ICEA LION
GENERAL INSURANCE

OUR 2018 INTEGRATED REPORT

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

FOREWORD

ICEA LION's 2018 Integrated Report aims to provide a comprehensive overview of how we create shared value for our stakeholders. It is founded upon our relentless pursuit of best practice with regard to corporate governance and our corporate mission to sustainably protect and create wealth for our stakeholders, while considering The Triple Bottom Line (TBL) of people, planet and profit.

In the past, ICEA LION reports were prepared from the limited perspective of financial reporting with a brief highlight on governance issues. Three years ago, we built on this and developed the East African insurance industry's inaugural sustainability report, having been the first insurance company in East and Central Africa to sign onto the United Nations Environment Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI). Delighted as we are of this achievement, in 2018 we embarked on an even more enlightened path. Inspired by the International Integrated Reporting Council (IIRC) Framework, we embraced the innovative concept of Integrated Thinking and Reporting.

With this report we expect to provide all interested parties with the information needed to understand the vital role ICEA LION plays in corporate citizenship within the socio-economic sphere. We aim to share our approach to dealing with the real contemporary issues affecting the insurance sector including the evolution and in some cases revolution of demographics, climate change, the role of innovative technology, our social impact and essentially, our outlook on the future.

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

OUR PAST REPORTS

OUR INTEGRATED REPORTING JOURNEY

This report provides an overview of ICEA LION's value creation process. It reports on current and future financial and non-financial information, highlighting the interconnections between the environment we operate in, the 6 Capitals Model, our strategy and our corporate governance stance. Long-term sustainability is at the heart of ICEA LION, anchored on our internally adopted and award-winning best practice corporate governance initiatives. As such, this report is a demonstration of our quest to be more accountable and understood by our stakeholders.

PURPOSE

The purpose of this report is to provide our stakeholders with concise information about ICEA LION in the context of the internal and external environment, as well as our ability to create value over the short-, medium- and long-term. This engagement with stakeholders will enable us to further manage, measure and represent relevant topics within our materiality matrix.

MATERIALITY

This report regards material aspects as those which are likely to impact the Company's ability to achieve its strategy; remain commercially viable; environmentally and socially relevant; and to substantively influence the assessment and decisions of our stakeholders. In pursuing our strategy, we will continue to carefully use the range of capitals available to us as we consider their interconnectedness. This will in turn help us create value for our internal and external stakeholders. Active engagement with them will also enable us to further manage, measure and represent relevant topics within our materiality matrix.

FRAMEWORKS USED

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

REPORTING PERIOD & RESPONSIBILITY OF THE INTEGRATED REPORT

The Integrated Report has been prepared for the period 1 January to 31 December 2018 and covers the activities of ICEA LION General Assurance Company Limited and its subsidiary. The ICEA LION Board is responsible for the Integrated Report.

FUTURE OUTLOOK

ICEA LION continues to stand by our commitment to recognise and abide by voluntary standards such as UNEP FI's Principles of Sustainable Insurance. UNEP FI has partnered with eighteen of the world's largest insurers to develop risk assessment tools that will enable the insurance industry to better understand the impacts of climate change and sustainability on their business. The pilot group is to develop analytical tools that they will use to pioneer insurance industry climate risk disclosures that are in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). ICEA LION Group is one of these eighteen insurance companies and is the only African company participating in this. This goes to show our commitment towards contributing to the world's best practice as we challenge and encourage our peer companies to follow suit.

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WHO WE ARE

ABOUT ICEA LION GROUP

ICEA LION General Insurance is the short-term insurance arm of ICEA LION Group and currently operates in Kenya and Tanzania.

ICEA LION Group is a one-stop financial services provider offering innovative products and services in insurance, pensions, investments and trusts. The Group was formed as a result of a business reorganisation involving Lion of Kenya Insurance Company Limited (LOK) and Insurance Company of East Africa Limited (ICEA) in January 2012.

We are one of the largest providers of insurance and financial services in East Africa with well-established operations in Kenya, Uganda and Tanzania. True to our Group's mission to protect and create wealth, we pride ourselves in having one of the strongest balance sheets in East Africa empowering all our stakeholders.

With roots dating back to 1895, ICEA LION was integral to the dawn of commercial progress and opportunity in East Africa and we have continued to shape the region's financial landscape since then. As such, we have decades of experience in helping discerning individuals protect and create their wealth. We have done so by keeping an eye firmly on the future and embracing innovation to craft financial products and services that we know meet our clients' diverse and dynamic needs in today's constantly changing world.

ICEA LION Group is a member of First Chartered Securities (FCS), a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture. Over the years, the Group has built impressive investment portfolios in these spheres.

Our non-life and life companies are ICEA LION General Insurance Company and the ICEA LION Life Assurance Company. ICEA LION Asset Management and ITSL Trust Company Limited are our investment and individual and corporate trusteeship companies. The insurance & investment subsidiaries in Tanzania and Uganda, previously controlled separately by Lion of Kenya and Insurance Company of East Africa (ICEA) respectively, also form part of ICEA LION Group.

Our Staff Complement Across East Africa

ICEA LION GROUP
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

ICEA LION LIFE ASSURANCE
138

ICEA LION GENERAL INSURANCE
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Subsidiaries

ICEA LION ASSET MANAGEMENT **35**

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OUR MISSION

To Protect & Create Wealth

OUR VISION

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

OUR CORE VALUES

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

Our Brand Promise

For every life-changing moment,

we’re better together.

COMPANY HISTORY

1895

The roots of Lion of Kenya (now ICEA LION General Insurance) can be traced to the very beginnings of the insurance industry in Kenya. In 1895 Smith Mackenzie & Company were appointed local Lloyd's agents in Mombasa. The agency eventually evolved into a Royal Exchange Insurance Company branch. In later years, this merged with Guardian Assurance, Atlas Assurance, Caledonian Insurance, Employers Liability Assurance and Commercial Union, among others, to form the Guardian Royal Exchange and Commercial Union groups in East Africa.

1950's

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

1978

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

2012

Lion of Kenya was later renamed ICEA LION General Insurance in 2012 following business reorganisation with its sister company Insurance Company of East Africa (ICEA).To enhance growth through wider regional representation, in 1998, when the Tanzania market was opened for private investors, the company invested in a subsidiary – Lion of Tanzania, now ICEA LION General Insurance Company Limited. This was a joint venture with Tanzania Development Finance Company and has grown to transact all classes of general insurance business.

OUR REGIONAL FOOTPRINT

KENYA

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ICEA LION CENTRE -
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ELDORET
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TUSKY'S BUILDING
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MOBILE:+254 719 071905

KENYATTA AVENUE BRANCH
JKUAT TOWERS
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MOMBASA TOWN BRANCH
2ND FLOOR
STANDARD CHARTERED
BUILDING
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MOMBASA
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UNIVERSITY WAY BRANCH
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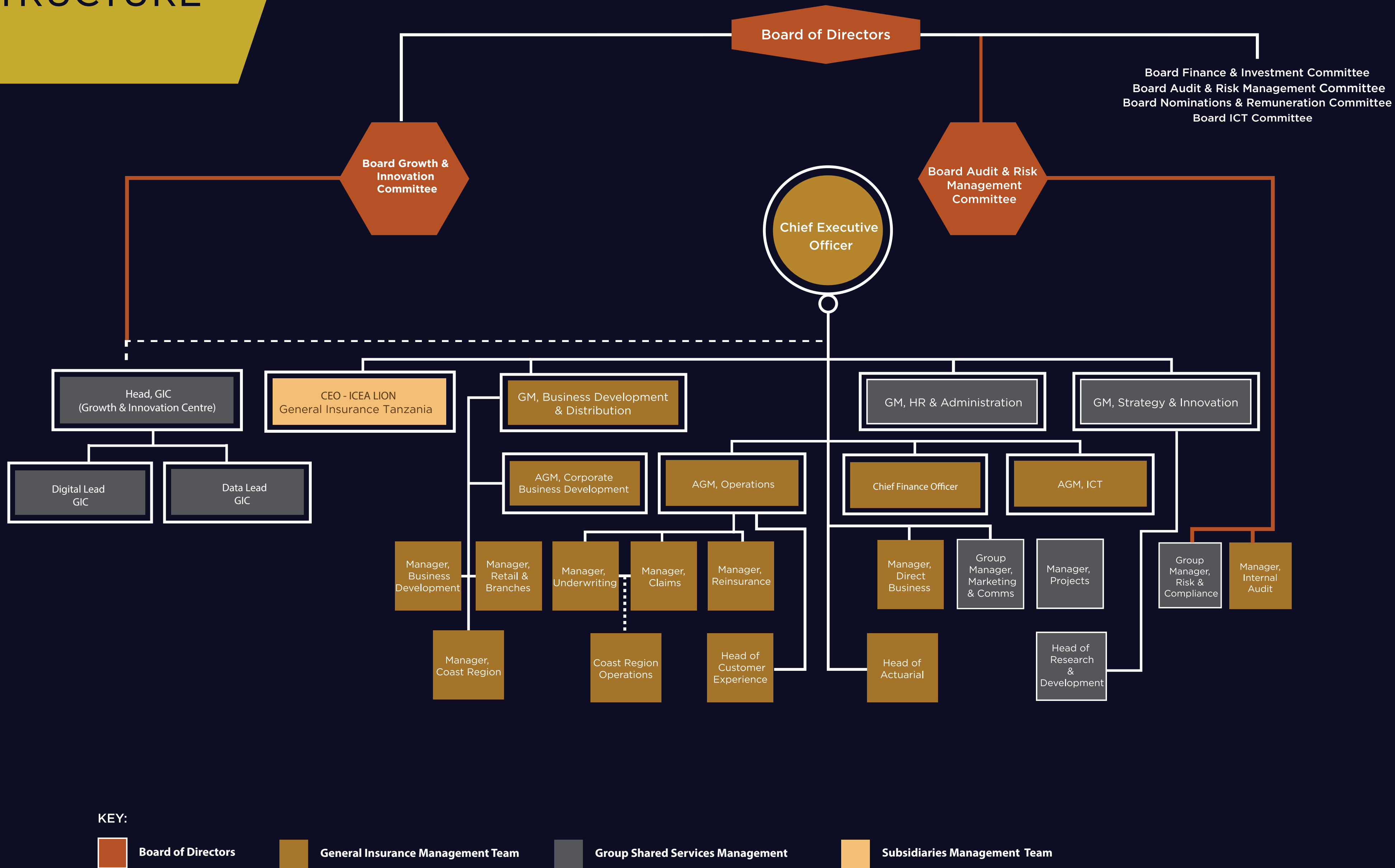
OUR LEADERSHIP STRUCTURE



OUR 2018 AWARDS

PASSIONATE ABOUT DELIVERING ON OUR PROMISES FOR ALL OUR CUSTOMERS & DELIGHTED AT BEING RECOGNIZED FOR IT!

THE 2018 KENYA PORTS AUTHORITY INAUGURAL MARITIME AWARDS

Winner – Marine Cargo Insurer

THE 2018 INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK) - FiRE AWARDS

2nd Runners Up – Insurance Sector

THE 2018 INSTITUTE OF CERTIFIED SECRETARIES (ICS) – KENYA – CHAMPIONS OF GOVERNANCE (COG) AWARDS

Winner – Insurance Sector

1st Runners Up – Company Secretary of the Year – Kennedy Ontiti

2nd Runners Up – Overall Champions of Governance Awards

THE 2018 ASSOCIATION OF PRACTITIONERS IN ADVERTISING (APA) LOERIES AWARDS

Winner – Overall - Grand Prix Award - #BackYourFuture Campaign

Winner – Gold Award – Integrated Campaign - #BackYourFuture Campaign

Winner – Silver Award – Integrated Campaign - #Travel Insurance Campaign

THE 2018 THINK BUSINESS INSURANCE INDUSTRY AWARDS

Winner - Lifetime Achievement Steven Oluoch - CEO

Winner - Customer Service

Winner & 1st Runners Up Technology & Digital Application

1st Runners Up - Fraud Detection & Prevention

1st Runners Up - Claims Settlement

2nd Runners Up - General Insurer of the Year

Winner - Corporate Risk Manager of the Year - Dorothy Maseke - ICEA LION Group

Winner - Best Sustainable CSR - ICEA LION Group

1st Runners Up Most Innovative Company ICEA LION Group

1st Runners Up Product Distribution & Marketing - ICEA LION Group

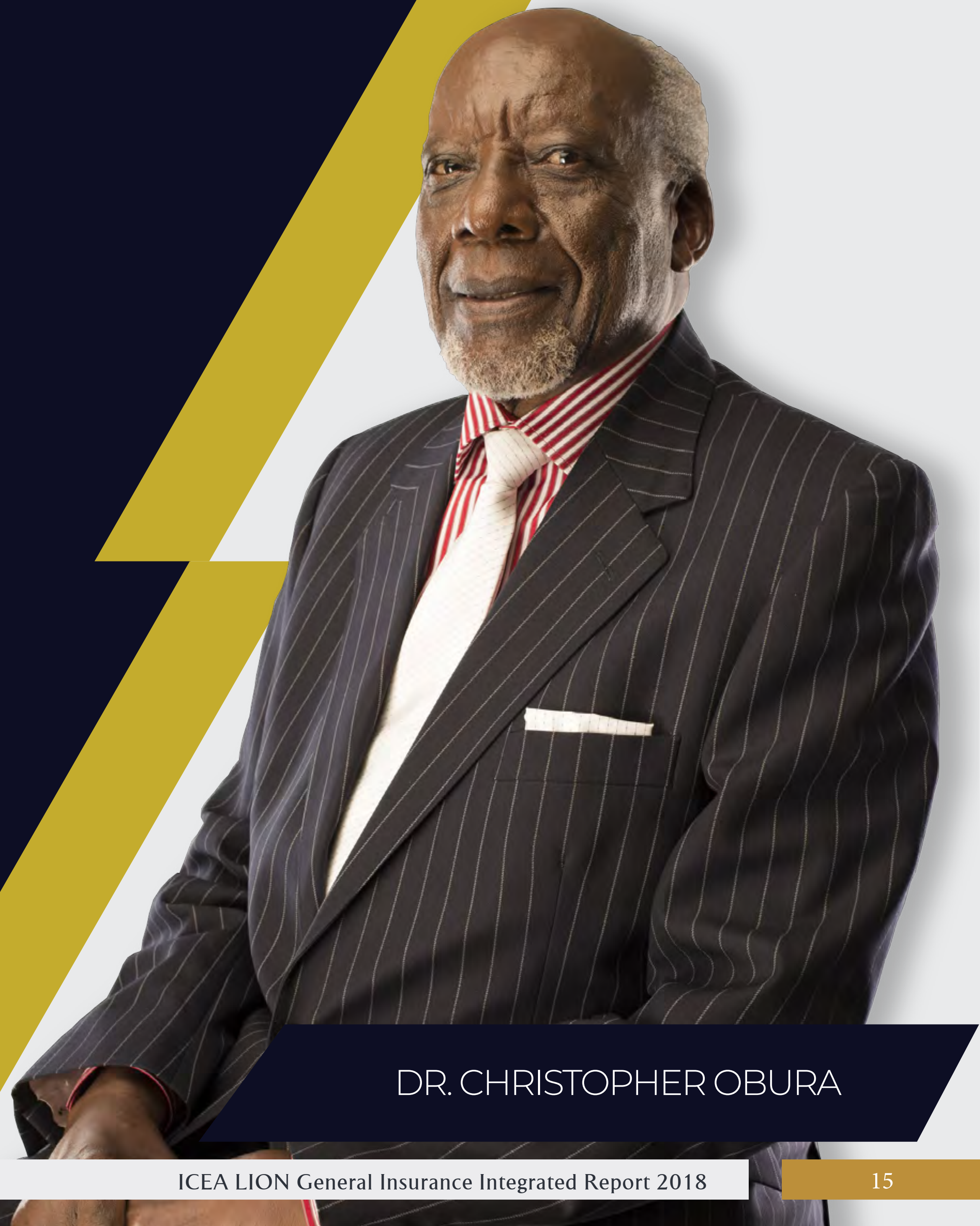
2nd Runners Up Training - ICEA LION Group

CHAIRMAN'S STATEMENT

It is my pleasure, on behalf of the Board of Directors, to present ICEA LION General Insurance Company's 2018 Integrated Report. This report gives a comprehensive overview of how ICEA LION General creates value in relation to all the resources and relationships in respect of Human, Intellectual, Natural, Social and Relationship, Manufactured and Financial Capital collectively referred to as the 6 Capitals Model. It also highlights the connections between the environment in which we carry out our business, our strategy and our corporate governance structure.

SUSTAINABILITY

Sustainability continues to be an integral part of running our business and profitable performance remains key. ICEA LION General continues to be a signatory to the United Nations Environmental Program Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI) and has maintained its focus on the concept of the "Triple Bottom Line" - People, Planet and Profit. We continue to view and act on this through the lens of our Corporate Mission "To Protect and Create Wealth" for all our stakeholders.



DR. CHRISTOPHER OBURA

THE KENYAN ECONOMY

GDP Growth

4.7% in 2017

6.3% in 2018

This was supported by good weather, eased political uncertainties, improved business confidence and strong private consumption.

91- day Treasury bill

8% in 2017

7.3% in 2018

182- day Treasury bill

10.6% in 2017

9.0% in 2018

364- day Treasury bill

11.1% in 2017

10% in 2018

KSh102.48/ USD in 2017

KSh101.85/USD in 2018

The foreign exchange market remained relatively steady in 2018, which was largely supported by resilient inflows from diaspora remittances and receipts from tourism, tea and horticulture exports.

The exchange rates were more stable in 2018 than 2017.

Account Deficit

6.7% of GDP in 2017

5.8% of GDP in 2018

Attributed to an improved trade balance resulting from increased Kenyan manufacturing exports.

Figures in KSH

THE TANZANIA ECONOMY

Gross Domestic Product

7.1% in 2017

6.7% in 2018

The current account deficit

Public Debt

38.2% in 2017

39.3% in 2018

Inflation eased at 3.5% in 2018 attributed to improved food supply

Growth Contributors

Services 39.9%

Private Investment 63.9%

In October 2018, the International Monetary Fund (IMF) sustainability analysis increased Kenya's risk of debt stress to moderate. Interest rates declined marginally during the year following the Central Bank of Kenya (CBK) decision to lower the base rate from 9.5% to 9% in July 2018. The capping of the interest rates has seen banks preferring to invest their funds in Government securities as opposed to lending to customers.

Kenya's Big Four (B4) Agenda introduced in 2017, focuses on manufacturing, affordable housing, universal health coverage and food and nutrition security. This agenda seeks to enhance structural transformation addressing deep seated social and economic challenges and accelerating growth by at least 7% a year.

The Company continued on its profitable trajectory despite a significant increase in the non-life industry underwriting losses and a decrease in the performance of investments at the Nairobi Securities Exchange.

Performance

GROUP PERFOMANCE

Consolidated Gross Written Premium

6.4 B in 2017

5.9 B in 2018

Drop due to the Company decision to decline unprofitable business.

Group's Consolidated Revenue

7.5B in 2017

6.7B in 2018

On account of the developments in premium written and investment income.

Loss Ratio for the Group

58% in 2017

54% in 2018

Attributed to the unrelenting efforts to improve the claims management processes.

Groups Pre - Tax Profit

1 B in 2017

591 M in 2018

The Group managed to record good returns despite the difficult macroeconomic environment due to continued prudent underwriting, effective claims management and investment income management strategies employed throughout the year albeit impacted by the trading loss by the subsidiary.

Investment & Related Income

1 B in 2017

746 M in 2018

The lower investment income is impacted by company unrealised losses amounting to Kshs 170m for investments in the NSE following change in accounting treatment for fair value gains and losses through Profit & Loss for the first time in 2018 following adoption of IFRS9. Previously these were accounted for through Other Comprehensive Income. In addition, the company valuation of the investment properties returned a gain of Kshs 20m compared to Kshs 90m in 2017.

Underwriting Profit

184 M in 2017

47 M in 2018

Despite the improved loss ratio underwriting performance declined as the result of the reduced topline as well as the poor underwriting performance of the subsidiary.

Total Assets

13.5 B in 2017

12.7 B in 2018

This decline was largely attributed to the company decreases in Premium outstanding as a result of IFRS9 impact, reinsurance share of technical reserves following a reduced topline and Interest bearing portfolio on the back of the business strategy to settle claims within the shortest time.

Shareholders Funds

4.5 B in 2017

4.6 B in 2018

The minimal growth is attributed to the impact of IFRS9 in the retained earnings for the company.

Figures in KSH

COMPANY PERFORMANCE

Gross Written Premium

6.1B 2017

5.6B 2018

The decline in gross premium written was as a result of shedding-off of loss making portfolio.

Overall Loss Ratio

59% in 2017

54% in 2018

Drop due to improved underwriting performance in the Motor class following stricter criteria for risk selection and acceptance.

Profit Before Tax

1 B in 2017

633M in 2018

This is attributed to lower underwriting profit and investment income. In 2017 fair value gains for the investments in equities amounting to a profit Kshs.180m was recorded in the OCI while in 2018 it was a loss of Kshs 170m recorded through P&L and this explains the lower performance.

Total Assets

12.9 B in 2017

12.0 B in 2018

This decline was largely attributed to the company decreases in Premium outstanding as a result of IFRS9 impact, reinsurance share of technical reserves following a reduced topline and interest bearing portfolio.

Investment Income

956 M in 2017

713 M in 2018

In 2018 following implementation of IFRS9, fair value gains and losses previously accounted through OCI were accounted for through P & L and the unrealised equity losses in the NSE were Kshs 170m in addition to lower property valuation gains of Kshs 20 M compared to Kshs 90 M in 2017.

Total Company Revenue

7.1 B in 2017

6.3B in 2018

This is on account of the developments in premium written and investment income.

Underwriting Profit

227 M in 2017

123 M in 2018

The reduced underwriting profits are in line with less premium written following strategies to get rid of unprofitable business.

Comprehensive Income

993 M in 2017

451 M in 2018

The lower comprehensive income is informed by a difficult operating year for the company.

Shareholder Funds

4.3 B in 2017

4.4 B in 2018

The minimal growth is attributed to recorded total comprehensive income as offset by the impact of IFRS9 by reducing over Kshs 200m from the retained earnings for the company due to financial instruments impairment.

Figures in KSH

SUBSIDIARY PERFORMANCE (TANZANIA)

Gross Written Premium

347.7M in 2017

329.6 M in 2018

The operating environment in Tanzania was difficult and coupled with the company philosophy of prudent underwriting the performance declined marginally.

Underwriting Loss

43.1 M in 2017

76 M 2018

This underwriting performance is largely attributed to lower topline that is not sufficient to fully cover operational expenses.

Overall Loss Before Tax

5.1 M in 2017

48 M in 2018

The Company's overall loss was Kshs 42 M down from Kshs 5.1 M as a result of poor underwriting performance and a decline in investment income.

Shareholder Funds

294 M in 2017

233 M in 2018

This is as a result of the large trading deficit.

Figures in KSH

5 YEAR STRATEGIC PLAN

2018 was the first year of implementation of the Group's 5-year strategic plan that is anchored on ensuring operational excellence for continued business growth and sustained profitability. It is based on our 7 digitally-led pillars, namely:-

- Capturing Growth Markets
- Setting up a Growth and Innovation Centre
- Developing Customer Connectivity
- Winning with the Partner and Channel Ecosystem
- Becoming an Insight Driven Organisation
- Harvesting Group Synergies
- Gaining Profitability from Operational efficiency

The performance of the Group against the 7 pillars in 2018 is detailed under the Strategy and Innovation Statement on page 60.

AWARDS & ACCOLADES

As has become our norm, ICEA LION General continued to demonstrate its determination to continually deliver superior solutions for our stakeholders. Our focus on business excellence and market leadership saw ICEA LION General win the 19 awards highlighted on page 14.

We are proud that our Chief Executive Officer, Steven Oluoch received the Lifetime Achievement Award at the Industry's 2018 'Think Business Insurance Awards' along with ten other awards for the Company at the same event.

ICEA LION General also clinched the Winner Award for the insurance sector at the Institute of Certified Secretaries (ICS) Champions of Governance Awards, Kenya, for the second year in a row.

These benchmarking activities and the resultant accolades power us forth in the knowledge that our commitment and adherence to professionalism, good governance and best practice will positively impact all our stakeholders.

FUTURE OUTLOOK

The Board of Directors and the Leadership Team commit to the continuous pursuit of strategies and policies that will enhance our Pan African eminence in our industry in 2019 and beyond.

APPRECIATION

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

I also extend my gratitude to my fellow directors for their continued commitment and service on the main board and our various committees in guiding the forward trajectory of ICEA LION General.

Dr. Chris W Obura
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

THE ECONOMY AND PERFORMANCE

The upward trajectory of the Kenyan economy in 2018 was underpinned by relative political stability, increased tourism and improved service industry activity as well as investments into infrastructure.

Despite this improved economic experience, the insurance industry did not grow in tandem with the overall economy. Whereas the Life sector enjoyed notable growth over the previous year, the non-Life sector was relatively subdued owing to stiff competition for market share giving way to rate undercutting.

The non-Life insurance industry has in recent years been characterised by contracting written premium, slowed premium collections, fraud and the inability to rise above the monotony of traditional products.

Emerging issues in the year revolved around the optimisation of ICT, competition in the digital space, as well as significant changes in demographics that has skewed how consumers view and utilize insurance products. One of the expected key changes that will cause a revolution for the non-Life industry is the introduction of the digital motor insurance certificates; an initiative currently in pilot stage, and in which ICEA LION General is among a handful of companies chosen to participate.

The Group and the Company reported a profit before tax of Kshs 591 million and Kshs 633 million respectively. Our balance sheet remains strong with good quality assets, which positions us well in our quest to offer excellent security to our policyholders. Both the Company and its Tanzanian subsidiary recorded declines in gross written premium largely attributed to a deliberate decision to shed off non-profitable business.

STEVEN OLUOCH

KEY FOCUS AREAS IN 2018

Growth & Innovation Centre

During the year, the Group set up a Growth and Innovation Centre (GIC) to transform the business and deliver innovative solutions that positively and radically impact our Group's customers through insights, agility and structured innovation.

Distribution Channels

Rising above the traditional but still a key mode of distribution offered by intermediaries, we continue to focus on increasing our engagement with our existing and potential customers via alternative and emerging distribution channels. Our fully-fledged Multi-Channel Contact Centre is open from 7am to 6pm.

Cyber Security

While offering opportunities for innovation, the Cyber era presents new risks and opportunities. The Cyber ecosystem is as fast as it is complex, with leading practices requiring a cohesive relationship between technology opportunity and risk, information security, regulation and the business ambitions at large.

As such, this continues to be an area of critical focus for both the Company and the Group. During the year, a Cyber Security Strategy was developed and approved by the Board.

Customer Experience

The modern-day consumer continues to become even more discerning as emerging trends and increased access to information shrinks our global village. The Group has continued to build capacity to continuously ensure that our engagements with potential and existing customers is relevant and impactful, with user journeys and experiences that meet and indeed exceed global standards.

Indeed, customer experience excellence is ICEA LION's driving goal.

Empowering People

True to one of our four core values "our people are important to us", we continue to empower our people by ensuring that we maintain a conducive working environment that enables our people personally and professionally. We fully recognise that physical and mental wellness is critical to productivity, and to enable our teams rejuvenate, we set up a Fitness Centre that enables our staff to exercise and stay healthy.

Further, and especially in lieu of the traffic congestion in Nairobi, flexi-Time was deployed for the operations teams in 2018. During the year our staff were enrolled in various carefully selected learning courses to ensure that they keep up to speed with current developments in their area of specialty.

FUTURE OUTLOOK

Africa's economic growth is projected at 4%, with East Africa's growth envisaged at 5.9% driven mainly by investments in infrastructure.

Kenya

Kenya's GDP growth is expected to be 6.0% on the back of improved business confidence, continued macroeconomic stability, tourism and the strengthening of the global economy.

Inflation is projected to be 5.5% in 2019 and 5.4% in 2020 arising from implementation of a prudent monetary policy. Kenya has continued to benefit from renewed political momentum, opportunities for private investors and the discovery of oil, gas and coal.

The risks facing the economy include possible difficulties in making fiscal consolidation friendly to growth. Other challenges include high poverty levels, high income inequalities and inadequate infrastructure.

The Kenyan Government is under pressure to restrain the rising deficit and stabilise public debt by enhancing revenue, rationalising expenditures through zero base budgeting and reducing the cost of debt by diversifying funding sources.

In 2018, Kenya's equities performed dismally owing to performance challenges across the economy and in particular the blue chip companies as well as foreign investors selling the equities which in turn put pressure on prices. Investors realised unprecedented paper losses in the year and the market is subdued going to 2019.

It is anticipated that the Kenya shillings' rate against the US Dollar will range between Kshs. 98 and Kshs. 103 in 2019 and that the Central Bank of Kenya will continue to support the shilling through its sufficient reserves.

Tanzania

Tanzania's GDP growth is projected at 6.6% in 2019 and 2020 supported by large infrastructure spending. Inflation is projected to increase to 5.2% in 2019 and 5.1% in 2020.

The country poses growing private sector concerns about the economic policy uncertainty with the majority of the private investors having the view that the Government is bullish in implementation of its policies. Poverty and income inequality remain high despite high economic growth.

The country has continued to enjoy peace and political stability, abundant natural resources and a high potential for growth in tourism.

Good Corporate Governance and Citizenry is at the core of who we are at ICEA LION. We remain steadfast in our corporate mission to protect and create the wealth of our stakeholders by offering a diverse range of insurance solutions that match the current economic risks facing our stakeholders.

Our insurance industry continues to be faced with immense challenges which include rate undercutting that has resulted in stiff competition, regulatory demands as well as heavy intermediary domination. In 2018, the short-term insurance industry reported an underwriting loss of over Kshs 2 billion as indicated in the Quarter 3 statistics. Despite these challenges, we at ICEA LION remain resilient by consistently reporting an underwriting profit.

In 2018, this was supported by a strong balance sheet, a robust and skilled management team as well as a well-balanced and tremendously resourceful Board on whose unstinting support, wisdom and knowledge we can always call upon to chart us forward.

APPRECIATION

I would like to take this opportunity to thank all our stakeholders, the leadership team, staff and the wider ICEA LION Group family for the effort and support put into delivering our 2018 performance.

STEVEN OLUOCH

Chief Executive Officer

OUR BOARD OF DIRECTORS

Seated at the front row from left to right: Joseph Muiruri, Director | Dr. Christopher Obura, Chairman | James Ndegwa, Director
Steven Oluoch, Director

Standing & seated at the back row from left to right: Mugwe Manga, Director | Robin Ndegwa, Alternate Director | Patrick Mugambi, Alternate Director | Kairo Thuo, Director | David Hutchison, Director | Mariam Abdullahi, Director | Kennedy Ontiti, Company Secretary | Dr. Caesar Mwangi, Director | John Kimeu, Director | Andrew Ndegwa, Director

OUR BOARD OF DIRECTORS PROFILES

DR. CHRISTOPHER OBURA | Board Chairman

Dr. Obura is the Chairman of ICEA LION General Insurance as well as the Chairman and Director of several Companies in Kenya, Uganda and Tanzania.

Dr. Obura commenced his studies in 1952 at Alliance High School and proceeded to Makerere University College in Uganda, graduating in 1958. In 1959, he joined the University of London's Guys Medical and Dental School obtaining a B.D.S. (LON) and a L.D.S.R.C.S. (ENG) in 1963.

Between 1964 and 1966, Dr. Obura pursued a Post Graduate on Commonwealth Scholarship at the Eastman Post Graduate Dental Hospital London; Plastic and Jaw Injuries Unit, Stoke Mandeville Hospital and the Middlesex Hospital; Faculty of Dental Surgery – Royal College of Surgeons, Primary Fellowship in Dental Surgery. He returned home to Kenya to become the Chief Dental Officer, Ministry of Health between 1965 and 1971. In June of 1967 he obtained a French Government Study Grant at the Institute of Stomatology, La Patie Hospital – Paris.

Between 1968 and 1971, he was Honorary Senior Lecturer at the University of Nairobi Medical School and the Consultant Dental and Oral Surgeon at the Kenyatta National Hospital. He was also the Consultant at the Aga Khan Platinum Jubilee Hospital Nairobi and a Consultant for the Forces Memorial Hospital in Nairobi. Dr. Obura was the President of the East African Dental Association between 1970 and 1974. He operated a private dental practice in Nairobi between 1968 and 1995.

In 1973, Dr. Obura was awarded Membership of the American Association of Oral and Maxillo–Facial Surgeons and African American Institute of International Education Scholarship in the U.S. Between 1974 and 1985, he was the Chairman of Kenya National Committee of United World Colleges and a member of the International Council. Between 1975 and 1981, he was a member of the Medical Practitioners and Dentists Board and Deputy Chairman.

He was an External Examiner for the University of Nairobi between 1977 and 1979. In 1982, Dr. Obura became a Fellow–International Association of Oral and Maxillo-Facial Surgeons. In 1990 he became a Member of the Council for the International Association of Oral and Maxillo-Facial Surgeons. In June 1993, he became a Member of Eisenhower Citizen Ambassador Program to Soviet Union on cleft lip and palate. Dr. Obura has been the Chairman of numerous organisations including the Kenya Dental Association between 1977 and 1981, Karen Country Club between 1977-1978 and also between 1982 and 1987. Further, he was the Chairman of the Association of Professional Societies of East Africa between 1980 and 1982 and Chairman of the Professional Centre between 1983 and 1990. Dr. Obura was a Director of Kenya Airways between 1978 and 1980 as well as between 1997 and 2005. He was also the Chairman of The Nairobi Hospital and Kenya Hospital Association from 2002 to 2012.

An avid golfer, Dr. Obura was the Captain of the Kenya National Golf Team between 1977 and 1984 and the Chairman of the Kenya Golf Union between 1982 and 1983.

JAMES NDEGWA | Director

James is the Chairman of First Chartered Securities Group, a private investment holding group with interests in financial services, logistics, property and agriculture among others.

James holds a MA (Hons) degree from Oxford University, U.K. James has over 30 years experience in the insurance sector starting out at Hogg Robinson Insurance Brokers in 1986 where he rose through the ranks to become a Senior Manager.

In 1993, he joined Lion of Kenya Insurance Company as the Technical Manager, rising to Assistant General Manager, Deputy Managing Director and finally as the Managing Director from 1997 to 2003.

He joined the Boards of First Chartered Securities, Insurance Company of East Africa and Lion of Kenya in 1996. In 2003, he was appointed Chairman of First Chartered Securities. James is also the Chairman of the ICEA LION Group, NIC Bank Group and Mitchell Cotts Kenya Group. In 2015 he was appointed Chairman of the Board of the Capital Markets Authority.

ANDREW NDEGWA | Director

Andrew is the Executive Director of First Chartered Securities, a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture. Andrew holds a Bachelor of Arts (Hons) degree in Philosophy, Politics and Economics from Oxford University. Andrew began his career in the banking industry, and between 1990 and 1994 worked at Mercantile Finance Company, its affiliate The African Mercantile Banking Company and at Citibank Nairobi.

He joined First Chartered Securities in 1994 as the Group Planning Manager and in 2000 was appointed to the Board as Executive Director. Andrew is also a Non-Executive Director of several other companies, including NIC Group Plc and Unga Group Plc, both of which are quoted on the Nairobi Securities Exchange.

Andrew is a trustee of Faraja Cancer Support Trust.

DUNCAN NDEGWA | Director

Duncan was born in 1925 in Nyeri, Kenya. He commenced his secondary school education in 1944 and rose to become the Captain at Alliance High School. He attended Makerere College in Uganda before proceeding to University of St. Andrews in the U.K where he graduated with a Master of Arts (Hons) in Economics and History. He started off his career in 1956 as an Economist/Statistician at the East Africa High Commission before joining the Kenya Treasury as a Deputy Secretary in 1959. At independence in 1963 he was appointed the Permanent Secretary in the office of the President before becoming the Secretary to the Cabinet later that year. He was Head of the Civil Service and Advisor to the President and Cabinet in charge of coordination and monitoring of government functions.

Between 1967 and 1983, he was appointed the Governor of the Central Bank of Kenya four times. He was also the Alternate Governor of the IMF and served in the Interim Committee of World Bank and IMF. Between 1970 and 1971, Duncan was the Chairman of the Commission of Enquiry (Public Service Structure and Remuneration), Sessional Paper 1973. He was cited by the President with the award of Elder of the Golden Heart (EGH) and in 1983, he retired as the Governor of Central Bank.

Mr. Ndegwa served as the Chairman of Alliance High School between 1977 and 1987 and was the Chairman of Unga Group Limited between 1984 and 1998. He is the Chair, Director and Trustee of numerous organisations. He is also a member of the Bretton Woods Committee.He has been involved in numerous philanthropic activities over the years. Mr. Ndegwa has written various papers and articles in the field of Banking, Economics and Finance and is the author of "Walking in Kenyatta Struggles."

JOHN KIMEU | Director

John is a Non-Executive Director of ICEA LION General Insurance.

John is a Certified Public Accountant (CPA-K). John commenced his career as a Costs Accounts Assistant at Food Specialities (K) Ltd (now Nestle Ltd) between 1970 and 1974. Between 1974 and 1977 he worked at Firestone East African as a Cost and Factory Accountant.

In 1977 he moved to Guardian Royal Exchange and Commercial Union Groups, which a year later, became Lion of Kenya Insurance Company Ltd upon localisation of foreign insurance companies operating in Kenya. Between 1977 and 2003 he rose through the ranks starting out as an Assistant Accountant in 1977, then moving on to the Company Accountant in 1982. In 1984 he was promoted to the Accounts Manager and onto the Finance Manager in 1992.

In 1993, John was appointed Assistant General Manager, Finance and Administration, and in 1996 was appointed General Manager. In 2003 he was appointed Managing Director where he served until he retired from the newly merged entity ICEA LION General Insurance in 2013.

John was the Board Director responsible for the establishment, operations and supervision of Lion of Tanzania (now ICEA LION General Insurance Tanzania). He was also a Member and Chairman of the Finance and Secretariat Affairs Committee of the Association of Kenya Insurers.

DAVID HUTCHISON | Director

David is the current Chairman, The Banda Group Education and Property Groups.

David is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA), a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK).

He has over 40 years professional experience and has been involved in the audits of banks and financial institutions, manufacturing companies, hotels and tourism, aviation companies, agricultural and insurance companies. He has several years' experience in General Practice, Taxation and Consultancy, IT and others. He was a Partner at Ernst & Young, East Africa, from 1970 until June 2006. He was Chairman in 1988 and Senior Partner in 2002. He was a member of the Panel of Experts of the UN appointed Mediator of the East African Community involved in the evaluation of assets and distribution of liabilities for Kenya, Uganda and Tanzania.

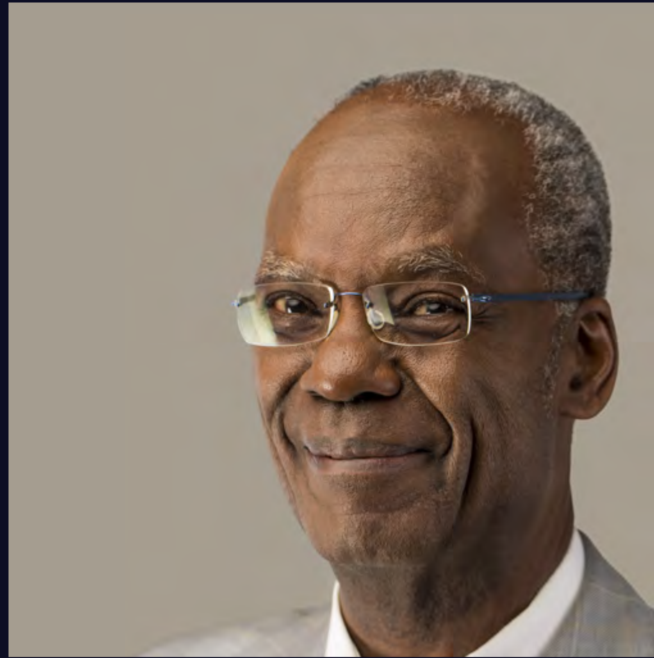
He is the Chairman, Non-Executive Chairman and Non-Executive Director of numerous organisations spanning advertising & communications, manufacturing, education, properties and real estate, banking, insurance and reinsurance sectors.

JOSEPH MUIRURI | Director

Joseph is a Financial Consultant and a Non-Executive Director of several companies. Joseph retired in 2002 after 35 years working with Ernst & Young East Africa, including 25 years as a Partner and as Chairman of the firm from 1996 to 2002. Joseph is a Certified Accountant and a Fellow of Chartered Association of Certified Accountants (UK). He is also a Practitioner of Institute of Certified Public Accountants of Kenya (ICPAK).

Joseph's key areas of experience span strategy and business advisory, transaction management, disposals, share valuations, corporate restructuring, taxation and mergers and acquisitions. His regional experience covers Kenya, Uganda and Tanzania. Such experience includes audit, financial services and tax advice to all sections of the Economy and in particular to the hotel and tourism, banking, manufacturing and agricultural sectors.

He has extensive expertise in the preparation and evaluation of financial plans and projections, profit forecasts and so on with experience of overseeing the implementation of restructuring packages. He has further experience in the valuation of shares and in the preparation of the reports relative to the mode of the disposal of shares. This experience includes a general advisory role in the acquisition and disposal of business interests and shares.



ROBIN NDEGWA | Alternate Director

Robin is the Executive Director, Upcountry Investments Division, in charge of strategic development at Nderitu Ndegwa Investment Company Limited. Robin attended York University in Ontario Canada between 1987–1990 and attained a Bachelor of Arts in Political Science. Between 1990 and 1991 he attended Atkinson College undertaking Administrative Studies.

In 1992, he joined Keremara Limited as a Management Trainee and rose through the ranks by the time of his departure in 2009 to become the GM & MD responsible for strategic direction, financial planning, marketing of produce, real-estate development and general administration matters.Between 2004 and 2009, he was the Director, Administration; Treasury and Finance at Duncan Nderitu Ndegwa (DNN) Trust Company Limited. Thereafter, from 2009 to 2012, Robin was the Director, Administration, at Kenga Equatorial Hotels Limited.

Robin has attained various professional qualifications including an Advanced Management Program from Strathmore Business School as well as a Certificate from the Berkeley Executive Leadership Program from Hass Business School, UCLA, Berkley, California, USA. In addition, he has attained a KPMG Certificate Course Accounts for Managers as well as a Corporate Governance Certificate from the Centre for Corporate Governance.

PATRICK MUGAMBI | Alternate Director

Patrick is the Planning & Projects Director of First Chartered Securities Ltd, a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture.

Patrick holds a BSC in Business Administration from USIU and is a Certified Public Accountant and alumnae of IESE Business School. He is also a Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a Member of the Overseas Technical Scholarship (AOTS) Japan.

He previously worked for PricewaterhouseCoopers and Shell Exploration and Production Kenya BV between 1988 and 1992. Prior to his present position, he was the Executive Director and Chief Operating Officer of Mitchell Cotts Kenya Group until January 2006. Patrick is also a Non–Executive Director of Mitchell Cotts Group Limited and a director of several other companies.

KAIRO THUO | Director

Kairo is a consultant and a founder partner of Viva Africa Consulting LLP and Viva Africa Consulting Limited. He is both a lawyer and accountant by profession. He attended Strathmore and the University of Nairobi where he graduated with LLB (Hons) and is a CPA-K and CPA-T holder.

He was previously responsible for establishing and running the Tax Transaction Advisory Group at Deloitte and Touche as the Director of the unit, was responsible for mergers, acquisitions, transaction arrangements, wealth structuring and funds management as well as corporate and legal structuring. Kairo has extensive experience in all areas of taxation in Kenya, Uganda, Rwanda and Tanzania and other countries in Africa. His experience involved all areas of legal, finance and taxation and was also involved in establishment of specialized tax service lines in direct and indirect taxation including customs, international tax and transfer pricing.

Amongst many of his key achievements, Kairo remains the only individual to-date to be recognised by KRA in the annual taxpayers' awards for contribution towards tax education in Kenya having also been recognized by the IFC for outstanding tax advice contribution in the Kenya and Uganda Railways concession process. He also contributed to capacity enhancement for the East Africa Law Society and the Institute of Certified Public Secretaries of Kenya.

He also serves on the Boards of Kenya Power, Special Economic Zones Authority, NIC Bank and ICEA LION Asset Management.

DR. CAESAR MWANGI (PHD) | Director

Caesar is the Managing Director of the Centre for Personal Leadership (CPL Africa) where he has been involved in designing and delivering people and organisational improvement initiatives focused on organisational transformation through effective leadership practices and development of enabling organisational culture. He has a PhD. in Organisational Performance and Change Management from the Rand Afrikaans University (currently University of Johannesburg), an MBA from the Wits Business School in Johannesburg and a BA in Economics from University of Nairobi. He is also a Certified Public Accountant (CPA), a Certified Internal Auditor (CIA) and a Certified Executive Leadership Coach.

Previously he worked as the MD of Sasini Ltd, where he spearheaded the company's transformation from a production focused entity to an effective people-centered, market-focused entity. After Sasini he worked as Regional Director for the Global Village Energy Partnership. In the past he also worked in South Africa and Ethiopia as a Business Consultant in Deloitte and Touche Johannesburg, Finance Director of the Independent Mediation Service of South Africa and also as Associate Director for the Consultative Group in International Agriculture Research (CGIAR).

He is trained in Corporate Governance by the Centre for Corporate Governance and has been a facilitator on the Effective Director (TED) programme at Strathmore Business School. He is the Vice Chairman of the Strathmore University Council and Chairs the Boards for the Kenya Markets Trusts (KMT) and the Kianda School in Nairobi. He is also a member of the Investment Committee for the World Bank Funded Kenya Climate Ventures (KCV) Fund.

MARIAM ABDULLAHI | Director

Mariam Abdullahi is SAP Africa's Telecommunications Industry Lead and is responsible for the overall Telco strategy and execution across the continent.

Mariam holds a Bachelor of Science with a special focus on Computer Science and Business Management from Brunel University England.

With over 19 years of experience in both IT and Telco industries, Mariam's career began in the automotive industry in the U.K. where she led IT Services and Outsourcing for Ford Motor Company. Since then she has held various leadership positions in Sales, Operations, Customer Service and Transformation lead roles at multinational organisations including Microsoft, Oberthur Technologies, Brightpoint, Zain and Emirates telecommunications company 'du' in the U.S.A, Europe, Asia, the Middle East and Africa.

Empathy for people, great ideas and contributing to the empowerment of societies through technology gives Mariam her greatest satisfaction.

MUGWE MANGA | Director

Mugwe is the Co-Founder and Executive Director of Olsuswa Energy Limited, a Kenyan-based and registered geothermal exploration company. He is also the Co-Founder and Executive Director of Mayfox Mining Company Limited, Kenya's leading indigenous mineral exploration company.

Additionally, Mugwe is the Co-Founder and Managing Director of Mayfox Digital Media. Prior to founding his companies, Mugwe was a Junior Analyst at Goldman Sachs International, London, U.K. Mugwe has a Master in International Business (MIB) from Grenoble École de Management (Grandes Écoles), France, and a BSc (Hons) in Economics from the University of Nottingham in the United Kingdom. Prior to that, he attended the Sevenoaks School in the United Kingdom where he attained his International Baccalaureate Diploma with distinction.

Mugwe has a diploma in Sustainability and Leadership from the Swedish Institute. He is a Fellow of the Swedish Institute Management Programme (SIMP), a global programme on Leadership and Sustainability for Young African leaders.

Mugwe is a dynamic serial entrepreneur and extractive industry leader, with over eight years' experience across various sectors in Africa. He boasts demonstrable capacity of conceptualizing start-up initiatives and growing them to large scale investor-ready organisations. Mugwe is motivated by the vision of playing a substantial role in molding Kenya's extractive into a hub of global distinction and immense opportunity.

KENNEDY ONTITI | Company Secretary

Kennedy is the Group Company Secretary for First Chartered Securities Group, ICEA LION Group and Mitchell Cotts Group. Kennedy holds a Master of Laws in International Trade and Investment Law (LLM) and is a Certified Public Secretary of Kenya (CS-K).

Kennedy is a Council Member of the Chuka University and the Chairman Audit, Governance and Risk Management Council Committee of Chuka University. He is also an Advocate, Commissioner for Oaths & Notary Public and a Member, Law Society of Kenya (LSK). He is also a Member of the East Africa Law Society (EALS) and a Member of the Institute of Certified Public Secretaries of Kenya (ICPSK). Additionally, Kennedy is an Associate of the Chartered Institute of Arbitrators (ACIArb).

Prior to joining First Chartered Securities, Kennedy worked as Legal Counsel at Oil Libya Kenya Limited between 2008 and 2012. Between 2006 and 2007, he was an articled pupil engaged in civil litigation, conveyancing, commercial and corporate law at Ochieng', Onyango, Kibet & Ohaga Advocates (Now Triple OK Law Advocates). Kennedy's professional achievements include being named the Winner of the Company Secretary of the Year Award at the Institute of Certified Secretaries (ICS) Kenya's Champion of Governance (COG) Awards in 2015 and 2016. In 2017 and 2018, he emerged Second and First Runners-Up. In the same year Kennedy received a Commendation for Outstanding Contribution to the Activities of the Institute and the Profession at Large from the ICS.

STEVEN OLUOCH | Board Director & Chief Executive Officer

Steven holds a Bachelor of Commerce Degree from University of Nairobi and a Global Executive Master Degree in Business Administration from USIU in collaboration with Columbia University, New York. Professionally, he is an Associate of the Chartered Insurance Institute of London and is a Chartered Insurer.

Steven's vast experience in the insurance sector spans 36 years having worked at three reinsurance companies, namely Kenya Reinsurance Company where he commenced his career as a management trainee in 1983, PTA Reinsurance Company (ZEP-RE) and Tanzania National Reinsurance Corporation Ltd (TAN-RE). Steven rose through various ranks to the position of Managing Director & Chief Executive Officer of TAN-RE in Dar es Salaam, Tanzania between 2007 and 2010, before returning to Kenya to join the ICEA LION Group.

In addition to his core responsibilities as CEO, Principal Officer and Director of ICEA LION General, Steven also serves on the Boards and Committees of 7 other ICEA LION Group and affiliated companies. As a result, and in addition to his previous long reinsurance practice and management experience gained invaluable learning and hands-on experience in the management of non-life insurance operations, life assurance company operations, asset and fund management and investment operations, pensions administration and trustee services operations in all the three East African countries.

At continental level, in May 2016, Steven was appointed a Member of the Executive Committee of the African Insurance Organisation (AIO) for a period of three years (2016 to 2018), appointed by Kenya to represent the entire Eastern Africa region. Steven is also a member of the Editorial Board of the African Insurance Organisation (AIO) Journal. At regional level, Steven is a member of the Board of the Organisation of Eastern & Southern Insurers (OESAI) which draws its wide membership from the COMESA and SADCC regional economic blocs, and which has a permanent secretariat in Nairobi, Kenya. At local industry level, Steven is an active member of the Association of Kenya Insurers (AKI) and a member of the AKI Board. He is presently the Convener and Chair of the Statutory & Legal Committee. Up until 31st December 2015, Steven sat as an active member of two key AKI Committees - the Secretariat Affairs & Investment and the Statutory & Legal Committees for 3 years.

Steven has a collaborative leadership style and this has resulted in ICEA LION General Insurance winning several awards during his tenure, including General Insurer of the Year (2014 and 2017) and winning the Deloitte's Best Company to Work For awards for the insurance sector (2014 and 2016). In 2017 and 2018 he also led the ICEA LION General Insurance team to winning the Institute of Certified Secretaries of Kenya, Champions of Governance Award for the insurance sector and second runner-up for the Overall Champions of Governance award. On a personal note, he was crowned CEO of the Year by the Kenya Institute of Management at the 2017 Company of the Year Awards.

Our Leadership Team

ALVIN ODHIAMBO | General Manager, Business Development & Distribution

Alvin holds a Bachelor of Arts in Economics (Hons) from Agra University India and a certificate in insurance practice from the College of Insurance Kenya. He is also a member of the Chartered Institute of Marketing (UK) as well as the Institute of Directors IOD (Kenya.)

Alvin has general and business management skills with progressive experience in sales, marketing, administration, corporate communications, regional commercial business management and product development over the last 24 years.

He has worked for various multinationals and local financial institutions including British American Insurance (now Britam), Barclays Bank and AoN Kenya Insurance Brokers (now Minet Insurance Brokers).

JANE MUIRU | Assistant General Manager, Operations

Jane holds a Bachelor of Commerce Degree, Insurance Option, from the University of Nairobi and is also an Associate of the Chartered Insurance Institute of London (ACII), U.K She has over 30 years' experience in the insurance industry.

She joined the insurance Company of East Africa Ltd (ICEA) in 1994, where she rose through the various ranks in managerial positions serving in the underwriting and claims departments. She then served as an Underwriting Manager for 11 years. Following the merger that formed ICEA LION Group, Jane was elevated to Assistant General Manager, Operations, overseeing operations in underwriting, claims and reinsurance departments. At industry level, Jane has served at the Accident Technical Committee of the Association of Kenya Insurers (AKI), the Property and Engineering Committee and is currently a member of the Motor Pool Winding Up Committee of the same Association. Jane was nominated by AKI as one of its representatives to both a committee and a task force set up by the Insurance Regulatory Authority (IRA). She also served as the Chairperson for the Underwriting Managers Forum at AKI for a number of years.

She served for a number of years as a member of the Risk and Evaluation Committee of the IRA and also the IRA task force that was mandated with reviewing and standardising policy wordings for a number of non-motor classes of business.

ZIPPORAH CHEGE | Chief Finance Officer

Zipporah holds a Masters in Business Administration from the University of Nairobi and a Bachelors of Commerce (with Accounting) from the same University. She is a Certified Public Accountant, Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She holds a Certificate in CEO Masterclasses in Strategy from Cass Business School, London. Zipporah's vast experience in audit accounting and finance spans over 15 years.

Prior to joining ICEA LION General Insurance in August 2016, she had worked with Deloitte & Touché for 12 years having risen the ranks from an audit associate to a Senior Audit Manager. Her specialisation during her audit career was in the financial services industry where she audited several banks, insurance and reinsurance companies in Kenya and in Africa.

Zipporah is committed to ensuring operational excellence, sound internal controls and integrity as well as continuous improvement in execution of her duties. This contributed to the company winning the Company of the year Award (COYA) in Financial Management in 2017 and the second runners-up award for the insurance sector at the Institute of Certified Public Accountants of Kenya (ICPAK) FiRe Awards in 2018. At the accounting profession level, she has contributed in various activities including being a Fire Awards Evaluator with ICPAK.

DAVID TOO | Assistant General Manager, ICT

David holds a Masters in Business Administration from the University of Nairobi as well as a Bachelor of Science in Electrical and Electronics Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He is also a Certified Public Accountant (CPA-K) having graduated from Strathmore University and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

David's experience spans the agricultural and financial services sectors where he has separately headed both the finance and information technology functions. David started his career as Technical Assistant to the Finance Executive at James Finlay then joined Sian Roses as the Chief Accountant. He later joined the banking industry in 2005 as the Head of Finance at Transnational Bank then transitioned to head up Information Technology at the same organisation. Thereafter, he joined Gulf African Bank as the Head of Information Technology before joining ICEA LION in 2015.

PETER MUKURIA | Assistant General Manager (Commercial Business Development)

Peter holds a Bachelor of Commerce Degree from the University of Nairobi and is an Associate of the Chartered Insurance Institute of London as well as a Chartered Insurer.

Peter is a well-rounded insurance professional with 29 years' experience in underwriting, claims and business development. Prior to the ICEA LION Group merger, Peter worked at Lion of Kenya Insurance Company for 22 years rising from a Management Trainee straight from the university to a Departmental Head of the Service and Marine Department. He has led the commercial business development division at ICEA LION General Insurance the past 8 years.

At the Industry level, Peter has been an active Member of the Association of Kenya Insurers (AKI) where he has served in various Technical Committees. He currently chairs the Marine Sub-Committee of AKI.

ALI SALIM | Regional Manager (Coast)

Ali has over 37 years experience in the insurance industry having joined Sun Alliance, later renamed Kenyan Alliance in 1979 as an Underwriting Clerk. He joined Lion of Kenya in 1998 at the company's head office as an Assistant Manager in the underwriting department. In 1999, Ali was transferred to Mombasa as the Coast Regional Manager.

Ali has a very broad range of skills covering the whole spectrum of insurance and has played a significant role in the development of the industry. At industry level Ali was a member of the Association of Kenya Insurers (AKI) Accident Technical Sub-Committee and the Chairman of AKI - Mombasa Chapter.

EVELYN MUSUNZAR | Manager, Business Development (Retail & Branches)

Evelyn is the Business Development Manager, Retail, and Branches. She holds a Bachelor of Science degree in Agronomy from Egerton University. She also holds a certificate level UK Chartered Insurance qualification and is a member of the Insurance Institute of Kenya (IIK).

Evelyn's experience in the industry spans 19 years. Prior to joining ICEA LION in 2014, she started off her career in the underwriting section at The Heritage Insurance Company. She later moved on to the Business Development where she implemented the agency sales force agenda. Evelyn is passionate about customer experience and this had her appointed the Customer Service Champion in 2010.

JENNIFER KAMOTHO | Manager, Business Development (Commercial)

Jennifer holds a Cambridge Advanced Diploma in Business Management and is currently pursuing a Bachelor of Commerce Degree, (Marketing Option) as well as a CII Diploma in Insurance.

Jennifer has over 10 years' experience in the industry. She started off as a travel insurance expert at Heritage Insurance Company and over the years honed her business development expertise. She has a commendable track record of successfully developing and achieving sales growth targets for the travel insurance product both at Heritage Insurance and ICEA LION.

At industry level, Jennifer has hosted the Annual Association of Kenya Insurers (AKI) Awards for two years in a row.

ANDREW MUTURI | Manager Business Development (Direct)

Andrew holds a Bachelor of Commerce Degree from the University of Nairobi and a Diploma in Business Information Technology from Strathmore University. He is currently pursuing his MBA in Strategic Management from The University of Nairobi. He is also an Associate of the Insurance Institute of Kenya (IIK).

Andrew has 12 years experience in the insurance industry having started his career at AIG Insurance Company. He joined Jubilee Insurance Company and most recently was part of the AoN Kenya Insurance Brokers (now Minet Insurance Brokers) team where he had worked for six years prior to joining ICEA LION. He has experience with both Underwriting and Business Development throughout his career with a specialisation in both General and Medical Insurance.

RADCLIFFE NYAMAI | Manager - Business Development (Commercial)

Radcliffe holds a Bachelor of Finance Degree from Catholic University of Eastern Africa. He is an Associate of the Chartered Insurance Institute (CII), U.K. and a Chartered Insurance Practitioner. Radcliffe is also an Associate of the Insurance Institute of Kenya (IIK).

He started out as a Management Trainee at AoN Kenya Insurance Brokers scaling the ranks from Assistant to Senior Management. Prior to joining ICEA LION, he worked for a year and a half in Mauritius as the Head of Insurance Broking for AoN. His responsibilities included business development, operational management, innovation and customer service. He handled various risks across Kenya and the larger African region including a regional Pan African insurance placement with 16 participating countries.

Radcliffe is a well-rounded insurance professional who has a wide range of insurance expertise in various classes of insurance within general insurance encompassing the areas of underwriting, claims, reinsurance, business and product development. He also has expertise in life insurance and pensions. He has worked with a wide range of clients across various sectors such as aviation and technology, professional institutions, transport and logistic firms, oil and gas, tourism and hospitality, banking and financial sectors.

LUCY KARANJA | Manager, Underwriting

Lucy holds a Bachelor of Commerce Degree (Insurance Option) from the University of Nairobi and is an Associate of the Chartered Insurance Institute of London.

She has over 26 years experience in both claims and underwriting having garnered six years claims management experience with the Corporate Insurance Company straight from University. She then transitioned to Lion of Kenya Insurance Company's underwriting department and following the ICEA LION Group merger, was appointed to head up the underwriting department. Lucy has undergone extensive training both locally and internationally.

JOHN NJENGA | Manager, Reinsurance and Risks Survey

John holds a Bachelor of Science degree, majoring in Statistics from the University of Nairobi.

John has over 25 years experience in reinsurance, underwriting and claims having risen from a management trainee to a department head. He started his insurance career within the Life Division of ICEA Ltd. After three years he was transferred to the General Division and undertook reinsurance training by Munich Reinsurance Company in Germany for a year. Following the ICEA LION Group merger, John was appointed the Manager in charge of reinsurance and risks survey.

LYDIA MWIRIGI | Manager, Claims

Lydia holds a Master of Law from the University of Nairobi as well as a Post Graduate Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya and a Fellow of the Insurance Institute of India. She joined the insurance industry as a Legal Officer at Fidelity Shield Insurance Company in 2002 where she rose to the position of a Claims Manager. She later worked at Occidental Insurance Company between 2010 and 2015 as the Claims and Legal Manager and thereafter joined Kenya Orient Insurance Limited in July 2015 as the Assistant General Manager of Claims. She joined ICEA LION in February 2017.

Lydia has extensive experience in the corporate world specifically in the insurance sector where she has worked in both the claims and legal departments. She has proven technical expertise in Insurance Law, International Trade & Investment Law and International Maritime Law and has made contributions to the Insurance Industry in the area of Marine Insurance. At the Industry level, Lydia has served as a Committee Member of the Marine and Aviation Technical Committee and the Accident Committee at the Association of Kenya Insurers. She is a member of the Law Society of Kenya.

MARYLEEN THOME | Head of Customer Experience

Maryleen holds a Bachelor of Arts in Tourism Studies from Kenyatta University. She has 18 years wealth of vast experience in Client Services Management transcending insurance, hospitality and tourism sectors. Prior to joining ICEA LION she worked at Jubilee Insurance Company of Kenya as the Customer Service Manager, AAR Action as the Business Development Manager, Kenya, AAR Health Insurance as the Business Development Manager, Nyanza and Western region, Maseno University as the Business Development Manager, Tourist Trust Fund & Kenya Red Cross Society as the Lead Consultant. She was also the founder of Emergency Plus Medical Services (E+ Ambulances).

At customer experience management level, she has contributed to the formulation of The Domestic Tourism Development and Disaster Management Policies in Kenya and the European Union's Tourist Trust Fund's 2004 Tourism Investment Plan for Kenya. She won the Jubilee Insurance's COYA Award in 2015 and the ICEA LION General Insurance Customer Service Award.

KEVIN NYAKERI, CFA | Manager, Internal Audit

Kevin holds a Bachelor of Commerce (Finance) degree from the University of Nairobi. Professionally, he is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a Chartered Financial Analyst (CFA Charterholder) from the CFA Institute (Charlottesville, Virginia USA). He holds a Certificate in CEO Masterclasses in Strategy from Cass Business School, City University of London. Kevin is both a member of the Global CFA Institute and the CFA Society East Africa.

He commenced his career as an audit associate with Ernst & Young LLP serving audit and advisory consultancy clients. Kevin later joined the First Chartered Securities Limited as a senior auditor serving group companies in Insurance, logistics and asset management sectors within the region. In 2012, he moved to ICEA LION to manage the Internal Audit function.

Kevin was a founding member of the Internal Audit Workgroup of ICPAK and an active member of the CFA East Africa Society's Strategy, Advocacy and PR Committee. He has been involved in organising East Africa investor-oriented conferences bringing together leading lights in the Finance and Investments industry within the region and globally. Additionally, he has been serving as a judge and an industry mentor for the annual CFA Institute Research Challenge for East Africa's top universities.

JOY GACHOKA | Head of Actuarial

Joy holds a Bachelor of Science in Actuarial Science from the University of Nairobi and is currently pursuing an Actuarial Fellowship from the Institute and Faculty of Actuaries (IFoA). She is a chartered accountant and a member of the Association of Chartered Certified Accountants (ACCA).

She started off her career as an Administrative Assistant at Knots Construction in 2008 before moving on to become a Finance Sourcing Assistant at Thomas Daniel & Associates in 2012. She then joined ICEA LION Life Assurance as an Underwriting Assistant before taking on her current role as the Head of Actuarial in 2014.

Joy is the co-chair of ICEA LION Group's Innovations Committee and a project team member on the Strategy Task Force. Joy is a member of the Actuarial Society of Kenya's General Insurance Working Party. She previously served as the immediate former Secretary of the Working Party. She is also a member of the Society's IFRS Working Party.

Shared Services

NAOMI MUNYI | General Manager, Strategy & Innovation

Naomi holds a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi as well as a MBA in Strategic Management. Naomi is a Certified Public Accountant of Kenya (CPA-K) and a Certified Public Secretary (CPS) of good standing.

Naomi's experience in the industry spans over 30 years with significant experience in finance, company secretarial duties, corporate governance as well as strategy formulation and implementation. Prior to the ICEA LION Group merger in 2012, Naomi was the General Manager in charge of Finance and Corporate Services for ICEA. Thereafter, Naomi was appointed General Manager, Finance and Strategy for ICEA LION Group and subsequently the General Manager Strategy and Innovation. Naomi has presided over the development of both the 2013–2017 and 2018–2022 Group business strategies.

MICAH MAHINDA | General Manager, Human Resources & Administration

Micah holds a BA in Political Science and Sociology as well as a Post Graduate Diploma in Education. Professionally, he is a pioneering member of the Institute of Personnel Management (Kenya); the precursor of the Institute of Human Resources Management (Kenya). He is a Fellow of IHRM (K). Micah is a Certified Organisational Effectiveness Coach, Certified Group and Team Coach and a member of the International Coach Federation (ICF).

He has over 30 years of combined expertise in Human Resources Management gained from a broad range of backgrounds in the insurance, hospitality, manufacturing, and educational sectors in Kenya.

During the ICEA LION business reorganisation process from 2010–12, he successfully provided HR and administrative support as a member of the Steering Committee. He also played a major role in the successful change management and people integration process following the business reorganisation.

Through Micah's stewardship, ICEA LION Group won the Deloitte Best Company To Work For award for the Insurance Industry for three years running: 2014, 2015 and 2016.

NKATHA GITONGA | Group Manager, Marketing & Communications

Nkatha holds a MBA in Leadership and Sustainability from the University of Cumbria, U.K. and a BA in Political Science and Sociology from the University of Nairobi. She has over 20 years experience in the field of marketing and communications having worked both at leading advertising and communications agencies as well as on the client side of the relationship. Nkatha honed her skills in the sector having worked for progressive organisations spanning entertainment, advertising and media, aviation, ICT and financial sectors.

She has successfully delivered strategic marketing and communications projects for both Ayton Young & Rubicam and Scangroup Advertising agencies' wide-ranging clients, as well as being a key driver of the Kenya Airways and Access Kenya (now Internet Solutions) marketing and communications departments' agendas prior to joining ICEA LION Group in 2014.

Nkatha has been instrumental in driving ICEA LION's digital revolution on social media as well as championing the initiatives that have led ICEA LION to be the most awarded insurance and investments company since 2014.

JOHN WANJOGU | Group Manager, Projects

John holds a BSc in Engineering from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and a Master of Information Systems from Queensland University in Australia. He is an active fully qualified member of Association of Chartered Accountants (ACCA).

His career spans over 15 years having started out as a Technology Training Consultant at the Institute of Advanced Technology (IAT) and later as an ICT Solution Developer at Symphony Technologies Ltd. He later joined Insurance Company of East Africa (ICEA) as an Assistant Manager in ICT. He rose through the ranks and played a significant role during the merger of ICEA and Lion of Kenya. Eventually, building on his multidisciplinary skills and experience he now heads the Projects Management function for ICEA LION Group within the Strategy and Innovation unit.

John's dedication and enthusiasm has seen him garner extensive experience in managing large scale innovative initiatives with proven success in technology implementations, new product designs and process re-engineering using methodologies such as Lean Six Sigma, digital transformation and customer experience solutions. In professional circles, John was instrumental in the establishment of the Project Management Institute (PMI) Kenyan Chapter as the Founding Chair.

DOROTHY MASEKE | Group Manager, Risk & Compliance

Dorothy holds a First Class Honours Degree in Computer Science from the University of Nairobi. She holds an international post-graduate Diploma in Risk Management from the Institute of Risk Management (IRM) U.K., a Diploma in Business Continuity from Bucks New University, U.K. and a Diploma in Sustainability and Leadership from the Swedish Institute. She is certified in Environmental and Social Risk Analysis from INCAE Business School. She is also a Certified Anti-Money Laundering Specialist (CAMS), Certified in Risk and Information Systems Controls (CRISC), Certified in Management Information Systems (IMIS), Certified Environmental Auditor and Certified Internal Auditor 2.

Dorothy has a 13-year progressive career having started out at KPMG within the Risk Consulting department, later moving to UAP Holdings Internal Audit department. She holds senior leadership roles in a number of industry forums including the East Africa Regional Group Chair of the IRM U.K. She is a Task Force member for the UNEP FI Sustainable Finance for Africa and Middle East and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Dorothy is a Fellow of the Swedish Institute Management Programme (SIMP), a global programme on Leadership and Sustainability for Young African leaders. Dorothy has been the winner of the Corporate Risk Manager of the Year Award at the Think Business Insurance Industry Awards in 2017 and 2018.

JACQUELINE OCHIENG | Head of Research & Development

Jacqueline holds a Bachelor of Business Administration, Marketing Major from Kenya Methodist University and a MBA in Project Management from Kenyatta University. She also holds a Diploma in Business Management from Kenya Institute of Management.

She commenced her career as a Qualitative Research Executive at Ipsos Synovate (then Steadman Group) in 2004 before joining Strategic Research in 2007 as a Research Executive. In 2010 she moved to Transparency International to serve as a Deputy Programme Officer - Reseach, and then onto Kenya Institute of Management (KIM) in 2012 as the Manager in charge of the Business Intelligence and Research Department, prior to joining ICEA LION in 2016.

Jacqueline has published numerous articles related to business improvement in journals and various publications and is a regular contributor to KIM's 'Management' Magazine.

Subsidiaries

RAVINARAYANAN KRISHNAMURTHY
CEO - ICEA LION General Insurance Tanzania

Ravinarayanan holds a Bachelor of Science in Mathematics, Physics and Statistics from Madurai University, India and completed one year of a Masters in (Econometrics) and and discontinued to join Canara Bank India (1976). He is a Fellow of the Insurance Institute of India F.I.I.I., Mumbai.

He started off his career as an Administrative Officer and rose to Regional Manager at The New India Assurance Company Ltd with experience in India and abroad. He moved to Alliance Insurance Corporation Limited, Tanzania where he served as General Manager between 1998–2002. He then joined Reliance Insurance Company Tanzania Ltd as CEO between 2002 and 2011 before moving to Pamoja Africa Ltd. At this insurance surveyor and loss assessment firm in Tanzania he served as Managing Director between November 2011 and August 2013. In September 2013, he joined ICEA LION General Insurance Company Tanzania as the Chief Executive Officer.

At the industry level, Ravi has served in the following capacities at the Association of Tanzania Insurers (ATI): Chairman, Market Best Practices Code Committee, Chairman, (2008–2010), Secretary, (2003–2006). He also served as a Director, Tanzania National Reinsurance Corporation Ltd (April to September 2011).

02

WHERE & HOW WE OPERATE

OPERATING CONTEXT

THE KENYAN ECONOMY

GDP Growth

4.7% in 2017

6.3% in 2018

This was supported by good weather, eased political uncertainties, improved business confidence and strong private consumption.

91- day Treasury bills

8% in 2017

7.3% in 2018

182- day Treasury bills

10.6% in 2017

9.0% in 2018

364- day Treasury bills

11.1% in 2017

10% in 2018

Kshs Against USD

KSh102.48/ USD in 2017

KSh101.85/USD in 2018

The foreign exchange market remained relatively steady in 2018, which was largely supported by resilient inflows from diaspora remittances and receipts from tourism, tea and horticulture exports.

The exchange rates were more stable in 2018 than 2017.

Account Deficit

6.7% of GDP in 2017

5.8% of GDP in 2018

Attributed to an improved trade balance resulting from increased Kenyan manufacturing exports.

Source: African Economic Outlook Report 2019 by African Development Bank Group

THE TANZANIAN ECONOMY

GDP Growth

7.1% in 2017

6.7% in 2018

The current account deficit

Public Debt

38.2% in 2017

39.3% in 2018

Inflation eased at 3.5% in 2018 attributed to improved food supply

Growth Contributors

Services 39.9%

Private Investment 63.9%

Source: African Economic Outlook Report 2019 by African Development Bank Group

STAKEHOLDER CONTEXT

ICEA LION is committed to delivering on its mission 'To Protect and Create Wealth' for all its stakeholders. This is articulated in ICEA LION's Stakeholder Management Plan that provides guidelines as to how we govern communications, engagement and release of material information about the Company to ICEA LION Group's stakeholders across our network in Kenya, Uganda and Tanzania.

Significantly, ICEA LION Stakeholder Management Plan is also aligned to the Group Strategic Plan (2018-22). Based on the strategic initiatives outlined in the Group Strategic Plan, the stakeholders are identified and appropriate engagement strategies outlined. In development of these engagement strategies, the plan bears in mind the processes required to identify the people, groups and organisations that could affect or be affected by our business activities.

In this new planning period, ICEA LION commits to ensuring shared value is delivered for all our stakeholders. As a result, we are able to analyse stakeholder expectations and their impact on our business. Further, we are able to develop appropriate strategies and tactics for effectively engaging them in a manner appropriate to their interest and involvement in our business.

Our Stakeholders

ICEA LION's Stakeholder Management Plan is founded on the following principles:

1

Identification of Stakeholders:

Identify by name and title the people, groups, and organisations that have significant influence on ICEA LION and its success or who are significantly impacted by ICEA LION's operations

2

Plan Stakeholder Management:

Identify the strategies and mechanisms that will be used to achieve the greatest support of stakeholders and minimise resistance

3

Manage Stakeholder Engagement:

Outlines the processes and steps that will be undertaken to carry out the planned strategies

4

Control Stakeholder Engagement:

Describes the methods that will be used to monitor stakeholder engagement and alert the project team if problems are surfacing

The key objectives of our Stakeholder Management Plan are to:

01 Ensure material information is disclosed in a timely, consistent, and appropriate manner.

02 Provide guidelines for the broad dissemination of material information pursuant to all applicable legal requirements.

03 Prevent the improper use or premature disclosure of confidential material information.

04 Provide direction for all ICEA LION Group personnel in the appropriate treatment of material, confidential, general, and routine Company information.

It is our commitment and obligation to ensure that all information material to our business and affairs of our Company are disclosed to the public in an appropriate manner. Our policy assists us to not only satisfy our objectives, but also assign responsibility for the implementation and oversight of these policies and procedures.

OUR STAKEHOLDER ENGAGEMENT APPROACH

Given the increasing and ever-changing dynamics of our financial services industry, engaging stakeholders throughout the life of our engagement has never been as paramount for us at ICEA LION. It is indeed our ambition to get as intimate with our stakeholders so as to allow us to engage effectively, efficiently and crucially embracing the shared value approach that ensures our organisation's sustainability. Below we illustrate our key stakeholder's material interests and our response to their issues.

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Customers	• Provision of insurance solutions that provide capacity and protection to enable them manage their risks, realise their objectives and potential as well as safeguard their wealth • Access to key decision makers of the organisation • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Good corporate citizenship • Data protection • Consumer education • Compliance with laws and regulations	• Live up to our core values and see through the eyes of the Customer in all our interactions with them • Pursue a responsive, reliable and empathetic approach to interactions • Utilise feedback mechanisms such as surveys • Get intimate with our Customers by embracing relevant and impactful engagements, ranging from one-on-one interactions to technological platforms, so that they may understand their journey • Become insight-driven to ensure we deliver solutions that meet our client's diverse and dynamic needs • Issue real-time responses by embracing relevant technological platforms • Share up-to-date and real-time information on our policies • Disclose financial performance and other indicators on public platforms • Deliver on our promises and champion integrity • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage in order to enlighten our Customers on products and services • Embrace data protection best practice
Regulators	• Compliance with laws and regulations • Contribution to economic wealth via tax, job creation and skills development • Contribution to development of the industry	• Expose to internal and external audits • Comply with laws and regulations • Disclose financial performance and other indicators on public platforms • Participation in development of the industry to improve • Meet our obligations in a timely manner • Champion integrity • Embrace data protection best practice

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Employees	• Timely remittance of salaries and obligatory commitments • Fair and transparent rewards • Safe and engaging environments in which to work • Personal and professional development • Job satisfaction and recognition • Compliance with laws and regulations	• Live up to our core values and ensure that our people remain important to us • Inculcate the culture that delivers the right brand ambassadors who deliver on strategy • Provide career development through learning and development initiatives including e-learning platforms and support and reward of professional development initiatives • Assign coaches and mentors • Disseminate staff engagement surveys • Carry out regular job evaluation and salary benchmarking • Create wealth through competitive remuneration and recognition initiatives • Provide a robust organisational health and safety strategy • Disclose financial performance and other indicators on public platforms
Intermediaries	• Provision of insurance solutions that increase capacity and protection to enable intermediaries to deliver solutions for their Clients to manage their risks, realise their objectives and potential as well as safeguard their wealth • Access to key decision makers of the organisation • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Good corporate citizenship • Data protection • Consumer education • Compliance with laws and regulations	• Pursue a responsive, reliable and empathetic approach to interactions • Utilise feedback mechanisms such as surveys • Get intimate with our Customers by embracing relevant and impactful engagements, ranging from one-on-one interactions to technological platforms, so that they may understand their journey • Become insight-driven to ensure we deliver solutions that meet our client's diverse and dynamic needs • Issue real-time responses by embracing relevant technological platforms • Share up-to-date and real-time information on our policies • Disclose financial performance and other indicators on public platforms • Deliver on our promises and champion integrity • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage in order to enlighten our Intermediaries on products and services • Embrace data protection best practice
Shareholders	• Compliance with laws and regulations • Promotion of sustainable growth in shareholder value through effective strategies • Practice of responsible corporate governance	• Comply with laws and regulations • Disclose all information at all engagements including internal and external audits • Provide effective and executive leadership • Practise sound corporate governance • Develop and deliver effective strategies that sustainably provide strong returns • Deliver on our promises and champion integrity • Embrace data protection best practice

Stakeholder Group	Their Expectations (Material Issues)	Our Response
Industry Partners	• Sharing of knowledge and opportunities for joint progress • Embracing of best practice models • Compliance with laws and regulations • Observance of fair practice • Data protection • Consumer education	• Comply with laws and regulations • Champion the development of the industry • Disclose financial performance and other indicators on public platforms • Participate in the development of the industry • Meet our obligations in a timely manner • Uphold integrity • Embrace data protection best practice
Environment	• Practice of responsible consumption • Reduction of carbon footprint • Observance of fair practice • Compliance with Energy Regulatory Commission • Guidelines and other laws and regulations	• Measure, monitor and lower our carbon footprint • Promote best practice with regard to energy conservation such as the Greenhouse Gas (GHG) Protocol • Embrace shared economy by using Corporate Uber • Comply with the Energy Regulatory Commission Guidelines and other best practice models
Media	• Access to key decision makers of the organisation • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Good corporate citizenship • Data protection • Consumer education • Compliance with laws and regulations	• Make key representatives from our organisation accessible • Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage regularly to enlighten the media on technical and industry related matters • Uphold integrity • Embrace data protection best practice
Bankers	• Transparency in all our interactions including full disclosure • Adherence to legal and industry regulations such as Anti-Money Laundering and other laws and regulations • Business partnership and reciprocity	• Be transparent in all our interactions • Comply with laws and regulations • Disclose all information regarding our financial performance and other indicators on public platforms • Participate in the development of the industry • Meet our obligations in a timely manner • Deliver on our promises and champion integrity • Embrace data protection best practice

Suppliers	• Practice of fair tendering and engagement • Business partnership and reciprocity • Compliance with laws and regulations	• Implement the Anti-Bribery Policy • Engage the Procurement Committee for projects over a specified amount • Pursue the shared value approach • Embrace data protection best practice • Deliver on our promises and champion integrity
Public	• Solutions that meet their needs • Good corporate citizenship • Practice of sustainable business • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Data protection • Consumer education • Compliance with laws and regulations	• Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Share simple and understandable communication from the technical elements of our organisation • Engage regularly to enlighten the public on technical and industry related matters • Deliver on our promises and champion integrity • Engage in order to enlighten our Customers on products and services • Embrace data protection best practice
Business Competitors	• Fair business practice • Adherence to legal and industry regulations such as Anti- Money Laundering and other laws and regulations • Business partnership and reciprocity	• Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Comply with laws and regulations • Participate in the development of the industry in order to improve • Deliver on our promises and champion integrity • Embrace data protection best practice
*Others	• Good corporate citizenship • Practice of sustainable business • Transparency in our mutual interactions • Simple and understandable communication from the technical elements of our organisation • Fair practice • Compliance with laws and regulations	• Disclose financial performance and other indicators on public platforms • Be transparent in all our interactions • Comply with laws and regulations • Engage regularly to enlighten the media on technical and industry related matters • Participate in the development of the industry in order to improve • Deliver on our promises and champion integrity • Embrace data protection best practice

* Others include advocacy groups, unions, activists, environmentalists, local government agencies and other wider relationships with employees that include their families and networks.

OUR BUSINESS MODEL

Towards Shared Value
People | Planet | Profit
6 Capitals Model

Digitally-Led

Sustainability
At the core of all our interactions

STATEMENT BY GENERAL MANAGER - STRATEGY & INNOVATION

Below is a summary of our 2018 strategy depicting what we had planned to accomplish against the actual results.

PILLAR	STRATEGY	ACHIEVEMENT
CAPTURING GROWTH MARKETS	The Company aims to grow profitably in Motor and Medical classes as well as Specialty classes which include Marine, Engineering, Aviation and Hospitality.	The Company focused on claims process transformation as well as direct and alternative distribution channels optimisation to enable it grow in the identified classes profitably. We are in the process of determining how to enter into the medical business profitably.
SETTING UP A GROWTH AND INNOVATION CENTRE	The Group had planned to set up a GIC Centre that would enable it transform into an innovative, customer-centric and insight-driven organisation.	The GIC Centre was set up and appropriate resources hired to enable the running of the GIC in 2018; actual roll out of the strategy will be in 2019.
DEVELOPING CUSTOMER CONNECTIVITY	The Group is positioning itself as the industry leader in customer experience by focusing on developing a personalised experience for its customers through enhanced digital capabilities.	The Group has developed a Customer Relationship Management (CRM) System, a Mobile APP and has a Multi-Channel Contact Centre all aimed at ensuring better connectivity with the customer.
WINNING WITH THE PARTNER AND CHANNEL ECOSYSTEM	The Group plans to regain power in the value chain through end-customer pull and partner value propositions as well as increasing relevance to end-customers through digital channels.	The Company has placed large emphasis on growing its direct business book and is also in the process of developing its digital channels to better connect with the Customer through CRM and mobile Applications.
BECOMING AN INSIGHT DRIVEN ORGANISATION	The Group strategy is to establish analytics as a winning core capability. This will be done through creation of insights to drive the business as well as improve the customer experience.	The Group has set up the GIC that will house and devolve the analytics culture to the entire business.
HARVESTING GROUP SYNERGIES	The Group strategy is to establish ownership and an operating model to capture untapped value from group synergies.	The Group Synergies Committee was set up to focus on identifying and exploiting opportunities to create value for the Group and all its Stakeholders; during the year a total of Kshs 1.6 billion worth of revenues was generated through group synergy.
GAINING PROFITABILITY FROM OPERATIONAL EFFICIENCY	The Company had planned to streamline its processes to make them seamless and efficient in order to minimise operating costs and better secure our customers.	The Company significantly streamlined the claims and underwriting processes as well as automating claims assessment thereby reducing turn-around times. Automated linkages with service providers such as garages and intermediaries will be concluded in 2019.

"Our focus on data and analytics will give us great insights that will enhance our customer connectivity."

NAOMI MUNYI

03

OUR GOVERNANCE FRAMEWORK

CHAIRMAN'S GOVERNANCE STATEMENT

On behalf of the ICEA LION General Insurance Board, it is my pleasure to share with you this comprehensive 2018 Corporate Governance Report.

We are committed to achieving the highest standards possible, in terms of accountability, integrity, fairness, responsibility and transparency. In pursuit of this objective, we have put in place formal structures to support corporate governance. These structures are regularly reviewed in order to strengthen and improve them.

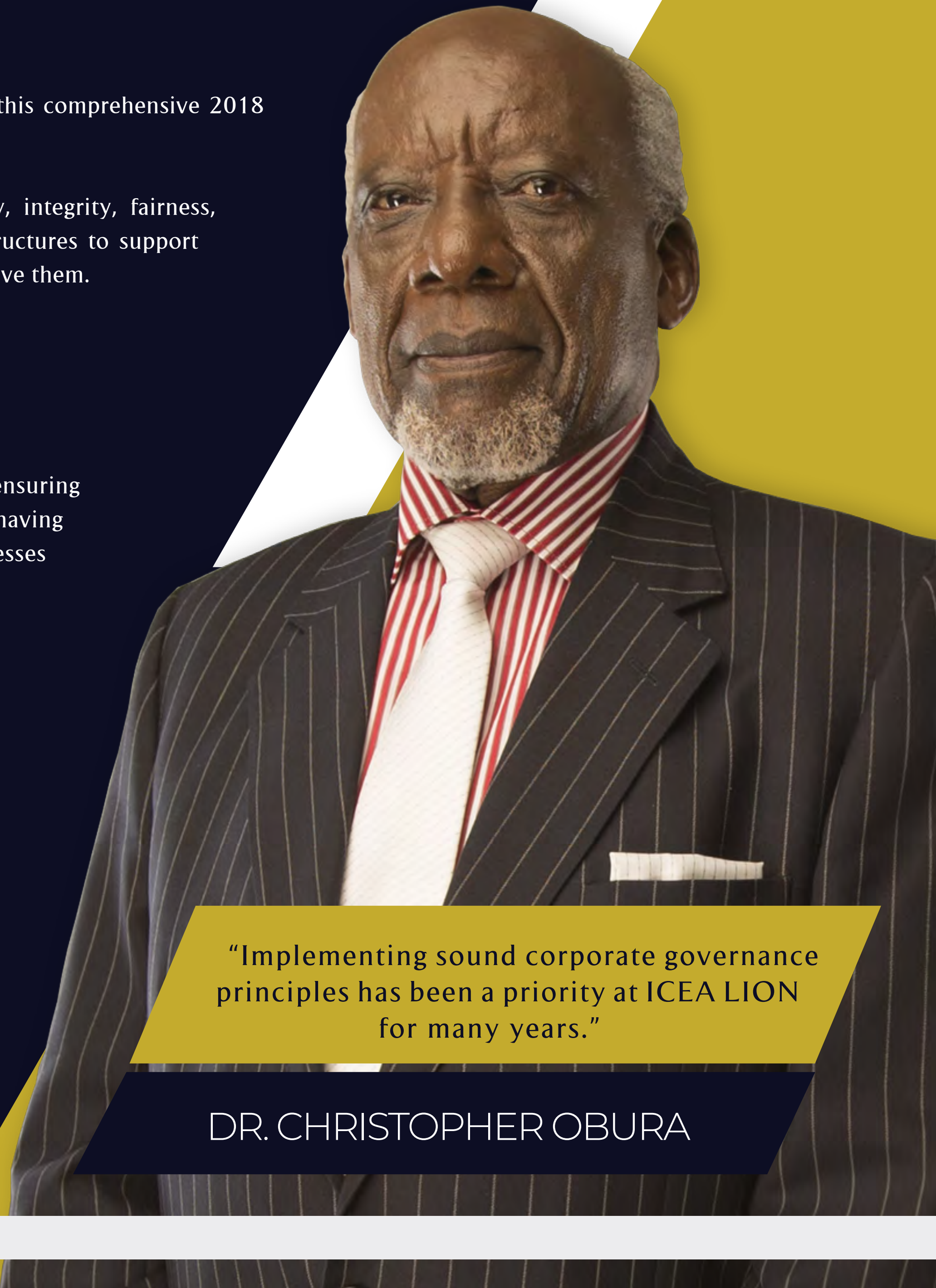
In this report, I highlight key features of the current corporate governance practices.

BOARD OF DIRECTORS

Our Company's Board is responsible for the development of corporate governance practice and ensuring compliance by all the Company's organs. We deliver this through Board Committees and by having in place business principles and practices as well as internal control and risk management processes that seek to ensure preservation and growth of stakeholder value.

BOARD CHARTER & WORK PLAN

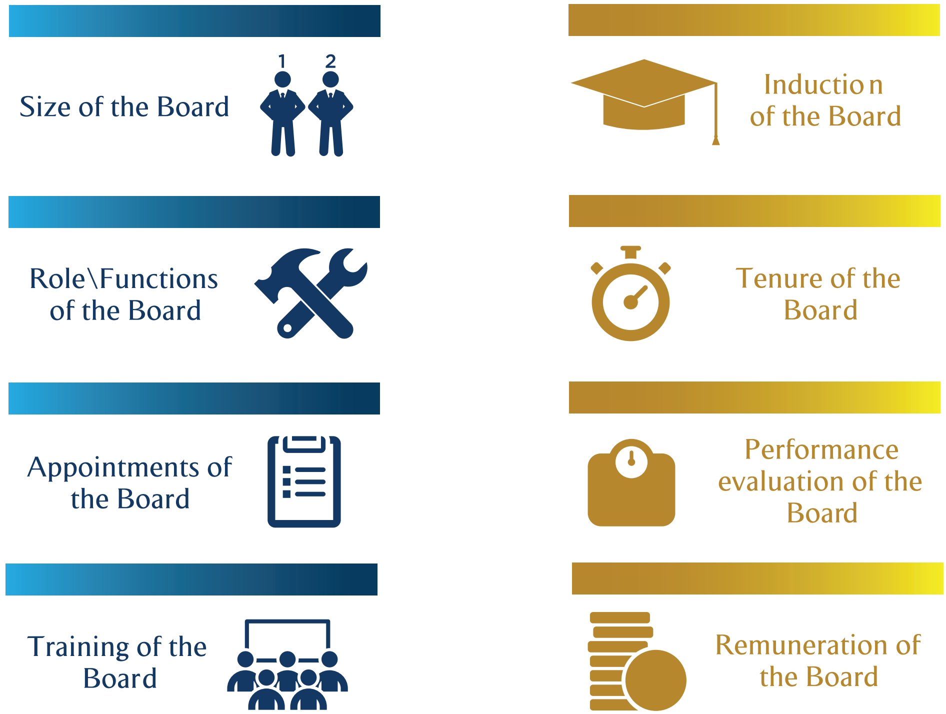
Our Board Charter contains provisions that ensure that we, as the Board, observe best practice in corporate governance. Our work plan has a formal schedule of matters specifically reserved for the Board's attention to ensure we exercise full control over all significant matters. It sets out the schedule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



"Implementing sound corporate governance principles has been a priority at ICEA LION for many years."

DR. CHRISTOPHER OBURA

Board Charter Components



BOARD COMPOSITION & APPOINTMENTS

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

Diversity

Our Board recognises the benefits of a diverse skills base across the Company and is supportive of initiatives that promote diversity at all levels. Despite making some strides in this regard, we as a Company still seek to increase female representation at Board level. This continues to be a target we are eager to achieve in the near future. That said, we have made progress with regards to lowering the age of our Board members by introducing the young board members.

AUGMENTING OUR BOARD & LEADERSHIP TEAMS

In 2018, through a careful and thorough selection process, we appointed to our Board new directors with experience in various fields of financial services, emerging markets and technology. These new members bring a varied range of skills and experience to the Group and add diversity in age, skill and gender.

BOARD MEETINGS AND INFORMATION FOR DIRECTORS

In 2018, our Board met four times on pre-set dates, to review and monitor the implementation of strategic initiatives and business plans, review quarterly financial results, approve financial reports and maintain effective control over strategic, financial, operational and compliance issues. In carrying out the above responsibilities, our Board delegates its authority to the Chief Executive Officer to oversee the day to day operations of the Company.

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

All reports from the Insurance Regulatory Authority, the Kenya Revenue Authority, auditors, actuaries and rating agencies are reviewed at Board meetings and appropriate action taken.

Board Evaluation

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

Governance Audit

As part of our continuous improvement and benchmarking of our governance processes, ICEA LION has undergone governance audits carried out by the Institute of Certified Secretaries (ICS-Kenya) in 2015 through to 2018. In 2018, ICEA LION General Insurance emerged the Winner for the Insurance Sector at the ICS-Kenya Champions of Governance Awards and second runner-up for the Overall Champions of Governance award.

ROLE OF THE CHAIRMAN & THE CHIEF EXECUTIVE OFFICER

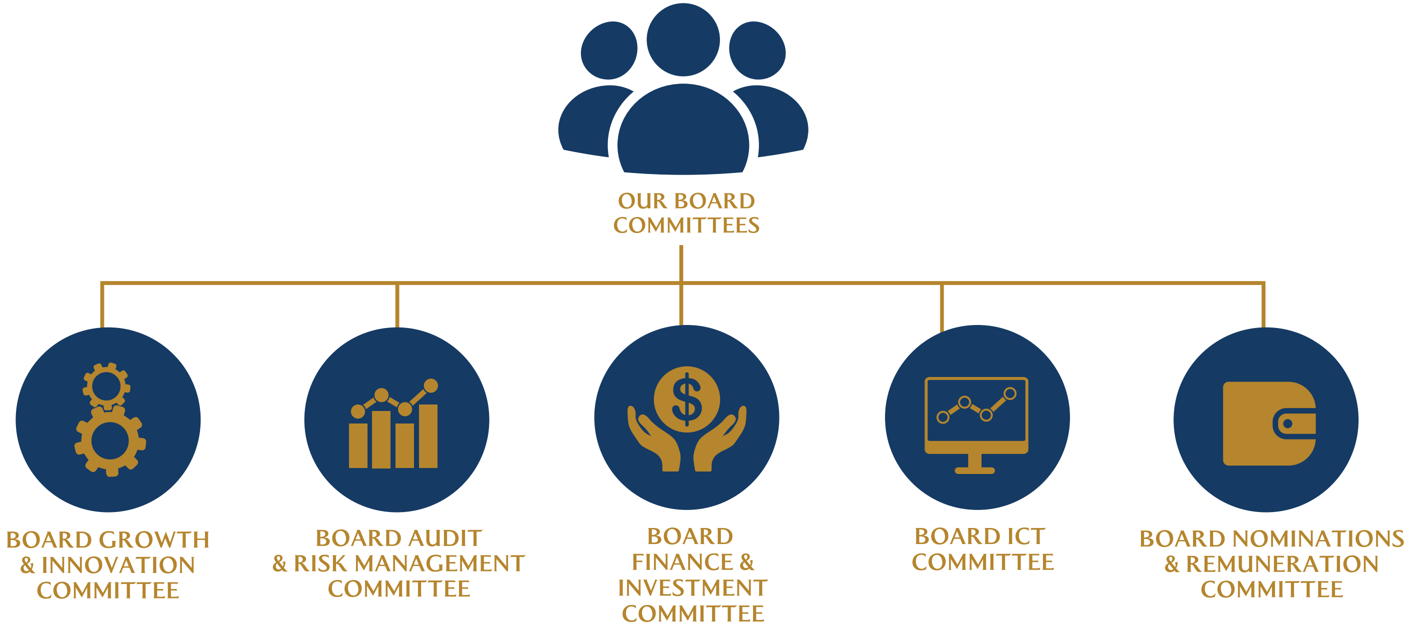
The Board is committed to a clear division of responsibilities between the Chairman and the CEO. The Chairman is responsible for managing the Board and providing strategic leadership to the Company.

The CEO directs the implementation of Board decisions and instructions. Our CEO steers our organisation to realise its strategic objectives in conjunction with the senior leadership team.

OUR BOARD COMMITTEES

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

BOARD OF DIRECTORS



(A) Board Audit & Risk Management Committee

This committee is chaired by a non-executive director. There are four non-executive directors, two of whom are independent, who sit on this committee. The CEO, General Manager (Strategy & Innovation), General Manager (Business Development & Distribution), Chief Financial Officer, Manager (Internal Audit) and the Manager (Risk and Compliance), attend by invitation.

The committee met four times in 2018 and is responsible for ensuring that the systems and controls, procedures and policies of the Company as well as risk management activities are properly established, monitored and reported on. The committee meets to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect ICEA LION's internal control environment. Matters relating to ethics and policy holders protection are dealt with by this committee.

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

(B) Board Finance & Investments Committee

Three non-executive directors, one of whom is independent, and two other directors sit on this committee. The CEO, the General Manager (Strategy & Innovation) and the CEO of ICEA LION Asset Management Limited attend by invitation.

The committee met four times in the year to review the financial and investment strategies, approve or recommend to the Board for approval investment projects in accordance with the Company's investment policy, and review the performance of the investment portfolio and monitor special projects.

(C) Board ICT Committee

This committee is chaired by a non-executive director. Three other non-executive directors, two of whom are independent, and two other directors also sit in. The First Chartered Securities Group Information Systems Manager, the CEO, the Assistant General Manager (ICT), the General Manager (Strategy & Innovation) and Manager (Risk and Compliance), attend by invitation. This committee met four times in 2018 to review the ICT Strategy including the ICT Security and Business Continuity Plans (BCP), recommend ICT projects for Board approval, review recommendations on the annual budgets and monitor project implementation.

(D) Board Nominations & Remuneration Committee

Three non-executive directors, one of whom is independent, and two other directors sit on this committee. The committee meets at least twice a year or more frequently as required. This committee is responsible for making recommendations to the Board on executive remuneration and incentive policies, recruitment, retention and termination policies for senior management, remuneration framework for Directors, amongst others. The committee is also responsible for development of a process to evaluate our Board's performance, its committees and Directors as well as succession planning.

(E) Board Growth & Innovation Committee

This is the newest Board committee established in 2018. This committee is the Board's oversight and liaison committee on formulation and implementation of our innovation agenda and related matters. Its roles include vetting the Company's innovation strategy and investments in innovation development prior to submission to the Board for approval. It also monitors compliance with the approved innovation strategy, including innovation portfolio mix and the progress made in its implementation.

The composition of our Main Board and Board Committees as well as the attendance of meetings is illustrated overleaf.

BOARD & BOARD COMMITTEE MEETING ATTENDANCE

Board of Directors					
Date		23.03.2018	21.06.2018	20.09.2018	22.11.2018
Dr C W Obura	Chairman	√	√	√	√
J P M Ndegwa	Member	√	√	√	√
A S M Ndegwa	Member	√	√	√	X
R M Ndegwa	Alt. Director	√	√	√	√
J K Muiruri	Member	√	√	√	√
J K Kimeu	Member	√	√	√	√
D G M Hutchison	Member	√	√	√	√
P K Mugambi	Alt Director	√	√	√	√
Dr C Mwangi*	Member	X	√	√	√
Mr M Manga*	Member	X	√	√	√
Ms M Abdullahi*	Member	X	√	√	√
Mr K Thuo*	Member	X	√	√	√
S O Oluoch	Chief Executive Officer	√	√	√	√

Board Audit, Risk & Compliance Committee					
Date		08.03.2018	18.06.2018	17.09.2018	19.11.2018
J K Muiruri	Chairman	√	√	√	√
A S M Ndegwa	Member	√	√	√	√
J K Kimeu	Member	√	√	√	√
D G M Hutchison	Member	√	√	√	X
P K Mugambi	Member	√	√	√	√
R M Ndegwa	Member	√	√	√	√
Dr C Mwangi*	Member	N/A	N/A	N/A	√
S O Oluoch	Chief Executive Officer	√	√	√	√

Board ICT Committee					
Date		19.02.2018	19.06.2018	18.09.2018	13.12.2018
D G M Hutchison	Chairman	√	√	√	√
A S M Ndegwa	Member	√	√	√	√
J K Muiruri	Member	√	√	√	√
J K Kimeu	Member	√	√	√	√
P K Mugambi	Member	√	√	√	√
Mariam Abdullahi*	Member	N/A	N/A	N/A	√
S O Oluoch	Chief Executive Officer	√	√	√	√

Board Finance & Investment Committee					
Date		19.02.2018	19.06.2018	18.09.2018	20.11.2018
A S M Ndegwa	Chairman	√	√	√	√
J K Kimeu	Member	√	√	√	√
J K Muiruri	Member	√	√	√	√
P K Mugambi	Member	√	√	√	√
Mr M. Manga*	Member	N/A	N/A	N/A	X
S O Oluoch	Chief Executive Officer	√	√	√	√

Board Nomination & Remuneration Committee			
		15.03.2018	11.12.2018
J P M Ndegwa	Chairman	√	√
A S M Ndegwa	Member	√	√
J K Muiruri	Member	√	√
J K Kimeu	Member	√	√
Dr C. Mwangi**	Member	N/A	N/A
S O Oluoch	Chief Executive Officer	√	√

PRESENT √

ABSENT WITH APOLOGIES X

* The directors were formally appointed to the Board on 21st June 2018 and the respective Board Committee's on 20th September 2018.

**Dr C.Mwangi was formally appointed to the Nomination & Remuneration Committee on 22nd March 2019.

Attendance at Full and Board Committee meetings was commendable

PRINCIPAL OFFICER & SENIOR MANAGEMENT

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

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

INTERNAL CONTROL & RISK MANAGEMENT SYSTEMS

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

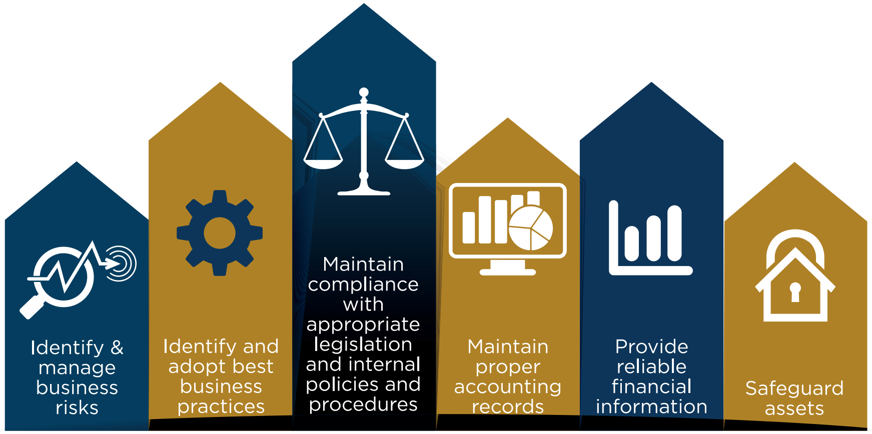
These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programmes for staff. The latter are intended to enable staff to attain a clear appreciation of the nature of business risk; the likely consequences of not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

Our Company has established a fully-fledged risk management and compliance function headed by a senior officer. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team.

Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. We also have in place an independent internal audit function headed by a senior officer. This function reviews the adequacy and effectiveness of ICEA LION's adherence to its internal controls as well as reporting on strategies, policies and procedures.

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

These systems are designed to:



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

COMPLIANCE & ANTI-MONEY LAUNDERING PROGRAM

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

These guidelines include the:

- Corporate Governance Code for Private Sector Organisations;
- Anti-Money Laundering Guidelines by the Insurance Regulatory Authority (IRA);
- UK Corporate Governance Code;
- Organisation for Economic Co-operation and Development (OECD) Principles on Corporate Governance;
- King IV Report; and
- Financial Action Task Force (FATF) among others.

By recognising and supporting these local and international principles, we manage the risk of violating legal and regulatory provisions and requirements (compliance risks). This also means that our customers benefit from the fact that sustainability and social responsibility are integrated into corporate behaviour.

The Company has been careful to ensure that we adhere to and continuously improve our standard of corporate governance. In light of this, we will continuously work toward full compliance to the King IV Governance code.

The standards for conduct established by the ICEA LION's Code of Business Conduct and Ethics serve to implement these guidelines and principles which are obligatory for all employees.

The Code of Conduct and other internal guidelines adopted on its basis provide all employees with clear guidance on conduct that is in accordance with the values of the Company.

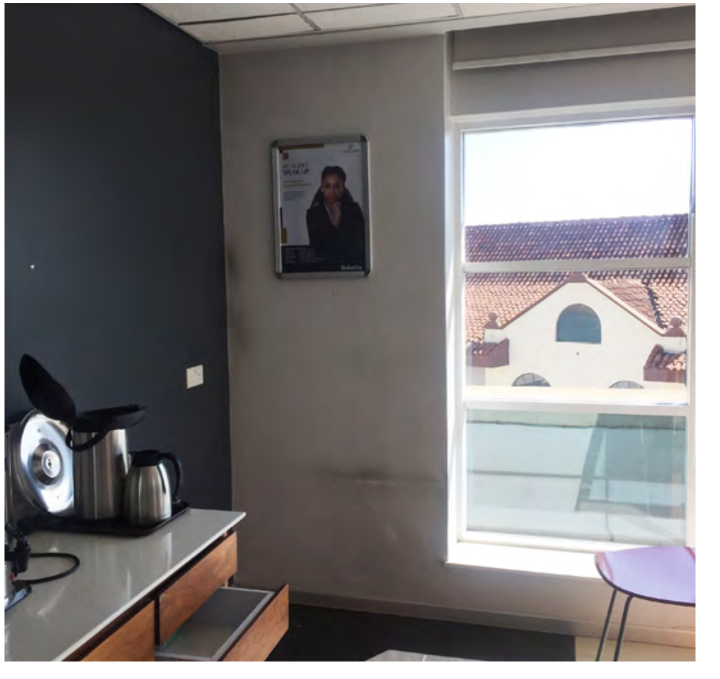
They provide employees with practical guidelines for making their own decisions and avoiding potential conflicts of interest. These guidelines also help employees recognise when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners.

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

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

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

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



ACTUARIAL FUNCTION

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

CONFLICT OF INTEREST

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

DIRECTORS' EMOLUMENTS

The aggregate amount of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 47(c) to the financial statements for the year ended 31 December 2018. (see page 202).

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or Management except those disclosed in Note (47a) and (47c) to the financial statements for the year ended 31 December 2018 (see page 202)

COMPLIANCE WITH THE LAW

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

CONDUCT OF BUSINESS & PERFORMANCE REPORTING

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

DISCLOSURE OF INFORMATION & RELATIONSHIP WITH THE INSURANCE REGULATORY AUTHORITY

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

ACCOUNTABILITY, AUDIT & SHAREHOLDER RELATIONS

Our Board recognises its responsibility to present a balanced and understandable assessment of ICEA LION's financial position and prospects. Our financial statements are prepared in accordance with IFRS and the requirements of the Kenyan Companies Act 2015 and are audited in accordance with their International Auditing Standards. Our Directors recognise and have confirmed their responsibility over the financial statements and have provided other information in this integrated report that we consider useful to shareholders and other stakeholders.

STAKEHOLDER GROUPS

We take cognizance of the fact that we can only thrive if we balance the interests of our key stakeholders. The target operating model puts market management as well as customer value at centre stage with customer centricity and innovation programmes having been defined. In order to assure its progress, we measure our customers' satisfaction and brand value. Most critically, in the new planning period 2018 to 2022, we will continuously pursue shared value for all stakeholders.

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

Significantly, training is geared towards knowledge that will aid us to deliver on strategy especially in the coming age where skills-sets like data and analytics will be more critical. Employee engagement surveys are conducted annually and measure staff satisfaction as well as career development ambitions.

Our Corporate Social Investment Agenda came into sharper focus in 2016 with the adoption of lion conservation as the key investment and support area. Support at industry level is also provided in this regard. For more information about our lion conservation efforts, please refer to pages 100 to 107 on our Social and Relationship Capital.

RESPONSIBILITY FOR STAFF WELFARE & TRAINING

As part of our policy, we recognise the need for diversity, equal opportunities, gender sensitivity and provision of a safe and conducive work environment for our entire team. ICEA LION assists staff to undertake continuous professional development training programmes to fulfil their potential and career goals.

This process is appropriately managed to align staff development with the Company's strategic business goals and objectives, and is reinforced with appropriate remuneration and incentive systems.

INFORMATION COMMUNICATION & TECHNOLOGY

Information Communication & Technology (ICT) is a key strategic pillar and plays a crucial role in ensuring we remain a competitive financial services player. Effective ICT governance processes have been put in place with the oversight role being carried out by the Board ICT Committee. The ICT department remains committed to embedding an agile way of working throughout the whole Company as ICEA LION aims to respond swiftly and efficiently to changing customer dynamics and demands.

PROCUREMENT

We have in place a procurement process that is governed by documented policy and procedure manuals. A fully fledged procurement function as well as a procurement committee consisting of the relevant senior management teams is in place. Their key activities include prequalification and vetting of suppliers, tendering and procuring goods and services, among others.

All vendors are expected to comply with the Company's Anti-Bribery Policy, a copy of which is attached to all requests for proposals and contracts. All vendors are expected to sign-off as having read and understood the Ant-Bribery Policy attached to their contracts as a means of articulating and communicating our stance towards bribery and corruption.

OUR SUSTAINABILITY PRACTICES

Long-term sustainability is a key pillar anchored to our internally adopted best-practice corporate governance practices. ICEA LION has been a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI) for the past three years. These principles provide a global roadmap to develop and expand innovative risk management and insurance solutions that promote social and environmental protection, inclusive insurance, renewable energy, food security, clean water, sustainable cities and disaster-resilient communities. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance and contribute to environmental, social and economic sustainability while creating shared value. Shared value policies and operating practices are meant to enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities it operates.

The aim of the Principles is to lay a foundation upon which as a player, we can build a stronger relationship that puts sustainability at the heart of risk management in the pursuit of a more forward-looking and better managed world. Commitment to the Principles articulates to our stakeholders our stance towards responsible action as we consciously develop innovative risk solutions that solve current challenges. It positions ICEA LION as a market leader as we seek dominance towards shaping policies that positively influence the insurance market. We are active in this space and are the only African member to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) at UNEP FI.

By signing onto these principles we commit to embedding in our decision-making: environmental, social and governance (ESG) issues relevant to our business. Further, we will continuously work with our clients, business partners and regulators to raise awareness on ESG issues as we develop appropriate solutions. In light of this, we have improved our disclosure processes by embracing integrated reporting for the second year running.

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

BOARD FINANCE & INVESTMENT COMMITTEE STATEMENT

It is my pleasure to report to you on the activities of our Board Finance and Investment Committee for the year ended 31 December 2018.

The Committee is charged with the responsibility of:

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

"We are committed to safeguarding the Company's investment assets and delivering competitive returns for our stakeholders on a consistent, sustainable and ethical basis."

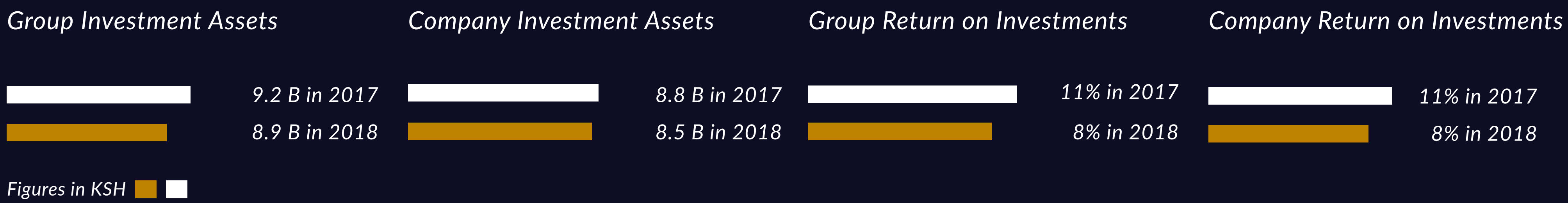
ANDREW NDEGWA

FINANCE & INVESTMENT COMMITTEE ACTIVITIES IN 2018

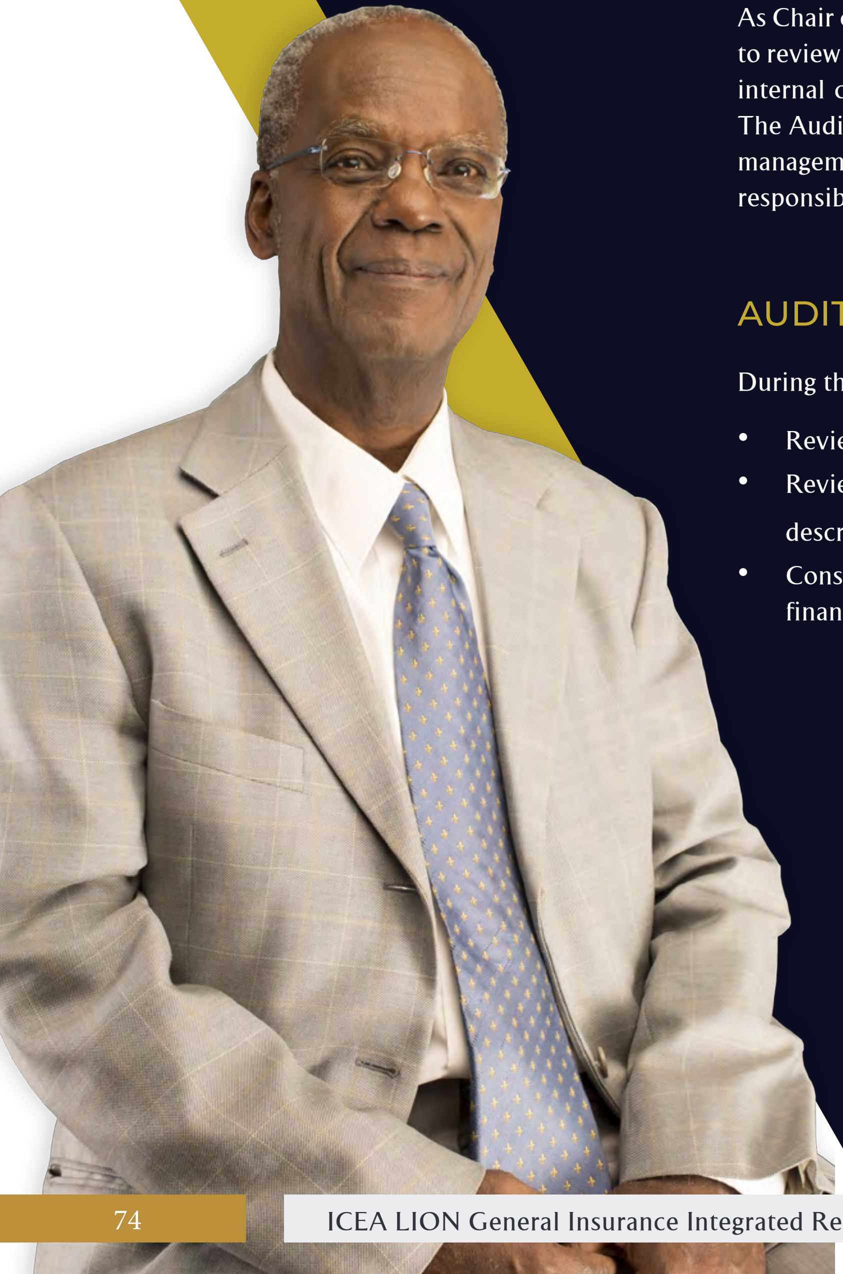
During the year the Committee:

- Considered the economic outlook and its implications for the Company's investment strategies
- Reviewed the proposed strategies on management of the investment portfolio
- Considered the Counterparty risk model and proposals to add new Counterparties and reviewed detailed analysis on various Counterparties before investing funds with them
- Reviewed the Asset and Liability Matching reports for the Company on a quarterly basis and considered the liquidity gaps as well as assets duration for the various investments
- Considered compliance of the investment portfolio and strategies to the regulatory framework as stipulated by the Insurance Regulatory Authority
- Reviewed the performance of the investment portfolio against various measures which include liquidity, interest rates, relative performance, market and tactical allocations
- Vetted the annual investment budgets
- Reviewed strategies to ensure high occupancy rates for the Company's investment properties
- Considered the property managers reports to ensure the properties are maintained in good condition
- Approved investments, divestiture, expenditure and related decisions within the limits granted by the Board

During the year the Group and Company's investment portfolio performed as follows:



It is the opinion of the Committee that these results were reflective of the challenging market conditions prevailing during the year, particularly in the performance of the Nairobi Securities Exchange and the real estate sector.



BOARD AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT

As Chair of the Audit and Risk Management Committee, I am pleased to present our report. The committee meets quarterly to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect the Company's internal control environment. Matters relating to ethics and policy holders protection are dealt with by this committee. The Audit and Risk Management Committee is also responsible for monitoring and providing effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting. Additionally, the committee is responsible for ensuring entrenchment of good corporate governance practices.

AUDIT & RISK COMMITTEE ACTIVITIES IN 2018

During the year, the Committee:

- Reviewed the Company's inaugural Integrated Report
- Reviewed the effectiveness of the internal controls and the work of Risk and Internal Audit functions (key risks are described in more detail from page 83 to 87)
- Considered systems design, implementation and related project management in respect of changes to the Group's financial reporting systems and processes

"We have focused on continuously improving our risk management and internal controls processes over the years."

JOSEPH MUIRURI

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

- The accounting judgments made by management that could have a significant effect on the Group's financial results
- Oversight of ICT changes affecting financial systems and controls
- The clarity of disclosure of financial information
- The adoption and implementation of IFRS 9 financial instruments
- Whether the financial statements, taken as a whole, give a true and fair view of the Company's financial performance

  The Statement of Directors' Responsibilities on this can be found on page 124 of this report.

Company Capital Adequacy

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

Filing of Statutory Returns

The committee reviewed the filing of various statutory returns in Kenya and Tanzania and was satisfied with the compliance.

Information Technology

As part of its oversight responsibility, this Committee reviews controls over ICT. Working with the internal auditors, external auditors and external technical reviewers, the Committee was able to review the status of the Company's information security processes. During the year, an information systems auditor was brought on board to provide technical assurance on information technology controls and processes. No major information security breaches were noted in 2018. Cyber security continues to be top on the agenda with focus placed on the development of a group-wide cyber security strategy to be implemented by all subsidiaries.

Internal control & Risk Management

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

The Company's principal risks are set out from pages 83 to 87 of this report.

In order to do this, the Committee:

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

The main features of the Company's internal control and risk management systems relating to the accuracy and reliability of financial reporting, including the process for preparing the integrated report are:

No significant failings or weaknesses of internal control were identified during these reviews. Limited weaknesses and areas where controls could be further automated were identified, clear action plans were put into place to address these weaknesses and were captured as part of audit findings and functional risk registers with defined management responsibility.

EFFECTIVENESS & INDEPENDENCE OF THE EXTERNAL AUDITOR

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

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

01 The terms, areas of responsibility, duties and scope of work of the external auditor as set out in the engagement letter.

02 The audit work plan for the Group.

03 The detailed findings of the audit, including a discussion of any major issues that arose during the audit.

04 The letter from the external auditor confirming its independence and objectivity.

05 The auditor's fee.

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

INTERNAL AUDIT

The Internal Audit department reviews the adequacy and effectiveness of the Company's adherence to its internal controls as well as reporting on strategies, policies and procedures. The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material financial misstatements or loss.

The Committee reviewed the proposed internal audit methodology and work plan. During the year, the internal audit department carried out internal audit engagements reviewing various functions within the Company. The Committee is satisfied with the performance of the internal audit function and will continue to provide support in ensuring it is able to achieve its mandate effectively.

FUTURE OUTLOOK

The Committee understands the importance of a robust risk management process and controlled environment and looks to progressively strengthen it over time. In light of this, cyber risk management continues to be a key focus area with more robust processes for review and reporting being put in place over the coming year.

BOARD ICT COMMITTEE REPORT

As the Chair of the Board Information and Communications Technology Committee, I am pleased to report on the activities of the committee for the year 2018. Our Committee's role is to provide guidance on ICT policy while ensuring that strategic and tactical planning is in place. We are responsible for encouraging the adoption of appropriate and effective ICT best practices and ensuring that the feasibility and viability of ICT projects is evaluated, prioritised and adequately funded.

Our Committee principally advises the board of directors on ICT strategy direction, initiatives, cybersecurity and IT risk management. It has the responsibility of ensuring that ICEA LION has a well-documented long-term information and communication technology strategy that is aligned to the organisation's objectives and business plans.

The committee is also responsible for:

- Oversight of ICT governance, standards, budgets and expenses
- Approval of the ICT strategy and initiatives
- Approval and review of control frameworks adopted for the management of ICT
- Review of scope and effectiveness of ICT operations in supporting business strategy realisation and risk management

OUR 2018 FOCUS

Technology utilisation for business operations has dramatically increased over the years, and driving excellent customer experience through digital touch points and partner connectivity have been the main strategic initiatives of the Committee. With the increased use of technology, challenges relating to information security have also risen. Cybersecurity therefore continues to be a key focus area for the Committee. During the year, the Committee approved the company's 2018-2022 cybersecurity strategy firmly setting the company on the roadmap towards cyber resilience as envisioned during the 2017 Board training and workshop on cybersecurity.

The following key items were also considered by the Committee:

- ICT strategy and initiatives aligned to the long-term business strategy
- Core systems initiatives on enhancing operational efficiency and achieving strategic agility
- Cybersecurity framework assessments
- Budgetary considerations and approvals
- ICT risk management, business continuity and disaster recovery initiatives
- Emerging regulations governing ICT

The Committee continues to focus on interactive and sustainable technology solutions for stakeholders and is committed to supporting our mandate to achieve sustainable business growth while building resilience across the enterprise.

"We will continue to provide interactive and sustainable technology solutions to our stakeholders "

DAVID HUTCHISON

BOARD REMUNERATION & NOMINATION COMMITTEE REPORT

As the Chair of the Board Remuneration and Nomination Committee, I am pleased to report on the activities of the Committee for the year 2018.

This Committee considers and makes recommendations regarding the appointment of potential directors and is responsible for the evaluation of the performance of the Board, its committees, and directors as well as succession planning. The Committee reviews and makes appropriate recommendations to the Board in relation to the necessary and desirable competencies of directors. The Committee is also responsible for making recommendations to the Board on executive remuneration and incentive policies, recruitment, retention and termination policies for senior management, the remuneration framework for directors, among other matters.

The Committee meets at least twice a year or more frequently as required and is responsible to the Board.

In 2018, the committee executed the following key actions:

01	Considered and approved the 2017 staff performance appraisals and the 2017 Profit Share proposals.
02	Considered and approved the 2018 salary increments.
03	Considered and recommended proposed Board appointments.
04	Initiated job evaluations, the salary survey project and reviewed subsequent status reports.
05	Considered and discussed the job evaluations, and the finalised salary survey project report.
06	Considered and approved proposals on review of study leave and compassionate leave.

REMUNERATION PHILOSOPHY

The company is committed to a remuneration philosophy that prevails throughout the ICEA LION Group, and one which focuses on rewarding consistent and sustainable individual and corporate performance.

The company's approach towards remuneration aims to ensure that an appropriate balance is achieved between the interests of shareholders, operational and strategic requirements of the company, and providing attractive and appropriate remuneration packages.

The remuneration practices of the company have been structured to be competitive in the rapidly evolving industry in which it operates and to ensure that the company can attract, motivate, reward and retain highly talented people.

REMUNERATION GOVERNANCE

The remuneration governance structure within ICEA LION is as follows:

THE BOARD:

The Board is responsible for setting out the general policy on remuneration and incentive strategies and proposals for directors, executives and staff.

NOMINATION & REMUNERATION COMMITTEE:

The Board, has delegated the responsibility of remuneration policy formulation and approval of remuneration proposals to the Nomination and Remuneration Committee as detailed in the committee's Terms of Reference (TORs).

MANAGEMENT:

Management is responsible for developing and presenting proposals on remuneration and incentive strategies, proposals on annual remuneration reviews and profit-share schemes to the Nominations and Remunerations Committee.

HR FUNCTION:

The HR Department is the custodian of all policies and guidelines approved by the Board in respect of remuneration. The department also administers and monitors the implementation of policies, procedures and practices approved by the Board.

"We provide support and oversight towards the maintenance of governance and remuneration arrangements that underpin the strategic objectives of the business."

JAMES NDEGWA

04

OUR RISK LANDSCAPE

RISKS & OPPORTUNITIES

(INTERNAL)

BUILDING RESILIENCE THROUGH RISK INTELLIGENCE

The Risk Management field has undergone dramatic transformation over the past couple of years. This field is now much broader, more sophisticated, and more diverse than ever before, encompassing new responsibilities. The current operating environment adds operational, systemic, technology, vendor, physical risk, as well as business continuity management to the more traditional financial risk categories.

Over the past five years, we have shifted our risk management strategy from serving as protection to creating value and now to Building Enterprise Resilience through Risk Intelligence. The internally adopted risk management framework has been based on the ISO 31000 Model. Additionally, we have benchmarked our risk management processes to the AON Risk Maturity Index developed by AON Risk and Wharton School at the University of Pennsylvania. This maturity assessment is designed to empower risk and finance leaders to assess the maturity of their organisation's risk management structure and provide insight to support its continued development and implementation by reviewing its activities against forty components of "risk maturity."

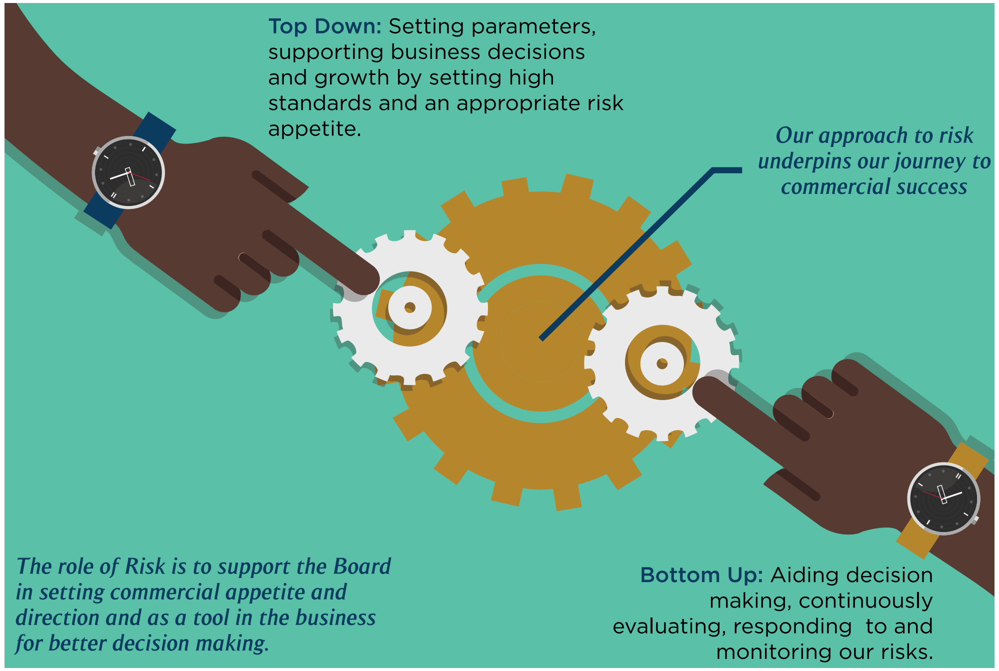
TURNING RISK INTO SUSTAINABLE VALUE

We have put in place a strong integrated risk management process into our daily business activities, as well as strong corporate governance structures that promote effective identification, monitoring and management of risk. We have established a fully-fledged risk management and compliance function headed by a senior officer. Independence of this function is maintained by a direct reporting line to the Board Audit and Risk Committee. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team.

Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. Specific key risks are also measured individually against pre-defined risk tolerance levels. These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programmes for staff. The latter is intended to enable staff attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.

Integration of risk management has been a journey that has led to continuous improvement, the latest of which is the move towards quantification of risk through the Risk Based Capital regime by the Insurance Regulatory Authority.

OUR ROBUST APPROACH TO RISK MANAGEMENT



EMBRACING TECHNOLOGY TO SUPPORT RISK MANAGEMENT

The Company took the bold step of developing a bespoke Governance, Risk and Compliance (GRC) system that is "fit for purpose." This project was as a result of a vision to come up with a world-class GRC solution that was customised to our needs. It is envisaged that this system can be a model to be deployed to other risk management functions for companies associated with us and later to other institutions within the region. The system brings with it enhanced efficiency in the risk management, controls and compliance monitoring process.

OUR RISK GOVERNANCE MODEL

We have put in place a strong integrated risk management process in our daily business activities, as well as strong corporate governance structures that promote effective identification, monitoring and management of risk. We have established a fully-fledged risk management and compliance function headed by a senior officer.

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

Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. Specific key risks are also measured individually against pre-defined risk tolerance levels. These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programs for staff. The latter is intended to enable staff attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk. The risk management process is augmented by an effective and efficient risk management tool.

Responsibilities for the management of risk and control are aligned to a three-line of defense activity-based model as follows:

1st Line of Defense	*2nd Line of Defense*	*3rd Line of Defense*
The Board	*Risk Management Committees (RMC)*	*Internal Audit*
Business Units	*Risk Management Function*	
Technical support functions	*Actuarial Function*	
Finance	*Compilance Function*	
Underwriting		
Re-insurance		
General support functions		
ICT		
HR		

Our Risk Management and related efforts have been acknowledged by various industry and governance awards where ICEA LION General Insurance was awarded as outlined in the appendices section and pages 14 and 208.

RISK HIGHLIGHTS

The following section highlights some of the risks the Group faces as a result of its decisions, operational processes or the external environment. It also highlights some of the actions that have been adopted to mitigate against those risks.

Insurance Risk

DESCRIPTION
The risk that the cost of contractual claims may be higher than that assumed in the premium basis.

MITIGATION CONTROLS
Adequate reinsurance is in place for all classes of business. There is also compliance with the underwriting and claims processes and procedures, which includes risk surveys, use of loss assessors, among others.

Operational Risk

DESCRIPTION
The risk that there is loss as a result of inadequate or failed internal processes, people, technology and external events. It may also include fraud risks.

MITIGATION CONTROLS
Human capital management, cyber/ICT and fraud risk management processes are in place. Oversight of operational controls take place across the three lines of defense.

Credit Risk

DESCRIPTION
Risk of loss associated with the default of a counterparty. This includes failures by the counterparty to carry out its obligations in a timely manner.

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

Liquidity Risk

DESCRIPTION
The risk that the Company may be unable to meet its liabilities as and when they fall due.

MITIGATION CONTROLS
The current structure of the Company's investments takes care of liquidity requirements.

Market Risk

DESCRIPTION
The risk of loss due to factors associated with the financial markets (interest rates, inflation rates, credit spreads, etc.)

MITIGATION CONTROLS
A board-approved Investment Policy Statement and Asset Liability Policy ensures that assets are matched to liabilities and the investment mix is set accordingly. The Company has engaged the services of a professional Asset Manager to leverage on market intelligence.

Strategic Risk

DESCRIPTION
The risk that strategic outcomes may differ adversely to expectations.

MITIGATION CONTROLS
There are adequate controls and oversight processes with regards to strategic initiatives.

Investment Risk

DESCRIPTION

This is the probability or likelihood of occurrence of losses relative to the expected return on the business investments.

MITIGATION CONTROLS

The business has a counterparty risk model that assists in making decisions on the counterparties to invest in. There are adequate controls in place to manage and take corrective actions on our investments. In addition the business ensures compliance with its investment policies.

Reputation Risk

DESCRIPTION

The risk of damage to the Group's image which may impair our ability to retain general business due to loss of trust and confidence or a breakdown in business relationships.

MITIGATION CONTROLS

We have no appetite for reputation risk. Safeguarding our reputation is of paramount importance to us and is the responsibility of every employee. We have set up a Crisis Management Team that handles reputational risks that may arise out of adverse media coverage, social media incidences, among others.

Business Continuity Risk

DESCRIPTION

The risk of disruption of business activities due to internal and external risk events such as failure of technology, natural disasters such as floods, civil unrest, etc.

MITIGATION CONTROLS

Formalised business continuity, disaster recovery and crisis management plans are in place.

Compliance Risk

DESCRIPTION

Arises from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards as well as from the possibility of incorrect interpretation of effective laws or regulations.

MITIGATION CONTROLS

We minimise compliance risks by ensuring all activities are conducted in accordance to all regulations, code of conduct and good practices as well as in conformance to internal policies and standards of operations. Independent assurance and oversight is provided by the compliance and internal audit teams.

FOCUS AREAS

During the year under review, we paid attention to the following:

- Identification of risk indicators for business areas within the Group across departments and subsidiaries.
- Inclusion of environmental and social risk parameters in the risk management framework and processes. This is supported by the Environmental and Social Risk Policy that was approved by the Board during the year.
- Improved data governance processes to mitigate against data privacy and related compliance risks. Of note was increased attention paid to cyber related risks.
- Enhanced business continuity processes to mitigate against continuity risks through ISO 22301 certification.
- Further enhancing the risk culture through continuous risk training.

RISKS & OPPPORTUNITIES (EXTERNAL)

OUR MATERIAL ISSUES

We consider a material theme to be any matter that is likely to impact the Company's ability to achieve its strategy, remain commercially viable or environmentally and socially relevant or substantively influence the assessment and decisions of our stakeholders. Determination of material issues are crucial since they provide a broader vision of the risks and opportunities to the business with the aim of identifying strategies to mitigate against negative effects.

The process of determining material matters is based on formal and informal stakeholder feedback as well as obtaining an understanding of the current and future operating environment. In a bid to create long-term value, we must anticipate the risks that could impair our ability to do so while capitalising on new opportunities accorded to us by this changing world.

This section highlights material issues that could impair our ability to create long-term value as well as our progress towards mitigating them as we exploit these new opportunities.

Regulatory Evolution (Risk Identified: Strategic Risk & Operational Risk)	Our Risk Management
The insurance industry in Kenya has over the past few years seen significant changes in rules and regulations at both the local and global level. The most significant of these being IFRS 9 (on financial instruments) and IFRS 17 (on Insurance Contracts)	IFRS 9 was implemented during the year. We monitor developments in international accounting standards and are in the process of carrying out an impact assessment on IFRS 17.

Financial & Economic Landscape (Risks Identified: Strategic Risk, Credit & Insurance Risk)	Our Risk Management
GDP growth was 6.36% in 2018. The shift in government policy with regards to the Big Four Agenda whereby the government aims to increase the share of manufacturing sector from 9% to 15% of the gross domestic product (GDP) by 2022, expand food production and supply, provide universal health coverage for all Kenyan homes and build 500,000 affordable houses provides new opportunities going forward.	We are cognizant of the opportunities at hand. As the economy grows, there will be more resources for investment with more disposable income available to consumers to spend on social and financial protection instruments. We understand the impact of our operations on the economy and the broader society. We work to enhance our relevance by creating positive impacts to our stakeholders as we seek to play a key role in the socio-economic improvements of society.

Technological Evolution
(Risks Identified: Strategic Risk &Operational Risk)

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

These include the Internet of Things (IoT), the growth of mobile technology, adoption of cloud services, among others. Availability of customer data, combined with technological capabilities of processing data quickly provides new opportunities in terms of customer segmentation and pricing.

New technology is crucial in terms of opening up new markets, spurring growth of the insurance industry as well as the ancillary businesses that grow around them. It however creates potential risks such as cyber risks which challenges institutions' traditional risk management models. Technology as a key process driver within the institution may also impair business continuity in the event of malfunction of systems and processes.

Our Risk Management

As uncertainty is mounting for the industry. We need to quickly make strategic choices in order to succeed with Changing Customer Preferences (Risks Identified: Strategic Risk & Insurance Risk) versus competition and regulation while leveraging on technology.

We are leveraging on cutting-edge technologies for the management and analysis of data as we work towards greater direct interaction with our clients. We are designing and improving products that support a digital distribution strategy as we work towards addressing emerging customer needs.

We have dedicated significant attention and resources on developing our digital infrastructure as we strengthen cybersecurity through the deployment of sophisticated software and tools, continuous cyber risk assessments as well as awareness campaigns to our staff on possible threats.

We have implemented a robust Business Continuity Management framework that has been cascaded to our subsidiaries.

Changing Customer Preferences
(Risks Identified: Strategic Risk & Insurance Risk)

In light of global trends of digitisation and economic uncertainty, consumer preferences with regards to insurance products and services are changing.

The digital revolution has lent new urgency to insurers raising the bar on customer expectations. Consumers, particularly younger ones prefer convenience, speed, value and ease of use.

These customers expect greater attention to service quality and have a more independent approach to acquire an insurance product.

This introduces a new challenge where we must learn to delight the emerging digital customers while continuing to please those who use conventional channels.

Our Risk Management

We are well recognised for customer service and have over the recent past developed capabilities which we continue to leverage on.

We have defined our desired customer archetype as:

- The Discerning Influencer as a Corporate Client
  - Individuals who understand the value of quality, expect a commendable claims settlement record, value good corporate governance, look to partner with professionals with technical expertise as well as one who delivers innovative solutions
  - Having the increasing ability to dictate where there business is placed
- The Discerning Influencer as a Retail Client
  - Keen to associate with a brand that accords them status, keeps its promises and offers solutions that meet their diverse and dynamic needs.

We have embarked on a multi-year effort to change the way we relate to our customers as we continuously work towards superior customer connectivity and intimacy for direct customer relationship as well as developing solutions to address these needs.

Demographic & Social Changes (Risks identified: Underwriting & Emerging Risk)	Our Risk Management
Kenya's growing youthful population, a dynamic private sector, highly skilled workforce and its pivotal role in East Africa makes us a country with great potential. We continuously monitor the changes in demographics as we develop and improve on products that are more accessible and flexible to accommodate unique needs. We recognise that the successful underwriter is one who will provide sufficient flexibility to support individuals following substantially different life and career paths. The proportion of Kenya's youth to the population is among the highest globally, presenting the economy with a vibrant manpower if put to productive use. We boast of a relatively young population whose average income capacity is limited. There is the growing middle class with urban dwellers constituting 26% of the population.The millennials are in excess of 10 million with most of them being educated. Kenya leads the region in youth unemployment at 17.3% compared to only 6% for neighbouring Uganda and Tanzania each. Kenya's unemployment crisis has been blamed on sluggish growth of formal sector jobs even as the country continues to produce thousands of university graduates every year. Intermittent, part-time and informal employment or self-employment, with frequent career changes, is becoming the norm. Business models favouring this youthful population is not brick and mortar with most seeking dynamic solutions that can address their specific needs. There is still however the traditional customers who prefer conventional products distributed via conventional means.	With this changing demographic, increasing globalisation and information explosion, we need to be insight driven to keep up. We continuously monitor the changes in demographics as we develop and improve on products that are more accessible and flexible to accommodate unique needs. We recognise that the successful underwriter is one who will provide sufficient flexibility to support individuals following substantially different life and career paths. We aim to delight the millennial customers while continuing to please and serve the conventional insurance customer. We have shifted out marketing emphasis from providing "risk mitigation" to providing solutions.

Environmental Changes (Risks Identified: Underwriting, Emerging & Operational Risk)	Our Risk Management
Extreme weather events for example floods and storms impact the economic and social systems as well as insurance needs. Extreme weather patterns (floods) which have characterised the beginning of the year 2018 has led to major property and crop damage, infrastructure and loss of human life.	We are signatories to the United Nations Environmental Program Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI). Our adoption of these principles provides assurance to our stakeholders for whom sustainable business practices are core to their activities and value chain. An environmental and social risk policy approved by the Board during the year supports this process.

05

OUR VALUE CREATION

OUR APPROACH:
THE 6 CAPITALS MODEL

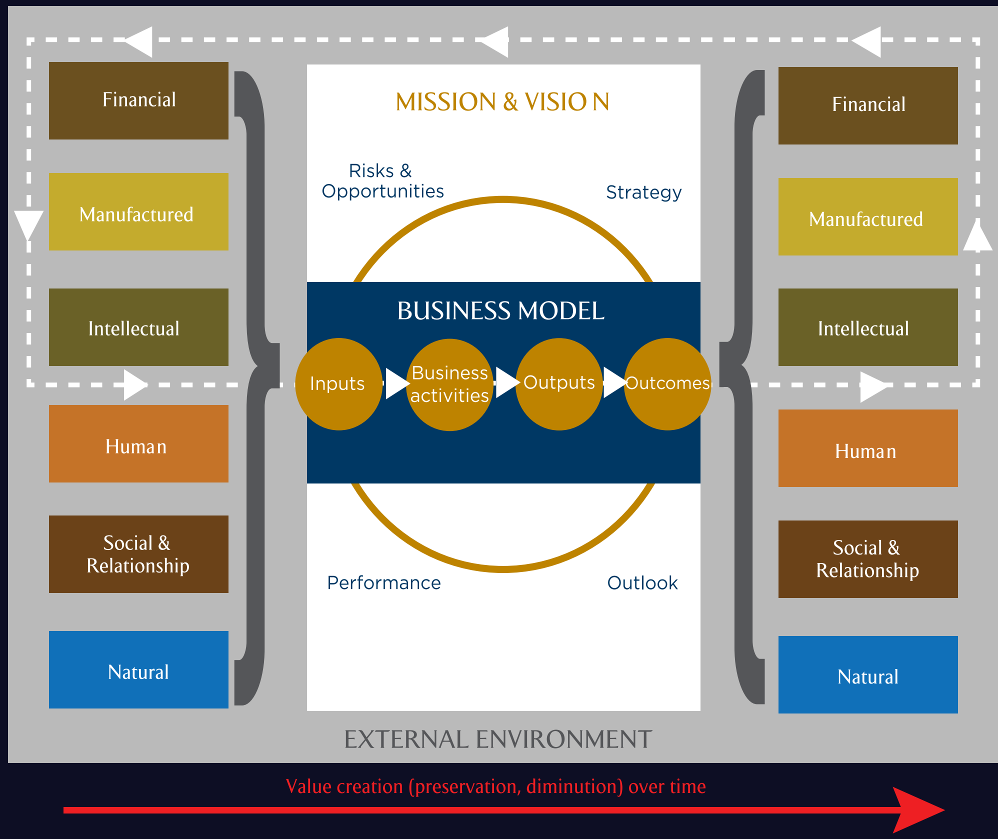
It is our intent to provide insights into how our resources and relationships; collectively referred to as the 6 Capitals; are used by the organisation. We will also share how we interact with our external environment to create value over the short-, medium- and long-term.

MAINTAINING OUR CAPITALS TO CREATE VALUE IN THE FUTURE

Capitals represent stores of value that can be built up, transformed or run down over time in the production of goods or services. Their availability, quality and affordability can affect the long-term viability of an organisation's business model and, therefore, its ability to create value over time. The Capitals must therefore be maintained if they are to continue to help organisations create value in the future.

Based on the International Integrated Reporting Council (IIRC) framework, shown in the diagram to the right, the following capitals are inputs to our business model.

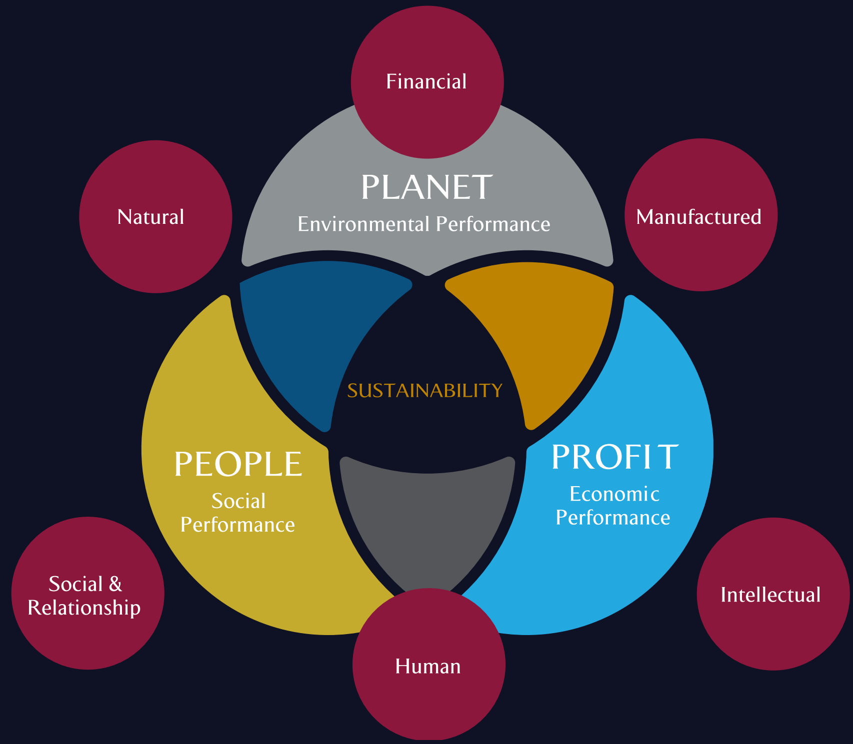
THE 6 CAPITALS MODEL



EMBRACING THE SIX CAPITALS MODEL & THE TRIPLE BOTTOM LINE

The Triple Bottom Line has been particularly influential in corporate reporting practices. For a long time, Triple Bottom Line and sustainability have been the preferred terms to refer to the non-financial reporting practices of large organisations. This was the concept used when we developed our first sustainability report in 2017.

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



ENSURING OUR SUSTAINABILITY BY EMBRACING THE SHARED VALUE APPROACH

Having embraced the shared value approach, we recognise that societal needs, not just conventional economic needs define markets. Shared value refers to policies and operating practices that enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities it operates. We further recognise that social harms or weaknesses frequently create internal costs for institutions such as wasted energy, costly accidents and the need for remedial training to compensate for inadequacies in education.

We accept that addressing societal harms and constraints do not necessarily raise costs for organisations, because through them we can innovate by using new technologies, operating methods, and management approaches; and as a result, increase our productivity and value creation. Our commitment to the shared value approach highlights our desire to spearhead and propagate opportunities for future generations. We are committed to embedding the principles of integrated thinking in our business. For us to be accountable to our stakeholders, we have to be understood. In light of this, integrated reporting allows us to communicate our commitment towards this end, our dreams and aspirations in creating a better future, and where we are on this journey.

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

1. Our Human Capital

Our people are important to us and therefore this is one of the greatest capitals we have. It encompasses people's competencies, capabilities and experience, and their motivations to innovate. It includes alignment with and support for an organisation's governance framework and risk management approach, and ethical values such as recognition of human rights.

The ability to understand, develop and implement an organisation's strategy, loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate are also included here. Other aspects include employee turnover, labour/management relations, occupational health and safety, training and education, diversity and equal opportunity.

2. Our Intellectual Capital

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

3. Our Natural Capital

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

4. Our Financial Capital

This is composed of financial resources or the pool of funds available to us for use in the provision of insurance services.

5. Our Social and Relationship Capital

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

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

6. Our Manufactured Capital

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

OUR PEOPLE ARE IMPORTANT TO US

Our people are vital to our success. Indeed, one of our four core values is "Our People Are Important To Us". Our strategy unquestionably articulates that our People are our most important asset. Our ability to attract and retain skilled, diverse talent will provide us with strong potential to achieve our vision and mission and indeed deliver on our strategic objectives. This will be realised by providing a consistently excellent experience for our stakeholders.

We continue to create and maintain an environment that attracts and retains the best staff and have put in place the conditions and structures to enable all our People to fulfil their career aspirations in a manner that is not only "employer of choice" for them, but also challenges them and supports their development.

The following diagram indicates some of our people engagement programmes.

For detailed information about our performance in the 11 categories above, please visit ICEALION.com and review the Human Capital section of our inaugural Integrated Report for 2017.

SAFEGUARDING HEALTH & SAFETY

Ensuring a safe and healthy workplace is a fundamental part of our corporate responsibility. Our inclusive approach to Occupational Health and Safety (OHS) includes all persons who are employed by the Company. Our vision is zero major incidents and we work actively to prevent injuries and work-related ill health.

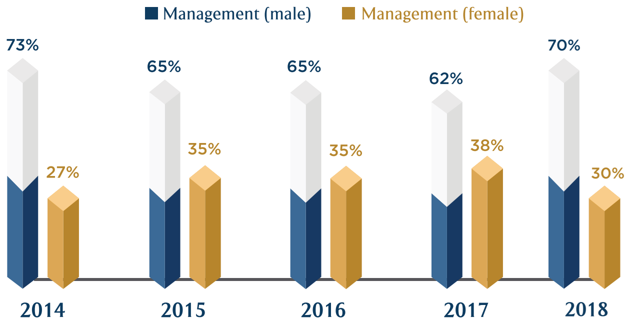
To avoid incidents and prevent work-related hazards, we apply a riskbased approach that is based on transparency and inclusiveness. We have over the past year made progress towards our target; to increase frequency and quality of incident reporting and handling, and to increase knowledge and awareness within incident handling for selected job roles.

Competence and awareness are key to reducing major incidents. We have therefore set out training requirements as part of a comprehensive approach towards achieving a high standard of OHS performance. To fulfil our vision, in 2017 we launched our programme designed to increase OHS training and awareness to OHS committee members and champions and eventually to all staff. This programme includes the launch of an incident reporting tool which has been rolled out as part of the Governance Risk and Compliance system. Through this tool, incidents that occur throughout the organisation can be reported immediately. Follow-up actions can then be taken.

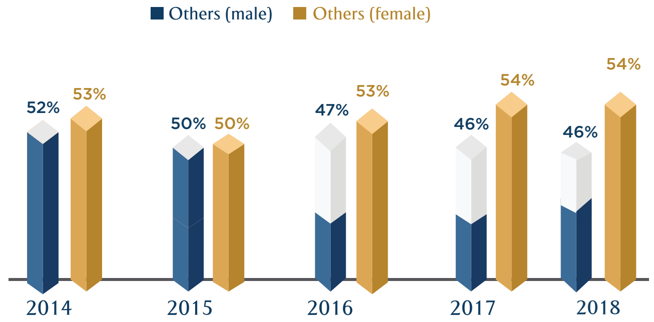
There were no casualties or fatalities reported in the year. As part of our inclusive approach, we also address and report on agents and contractors.

GROUP HUMAN RESOURCE DATA

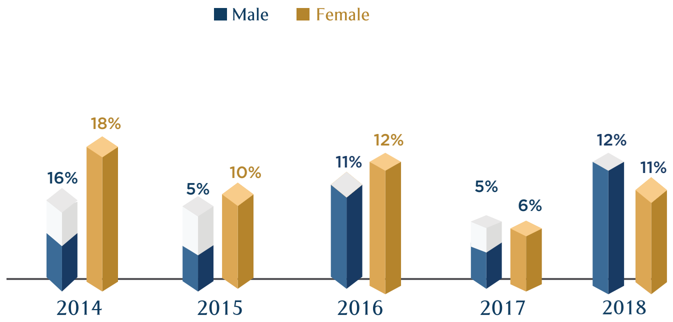
Management Staff Gender Balance (%)



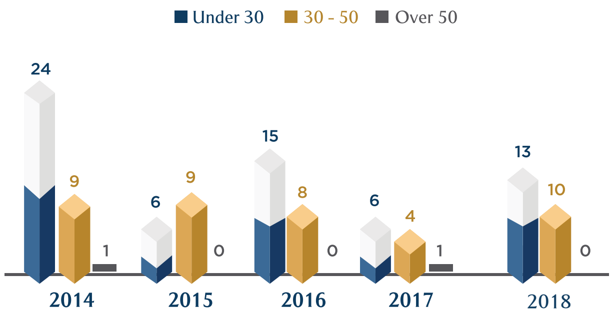
Other Staff Gender Balance (%)



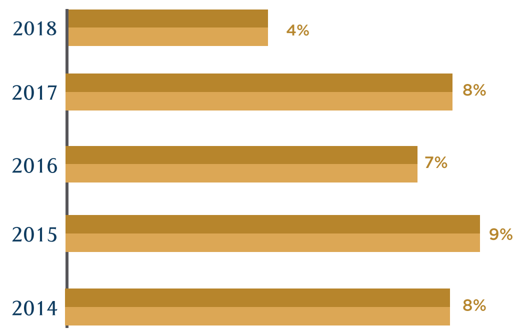
New Hires



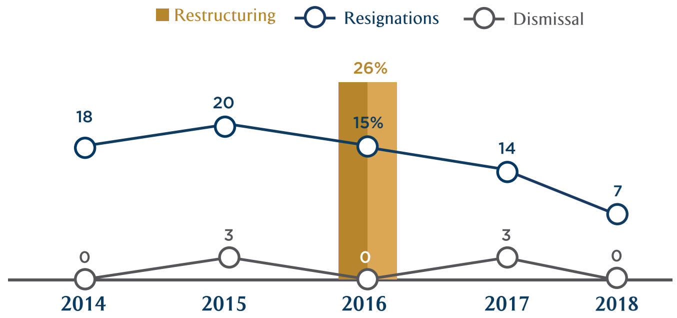
New Hires by Age



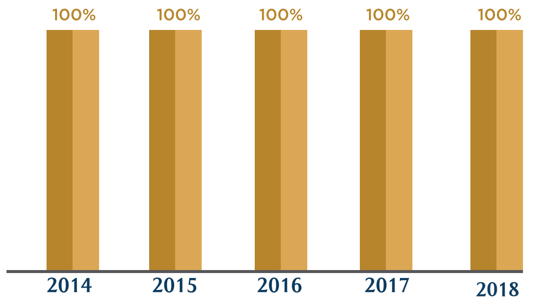
Staff Attrition Rate



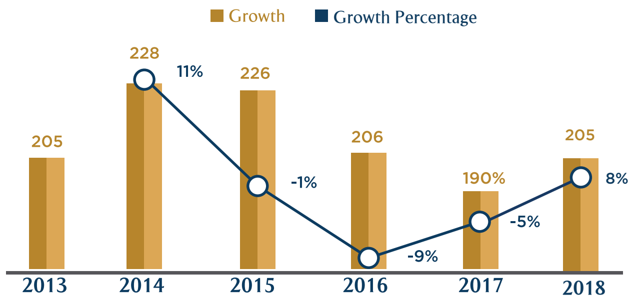
Staff Separation



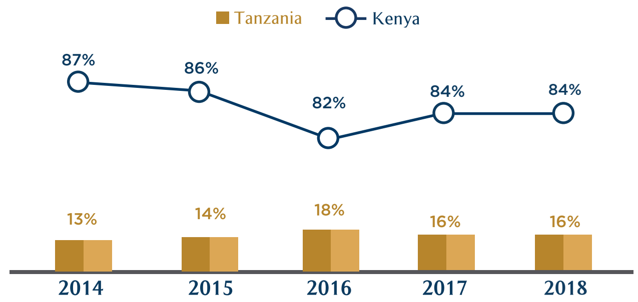
Retention Rate for Best Performing Staff



Total Headcount

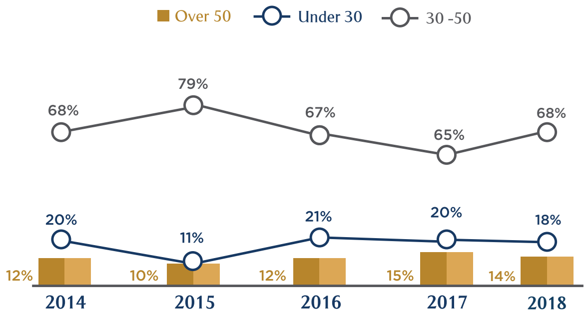


Regional Split of Headcount (%)

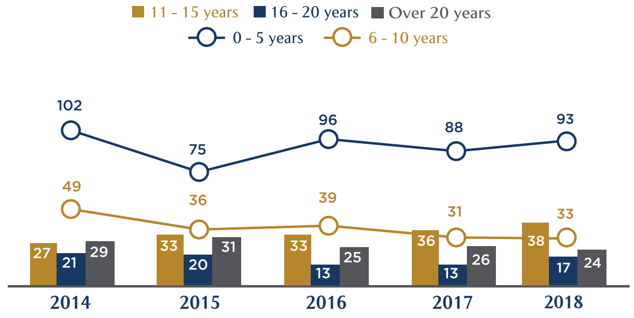


GROUP HUMAN RESOURCE DATA

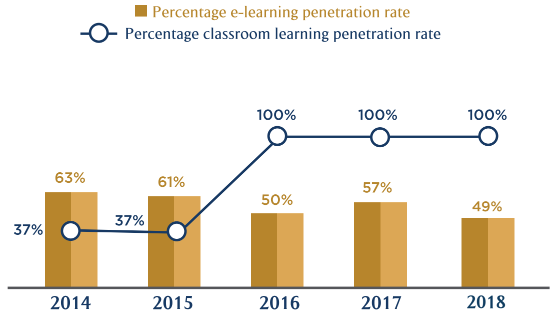
Headcount by Age Group (%)



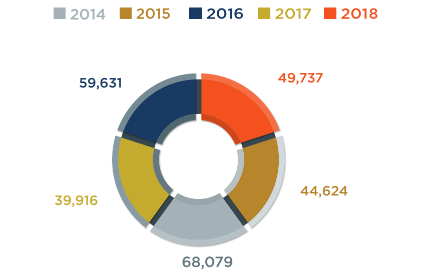
Employee Years of Service



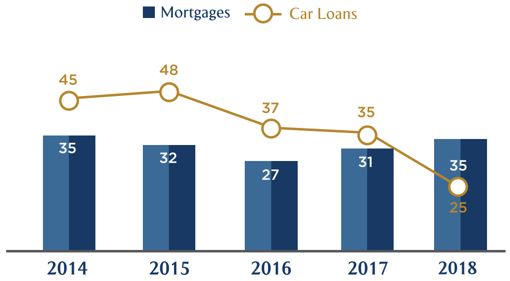
Employee Learning & Development



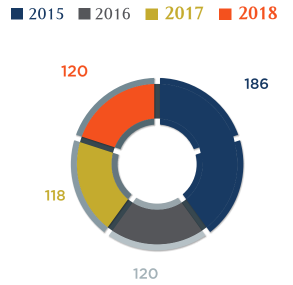
Learning Costs per Employee (KShs)



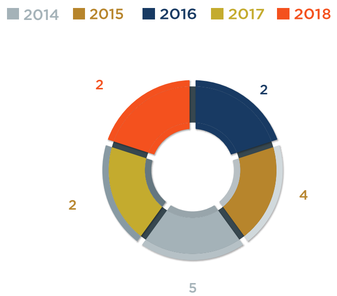
Staff Benefits



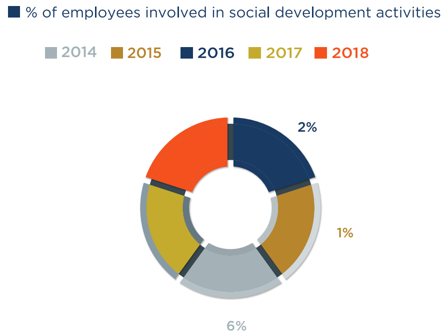
Wellness Programmes



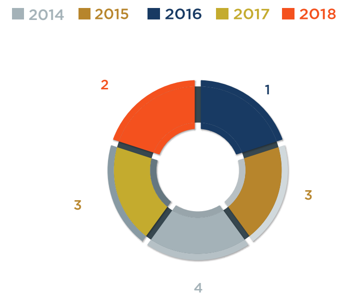
Staff Surveys



Commitment & Patronage



Exchange Programmes



OUR SOCIAL MEDIA ENGAGEMENT SOLUTIONS

ICEA LION seeks to deliver relevant and impactful engagement channels between the Brand and its desired target audiences so they can engage us for wealth protection and creation. As we pursue sustainable profitability, it is integral to utilise solutions that can grow our brand economically. The digital sphere is a critical channel in this regard especially as we seek to expand our relevance to new and untapped markets.

Generation Y and Millennials have a voracious and appetite for information, yet the traditionally conservative and verbose insurance and financial services industry struggles to put forward product information in a palatable and relevant format. ICEA LION continues to demystify the sector and also get intimate with our target audience via our relevant, engaging and disruptive social media platforms.

Our key insight is that everyone seeks financial success. As such, we enable our online audiences learn about and FOCUS on their financial success. Especially the millennial generation that believes in instant success. We seek to be their partner on that journey and built on our introductory 2016/2017 theme #PreparationPays and deployed #BackYourFuture in 2018. This is a more partner driven approach to financial education than the tradition prescriptive one that had been adopted by financial service brands.

We have ingratiated ourselves into their lives using relevance rather than bombarding them with product and corporate information in an unpalatable manner. Further, we developed our iconic black and gold theme that has enabled us to set ourselves apart in a financial services sector plagued by matching aesthetics and it immediately paid off. The ICEA LION has risen to be the most distinctive and amongst the most engaged insurance brands in Kenya.

Below is a snapshot of some of the #BackYourFuture campaigns that have been instrumental in building our brand on social media platforms.

#PreparationPays
ICEA LION
GROUP
ICEA LION GROUP
Aim higher. Be a cut above the rest. You're focused on your success. So are we. #BackYourFuture

#BackYourFuture
ICEA LION
GROUP
ICEA LION GROUP
Shared capital is one of the few ways to reduce the financial burden when starting up a business. What other creative ways can you use to get start up capital?

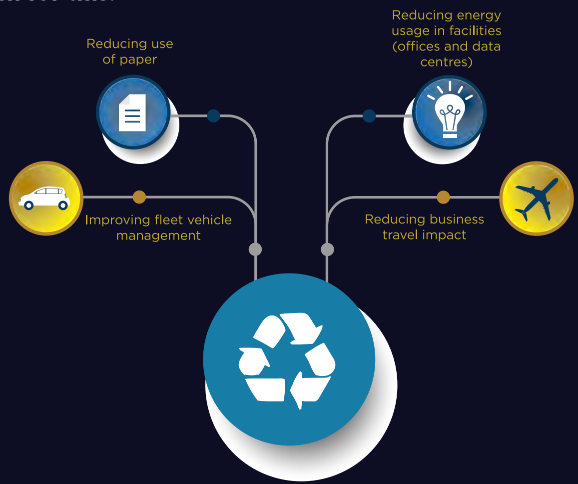
#BackYourFuture
ICEA LION
GROUP
ICEA LION GROUP
There's comfort in knowing your investment is growing. Sit back as your fund earns a daily interest when you take up a money market account for as little as 10,000.
Call us on 0719 071 999 to get started. #BackYourFuture

ICEA LION GROUP - Timeline Photos
#BackYourFuture
ICEA LION
GROUP
ICEA LION GROUP
You've made it official and now you are looking for a place to unwind. Would you consider saving up for a delayed honeymoon?

NATURAL CAPITAL 03

RESPONSIBLE CONSUMPTION

We continuously work to reduce the carbon footprint of our activities. We have a four pronged approach for this:



We have set-up of environmental performance baselines in our quest towards the development of an Environmental Management System (EMS).

FACILITY ENERGY USAGE

As part of our focus towards environmental sustainability, we are intent on measuring, monitoring and lowering our carbon footprint. Our carbon emissions have been measured according to the general accepted standards of the Greenhouse Gas (GHG) Protocol. In measuring this, we have limited our energy consumption to electricity, motor vehicle, fuel, air travel and water consumption.

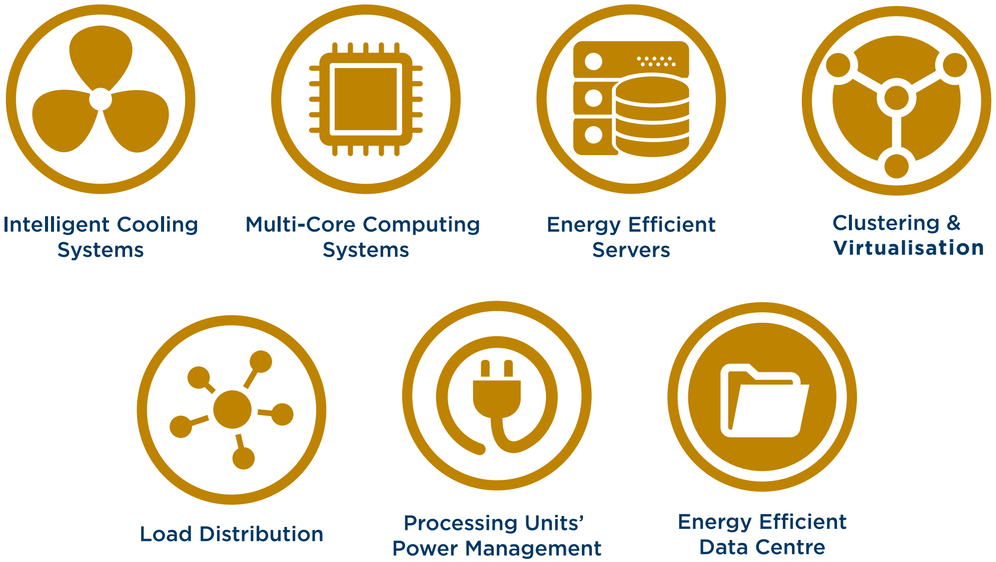
We regularly conduct energy audits which will assist us in meeting the Energy Regulatory Commission Guidelines. In our day to day operations, automation and an automated document management system has led to reduced paper usage.

	2015 (ksh)	2016 (ksh)	2017(ksh)	2018(ksh)
Electricity	4,510,000	4,740,000	4,431,000	5,044,000
Newspapers/ Books	636,000	815,000	833,000	1,022,000

EMBRACING GREEN TECHNOLOGY

With rising energy consumption, global warming and e-waste, we have deliberately taken into serious consideration the concept of green computing as our contribution to best practice for sustainable development. We have aligned our ICT processes and practices to find innovative and alternative ways of using ICT across the organisation and beyond to deliver environmental benefits.

The diagram below shows these initiatives:



These initiatives are elaborated below:

Green Deployment

• Virtualisation: Our data centre runs all our core application systems on a virtualised environment that has eliminated the need for dedicated servers for applications, allowing for the running of multiple operating system on minimal hardware at optimal performance. Our server footprint has reduced 15-fold.

• Cloud Computing: We have migrated some of our processes to cloud computing providers who are focused on environmental sustainability. We have adopted cloud deployments for services such as email, business intelligence, back-ups and disaster recovery with sustainability cloud providers such as Google Cloud©, Microsoft Azure© and Chartio©.

Green Disposal and Re-use

We have partnered with our vendors for recycling used equipment and parts such as inverter power back batteries which are collected upon expiry of recommended run time and recycled in socially and environmentally desirable processing and re-use methodologies. Replaced computing equipment are appraised and reused within the organisation.

Data Centre Sustainability improvements

In building our data centre towards eco-friendliness, the following targeted initiatives have been implemented.

• Air Reticulation: Our data centre design has incorporated the separation of the cold and hot aisles to reduce cooling power required. With this, our data centre air conditioning systems settings have been adjusted up by 4°C leading to a reduction in energy consumption.

• Cooling System: We deployed in-row self-contained air conditioners by Tripplite© that provide large amounts of cooling power for much less electrical power compared to traditional cooling systems. This combined with air reticulated design of the data centre has resulted in reduction of cool air leakages and allowed for the reduction of run time of the installed air conditioners from full time run to every other week.

Green Use of Technology

• Wireless Telecommuting: Our Head Office has deployed wireless connectivity across all offices and meeting rooms. This allows meetings to take place without the need for paper reports.

• Paperless Processing: We have implemented end to end document processing system and automated workflows which has ensured elimination for paper flows across offices.

OUR WILDLIFE CONSERVATION EFFORTS

For more information about our wildlife conservation efforts, please see the section on our Corporate Social Investment (CSI) initiative on lion conservation under Social and Relationship Capital on pages 100 to 107.

SOCIAL & RELATIONSHIP

04

CORPORATE GOVERNANCE

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

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

ANTI-BRIBERY AND CORRUPTION

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

SUPPLIERS

We have a formal supplier selection process for all products and services procured that is reviewed every three years. All new suppliers are expected to comply with our Anti-Bribery Policy, a copy of which is provided to them when they come on board.

We have adopted a centralised procurement service which aims to bring with it enhanced efficiencies with regards to the procurement process. This service is overseen by a Procurement Committee.

GOVERNMENT AND REGULATORS

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

DATA PROTECTION

We recognise that it is our duty to protect corporate and personal information in all our operations. In light of global changes on data privacy and the need to be proactive in implementation of such guidelines, we have updated our privacy policy. We also have in place an Information Risk and Governance policy that's sets out our commitment to the security, information risk management, confidentiality and quality of information. We recognise the need to efficiently manage information risk as well as put in place appropriate policies, procedures and management accountability in order to provide a robust governance framework for information management.

SUSTAINABLE INSURANCE

As one of the only four African insurance company signatories to the United Nations Environmental Programme Finance Initiative's (UNEP-FI) Principles of Sustaible Insurance (PSI), we affirm our commitment towards sustainability at the heart of risk management in the pursuit of a more forward-looking and better managed world.

By protecting companies and consumers from everyday risks, we provide the priceless sense of protection and peace of mind required to grow our economy. We create products and services enabling our customers to transfer their risks and in return, they pay us contributions, premiums or deposits, investing in the future. By pooling risks and premiums, we offer financial and social protection to individuals and companies, further reinforcing a sense of community. This also encourages entrepreneurship and innovation.

With a low insurance penetration rate of about 2.73%, it is evident that the most vulnerable members of our society have insufficient access to insurance. To tackle this, we are developing products that are simpler, more flexible and easier to access through our digital channels.

As long-term investors, we help boost sustainable growth within the economy. With total assets in excess of Kshs. 12.6 billion we create long-term value for our customers, shareholders and society as a whole empowering them to live a better life.

PLAYING OUR PART IN THE SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs), adopted by countries in the year 2015, invite global action by 2030 in three overarching areas i.e. reduction of poverty, protection of the planet and ensuring prosperity for all. The SDGs include specific targets that can only be achieved by governments, civil society and businesses working together around the globe. As an insurance provider, we recognise our role in contributing to some of these SDGs. We see insurance as a powerful enabler to these SDGs. The section below highlights how our sustainability pillars align to the SDG.

OUR CORPORATE CITIZENRY

OUR PASSION TO SAFEGUARD THE FUTURE OF LIONS IN KENYA

The population of lions in the wild has been noted to have decreased significantly throughout Africa and is currently at 20,000 with an estimated 2,000 being from Kenya. The lions' official conservation status is 'threatened and vulnerable'. Africa is synonymous with lions and people all over the world travel to Kenya to witness and experience our spectacular natural and wildlife wealth. Protecting lions in the wild is an important part of securing our economic future as a nation. As an organisation we strongly believe that our partnering with KWS and other world renown local conservationists ensures the future of our economy.

Our I SEE A LION Corporate Social Investment Campaign is aptly named, and has a strong connection with our company name ICEA LION. It is aimed at ensuring that future generations get to experience SEE lions roam freely in the wild and future.

At ICEA LION, we like to think of ourselves as the 'King of the Financial Jungle'. It was a natural fit to inculcate the passion needed to safeguard the future of the Lion in Kenya; that almost forgotten noble and iconic beast that has unwittingly been relegated by the grand and beleoved tusked giants, yet is a central part of this country's heritage.

Following sessions and conferences held with Kenya Wildlife Service (KWS) at their Carnivore Conference, the passion to save this vulnerable and threatened icon of East Africa was born. This passion burned through from the team that conceptualised the idea, to the Leadership Team who endorsed it, right through to the Board who approved the strategy in November 2015. Included in the approval was the decision to minimise the previously supported philanthropic CSR initiatives. These were to be supported only when necessary.

The adopted project not only demonstrated true sustainability in the viability of projects that ICEA LION could support, but also impacted the socio-economic prosperity of East Africa.

We identified two key initiatives in this regard:

- The Nationwide Lion Census
- The Human-Wildlife Conflict Interventions

THE NATIONWIDE LION CENSUS:

A key need for lion conservation teams across the country is to determine exactly how many lions we do have in our eight conservation areas. The initial phase of our partnership with Kenya Wildlife Service (KWS) is to establish the actual population of lions in the entire country. This forms a baseline to determine the areas where the lion population is most vulnerable or at risk.

Prior to this, ICEA LION funded the KWS and Conservation Partners Methodologies and Standardisation Workshop to the tune of **Kshs. 0.46 Million.** The workshop was conceptualised to ensure that the project team is effective in use of resources (time and money) to get the most value out of the investment. Participants at the workshop ranged from KWS representatives from most of the eight conservation areas, Northern Rangelands Trust (NRT), Big Life Foundation, Mara Lion Project, Lion Guardians, Soysambu Conservancy, Born Free Foundation-Kenya, SORALO, Lewa Conservancy, Ol Pejeta Conservancy, WWF Kenya, Africa Wildlife Foundation, Action for Cheetahs in Kenya, Tsavo Trust, Ewaso Lions, Marwell and ICEA LION.

The pilot census was undertaken at Lake Nakuru National Park at an investment cost of **Kshs. 0.82 Million**. The exercise further realised skills transfer and creation of job opoportunities. As a result of the standardisation workshop, the originally planned eight census areas were reduced to five. This is a true testament of ICEA LION supporting sustainable initiatives and positively impacting the people, planet and profit.

HUMAN-WILDLIFE CONFLICT INTERVENTION:

Wealth creation strongly depends on consistency and sustainability, therefore we will be collaborating with communities within these areas working towards securing the future of the lion and in essence the future of our heritage. Indeed, there is no existence without co-existence.

In 2018, ICEA LION Group partnered with Lewa Wildlife Conservancy as an organisation that has truly embraced sustainable conservations initiatives. The Lewa Wildlife Conservancy is a UNESCO World Heritage Site that works as a model and catalyst for the conservation of wildlife and its habitat. Lewa protects and manages wildlife species, initiates and supports community conservation and development programmes, and educates the people of neighbouring areas about the value of wildlife.

One of Lewa Conservancy's mandates is the protection and management of threatened wildlife species including the lion that is currently categorised as "vulnerable" by the International Union for the Conservation of Nature (IUCN).

ICEA LION invested **Kshs. 0.472 Million** to facilitate their Predator Programme as well as Kshs. 3.515 Million towards their Conservation Education Programme. Further, the Group supported the Annual Lewa Marathon to the tune of **Kshs 0.7 Million.** We will continue to engage them and like-minded organisations that are keen on reduction of human-wildlife conflict.

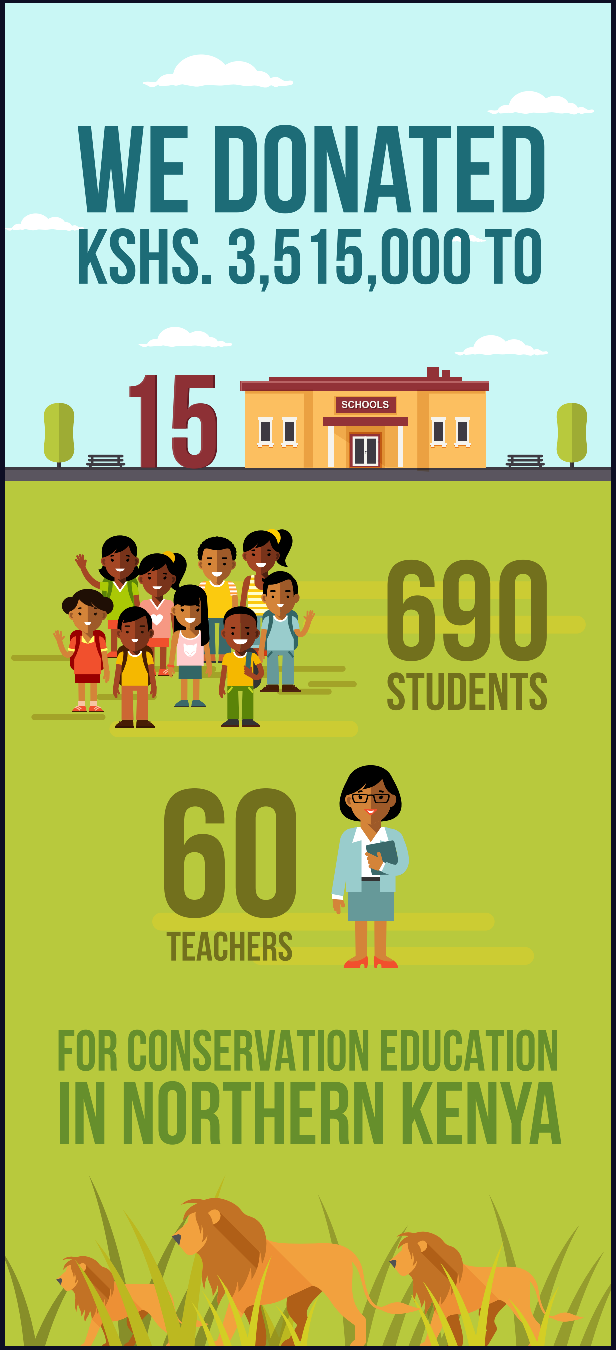
OUR SUPPORT OF LEWA'S CONSERVATION EDUCATION PROGRAMME

Lewa's Conservation Education Program (CEP) in 2011 seeks to increase the awareness of students about human activities such as indiscriminate killing, poaching and environmental degradation that damage and endanger northern Kenya's habitats and wildlife. Through the CEP, students:

- Learn the importance of wildlife and environmental conservation
- Link the impact of unsustainable human activities to the environment
- Develop a personal and societal commitment to conservation
- Promote environmental sustainability through changes in their action and attitudes

To achieve this, the CEP promotes conservation through guided game drives as well as interactive exhibits, on-site demonstrations, and presentations at the Conservation Education Centre. Throughout these interactions, the CEP communicates issues around wildlife conservation, environmental degradation, water conservation, waste management, and energy conservation as well as ways children and their communities can adopt environmentally-sound practices.

Students demonstrate the programme's impact by launching Conservation Clubs in their schools where they share what they have learned with other students, and initiate activities related to environmental conservation.



WITH OUR INVESTMENT OF KSHS. 3.515 MILLION, LEWA WILL UNDERTAKE THE FOLLOWING ACTIVITIES:

1. Sponsor and host 15 school groups from northern Kenya with 50 participants each to spend two nights at Lewa CEP Dormitory to learn about conservation challenges facing lions and their habitats. The students will have a guided game drive to track prides of lions, observe lion behaviour at close range, learn opportunities of coexistence, ways of reducing human-lion conflicts, and how to offer lions the space to range freely. The interactive exhibits at the Conservation Education Centre (that includes a mountain lion) will offer a valuable learning resource.

2. We will deliver an outreach programme to 30 schools that surround Lewa to deliver conservation lessons that reinforce the students' appreciation of lions in the environment and how humans and lions can co-exist in their community.

3. In addition, we will develop posters and other resources that highlight the challenges facing lions, their role in the environment, and how to co-exist with humans. These materials will be distributed to schools that visit Lewa as well as during the outreach programme.

To provide context, from 2016-2017, Lewa hosted 187 school groups with 7,703 students from northern Kenya. Such a large and diverse group of organised students present an audience to actively engage with messages about conservation and co-existence with wildlife. To further reach out to more schools groups in northern Kenya, Lewa aims to increase the number of students and schools in northern Kenya that participate in the CEP as well as facilitate the initiation of environmental projects in schools such as conservation of wildlife and their habitat.

OUR SUPPORT OF LEWA'S PREDATOR MONITORING PROGRAMME

Our investment of Kshs 472,000 will support Lewa's efforts to monitor carnivores on the conservancy; mainly focused on lions and hyenas. This is driven by the dominance of the two species in reference to their impact on other predators and the prey base.

Therefore, the main objectives of monitoring these carnivores are to:

1. Determine the status, population dynamics, survival, performance and movement patterns of the lions and hyenas:
2. Determine connectivity of lion populations on Lewa with those in northern Kenya
3. Understand spatial separation and competitive dynamics between lions and hyenas
4. Evaluate the impact of predation on prey species
5. Mitigate human-carnivores conflicts in the contiguous community conservation areas

As such, major activities to realize the aforementioned objectives will include:

1. Supporting the two predator monitoring officers who either walk several kilometres daily or drive across the landscape to monitor the location, status, behaviour and association patterns of lions;
2. Recollaring two lions from different prides with GPS collars so that they can act as reference points in the daily tracking
3. Daily radio-tracking of the collared individuals and prides
4. Using the cluster point method, daily visits to all kill sites to monitor mortality rates
5. Collecting and processing of lions scat to understand the composition of their diet
6. Camera trapping at hyena dens to understand the status and performance of hyenas as well as their interaction with lions
7. Camera trapping at the migratory gaps/gates to understand the connectivity of lion populations on Lewa and those in the adjoining conservation and community lands
8. Daily liaison with the agropastoralist and pastoralist communities to avert human-lion conflict incidents
9. Creating and updating of a digital identification database of lions using whisker spot patterns

ICEA LION TEAM CONSERVATION EDUCATION

"Charity begins at home" the old adage goes. As such, it is imperative that we impassion our family at ICEA LION to understand the intricacies of lion conservation. As a result, in 2018, we partnered with Lewa Wildlife Conservancy to immerse our staff at the Conservancy for two days to be sensitised on the cause. There, they had an opportunity to see programmes instituted by Lewa and how these unsung heroes were transforming communities around them.

The team also had a chance to collect and examine scat in the lab to see how the team of researchers determine what the lions are eating. The Conservation Education Centre was a particular attraction. The trip achieved a lot of milestones, but most importantly the realisation that keeping these animals alive in their natural ecosystem has a direct impact on the country and the communities around them.

OUR ULTIMATE OBJECTIVE

The ultimate objective is to establish informed initiatives in the high risk areas that are relevant to the longevity of our lion population and essentially impact the creation of wealth through tourism. Our goal is to restore the pride, to bring focus to our heritage, the lion, as seen on our coat of arms as a symbol of strength, unity and security. The digital and social media space will be a critical factor in sharing this journey with lion enthusiasts, particularly the youth who are quite keen on conservation. Indeed, ICEA LION was recognised for its pursuit of sustainable CSR with the Winner Award at the industry Think Business Insurance Awards in 2018.

Our brand is known for providing reliable insurance solutions as well as rewarding investments. We seek to change the perception that money spent on insurance is a waste and rather have people understand that securing what is important to them is worth the investment. Our heritage is important to us. We wish to secure it. We are keen to make a difference and change customer perceptions around insurance and investment products beyond the actual impact on our heritage, economy and our future as a nation.

Most importantly, it is our mission to ensure that future generations are able to see lions roam the wild, and truly protect and create the wealth of East Africa.

SUPPORTING LOCAL ENTREPRENEURS & TALENT

ICEA LION is pleased to continue to positively contribute to creating wealth for local upcoming companies led by millennials. We retained the services of Isobar, a new and upcoming advertising agency. Indeed, in 2018, through a competitive bidding process that invited a cross-cutting repertoire of agencies; they retained our business allowing us to further our partnership on our communications journey. We were the second client on their portfolio and we took not only a chance on the young upcoming team but also gave them the opportunity to do unique, brave, impactful and indeed award winning creative work.

Since then, iProspect and Posterscope East Africa, Isobar's sister companies that offer Digital and Out-of-Home (OoH) Media services respectively have been brought on board to partner with us to support our brand visibility and engagement agendas. The three companies are divisions of the holding company Dentsu Aegis Network Team in Kenya. They agency has grown in the following ways thanks to the ICEA LION account being a launch pad:

1. The team has grown from 15 to 105
2. The Company has seen over 119% revenue growth Year-on-Year from 2016 to 2017, making them the fastest growing agency in East Africa; they have reported minimal Client losses and their Dentsu Aegis divisional brands have grown to include MKTG, CCS and Amplifi
3. The growth, development and learnings garnered from the ICEA LION Group account has resulted in internal promotions for our key contact from Account Manager to Senior Account Manager and from our digital media buying contact from Trader to Account Manager
4. Our agency won the following awards in 2018 associated with ICEA LION Group:

   The 2018 Association of Practitioners in Advertising (APA) Loeries Awards

   - Winner, Overall, Grand Prix Award, #BackYourFuture Campaign
   - Winner, Gold Award, Integrated Campaign, #BackYourFuture Campaign
   - Winner, Silver Award, Integrated Campaign, Travel Insurance Campaign

   They were also awarded the **Agency of the Year Award** at the APA Loeries, of which ICEA LION's campaigns were a significant contributor.

Other Awards the Agency has received in 2018 include:

1. Isobar won 10 Awards at the African Cristal Advertising & Media Awards
2. Dentsu Aegis Network was awarded Media Agency of the Year

Within the Dentsu Aegis Network, the Kenyan agency swept the Dentsu Aegis Network Sub-Saharan Awards by winning:

1. Best Isobar Office of the Year; 2017 and 2018
2. Best Dentsu Aegis Network Company of the Year 2017
3. Isobar MD Yash Deb won the Dentsu Aegis Network Lion Award 2018 and Star of the Year 2018
4. iProspect MD Joel Rao won the Dentsu Aegis Network Pioneering Award 2018

ICEA LION is proud to play a part in developing local talent, providing employment and most importantly inspiring millennials to realise their true potential, therefore truly protecting and creating the wealth of East Africa.

MANUFACTURED CAPITAL

05

GEOGRAPHICAL FOOTPRINT

Our manufactured capital includes our geographical footprint covering our head office, subsidiaries and branches as shown on page 12 of this report.

It also includes our digital channels such as website and mobile apps. Our branch network also acts as a distribution network reaching devolved units within the counties.

We own the following properties:

- Arboretum View, Riverside Drive
- Lion Place, Waiyaki Way
- Williamson House, 4th Ngong Avenue

We have leased 13 other properties that host each of our branches

Lion Place

Williamson House

Our ICT system infrastructure includes servers, core systems, utilities, IP telephony and security systems all of which are governed by a well-structured ICT governance model. We have invested heavily in infrastructure over the past few years, an essential component in building efficacy and efficiencies within our business model.

Our ICT Platforms and Infrastructure

At ICEA LION we believe that for a company to thrive in this fast paced and dynamic market, change must be the constant. We understand that we have to prepare to thrive in this continually changing and evolving landscape in order to meet and exceed customer expectations. We aim to continuously support creativity within the business while driving acceleration of the organisation's ambitious innovation and growth plan. It is our aim to propel our company to new heights by refining our operating model, improving customer engagement and time-to-market as well as increasing revenue as we reduce operating expenses. More than ever, our company is focused on innovation and growth to actualise the strategy across the business while ensuring value creation. ICT plays a key factor in realising this goal.

We believe that every good plan must begin by a workable roadmap. We put a lot of thought into ensuring that our strategy is in bite-sized pieces that allow staff to understand and enhance customer communication, relationship building, knowledge management, operational efficiency and effectiveness which if well executed will put us on the road for growth. The road map ensures that the business has a backbone with which to support these pillars. We also ensure that our corporate governance is efficient and that we have reliable infrastructure, stable and robust core business systems, and enhanced security to safeguard innovative initiatives. Our ICT system infrastructure (servers, core systems, utilities, IP telephony and security asystems) is governed by a well-structured ICT governance model.

Below is a graphical representation of our Manufactured Capital within the sphere of ICT that enables us to deliver on our Company's strategic objectives:

Robust Infrastructure	CRM Solution Zoho	Social Media Platforms	Live Chat	Website
Contact Centre	Business Process Re-engineering	Data Security	CyberSecurity	Electronic Data Management System
Business Intelligence Portals	Robust Financial Systems	Analytics Capabilities	Governance Risk & Controls Module	Unified Threat Management Solutions
Mobile Platforms	HR Module ZOHO People	Intranet	Cloud Based Solution	Data Centre
	Shared Economy Model	Boardvantage	Cloud Based Solutions	

FINANCIAL CAPITAL 06

CREATING IN COUNTRY-VALUE THROUGH OUR FINANCIAL CAPITAL

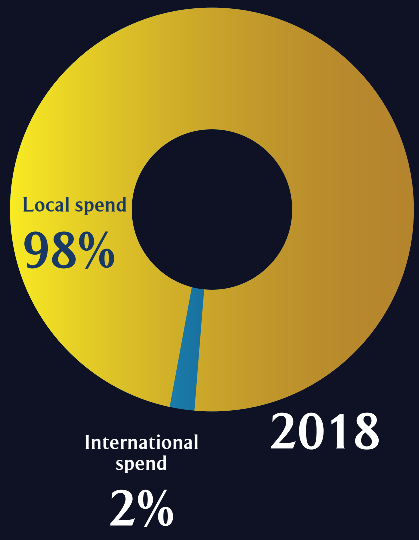
Taxes Paid

Our contribution to economic sustainability in terms of payments to government in the form of taxes over the past three years is as follows:

Year	Total Taxes Paid Kshs Million
2015	366,200
2016	344,830
2017	516,224
2018	685,773

SUPPORTING LOCAL SUPPLIERS

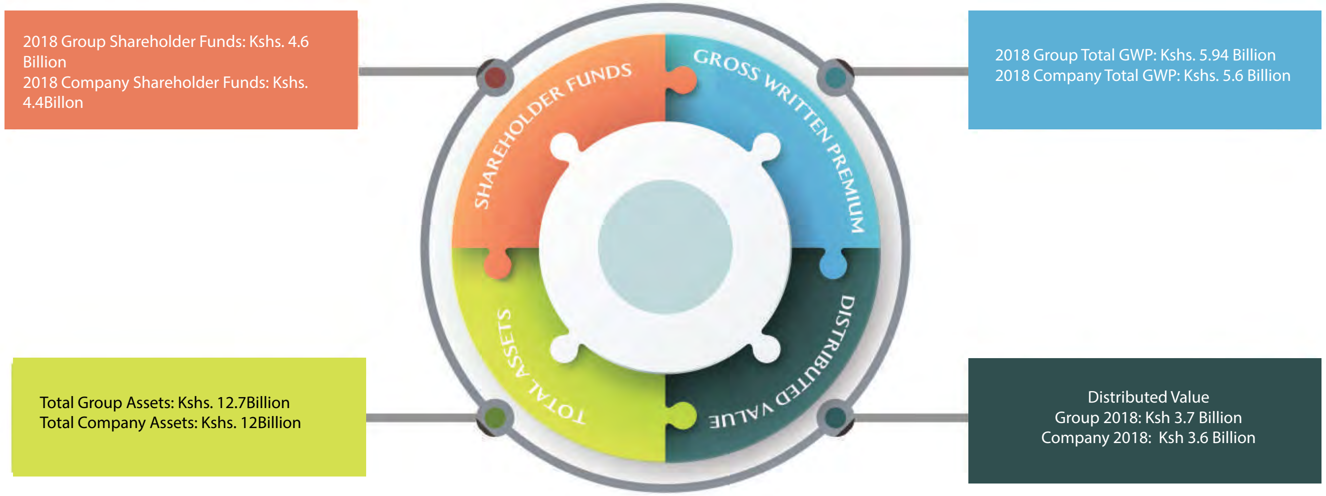
When procuring any goods and services, our first choice is always a local source provided they can meet all the key criteria. The trend over the past three years shows a heavy bias toward local suppliers, as illustrated below:



VALUE CREATION

Financial Capital

The funding for the Company's operations comes from shareholders and proceeds from investing activities. The funds are used to run the activities of the Company and generate value for our stakeholders.



GROUP

	2018	2017	2016	2015	2014
	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions
Wealth Sources	7,201	8,327	8,598	7,584	7,009
Less; insurance ceded & costs of other services	3,455	3,510	4,234	3,643	3,189
Wealth created:	**3,745**	**4,817**	**4,364**	**3,942**	**3,819**
DISTRIBUTION:					
Policyholders	1,707	2,246	2,399	1,818	1,675
Employees - salaries, wages & other benefits	732	673	673	636	556
Benefits to sales agents	652	812	795	740	764
Taxes paid to government	178	242	100	128	222
Dividends to shareholders	200	200	200	200	200
RETENTION TO SUPPORT FUTURE BUSINESS GROWTH:					
Depreciation & amortization	69	47	69	57	67
Retained earnings	208	597	129	362	337
Total Distribution:	**3,745**	**4,817**	**4,364**	**3,942**	**3,819**

COMPANY

	2018	2017	2016	2015	2014
	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions	Kshs Millions
Wealth Sources	6,783	7,781	7,252	6,571	5,989
Less; insurance ceded & costs of other services	3,184	3,156	3,169	2,935	2,407
Wealth created:	**3,599**	**4,625**	**4,083**	**3,636**	**3,582**
DISTRIBUTION:					
Policyholders	1,642	2,201	2,311	1,738	1,602
Employees - salaries, wages & other benefits	657	588	594	562	548
Benefits to sales agents	603	749	704	660	630
Taxes paid to government	190	242	94	106	216
Dividends to shareholders	200	200	200	200	200
RETENTION TO SUPPORT FUTURE BUSINESS GROWTH:					
Depreciation & amortization	65	43	66	57	65
Retained earnings	242	602	113	313	320
Total distribution:	**3,599**	**4,625**	**4,083**	**3,636**	**3,582**

CHIEF FINANCE OFFICER'S STATEMENT

In 2018, the Group and the Company gross revenue decreased by 8% to Kshs. 5.93 billion and Kshs. 5.6 billion respectively. The decline in revenue was attributed to a deliberate decision not to underwrite unprofitable business.

The Group and Company loss ratios improved to 54% from the 2017 levels of 58% and 59% respectively. The lower loss ratios were down to various strategies deployed by the business to improve claims experience both from risk selection and claims management standpoints.

The Group and Company reported Profits Before Tax of Kshs 591 million and Kshs 633 million from Kshs 1.039 billion and Kshs 1.044 billion respectively. The decline in profitability was driven by a reduction in the revenue amounts as well as a decline in investment income. The decline in investment income was occasioned by adoption of a new accounting Standard, IFRS 9, Financial Instruments which resulted in unrealised losses on equities being accounted for in profit or loss compared to the prior year where the unrealised gains were accounted for under other comprehensive income. Despite the decline in gross revenue, the Group and the Company level of expenses increased resulting into gross expense ratios of 21% and 19% compared to 2017 ratios of 18% and 15% respectively.

The Group and Company's shareholders' funds have grown to Kshs 4.6 billion and Kshs 4.4 billion with return on equity rates of 13% and 14% respectively as at the end of 2018, compared to 23% and 24% respectively as of the end of 2017.

"We design, implement and maintain internal controls deemed necessary to enable preparation of an integrated report that is free from material misstatements"

ZIPPORAH CHEGE

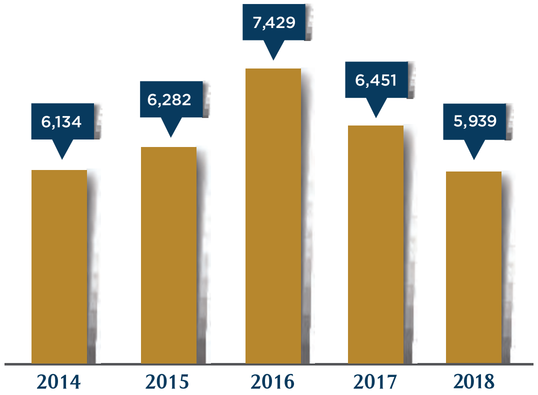
GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

Summary Statement of Comprehensive Income	**2018**	**2017**	**2016**	**2015**	**2014**
Revenue	**Kshs"000"**	**Kshs"000"**	**Kshs"000"**	**Kshs"000"**	**Kshs"000"**
Gross Written Premiums	5,938,870	6,451,009	7,428,804	6,282,137	6,133,881
Net Earned Premiums	3,175,195	3,902,445	4,035,944	3,389,738	3,278,684
Claims Incurred	1,706,875	2,245,931	2,398,505	1,818,082	1,674,506
Operating Expenses	1,441,213	1,317,413	1,731,491	1,517,983	1,234,307
Underwriting Profits	46,855	183,751	116,710	118,821	178,246
Investment Income	745,712	1,003,902	849,039	893,256	790,449
Profit Before Tax	**590,823**	**1,039,121**	**429,078**	**689,969**	**758,223**
Taxation	177,693	241,740	100,215	128,171	221,555
Profit After Tax	**413,130**	**797,381**	**328,863**	**561,798**	**536,668**
Other Comprehensive Income	(1,596)	186,572	(116,870)	(231,988)	164,256
Total Comprehensive Income	**411,534**	**983,953**	**211,993**	**329,810**	**755,540**
Summary Statement of Financial Position					
Shareholders' Funds	4,604,852	4,507,479	3,723,526	3,761,535	3,681,725
Total Assets	12,658,127	13,495,806	12,665,284	11,982,721	11,856,445
Total Liabilities	8,053,275	8,988,327	8,941,758	8,221,186	8,174,720
Investment Assets	8,878,645	9,228,163	8,503,045	7,576,267	7,233,369
Key Ratios					
Loss Ratio	54%	58%	59%	53%	51%
Expense Ratio	21%	18%	15%	19%	17%
Return on Investment	8%	11%	9%	9%	13%
Return on Equity	13%	23%	12%	18%	21%

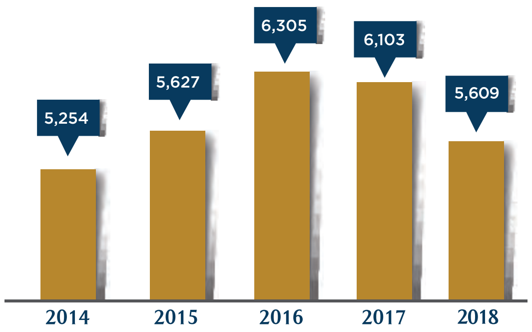
COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

Summary Statement of Comprehensive Income	2018	2017	2016	2015	2014
Revenue	Kshs"000"	Kshs"000"	Kshs"000"	Kshs"000"	Kshs"000"
Gross Written Premiums	5,609,278	6,103,330	6,304,587	5,627,152	5,254,135
Net Earned Premiums	3,036,033	3,737,910	3,824,576	3,145,662	3,088,188
Claims Incurred	1,642,077	2,200,520	2,310,662	1,738,268	1,601,537
Operating Expenses	1,288,232	1,144,728	1,564,670	1,337,512	1,089,770
Underwriting Profits	123,125	226,828	141,720	116,131	211,482
Investment Income	713,365	956,135	799,664	837,795	724,996
Profit Before Tax	**632,864**	**1,044,217**	**407,274**	**618,473**	**736,244**
Taxation	190,275	242,370	94,125	105,786	215,977
Profit After Tax	**442,589**	**801,847**	**313,149**	**512,687**	**520,267**
Other Comprehensive Income	8,806	190,901	-88,099	-189,082	109,474
Total Comprehensive Income	**451,395**	**992,748**	**225,050**	**323,605**	**629,741**
Summary Statement of Financial Position					
Shareholders' Funds	4,421,791	4,263,540	3,470,792	3,495,742	3,422,137
Total Assets	11,996,071	12,860,725	11,880,352	11,103,707	10,694,888
Total Liabilities	7,574,280	8,597,185	8,409,560	7,607,965	7,272,751
Investment Assets	8,487,870	8,817,065	8,085,690	7,118,129	6,753,586
Key Ratios					
Loss Ratio	54%	59%	60%	55%	52%
Expense Ratio	18%	15%	15%	18%	17%
Return on Investment	8%	11%	9%	9%	12%
Return on Equity	14%	24%	12%	18%	22%

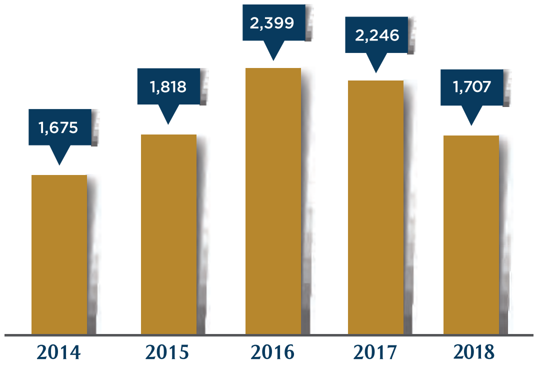
Group Gross Written Premiums



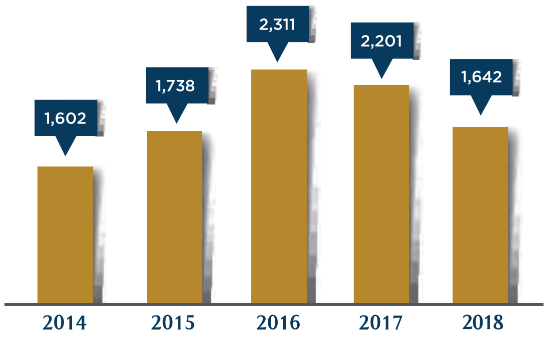
Company Gross Written Premiums



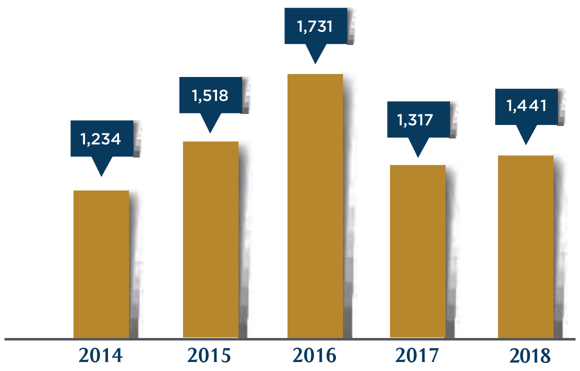
Group Claims



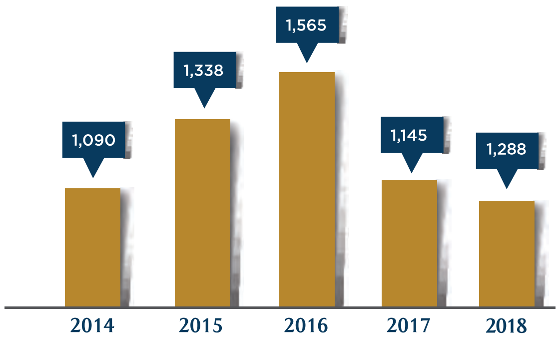
Company Claims



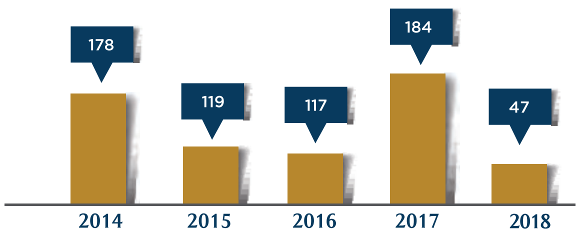
Group Operating Expenses



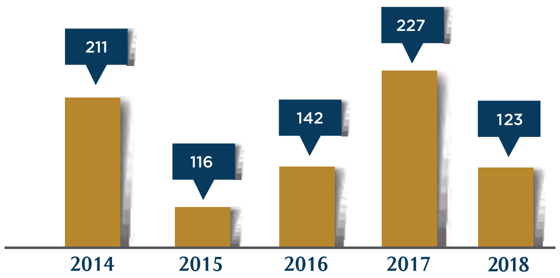
Company Operating Expenses



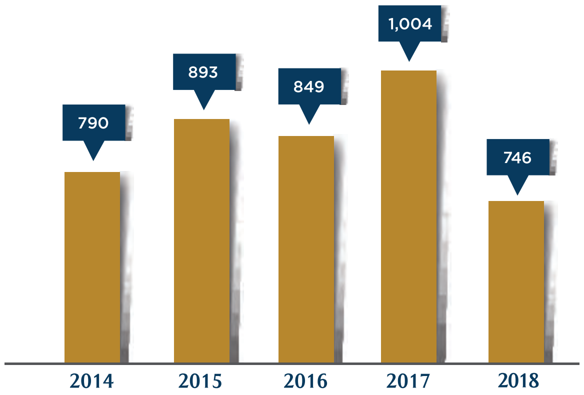
Group Underwriting Profits



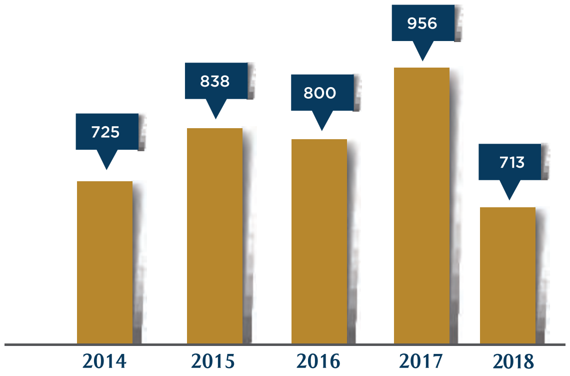
Company Underwriting Profits



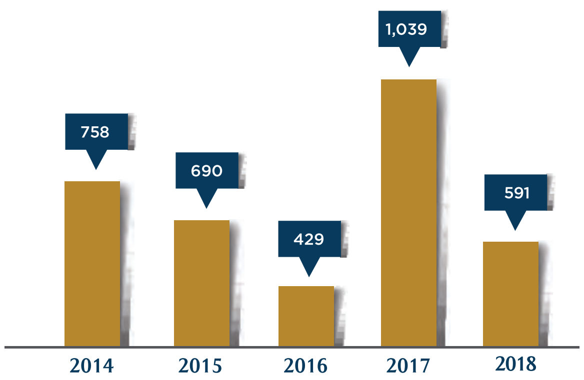
Group Investment Income



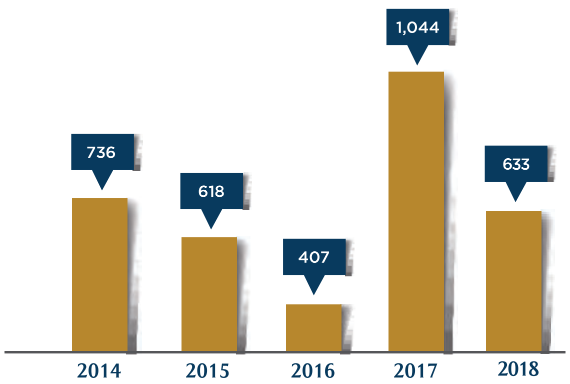
Company Investment Income

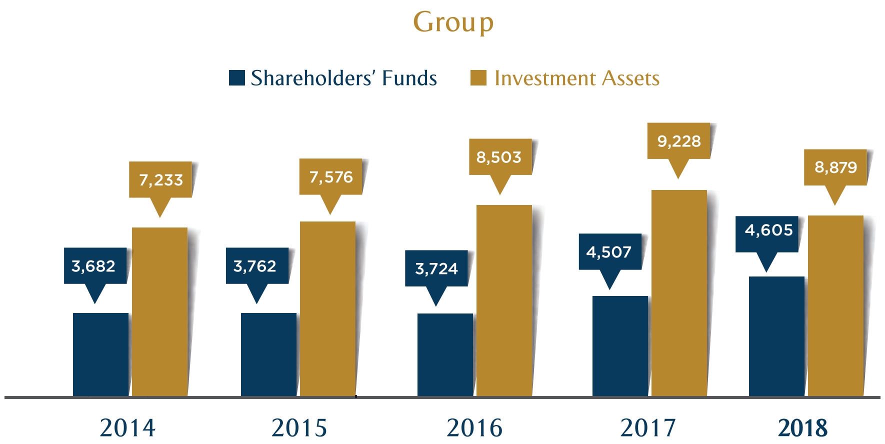


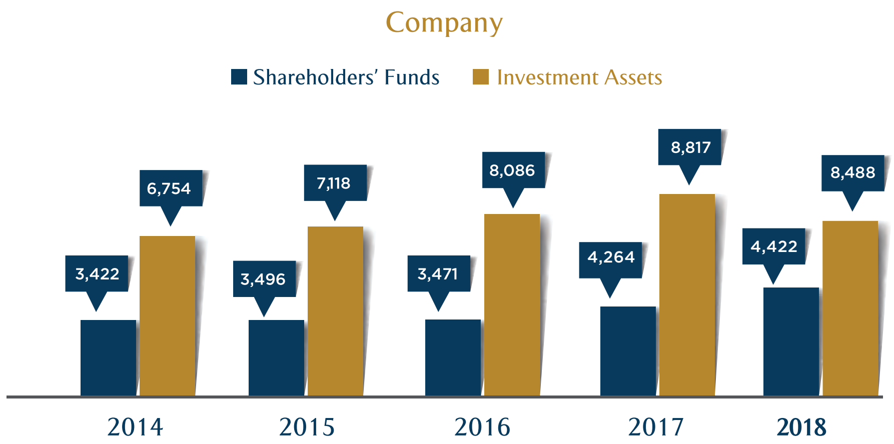
Group Profit before Tax



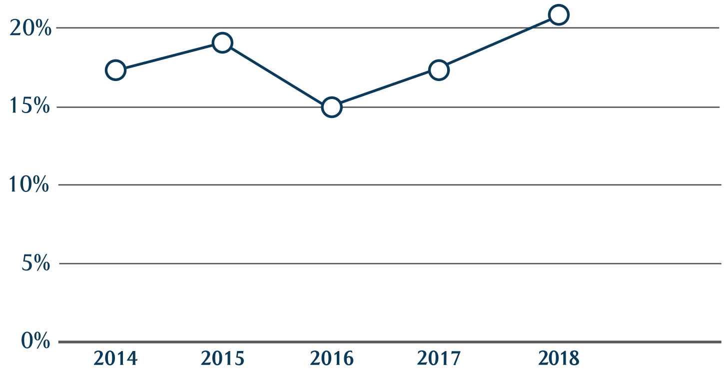
Company Profit before Tax



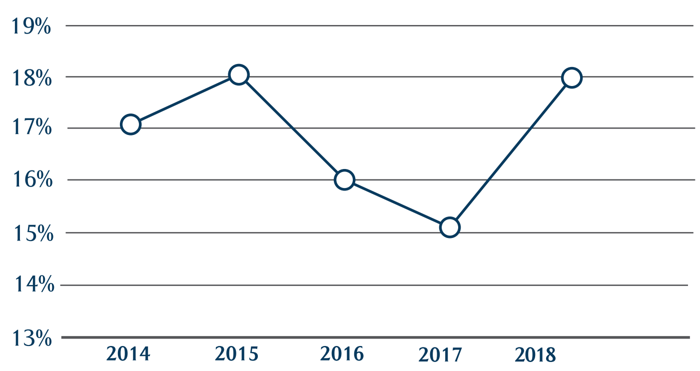

Group
Shareholders' Funds
Investment Assets
3,682
7,233
3,762
7,576
3,724
8,503
4,507
9,228
4,605
8,879
2014
2015
2016
2017
2018


Company
Shareholders' Funds
Investment Assets
3,422
6,754
3,496
7,118
3,471
8,086
4,264
8,817
4,422
8,488
2014
2015
2016
2017
2018

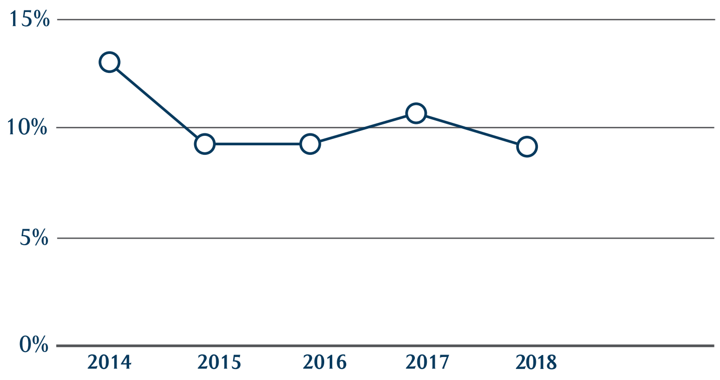
Group Expense Ratio



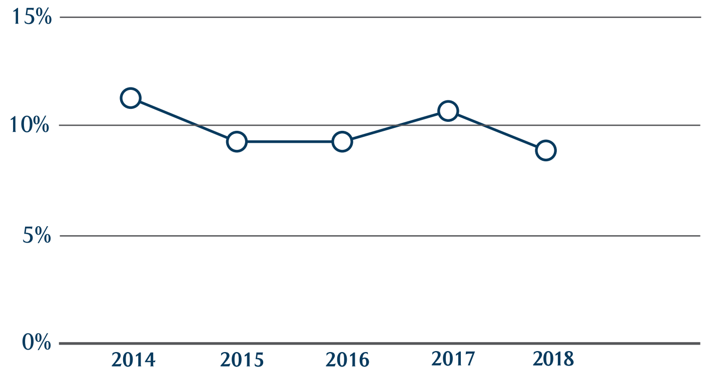
Company Expense Ratio



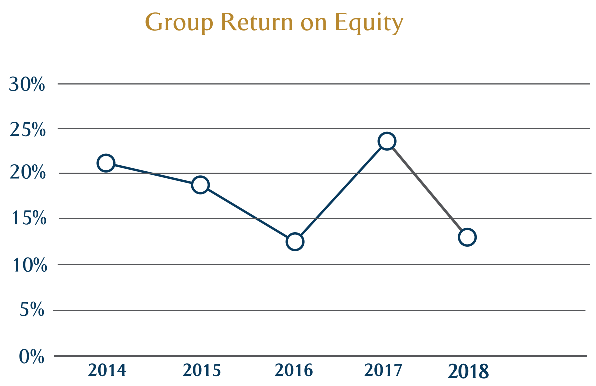
Group Return on Investment

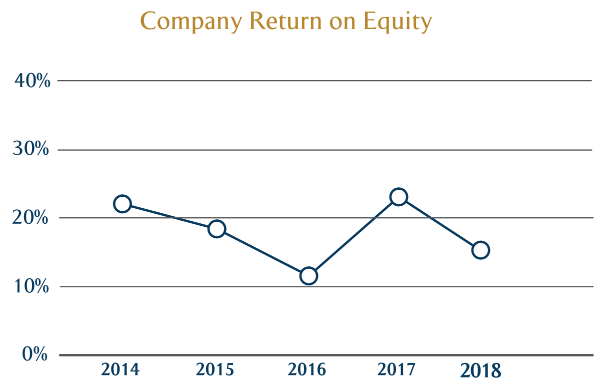


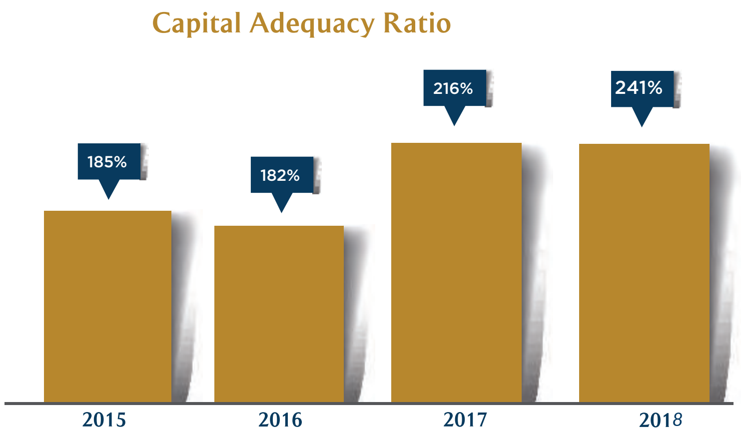
Company Return on Investment

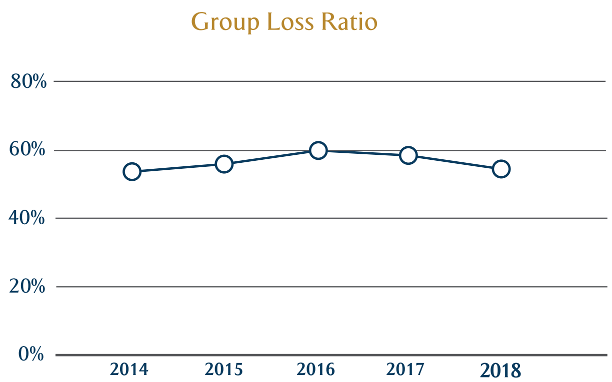


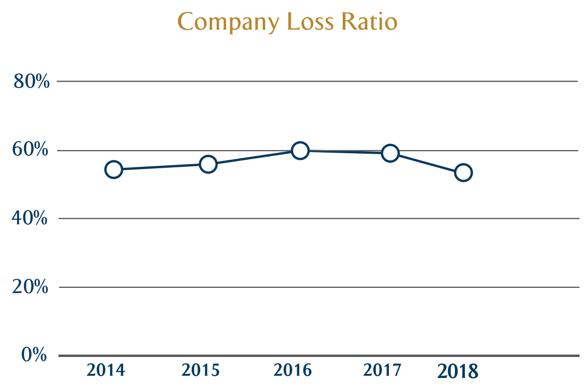
FINANCIAL HIGHLIGHTS (CONTINUED)











2018 Audited Financial Statements

REPORT OF DIRECTORS

The directors have pleasure of presenting their integrated report which includes the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of ICEA LION General Insurance Limited (the "Company" and its subsidiary, together ("the Group").

BUSINESS REVIEW

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

The group reported a profit before tax of Kshs 590,823,000 (2017: Kshs 1,039,121,000) whereas the company reported a profit before tax of Kshs 632,864,000 (2017: Kshs 1,044,217,000). The declined performance was largely attributed to a drop in underwriting results and investment income. The Group and Company's 5 years financial highlights including ratios are summarised on pages 113 to 120.

The group is exposed to various risks including insurance risk, financial risks and capital risks. The details of these risks and how the company manages them are discussed on Note 4 and pages 83 to 87.

GROUP RESULTS	2018 Shs' 000	2017 Shs' 000
Profit before income tax	590,823	1,039,121
Income tax expense	(177,693)	(241,740)
Profit for the year	**413,130**	**797,381**
Attributable to owners of the parent	426,976	799,480
Attributable to non-controlling interest	(13,846)	(2,099)
Profit attributable to equity holders of the parent company transferred to retained earnings	**413,130**	**797,381**

RESULTS AND DIVIDEND

Profit for the year of Ksh Ksh 413,130,000 (2017: Ksh 797,381,000) has been added to retained earnings. During the year, no interim dividend (2017: Ksh 50,000,000) was paid. The directors recommend the approval of a final dividend of Ksh 200,000,000 (2017: Ksh 150,000,000).

DIRECTORS

The directors who held office during the year and to the date of this report are set out on pages 24 to 33.

DISCLOSURES TO AUDITORS

The directors confirm that with respect to each director at the time of approval of this report:

- there was, as far as each director is aware, no relevant audit information of which the company's auditor is unaware; and
- each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF AUDITORS

PricewaterhouseCoopers continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

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

By Order of the Board

SECRETARY
22 March 2019
Nairobi

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Group and of the Company; disclose with reasonable accuracy at any time the financial position of the Group and of the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act 2015. They are also responsible for safeguarding the assets of the Group and of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- designing, implementing and maintaining internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- selecting suitable accounting policies and then apply them consistently; and
- making judgements and accounting estimates that are reasonable in the circumstances

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

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

Approved by the board of directors on 22 March 2019 and signed on its behalf by:

J K Muiruri

Director

J K Kimeu

Director

REPORT OF THE PARENT COMPANY CONSULTING ACTUARY

I have conducted an actuarial valuation of the Company's insurance liabilities as at 31 December 2018.

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

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

In my opinion, the insurer's insurance liabilities reserves of the company were adequate as at 31 December 2018.

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

22 March 2019

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED

Report on the audit of the financial statements

Our Opinion

We have audited the accompanying financial statements of ICEA LION General Insurance Company Limited (the Company) and its subsidiary (together, the Group) set out on pages 129 to 202, which comprise the consolidated and company statements of financial position at 31 December 2018 and the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of ICEA LION General Insurance Company Limited give a true and fair view of the financial position of the Group and the Company at 31 December 2018 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

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

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T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Determination of outstanding claims provision As documented in note 41 of the financial statements, outstanding claims provisions comprise reported claims and incurred but not reported ("IBNR") claims. We considered claims provisions as a significant area of focus due to the following reasons: • 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.	Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists: • Evaluating and testing the controls around the claim reserving and settlement; • 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. • Evaluating the ongoing validity of the assumptions by performing an actual versus expected analysis on prior year's reserves.

Other information

The directors are responsible for the other information. The other information comprises the information included in the integrated report but does not include the financial statements and our auditor's report thereon.

The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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.

Responsibilities of the directors of the financial statements

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

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

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF ICEA LION GENERAL INSURANCE COMPANY LIMITED (continued)

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 scepticism 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 controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Report of the directors

In our opinion the information given in the report of directors' report on pages 122 to 123 is consistent with the financial statements.

PricewaterhouseCoopers

Certified Public Accountants
Nairobi
CPA Bernice Kimacia, Practising certificate No. 1457.
Signing partner responsible for the independent audit

29 March 2019

Consolidated and Company Statements of Comprehensive Income
for the year ended 31 December 2018

		GROUP		COMPANY	
	Notes	2018 Ksh '000	2017 Ksh '000	2018 Ksh '000	2017 Ksh '000
Gross Written Premium	5(a)	5,938,870	6,451,009	5,609,278	6,103,330
Gross Earned Premiums	5(b)	5,932,050	6,808,516	5,630,056	6,378,836
Less: Reinsurance premiums ceded	5(c)	(2,756,855)	(2,906,071)	(2,594,023)	(2,640,926)
Net earned premiums		**3,175,195**	**3,902,445**	**3,036,033**	**3,737,910**
Commissions income	6	470,432	514,968	417,689	446,399
Investment income	7	745,712	1,003,902	713,365	956,135
Foreign exchange losses	8	(411)	(6,628)	(725)	(1,661)
Total income		**4,390,928**	**5,414,687**	**4,166,362**	**5,138,783**
Claims expense	9	(1,706,875)	(2,245,931)	(1,642,077)	(2,200,520)
Commissions expense	10	(652,017)	(812,222)	(603,189)	(749,318)
Operating and other expenses	11	(1,441,213)	(1,317,413)	(1,288,232)	(1,144,728)
Total expenses		**(3,800,105)**	**(4,375,566)**	**(3,533,498)**	**(4,094,566)**
Profit before income tax		**590,823**	**1,039,121**	**632,864**	**1,044,217**
Income tax expense	13(a)	(177,693)	(241,740)	(190,275)	(242,370)
Profit for the year		**413,130**	**797,381**	**442,589**	**801,847**
Other comprehensive income net of tax; items that may subsequently be classified to profit or loss					
Exchange differences on translating net assets of foreign subsidiary		(12,475)	(5,970)	-	-
Change in fair value of equity securities at Fair Value Through Other Comprehensive Income		2,073	171,770	-	170,129
Change in fair value of debt securities at Fair Value Through Other Comprehensive Income		8,806	20,772	8,806	20,772
Other comprehensive (loss)/income net of tax		**(1,596)**	**186,572**	**8,806**	**190,901**
Total comprehensive income for the year		**411,534**	**983,953**	**451,395**	**992,748**
Profit attributable to:					
Owners of the parent		426,976	799,480	442,589	801,847
Non-controlling interest		(13,846)	(2,099)	-	-
		413,130	**797,381**	**442,589**	**801,847**
Total comprehensive income attributable to:					
Owners of the parent		431,116	987,470	451,395	992,748
Non-controlling interest		(19,582)	(3,517)	-	-
		411,534	**983,953**	**451,395**	**992,748**
Earnings per share (Basic and Diluted)	15	8.54	15.99	8.85	16.04

The notes on pages 134 to 202 are an integral part of these financial statements

Consolidated and Company Statements of Financial Position
as at 31 December 2018

		GROUP		COMPANY	
	Notes	2018 Ksh '000	2017 Ksh '000	2018 Ksh '000	2017 Ksh '000
ASSETS					
Intangible assets	17	13,920	12,551	13,018	11,879
Property and equipment	18	96,098	140,521	88,891	130,202
Investment in subsidiaries at cost	19	-	-	50,147	50,147
Investment properties	20	2,750,000	2,730,000	2,750,000	2,730,000
Other receivables	21	235,685	176,918	224,590	167,905
Due from subsidiary company	22	-	-	3,236	18,627
Kenya motor insurance pool	23	93,901	91,231	93,901	91,231
Deferred income tax	24(c)	32,757	12,054	-	-
Current tax recoverable	13(d)	75,527	16,354	55,260	-
Deferred acquisition costs	25	212,918	229,764	193,268	215,937
Reinsurers' share of technical provisions and reserves	26	2,459,551	2,786,438	2,267,735	2,634,282
Receivables arising out of direct insurance arrangements	27	367,332	615,213	356,046	590,897
Receivables arising out of reinsurance arrangements	28	170,818	168,921	153,214	119,445
Corporate bonds at amortised cost	29(a)	217,070	259,896	217,070	259,896
Corporate bonds held at fair value through profit or loss	29(b)	15,852	-	15,852	-
Debt securities at amortised cost	30(a)	4,163,893	4,329,004	4,075,092	4,246,555
Debt securities held at fair value through other comprehensive income	30(b)	352,593	395,760	352,593	395,760
Equity securities at Fair Value Through Other Comprehensive income	31(a)	-	1,044,940	-	929,701
Equity securities at fair value through profit or loss	31(b)	956,947	-	852,876	-
Deposits with financial institutions at amortised cost	32	422,290	468,563	224,387	255,153
Cash and bank balances		20,975	17,678	8,895	13,108
Total Assets		**12,658,127**	**13,495,806**	**11,996,071**	**12,860,725**
EQUITY AND LIABILITIES					
Ordinary shares	34	1,000,000	1,000,000	1,000,000	1,000,000
Other reserve	35(a)	(24,391)	412,789	(25,366)	365,034
Contingency reserve	35(b)	41,263	40,505	-	-
Currency translation reserve	35(c)	(48,302)	(57,842)	-	-
Retained earnings	35(d)	3,327,034	2,821,239	3,247,157	2,748,506
Proposed dividends		200,000	150,000	200,000	150,000
		4,495,604	**4,366,691**	**4,421,791**	**4,263,540**
Non-controlling interests	36	109,248	140,788	-	-
Total Equity		**4,604,852**	**4,507,479**	**4,421,791**	**4,263,540**
LIABILITIES					
Deferred income tax	24(c)	423,484	484,447	423,484	484,447
Other payables	37	488,277	470,576	445,215	435,556
Current tax payable	13(d)	-	90,221	-	90,221
Deferred reinsurance commissions	38	136,006	153,862	119,765	142,640
Unearned premiums reserve	39	2,302,164	2,299,398	2,178,454	2,199,232
Payables arising from reinsurance arrangements	40	258,941	419,693	203,773	383,837
Outstanding claims provision	41	4,444,403	5,070,130	4,203,589	4,861,252
Total Liabilities		**8,053,275**	**8,988,327**	**7,574,280**	**8,597,185**
Total Equity and Liabilities		**12,658,127**	**13,495,806**	**11,996,071**	**12,860,725**

The financial statements on pages 129 to 202 were approved and authorised for issue by the board of directors on 22 March 2019 and were signed on its behalf by:

J.K. Muiruri
Director

J.K. Kimeu
Director

S.O. Oluoch
Principal Officer

Consolidated Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital Ksh '000	Other reserve Ksh '000	Contingency reserve Ksh '000	Currency translation reserve Ksh '000	Retained earnings Ksh '000	Proposed dividends Ksh '000	Attributable to shareholders	Non-controlling interest Ksh '000	Total Ksh '000
Balance at 1 January 2017	1,000,000	232,707	67,122	(64,940)	2,196,284	150,000	3,581,173	142,353	3,723,526
Profit for the year	-	-	-	-	799,480	-	799,480	(2,099)	797,381
Other comprehensive income for the year	-	180,082	(806)	7,098	1,616	-	187,990	(1,418)	186,572
Total comprehensive income for the year	**-**	**180,082**	**(806)**	**7,098**	**801,096**	**-**	**987,470**	**(3,517)**	**983,953**
Transfer to retained earnings to contingency reserve	-	-	(25,811)	-	23,859	-	(1,952)	1,952	-
Transactions with owners	-	-	-	-	-	-	-	-	-
Dividends									
-2016 final dividend paid	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
-2017 interim dividend	-	-	-	-	(50,000)	-	(50,000)	-	(50,000)
-2017 final dividend	-	-	-	-	(150,000)	150,000	-	-	-
At 31 December 2017	**1,000,000**	**412,789**	**40,505**	**(57,842)**	**2,821,239**	**150,000**	**4,366,691**	**140,788**	**4,507,479**
Balance at 1 January 2018	**1,000,000**	**412,789**	**40,505**	**(57,842)**	**2,821,239**	**150,000**	**4,366,691**	**140,788**	**4,507,479**
Changes in initial application of IFRS 9									
Re-classification of cumulative available for sale reserves	-	(446,961)	-	-	446,961	-	-	-	-
Impairment on financial assets	-	-	-	-	(220,237)	-	(220,237)	(13,963)	(234,200)
Deferred Tax	-	-	-	-	65,954	-	65,954	4,085	70,039
Restated as at 1 January 2018	**1,000,000**	**(34,172)**	**40,505**	**(57,842)**	**3,113,917**	**150,000**	**4,212,408**	**130,910**	**4,343,318**
Profit for the year	-	-	-	-	426,976	-	426,976	(13,846)	413,130
Other comprehensive income for the year	-	9,781	(3,668)	9,540	(11,513)	-	4,140	(5,736)	(1,596)
Total comprehensive income	**-**	**9,781**	**(3,668)**	**9,540**	**415,463**	**-**	**431,116**	**(19,582)**	**411,534**
Transfer to retained earnings from contingency reserve	-	-	4,426	-	(2,346)	-	2,080	(2,080)	-
Dividends									
-2017 final dividend	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
-2018 final dividend	-	-	-	-	(200,000)	200,000	-	-	-
Balance as at 31 December 2018	**1,000,000**	**(24,391)**	**41,263**	**(48,302)**	**3,327,034**	**200,000**	**4,495,604**	**109,248**	**4,604,852**

The notes on pages 134 to 202 are an integral part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital Ksh '000	Other reserve Ksh '000	Retained earnings Ksh '000	Proposed dividends Ksh '000	Total Ksh '000
Balance at 1 January 2017	1,000,000	174,133	2,146,659	150,000	3,470,792
Profit for the year	-	-	801,847	-	801,847
Other comprehensive income	-	190,901	-	-	190,901
Total comprehensive income for the year	**-**	**190,901**	**801,847**	**-**	**992,748**
Transactions with owners Dividends:					
-2016 final dividend paid	-	-	-	(150,000)	(150,000)
-2017 interim dividend	-	-	(50,000)	-	(50,000)
-2017 final dividend	-	-	(150,000)	150,000	-
Balance as at 31 December 2017	**1,000,000**	**365,034**	**2,748,506**	**150,000**	**4,263,540**
Balance at 1 January 2018	1,000,000	365,034	2,748,506	150,000	4,263,540
Changes in initial application of IFRS 9					
Impairment	-	-	(204,491)	-	(204,491)
Deferred Tax	-	-	61,347	-	61,347
Re-classification of cumulative available for sale reserves on equity securities	-	(399,206)	399,206	-	-
Restated as at 1 January 2018	**1,000,000**	**(34,172**	**3,004,568**	**150,000**	**4,120,396**
Profit for the year	-	-	442,589	-	442,589
Other comprehensive income	-	8,806	-	-	8,806
	-	**8,806**	**442,589**	**-**	**451,395**
Total comprehensive income for the year					
Dividends					
-2017 final dividend	-	-	-	(150,000)	(150,000)
-2018 final dividend	-	-	(200,000)	200,000	-
Balance as at 31 December 2018	**1,000,000**	**(25,366)**	**3,247,157**	**200,000**	**4,421,791**

The notes on pages 134 to 202 are an integral part of these financial statements

Consolidated and Company Statements of Cash Flows
for the year ended 31 December 2018

	Notes	GROUP 2018 Ksh '000	GROUP 2017 Ksh '000	COMPANY 2018 Ksh '000	COMPANY 2017 Ksh '000
Cash flows from operating activities					
Cash used in operations	45(a)	(552,607)	(175,105)	(531,380)	(119,965)
Income tax paid	13(c)	(339,284)	(80,708)	(335,371)	(71,912)
Net cash used in operating activities		**(891,891)**	**(255,813)**	**(866,751)**	**(191,877)**
Cash flows from investing activities					
Purchase of property and equipment	18	(13,663)	(26,977)	(13,140)	(24,298)
Proceeds from sale of property and equipment		5,057	310	4,810	310
Refund of proceeds from sale of motor vehicle		-	(1,800)	-	(1,800)
Overstated gain on disposal		-	(350)	-	(350)
Purchase of intangible assets	17	(11,525)	(11,837)	(11,364)	(11,670)
Net movement in debt securities		142,077	(403,183)	148,508	(450,487)
Proceeds from sale of equity securities available for sale		-	8,643	-	8,643
Proceeds from sale of equity securities held at fair value through profit or loss		16,786	-	16,786	-
Purchase of equity instruments fair value through profit or loss	31(b)	(114,239)	-	(114,239)	-
Net purchases/maturities of corporate bonds		25,864	5,052	25,864	5,052
Net investment in deposits maturing after 3 months		28,450	(86,067)	(22,187)	-
Interest income	7	617,153	609,321	589,783	572,610
Rental income	7	226,266	217,793	226,266	217,793
Dividend income	7	42,933	45,896	38,214	39,707
Net cash generated from investing activities		**965,159**	**356,801**	**889,301**	**355,510**
Dividends paid to shareholders of parent company	16	(150,000)	(200,000)	(150,000)	(200,000)
Net decrease in cash and cash equivalents		**(76,732)**	**(99,012)**	**(127,450)**	**(36,367)**
Cash and cash equivalents at beginning of year		403,742	506,812	299,849	336,216
Effect of exchange rate changes on translation of cash and cash equivalents		(8,081)	(4,058)	-	-
Cash and cash equivalents at year end	45(b)	**318,929**	**403,742**	**172,399**	**299,849**

The notes on pages 134 to 202 are an integral part of these financial statements.

1 GENERAL INFORMATION

ICEA LION General Insurance Company Limited (the "Company") transacts general insurance business and is incorporated in Kenya under the Companies Act as a private limited liability company. The Company is domiciled in Kenya and the address of its registered office is:

ICEA LION Centre Chiromo Road
PO Box 30190,00100
Nairobi

For the Kenyan Companies Act 2015 reporting purposes, the balance sheet is presented by statement of financial position and the profit and loss account is presented by the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except for investment properties, fair value through profit or loss and fair value through other comprehensive income financial assets which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Application of new and revised International Financial Reporting Standards (IFRSs)
1.1. Amendments to IFRSs that are mandatorily effective for the current year
Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 only and not to the comparative period.

The standard amends the classification and measurement models for financial assets. See below.

a) Classification and measurement of financial assets
All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

  The Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have not been restated in accordance with the transitional provisions of the standard.

The Group and the Company's statement of financial position contains the following financial assets:

1) Equity securities-Quoted
2) Equity securities-Unquoted
3) Receivables arising out of reinsurance arrangements
4) Receivables arising out of direct insurance arrangements
5) Other receivables
6) Debt securities
7) Corporate bonds
8) Deposits with financial institutions
9) Cash & bank balances
10) Kenya Motor insurance pool

There have been changes in the measurement criteria for some of the Group and Company's financial assets on adoption of IFRS 9 after the consideration of the business model and cash flow characteristics. These are discussed further on pages 138 and 139.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impact of initial application of IFRS 9 Financial Instruments (Continued)

b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.
In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on its financial assets as listed in (a) above. The Group and the Company measured the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL).

The ECL on trade receivables is estimated using a provision matrix by taking into account past default experience and an analysis of the debtors current financial position and adjusted for any factors that are specific to debtors general economic conditions. There has been no material adjustments to existing provisions.
The Company has used the general approach method and applied the 12 month ECL on Cash, Deposits with financial institutions and government securities and corporate bonds.
See (e) below for further financial details of the adjustments.
See note 2(g) for details on movement in provisions for the year.

The adoption of the standard has not resulted in any adjustments to the comparatives as allowed by the provisions of the standard.

The application of IFRS 9 has not affected the Company's accounting for its liabilities. The payables continue to be recognised initially at fair value and subsequently measured at amortised cost.

c) Disclosures in relation to the initial application of IFRS 9

The group and the company has classified equities previously measured at available for sale to fair value through profit or loss. In addition one of the corporate bonds did not meet the solely payment of principal and interest (SPPI) test and has hence been reclassified from held at amortised cost to fair value through profit or loss.

d) Impact of initial application of IFRS 9

The adoption and application of IFRS 9 has resulted into a day one adjustment at 1 January 2018 of Shs 234,200,000 and Shs 204,491,000 at the group and the company respectively that have been effected through retained earnings. Related deferred tax adjustment of Shs 70,039,000 and Shs 61,347,000 at the group and company respectively have been effected through retained earnings.

The application of IFRS 9 has had no impact on the cash flows of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impact of initial application of IFRS 9 Financial Instruments (Continued)

Classification and measurement of financial instruments
The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 1 January 2018 are compared as follows:

Group

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 Shs '000	New carrying amount under IFRS 9 Shs'000
Financial assets				
Equity securities – quoted	Available for Sale	Fair value through profit or loss	1,040,590	1,040,590
Equity securities-Non quoted	Available for Sale	Fair value through other comprehensive income	4,350	4,350
Receivables arising from direct insurance arrangements	Loans and receivables	Amortised cost	615,213	523,195
Receivables arising out of reinsurance arrangements	Loans and receivables	Amortised cost	168,921	34,777
Other receivables	Loans and receivables	Amortised cost	176,918	176,918
Debt securities	Amortised cost	Amortised cost	4,329,004	4,324,279
Debt securities	Fair value through profit or loss	Fair value through profit or loss	395,760	395,760
Corporate bonds	Amortised cost	Amortised cost	244,610	243,598
Corporate bonds	Amortised cost	Fair value through profit or loss	15,286	15,286
Deposits with financial institutions	Amortised cost	Amortised cost	468,563	466,330
Cash and bank balances	Amortised cost	Amortised cost	17,678	17,610
Total financial assets			**7,476,893**	**7,242,693**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impact of initial application of IFRS 9 Financial Instruments (Continued)

Company

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 Shs'000	New carrying amount under IFRS 9 Shs'000
Financial assets				
Equity securities – quoted	Available for Sale	Fair value through profit or loss	929,701	929,701
Receivables arising from direct insurance arrangements	Loans and receivables	Amortised cost	590,897	505,756
Receivables arising out of reinsurance arrangements	Loans and receivables	Amortised cost	119,445	7,508
Other receivables	Loans and receivables	Amortised cost	167,905	167,905
Debt securities	Amortised cost	Amortised cost	4,246,555	4,241,725
Debt securities	Fair value through profit or loss	Fair value through profit or loss	395,760	395,760
Corporate bonds	Amortised cost	Amortised cost	244,610	243,598
Corporate bonds	Amortised cost	Fair value through profit or loss	15,286	15,286
Deposits with financial institutions	Amortised cost	Amortised cost	255,153	253,650
Cash and bank balances	Amortised cost	Amortised cost	13,108	13,040
Total financial assets			**6,978,420**	**6,773,929**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impact of initial application of IFRS 9 Financial Instruments (Continued)

The following table reconciles the carrying amount of financial assets, from their previous measurement categories in accordance with IAS 39 as at 31 December 2017 to the new measurement categories under IFRS 9 on 1 January 2018:

Group

	IAS 39 carrying amount 31 December 2017 Shs'000	Re-classifications Shs'000	Re-measurements Shs'000	IFRS 9 carrying amount 1 January 2018 Shs'000
Financial assets at amortised cost				
Cash and balances	17,678	-	(68)	17,610
Deposits with financial institutions	468,563	-	(2,233)	466,330
Debt securities	4,329,004	-	(4,733)	4,324,271
Receivables arising from direct insurance arrangements	615,213	-	(92,018)	523,195
Receivables arising out of reinsurance arrangements	168,921	-	(134,144)	34,777
Corporate bonds at amortised cost	244,610	-	(1,204)	243,406
Corporate bonds at FVTPL	15,286	(15,286)	-	-
Other receivables	176,918	-	-	176,918
Total financial assets measured at amortised cost	**6,036,193**	**(15,286)**	**(234,200)**	**5,786,707**
Financial assets at fair value through other comprehensive income (FVTOCI)				
Equity securities	1,040,590	(1,040,590)	-	-
Debt securities	395,760	-	-	395,760
Total financial assets at FVTOCI	**1,436,350**	**(1,044,940)**	**-**	**395,760**
Financial assets at fair value through profit or loss (FVTPL)				
Equity securities	-	1,040,590	-	1,040,590
Corporate Bonds	-	15,286	-	15,286
Total financial assets at FVTPL	**-**	**1,055,876**	**-**	**1,055,876**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impact of initial application of IFRS 9 Financial Instruments (Continued)

Company

	IAS 39 carrying amount 31 December 2017 Shs'000	Re-classifications Shs'000	Re-measurements Shs'000	IFRS 9 carrying amount 1 January 2018 Shs'000
Financial assets at amortised cost				
Cash and balances	13,108	-	(68)	13,040
Deposits with financial institutions	255,153	-	(1,503)	253,650
Debt securities	4,246,555	-	(4,638)	4,241,917
Receivables arising from direct insurance arrangements	590,897	-	(85,141)	505,756
Receivables arising out of reinsurance arrangements	119,445	-	(111,937)	7,508
Corporate bonds at amortised cost	244,610	-	(1,204)	243,406
Corporate bonds at FVTPL	15,286	(15,286)	-	-
Other receivables	167,905	-	-	167,905
Total financial assets measured at amortised cost	**5,652,959**	**(15,286)**	**(204,491)**	**5,433,182**
Financial assets at fair value through other comprehensive income (FVTOCI)				
Equity securities	929,701	(929,701)	-	-
Debt securities	395,760		-	395,760
Total financial assets at FVTOCI	**1,325,461**	**(929,701)**	**-**	**395,760**
Financial assets at fair value through profit or loss (FVTPL)				
Equity securities	-	929,701	-	929,701
Corporate Bonds	-	15,286	-	15,286
Total financial assets at FVTPL	**-**	**944,987**	**-**	**944,987**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impact of initial application of IFRS 9 Financial Instruments (Continued)

Designation of equity investments at fair value through other comprehensive income (FVTOCI):
The Company has elected not to irrevocably designate certain investments in a small portfolio of non-trading equity investments at FVTOCI as permitted under IFRS 9.

The following table reconciles the prior period's closing impairment allowance measured in accordance with IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

Group

	Impairment under IAS 39 Shs'000	Re-classifications Shs'000	Re-measurements Shs'000	Expected Credit Loss under IFRS 9 Shs'000
Financial asset				
Cash and bank balances	-	-	68	68
Deposits with financial institutions	14,993	-	2,233	17,226
Receivables arising from direct insurance arrangements	319,370	-	92,018	411,388
Receivables arising from reinsurance arrangements	15,872	-	134,144	150,016
Debt securities at amortised cost	-	-	4,725	4,725
Corporate bonds	-	-	1,012	1,012
Total	**350,235**		**234,200**	**584,435**

The impact on the Group and Company's retained earnings as at 1 January 2018 was Shs 234,200 000.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2. Amendments to IFRSs that are mandatorily effective for the current year (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

Company

	Impairment under IAS 39 Shs'000	Re-classifications Shs'000	Re-measurements Shs'000	Expected Credit Loss under IFRS 9 Shs'000
Financial asset				
Cash and bank balances	-	-	68	68
Deposits with financial institutions	14,993	-	1,503	16,496
Receivables arising from direct insurance arrangements	307,639	-	85,141	392,780
Receivables arising from reinsurance arrangements	7,384	-	111,937	119,321
Debt securities at amortised cost	-	-	4,830	4,830
Corporate bonds	-	-	1,012	1,012
Total	**330,016**	**-**	**204,491**	**534,507**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)
Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.1 Amendments to IFRSs that are mandatorily effective for the current year

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

In April 2016, the IASB issued Clarification to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance. The group has adopted IFRS 15 and this has not had a significant impact on the financial position and/or financial performance of the group.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The group has adopted the amendments to IAS 40 and these have not had any impact on the group's consolidated financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The group has adopted the amendments to IFRIC 22 and this did not have any impact on the group's financial statements. The Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

1.1 Annual Improvements to IFRSs 2014 – 2016 Cycle

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

The group has adopted the amendments to IFRS 1 and IAS 28 and these have not had any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective

Standard	Effective date
IFRS 16 Leases	1 January 2019 Early adoption is permitted only if IFRS is adopted at the same time.
IFRS 17 Insurance Contracts	1 January 2021
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	1 January 2019
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets	Effective date postponed
Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019

IFRS 17-Insurance Contracts

The IASB issued IFRS 17, 'Insurance Contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are re-measured on a current basis at each reporting period. The unearned profit (contractual service margin) is recognized over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognized in profit or loss in the period in which they occur but over the remaining life in the contract.

The directors anticipate that the application of IFRS 17 will have a significant impact on the financial position and/or financial performance of the Group and are in the process of assessing the impact of its application.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.
IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

1.2 New and revised IFRSs in issue but not yet effective (continued)

Furthermore, extensive disclosures are required by IFRS 16.

The directors of the Group anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements and are in the process of assessing its impact of its application.

Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.

The narrow-scope amendment covers two issues:

- The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.

How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on sale or contribution of assets

The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.

The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Directors do not plan to apply the above standards, until they become effective. Based on their assessment of the potential impact of application of the above, only IFRS 17 and IFRS 16 are expected to have a significant impact on the Group's financial statements.

There are no other standards that are not yet effective that would be expected to have a material impact on the group in the current or future reporting periods and on near future transactions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

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

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

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

i) Subsidiaries

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including;

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

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

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

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

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

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

(ii) Investment in subsidiary companies

In the separate financial statements, investments in subsidiaries are accounted for at cost.

(c) Kenya Motor Insurance Pool

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

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

(d) Revenue recognition

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

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

ii) Other income

Commissions receivable are recognised as income in the period in which they are earned. To achieve this a proportion of reinsurance commissions receivable is deferred and recognised as income over the period of the policy.

Interest income for all interest bearing financial instruments is recognised using the effective interest rate method. Dividend income on available for sale equities is recognised as income in the period in which the right to receive payment is established. Rental income is recognised as income in the period in which it is earned.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

ii) Other income (continued)

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

(e) Reinsurance

The Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance attained are recognised as income in the same manner as they would be if the reinsurance were considered direct business. Ceded reinsurance arrangements do not relieve the group from its obligations to policyholders. Premiums ceded and claims reimbursed are presented on a gross basis in the consolidated statement of comprehensive income and statement of financial position as appropriate.

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the group will receive from the reinsurer. The impairment loss is recognized in the statement of comprehensive income.

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

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

(f) Commissions payable and deferred acquisition costs

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

(g) Claims incurred

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims provisions represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of each reporting period, but not settled at that date, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR") at the end of each reporting period based on the group's experience but subject to the minimum levels of IBNR set by regulations in Kenya and Tanzania.

(h) Unearned premium reserve

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract at which time it is recognised as premium income.

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings ("Ksh") rounded to the nearest thousand, which is the Group's presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Foreign currency translation (continued)

(ii) Transactions and balances

In preparing the financial statements of individual entities in the group, transactions in foreign currencies during the year are recorded at rates ruling at the transaction dates. Assets and liabilities at the end of each reporting period which are expressed in foreign currencies are translated at rates ruling at that date. The resulting differences are dealt with in profit or loss in the year in which they arise.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Kenya shillings, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated to Kenya shillings using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in other comprehensive income and accumulated in equity under the groups' currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(J) Retirement benefit obligations

The Group operates two defined contribution pension schemes for its employees. The assets of these schemes are held in separate trustee administered funds. The schemes are funded by contributions from both the employees and the employer. Contributions are determined by the rules of the schemes.

The group also contributes to the statutory defined contribution pension schemes, the National Social Security Fund (NSSF) in Kenya and Tanzania. Contributions to these schemes are determined by local statute.

The Group's obligations to retirement benefits schemes are charged to profit or loss as they fall due. There is no further obligation to the group.

(K) Income tax expense

Income tax expense is the aggregate amount charged /(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax expense (continued)

Deferred income tax(continued)

Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same entity.

(l) Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. Investment properties are carried at fair value, representing market value determined by external independent valuers. Changes in their carrying amount between the statement of financial position dates are accounted for through profit or loss. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(m) Dividends payable

Dividends payable on ordinary shares are charged to equity in the period in which they are declared. Dividends declared after the reporting date are not recognised as liabilities at the end of each reporting period.
Proposed dividends are shown as a separate component of equity.

(n) Property and equipment

All property and equipment are initially recorded at cost. These are stated at historical cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life at the following rates:

Buildings	4%
Furniture, fixtures and fittings and office equipment	12.5% - 20%
Motor vehicles	25%
Computer equipment	25%
Software	33.3%

Property and equipment is periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts.

(o) Intangible assets

Intangible assets comprise of computer software costs which are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated to write off the cost of computer software on a straight line basis over its estimated useful life of 3 years.

(p) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to a company within the group as a lessee. All other leases are classified as operating leases.
Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortised over the term of the lease.

i) The group as lessor

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease.

ii) The group as lessee

Rentals payable under operating leases are charged to income on the straight- line basis over the term of the relevant lease

(q) Financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group has not made this irrevocable decision. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt securities

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

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Equity securities

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (NSE, DSE). The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

Determination of fair value (continued)

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Prior to 1 January 2018, the Group would assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:
Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
  - An adverse changes in the payment status of issuers or debtors in the Group; or
  - National or local economic conditions that correlate with defaults on the assets in the Group.

IFRS 9 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

- Debt securities measured at amortised cost
- Receivables arising from direct insurance arrangements;
- Receivables arising from reinsurance arrangements;
- Corporate bonds;
- Deposits with financial institutions; and
- Cash and bank balances
- Kenya motor insurance pool

No impairment loss is recognised on equity investments and financial assets measured at FVPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- Other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for premium and rent receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Group follows the general approach.

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.
- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

Definition of default

The Group will consider a financial asset to be in default when:

- the counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the counterparty or borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; or

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: egg. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

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

Significant increase in credit risk (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

Significant increase in credit risk (SIICR) (continued)

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group risk committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co¬operation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between credit risk and credit losses.

The predicted relationships between the key indicators and the default and loss rates on various portfolios of financial assets have been developed by analysing historical data over the past 3 to 5 years.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:
- Probability of Default;
- Loss given default (LGD); and
- Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by Standard & Poors based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)).The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity; industry; and
- geographic location of the borrower.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios.

Fair value through profit or loss (FVTPL)

If a financial asset or group of financial assets is not held within the "hold to collect" or the "hold to collect and sell" business model it should be measured at FVTPL. FVTPL is the residual category and IFRS 9. Additionally, a business model in which an entity manages financial assets, with the objective of realizing cash flows through solely the sale of the assets would result into FVTPL business model. Even though the entity might collect contractual cash flows while it holds the financial assets the objectives of such a business model is not achieved by both collecting contractual cash flows and selling financial assets. This is because the collection of contractual cash flows is not integral to achieving the business models objectives; instead it is incidental to it.

Financial liabilities

Two measurement categories exist for financial liabilities; FVTPL and amortised cost. Financial liabilities that are held for trading are measured at FVTPL and all other financial liabilities are measured at amortised cost unless the fair value option is applied. IFRS 9, contains an option to designate a financial liability as measured at FVTPL when:-

(i) Doing so significantly reduces or eliminates an accounting mismatch that would arise from measuring assets and liabilities or recognising gains or losses on different basis
(ii) The liability is part of a group of financial liabilities that are managed and performance is evaluated on a fair value basis.

A financial liability that does not meet any of the above two criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

Derecognition of financial liabilities

A financial liability is removed from the statement of financial position when and only when it is extinguished, i.e. when the obligation in the contract is either discharged or cancelled or it expires. Where there been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as extinguishment of the original financial liability and the recognition of a new financial liability.

A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 December 2017, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

Reclassification (continued)

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above.

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss within other gains/(losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(r) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(s) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Impairment of non-financial assets

At each end of the reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and the impairment loss is recognised in the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(u) Share capital

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

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Shares are classified as equity when there is no obligation to transfer cash or other assets.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY

In the process of applying the entity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key assumptions concerning the future and other sources of estimation uncertainty that directors have made in applying the group's accounting policies:

Outstanding claim reserves

Delays can be experienced in the notification and settlement of certain types of claims and therefore the ultimate cost of this category of claims cannot be known with certainty at the end of each reporting period. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The Group uses the Basic Chain Ladder techniques and the Bornhuetter-Ferguson Method, dependent on the class of business being projected, to estimate the ultimate cost of claims and the IBNR. These techniques/methods are used as they are appropriate for mature classes of business that have relatively stable development patterns. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated claims cost for each year. The development of insurance liabilities provides a measure of the group's ability to estimate the ultimate value of claims. In order to compute the Net Incurred But not Reported (IBNR) a reinsurance recovery rate is determined.

In the event that minimum prescribed IBNR rates as determined by the insurance regulations in Kenya and Tanzania are higher than those estimated by the group, the regulatory limits are applied.

The key variable used in determining IBNR and outstanding claim reserves is the value of claims where actual claims incurred may differ from historical claims incurred.

The table below summarises the impact of the change to the value of claims on the financial positions.

GROUP

		31 December 2018		31 December 2017	
	% change	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000
Value of claims	1%	44,444	31,937	50,701	34,477

COMPANY

		31 December 2018		31 December 2017	
	% change	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000	Impact on outstanding claim reserves Kshs'000	Impact on profit before tax Kshs'000
Value of claims	1%	42,036	31,287	48,613	33,543

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

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

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

Calculation of loss allowance

When measuring expected credit losses (ECL), the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on the financial assets had been 5% higher (lower) as of 31 December 2018, the loss allowance would have been Kshs 49,948,000 and Kshs 44,706,000 for the group and the company respectively higher (lower).

Valuation of investment properties

The market valuation is on investment basis subject to Leasehold considerations and the existing tenancies. The valuation also reflects the highest and best use.

The effects of changes in gross annual rental and yield will have the following effect on the fair value of the properties:-

GROUP AND COMPANY

		31 December 2018	31 December 2017
	% change	Impact on profit before tax Kshs'000	Impact on profit before tax Kshs'000
Gross annual rental	+5%	11,313	10,890
Gross annual rental	-5%	(11,313)	(10,890)
Rate of return	+2.5%	5,657	5,445
Rate of return	-2.5%	(5,657)	(5,445)

4 RISK MANAGEMENT

Governance framework

The primary objective of the group's risk and financial management framework is to protect the group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place. The group has a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to management.

Management of Insurance and financial risk

The group's activities expose it to a variety of risks. The group classifies the various risks it is exposed to into insurance risk and financial risk. Financial risks include credit risk, liquidity risk and market risk. Market risk includes the effect of changes in equity market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets, identification and management of risks. It seeks to minimise potential adverse effects on its financial performance by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. The group has put in place investment policies which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

i) Insurance risk

Insurance risk in the group arises from:

(a) Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
(b) Unexpected claims arising from a single source;
(c) Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
(d) Inadequate reinsurance protection or other risk transfer techniques; and
(e) Inadequate reserves

(a), (b) and (c) can be classified as the core insurance risk, (d) relates to reinsurance planning, while (e) is about reserving.

Core insurance risk

This risk is managed through:

- Diversification across a large portfolio of insurance contracts;
- Careful selection guided by a conservative underwriting philosophy;
- Continuous monitoring of the business performance per class and per client and

4 RISK MANAGEMENT (continued)

corrective action taken as deemed appropriate;
- A minimum of one review of each policy at renewal to determine whether the risk remains within the acceptable criteria;
- Having a business acceptance criteria which is reviewed from time to time based on the experience and other developments; and
- Having a mechanism of identifying, quantifying and accumulating exposures to contain them within the set underwriting limits.

Reinsurance planning

Reinsurance purchases are reviewed annually to verify that the levels of protection being sought reflect developments in exposure and risk appetite of the group. The basis of these purchases is underpinned by the group's experience, financial modelling by and exposure of the reinsurance broker.

The reinsurance is placed with providers who meet the Group's counter party security requirements.

Claims reserving

The group's reserving policy is guided by the prudence concept. Estimates are made of the estimated cost of settling a claim based on the best available information on registration of a claim, and this is updated as and when additional information is obtained and annual reviews done to ensure that the reserves are adequate. Management is regularly provided with claims settlement reports to inform on the reserving performance.

Short-term insurance contracts

The Group principally issues the following types of general insurance contracts: Aviation, engineering, fire, liability, marine, motor, personal accident, theft, workmen compensation and various miscellaneous general risk classes. The risks under these policies usually cover twelve months duration.

These risks on these contracts do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group.

The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively

Short-term insurance contracts (continued)

impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

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

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The Board of Directors may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(i) Insurance risk (continued)

The table below sets out the concentration of insurance exposure by the main classes of business in which the group operates. The amounts are the carrying amounts of the sum insured (gross and net of reinsurance) arising from insurance contracts.

GROUP		Ksh '000	Ksh'000	Ksh'000	Ksh'000
31 December 2018		Below 20m	20m to 50m	Over 50 million	Total
Aviation	Gross	1,091,881	787,808	1,407,884,599	1,409,764,289
	Net	122,119	55,828	983,093	1,161,040
Engineering	Gross	4,268,629	4,387,746	57,059,634	65,716,009
	Net	4,186,289	4,177,505	14,561,807	22,925,602
Fire Domestic	Gross	34,653,684	41,137,284	81,753,200	157,544,167
	Net	34,502,450	41,019,412	59,063,578	134,585,441
Fire Industrial	Gross	35,249,569	52,777,493	1,292,042,548	1,380,069,609
	Net	24,657,323	41,352,474	278,101,969	344,111,766
Liability	Gross	6,164,928	7,805,317	102,030,298	116,000,543
	Net	5,505,851	6,464,523	44,012,461	55,982,835
Marine	Gross	3,096,184	1,875,537	21,296,498	26,268,219
	Net	2,983,225	1,324,708	10,977,266	15,285,200
Medical and miscellaneous	Gross	25,524,248	17,497,606	24,151,159	67,173,014
	Net	5,140,628	3,604,483	3,838,559	12,583,670
Motor Commercial	Gross	6,734,713	1,784,623	5,412,108	13,931,444
	Net	6,690,161	1,772,082	5,273,044	13,735,286
Motor Private	Gross	22,823,431	2,625,947	7,489,202	32,938,579
	Net	22,618,490	2,615,007	7,456,910	32,690,407
Personal Accident	Gross	3,312,862	12,227,271	78,545,067	94,085,200
	Net	3,253,083	11,714,940	36,306,671	51,274,694
Theft	Gross	10,057,924	7,174,727	50,548,420	67,781,071
	Net	10,006,679	7,119,861	49,720,043	66,846,582
Workmen's Compensation	Gross	858,217	56,997,785	80,546,857	138,402,859
	Net	850,100	56,813,112	77,975,263	135,638,475
	Gross	**153,836,270**	**207,079,144**	**3,208,759,590**	**3,569,675,003**
31 December 2018	**Net**	**120,516,398**	**178,033,935**	**588,270,665**	**886,820,998**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)
(i) Insurance risk (continued)

GROUP

31 December 2017		Ksh '000 Below 20m	Ksh'000 20m to 50m	Ksh'000 Over 50 million	Ksh'000 Total
Aviation	Gross	1,241,034	460,610	699,545,429	701,247,073
	Net	125,938	27,941	7,114,946	7,268,825
Engineering	Gross	4,203,640	3,229,453	48,224,316	55,657,409
	Net	4,101,943	3,144,557	15,483,887	22,730,387
Fire Domestic	Gross	41,233,351	36,931,901	78,842,656	157,007,908
	Net	41,096,738	36,825,276	58,098,717	136,020,731
Fire Industrial	Gross	41,605,441	47,993,804	1,377,968,504	1,467,567,749
	Net	25,856,914	34,935,667	318,938,569	379,731,150
Liability	Gross	7,736,913	5,166,488	204,196,611	217,100,012
	Net	6,667,094	4,091,411	29,139,374	39,897,879
Marine	Gross	2,909,041	1,733,384	22,984,342	27,626,767
	Net	2,769,784	1,309,409	14,406,388	18,485,581
Medical and miscellaneous	Gross	16,568,500	7,794,445	15,657,867	40,020,812
	Net	1,868,612	824,378	1,158,589	3,851,579
Motor Commercial	Gross	8,121,127	2,155,849	7,717,611	17,994,587
	Net	8,071,453	2,155,849	7,578,116	17,805,418
Motor Private	Gross	28,107,700	3,240,890	8,778,345	40,126,935
	Net	27,844,234	3,203,122	8,696,031	39,743,387
Personal Accident	Gross	4,813,864	10,104,643	57,243,862	72,162,369
	Net	4,709,463	9,752,415	27,342,796	41,804,674
Theft	Gross	10,801,396	5,720,685	57,406,976	73,929,057
	Net	10,780,266	5,712,734	56,976,081	73,469,081
Workmen's Compensation	Gross	3,684,483	35,276,862	55,425,998	94,387,343
	Net	3,680,080	35,177,362	52,446,411	91,303,853
Oil and Gas	Gross	133,687	416,348	1,090,249	1,640,284
	Net	109,074	146,247	499,961	755,282
31 December 2017	**Gross**	**171,160,177**	**160,225,362**	**2,635,082,766**	**2,966,468,305**
	Net	**137,681,593**	**137,306,368**	**597,879,866**	**872,867,827**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(i) Insurance risk (continued)

COMPANY

31 December 2018		Ksh '000 Below 20m	Ksh'000 20m to 50m	Ksh'000 Over 50 million	Ksh'000 Total
Aviation	Gross	1,062,780	787,808	1,406,406,688	1,408,257,276
	Net	114,773	55,828	947,682	1,118,284
Engineering	Gross	3,711,315	3,996,304	44,886,950	52,594,570
	Net	3,679,886	3,825,208	12,406,513	19,911,608
Fire Domestic	Gross	34,222,019	40,606,703	81,037,870	155,866,592
	Net	34,113,155	40,539,871	58,452,239	133,105,265
Fire Industrial	Gross	34,280,109	51,165,819	1,207,169,393	1,292,615,320
	Net	23,817,813	39,968,453	248,344,895	312,131,160
Liability	Gross	6,040,956	7,410,300	64,931,929	78,383,185
	Net	5,392,136	6,114,500	35,736,501	47,243,137
Marine	Gross	2,856,594	1,628,602	19,299,223	23,784,419
	Net	2,775,854	1,259,201	9,712,547	13,747,601
Medical and miscellaneous classes	Gross	25,341,885	17,387,314	23,242,917	65,972,117
	Net	5,118,788	3,594,557	3,828,463	12,541,808
Motor Commercial	Gross	6,360,849	1,729,808	4,526,464	12,617,121
	Net	6,360,782	1,729,808	4,526,464	12,617,054
Motor Private	Gross	21,256,657	2,516,549	7,166,283	30,939,489
	Net	21,256,285	2,516,549	7,166,283	30,939,118
Personal Accident	Gross	3,122,489	11,857,929	76,957,343	91,937,760
	Net	3,090,157	11,507,870	35,393,245	49,991,271
Theft	Gross	9,555,959	6,926,354	49,674,691	66,157,005
	Net	9,551,515	6,923,913	49,274,691	65,750,119
Workmen's Compensation	Gross	784,738	56,924,673	79,741,087	137,450,498
	Net	783,968	56,747,311	77,285,391	134,816,671
31 December 2018	**Gross**	**148,596,350**	**202,938,163**	**3,065,040,838**	**3,416,575,352**
	Net	**116,055,112**	**174,783,069**	**543,074,914**	**833,913,096**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(i) Insurance risk (continued)

COMPANY

31 December 2017		Ksh '000 Below 20m	Ksh'000 20m to 50m	Ksh'000 Over 50 million	Ksh'000 Total
Aviation	Gross	1,241,034	460,610	699,545,429	701,247,073
	Net	125,938	27,941	7,114,946	7,268,825
Engineering	Gross	3,741,141	2,988,822	39,569,529	46,299,492
	Net	3,676,571	2,923,626	12,323,377	18,923,574
Fire Domestic	Gross	40,536,745	36,398,459	78,112,670	155,047,874
	Net	40,469,792	36,345,179	57,441,729	134,256,700
Fire Industrial	Gross	40,773,196	46,780,832	1,305,797,409	1,393,351,437
	Net	25,126,230	33,833,036	307,693,332	366,652,598
Liability	Gross	7,566,866	4,820,704	202,539,262	214,926,832
	Net	6,511,243	3,791,526	28,570,864	38,873,633
Marine	Gross	2,730,906	1,498,875	19,876,467	24,106,248
	Net	2,618,728	1,206,563	12,398,200	16,223,491
Medical and miscellaneous classes	Gross	16,413,644	7,666,673	14,783,141	38,863,458
	Net	1,846,491	812,878	1,148,298	3,807,667
Motor Commercial	Gross	7,675,734	2,155,849	6,466,408	16,297,991
	Net	7,674,788	2,155,849	6,466,408	16,297,045
Motor Private	Gross	26,002,399	3,026,284	7,852,292	36,880,975
	Net	26,000,568	3,026,284	7,852,292	36,879,144
Personal Accident	Gross	4,229,742	9,882,506	56,404,815	70,517,063
	Net	4,187,921	9,549,791	26,758,501	40,496,213
Theft	Gross	10,733,205	5,668,749	57,355,522	73,757,476
	Net	10,718,895	5,665,992	56,929,772	73,314,659
Workmen's Compensation	Gross	3,684,483	35,276,862	54,396,909	93,358,254
	Net	3,680,080	35,177,362	52,446,411	91,303,853
31 December 2017	**Gross**	**165,329,095**	**156,625,225**	**2,542,699,853**	**2,864,654,173**
	Net	**132,637,245**	**134,516,027**	**577,144,130**	**844,297,402**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(i) Insurance risk (continued)

The geographical concentration of the Group's sum insured is disclosed below. The disclosure is based on the countries where the business is written.

31 December 2018	Gross Sum insured Ksh'000	Reinsurance Share Ksh'000	Net Sum insured Ksh'000
Kenya	3,416,575,353	2,582,662,258	833,913,095
Tanzania	153,099,650	100,191,747	52,907,903
Total	**3,569,675,003**	**2,682,854,005**	**886,820,998**
31 December 2017			
Kenya	2,864,654,175	2,020,356,775	844,297,400
Tanzania	101,814,131	73,243,706	28,570,425
Total	**2,966,468,306**	**2,093,600,481**	**872,867,825**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risks, equity price risk and foreign exchange currency risk. The sensitivity analyses presented below are based on a change in one assumption while holding all other assumptions constant.

(i)Foreign exchange currency risk

Foreign exchange currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities, which mitigate the foreign currency exchange rate risk. The currency risk is also effectively managed by ensuring that the transactions between the group and other parties are designated in the functional currencies of the individual group companies.

At 31 December 2018, if the Kenya shilling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the group profit before tax for the year would have been Ksh (20,536) (2017: Ksh 331,380) higher/lower, mainly as a result of US dollar denominated deposits with financial institutions in Kenya and in Tanzania.

At 31 December 2018, if the Kenya shilling had weakened/strengthened by 5% against the US dollar with all other variables held constant, the company profit before tax for the year would have been Ksh (36,267) (2017: Ksh 83,077) higher/lower, mainly as a result of US dollar denominated deposits with financial institutions in Kenya and in Tanzania.

(ii) Interest rate risk

The group is exposed to the risk that the level of interest income and in effect the cash flows will fluctuate due to changes in market interest rates. To manage this, the group ensures that the investment maturity profiles are well spread.

An increase/decrease of 5 percentage points in interest yields would result in an increase/(decrease) in the group profit before tax for the year by Ksh 30,862,254 (2017: Ksh 30,466,019).

An increase/decrease of 5 percentage points in interest yields would result in an increase/(decrease) in the company profit before tax for the year by Ksh 29,493,727 (2017: 28,630,496).

(iii) Equity price risk

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

The group is exposed to equity securities price risk as a result of its holdings in equity investments which are listed and traded on the Nairobi Securities Exchange and on the Dar-es-Salaam Stock Exchange which are classified as available for sale financial assets. Exposure to equity price risk in aggregate is monitored in order to ensure compliance.

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

a) Market risk (continued)

(iii) Equity price risk (continued)

with the relevant regulatory limits for solvency purposes.

The group has a defined investment policy which sets limits on the group's exposure to equity securities both in aggregate terms and by category/share. This policy of diversification is used to manage the group's price risk arising from its investments in equity securities.

At 31 December 2018, if equity market indices had increased/decreased by 5%, with all other variables held constant, the group profit before tax for the year would increase/decrease by Ksh 47,847,356 (2017: the group other comprehensive income for the year would increase/decrease by Ksh 52,247,013).

At 31 December 2018, if equity market indices had increased/decreased by 5%, with all other variables held constant, the company profit before tax for the year would increase/decrease by Ksh 42,643,797 (2017: the company other comprehensive income for the year would increase/decrease by Ksh 46,485,074).

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the group by failing to discharge a contractual obligation. The following policies and procedures are in place to mitigate the group's exposure to credit risk:

- Net exposure limits are set for each counterparty or group of counterparties i.e. limits are set for investments and cash deposits, and minimum credit ratings for investments that may be held.
- Reinsurance is placed with counterparties that have a good credit rating
- Ongoing monitoring by the management credit committee.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the group. Management information reported to the directors include details of provisions for impairment on receivables and subsequent write offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. The table below shows the carrying amounts of financial assets bearing credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customer segments with similar loss patterns. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

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

(ii) Financial risks (continued)

Expected credit loss as at 31 December 2018

Group

Total exposure as at December 2018

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	110,688	(27,975)	(13,801)	(16,353)	51,445	104,004
Brokers	185,669	20,013	41,073	67,449	304,498	618,702
Direct	(2,119)	2,260	2,319	22,538	(8,819)	16,179
TLAs	(382)	203	932	(236)	330	847
Facultative Receivables	58,330	64,246	3,062	(9,076)	105,961	222,523
Total	**352,186**	**58,747**	**33,585**	**64,322**	**453,415**	**962,255**

Total impairment as at December 2018

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	-	-	-	(19,865)	49,897	30,032
Brokers	-	-	326	35,090	295,845	331,261
Direct	-	-	173	21,288	(10,398)	11,063
TLAs	-	-	-	(287)	330	43
Facultative Receivables	240	-	-	6,614	99,381	106,235
Total	**240**	**-**	**499**	**42,840**	**435,055**	**478,634**

Loss Rates

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	-	-	-	121%	97%	29%
Brokers	-	-	1%	52%	98%	54%
Direct	-	-	7%	94%	118%	68%
TLAs	-	-	-	122%	100%	5%
Facultative Receivables	-	-	-	(73%)	94%	48%
Total	**-**	**-**	**1%**	**67%**	**96%**	**50%**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

Company

Total exposure as at December 2018

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	110,688	(27,994)	(13,820)	(16,702)	48,899	101,071
Brokers	184,101	19,990	40,934	67,320	292,351	604,696
Direct	(945)	2,259	2,003	22,865	(12,408)	13,774
TLAs	(382)	203	932	(236)	330	847
Facultative Receivables	56,534	63,643	1,563	(11,457)	80,174	190,457
Total	**349,996**	**58,101**	**31,612**	**61,790**	**409,346**	**910,845**

Total impairment as at December 2018

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	TOTAL
Agents	-	-	-	(20,010)	48,899	28,889
Brokers	-	-	326	35,025	291,153	326,504
Direct	-	-	26	21,288	(12,408)	8,906
TLAs	-	-	-	(287)	330	43
Facultative Receivables	-	-	-	1,987	80,175	82,162
Total	**-**	**-**	**352**	**38,003**	**408,149**	**446,504**

Loss Rates

	0-30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
Agents	0%	0%	0%	120%	100%	29%
Brokers	0%	0%	1%	52%	100%	54%
Direct	0%	0%	1%	93%	100%	65%
TLAs	0%	0%	0%	122%	100%	5%
Facultative Receivables	0%	0%	0%	(17%)	100%	43%
Total	0%	0%	1%	62%	100%	49%

Expected credit loss as at 31 December 2017

The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has elected not to restate comparatives in respect of the consequential amendments to IFRS 7 Financial Instruments: Disclosures. Accordingly, these amendments were applied to the disclosures for 2018 only and not to the comparative period.

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

(b) Credit risk (continued)

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

	Carrying Amount Ksh'000	Impaired Ksh'000	Total Ksh'000
GROUP			
31 December 2018			
Receivable arising out of direct insurance arrangements	739,732	(372,400)	367,332
Receivable arising out of reinsurance arrangements	277,052	(106,234)	170,818
Debt securities at amortised cost	4,168,236	(4,343)	4,163,893
Debt securities at fair value through other comprehensive income	352,593	-	352,593
Corporate bonds at amortised cost	218,108	(1,038)	217,070
Corporate bonds at fair value through profit or loss	15,852	-	15,852
Deposits with financial institutions at amortised cost	424,444	(2,154)	422,290
Other receivables	242,909	(7,224)	235,685
Cash and bank balances	20,962	13	20,975
	6,459,888	**(493,380)**	**5,966,508**
31 December 2017			
Receivable arising out of direct insurance arrangements	934,583	(319,370)	615,213
Receivable arising out of reinsurance arrangements	184,793	(15,872)	168,921
Debt securities at amortised cost	4,329,004	-	4,329,004
Debt securities at fair value through other comprehensive income	395,760	-	395,760
Corporate bonds at amortised cost	259,896	-	259,896
Deposits with financial institutions at amortised cost	453,569	14,994	468,563
Other receivables	176,918	-	176,918
Cash and bank balances	17,678	-	17,678
	6,752,201	**(320,248)**	**6,431,953**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

(b) Credit risk (continued)

COMPANY	Carrying Amount Ksh'000	Impaired Ksh'000	Total Ksh'000
31 December 2018			
Receivable arising out of direct insurance arrangements	720,388	(364,342)	356,046
Receivable arising out of reinsurance arrangements	235,376	(82,162)	153,214
Debt securities held to maturity	4,079,524	(4,432)	4,075,092
Debt securities at fair value through other comprehensive income	352,593	-	352,593
Corporate bonds at amortised cost	218,108	(1,038)	217,070
Corporate bonds at fair value through profit or loss	15,852	-	15,852
Deposits with financial institutions held to maturity	225,890	(1,503)	224,387
Other receivables	224,590	-	224,590
Cash and bank balances	8,882	13	8,895
	6,081,203	**(453,464)**	**5,627,739**
31 December 2017			
Receivable arising out of direct insurance arrangements	898,535	(307,638)	590,897
Receivable arising out of reinsurance arrangements	126,829	(7,384)	119,445
Debt securities held to maturity	4,246,555	-	4,246,555
Debt securities at fair value through other comprehensive income	395,760	-	395,760
Corporate bonds at amortised cost	259,896	-	259,896
Deposits with financial institutions at amortised cost	240,159	14,994	255,153
Other receivables	167,905	-	167,905
Cash and bank balances	13,108	-	13,108
	6,348,747	**(300,028)**	**6,048,719**

Credit risk – Increase/decrease of ECL rate by 5%.

If the ECL rates on trade receivables had been 5% higher (lower) as of 31 December 2018, the loss allowance on trade receivables would have been Sh 49,948,000 for the group and Sh 44,706,000 for the company higher (lower).

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has developed and put in place an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

ICEA LION GENERAL INSURANCE

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

(c) Liquidity risk (continued)

The table below analyses the group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

GROUP

31 December 2018	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
Assets					
Equity Securities	139,925	78,178	87,675	268,658	574,436
Debt Securities at amortised cost	715,778	1,302,206	1,187,719	2,922,377	6,128,080
Corporate bonds at amortised cost	104,107	114,893	70,900	-	289,900
Deposits with financial institutions	356,176	18,197	-	-	374,373
Receivables arising out of reinsurance arrangements	172,681	17,307	17,307	8,654	215,949
Reinsurers' share of technical provisions and reserves	2,834,671	476,766	32,741	2,655	3,346,833
Receivables arising out of direct insurance arrangements	605,049	50,380	52,479	25,190	733,098
Cash and bank balances	20,975	-	-	-	20,975
Other receivables	355,303	73,648	-	-	428,951
Total assets	**5,304,665**	**2,131,575**	**1,448,821**	**3,227,534**	**12,112,595**
Outstanding claims provision	4,327,010	1,397,191	212,316	19,024	5,955,541
Unearned premium reserve	2,255,833	6,708	1,433	88	2,264,062
Payables arising from reinsurance arrangements	102,662	144,392	40,720	20,360	308,134
Other payables	190,875	229,276	169,394	-	589,545
Total liabilities	**6,876,380**	**1,777,567**	**423,863**	**39,472**	**9,117,282**
Liquidity gap	**(1,571,715)**	**354,008**	**1,024,958**	**3,188,062**	**2,995,313**

31 December 2017	1 year Kshs'000	2 years Kshs'000	3-5 years Kshs'000	5 years Kshs'000	Total Kshs'000
Assets					
Equity Securities	1,044,940	-	-	-	1,044,940
Debt Securities at amortised cost	754,377	763,709	2,450,991	3,977,250	7,946,328
Debt Securities available for sale	440,560	44,800	132,748	186,902	805,011
Corporate bonds at amortised cost	33,555	131,626	168,763	-	333,944
Deposits with financial institutions	468,563	-	-	-	468,563
Receivables arising out of reinsurance arrangements	168,921	-	-	-	168,921
Receivables arising out of direct insurance arrangements	615,213	-	-	-	615,213
Other receivables	176,918	-	-	-	176,918
Total assets	**3,703,047**	**940,135**	**2,752,502**	**4,164,154**	**11,559,838**
Outstanding claims provision	5,070,130	-	-	-	5,070,130
Payables arising from reinsurance arrangements	419,693	-	-	-	419,693
Other payables	464,410	-	-	-	464,410
Total liabilities	**5,954,233**	**-**	**-**	**-**	**5,954,233**
Liquidity gap	**(2,251,186)**	**940,135**	**2,752,502**	**4,164,154**	**5,605,605**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

(c) Liquidity risk (continued)

COMPANY

31 December 2018	0-1 year Kshs'000	1-3 years Kshs'000	3-5 years Kshs'000	>5 years Kshs'000	Total Kshs'000
Assets					
Equity Securities	35,854	78,178	87,675	268,658	470,365
Debt Securities at amortised cost	707,213	1,285,413	1,187,719	2,858,934	6,039,279
Corporate bonds at amortised cost	104,107	114,893	70,900	-	289,900
Deposits with financial institutions	158,273	18,197	-	-	176,470
Receivables arising out of reinsurance arrangements	155,077	17,307	17,307	8,654	198,345
Reinsurers' share of technical provisions and reserves	2,642,855	476,766	32,741	2,655	3,155,017
Receivables arising out of direct insurance arrangements	593,763	50,380	52,479	25,190	721,812
Cash and bank balances	8,895	-	-	-	8,895
Other receivables	344,210	73,648	-	-	417,858
Total assets	**4,750,247**	**2,114,782**	**1,448,821**	**3,164,091**	**11,477,941**
Outstanding claims provision	4,086,196	1,397,191	212,316	19,024	5,714,727
Unearned premium reserve	2,132,124	6,708	1,433	88	2,140,352
Payables arising from reinsurance arrangements	53,469	144,392	40,720	20,360	258,941
Other payables	144,579	229,276	169,394	-	543,249
Total liabilities	**6,416,368**	**1,777,567**	**423,863**	**39,472**	**8,657,270**
Liquidity gap	**(1,666,121)**	**337,215**	**1,024,958**	**3,124,619**	**2,820,671**

31 December 2017	1 year Kshs'000	2 years Kshs'000	3-5 years Kshs'000	5 years Kshs'000	Total Kshs'000
Assets					
Available for sale equity instruments	929,701	-	-	-	929,701
Debt Securities at amortised cost	754,378	763,709	2,434,309	3,911,483	7,863,879
Debt Securities available for sale	440,560	44,800	132,748	186,903	805,011
Corporate bonds held to maturity	33,555	131,626	168,763	-	333,944
Deposits with financial institutions	255153	-	-	-	255,153
Receivables arising out of reinsurance arrangements	119,445	-	-	-	119,445
Other receivables	590,897	-	-	-	590,897
Total assets	**3,291,594**	**940,135**	**2,735,820**	**4,098,386**	**11,065,935**
Outstanding claims provision	4,861,252	-	-	-	4,861,252
Payables arising from reinsurance arrangements	383,837	-	-	-	383,837
Other payables	429,390	-	-	-	429,390
Total liabilities	**5,674,479**	**-**	**-**	**-**	**5,674,479**
Liquidity gap	**(2,382,885)**	**940,135**	**2,735,820**	**4,098,386**	**5,391,456**

The liquidity gap on 1 year is adequately covered by cash flows from day to day operations.
The Group and Company does not maintain cash resources to meet all of the liability needs. The Board sets limits on the minimum proportion of funds available to meet any unexpected levels of liability payments.

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Nairobi Securities Exchange ("NSE") equity investments and government bonds classified as available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial and non-financial assets and liabilities measured at fair value at 31 December 2018 and 31 December 2017.

GROUP

31 December 2018	Level 1 Ksh'000	Level 2 Ksh'000	Total Ksh'000
- Equity securities at fair value through other comprehensive income	956,947	-	956,947
- Debt securities at fair value through other comprehensive income	352,593	-	352,593
- Investment Property	-	2,750,000	2,750,000
- Corporate Bonds	15,852	-	-
	1,325,392	**2,750,000**	**4,075,392**

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(ii) Financial risks (continued)

(d) Fair value hierarchy (continued)

GROUP

31 December 2017	Level 1 Ksh'000	Level 2 Ksh'000	Total Ksh'000
Available for sale			
- Equity instruments	1,044,940	-	1,044,940
- Government bonds	395,760	-	395,760
- Investment Property	-	2,730,000	2,730,000
	1,440,700	**2,730,000**	**4,170,700**

COMPANY

31 December 2018	Level 1 Ksh'000	Level 2 Ksh'000	Total Ksh'000
Available for sale			
- Equity instruments	852,876	-	852,876
- Government bonds	352,593	-	352,593
- Investment Property	-	2,750,000	2,750,000
- Corporate Bonds	15,852	-	15,852
	1,221,321	**2,750,000**	**3,971,321**

31 December 2017	Level 1 Ksh'000	Level 2 Ksh'000	Total Ksh'000
Available for sale			
- Equity instruments	929,701	-	929,701
- Government bonds	395,760	-	395,760
- Investment Property	-	2,730,000	2,730,000
	1,325,461	**2,730,000**	**4,055,461**

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

4 RISK MANAGEMENT (continued)

Management of Insurance and financial risk (continued)

(iii) Capital risk management

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- Allocation of capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- Aligning the profile of assets and liabilities taking account of risks inherent in the business.
- Maintaining financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- Maintaining strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value.

The operations of the group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The group has met all of these requirements throughout the financial year.

The Kenyan and Tanzania Insurance Acts require each insurance company to hold the minimum level of paid up capital as follows:

	Kenya Ksh'000	Tanzania Ksh'000
General insurance companies	600,000	58,600

Both companies are in compliance with the capital requirements as at 31 December 2018.

The solvency margin of the Company as at 31 December 2018 and 2017 is illustrated below.

Kenya

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

	2018 Ksh'000	2017 Ksh'000
Total Capital Available	3,749,628	3,575,158
Minimum Required Capital	1,558,622	1,653,684
Capital Adequacy Ratio	241%	216%

4 RISK MANAGEMENT (continued)
Management of Insurance and financial risk (continued)
(iii) Capital risk management (continued)

Tanzania

As per the provisions of the Tanzania Insurance Act, the minimum amount of paid up share capital to be maintained by a life or general insurer shall be:-

- for the year ending December 31, 2012 one billion five hundred Million Shillings;
- for the end of subsequent years, the minimum amount of paid up share capital for the prior year times the lesser of 1.1 or the ratio of the current year Consumer Price Index to the prior year Consumer Price Index;
- for companies transacting non-life and non- marine business only the minimum amount of capital to be maintained shall be half of the amount provided under this sub regulation.

For the case of ICEA LION, paid up capital has been increasing by 10% of prior year paid up capital year-on- year as follows:

	2018 Tsh'000	2017 Tsh'000
Paid up capital	2,657,342	2,415,765

5 (a) GROSS WRITTEN PREMIUMS

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Motor	1,637,053	1,920,599	1,529,868	1,817,895
Fire	1,075,835	1,234,248	1,014,213	1,101,278
Aviation and Marine	1,597,552	1,427,597	1,571,829	1,412,136
Other	951,646	1,174,534	940,090	1,154,219
Theft	252,458	284,166	216,455	239,106
Personal accident	213,858	224,499	208,424	217,193
Engineering	210,468	185,366	128,399	161,503
	5,938,870	**6,451,009**	**5,609,278**	**6,103,330**

5 (b) GROSS EARNED PREMIUMS

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Motor	1,694,127	2,237,635	1,585,110	2,114,698
Fire	1,115,528	1,236,913	1,067,816	1,093,136
Aviation and Marine	1,454,961	1,388,617	1,434,498	1,368,767
Other	921,604	1,232,232	916,353	1,144,836
Theft	261,868	290,448	230,594	243,970
Personal accident	216,473	225,952	212,232	225,107
Engineering	267,489	196,719	183,453	188,322
	5,932,050	**6,808,516**	**5,630,056**	**6,378,836**

5 (c) REINSURANCE PREMIUMS CEDED

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Motor	41,010	122,194	10,617	98,427
Fire	795,669	957,214	765,058	835,724
Aviation and Marine	1,308,543	1,233,159	1,297,206	1,196,262
Other	251,756	317,857	248,578	292,110
Theft	51,011	62,611	33,278	24,724
Personal accident	104,832	98,165	101,375	91,893
Engineering	204,034	114,871	137,911	101,786
	2,756,855	**2,906,071**	**2,594,023**	**2,640,926**

6 COMMISSIONS EARNED

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Commissions receivable	453,040	485,863	394,814	424,461
Add: movement in deferred reinsurance commission	17,392	29,105	22,875	21,938
Commissions earned	**470,432**	**514,968**	**417,689**	**446,399**

7 INVESTMENT INCOME

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Interest on deposits with financial institutions	27,304	49,660	12,894	32,263
Interest on corporate bonds held at amortised cost	30,129	34,506	30,129	34,506
Interest on corporate bonds held at fair value through profit or loss	2,144	1,864	2,144	1,864
Interest on debt securities – amortised cost	512,776	452,291	499,816	432,977
– fair value through other comprehensive income	44,800	71,000	44,800	71,000
Total interest income	**617,153**	**609,321**	**589,783**	**572,610**
Dividends receivable on equity instruments	42,933	45,896	38,214	39,707
Rental income from investment properties	226,266	217,793	226,266	217,793
Fair value gains on investment properties (Note 20)	20,000	90,000	20,000	90,000
Other income	21,879	5,835	12,862	968
Gain on disposal of Treasury Bonds	-	38,156	-	38,156
Loss on revaluation of equity instruments	(178,307)	-	(169,548)	-
Gain on revaluation of corporate bond	518	-	518	-
Loss on disposal of equity instruments	(4,730)	(3,099)	(4,730)	(3,099)
	745,712	**1,003,902**	**713,365**	**956,135**

8 FOREIGN EXCHANGE LOSSES

Foreign exchange losses arise from translation of foreign currency denominated transactions into the local currency. These are further categorized into realized and unrealized gains/(losses) as follows:

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Realized gains/(losses)	10	(2,898)	(502)	(2,898)
Unrealized losses	(421)	(3,730)	(223)	1,237
Net foreign exchange losses	**(411)**	**(6,628)**	**(725)**	**(1,661)**

9 CLAIMS EXPENSE

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Gross claims expense	2,053,781	3,084,517	1,915,892	3,002,797
Less: amounts recoverable from reinsurers	(346,906)	(838,586)	(273,815)	(802,277)
Net claims expense	**1,706,875**	**2,245,931**	**1,642,077**	**2,200,520**

10 COMMISSIONS EXPENSE

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Commissions payable	635,742	761,180	580,520	705,290
Change in deferred acquisition costs	16,275	51,042	22,669	44,028
Commissions expense	**652,017**	**812,222**	**603,189**	**749,318**

11 OPERATING AND OTHER EXPENSES

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Employee benefit expense (Note 12)	732,125	672,706	656,870	588,141
Impairment charge for doubtful premiums receivable	(3,421)	55,378	5,135	50,171
Impairment credit on Chase Bank deposit	-	(38,698)	-	(38,698)
Investment expenses	38,043	32,484	33,045	32,484
Depreciation (Note 18)	57,917	37,700	54,678	34,120
Operating lease rentals	113,334	108,712	101,751	94,913
Repairs and maintenance	65,980	49,272	64,885	48,079
Branding and marketing expenses	29,426	36,687	29,426	36,687
Professional and consultancy fees	47,992	64,664	38,973	51,780
Levies	64,471	84,540	57,423	76,820
Auditors' remuneration	6,062	6,414	3,761	3,582
Directors' emoluments				
- fees for services as directors	7,656	6,864	3,680	2,180
Amortisation of intangible assets (Note 17)	10,839	9,640	10,227	9,002
Other expenses*	270,789	191,050	228,378	155,467
	1,441,213	**1,317,413**	**1,288,232**	**1,144,728**

*The other expenses are constituted from various expenses lines, each of which amount to less than Kshs 20 million. The expense lines include travelling, printing and stationery, bank charges, subscriptions and newspapers costs

12 EMPLOYEE BENEFIT EXPENSES

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Salaries and benefits	615,417	562,760	551,652	496,337
Defined contribution retirement schemes				
- Group pension fund	41,300	38,802	41,300	34,171
- National Social Security Fund	- 6,588	6,982	370	304
Medical	21,681	22,355	18,254	24,749
Staff Welfare	47,139	41,807	45,294	38,788
	732,125	**672,706**	**656,870**	**594,349**

The average number of employees during the year was as follows:				
- Business Development	58	50	51	45
-Operations	87	88	73	68
- Management and administration	59	61	48	49
	204	**199**	**172**	**162**

13 INCOME TAX EXPENSE

a) Tax expense

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Current income tax expense	178,594	230,173	178,594	229,039
Deferred income tax (credit)/expense (Note 24(b))	(12,198)	11,567	384	13,331
Prior year current tax under-provision	11,297	-	11,297	-
	177,693	**241,740**	**190,275**	**242,370**

b) Reconciliation of tax expense to expected tax based on accounting profit

The group's income tax expense is computed in accordance with income tax rules applicable to general insurance companies.

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Profit before income tax	590,823	1,039,121	632,864	1,044,217
Tax calculated at a tax rate of 30%(2016: 30%)	177,247	311,736	189,859	313,265
Tax effect of:				
- Income not subject to tax	(76,510)	(82,269)	(75,094)	(82,460)
- Expenses not deductible for tax purposes	65,659	12,273	64,213	11,565
Prior year current tax under-provision	11,297	-	11,297	-
	177,693	**241,740**	**190,275**	**242,370**

c) Tax payable movement

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	73,867	(75,596)	90,221	(66,907)
Current taxation expense	178,594	230,171	178,594	229,040
Tax paid	(339,285)	(80,708)	(335,372)	(71,912)
Prior year current tax under-provision	11,297	-	11,297	-
At 31 December	**(75,527)**	**73,867**	**(55,260)**	**90,221**
(d) Analysed as follows:				
Current tax recoverable	(75,527)	(16,354)	(55,260)	-
Current tax payable	-	90,221	-	90,221
	(75,527)	**73,867**	**(55,260)**	**90,221**

14 PROFIT FOR THE YEAR

A profit of Ksh 442,589,000 (2017: Ksh 801,847,000) has been dealt with in the books of the company, ICEA LION General Insurance Company Limited.

15 EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the year attributable to equity holders of the parent company by the number of ordinary shares in issue at the end of the reporting period.

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Profit attributable to ordinary shareholders (Ksh'000)	426,976	799,480	442,589	801,847
Number of ordinary shares for basic earnings per share ('000)	50,000	50,000	50,000	50,000
Basic and diluted earnings per share (Ksh)	**8.54**	**15.99**	**8.85**	**16.04**

There were no potentially dilutive shares outstanding at 31 December 2018 or 31 December 2017. Diluted earnings per share are therefore the same as basic earnings per share.

16 DIVIDENDS

No interim dividend (2017: Ksh 50,000,000) was paid in the year. At the annual general meeting, a final dividend in respect of 2018 of Kshs 4 per share amounting to Kshs 200,000,000 will be proposed by the directors. The final proposed dividend for the year is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The total dividend for the year ended 31 December 2018 will therefore be Ksh 4.00 per share (2017: Ksh 4.00 per share) amounting to a total of Ksh 200,000,000 (2017: Ksh 200,000,000).

17 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Cost				
At 1 January	111,843	94,922	109,860	93,069
Additions	11,525	11,837	11,364	11,670
Adjustments (ii)	-	5,107	-	5,107
Adjustments	-	14	-	14
Exchange difference	(37)	(37)	-	-
At 31 December	**123,331**	**111,843**	**121,224**	**109,860**
Depreciation				
At 1 January	99,292	85,815	97,979	85,127
Charge for the year	10,839	9,640	10,227	9,002
Adjustments	-	3,850	-	3,850
Exchange difference	(720)	(13)	-	-
At 31 December	**109,411**	**99,292**	**108,206**	**97,979**
Net book value	**13,920**	**12,551**	**13,018**	**11,879**

Adjustment (ii) Amounts relate to a software that was recorded in property and equipment instead of intangible assets now reclassified.

18 PROPERTY AND EQUIPMENT

(a) GROUP

Cost	Motor vehicles Ksh'000	Computer equipment Ksh'000	Furniture fittings and office equipment Ksh'000	Total Ksh'000
At 1 January 2017	**70,054**	**77,819**	**276,691**	**424,564**
Additions	-	11,149	15,828	26,977
Adjustments (i)	4,512	-	-	4,512
Adjustments (ii)	-	-	(5,107)	(5,107)
Disposal	-	(254)	(59)	(313)
Exchange difference on translation	(322)	(124)	(250)	(696)
At 31 December 2017	**74,244**	**88,590**	**287,103**	**449,937**
At 1 January 2018	**74,244**	**88,590**	**287,103**	**449,937**
Additions	-	7,323	6,340	13,663
Disposals	(12,684)	(7,935)	(36)	(20,655)
Exchange difference on translation	(600)	(246)	(333)	(1,179)
At 31 December 2018	**60,960**	**87,732**	**293,074**	**441,766**
Depreciation				
At 1 January 2017	58,161	61,522	151,844	271,527
Charge for the year	5,516	10,747	21,437	37,700
Elimination on disposal	-	(164)	(59)	(223)
Adjustments (i)	4,512	-	-	4,512
Adjustments (ii)	-	(1,618)	(2,012)	(3,630)
Exchange difference on translation	(246)	(95)	(129)	(470)
At 31 December 2017	**67,943**	**70,392**	**171,081**	**309,416**
At 1 January 2018	**67,943**	**70,392**	**171,081**	**309,416**
Charge for the year	4,655	10,391	42,871	57,917
Elimination on disposal	(12,690)	(7,930)	(36)	(20,656)
Exchange difference on translation	(437)	(182)	(390)	(1,009)
At 31 December 2018	**59,471**	**72,671**	**213,526**	**345,668**
Net book value				
At 31 December 2018	**1,489**	**15,061**	**79,548**	**96,098**
At 31 December 2017	**6,301**	**18,198**	**116,022**	**140,521**

Fully depreciated assets at 31 December 2018 amounted to Ksh 192,860,274 (2017 – Ksh 296,556,146). The notional annual depreciation on these assets would have been Ksh 41,494,150 (2017 – Ksh 59,354,140).

Adjustment (i) Amounts relate to a motor vehicle that was disposed of in 2016 but the buyer cancelled the purchase in 2017. Adjustment (ii) Amounts relate to a software that was recorded in property and equipment instead of intangible assets.

18 PROPERTY AND EQUIPMENT (continued)

(b) COMPANY

	Motor vehicles Ksh'000	Computer equipment Ksh'000	Furniture fittings and office equipment Ksh'000	Total Ksh'000
Cost				
At 1 January 2017	54,432	71,735	264,466	390,633
Additions	-	10,783	13,515	24,298
Adjustments (i)	4,512	-	-	4,512
Adjustments (ii)	-	-	(5,107)	(5,107)
Disposals	-	(254)	(59)	(313)
At 31 December 2017	**58,944**	**82,264**	**272,815**	**414,023**
At 1 January 2018	58,944	82,264	272,815	414,023
Additions	-	7,123	6,017	13,140
Disposals	(10,938)	(7,768)	(36)	(18,742)
Adjustments	-	-	227	227
At 31 December 2018	**48,006**	**81,619**	**279,023**	**408,648**
Depreciation				
At 1 January 2017	46,392	56,853	145,797	249,042
Charge for the year	4,407	10,066	19,647	34,120
Disposals	-	(164)	(59)	(223)
Adjustments (i)	4,512	-	-	4,512
Adjustments (ii)		(1,618)	(2,012)	(3,630)
At 31 December 2017	**55,311**	**65,137**	**163,373**	**283,821**
At 1 January 2018	**55,311**	**65,137**	**163,373**	**283,821**
Charge for the year	3,632	9,847	41,199	54,678
Disposals	(10,938)	(7,768)	(36)	(18,742)
At 31 December 2018	**48,005**	**67,216**	**204,536**	**319,757**
Net book value				
At 31 December 2018	**1**	**14,403**	**74,487**	**88,891**
At 31 December 2017	**3,633**	**17,127**	**109,442**	**130,202**

Fully depreciated assets at 31 December 2018 amounted to Ksh 176,065,692 (2017 – Ksh 277,786,363). The notional annual depreciation on these assets would have been Ksh 37,544,327 (2017 – Ksh 55,537,894).

Adjustment (i) Amounts relate to a motor vehicle that was disposed of in 2016 but the buyer cancelled the purchase in 2017. Adjustment (ii) Amounts relate to a software that was recorded in property and equipment instead of intangible assets.

19 INVESTMENT IN SUBSIDIARIES

COMPANY	Beneficial ownership	Country of incorporation	2018 Sh'000	2017 Sh'000
At cost				
ICEA LION General Insurance Company (Tanzania) Limited	53%	Tanzania	50,147	50,147

The principal activity of ICEA LION General Insurance Company (Tanzania) Limited is the underwriting of the general insurance business. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

Set out below is the summarised financial information for the subsidiary

Summarised statement of financial position	2018 Ksh'000	2017 Ksh'000
Total assets	715,437	703,853
Total liabilities	(482,227)	(409,767)
Net assets	**233,210**	**294,086**

19 INVESTMENT IN SUBSIDIARIES (continued)

	2018 Ksh'000	2017 Ksh'000
Summarised statement of comprehensive income		
Gross earned premiums	301,995	429,680
Underwriting loss	(76,269)	(43,077)
Loss before income tax	**(48,611)**	**(5,096)**
Income tax credit/ (expense)	12,583	630
Other comprehensive (loss) /income	2,073	3,095
Total comprehensive (loss) / income	(33,955)	(1,371)
Total comprehensive income allocated to non-controlling interests	974	1,455
Summarised cash flows		
Net cash generated from operating activities	17,789	(17,317)
Net cash generated from /(used in) investing activities	(26,224)	36,183
Net cash generated from /(used in) financing activities	(1,189)	(1,125)
Net decrease in cash and cash equivalents	(9,624)	17,741
Cash and cash equivalents at beginning of year	103,892	87,964
Exchange gain on cash and cash equivalents	(8,621)	(1,813)
Cash and cash equivalents at end of year	85,647	103,892

20 INVESTMENT PROPERTIES

GROUP AND COMPANY

	2018 Ksh'000	2017 Ksh'000
At 1 January	2,730,000	2,640,000
Fair value gain	20,000	90,000
At 31 December	**2,750,000**	**2,730,000**

The investment properties were last revalued at 31 December 2018 by Lloyd Masika Limited, independent valuers on the basis of open market value for existing use.

Rental income arising from investment properties during the year amounted to Ksh 226,266,000 (2017: Ksh 217,793,000). Expenses relating to investment property amounted to Ksh 33,045,000 (2017: Ksh 32,484,000).

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

21 OTHER RECEIVABLES

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Staff receivables	24,989	25,014	20,911	20,507
Sundry receivables	73,688	73,382	66,671	68,876
Rental receivables	110,694	65,309	110,694	65,309
Prepayments	2,397	2,105	2,397	2,105
Due from related parties (Note 47(b))	23,917	11,108	23,917	11,108
	235,685	**176,918**	**224,590**	**167,905**

The carrying value of the above other receivable balances approximates their fair value.

22 DUE FROM SUBSIDIARY COMPANY

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Due from ICEA LION Tanzania	-	-	3,236	18,627

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

23 KENYA MOTOR INSURANCE POOL

This represents the group's share of the net assets of the pool. This balance is recoverable from the pool through a refund of the amount due upon discontinuation of the pool as well as a share of investment income generated by the pool's investments annually. The movement in the amount due is shown below;

GROUP AND COMPANY

	2018 Ksh'000	2017 Ksh'000
At 1 January	91,231	97,053
Impairment charge	(94)	-
Net increase /(decrease) in the group's share of net assets of the pool	2,764	(5,822)
At 31 December	**93,901**	**91,231**

24 DEFERRED INCOME TAX ASSET/LIABILITY

Deferred taxation is calculated, on all temporary differences under the liability method using the income tax rates of 30% applicable in both Kenya and Tanzania.

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
(a) The deferred income tax liability/asset is attributable to the following items:				
Deferred tax liability:	544,444	538,444	544,444	538,444
Revaluation surplus - Investment properties at 30%	-	65	-	-
Accelerated capital allowances	-	356	-	356
Unrealised exchange gain	**544,444**	**538,865**	**544,444**	**538,800**
Deferred tax assets:	(18,704)	(14,699)	(18,526)	(14,699)
Excess depreciation over capital allowances	(120,349)	(51,773)	(102,367)	(39,654)
Provisions	(14,683)	-	-	-
IFRS 9 adjustment	19	-	(67)	-
Net deferred tax liability	**(153,717)**	**(66,472)**	**(120,960)**	**(54,353)**
	390,727	**472,393**	**423,484**	**484,447**
(b) Movement in deferred tax income liability/asset is as follows:				
At 1 January	**472,393**	**460,603**	**484,447**	**471,116**
Income statement (credit) /charge (note 13a)	(12,198)	11,567	384	13,331
Day 1 IFRS 9 adjustment	(70,040)	-	(61,347)	-
Exchange difference on translation	572	223	-	-
At 31 December	**390,727**	**472,393**	**423,484**	**484,447**
(c) Analysis of the year-end balance is as follows:				
Deferred taxation assets	(32,757)	(12,054)	-	-
Deferred taxation liabilities	423,484	484,447	423,484	484,447
At 31 December	**390,727**	**472,393**	**423,484**	**484,447**

25 DEFERRED ACQUISITION COSTS

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	229,764	281,223	215,937	259,965
Decrease in the year	(16,846)	(51,459)	(22,669)	(44,028)
At 31 December	**212,918**	**229,764**	**193,268**	**215,937**

26 REINSURERS' SHARE OF TECHNICAL PROVISIONS AND RESERVES

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Reinsurers' share of				
- unearned premiums	1,208,817	1,168,136	1,151,017	1,127,599
- outstanding claims (Note 42)	1,250,734	1,618,302	1,116,718	1,506,683
	2,459,551	**2,786,438**	**2,267,735**	**2,634,282**

27(a) RECEIVABLES ARISING OUT OF DIRECT INSURANCE ARRANGEMENTS

The approved credit period for corporate accounts is 60 days while for direct and retail accounts is 30 days. Before accepting any new customer, the group assesses the customer's credit quality and defines credit limits for that specific customer. The concentration of credit risk arises from commercial lines business which contributes over 80% of the total gross written premium.

GROUP	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
31 December 2018			
Receivable arising out of direct insurance arrangements	739,732	-	739,732
Provision for impairment	-	(372,400)	(372,400)
	739,732	**(372,400)**	**367,332**
31 December 2017			
Receivable arising out of direct insurance arrangements	934,583	-	934,583
Provision for impairment	-	(319,370)	(319,370)
	934,583	**(319,370)**	**615,213**
COMPANY			
31 December 2018			
Receivable arising out of direct insurance arrangements	720,388	-	720,388
Provision for impairment	-	(364,342)	(364,342)
	720,388	**(364,342)**	**356,046**
31 December 2017			
Receivable arising out of direct insurance arrangements	898,535	-	898,535
Provision for impairment	-	(307,638)	(307,638)
	898,535	**(307,638)**	**590,897**

27(b) IMPAIRMENT MOVEMENT

	GROUP Ksh'000	COMPANY Ksh'000
At 1 January 2018	335,242	315,022
Day one adjustment	219,021	197,078
Write off	(71,458)	(70,730)
Charge for the year	(3,421)	5,134
Exchange difference	(750)	-
	478,634	**446,504**
Made up		
Impairment on direct insurance arrangements (Note 27(a))	372,400	364,342
Impairment on receivables arising out of reinsurance arrangements (Note 28)	106,234	82,162
	478,634	**446,504**

28 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

Group

	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
31 December 2018			
Receivable arising out of reinsurance arrangements	277,052	-	277,052
Provision for impairment	-	(106,234)	(106,234)
	277,052	**(106,234)**	**170,818**
31 December 2017			
Receivable arising out of reinsurance arrangements	184,793	-	184,793
Provision for impairment	-	(15,872)	(15,872)
	184,793	**(15,872)**	**168,921**

COMPANY

	Fully performing Ksh'000	Impaired Ksh'000	Total Ksh'000
Receivable arising out of reinsurance arrangements	235,376	-	235,376
Provision for impairment	-	(82,162)	(82,162)
	235,376	**(82,162)**	**153,214**
31 December 2017			
Receivable arising out of reinsurance arrangements	126,829	-	126,829
Provision for impairment	-	(7,384)	(7,384)
	126,829	**(7,384)**	**119,445**

29 (a) CORPORATE BONDS AT AMORTISED COST

	GROUP 2018 Ksh'000	GROUP 2017 Ksh'000	COMPANY 2018 Ksh'000	COMPANY 2017 Ksh'000
Corporate bonds maturing:				
- Within 1 to 10 years	232,404	259,896	232,404	259,896
- Re-classified to fair value through profit or loss (Note 29 (b))	(15,334)	-	(15,334)	-
At 31 December	**217,070**	**259,896**	**217,070**	**259,896**

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

	GROUP 2018 Ksh'000	GROUP 2017 Ksh'000	COMPANY 2018 Ksh'000	COMPANY 2017 Ksh'000
At 1 January	-	-	-	-
Re-classification from amortised cost (Note 29 (a))	15,334	-	15,334	-
Fair value gains	518	-	518	-
At 31 December	**15,852**	**-**	**15,852**	**-**

30 (a) DEBT SECURITIES AT AMORTISED COST

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Treasury bills and bonds maturity				
- Within 3 months	-	70,287	-	70,286
- Within 4 to 12 months	284,155	172,272	275,590	172,273
- Within 1 to 5 years	1,161,142	1,440,098	1,144,349	1,423,416
- Over 5 years	2,718,596	2,646,347	2,655,153	2,580,580
	4,163,893	**4,329,004**	**4,075,092**	**4,246,555**

The carrying value approximates the fair value. If the financial assets were measured at fair value, they would be disclosed at level 1 in the fair value measurement hierarchy.

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

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	395,760	655,344	395,760	655,344
Additions/ (disposals)	(51,973)	(280,356)	(51,973)	(280,356)
Fair value gains	8,806	20,772	8,806	20,772
At 31 December	**352,593**	**395,760**	**352,593**	**395,760**

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

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	1,044,940	882,791	929,701	768,216
Additions	-	-	-	-
Disposals	-	(8,643)	-	(8,644)
Fair value gains	-	171,770	-	170,129
Exchange difference on translation	-	(978)	-	-
Re-classification to fair value through other comprehensive income	(1,044,940)	-	(929,701)	-
At 31 December	**-**	**1,044,940**	**-**	**929,701**

(b) FAIR VALUE THROUGH PROFIT OR LOSS QUOTED EQUITY SECURITIES

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	-	-	-	-
Re-classified from available for sale	1,044,940	-	929,701	-
Additions	114,239	-	114,239	-
Disposals	(21,516)	-	(21,516)	-
Fair value losses	(178,307)	-	(169,548)	-
Exchange difference on translation	(2,409)	-	-	-
At 31 December	**956,947**	**-**	**852,876**	**-**

32 DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Deposits maturing:				
- Within 3 months	297,954	315,777	163,504	216,455
- Beyond 3 months	125,839	129,081	62,386	14,993
- Provision for impairment	(1,503)	(14,993)	(1,503)	(14,993)
- Reversal of impairment	-	38,698	-	38,698
	422,290	**468,563**	**224,387**	**255,153**

33 WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

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

	GROUP		COMPANY	
	2018 %	2017 %	2018 %	2017 %
Government securities	14.1	11.0	12.0	11.7
Corporate bonds	13.3	13.3	13.3	12.4
Deposits with financial institutions	6.6	8.1	6.0	6.2

34 SHARE CAPITAL: GROUP AND COMPANY

	Number of shares '000	Ordinary shares Ksh'000
Balance at 1 January 2017, 31 December 2017 and 31 December 2018	**50,000**	**1,000,000**

The total authorised number of ordinary shares is 50,000,000 with a par value of Ksh 20 per share. All issued shares are fully paid.

35 RESERVES

(a) Other reserve

The reserve represents the surplus on the revaluation of financial instruments held at fair value through other comprehensive income. This reserve is not distributable.

(b) Contingency reserve

The contingency reserve relates to the subsidiary, ICEA LION General Insurance Company (Tanzania) Limited. According to Tanzania Insurance Act 2009, a contingency reserve is required to be maintained. This reserve shall not be less than 3% of the net premium written or 20% of net profit, whichever is the greater. The reserve shall accumulate until it reaches the minimum paid up share capital of the company or 50% of the net earned premiums, whichever is greater. This reserve is not distributable.

(c) Currency translation reserve

The statement of financial position of the subsidiary, ICEA LION General Insurance Company (Tanzania) Limited, is translated into Kenya Shillings at year end rate of exchange, while the statement of comprehensive income is translated into Kenya Shillings at the average rate of exchange for the year. The resulting translation differences are dealt with through other comprehensive income and accumulated in equity under the group's currency translation reserve. This reserve is not distributable.

(d) Retained earnings

Retained earnings represent the percentage of net earnings not paid out as dividends, but retained by the group to be reinvested in its core business activities.

36 NON-CONTROLLING INTEREST

	GROUP	
	2018 Ksh'000	2017 Ksh'000
At 1 January	140,788	142,353
Share of loss for the year	(13,846)	(2,099)
Share of other comprehensive income	(5,736)	(1,418)
Transfer to contingency reserve	(2,080)	1,952
IFRS 9 adjustment	(9,878)	-
Total at end of year	**109,248**	**140,788**

37 OTHER PAYABLES

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Accrued expenses	326,008	304,592	326,008	304,593
Other liabilities	162,269	165,984	119,207	130,963
	488,277	**470,576**	**445,215**	**435,556**

The carrying amount of the above other payables approximates their fair value.

38 DEFERRED REINSURANCE COMMISSIONS

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	153,862	183,331	142,640	164,578
Decrease in the year	(17,856)	(29,469)	(22,875)	(21,938)
At 31 December	**136,006**	**153,862**	**119,765**	**142,640**

39. UNEARNED PREMIUMS RESERVE

GROUP

	Gross Ksh'000	Reinsurance Ksh'000	Net Ksh'000
2018			
At 1 January 2018	2,299,398	(1,168,136)	1,131,262
Increase in the year	2,766	(40,681)	(37,915)
At 31 December 2018	**2,302,164**	**(1,208,817)**	**1,093,347**
2017			
At 1 January 2017	2,660,476	(1,200,732)	1,459,744
Increase in the year	(361,078)	32,596	(328,482)
At 31 December 2017	**2,299,398**	**(1,168,136)**	**1,131,262**

COMPANY

	Gross Ksh'000	Reinsurance Ksh'000	Net Ksh'000
2018			
At 1 January 2018	2,199,232	(1,127,599)	1,071,633
Increase in the year	(20,778)	(23,418)	(44,196)
At 31 December 2018	**2,178,454**	**(1,151,017)**	**1,027,437**
2017			
At 1 January 2017	2,474,738	(1,101,529)	1,373,209
Increase in the year	(275,506)	(26,070)	(301,576)
At 31 December 2017	**2,199,232**	**(1,127,599)**	**1,071,633**

40 PAYABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 31 December	258,941	419,693	203,773	383,837

41 OUTSTANDING CLAIMS PROVISION

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
At 1 January	5,070,130	4,437,336	4,861,252	4,199,082
Claims expense and claim handling expenses	2,394,631	3,082,703	2,239,990	3,002,798
Payments for claims and claims handling expenses	(3,034,110)	(2,445,001)	(2,897,653)	(2,340,628)
Exchange difference on translation	13,752	(4,908)	-	-
At 31 December	**4,444,403**	**5,070,130**	**4,203,589**	**4,861,252**

42. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

The table below illustrates how the group's estimates of total claims outstanding for each accident year has changed at successive year ends.

GROUP

Group - Gross of Reinsurance	Accident Year 2013 Kshs'000	2014 Kshs'000	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	Total
Accident Year	1,921,150,087	1,944,193,564	2,347,476,902	2,374,567,766	2,550,684,553	1,964,137,340	
One Year Later	2,070,175,656	2,105,858,453	2,656,070,181	2,732,469,598	2,895,913,102		
Two Years Later	2,132,740,613	2,197,757,093	2,694,941,099	2,854,306,503			
Three Years Later	2,076,776,962	2,225,696,743	2,697,091,163				
Four Years Later	2,041,135,089	2,168,455,568					
Five Years Later	1,986,152,427						
Current Estimate of Cumulative Claims	1,986,152,427	2,168,455,568	2,697,091,163	2,854,306,503	2,895,913,102	1,964,137,340	14,566,056,102
Cumulative Payments to Date	(1,830,064,247)	(1,960,682,206)	(2,331,324,143)	(2,269,623,072)	(2,215,485,041)	(1,069,432,252)	(11,676,610,960)
Reserve in Respect of Prior Years							823,410,569
IBNR Reserve							731,546,917
Total Gross Liability as per the Balance Sheet	168,139,143	207,773,361	365,767,020	584,683,431	680,428,061	934,841,744	4,444,403,615

COMPANY

Company - Gross of Reinsurance	Accident Year 2013 Kshs'000	2014 Kshs'000	2015 Kshs'000	2016 Kshs'000	2017 Kshs'000	2018 Kshs'000	`Total
Accident Year	1,863,226,861	1,757,322,010	2,143,057,160	2,183,545,596	2,437,792,749	1,848,232,396	
One Year Later	2,003,798,828	2,001,740,058	2,441,354,565	2,559,402,773	2,784,623,526		
Two Years Later	2,070,541,019	2,092,627,664	2,484,225,644	2,689,184,574			
Three Years Later	2,012,728,471	2,121,879,231	2,486,345,289				
Four Years Later	1,979,876,032	2,066,369,243					
Five Years Later	1,926,965,257						
Current Estimate of Cumulative Claims	1,926,965,257	2,066,369,243	2,486,345,289	2,689,184,574	2,784,623,526	1,848,232,396	13,801,720,285
Cumulative Payments to Date	(1,773,538,763)	(1,862,619,272)	(2,132,593,167)	(2,142,834,876)	(2,127,444,929)	(1,061,871,518)	(11,100,902,525)
Reserve in Respect of Prior Years							811,359,606
IBNR Reserve							691,411,248
Total Gross Liability as per the Balance Sheet	153,426,494	203,749,971	353,752,122	546,349,698	657,178,597	786,360,878	4,203,588,614

42. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (continued)

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

GROUP

2018	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
At 1 January 2018			
Notified claims	4,337,336	(1,474,897)	2,862,439
Incurred but not reported	732,794	(143,405)	589,389
Total at beginning of year	**5,070,130**	**(1,618,302)**	**3,451,828**
Claims paid in year	(2,670,672)	709,756	(1,960,916)
Increase in liabilities:-			
- Arising from current year claims	2,394,631	(632,272)	1,762,359
- Arising from prior year claims	(363,438)	290,200	(73,238)
Exchange difference on translation	13,752	(115)	13,637
Total at end of year	**4,444,403**	**(1,250,733)**	**3,193,670**
Notified claims	3,712,856	(1,092,864)	2,619,992
Incurred but not reported	731,547	(157,869)	573,678
Total at end of year	**4,444,403**	**(1,250,734)**	**3,193,669**

2017	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
At 1 January 2015			
Notified claims	3,780,706	(1,059,924)	2,720,782
Incurred but not reported	656,630	(141,030)	515,600
Total at beginning of year	**4,437,336**	**(1,200,954)**	**3,236,382**
Claims paid in year	(2,445,001)	411,326	(2,033,675)
Increase in liabilities:-			
- Arising from current year claims	2,927,755	(721,558)	2,206,197
- Arising from prior year claims	156,525	(110,370)	46,155
Exchange difference on translation	(6,485)	3,254	(3,231)
Total at end of year	**5,070,130**	**(1,618,302)**	**3,451,828**
Notified claims	4,337,336	(1,474,897)	2,862,439
Incurred but not reported	732,794	(143,405)	589,389
Total at end of year	**5,070,130**	**(1,618,302)**	**3,451,828**

42. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (continued)

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

COMPANY

2018	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
At 1 January 2018			
Notified claims	4,163,270	(1,381,881)	2,781,389
Incurred but not reported	697,982	(124,802)	573,180
Total at beginning of year	**4,861,252**	**(1,506,683)**	**3,354,569**
Claims paid in year	(2,573,555)	663,781	(1,909,774)
Increase in liabilities:-			
- Arising from current year claims	2,239,990	(557,332)	1,682,658
- Arising from prior year claims	(324,098)	283,517	(40,581)
Total at end of year	**4,203,589**	**(1,116,717)**	**3,086,872**
Notified claims	3,512,178	(981,184)	2,530,994
Incurred but not reported	691,411	(135,533)	555,878
Total at end of year	**4,203,589**	**(1,116,717)**	**3,086,872**

2017	Gross outstanding claims provision Ksh'000	Reinsurance share Ksh'000	Net Ksh'000
At 1 January 2016			
Notified claims	3,582,161	(959,231)	2,622,930
Incurred but not reported	616,921	(122,148)	494,773
Total at beginning of year	**4,199,082**	**(1,081,379)**	**3,117,703**
Claims paid in year	(2,340,628)	376,974	(1,963,654)
Increase in liabilities:-			
- Arising from current year claims	2,878,680	(711,867)	2,166,813
- Arising from prior year claims	124,118	(90,411)	33,707
Total at end of year	**4,861,252**	**(1,506,683)**	**3,354,569**
Notified claims	4,163,270	(1,381,881)	2,781,389
Incurred but not reported	697,982	(124,802)	573,180
Total at end of year	**4,861,252**	**(1,506,683)**	**3,354,569**

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

43 CAPITAL COMMITMENTS

	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Approved Capital Expenditure	118,834	67,506	108,871	50,915

44 CONTINGENT LIABILITIES

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

45 NOTES TO THE COMPANY AND CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
(a) Cash generated from operations				
Reconciliation of profit before tax to cash used in operations;				
Profit before income tax	590,823	1,039,121	632,864	1,044,217
Adjustments for:				
Depreciation (Note 18(a))	57,917	37,700	54,678	34,120
Gain/(loss) on disposal of equity instruments available for sale	4,730	-	-	-
Gain on sale of property and equipment	(5,057)	-	-	-
Loss on refund of proceeds	-	1,800	-	1,800
Amortisation of intangible assets (Note 17)	10,839	9,640	10,227	9,002
Fair value gains on equity revaluation (Note 31(b))	178,307	-	169,548	-
Day 1 adjustment on IFRS9 for deposits and cash	(2,272)	-	(1,571)	-
Fair value gains on investment properties (Note 20)	(20,000)	(90,000)	(20,000)	(90,000)
Chase Bank deposit impairment	-	(38,698)	-	(38,698)
Rental income (Note 7)	(226,266)	(217,793)	(226,266)	(217,793)
Dividend income (Note 7)	(42,933)	(45,896)	(38,214)	(39,707)
Interest income (Note 7)	(617,153)	(609,320)	(589,783)	(572,610)
Changes in working capital:				
- Kenya motor insurance pool receivable	(2,762)	5,822	(2,762)	5,822
- receivables arising out of reinsurance arrangements	(197,126)	8,558	(227,867)	7,286
- receivables arising out of direct insurance arrangements	224,088	94,699	231,871	50,880
- reinsurers share of technical provisions and reserves	326,886	(384,755)	366,547	(451,021)
- deferred acquisition costs	16,847	51,458	22,669	44,028
- other receivables	(65,610)	19,542	(56,685)	14,523
- related party balances	-	-	15,391	(5,884)
- outstanding claims provisions	(625,727)	632,794	(657,663)	662,170
- unearned premiums reserves	2,766	(361,078)	(20,778)	(275,506)
- payables arising from reinsurance arrangements	(160,751)	(181,566)	(180,064)	(172,231)
- deferred reinsurance commissions	(17,858)	(29,469)	(22,875)	(21,938)
- other payables	17,705	(117,664)	9,353	(108,423)
Cash used in operations	**(552,607)**	**(175,105)**	**(531,380)**	**(119,965)**

45 NOTES TO THE COMPANY AND CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP 2018 Ksh'000	GROUP 2017 Ksh'000	COMPANY 2018 Ksh'000	COMPANY 2017 Ksh'000
(b) Analysis of cash and cash equivalents				
Cash and bank balances	20,975	17,678	8,895	13,108
Debt securities maturing within 3 months (Note 30(a))	-	70,287	-	70,286
Deposits with financial institutions maturing within 3 months (Note 32)	297,954	315,777	163,504	216,455
	318,929	**403,742**	**172,399**	**299,849**

46 OPERATING LEASE COMMITMENTS

The group and company as a lessor

Rental income earned during the year arising from investment properties is disclosed in note 7. At the end of each reporting period, the group and the company had contracted with tenants for the following future lease rentals receivable:

	2018 Ksh'000	2017 Ksh'000
Within one year	224,045	209,923
In the second to sixth years inclusive	1,600,131	1,499,274
	1,824,176	**1,709,197**

Leases are negotiated for an average term of 2 years for residential properties and 6 years for commercial properties and rentals are reviewed every two years. The leases are cancellable with a penalty when the tenants do not give three months' notice to vacate the premises.

The group as a lessee

The future minimum lease payments under operating leases are as follows:

	2018 Ksh'000	2017 Ksh'000
Within one year	116,762	114,588
In the second to sixth years inclusive	124,782	125,338
	241,544	**239,926**

The company as a lessee

The future minimum lease payments under operating leases are as follows:

	2018 Ksh'000	2017 Ksh'000
Within 1 year	103,110	100,406
In the second year	110,447	110,447
	213,557	**210,853**

47 RELATED PARTIES

The company is controlled by First Chartered Securities Limited, a company incorporated and domiciled in Kenya, which is the immediate parent company. The ultimate holding company is Asset Managers Limited. There are several other companies, which are related to ICEA LION General Insurance Company Limited through common shareholdings or common directorships.

In the normal course of business, insurance policies are sold to related parties. Transactions with related parties during the year and related outstanding balances are disclosed below:

	GROUP		COMPANY	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
a) Transactions with related parties				
Premiums received net of commissions	324,781	367,027	324,781	367,027
Management fees – earned	-	-	7,479	6,926
– expense	10,837	6,918	10,837	6,918
Staff loans	23,999	20,252	19,926	20,252
Reinsurance premiums	150,199	125,785	150,199	125,785
b) Balances with related parties				
i) Deposits with financial institutions	303,542	297,110	114,388	102,611
ii) Bank balances	8,772	14,745	8,772	10,175
iii) Interest receivable	4,318	6,311	2,041	331
iv) Premiums receivable from related parties	52,078	14,699	52,078	14,699
v) Amounts due from a subsidiary	-	-	3,236	18,627
Due from related company:				
ICEA LION Life Assurance	16,311	6,837	16,311	6,837
ICEA LION Asset Management	550	684	550	684
ICEA LION Trustee Services Ltd	212	211	212	211
ICEA Uganda	6,809	4,399	6,809	4,399
First Chartered Securities	60	170	60	170
Williamson Development Ltd	(25)	(1,193)	(25)	(1,193)
	23,917	**11,108**	**23,917**	**11,108**
(c) Key management and directors' remuneration				
Director's remuneration				
Directors' fees	7,188	7,009	3,680	2,180
Key management remuneration	**252,147**	**179,841**	**207,766**	**133,690**

APPENDIX I - CONSOLIDATED REVENUE ACCOUNTS
Supplementary Information
for the year ended 31 December 2018

Class of Insurance Business	Aviation Ksh'000	Engineering Ksh'000	Fire Domestic Ksh'000	Fire Industrial Ksh'000	Liability Ksh'000	Marine Ksh'000	Motor Private Ksh'000	Motor Comm Ksh'000	Personal Accident Ksh'000	Theft Ksh'000	Workmen's Comp Ksh'000	Medical Ksh'000	Miscella neous Ksh'000	2018 Total Ksh'000	2017 Total Ksh'000
Gross Premium Written	1,356,698	210,468	116,141	959,694	168,770	240,854	1,113,886	523,167	213,858	252,458	450,072	245,282	87,522	5,938,870	6,451,009
Change in unearned prem	147,593	(57,021)	(2,373)	(36,396)	(16,607)	(5,001)	(35,957)	(21,118)	(2,615)	(9,410)	3,179	36,695	5,851	6,820	(357,507)
Gross earned prem	1,209,105	267,489	118,514	996,090	185,377	245,855	1,149,843	544,285	216,473	261,868	446,893	208,587	81,671	5,932,050	6,808,516
Less : Reinsurance payable	1,202,166	204,034	26,419	769,251	132,516	106,378	31,286	9,723	104,832	51,011	27,482	21,206	70,551	2,756,855	2,906,070
Net earned premiums	**6,939**	**63,455**	**92,095**	**226,839**	**52,861**	**139,477**	**1,118,557**	**534,562**	**111,641**	**210,857**	**419,411**	**187,381**	**11,120**	**3,175,195**	**3,902,445**
Gross Claims Paid	145,621	49,162	42,316	454,264	29,647	55,947	756,443	383,098	148,454	121,646	181,066	286,389	17,081	2,671,134	2,445,327
Change in o/s claims	(3,327)	28,703	680	(287,206)	(23,193)	(62,708)	(157,515)	(56,652)	(8,317)	(23,022)	11,398	(35,155)	(1,039)	(617,353)	767,000
	142,294	77,865	42,996	167,058	6,454	(6,761)	598,928	326,446	140,137	98,624	192,464	251,234	16,042	2,053,781	3,212,327
Less : Reinsurance recoveries	127,434	47,733	(155)	66,006	(5,274)	(44,248)	921	9,450	83,704	2,427	(999)	50,392	9,515	346,906	966,395
Claims Incurred	**14,860**	**30,132**	**43,151**	**101,052**	**11,728**	**37,487**	**598,007**	**316,996**	**56,433**	**96,197**	**193,463**	**200,842**	**6,527**	**1,706,875**	**2,245,931**
Commissions earned	(40,338)	(49,401)	(4,916)	(249,923)	(32,031)	(28,430)	(3,526)	(907)	(31,386)	(6,733)	(2,631)	-	(20,210)	(470,432)	(514,968)
Commissions incurred	8,452	51,981	19,580	178,417	23,046	38,213	104,477	49,629	34,507	33,204	82,478	20,509	7,524	652,017	812,222
Expenses of Management	27,001	39,841	25,116	68,707	24,717	72,103	482,104	224,457	34,188	78,037	98,465	54,461	10,683	1,239,880	1,175,509
Total Expenses & Commissions	**(4,885)**	**42,421**	**39,780**	**(2,799)**	**15,732**	**81,886**	**583,055**	**273,179**	**37,309**	**104,508**	**178,312**	**74,970**	**(2,003)**	**1,421,465**	**1,472,763**
Underwriting profit/(loss)															
-2018	**(3,036)**	**(9,098)**	**9,164**	**128,586**	**25,401**	**20,104**	**(62,505)**	**(55,613)**	**17,899**	**10,152**	**47,636**	**(88,431)**	**6,596**	**46,855**	**183,751**
-2017	**3,568**	**72,561**	**27,466**	**73,777**	**20,674**	**105,317**	**(131,574)**	**(46,187)**	**(9,095)**	**22,734**	**10,851**	**17,644**	**16,013**	**183,751**	**-**
Key ratios:															
Loss ratio	214	47	47	45	22	27	53	59	51	46	46	107	59	54	58
Commission ratio	1	25	17	19	14	16	9	9	16	13	18	8	9	11	13
Expense ratio	2	19	22	7	15	30	43	43	16	31	22	22	12	21	18
Combined ratio	144	114	90	43	52	86	106	110	84	95	89	147	41	99	95

APPENDIX II - COMPANY REVENUE ACCOUNTS
Supplementary Information
for the year ended 31 December 2018

Class of insurance business	Aviation Ksh'000	Engineering Ksh'000	Fire Domestic Ksh'000	Fire Industrial Ksh'000	Liability Ksh'000	Marine Ksh'000	Motor Private Ksh'000	Motor Comm Ksh'000	Personal Accident Ksh'000	Theft Ksh'000	Workmen's Comp Ksh'000	Medical Ksh'000	Miscellaneous Ksh'000	2018 Total Ksh'000	2017 Total Ksh'000
Gross Premium Written	1,346,907	128,399	110,806	903,407	160,811	224,921	1,034,702	495,166	208,424	216,455	449,690	245,282	84,308	5,609,278	6,103,330
Change in gross earned prem	141,485	(55,055)	(1,414)	(52,189)	(21,402)	(4,154)	(25,173)	(30,069)	(3,808)	(14,139)	2,947	36,695	5,498	(20,778)	(275,507)
Gross earned prem	1,205,422	183,454	112,220	955,596	182,213	229,075	1,059,875	525,235	212,232	230,594	446,743	208,587	78,810	5,630,056	6,378,836
Less : Reinsurance payable	1,199,430	137,911	24,209	740,849	131,934	97,776	7,751	2,866	101,375	33,278	27,478	21,206	67,960	2,594,023	2,640,927
Net earned premiums	**5,992**	**45,543**	**88,011**	**214,747**	**50,279**	**131,299**	**1,052,124**	**522,369**	**110,857**	**197,316**	**419,265**	**187,381**	**10,850**	**3,036,033**	**3,737,910**
Gross Claims Paid	145,621	44,529	41,540	418,967	29,170	49,045	730,605	369,716	142,843	117,060	180,986	286,389	17,084	2,573,555	2,340,628
Change in gross outstanding claims	(3,327)	11,149	740	(264,784)	(21,816)	(68,120)	(173,149)	(52,977)	(1,269)	(58,319)	12,228	(35,155)	(2,865)	(657,663)	662,169
	142,294	55,678	42,280	154,183	7,354	(19,075)	557,456	316,739	141,574	58,741	193,214	251,234	14,219	1,915,891	3,002,797
Less : Reinsurance recoverable	127,434	30,965	(227)	61,278	(5,274)	(47,193)	(8,541)	7,723	83,339	(33,278)	(820)	50,392	8,016	273,814	802,278
Net claims Incurred	**14,860**	**24,713**	**42,507**	**92,905**	**12,628**	**28,118**	**565,997**	**309,016**	**58,235**	**92,019**	**194,034**	**200,842**	**6,203**	**1,642,077**	**2,200,520**
Commissions earned	(40,331)	(29,143)	(4,716)	(233,107)	(31,271)	(25,711)	(11)	(30)	(29,916)	(1,851)	(2,635)	-	(18,967)	(417,689)	(446,399)
Commissions payable	8,022	32,027	18,875	169,187	22,403	35,483	95,813	47,632	34,048	29,597	82,466	20,509	7,127	603,189	749,318
Expenses of Management	25,961	21,347	21,712	54,653	21,841	64,021	415,031	201,492	31,928	64,380	98,133	54,461	10,371	1,085,331	1,007,643
Total Expenses & Commissions	**(6,348)**	**24,231**	**35,871**	**(9,267)**	**12,973**	**73,793**	**510,833**	**249,094**	**36,060**	**92,126**	**177,964**	**74,970**	**(1,469)**	**1,270,831**	**1,310,562**
Underwriting profit/(loss)															
-2018	**(2,520)**	**(3,401)**	**9,633**	**131,109**	**24,678**	**29,388**	**(24,706)**	**(35,741)**	**16,562**	**13,171**	**47,267**	**(88,431)**	**6,116**	**123,125**	**226,828**
-2017	**3,568**	**71,665**	**30,047**	**74,357**	**18,780**	**105,934**	**(84,433)**	**(39,936)**	**(11,869)**	**16,720**	**9,228**	**17,644**	**15,124**	**226,828**	**-**
Key ratios:															
Loss ratio	248	54	48	43	25	21	54	59	53	47	46	107	57	54	59
Commission ratio	1	25	17	19	14	16	9	10	16	14	18	8	8	11	12
Expense ratio	2	17	20	6	14	28	40	41	15	30	22	22	12	18	17
Combined ratio	142	107	89	39	51	78	102	107	85	93	89	147	44	96	94

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APPENDICES

CORPORATE INFORMATION

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NIC House
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Standard Chartered Bank Limited
Kenyatta Avenue Branch
P.O. Box 30003 - 00100 Nairobi

CORPORATE SOCIAL RESPONSIBILTY (CSR) & INVESTMENT (CSI) 2013 -2018

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2018

No.	Project	Description	Category	Amount	Life Cost	General Cost
2013						
1	Kenya Paraplegic Organization	Bring Zack Back Campaign	Health	200,000.00	100,000.00	100,000.00
2	Kenya Paraplegic Organization	Charity Golf Tournament	Health	200,000.00	100,000.00	100,000.00
3	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	200,000.00	100,000.00	100,000.00
4	The Association of Kenya Insurers	Annual Medical Camp	Health	50,000.00	25,000.00	25,000.00
5	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	100,000.00	50,000.00	50,000.00
6	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	200,000.00	-	200,000.00
7	Rhino Ark Charitable Trust	Support of Rhino Charge Team	Environment	100,000.00	50,000.00	50,000.00
8	Kahawa Garisson	High School Project	Education	300,000.00	150,000.00	150,000.00
9	August 7 Memorial Trust	In Support of the Needy	Special Projects - Support of Needy	100,000.00	50,000.00	50,000.00
10	SOS Children's Villages	In Support of the Needy Children	Special Projects - Support of Needy	100,000.00	50,000.00	50,000.00
11	Lions Club of Kenya	Charity Golf Tournament	Special Projects - Support of Needy	250,000.00	125,000.00	125,000.00
12	Faraja Cancer Support Trust	Faraja Cancer Centre Development	Health	2,000,000.00	1,000,000.00	1,000,000.00
13	KCB Safari Rally	Official Event Insurer June 2013 - June 2014	Brand Equity - Sports	1,000,000.00	-	1,000,000.00
Total Support Amount				4,800,000.00	1,800,000.00	3,000,000.00
2014						
1	Alexis Foundation	Charity Golf Tournament	Education	75,000.00	37,500.00	37,500.00
2	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	500,000.00	250,000.00	250,000.00
3	Heart to Heart Foundation	Heart Run (Karen Hospital)	Health	50,000.00	25,000.00	25,000.00
4	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045.00	5,022.50	5,022.50
5	Faraja Cancer Support Trust	Purchase of Branded Tee Shirts	Health	200,000.00	100,000.00	100,000.00
6	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000.00	25,000.00	25,000.00
7	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	100,000.00	50,000.00	50,000.00
8	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000.00	50,000.00	50,000.00
9	The Association of Kenya Insurers	Annual Medical Camp - Kamangu Primary - Kiambu	Health	50,000.00	25,000.00	25,000.00
10	Drumbeat Ltd - Amazing Maasai Marathon	Supporting Girl Child Secondary Education in Maasailand -Official Event Insurer	Education	130,000.00	65,000.00	65,000.00
11	The Kenya Red Cross	Annual Gala Dinner for the Disaster Kitty	Special Projects - Disaster Preparedness	300,000.00	-	300,000.00
12	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
Total Support Amount				1,835,299.00	767,649.50	1,067,649.50
2015						
1	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	-	50,000.00
2	Special Olympics Kenya	3 Air Tickets for Special Olympics Swim Team	Special Projects - Sports	500,000.00	250,000.00	250,000.00
3	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000.00	10,000.00	10,000.00
4	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000.00	-	300,000.00
5	The Association of Kenya Insurers	Annual Medical Camp - Ngurubaini Primary School - Mwea	Health	70,000.00	35,000.00	35,000.00
6	Consolata Youth Rehabilitation Programme	COYREP & ICEA LION Visit To Clean Up Deep Sea Slum	Brand Equity - Environment	100,000.00	50,000.00	50,000.00
7	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000.00	50,000.00	50,000.00
8	Wema Centre Trust	Annual Fund Raising Dinner	Special Projects - Support of Needy	250,000.00	125,000.00	125,000.00
9	Help Baby Ivannah	Medical Bill Support For The Late Baby Ivannah	Special Projects - Support of Needy	30,000.00	15,000.00	15,000.00
10	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
11	KCB Safari Rally	Official Event Insurer Jun 2014 - Dec 2015	Brand Equity - Sports	3,000,000.00	-	3,000,000.00
Total Support Amount				4,690,254.00	670,127.00	4,020,127.00
2016						
1	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	25,000.00	25,000.00
2	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000.00	25,000.00	25,000.00
3	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045.00	5,022.50	5,022.50
4	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000.00	150,000.00	150,000.00
5	Association of Kenya Insurers	Joint Insurers Pensions Awareness Campaign	Special Projects - Financial Literacy	1,000,000.00	500,000.00	500,000.00
6	Jockey Club of Kenya - Horse Derby	111th Kenya Derby Prize Money For Riders	Brand Equity - Sports	1,000,000.00	500,000.00	500,000.00
7	Jockey Club of Kenya - Horse Derby	Social Media Boosting to Advertise Event	Brand Equity - Sports	17,492.80	8,746.40	8,746.40
8	Duke of Edinburgh's Presidential Award Scheme	Feeding Youth During Mt. Kenya Climb	Education	500,000.00	250,000.00	250,000.00
9	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000.00	10,000.00	10,000.00
10	East African & Kenya Motor Sports Club	FIM MotoCross Of African Nations 2016	Brand Equity - Sports	500,000.00	250,000.00	250,000.00
11	East African Motor Sports Club	Refurbishing 16 Spectator Stands & Constructing 14 new ones	Brand Equity - Sports	1,397,000.00	698,500.00	698,500.00
12	The Association of Kenya Insurers	Annual Medical Camp - Karagita - Naivasha	Health	85,000.00	42,500.00	42,500.00
13	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254.00	135,127.00	135,127.00
Total Support Amount				5,199,791.80	2,599,895.90	2,599,895.90
2017						
1	The Association of Kenya Insurers	Annual Medical Camp - Gatanga - Thika	Health	85,000.00	42,500.00	42,500.00
2	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support of Needy	50,000.00	25,000.00	25,000.00
3	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045.00	5,022.50	5,022.50
4	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	500,000.00	300,000.00	200,000.00
Total Support Amount				645,045.00	372,522.50	272,522.50
2018						
1	The Association of Kenya Insurers	Annual Medical Camp - Matuu - Machakos	Health	90,000.00	45,000.00	45,000.00
2	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000.00	500,000.00	200,000.00
Total Support Amount				790,000.00	545,000.00	245,000.00
TOTAL CORPORATE SOCIAL RESPONSIBILITY SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2017				17,960,389.80	6,755,194.90	11,205,194.90

ICEA LION GROUP CORPORATE SOCIAL INVESTMENT SUPPORT - OCTOBER 2016 - DECEMBER 2018

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

No.	Project	Description	Category	Amount	Life Cost	General Cost
2018						
1	Lewa Conservancy	ICEA LION Staff Immersion & Sensitization Videography & Photography	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	194,880.00	97,440.00	97,440.00
2		Conservation Education Programme - 15 Schools, 690 Students, 60 Teachers from Northern Kenya for 2 Days		3,515,000.00	3,987,000.00	3,987,000.00
3		Lion Predator Monitoring Programme		472,000.00	236,000.00	236,000.00
4	Kenya Wildlife Service (KWS) National Lion Census	National Lion Census - Census Equipment for 5 Regions	Corporate Social Investment Initiative - Lion Census	1,701,925.00	850,962.50	850,962.50
Total Support Amount				5,883,805.00	5,171,402.50	5,171,402.50
TOTAL CORPORATE SOCIAL INVESTMENT SUPPORT AMOUNT FROM OCTOBER 2016 - DECEMBER 2018				**12,468,160.00**	**8,463,580.00**	**8,463,580.00**
TOTAL CORPORATE SOCIAL RESPONSIBILITY & INVESTMENT SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2018				**30,428,549.80**	**15,218,774.90**	**19,668,774.90**

These costs exclude the launch event activities & related logistical costs

AWARDS & ACCOLADES 2012 - 2018 & GCR RATING

THINK BUSINESS AWARDS

WINNER

General Insurer of the Year - 2017, 2014
Lifetime Achievement Award: CEO: Steven Oluoch - 2018
Best Insurer in Product Distribution & Marketing - 2017
Corporate Risk Manager of the Year: Dorothy Maseke - 2018, 2017
Training - 2016
Customer Satisfaction - 2016
Customer Service - 2018, 2017
Claims Settlement - 2018, 2015
Risk Management - 2015
Best Insurer in Sustainable CSR - 2018
Major Loss Award - 2012
Best Company in Technology & Digital Applications - 2018

1ST RUNNERS UP

Best Insurer in Sustainable CSR - 2017
Customer Service - 2016, 2014
Risk Management Award - 2017, 2014
Marketing Initiative of the Year - 2012
Most Innovative Insurance Company - 2018
Best Insurance Company in Product Distribution & Marketing - 2018
Training - 2015,
Fraud Detection & Prevention - 2018, 2016, 2015

2ND RUNNERS UP

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

ICPSK CHAMPIONS OF GOVERNANCE AWARDS

WINNER

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

1ST RUNNERS UP

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

2ND RUNNERS UP

Overall Champions of Governance Award - 2018
CEO of the Year: Steven Oluoch - 2016
Insurance Sector: 2016
Company Secretary of the Year: Kennedy Ontiti - 2017

EAST AFRICAN MARITIME AWARDS

WINNER

Marine Cargo Insurer - 2018

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

2ND RUNNERS UP

Insurance Category - 2018

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

WINNER

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

DELOITTE'S BEST COMPANY TO WORK FOR AWARDS

WINNER

Insurance Sector - 2014, 2015

1ST RUNNERS UP

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

AWARDS & ACCOLADES 2012 - 2018 & GCR RATING

THE 2018 ASSOCIATION OF PRACTITIONERS IN ADVERTISING (APA) LOERIES AWARDS

WINNER
Overall: Grand Prix Award - #BackYourFuture Campaign
Gold Award: Integrated Campaign - #BackYourFuture Campaign
Silver Award: Integrated Campaign - Travel Insurance Campaign

INSTITUTE OF CUSTOMER SERVICE – ICS KENYA AWARDS

WINNER
Insurance Sector - 2014

INSURANCE INSTITUTE OF KENYA (IIK) ANNUAL QUIZ

WINNER 2017

ASSOCIATION OF KENYA INSURERS (AKI) SPORTS DAY

WINNER
Indoor Sports - 2018

1ST RUNNERS UP - 2016
Overall Champions
Field Games Champions
Auxiliary Games Champions
Indoor Games Champions
Volleyball Games Champions
Athletics Games Champions

GCR GLOBAL CREDIT RATING CO.
Local Expertise • Global Presence

ICEA LION General Insurance Company Limited

Kenya Insurance Analysis **June 2018**

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Claims paying ability	National	$AA-_{(KE)}$	Stable	June 2019

REPORTING GUIDANCE INDEX

BASED ON INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC) FRAMEWORK

TOPIC	CONTENT ELEMENT NO.	PAGE NO.
Organisations overview and external environment	4A	7-60
Governance	4B	62-79
Business model	4C	59
Risks and opportunities	4D	81-87
Strategy and resource allocation	4E	19,22,60
Performance	4F	92-204
Outlook	4G	20,22-23
Basis of preparation and presentation	4H	2-3
General reporting guidance • Disclosure of material matters. • Disclosures about the capitals. • Time frames for short, medium and long term. • Aggregation and disaggregation.	4I	2-3,81-87,89-120

ICEA LION'S Integrated Lab

Below is our team that spearheaded and delivered our inaugural and subsequent Integrated Reports in 2017 and 2018 that were developed and designed in-house.

Nkatha Gitonga-Kinuthia
Group Manager
Marketing & Communications

ICEA LION Group

Dorothy Maseke
Group Manager
Risk & Compliance

ICEA LION Group

Zipporah Chege
Chief Finance Officer

ICEA LION General Insurance

Ronald Nyamosi
Chief Finance Officer

ICEA LION Life Assurance

"WE'RE DELIGHTED TO BE AT THE FOREFRONT OF THE RELENTLESS PURSUIT OF SUSTAINABILITY AND SHARED VALUE."

Special thanks to our in-house designer, **Mwangi Kariuki.** His design inspiration was drawn from the launch year of the five year strategic plan (2018-2022)

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