	107,900	96,243	226,478

28. Intangible Assets	Dec-22 Rwf'000	Dec-22 Rwf'000
Cost:		
At 1 January	261,807	235,656
Additions	76,649	26,151
Total cost At 31 December	338,456	261,807
Accumulated depreciation:		
At 1 January	88,804	75,951
Charge for the year	39,508	12,853
Total Accumulated depreciation at 31 December	128,312	88,804
Net book value at end of the year	210,144	173,003

	Dec-22 Rwf'000	Dec-22 Rwf'000
29. Leases		
i. Amounts recognised in the statement of financial position		
Right of use assets: Buildings		
Cost		
At 1 January	706,918	250,142
Additions	-	674,286
*Disposal due to Termination of lease	-	(217,510)
At 31 December	706,918	706,918
Accumulated depreciation:		
At 1 January	18,900	77,630
Charge for the year	115,812	34,489
*Disposal due to Termination of lease	-	(93,219)
At 31 December	134,712	18,900
Net book value	572,206	688,018

Lease liabilities

At 1 January	709,530	199,900
Recognition of Newly rented HQ Office	-	674,286
Termination of lease	-	(155,629)
Interest for the period	109,443	33,819
Repayments	(204,339)	(42,846)
At 31 December	614,634	709,530

During the year 2021, there were additions to the right of use assets and lease liability due to change of the head office rented building from BK Group's building to the I&M bank's old building. Termination of lease relate to the leased office building that was released by the end 31 December 2021 on relocation to a new office building.

	Dec-22 Rwf'000	Dec-22 Rwf'000
ii. Amounts recognised in the statement of comprehensive income		
Depreciation of right of use assets	115,812	34,489
Finance costs	109,443	33,819
Expense related to leases of low value assets that are not shown above as short term leases (included in administrative expenses)	-	-
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	-	-

30. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2019:30%). The movement on the deferred income tax account is as follows:

31 December 2022 Deferred income tax relates to	1 January 2022 Rwf'000	Credit/(Debit) to Profit or Loss Rwf'000	31 December 2022 Rwf'000
Staff bonus	48,776	14,215	62,991
Expected credit losses on financial assets	25,488	152	25,640
Provision for Impairment of premium debtors	26,151	18,551	44,702
Deferred income tax asset	100,415	32,917	133,333

31 December 2021 Deferred income tax relates to	1 January 2021 Rwf'000	Credit/(Debit) to Profit or Loss Rwf'000	31 December 2021 Rwf'000
Staff bonus	-	48,776	48,776
Expected credit losses on financial assets	14,254	11,234	25,488
Provision for Impairment of premium debtors	22,634	3,517	26,151
Deferred income tax asset	36,888	63,527	100,415

31. Related party transactions

The Company is controlled by BK Group PLC incorporated in Rwanda. There are other companies that are related to BK General Insurance Company Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

a) Directors remuneration	Dec-22 Rwf'000	Dec-21 Rwf'000
Directors' fees	47,571	53,276

b) Key management remuneration (EXCO)	Dec-22 Rwf'000	Dec-21 Rwf'000
Salaries	608,000	383,976
	608,000	383,976

The salary is for executive directors

c) Insurance premiums	Dec-22 Rwf'000	Dec-21 Rwf'000
Bank of Kigali Plc (Sister company)	241,331	216,924,
BK Group Plc (Parent company)	185,475	99,192
BK Techouse Limited (Sister company)	7,527	6,652
BK Capital Limited (Sister company)	-	2,578
	434,333	325,346

d) Payment of claims	Dec-22 Rwf'000	Dec-21 Rwf'000
Bank of Kigali Plc	566	269
BK Group Plc	10,189	2,664
BK Techouse Limited	767	-
BK Capital Limited	1,795	-
	13,316	2,933

e) Outstanding balances with related parties	Dec-22 Rwf'000	Dec-21 Rwf'000
Amounts receivable from the related parties	-	-
Amount payable to related parties (Bank of Kigali Plc)	19,835	19,835
	19,835	19,835

f) Investments with related parties	Dec-22 Rwf'000	Dec-21 Rwf'000
Bank of Kigali Plc*	1,234,862	1,178,427
BK Capital (Aguka fund)	206,796	210,052
	1,441,658	1,388,478

***Bank of Kigali Plc** is a sister company as well as the primary Banker. The deposit with related parties is included in the respective financial statement captions on the face of the statement of financial position as follows:

Term Deposits	1,134,196	800,000
Cash and bank balances	100,667	588,478
Total	1,234,862	1,388,478

Interest Income with related party	Dec-22 Rwf'000	Dec-21 Rwf'000
Bank of Kigali Plc	102,907	93,796
	102,907	93,796

*The company entered into a factoring with no recourse agreement with the Bank of Kigali PLC in order to solve the issue of long outstanding receivable especially from public institutions. The cost of factoring of the invoices is agreed at 5% flat fee applicable on any paid invoice. There were no factoring transactions during the year ended December 31, 2022. (2021: Nil).

32. Contingent liabilities

In common with the insurance industry, the company is subject to litigation arising in the normal course of insurance business. No provision has been made in these financial statements as all pending litigations at the year-end were related to claims outstanding which have been provided for

II. Required Solvency

Gross premium less reinsurance ceded last preceding year	9,439,431
Solvency margin Required:20% of previous year net premium or Rwf 1 000 million whichever is greater	1,887,886

Compliance with Solvency Margin

Total Assets	23,995,282
Less: Non-Admitted Assets as per II.A,7	2,954,902
less: Deductions for assets subject to maximum admissible %as per II.B,7	2,637,696
Admitted Assets I.3 less I.4 and I.5	18,402,684
Less Admitted Liabilities as per III.C,3	12,120,276
Solvency margin Available (1,6 less 1,7)	6,282,408
Excess or Deficiency of solvency required (I.8 less I.2)	23,995,282
Solvency Coverage Ratio (I.8 divided by I.2)	332.8%

II. A. Non-Admitted Assets

Intangible Assets		210,144
Exposures (loans & Investments) to connected persons		-
Loans to insurance intermediaries overdue for more than 6 months		-
Reinsurance receivables overdue for more than 6 months		-
Loans and other receivables overdue for more than 2 months		2,611,426
Deferred expenses, deferred taxes and prepayments		134,924
Total Non-Admitted Assets (add 11, A,1 to 7)		2,954,902

II.B Assets Subject to Maximum Admissible Percentages

Investment in equities, Listed	-	85%	-
Investment in equities, unlisted	1,376,930	70%	413,079
Investment in debt securities	-	70%	-
Investment in properties	-	80%	-
Receivables from reinsurer which are not overdue		90%	-
All other Assets (Total assets less II.A & II.B 1,2,3)	19,663,450		
Less:			
(-) Cash	256,248		
(-) Deposit Balances	5,956,178		
(-) Government securities	9,001,790		
(b) All other assets subject to maximum %	4,514,623	50%	2,224,617
Total Deductions (add II.B,1,2,3 and 4e)			2,637,696

III.C, Admitted Liabilities	Amount on B/Sheet A	Additional Percentage Factor 10%	Admitted Liabilities (A plus A*B^o)
Technical Provisions	8,162,379	816,238	8,978,617
Unearned premium	4,581,820	458,182	5,040,002
Unexpired risk	-	-	-
Outstanding claims	2,908,449	290,845	3,199,294
IBNR	672,110	67,211	739,321
Other provisions	-	-	-
All other liabilities (Total liabilities-less Technical provisions)	3,141,659	-	3,141,659
Total Admitted Liabilities	11,304,038		12,120,276

Revenue Account

31-Dec-22	Motor Rwf'000	Fire Rwf'000	Guarantee Rwf'000	Engineering Rwf'000	Liability Rwf'000	Miscellaneous Rwf'000	Accident & Health Rwf'000	Transport Rwf'000	Agribusiness Rwf'000	Aviation Rwf'000	Total Rwf'000
Gross written premium	6,412,084	1,448,198	480,152	815,298	271,013	16,806	58,222	169,757	1,241,731	143,862	11,057,122
Unearned premium reserve b/f	3,965,518	454,034	1,144,416	265,066	58,602	1,995	30,305	12,485	170,360	-	5,072,782
Unearned premium reserve c/f	(2,808,343)	(637,771)	(274,299)	(315,941)	(95,926)	(7,852)	(27,283)	(14,379)	(400,026)	-	(4,581,820)
Reinsurance portfolio premium reserves b/f	(397,537)	(201,342)	(71,999)	(166,799)	(50,097)	(1,796)	(19,703)	(11,570)	(130,224)	-	(1,051,066)
Reinsurance portfolio premium reserve c/f	360,393	273,122	174,941	202,878	47,268	7,641	1,911	10,426	321,893	-	1,400,473
Gross earned premiums	7,532,114	1,336,241	423,212	800,502	230,861	16,794	43,451	166,719	1,203,735	143,862	11,897,491
Premiums ceded to treaties & facultative reinsures	(813,175)	(557,898)	(355,770)	(523,534)	(114,637)	(16,350)	(4,078)	(120,446)	(558,324)	(143,701)	(3,207,913)
Premiums ceded to co-insurance	(9,682)	(63,262)	(17,503)	-	(23,349)	-	-	(12,098)	(411,063)	-	(536,958)
Premium ceded to reinsurance	(822,858)	(621,160)	(373,273)	(523,534)	(137,986)	(16,350)	(4,078)	(132,544)	(969,387)	(143,701)	(3,744,871)
Net insurance premium revenue	6,709,256	715,082	49,938	276,968	92,875	444	39,373	34,175	234,348	161	8,152,620
Commissions Earned	-	245,704	177,938	248,802	64,515	6,234	1,305	39,376	265,039	7,578	1,056,491
Underwriting Expenses (Commissions Paid)	(378,774)	(197,478)	(9,984)	(32,485)	(15,896)	-	(2,365)	(18,187)	(152,470)	-	(807,638)
Net underwriting income	6,330,483	763,307	217,893	493,285	141,494	6,678	38,313	55,364	346,917	7,739	8,401,473
Gross claims paid & benefits	4,110,454	166,841	27,399	71,479	7,179	-	12,713	1,088	397,125	-	4,794,277
Outstanding claims reserve b/f	(2,384,386)	(644)	(6,291)	(98,049)	(10,277)	-	(35,541)	-	(50,195)	-	(2,585,384)
Outstanding claims reserve c/f	2,578,169	10,161	4,891	196,382	12,477	-	36,655	-	69,714	-	2,908,449
Incurred but not report (IBNR) b/f	(371,437)	(65,433)	(22,061)	(54,950)	(8,101)	(8,445)	(4,031)	(3,221)	(13,620)	-	(551,299)
Incurred but rot report (IBNR) c/f	466,159	59,750	6,552	35,499	9,258	6,004	4,742	13,867	63,807	6,472	672,110
Subrogation Recoveries	(435,797)	-	-	-	-	-	-	-	-	-	(564,900)
Net claims payable	3,963,162	170,675	10,490	150,361	10,536	(2,441)	14,538	11,733	466,831	6,472	4,802,356

Reinsurance in claims paid	(819,689)	(104,707)	(24,659)	(43,573)	-	-	(753)	(202,431)	-	(1,195,811)
Coinurance in claim paid	(68,639)	-	-	-	-	-	-	(155,772)	-	(224,411)
Reinsurance portfolio claims reserve b/f	594,195	240	1,289	65,680	1,858	(0)	2,679	45,176	-	711,118
Reinsurance portfolio claims reserve c/f	(573,203)	(589)	(4,402)	(153,447)	(9,963)	-	(2,235)	(62,743)	-	(806,581)
Incurred but not report (IBNR) b/f	92,563	23,776	4,796	36,791	1,465	7,600	304	12,258	-	179,677
Incurred but not report (IBNR) c/f	(101,657)	(19,021)	(3,908)	(22,669)	(5,544)	(5,524)	(220)	(53,209)	(6,420)	(218,702)
Amount recoverable from reinsurers	(876,429)	(100,301)	(26,883)	(117,217)	(12,184)	2,077	527	(416,721)	(6,420)	(1,554,711)
Net Claims Incurred	3,086,733	70,374	(16,393)	33,144	(1,648)	(364)	15,065	50,110	52	3,247,645
Management Expenses	(1,800,368)	(384,597)	(130,035)	(255,391)	(79,448)	(3,908)	(12,903)	(164,736)	(4,267)	(2,860,513)
Underwriting profit	1,443,381	308,337	104,251	204,750	63,695	3,133	10,345	132,071	3,421	2,293,315
Investment Income	991,581	211,823	71,619	140,660	43,757	2,153	7,107	90,731	2,350	1,575,473
Other Income	65,139	13,915	4,705	9,240	2,875	141	467	5,960	153	103,493
Total Income for the Period	2,500,102	534,074	180,575	354,651	110,326	5,427	17,918	228,762	5,924	3,972,284
Income Tax Expense	(759,028)	(162,144)	(54,822)	(107,672)	(33,495)	(1,648)	(5,440)	(69,452)	(1,799)	(1,205,981)
Profit for the Year	1,741,074	371,930	125,752	246,979	76,832	3,780	12,478	159,310	4,125	2,766,303

31-Dec-21	Motor Rwf'000	Fire Rwf'000	Guarantee Rwf'000	Engineering Rwf'000	Liability Rwf'000	Miscellaneous Rwf'000	Accident & Health Rwf'000	Transport Rwf'000	Total Rwf'000
Gross written premium	9,068,527	1,158,417	350,816	796,100	132,384	517,387	60,670	50,115	12,134,415
Unearned premium reserve b/f	3,306,629	2,63,681	93,189	229,807	50,129	14,538	18,040	7,816	3,983,827
Unearned premium reserve c/f	(3,965,518)	(454,034)	(114,416)	(265,066)	(58,602)	(172,356)	(30,305)	(12,485)	(5,072,782)
Reinsurance portfolio premium reserves b/f	(359,716)	(134,958)	(27,288)	(200,514)	(32,840)	(8,865)	(11,001)	(4,765)	(779,946)
Reinsurance portfolio premium reserve c/f	397,537	201,342	71,999	166,799	26,996	155,120	19,703	11,570	1,051,066
Gross earned premiums	8,447,459	1,034,449	374,299	727,125	118,066	505,824	57,108	52,253	11,316,580
Premiums ceded to treaties & facultative reinsures	(706,122)	(435,281)	(290,890)	(493,916)	(58,095)	(174,261)	(44,161)	(44,074)	(2,246,801)
Premiums ceded to co-insurance	(200,000)	(60,529)	-	(10,049)	(2,884)	(172,351)	-	(2,370)	(448,183)
Premium ceded to reinsurance	(906,122)	(495,810)	(290,890)	(503,965)	(60,979)	(346,613)	(44,161)	(46,444)	(2,694,984)
Net insurance premium revenue	7,541,337	538,638	83,409	223,160	57,087	159,211	12,947	5,809	8,621,596
Commissions Earned	-	163,769	146,901	150,651	18,223	46,206	24,907	16,598	567,256
Underwriting Expenses (Commissions Paid)	(603,056)	(125,949)	(5,384)	(58,415)	(11,492)	(43,869)	(2,941)	(2,127)	(853,233)
Net underwriting income	6,938,281	576,458	224,926	315,396	63,818	161,548	34,913	20,280	8,335,619
Gross claims paid & benefits	3,936,568	265,502	363	70,168	36,082	7,200	492	394	4,316,768
Outstanding claims reserve b/f	(1,881,862)	(201,702)	-	(129,417)	-	-	(28,422)	-	(2,241,404)
Outstanding claims reserve c/f	2,384,386	644	6,291	98,049	10,277	50,195	35,541	-	2,585,384
Incurred but not report (IBNR) b/f	(310,786)	(44,344)	(14,242)	(20,023)	(9,597)	-	(7,060)	(2,552)	(408,603)
Incurred but rot report (IBNR) c/f	371,437	65,433	22,061	54,950	8,101	22,065	4,031	3,221	551,299
Reserve for unexpired risk b/f	-	-	-	-	-	-	(3,562)	-	(3,562)
Reserve for unexpired risk c/f	-	-	-	-	-	-	-	-	-
Subrogation Recoveries	(564,900)	-	-	-	-	-	-	-	(564,900)
Net claims payable	3,934,843	85,532	14,472	73,727	44,863	79,460	1,020	1,063	4,234,982

Claims recoveries from treaties & facultative reinsurance	(836,328)	-	-	-	-	-	-	-	-	-	-	(836,328)
Reinsurance portfolio claims reserve b/f	491,130	176,500	-	74,961	-	-	-	-	-	-	-	742,591
Reinsurance portfolio claims reserve c/f	(594,195)	(240)	(1,289)	(65,680)	(1,858)	(45,176)	(2,679)	(2,679)	(2,679)	-	-	(711,118)
Incurred but not report (IBNR) b/f	66,508	17,968	8,202	14,144	-	-	-	-	-	2,169	2,169	108,992
Incurred but not report (IBNR) c/f	(92,563)	(23,776)	(4,796)	(36,791)	(1,465)	(19,858)	(304)	(304)	(304)	(123)	(123)	(179,677)
Amount recoverable from reinsurers	(965,449)	170,452	2,116	(13,366)	(3,323)	(65,034)	(2,982)	(2,982)	(2,982)	2,046	2,046	(875,540)
Net Claims Incurred	2,969,394	255,985	16,589	60,361	41,540	14,426	(1,962)	(1,962)	(1,962)	3,109	3,109	3,359,442
Management Expenses	(1,908,801)	(154,129)	(100,198)	(122,657)	(10,714)	(70,757)	(17,735)	(17,735)	(17,735)	(8,257)	(8,257)	(2,393,248)
Underwriting profit	2,060,086	166,345	108,139	132,378	11,564	76,365	19,140	19,140	19,140	8,914	8,914	2,582,929
Investment Income	992,571	80,147	52,103	63,781	5,571	36,793	9,222	9,222	9,222	4,294	4,294	1,244,482
Other Income	90,350	7,295	4,743	5,806	507	3,349	839	839	839	391	391	113,280
Total Income for the Period	3,143,008	253,787	164,985	201,965	17,642	116,507	29,202	29,202	29,202	13,598	13,598	3,940,692
Income Tax Expense	(957,280)	(77,297)	(50,250)	(61,513)	(5,373)	(35,485)	(8,894)	(8,894)	(8,894)	(4,142)	(4,142)	(1,200,236)
Profit for the Year	2,185,727	176,490	114,735	140,452	12,269	81,022	20,308	20,308	20,308	9,457	9,457	2,740,456



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