

TANZANIA REINSURANCE COMPANY LTD. (TAN-RE)



2016 ANNUAL
REPORT



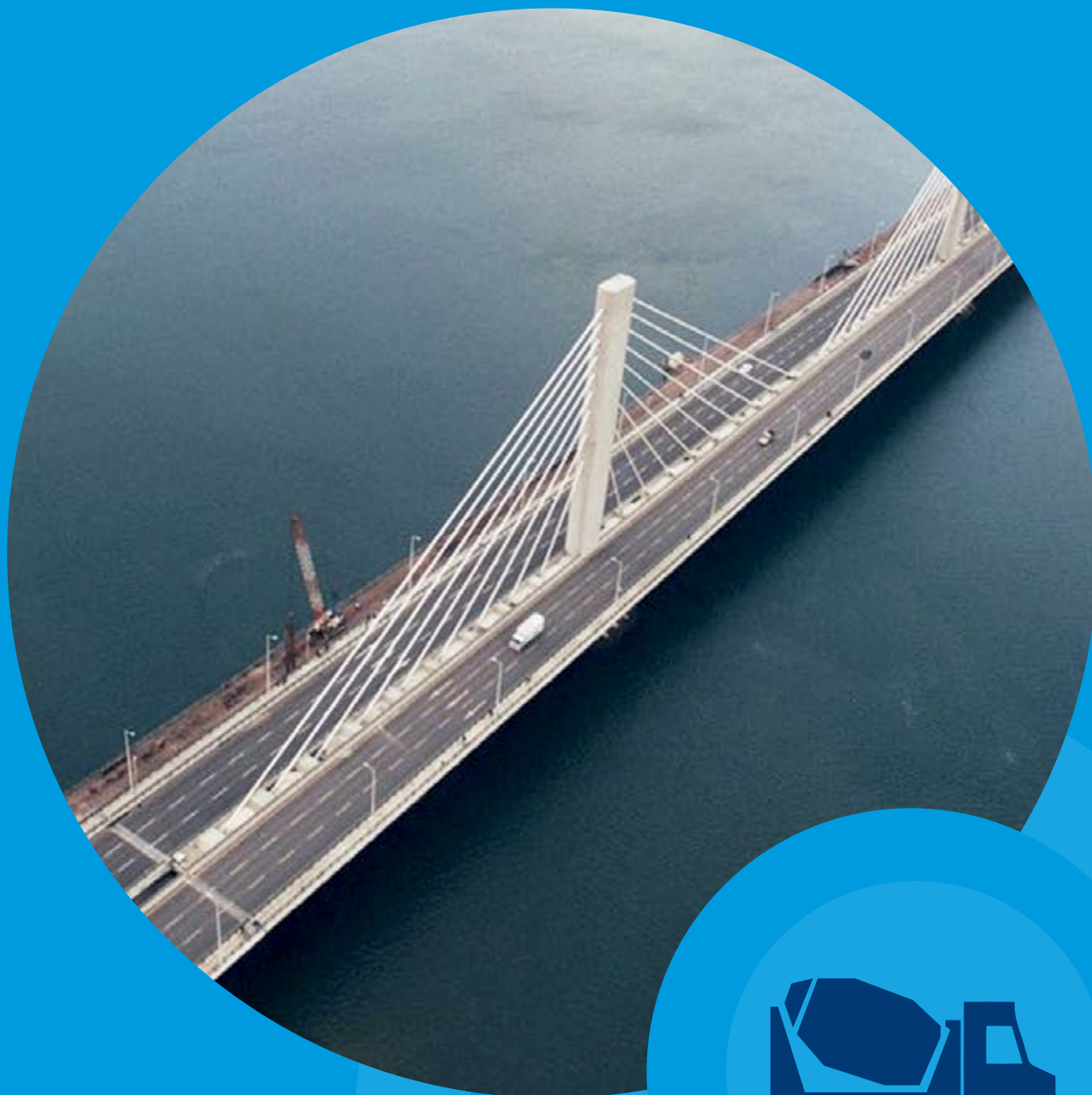




— *Reinsurance at its best* —

ISO 9001:2015

Directors Report and Financial Statements for the year ended 31 December 2016



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BOARD OF DIRECTORS



MR. WILSON NDESANJO

Board Chairman
TAN-RE

Mr. Ndesanjo is the Chairman of Corporate Insurance Brokers Limited and an Executive Director of Roldo Limited. He is TAN-RE's Board Chairman.



MR. WILLIAM ERIO

Chairperson
TAN-RE Finance and
Investment Committee

Mr. Erio is the Director General of PPF Pensions Fund. He is a Chairperson of the TAN-RE Board Finance & Investments Committee and also a member Human Resources & Remunerations Committee.



MR. CHARLES SUMBWE

Chairperson
TAN-RE Audit and
Risk Committee

Mr. Sumbwe is the CEO of Mgen Tanzania Insurance Company Limited. He is a Chairperson of the TAN-RE Board Audit & Risk Committee and also a member the TAN-RE Human Resources & Remunerations Committee.



MR. ADAM MAYINGU

Chairperson
TAN-RE Human Resources and
Remunerations Committee

Mr. Mayingu is the Director General of Public Service Pensions Fund (PSPF). He is a Chairperson of the TAN-RE Human Resources & Remunerations Committee and also a member of the TAN-RE Board Finance & Investment Committee.



PROF. GODIUS KAHYARARA

Board Member
TAN-RE Finance and
Investment Committee

Prof. Kahyarara is the Director General of National Social Security Fund (NSSF). He is a member of the TAN-RE Board Finance & Investment Committee.

BOARD OF DIRECTORS



MR. ABDULWAKIL HAFIDH

Board Member
TAN-RE Audit and
Risk Committee

Mr. Hafidh is the Director General of Zanzibar Social Security Fund (ZSSF). He is a member of both the TAN-RE Board Audit & Risk Committee and the Human Resources & Remunerations Committee.



MR. RONALD KASAPATU

Board Member
TAN-RE Audit and
Risk Committee

Mr. Kasapatu is the Director of Operations of ZEP-RE (PTA Reinsurance Company). He is a member of both the TAN-RE Board Audit & Risk Committee and the Human Resources & Remunerations Committee.



MR. RAHIM IBRAHIM

Board Member
TAN-RE Audit and
Risk Committee

Mr. Ibrahim is the Director of Tanganyika Arms. He is a member of the TAN-RE Board Audit and Risk Committee.



MR. GEOFFREY MSELLA

Board Member
TAN-RE Audit and
Risk Committee

Mr. Msella is the former Treasury Registrar. He represents Individual Shareholders in the TAN-RE Board. He is a member of both the TAN-RE Board Audit & Risk Committee and the Finance & Investments Committee.



MR. SAMWEL KAMANGA

Board Member
TAN-RE Finance and
Investment Committee

Mr. Kamanga is the Managing Director of National Insurance Corporation Limited (NIC). He is a member of the TAN-RE Finance & Investments Committee.

MANAGEMENT TEAM



From top: Mr. Rajab S. Kakusa (Chief Executive Officer). Middle: Mr. Gregory D. Ngonyani (Chief Finance and Administration Officer) and below: Mr. Jean Claude Razafimandimby (Chief Underwriting & Training Officer).

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

8th Floor, TANRE House-Longido Street
Plot No. 406 - Upanga
P.O. Box 1505
Dar es Salaam, Tanzania
Telephone: 255-22-2922341-3
Facsimile: 255-22-2922344
Email: mail@tan-re.co.tz
Website: www.tan-re.co.tz

DIRECTORS

Name	Nationality	
Mr. Wilson Ndesanjo	Tanzanian	
Mr. Rajni Varia	Kenyan	
Ms. Maryanne Mugo	Kenyan	
Mr. Adam Mayingu	Tanzanian	
Mr. Abdulwakil Hafidh	Tanzanian	
Amb. Abubaker Ibrahim	Tanzanian	
Mr. William Erio	Tanzanian	
Mr. Geoffrey Msella	Tanzanian	
Mr. Ramadhani Mongi	Tanzanian	Resigned 23.07.2016
Mr. Charles Sumbwe	Zambian	Appointed on 23.07.2016
Mr. Sam Kamanga	Tanzanian	Appointed on 23.07.2018
Prof. Godius Kahyarara	Tanzanian	Appointed on 28.04.2016

MEMBERS OF THE AUDIT & RISK COMMITTEE

Name	Nationality
Mr. Rajni Varia	Kenyan
Mr. Abdulwakil Hafidh	Tanzanian
Amb. Abubaker Ibrahim	Tanzanian
Mr. Geoffrey Msella	Tanzanian
Mr. Ramadhani Mongi	Tanzanian
Mr. Sam Kamanga	Tanzanian

MEMBERS OF THE FINANCE & INVESTMENTS COMMITTEE

Name	Nationality	
Mr. William Erio	Tanzanian	
Mr. Adam Mayingu	Tanzanian	
Mr. Sam Kamanga	Tanzanian	
Ms. Maryanne Mugo	Kenyan	Resigned on 23.07.2016
Prof. Godius Kahyarara	Tanzanian	

MEMBERS OF THE HUMAN RESOURCES & REMUNERATIONS COMMITTEE

Name	Nationality	Position
Mr. Adam Mayingu	Tanzanian	Chairman
Mr. Rajni Varia	Kenyan	Member
Mr. Abdulwakil Hafidh	Tanzanian	Member
Mr. Geoffrey Msella	Tanzanian	Member
Mr. Wiliam Erio	Tanzanian	Member

KEY MANAGEMENT

Name	Position
Mr. Rajab Kakusa	Chief Executive Officer
Mr. Jean Claude Razafimandimby	Chief Underwriting and Training Officer
Mr. Gregory Ngonyani	Chief Finance and Administration Officer
Mr. Ernest Koroso	Internal Auditor

MAIN BANKERS

CRDB Bank PLC PPF Tower Branch P.O. Box 268 Dar es Salaam	Barclays Bank Tanzania Limited Barclays House P.O. Box 5137 Dar es Salaam
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COMPANY SECRETARY

CRB Africa Legal
Plot No. 60 Ursino Street Regency Estate
P.O. Box 79958
Dar es Salaam

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
Tanhouse Tower (4th Floor), Plot No. 34/1,
Ursino South, New Bagamoyo Rd,
P. O. Box 2475
Dar es Salaam, Tanzania



We are writing business from more than 46 countries which are predominantly African countries. The objective of the company is to diversify income streams

Dear Esteemed Shareholders,

It is my great pleasure to present to you The Annual report and Audited Financial Statements for the year ended 31st December 2016.

1. TANZANIA ECONOMIC OUTLOOK

The Country's economy remains on the growth path spurred by mining, tourism and agriculture. The country remains a net exporter of gold and net importer of oil. Economic drivers for the country are in the following segments of the economy; construction, transport and financial services.

The country's GDP growth was 6.2% in 2016 while Inflation was 5%. This was underpinned by tight monetary policy coupled with fiscal discipline under the new political administration inaugurated in 2015. The

economy continues to face the following development challenges; infrastructure bottlenecks, improving business environment, increasing agricultural productivity and value addition, building a healthy and skilled work force and managing urbanization. The political environment remains stable which presents opportunities for economic growth.

2. INSURANCE BUSINESS

The insurance sector remains on a growth trajectory. The regulatory environment continues to encourage insurance providers to be innovative in packaging its offerings to the insuring public. To this end, the regulator continues to challenge insurance companies to come up with products that embrace financial inclusion such as micro insurance. On the backdrop of the discovery of oil and gas in the economy, the insurance sector

hopes to play a pivotal role in providing the necessary insurance covers. This will aid revenue growth in the insurance industry.

The industry in its quest to respond to political violence and terrorism risks has started offering insurance cover for such risks albeit at a small scale. Cyber risk remains a threat to the business community and as such the insurance sector is exploring ways to transfer the risk from the insuring public.

The insurance players continue to be dogged by problems of premium rates undercutting, poor premium collection, under developed human resources base and poor claims assessment. TAN-RE is coming up with a cocktail of measures to arrest some of the challenges mentioned above. The value chain of insurance sector in Tanzania remains as insurance intermediaries, insurance companies and reinsurance companies.

Tanzania Reinsurance Company is the sole domestic Reinsurance Company registered in the country. The company receives compulsory cession across the insurance industry as promulgated by Act of parliament enacted in year 2001. The objectives are;

- To curtail outflow of foreign currency from the country
- To promote domestic growth of insurance sector
- To create employment opportunities for sovereign citizenry
- To promote development of insurance skills in the country
- To promote development of insurance sector in the country through products development and skills transfer from developed insurance market.
- To encourage exchange of technical information among foreign markets.

3. BUSINESS PERFORMANCE

The company wrote gross premium of TZS 74,909,367,770. This represents a growth of 2% compared to the same period in 2015. The profit of the company was TZS 3,297,045,090.

The profit was negatively affected by poor performance in the following classes of insurance;

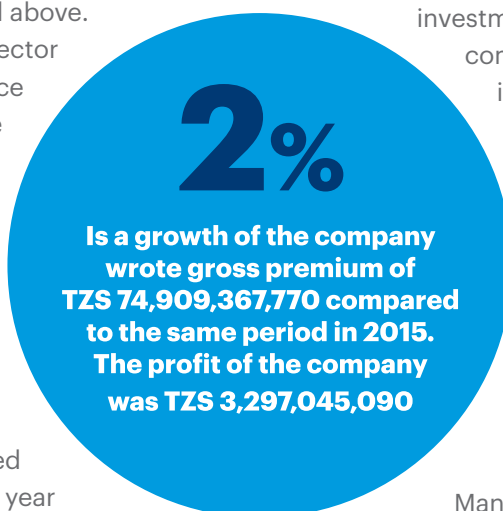
- a) Fire
- b) Engineering
- c) Accident and
- c) Aviation,

Shareholders' equity grew from TZS 47,803,942,222 in 2015 to TZS 49,948,740,734. Further the investment returns were slightly higher as compared to 2015. The lower growth in investment returns were largely attributed to write down of TAN-RE House as recommended by external experts. The Board acknowledges that investment in real estate is a long term endeavor and as such, though the returns hitherto are low, the long term prospects are promising.

Management in liaison with my Board has approved the intervention which management is going to embark on in order to improve profitability with effect from May, 2017. The Board will be apprised of the performance on a quarterly basis. The Board is satisfied with the measures management is taking in addressing matters affecting the company's performance.

4. REGIONAL EXPANSION

TAN-RE is writing business from more than 46 countries which are predominantly African countries. The objective of the company is to diversify income streams.



In pursuit to the above TAN-RE Board approved an investment in a reinsurance company in Swaziland.

The project is joint venture with institutional investor based in Swaziland. The project is expected to generate more revenue for the company.

5. CORPORATE GOVERNANCE

The company observes highest standards of corporate governance. All of the Board members are Non-Executive Directors. The Board meets quarterly to assess performance of the company and where necessary the Board takes corrective actions. Majority of the Board members have been certified as competent directors by recognized training institutions.

6. ENTERPRISE RISK MANAGEMENT (ERM)

The Board is satisfied with the ERM, Management has put in place to identify, evaluate and monitor risks which the organization is facing. The Board through Audit and Risk committee is satisfied with mitigating measures management has adopted notwithstanding the fact that risks are always evolving.

7. DIVIDEND

In view of the need to conserve cash and to comply with statutory requirements, Directors recommend no payment of dividend for the year ended 31 December 2016.

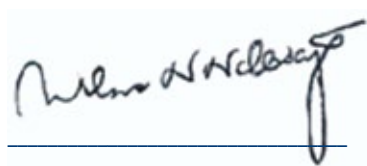
8. FUTURE OUTLOOK

The Board is confident that the company will maintain its revenue growth and increase profitability. Continuous effort will be focused towards business process improvement, credit control and working capital management and staff development and retention.

9. APPRECIATION

On behalf of the Board of Directors I would like to convey my profound gratitude to our clients, the insurance regulatory office and other stakeholders for their tireless and continued support. To our shareholders for their commitment and inspiration, and to the Government of the United Republic of Tanzania for creating enabling business environment. Special appreciation goes to the Management and staff for their tremendous dedication and hard work. Last but not the least, to my fellow Directors for providing valuable guidance and leadership to the company.

I thank you all and wish you the best in 2017.



MR. WILSON NDESANJO
CHAIRMAN OF THE BOARD



**On the local scene,
the company has been
constantly working to ensure
emerging risks such as
Oil and Gas are
locally placed**

OPERATING RESULTS

In year 2016, we at TAN-RE continued to strengthen the importance of staying focused on underwriting discipline by placing greater importance on risk adjusted bottom line. The company continued to prune out unfavourable business which explains the minimal increase in the top line. However, we are strongly confident that our underwriting approach shall consistently result in sustained returns to our shareholders as we continue to solidify our investments which have been consistently increasing. We at TAN-RE remain assured that we can participate effectively in now ever challenging reinsurance market by focusing our efforts on our major strengths and competencies, including our resilient associations with our clients and business partners.

MARKET AND BUSINESS DEVELOPMENT

TAN-RE has consistently and strategically been expanding its geographical spread across the African continent, Middle East and the southern Asian regions. In year 2016, we were trading with over 200 companies. The number is set to increase as it intends to further penetrate the southern African markets through its strategic alliance with Ezulwini Re of Swaziland.

Additionally, TAN-RE is focused on entering new markets in addition to solidifying the market share wherever it has a footprint with a concentration on improving the company's bottom line. Therefore, the company continued to progressively market and stamp itself in its chosen markets through market visitations and attendance to conferences and seminars.

On the local scene, the company has been constantly working to ensure emerging risks such as oil and gas are locally placed and has recently introduced an energy facility to ensure the Tanzanian market is strategically placed to tap on the gas business that is now developing in the country.

TAN-RE has been at the forefront in jointly maintaining regular contact and dialogue with industry bodies such as the Association of Tanzania Insurers and the Insurance regulators office all aimed at working closely to improve the local market because we at TAN-RE believe that any positive developments in the local market shall spun significant growth in our company.

FINANCIAL STRENGTH RATING

In year 2016, the Global Credit Rating (GCR) of South Africa reaffirmed TAN-RE's rating of A+ (single A Plus) for Domestic currency claims paying ability and B+(Single B Plus) for International currency claims paying ability. The ratings are a reflection of the company's established market position as a reputable and reliable reinsurer in the local market and the region. The company is committed to ensuring it continues to be accorded a favourable rating and ultimately acquire a rating by AM Best in line with our strategic expansion to other markets.

QUALITY MANAGEMENT SYSTEM

In TAN-RE, we continue to focus on our esteemed customers by constantly innovating and developing a simplified yet robust business model that assures value delivery to all our clients and stakeholders. At TAN-RE we are proud to say that all our operations and processes are certified and in line with ISO 9001:2015. We are committed to ensuring improvement in our customers experience and shall continue to address our clients' recommendations which we collect in each quarterly customer satisfaction surveys. In year

2016, the company achieved a customer satisfaction index of 90%. It is TAN-RE's desire to attain a higher index in year 2017.

BEST PRESENTED FINANCIAL STATEMENTS

In year 2016, TAN-RE was highly commended and recognized by the National Board of Accountants and Auditors (NBAA) of Tanzania as a champion in corporate governance practices and transparency in accounting and financial reporting procedures which are clearly attested in the company's ability and commitment to consistently producing clear, balanced and understandable annual reports. The NBAA crowned TAN-RE a 1st winner of the Best Presented Financial Statements in the Insurance category

ENTERPRISE RISK MANAGEMENT

TAN-RE has adopted a strong, effective and embedded risk management framework that is aimed at ensuring the company maintains successful business processes which shall bring viable, long-term success in line with ISO 9001:2015.

TAN-RE's ERM framework shall continue to ensure that the Company remains strong at managing its business in an environment of controlled, balanced risk-taking to generate sustainable results and deliver long-term value for the investors.

MARKET TRAININGS AND SEMINARS

At TAN-RE we are committed to ensuring our customers are equipped with up to date skills for underwriting both current and emerging risks. In year 2016, the company continued to offer tailor made trainings to the Tanzanian insurance market including a training jointly conducted by our business partner, Ghana Re on "Engineering and Business Interruption Insurance".



90%

**Customer satisfaction index
the company achieved
during the year 2016.
Our desire is to attain higher
index in the year 2017**

Additionally, TAN-RE continued to sponsor local market underwriters to undergo special seminars all aimed at improving the underwriting standards of its dominant markets.

CAPACITY BUILDING

I. HUMAN CAPITAL

TAN-RE highly values its people and regards them as its most precious asset. We therefore believe that attracting, developing and retaining the best employees is of high significance to our company, because employees contribute a great customer experience. In year 2016, the company devoted to continual improvement of the technical capabilities of staff and has continued to invest in training by vigorously exposing staff to both local and international trainings, seminars and workshops in addition to sponsoring its staff for professional courses of their choice and specialisation. We therefore strongly believe that the quality of our people has and shall continue to be an inspiration in our continuing accomplishments. Their know-how, courage and commitment remain to drive our reputation for quality and professionalism.

II. BOARD OF DIRECTORS

The company believes that the strength of its governance framework plays a pivotal role in backing the company's business model and the pursuit of its strategic vision of becoming among the best reinsurers in Africa. The company continued to value

the contributions of its board towards steering the company in the right direction as it strives to achieve this vision. TAN-RE continued to expose its Directors to special skill requirements necessitated by the annual director's performance evaluations. We are therefore confident that TAN-RE has the right people and processes in place to support the Company's growth strategy.

APPRECIATION

On behalf of Management and Staff, I would like to thank all our clients as well as all the interested parties with whom we collaborated for all their hard work during 2016. I wish assure all of you that the TAN-RE team will continue to work closely with all our stakeholders to ensure that the company remains relevant and stationed to offer valued added services and a good return to the shareholders.



MR. RAJAB S. KAKUSA
CHIEF EXECUTIVE OFFICER



DIRECTOR'S REPORT

for the year ended 31 December 2016



1. INTRODUCTION

The Directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2016.

The financial statements for the year ended 31 December 2016 were approved by the Board of Directors and authorised for issue as indicated on the statement of financial position.

2. PRINCIPAL ACTIVITIES

The Company transacts all classes of reinsurance business (both short term and long term) in conformity with the Insurance Act, 2009.

3. MISSION, VISION AND VALUES

Vision Statement:

"To be among the best Reinsurers in Africa"

Mission Statement:

"To provide sustainable reinsurance capacity and security in the best interest of our customers, shareholders and other stakeholders"

Values:

TAN-RE is guided by commitment to the following values:

- Professionalism
- Integrity
- Transparency
- Zero Tolerance
- Dynamism
- Continuous Learning
- Customer focus

4. DEVELOPMENT IN BUSINESS

During the year under review, gross premium registered was TZS 74.9 billion up by 3% from TZS 73.1 billion recorded in year 2015. The increase was attributed by increase in premium written in local market at retail level, the confidence and trust that the local market has on TAN RE whereby majority of companies continued to offer more treaty shares than stipulated in the law despite a loss of medical quota share treaty worth TZS 8bn which was not renewed by one cedant.

However, on the other side claims incurred in year 2016 were TZS 37.5 billion as compared to TZS 34.1 billion incurred in year 2015 registering a 9% increase. The increase was a result of five major claims paid in year 2016 notably Hotel & lodge fire claim, Nepal Earthquake fire claim, Farmland Aviation claim, Bakhresa Food products fire claim and and Sadolins fire claim.

DIRECTOR'S REPORT

for the year ended 31 December 2016



5. FINANCIAL RESULTS

The Company's gross premium written and accounted for per class of business was as follows:

	2016 TZS	2015 TZS
Fire	23,559,838,799	20,016,607,068
Engineering	3,670,314,762	3,318,602,670
Accident	10,622,487,504	10,370,502,422
Motor	23,327,301,969	27,763,308,259
Marine	3,811,700,506	3,833,042,678
Aviation	475,419,172	230,894,326
Medical	3,446,278,890	4,296,141,788
Life	5,996,026,168	3,228,140,122
	74,909,367,770	73,057,239,332

The operations for the year resulted in an underwriting profit of TZS 2.59 billion (2015:TZS 4.53 billion) as reported in Appendix 1.

6. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK

The Company's overall strategic focuses for year 2017 will be to continuing strive to become among the best reinsurer in Africa and renew its commitment to provide sustainable reinsurance capacity and security to its customers. The Company will continue to strengthen its manpower by increasing its capacity and training. Additionally, the Company will continue to conduct market trainings in order to equip markets with the much needed underwriting skills.

The Company will continue to increase its efforts to grow optional local and international business and will source for more subscriptions to the Company's shares to enhance capitalization. The company will strive to achieve a higher credit rating by internationally recognised agencies in year 2017.

7. SUBSEQUENT EVENTS

There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

8. ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern. The Company's accounting policies, which are laid out on pages to be subject to an annual review to ensure continuing compliance with International Financial Reporting Standards and Tanzania Insurance Act, 2009 with its subsequent amendments.

DIRECTOR'S REPORT

for the year ended 31 December 2016



9. ACQUISITIONS AND DISPOSALS

There was no material disposal or acquisition of business during year 2016 (2015: Nil).

10. SHARE CAPITAL AND SHAREHOLDING

The authorised share capital of the Company is TZS 100,000,000,000 for 100,000,000 ordinary shares with a nominal value TZS 1,000 per share.

The paid up capital is made up as follows:

	2016 TZS	2015 TZS
Capital allotted and subscribed	60,000,000,000	60,000,000
Capital unsubscribed	28,255,435,000	28,763,158,000
Subscribed and paid up capital	31,744,565,000	31,236,842,000
Share capital at 1 January	31,236,842,000	28,007,832,000
Bonus issues	472,723,000	1,724,966,000
Subscribed and paid up during the year	35,000,000	3,229,342,000
	31,744,565,000	31,236,842,000

The shareholding of the Company as at 31 December is as stated below:

Cluster	2016			2015		
	Number of shares	AMOUNT TZS	%	Number of shares	AMOUNT TZS	%
Individual Tanzanians	407,712	407,712,000	1.28	371,783	367,499,000	1.18
Foreign Investor	2,366,154	2,366,154,000	7.45	2,333,062	2,333,062,000	7.45
Corporate bodies	751,419	751,419,000	2.37	740,910	740,190,000	2.37
Insurance Companies	8,462,264	8,462,264,000	26.66	8,343,912	8,343,912,000	26.71
Insurance Brokers & Loss assessors	640,341	640,341,000	2.02	631,386	631,386,000	2.02
Government Institutions	18,820,073	18,820,073,000	60.22	18,820,073	18,820,073,000	60.25
Total	31,744,565	31,744,565,000	100	31,236,842	31,236,842,000	100

The shares of the Company are not publicly traded. There is only one class of shares. There were no changes in shareholding during the year.

DIRECTOR'S REPORT

for the year ended 31 December 2016



11. DIRECTORS

The Directors who held office during the year under review were:

Name	Nationality	Position	Age (years)	Remarks
Mr. Wilson Ndesanjo	Tanzanian	Chairman	60	Appointed on 01.01.2011
Mr. Rajni Varia	Kenyan	Director	71	Appointed on 01.01.2011
Mr. Adam Mayingu	Tanzanian	Director	54	Appointed on 01.01.2011
Ms. Maryanne Mugo	Kenyan	Director	50	Resigned 23.07.2016
Mr. Abdulwakil Hafidh	Tanzanian	Director	62	Appointed on 01.01.2011
Amb. Abubaker Ibrahim	Tanzanian	Director	70	Resigned on 22.08.2016
Mr. William Erio	Tanzanian	Director	53	Appointed on 01.01.2011
Mr. Geoffrey Msella	Tanzanian	Director	63	Appointed on 26.05.2015
Mr. Ramadhan Mongi	Tanzania	Director	69	Resigned 23.07.2016
Mr Charles Sumbwe	Zambian	Director	57	Appointed on 22.08.2016
Mr Samuel Kamanga	Tanzanian	Director	54	Appointed on 23.07.2016
Prof. Godius Kahyarara	Tanzanian	Director	52	Appointed on 28.04.2016

All Directors are Non-Executive Directors.

12. DIRECTORS' INTEREST

Mr. Geoffrey Msella held 95,316 shares valued at TZS 95,316,000 This represents 0.3% of the ordinary shares capital reported as at 31 December 2016.

13. DIRECTORS' FEES AND SITTING ALLOWANCES

The fees and allowances for services rendered by the Non-Executive Directors of the Company were as follows:

	2016 Amount TZS	2015 Amount TZS
FEES		
Chairman of the Board of Directors	10.0 million	10 million
Other Directors	100 million	157.6 million
SITTING ALLOWANCES		
Chairman of the Board of Directors	10.9 million	16.3 million
Other Directors	218.3 million	225.9 million

14. SOLVENCY AND GOING CONCERN

The Directors consider the Company's solvency position as shown on the Statement of Financial Position set out in page 16 of these financial statements to be satisfactory.

The Insurance Act, 2009 pursuant to section 20(1) and regulation 21(3) (c) of the Insurance Regulations made under the Act requires that, the admissible assets of a reinsurer to exceed all liabilities of the Company by TZS 8,857 million or 33% of the net premiums written during the year, whichever is the greater. At 31 December 2016 the Company had admissible assets of TZS 51,302 million and 33% of net premium amounted to TZS 20,593 million. The admissible assets exceeded its liabilities by TZS 21,643 million which is above the minimum solvency margin required of TZS 20,592 million by TZS 1,050 million.

The Directors consider the Company to be solvent. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement. The Directors consider the Company to be solvent within the meaning ascribed by the Insurance Act, 2009 with its subsequent regulations.

15. ADMINISTRATIVE EFFICIENCY

Set-out below are details of matters which are deemed to demonstrate the administrative efficiency of the Company:

(a) Labour Turnover

Labour turnover is low and does not affect the operations of the Company. In year 2016, there was no employee who left the Company.

(b) Compliance with the Insurance Act

The Company where applicable, appraised the Commissioner of Insurance on matters of compliance. In ensuring that the Company operates in line with the requirements of the Insurance Act, 2009 the Company has been doing the following:

- Providing reserves as per the requirement of the Insurance regulation no. 22 (2) (a) and (b) of the Insurance Act, 2009;
- Timely submission of annual returns as per Insurance regulation no.28,29 and 30 of Insurance Act, 2009;
- Maintaining the percentage of assets to be held in approved Tanzanian securities as per regulation no.20 (1) up to (3) of the Insurance Act, 2009;
- Maintaining a capital adequacy as per regulation no.18 (1) (a) of Insurance Act, 2009;
- Appointment of Chief Finance Officer as per regulation 9 (1) (a) and (b) of Insurance Act, 2009.

16. EMPLOYEES WELFARE

(a) Management and Employee Relationship

The relationship between the Management and employees of the Company during the year was good. Various meetings between Management and employees were convened during the year under review to ensure effective communication between Management and employees as depicted below:

- Weekly informal staff meetings to enhance effective communication and dialogue between Management and employees.
- Quarterly meetings between Management and employees to review Company's performance on the preceding quarter and the strategies to be taken during the next quarter to ensure that the Company operates efficiently to achieve its desired objectives; and,
- Monthly departmental meetings where head of departments obtain feedback from their respective staff on issues emanating from quarterly meetings held between Management and employees.

(b) Medical Facilities

The Company meets the entire medical expenses for each employee and his/her immediate family members as per the Company's medical scheme.

(c) Training

During the year, the Company organised for internal technical trainings in areas such as basic insurance, reinsurance accounting and reinsurance underwriting. Additionally, several staff attended various seminars and workshops both locally and internationally in a bid to improve on their technical skills. The seminars included those organised by the National Board for Accountants and Auditors (NBAA), Comprehensive Technical programme in General Insurance at National Insurance Academy Pune India. Seminar on Engineering and Business Interruption conducted jointly with GHANA RE for Tanzania Insurance market. Few Board members were sponsored to attend a study on establishment of insurance oil and gas consortium and pool in Nigeria.

17. DISABLED PERSONS

It remains the Company's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises with the organisation and all necessary assistance is given with initial training. Where an employee becomes disabled during the course of his or her employment, the Company will seek suitable alternate employment and necessary training thereof.

18. EQUAL OPPORTUNITIES EMPLOYER

The Company's policy is not discriminatory against people with regards to race, gender, religion or disability.

DIRECTOR'S REPORT

for the year ended 31 December 2016



19. GENDER PARITY

The Company had a total of 27 employees, of whom 10 were female and 17 were male (2015:same)).

20. DIVIDEND

The Directors do not recommend to the Shareholders any payment of a dividend.

21. RESERVES

The Company had retained earnings of TZS 3.1 billion, (2015: TZS 3.7 billion) and contingency reserve TZS 14.7 billion, (2015: TZS 12.5 billion). Detailed movement of reserves during the year is set out on page 17.

22. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are disclosed in Note 24 to the financial statements.

23. INDEPENDENT AUDITORS

The Auditors, Ernst & Young, having expressed their willingness to continue in office, will be proposed for re-appointment at the next Annual General Meeting.

24. CORPORATE GOVERNANCE

Enterprise Corporate Governance is the process by which companies are directed and controlled. In broad terms it can be explained as "an internal system encompassing policies, processes and people, which serve the needs of Shareholders and other stakeholders, by directing and controlling Management activities with good business plans, objectivity and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy Board culture which safeguards policies and processes".

The objective of the concept of enterprise corporate governance is to promote the highest standard of governance by establishing a series of Management and social responsibility principles that all companies should strive to achieve.

The Directors recognize the need to conduct the business and operation of the Company with integrity and in accordance with generally accepted corporate governance principles. The Directors will continue to focus attention on maintaining the highest standards of corporate governance and business ethics in the Company's operations.

24. CORPORATE GOVERNANCE (continued)

Board of Directors

The members of the Board are mentioned on page 6. The Board is chaired by an independent non-executive director (Mr Wilson Ndesanjo) and includes ten other non-executive directors. The majority of the members of the Board have vast experience in insurance business that is applied in the overall Management of the Company. Directors' fees and other emoluments and related party transactions are disclosed in Note 26 to these financial statements. Ordinary board meetings are held quarterly to review the Company's performance against budget and business plans, as well as to formulate and implement Company strategy.

The Board has three sub-committees (Audit & Risk Committee, Finance & Investments Committee and Human Resources & Remunerations Committee), whose chairpersons report to the Board of Directors. During the year 2016, the Board had convened 8 meetings (2015: 9 meetings).

Audit & Risk Committee

The Audit & Risk Committee meets on a quarterly basis. The responsibilities of this committee are the review of financial information and monitoring of the effectiveness of Management information and internal control systems. In addition, the committee has a responsibility to deliberate on the significant findings arising from internal and external audit reviews and from inspections by the Tanzania Insurance Regulatory Authority (TIRA). During the year 2016, the Audit & Risk Committee met six times (2015: six meetings).

Finance & Investments Committee

The Finance & Investments Committee meets on a quarterly basis. The responsibilities of this committee are the review of the Company's investment policies to ensure that all investments are being performed in conformity with approved investment policies and in line with the requirement of insurance regulation as issued under the Insurance Act, 2009. During the period, the Finance & Investments Committee met four times (2015: four meetings).

Human Resources and Remunerations Committee

The Human Resources and Remunerations Committee was set up by the Board in year 2011 to periodically address matters related to staffing and remunerations of Company employees and Directors. The Committee meets semi-annually. In year 2016, the Human Resources and Remunerations Committee met once (2015: once).

25. POLITICAL CONTRIBUTIONS AND DONATIONS

The Company did not make any political donations during the year.

DIRECTOR'S REPORT

for the year ended 31 December 2016



26. CORPORATE SOCIAL RESPONSIBILITY

This is a concept that organisations have an obligation to consider the interests of its stakeholders (customers, employees, shareholders, communities, and environmental considerations) in all aspects of their operations. Amongst the initiative and endeavours that TAN-RE participates include financial support of various non-governmental organizations and schools. A sound environment for all is the key to overall social and economic success of any country. TAN-RE recognizes the importance of a clean and healthy environment and support various activities geared towards achievement and its improvement. During the period ended 31 December 2016, TAN-RE donated TZS 32.0million to various schools, charitable organisations and social organisations (2015:TZS 42 million).

27. COMPLIANCE WITH LAWS AND REGULATIONS

There were no serious prejudicial matters during the year to report as required by Tanzania Financial Reporting Standard No. 1 (Directors' Report).

28. STATEMENT OF COMPLIANCE

The director's report has been prepared in full compliance with Tanzania Financial Reporting Standard No.1 (Directors Report).

Approved and authorised for issue by the Board of Directors and signed on its behalf by:

MR. WILSON NDESANJO
CHAIRMAN OF THE BOARD

18th April 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 December 2016



The Tanzanian Companies Act, 2002, requires the Directors of the Company to prepare the financial statements for each financial year that give true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirement of the Tanzanian Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results and in compliance with International Financial Reporting Standards. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The Directors also accept responsibilities of safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

Furthermore, Directors accept their responsibilities laid out under various sections of the Insurance Act, 2009 with its subsequent regulations and assert that the same has been complied with in all material respects.

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

MR. WILSON NDESANJO
CHAIRMAN OF THE BOARD

MR. RAJAB S. KAKUSA
CHIEF EXECUTIVE OFFICER

18th April 2017

DECLARATION OF THE ACCOUNTING for the year ended 31 December 2016



The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International Financial Reporting Standards (IFRS) and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I **Gregory Ngonyani** being the Head of Finance/Accounting of **Tanzania Reinsurance Company Limited (TAN-RE)** hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2016 have been prepared in compliance with International Financial Reporting Standards (IFRS) and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of **Tanzania Reinsurance Company Limited (TAN-RE)** as on that date and that they have been prepared based on properly maintained financial records.

Signature _____

Position: **CHIEF FINANCE AND ADMINISTRATION OFFICER**
NBAA Membership No: **ACPA 577**

Date: **10th April 2017**

To the shareholders of

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

Opinion

We have audited the financial statements of **Tanzania Reinsurance Company Limited (TAN-RE)** set out on pages 20 to 75 which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002 and the Insurance Act, 2009 of Tanzania.

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 Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provided the basis for our audit opinion on the accompanying financial statements.

To the shareholders of

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE) (continued)

No.	Key audit matter	How our audit addressed the key audit matter
1.	Credit risk and impairment of reinsurance receivables balances	
	<p>Impairment of receivables is a subjective area due to the significant judgment and assumptions applied by management. The estimation of impaired receivables is made based on review of outstanding amounts at year-end.</p> <p>As disclosed in note 17 to these financial statements, judgement is applied in determining the appropriate parameters and assumptions used to calculate impairment of the receivables. For example, the assumptions of customers that will default, the expected future cash flows from the customers and the timing of the cash flows.</p> <p>Due to the significance of the reinsurance receivables balances, and the significant judgement involved in calculating impairment, particularly regarding the estimation of the expected future cash collections, this was considered a key audit matter.</p>	<ul style="list-style-type: none"> ● The audit procedures included the testing and evaluation of controls over the underwriting process, recording and ageing of outstanding reinsurance receivables, and monitoring of the receivables by the group's credit control department. ● We evaluated the adequacy of the allowance for doubtful accounts, including the appropriateness of the methodology used and assumptions made to calculate the allowance. ● We tested, on a sample basis, whether the group's assumptions on the expected future cash flows and timing of the cash flows were supported. ● We also assessed whether the financial statement disclosures made appropriately reflect the Group's credit risk and impairment provision on the receivables.
2.	Valuation of investment properties	
	<p>Management of Tanzania Reinsurance Company Limited (TAN-RE) is determining the fair value of its investment property every after three years and has used an external appraisal to support the valuation as at 31 December 2016</p> <p>The valuation of the investment property at fair value is highly dependent on estimates and assumptions, such as rental value, occupancy rates, discount rates, maintenance status, and financial stability of tenants, market information and historical transactions. The disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment property and the importance of the disclosures relating to the assumptions used in the valuation.</p> <p>We addressed this as a key audit matter.</p>	<ul style="list-style-type: none"> ● We have challenged the assumptions and estimates made by management of Tanzania Reinsurance Company Limited (TAN-RE) and the external appraiser in the valuation methodology about the appropriateness of the property related data supporting the (movements in) fair value of the investment properties. ● Amongst other, we have considered the objectivity, independence and expertise of the external appraisers. ● We also assessed the appropriateness of the disclosures relating to the (sensitivity of the) assumptions. <p>This has been properly disclosed in note 13.</p>

To the shareholders of

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE) (continued)

3.	Compliance with laws and regulations
	<p>Operating in the insurance sector presents increased operational, regulatory and financial risks due to the need to comply with multiple regulatory and legislative requirements, including legislation relating to insurance and tax.</p> <p>We focused on compliance with tax and Insurance regulations because breaches of compliance could have a significant effect on the results and financial position of the Company. Inappropriate assumptions over provisioning for tax exposures was one of the judgemental areas our audit was focused on.</p> <p>Insurance regulations require external auditors of insurance entities to specifically report on the Company's solvency margin and this was a key focus area regarding compliance with insurance laws and regulations.</p> <ul style="list-style-type: none"> ● Using our tax specialists where appropriate to analyse and challenge the assumptions used to determine provisions for tax matters based on their knowledge and experience of local regulations and practices. ● Inspecting, where available, reports on company tax assessments done by the Company's tax consultants and the, the Company's external legal advisers, and appropriate documentation considered necessary to understand the position and conclusions made by the Company. We also obtained external confirmations from legal counsel on significant litigation. ● Considering the exposure to breaches of legislation by making appropriate enquiry of the Company's management in relation to compliance with laws and regulations and the existence and status of any significant regulatory and legal matters. ● Evaluating whether the solvency margin were computed in accordance with the insurance regulations. Refer to tax note 11 and note 23.

Other Information included in the Company's 2016 Director's Report

Other information consists of the information included in the Company's information, Directors' Report, Director's responsibilities and in the declaration by the head of finance other than 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

To the shareholders of

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE) (continued)

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and the Insurance Act, 2009 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

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.

To the shareholders of

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE) (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

To the shareholders of

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE) (continued)

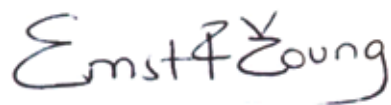
Report on other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

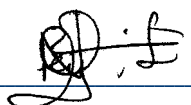
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

As required by the Insurance Act, 2009 of Tanzania, we report to you, based on our audit, that;



Ernst & Young
Certified Public Accountants
Dar es Salaam

Signed by: Neema Kiure-Mssusa (Partner)



Date: 21/04/2017



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016



ISO 9001:2015

	Notes	2016 TZS	2015 TZS
Gross Premiums	3	74,909,367,769	73,057,239,332
Premiums ceded to retrocessioners	3	(12,507,484,234)	(12,467,838,052)
Net Premiums		62,401,883,535	60,589,401,281
Fees and commission income	4	4,200,954,353	3,661,729,595
Investment income	5	1,784,962,305	1,526,441,684
Fair value (loss) / gains	6	(751,867,755)	986,989,282
Other operating revenue	7	580,494,446	776,933,170
Other revenue		5,814,543,349	6,952,093,731
Total revenue		68,216,426,884	67,541,495,012
Gross benefits and claims paid	8	(45,246,126,534)	(40,719,847,914)
Claims ceded to reinsurers	8	7,967,405,768	5,970,755,370
Gross change in contract liabilities	8	(105,715,890)	(400,412,954)
Gross change in contract liabilities ceded to retrocessioners	8	(235,214,796)	620,459,483
Net benefits and claims		(37,619,651,452)	(34,529,046,015)
Operating and administration expenses	9	(9,217,588,976)	(8,064,457,966)
Provision for doubtful debts	17	(248,183,333)	(976,780,574)
Fees and commission expense	10	(17,833,958,033)	(17,887,221,243)
Total other expenses		(27,299,730,342)	(26,928,459,783)
Total claims and other expenses		(64,919,381,794)	(61,457,505,798)
Profit before tax		3,297,045,090	6,083,989,214
Income tax expense	11	(1,187,246,578)	(2,624,382,500)
Profit for the year		2,109,798,512	3,459,606,714
Other comprehensive income, net of taxes		-	-
Total comprehensive income for the year		2,109,798,512	3,459,606,714

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016



ISO 9001:2015

	Notes	2016 TZS	2015 TZS
Assets			
Property and equipment	12	1,240,621,266	1,282,998,747
Intangible assets		5,483,665	8,820,728
Investment Property	13	25,079,182,436	23,410,912,941
Tax recoverable	11	720,607,996	963,059,834
Other receivables	18	3,436,360,239	3,086,896,081
Investment in Government securities	16	4,594,449,256	3,938,461,539
Financial assets - through profit or loss	15	10,406,884,161	6,260,160,698
Reinsurance assets	17	29,153,375,624	35,477,440,416
Deposits with Financial institutions	20	4,511,978,933	3,940,466,407
Cash and cash equivalent	19	458,320,976	188,693,061
Total Assets		79,607,264,553	78,557,910,452
Equity and Liabilities			
Equity			
Issued share capital	23	31,744,565,000	31,236,842,000
Retained earnings		3,110,033,114	3,720,238,635
Share Premium	23	348,613,700	348,613,700
Contingency reserve	21	14,745,528,920	12,498,247,887
Total equity		49,948,740,734	47,803,942,222
Liabilities			
Insurance contract liabilities on unearned premiums	22	18,680,363,977	18,574,648,087
Insurance contract liabilities on outstanding claims	22	3,451,728,518	3,216,513,722
Amount payable to reinsurance companies	24	4,915,890,990	7,434,052,833
Deferred tax liability	11	269,624,066	429,261,231
Other payables	25	2,340,916,267	1,099,492,360
Total liabilities		29,658,523,818	30,753,968,233
Total equity and liabilities		79,607,264,553	78,557,910,452

These financials statements were approved by the Board of Directors and authorised for issue on: 18th April 2017 and were signed on their behalf by:

Name: Mr. Wilson Ndesanjo

Title: Chairman of the Board

Signature

Name: Mr. Charles Sumbwe

Title: Chairman audit and risk committee

Signature

Name: Mr. Rajabu Kakusa

Title: Chief Executive Officer

Signature

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016



ISO 9001:2015

	Note 20 Share capital	Retained Earnings	Note 21 Contingency reserve	Note 20 Share premium	Total
	TZS	TZS	TZS	TZS	TZS
At 1 January 2016	31,236,842,000	3,720,238,635	12,498,247,887	348,613,700	47,803,942,223
Paid up share capital	35,000,000	-	-	-	35,000,000
Bonus share	472,723,000	(472,723,000)	-	-	-
Profit for the year	-	2,109,798,512	-	-	2,109,798,512
Contingency reserve	-	(2,247,281,033)	2,247,281,033	-	-
At 31 Dec 2016	31,744,565,000	3,110,033,114	14,745,528,920	348,613,700	49,948,740,734
At 1 January 2015	28,007,500,000	2,551,360,618	10,680,565,849	348,613,700	41,588,040,167
Paid up share capital	3,229,342,000	-	-	-	3,229,342,000
Cash dividend	-	473,046,658	-	-	473,046,658
Profit for the year	-	3,459,606,714	-	-	3,459,606,714
Contingency reserve	-	(1,817,682,038)	1,817,682,038	-	-
At 31 Dec 2015	31,236,842,000	3,720,238,635	12,498,247,887	348,613,700	47,803,942,223

STATEMENT OF CASH FLOWS

as at 31 December 2016



ISO 9001:2015

	Notes	2016 TZS	2015 TZS
Operating activities			
Profit before tax		3,297,045,090	6,083,989,214
Adjustment to reconcile profit before tax to the net cash flows			
Non-cash:			
Depreciation of property and equipment	12	246,482,284	168,217,550
Amortisation of intangible assets	14	3,337,062	3,640,431
Gain on disposal of property and equipment		-	(34,643,578)
Loss / (gain) on fair value through profit or loss	6	263,276,537	(986,989,282)
Fair value loss on valuation of investment property	14	488,591,218	-
Provisions for impairment	17	248,183,333	976,780,574
Foreign exchange gain	7	(132,288,759)	(514,179,564)
Movement in items in the statement of financial position:			
Increase in reinsurance assets	17	6,324,064,792	(6,812,179,068)
Increase in other receivables	18	(349,464,158)	(1,256,205,299)
Decrease in unearned premium reserves	22	105,715,890	400,412,954
Increase in outstanding claims	22	235,214,796	(620,459,483)
(Decrease)/increase in amount payable to reinsurance	24	(2,518,161,843)	1,856,042,692
Increase in other payables	25	1,241,423,907	388,729,965
Tax paid		(1,026,936,256)	(1,110,000,000)
Cash generated from operating activities		8,426,483,894	(1,456,842,894)
Investing Activities			
Purchases of government securities	21	(4,616,435,585)	5,052,475,573
Purchase of financial assets at fair value	16	(4,410,000,000)	(193,018,000)
Purchase of investment property	14	(2,156,860,712)	(6,292,991,320)
Purchase of property and equipment	12	(204,104,804)	(1,336,911,605)
Proceeds from sale of assets	7	-	48,989,370
Net cash flows used in investing activities		(11,387,401,101)	(2,721,455,982)
Financing activities			
Proceeds from issue of shares	20	35,000,000	3,229,342,000
Dividend received		195,912,716	168,078,309
Dividend paid		-	(473,046,658)
Net cash flows from financing activities		230,912,716	2,924,373,651
Net decrease in cash and cash equivalents		(2,730,004,492)	(1,253,925,225)
Cash and cash equivalent at 1st January		6,809,159,468	8,063,084,693
Cash and cash equivalents at the end of the year	19	4,079,154,976	6,809,159,468

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



1. CORPORATE INFORMATION

Tanzania Reinsurance Company Limited is a limited liability Company incorporated and domiciled in United Republic of Tanzania. The Company's shares are not publicly traded.

The Company is incorporated under the Tanzanian Companies Ordinance CAP 212, which was replaced by Tanzanian Companies Act, 2002 in year 2002. The address of its registered office and principal place of business is:

8th Floor, TANRE House
Plot No. 406 - Longido Street, Upanga
P.O. Box 1505
Dar es Salaam, Tanzania
Telephone: 255-22-2922341-3
Facsimile: 255-22-2922344
Email: mail@tan-re.co.tz
Website: www.tan-re.co.tz

The principal activities of the Company are to transact all classes of reinsurance business (both short term and long term) in conformity with the Insurance Act, 2009.

The financial statements of Tanzania Reinsurance Company Limited for the year ended 31 December 2016 were approved and authorised for issue in accordance with a board resolution as indicated on the statement of financial position.

2.1 BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis except for investment properties and those financial assets and financial liabilities that have been measured at fair value, in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in Tanzanian Shillings (TZS) except when otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liability simultaneously.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the Tanzanian Companies Act, 2002 and the Tanzanian Insurance Act, 2009.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Product Classification

Reinsurance contract are those contracts when the Company (the reinsurer) has accepted significant reinsurance risk from another party (ceding Company) by agreeing to compensate the ceding companies if a specified uncertain future event (the reinsured event) adversely affects the ceding Company. As a general guideline, the Company determines whether it has significant reinsurance risk, by comparing benefits paid with benefits payable if the reinsured event did not occur. Reinsurance contract can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as a reinsurance contract, it remains a reinsurance contract for remainder of its life time, even if the reinsurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contract can however be reclassified as reinsurance contracts after inception if reinsurance risk becomes significant.

(b) Property and equipment

Property and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and impairment in value. Replacement or major inspection costs are capitalised when incurred and it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Depreciation is calculated to write off the cost of equipment over the estimated useful life of each category using the straight-line method at the following current estimated annual rates:

Motor vehicles	25.0%
Office furniture and fittings	12.5%
Office equipment	12.5%
Computers	33.3%

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year-end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognised in the statement of comprehensive income as an expense. An item of equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the assets, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de- recognised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income. The annual rates of amortisation which have been consistently applied are:

Description	Rate (%)
Computer software	25 – 33.33

(d) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent value.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of recognition.

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis.

The Company's financial assets include cash and cash equivalent, re insurance assets, loan and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. For investments designated as at fair value through profit or loss, the following criteria must be met:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

Subsequent measurement (continued)

Classes of financial instruments

Financial assets	Category
Investment in Government securities	Loans and receivables
Financial assets at fair value through profit and loss	At fair value through profit and loss
Reinsurance assets	Loans and receivables
Other receivables except prepayments and deposits	Loans and receivables
Deposits with Financial institutions	Loans and receivables
Cash and cash equivalent	Loans and receivables
Financial liabilities	
Insurance contract liabilities on unearned premiums	Financial liabilities at amortised cost
Insurance contract liabilities on outstanding claims	Financial liabilities at amortised cost
Amount payable to reinsurance companies	Financial liabilities at amortised cost
Other payables	Financial liabilities at amortised cost

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis or
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk Management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value. Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income' or 'Finance cost', respectively, using the effective interest rate (EIR).

Dividend income is recorded in 'Investment income' when the right to the payment has been established.

The Company evaluates its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and Management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

Subsequent measurement (continued)

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Derecognition of financial assets

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

Subsequent measurement (continued)

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. Certain financial instruments are recorded at fair value using valuation techniques because current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded (Day 1 profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Retrocession

The Company cedes insurance risks in the normal course of business for all of its businesses. Retrocession assets represent balances due from retrocessionaires. Amounts recoverable from retrocessionaires are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the retro cessions and are in accordance with the related contracts.

Retrocession assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the retrocession asset that the Company 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 Company will receive from the retrocessionaires. The impairment loss is recorded in the statement of comprehensive income.

Gains or losses on buying retrocession are recognised in the statement of comprehensive income immediately at the date of purchase and are not amortised. Retrocession arrangements do not relieve the Company from its obligations to ceding companies.

(g) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of comprehensive income. An impairment loss is recognized when the receivables carrying amount exceeds its present value of the expected cash flows discounted at the original effective interest rate.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the consolidated cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

(i) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Taxes (continued)

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or losses, and
Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to the set off current tax assets against current income tax liabilities and the deferred tax income taxes relate to the same taxable entity and the same taxation authority

(j) Foreign currency translation

The Company's financial statements are presented in TZS which is the Company's functional currency. Items included in the financial statements are measured using that functional currency. The resulting differences from translation and conversion as well as on settlement or realizing monetary items are dealt with in the profit or loss in the year in which they arise.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Foreign currency translation (continued)

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Transactions and balances

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(k) Insurance contract liabilities

Non-life insurance (which comprises general insurance and healthcare) contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form part of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range.

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other payables. The Company determines the classification of its financial liabilities at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Insurance contract liabilities (continued)

Initial recognition and measurement (continued)

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

The Company's financial liabilities include trade and other payables.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Derecognition insurance payables

Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

(l) Pensions and other post-employment benefits

The Company's employees are members of state owned pension schemes, the National Social Security Fund (NSSF) and Parastatal Pension Fund (PPF). The Company contributes to the scheme 10% of the basic salary of each employee and the employee contributes 10%. The Company's contributions to the fund are charged to the statement of comprehensive income in the year to which they fall due. The Company does not have post-employment benefit plan.

(m) Provisions

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

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **Equity movements Ordinary share capital**

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax. The Company also issue bonus shares issued to shareholders that are classified as equity. The cost of issue is recognised in equity.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are approved and paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

(o) **Revenue recognition**

Gross premiums

Gross general written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into with the ceding companies during the accounting period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums

Retrocession premiums

Retrocession premiums written comprise the total premiums payable for the whole cover provided by contracts entered into during the period and are recognised on the date on which the policy incept. Premiums include any adjustments arising in the accounting period in respect of retrocession contracts incepting in prior accounting periods

Fees and commission income

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

Investment income

Interest income is recognised in the statement of comprehensive income as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Benefits, Claims and Expenses recognition

Realised gains and losses

Realised gains and losses recorded in the statement of comprehensive income on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Gross benefits and claims

General reinsurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Retrocession claims

Retrocession claims are recognised when the related claim is recognised according to the terms of the relevant contract.

Finance cost

Interest paid is recognised in the statement of comprehensive income as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liabilities.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Changes from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have material impact on the accounting policies, financial position or performance of the Company.

The accounting policies adopted are consistent with those of the previous financial year. Changes from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRSs that were effective for the current reporting period did not have material impact on the accounting policies, financial position or performance of the Company.

- IFRS 14: Regulatory Deferral Accounts (Effective 1 January 2016)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016)
- IAS 16 and IAS 41: Accounting for bearer plants (Effective 1 January 2016)
- IFRS 11: Accounting for the acquisition of interests in a Joint Operation (Effective 1 January 2016)
- IAS 27: Equity method in separate financial statements (Effective 1 January 2016)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

- IAS 1: Presentation of financial statements - Disclosure initiative (Effective 1 January 2016)
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- Annual Improvements 2012-2014 Cycle - These improvements were effective for annual periods beginning on or after 1 January 2016 and:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in method of disposal
- IFRS 7 Financial Instruments: Disclosures – Servicing Contracts and Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 Employee Benefits – Discount Rate: regional market issue
- IAS 34 Interim Financial Reporting – Disclosure of information ‘elsewhere in the interim financial report’
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

(a) Annual Improvements 2011-2013 Cycle

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

(b) Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. All these standards have no impact to the company. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures - Servicing contracts and Applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, Management has made the following judgements, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognised in the financial statements: There is no judgement that needs to be closed during the year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of investment property

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2016 for investment properties. For investment properties, a valuation methodology based on a DCF model was used, as there is a lack of comparable market data because of the nature of the properties.

(b) Impairment of financial assets

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

(c) Claims

The Company made significant estimates of liabilities arising from claims made under insurance contracts. The main assumption underlying estimation of claims is the Company's past claims development experience. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account of all the uncertainties involved.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (contd)

(d) Unearned premium reserve (UPR)

Estimates have been made to determine the amount of unearned premium (UPR). Unearned premium represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the balance sheet date. UPR was computed using 1/24th method on the assumption that contracts inception in a given month will be spread evenly through that month.

2.5 STANDARDS ISSUED, REVISED OR AMENDED BUT NOT YET EFFECTIVE

IFRS 15: Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

Given insurance contracts are scoped out of IFRS 15, the Company expects the main impact of the new standard to be on the accounting for income from administrative and investment management services. The Company expects to apply IFRS 15 fully retrospective.

IFRS 9: Financial instruments

IFRS 9, as issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, impairment as well as hedge accounting.

Classification and measurement of financial instruments

Financial Assets:

Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Equity securities are measured at fair value through profit or loss unless the entity chooses, on initial recognition, to present fair value changes in other comprehensive income (OCI). This option is irrevocable and applies only to equity instruments, which are not held for trading. Unlike debt instruments, gains and losses in OCI are not recycled on sale and there is no impairment accounting.

Derivatives are also measured at fair value through profit or loss. In comparison to IAS 39, there is no divergence of embedded derivatives for financial assets recorded at amortised cost or FVOCI.

The de-recognition principles in terms of IAS 39 remain the same in IFRS 9.

2.5 STANDARDS ISSUED, REVISED OR AMENDED BUT NOT YET EFFECTIVE (continued)

IFRS 9: Financial instruments (continued)

Financial Liabilities:

For liabilities designated at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI.

All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.

Impairment of financial assets:

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.

Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.

Effective date and transition:

The standard applies to annual periods beginning on or after 1 January 2018, although early application is permitted. Retrospective application is required, however, transition reliefs are provided (including no restatement of comparative period information). Entities will only be permitted to early apply a previous version of IFRS 9 if their date of initial application is before 1 February 2015. However, if an entity has early applied a previous version of IFRS 9 before 1 February 2015, the entity is permitted to continue to apply that version until IFRS 9 becomes mandatorily effective in 1 January 2018.

Moreover, it will be possible to apply early just the new accounting treatment of fair value gains and losses arising from own credit risk on liabilities designated at fair value through profit or loss without applying the other requirements of IFRS 9, until IFRS 9 becomes mandatorily effective.

The Company is currently considering engaging a consultant to assist management in assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

The IASB issued IFRS 16 Leases on 13 January 2016. The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

2.5 STANDARDS ISSUED, REVISED OR AMENDED BUT NOT YET EFFECTIVE (continued)

IFRS 16 Leases (continued)

Key features

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low- value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The company is still assessing the impact and will adopt on the required effective date.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9 before and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time. During 2016, the Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2015. The Company intends to apply the temporary exemption in its reporting period starting on 1 January 2018.

2.5 STANDARDS ISSUED, REVISED OR AMENDED BUT NOT YET EFFECTIVE (continued)

Other amendments issued but not yet effective which the Company does not expect to have an impact on its financial statements are listed below:

- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (Effective date postponed indefinitely)
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (Effective 1 January 2017)
- IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (Effective 1 January 2018)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (effective 1 January 2018)
- Transfers of Investment Property - Amendments to IAS 40 (effective 1 January 2018)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- Annual Improvements 2014-2016 cycle
 - IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 January 2018)
 - IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice (effective 1 January 2018)
 - IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12 (effective 1 January 2018)

2.6 RISK MANAGEMENT FRAMEWORK

(a) Governance framework

The primary objective of the Company's risk and financial Management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the financial performance objectives, including failing to exploit opportunities. Key Management recognises the critical importance of having efficient and effective risk Management systems in place.

The Company has established a risk Management function with clear terms of reference from the Board of Directors, its committees and the associated executive Management committees. This is supplemented with clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive Management committees and senior managers. Lastly, a Company policy framework which sets out the risk profiles for the Company, risk Management, control and business conduct standards for the Company's operations has been put in place.

2.6 RISK MANAGEMENT FRAMEWORK (continued)

(a) Governance framework (continued)

Each policy has a member of senior Management charged with overseeing compliance with the policy throughout the Company.

The Board of Directors approves the Company risk Management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and retrocession strategy to the corporate goals, and specify reporting requirements.

(b) Capital Management objectives, policies and approach

The Company has established the following capital Management objectives, policies and approach to managing the risk that affect its capital position.

To maintain the required level of stability of the Company thereby providing a degree of security to ceding companies.

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet requirements of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and satisfy the requirements of ceding companies, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The operations of the Company are also subject to regulatory requirements of TIRA (Tanzania Insurance Supervisory Authority). Throughout the financial year, the Company have met all of those TIRA requirements.

In reporting financial strength, capital and solvency is measured using the rules prescribed by the TIRA. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent underwriting expertise.

The Company's capital Management policy for its reinsurance and non-reinsurance business is to hold sufficient capital to cover the statutory requirements based on the TIRA directives, including any additional amounts required by the regulator.

2.6 RISK MANAGEMENT FRAMEWORK (continued)

(b) Capital Management objectives, policies and approach (continued)

Approach to capital Management:

The Company seeks to optimise the structure and source of capital to ensure that consistently maximise returns to the shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in light of changes in economic conditions and risk characteristics. The Company has just completed its five years strategic plan document in which a specific target risk adjusted rates of return are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The capital requirements are routinely forecast on a periodic basis, and assessed against both forecast available capital and the expected internal rate of return including risk and sensitivity analyses. The process is ultimately subject to an approval by the Board.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

(d) Asset liability Management framework

Financial risks arise from open positions in the interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces due to the nature of its investments is interest rate risk. The Company manages these positions within an asset liability Management framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Company's asset liability Management framework is to match assets to the liabilities arising from the reinsurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained. The Company's asset liability Management framework is also integrated with the Management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Company's asset liability Management framework also forms an integral part of the reinsurance risk Management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from reinsurance and investment contracts.

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for the year ended 31 December 2016



2.7 RISK MANAGEMENT POLICY

(a) Insurance Risk

The principal risk the Company faces under retrocession contracts is that the actual claims and the benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the Company is to ensure that sufficient reserve is available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of retrocession contract and geographical areas. The variability of risk is also improved by careful selection and implementation of underwriting strategy guideline, as well as the use of retrocession arrangements.

The Company purchase retrocession cover as part of its risk mitigation programme. Retrocession ceded is placed on both a proportional and non-proportional basis. The majority of proportional retrocession programme is quota-share which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional retrocession is primarily excess-of-loss programme designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss retrocession vary by class of business and territory.

Amounts recoverable from retrocessioners are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the retrocession contracts. Although the Company has retrocession arrangement, it is not relieved of its direct obligations to its ceding companies and thus a credit exposure exists with respect to retro ceded reinsurance, to the extent that any retrocessioners are unable to meet its obligations assumed under such retrocession agreements.

The Company's placement of retrocession is diversified such that it is neither dependant on single retrocessionaires nor the operations of the Company are substantially dependent upon any single retrocession contract. There is no single counterparty exposure that exceeds 5% of the total retrocession assets at the reporting date.

The table below sets out the concentration of insurance contract liabilities (**outstanding claims**) by type of contract

Class of insurance	Year 2016			Year 2015		
	Gross TZS	Reinsurance TZS	Net TZS	Gross TZS	Reinsurance TZS	Net TZS
Fire	1,932,135,813	815,191,757	1,116,944,056	2707032842	451,172,140	2255860702
Engineering	968,330,120	656,487,079	311,842,941	159048852	36,703,581	122345271
Accident	578,138,003	149,148,354	1,058,801,300	356111176	59,351,863	296759313
Motor	1,058,801,300	-	382,030,289	373634669	-	373634669
Marine	408,772,409	26,742,120	153,120,283	235076474	67,164,707	167911767
Aviation	229,680,425	76,560,142	-	-	-	-
Life	-	-	-	-	-	-
Total	5,175,858,070	1,724,129,452	3,451,728,518	3,830,904,013	614,392,291	3,216,513,722

Significant amount of risks are geographically situated in Dar es Salaam.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.7 RISK MANAGEMENT POLICY (continued)

(a) Insurance Risk (continued)

The table below sets out the concentration of insurance contract liabilities (Unearned Premium reserve) by type of contract:

Class of insurance	Year 2016			Year 2015		
	Gross TZS	Reinsurance TZS	Net TZS	Gross TZS	Reinsurance TZS	Net TZS
Fire	2,522,683,415	229,334,856	2,293,348,559	1,266,492,933	844,328,622	422,164,311
Engineering	1,507,366,805	137,033,346	1,370,333,459	1,224,654,687	1408,218,229	816,436,458
Accident	4,072,086,626	370,189,693	3,701,896,933	3,652,602,441	842,908,256	2,809,694,185
Motor	6,389,072,107	-	6,389,072,107	11,734,081,644	-	11,734,081,644
Marine	1,553,109,791	141,191,799	1,411,917,992	1,546,955,792	636,981,797	909,973,995
Aviation	221,044,570	-	110,522,285	132,324,015	44,108,005	88,216,010
Life	1,304,543,013	110,522,285	1,304,543,013	796,902,879	-	997,178,604.00
Medical	2,098,729,627	-	2,098,729,627	997,178,604	-	-
Total	19,668,635,954	988,271,979	18,680,363,975	21,351,192,994	2,776,544,908	18,574,648,087

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims cost, claims handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in future. Judgment 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 delays in settlement and change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.7 RISK MANAGEMENT POLICY (continued)

(a) Insurance Risk (continued)

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the Impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities.

2016	Change in assumptions	Impact on gross liabilities	Impact on profit before tax	Impact on equity
Average claim cost	5%	3,927,895,523	304,199,461	3,623,696,062
2015	Change in assumptions	Impact on gross liabilities	Impact on profit before tax	Impact on equity
Average claim cost	5%	3,483,705,768	261,923,312	3,221,782,456

Claims development

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding from its insurance business for each year have changed at successive year ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

- A Company credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
- The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions.
- However such arrangements do not generally result in offset of statement of financial position assets and liabilities, as transactions are usually settled on gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.7 RISK MANAGEMENT POLICY (continued)

(b) Credit risk (continued)

- Retrocession is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limit that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, Management performs assessment of creditworthiness of retrocessionaires and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long term credit ratings.
- The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. The commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Maximum exposure to credit risk

Maximum Credit exposure shows the exposure to credit risk for the recognised components of the statement of financial position and unrecognised items. The Company had a gross total credit risk exposure of TZS 52,558 billion as at 31 December 2016 as depicted below:

	2016 TZS Million	2015 TZS Million
Government securities	4,594	3,938
Reinsurance assets	29,153	35,477
Deposits with Financial institutions	4,511	3,940
Other receivables	3,436	1,489
Cash and bank balances	458	188
	52,558	51,104

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



2.7 RISK MANAGEMENT POLICY (continued)

(b) Credit risk (continued)

The following table shows the carrying amounts of financial assets bearing credit risk:

2016	Fully performing	Past due but not impaired	Past due and impaired	Total
Government securities	4,594,449,256	-	-	4,594,449,256
Reinsurance assets	29,153,375,624	1,457,668,781	-	30,611,044,405
Other receivables	1,426,515,026	-	-	1,426,515,026
Deposits with Financial institutions**	4,511,978,933	-	-	4,511,978,933
Cash and cash equivalent	458,320,976	-	-	458,320,976
	41,827,856,885	1,457,668,781	-	43,285,525,666

2015	Fully performing	Past due but not impaired	Past due and impaired	Total
Government securities	3,938,461,539	-	-	3,938,461,539
Reinsurance assets	30,467,508,041	1,523,375,402.05	-	31,990,883,443
Other receivables	1,488,140,664	-	-	1,488,140,664
Deposits with Financial institutions**	3,940,466,407	-	-	3,940,466,407
Cash and cash equivalent	188,693,061	-	-	188,693,061
	40,023,269,712	1,523,375,402	-	41,546,645,114

****These are fixed deposit in Commercial Bank that are regulated by Bank of Tanzania. The assets are not credit rated as there is no credit rate Agency in Tanzania. However there is no indication of impairment as at year end.**

As at 31 December, the ageing analysis of trade receivables is as follows:

		Past due but not impaired			
	Total	Neither past due nor impaired	0-3 months	3-6 months	6-12 months
2016	29,153,375,624	3,276,319,095	21,394,627,571	3,072,588,760	1,409,840,199
2015	35,477,440,416	6,552,638,189	22,372,164,039	5,321,020,346	1,231,617,843

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for the year ended 31 December 2016



2.7 RISK MANAGEMENT POLICY (continued)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out flows and expected retrocession recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- A Company liquidity risk policy setting out the assessment and determination of what constitute liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophic excess of loss retrocession contracts contains clauses permitting the immediate draw (cash calls) down of funds to meet claim payments should claim events exceed a certain size.
- A Company liquidity risk policy setting out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The table below shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums and claims incurred but not reported are excluded from this analysis

2016	Carrying amount TZS	Contractual cash flows TZS	Within 1 year TZS	Over 1 year TZS
Insurance contract liabilities	18,680,363,977	18,680,363,977	18,680,363,977	-
Insurance contract liabilities on outstanding claims	3,451,728,518	3,451,728,518	3,451,728,518	-
Amount payable to reinsurance companies	4,915,890,990	4,915,890,990	4,915,890,990	-
Other payables	2,340,916,267	2,340,916,267	2,340,916,267	-
	29,388,899,752	29,388,899,752	29,388,899,752	-

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2.7 RISK MANAGEMENT POLICY (continued)

(c) Liquidity risk (continued)

2015	Carrying amount TZS	Contractual cash flows TZS	Within 1 year TZS	Over 1 year TZS
Insurance contract liabilities	18,574,648,087	18,574,648,087	18,574,648,087	-
Insurance contract liabilities on outstanding claims	3,216,513,722	3,216,513,722	3,216,513,722	-
Amount payable to reinsurance companies	7,434,052,833	7,434,052,833	7,434,052,833	-
Other payables	1,099,492,360	1,099,492,360	1,099,492,360	-
	30,324,707,002	30,324,707,002	30,324,707,002	-

(d) 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: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

A Company market risk policy setting out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment

(e) Currency risk

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 Company's principal transactions are carried out in TZS and its exposure to foreign exchange risk arises primarily with respect to US dollar.

The exposure to foreign exchange risk is mitigated by entering into retrocession contracts which are denominated in US dollar and maintaining some of the fixed deposits in US dollar.

At 31 December 2016 the Company reported a net foreign exchange gain of TZS 132,289 million (2015: TZS 514,180 million). A change of +/- 5% in the exchange rate at the end of year 2016, could have resulted to a change of +/- TZS 7 million (2015: 21 million) on profit before tax for the year. The effect for the year on profit after tax and equity would be +/- TZS 14 million (2014: TZS 15 million). The assumed movement in basis points for the currency risk sensitivity analysis is based on the currently observable market environment.

(f) Interest rate risk

Interest risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

2.7 RISK MANAGEMENT POLICY (continued)

(f) Interest rate risk (continued)

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to invest fixed rate instruments. So far the Company does not have variable rate instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

At 31 December 2016 the Company reported investment income of TZS 1.8 billion (2015: TZS 1.5 billion). A change of +/- 5% in the interest rate at the end of year 2016, could have resulted to a change of +/- TZS 90 million (2015: TZS 72 million) on profit before tax for the year. The effect for the year on profit after tax would be +/- TZS 50 million (2015: TZS 58 million). The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(g) Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instruments 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 Company is exposed to equity securities price risk as a result of its holdings in quoted equity investments, classified as available-for-sale. Exposure to equity price risk in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Dar es Salaam Stock Exchange.

The Company uses a policy of diversification to manage the price risk arising from its investments in equity securities. Listed equity securities represent 26% (2015: 31%) of total equity investments.

Based on a sensitivity rate of 10 percentage points, all other variables held constant, the value of the Company's equity interest would increase/decrease by TZS 116,974,000 (2015 – TZS 104,673,000). A 10 percentage point increase or decrease represents management's assessment of the reasonably possible change in stock exchange indices

The Company has no significant concentration of price risk.

(h) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risk such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

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2.8 CONTINGENCIES AND COMMITMENTS

(a) Legal proceeding and regulations

The Company operate in the insurance industry and subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, Management does not believe that such proceeding (including litigations) will have a material effect on its results and financial position.

The Company is also subject to reinsurance solvency regulations in Tanzania and has complied with all solvency regulations. There are no contingencies associated with the compliance or lack of compliance with such regulations.

(b) Capital commitments

The Company has no capital commitment as at the reporting date.

3. GROSS PREMIUM INCOME

The premium income of the Company can be analyzed between the main classes of business as shown below:

	2016 TZS	2015 TZS
Fire	23,559,838,799	20,016,607,068
Engineering	3,670,314,762	3,318,602,670
Accident	10,622,487,504	10,370,502,422
Motor	23,327,301,969	27,763,308,259
Marine	3,811,700,506	3,833,042,678
Aviation	475,419,172	230,894,326
Medical	3,446,278,890	4,296,141,788
Life	5,996,026,168	3,228,140,122
Total Gross Premium	74,909,367,770	73,057,239,332
Premium ceded to reinsurers	(12,507,484,235)	(12,467,838,052)
Net premiums	62,401,883,535	60,589,401,281

4. FEES AND COMMISSION INCOME

Commission income	3,843,880,812	3,210,708,390
Outward charges	301,397,650	116,110,801
Brokerage outward	55,675,891	334,910,403
	4,200,954,353	3,661,729,595

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



ISO 9001:2015

5. INVESTMENT INCOME

	2016 TZS	2015 TZS
Interest on fixed deposits	256,824,916	556,915,423
Dividend received	195,912,716	168,078,309
Rent income	741,048,229	542,986,412
Interest on treasury bills	591,176,444	258,461,539
	1,784,962,305	1,526,441,684

6. FAIR VALUE GAINS/ (LOSSES)

(Loss)/gain on financial assets at fair value through profit or loss (Note 15)	(263,276,537)	986,989,282
Fair value loss on valuation of investment property	(488,591,218)	-
	(751,867,755)	986,989,282

7. OTHER OPERATING REVENUE

Profit on disposal of property ,plant and equipment	-	34,643,578
Foreign exchange transaction gain	132,288,759	514,179,564
Interest	-	7,344,962
Miscellaneous income	448,205,688	220,765,066
	580,494,447	776,933,170

8. NET BENEFIT AND CLAIMS

Gross claims paid	45,246,126,534	40,719,847,914
Changes in contract liabilities-ceded(note 22)	105,715,890	400,412,954
Changes in contract liabilities-claims(note 22)	235,214,796	(620,459,483)
Claims ceded to retrocessionaires	(7,967,405,768)	(5,970,755,370)
	37,619,651,452	34,529,046,015

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



9. OPERATING AND ADMINISTRATION EXPENSES

	2016 TZS	2015 TZS
Audit fees	78,214,320	98,079,544
Advertising and publicity	883,562,224	779,370,222
Board meeting expenses	419,099,090	511,887,786
Board seminars	273,928,628	149,788,548
City service levy	224,728,103	219,359,147
Communication expenses	77,836,363	96,488,857
Computer training and implementation	95,116,057	81,644,148
Conferences and seminars	162,701,242	248,878,802
Depreciation and amortisation	256,309,600	171,857,981
Donations	34,336,000	42,000,000
Household services	34,923,011	34,679,579
Library, books and subscription	36,644,966	43,963,297
Office rent	243,330,424	198,220,844
Rental Expenses	280,305,147	168,446,777
Reinsurance levy	1,123,640,516	1,096,795,737
Staff costs(*)	3,860,670,225	2,974,347,352
Travel and subsistence allowance	353,390,763	440,944,948
Other specified expenses	778,852,297	707,704,397
	9,217,588,976	8,064,457,966
(*)Staff costs include:		
Salaries	2,257,247,046	1,786,737,175
Education and furniture allowance	128,817,814	202,700,074
Gratuity	216,444,745	144,930,888
Skills and Development Levy	137,232,381	107,414,998
Workers Compensation Fund	26,006,791	9,046,705
Social security costs	295,254,433	181,343,701
Recruitment	-	7,417,116
Medical expenses	51,294,685	27,079,412
Staff welfare	49,168,300	11,975,600
Training	220,478,324	292,584,902
Leave passage	478,725,707	203,116,781
	3,860,670,225	2,974,347,352

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



10. FEES AND COMMISSION EXPENSES

	2016 TZS	2015 TZS
Commission expense	16,885,060,706	16,792,995,559
Charges Inward	521,607,698	121,949,965
Brokerage inward	427,289,629	972,275,719
	17,833,958,033	17,887,221,243

11. TAXATION

Income tax expense

Current income tax charge	1,346,883,743	1,550,845,520
Deferred tax (credit)/charge	(159,637,165)	1,073,536,980
	1,187,246,578	2,624,382,500

Tax reconciliation:

Profit before taxation	3,297,045,090	6,083,989,214
Tax applicable rate of 30% (2015:30%)	989,113,527	1,825,196,764
Tax effect of non-deductible expenses	553,914,387	1,246,690,985
Tax effect of non-taxable income	(355,781,335)	(770,545,908)

Income tax expense

	1,187,246,578	2,301,341,842
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Deferred tax liability /(asset)

Opening balance	429,261,231	(644,275,749)
Charge /(credit) for the year	(159,637,165)	1,073,536,980

Closing balance

	269,624,066	429,261,231
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Reconciliation of Deferred tax

Deferred income tax is calculated in full on all temporary timing differences, under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:

Accelerated depreciation of property and equipment	332,318,326	722,295,403
Incurred but not reported (IBNR)	11,760,740	-
Provision	(74,455,000)	(293,034,172)
	269,624,066	429,261,231

Corporate tax payable

Balance as at 1 January	(963,059,834)	(1,104,364,817)
Adjustments in respect of prior year tax	-	(299,540,537)
Charge for year	1,346,883,743	1,550,845,520
Payment during the year	(1,026,936,256)	(1,110,000,000)
Withholding tax deducted at source	(77,495,649)	
	(720,607,996)	(963,059,834)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



12. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles TZS	Office Equipment TZS	Office Furniture & Fittings TZS	Computers TZS	Total TZS
Cost					
As at 1 January 2015	186,727,407	84,221,540	77,755,975	177,272,388	525,977,309
Additions	228,608,708	657,924,195	395,593,422	54,785,280	1,336,911,605
Disposal	-	(31,745,101)	(74,855,975)	(82,252,993)	(188,854,069)
As at 31 December 2015	415,336,115	710,400,634	398,493,422	149,804,675	1,674,034,845
Additions	-	23,788,351	172,642,173	7,674,280	204,104,804
At 31 December 2016	415,336,115	734,188,985	571,135,595	157,478,955	1,878,139,649
Depreciation					
At 1 January 2015	130,386,899	52,061,826	66,872,441	148,005,660	397,326,826
Charge for the year	75,257,940	11,421,150	62,220,745	19,317,715	168,217,550
Disposal	-	(24,601,614)	(68,263,876)	(81,642,787)	(174,508,277)
As at 31 December 2015	205,644,839	38,881,362	60,829,310	85,680,588	391,036,098
Charge for the year	57,152,177	13,644,492	152,689,500	22,996,116	246,482,284
At 31 December 2016	262,797,016	52,525,854	213,518,810	108,676,703	637,518,383
Carrying value					
At 31 December 2016	152,539,099	681,663,131	357,616,785	48,802,252	1,240,621,266
At 31 December 2015	209,691,276	671,519,272	337,664,112	64,124,087	1,282,998,747

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



13. INVESTMENT PROPERTY

The investment property constitutes the value of land and building at plot number 406, Longido Street Upanga Dar es Salaam. Major part of the building will be leased.

	2016 TZS	2015 TZS
Opening balance	23,410,912,941	17,070,932,464
Additions	2,156,860,712	6,339,980,477
Fair value loss	(488,591,218)	-
	25,079,182,436	23,410,912,941

14. INTANGIBLE ASSETS

Cost

At 1 January	310,243,226	310,243,226
At 31 December	310,243,226	310,243,226

Amortisation

At 1 January	301,422,498	297,782,067
Amortisation for the year	3,337,062	3,640,431
At 31 December	304,759,561	301,422,498
Carrying amount 31 December	5,483,665	8,820,728

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



15. FINANCIAL INSTRUMENTS

	2016 TZS	2015 TZS
CRDB Shares (2,757,325 shares)		
At 1 January	1,340,066,025	1,185,649,750
Purchased during the year	-	193,018,000
Fair value loss during the year	(512,864,775)	(38,601,725)
At 31 December	827,201,250	1,340,066,025
TWIGA SHARES (100,000 shares)		
At 1 January	300,000,000	400,000,000.00
Fair value loss during the year	(71,000,000)	(100,000,000)
At 31 December	229,000,000	300,000,000
Africa - Re Shares (8,000 shares)		
At 1 January	4,312,339,280	3,181,241,200
Fair value gain during the year	303,580,993	1,131,098,080
At 31 December	4,615,920,273	4,312,339,280
Uganda - Re Shares (450 shares)		
At 1 January	307,755,393	313,262,466
Fair value gain / (loss)	17,007,245	(5,507,073)
At 31 December	324,762,638	307,755,393
EZULWINI Shares (450 shares)		
Purchased during the year	4,410,000,000	-
	4,410,000,000	-
Total carrying amount	10,406,884,161	6,260,160,698

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



16. INVESTMENT IN GOVERNMENT SECURITIES

	2016 TZS	2015 TZS
Fixed deposits with banks (**)	4,594,449,256	3,938,461,539
	4,594,449,256	3,938,461,539
Government securities for less than three months	3,620,834,000	2,938,461,539
Government securities for more than three months	973,615,256	1,000,000,000
	4,594,449,256	3,938,461,539

(**)These are Government securities (Treasury bills) maturing within twelve months, and earn interest at the rate "between" 9.5% - 15%.

17. INSURANCE RECEIVABLE

Due from ceding companies	20,648,969,934	29,847,267,002
Due from retrocessionaires	2,782,037,024	4,948,551,610
Due from reinsurance brokers	10,355,578,203	5,066,648,009
Provisions for impairments	(4,633,209,537)	(4,385,026,204)
As at 31 December	29,153,375,624	35,477,440,416
Movement in Provision for Impairments		
Opening balance	4,385,026,204	3,408,245,630
Charge during the year	248,183,333	976,780,574
	4,633,209,537	4,385,026,204

Amount receivable from reinsurers are non-interest bearing and are generally on 90 - 120 days terms. Amounts receivable from reinsurers are stated net of debts, which in the Directors' opinion, cannot be recovered or estimated debts whose further recovery is uncertain at year-end.

As at 31 December, the ageing analysis of amount receivable from reinsurers was as follows:

< 3 months	24,670,946,665	28,924,802,228
3 - 6 months	3,072,588,760	5,321,020,346
6 - 9 months	426,549,799	887,995,170
9 - 12 months	606,013,537	208,561,086
> 12 months	377,276,863	135,061,587
	29,153,375,624	35,477,440,415

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



18. OTHER RECEIVABLES

	2016 TZS	2015 TZS
Prepayments	326,628,144	266,869,019
Withholding taxes	723,827,252	739,059,399
Staff loans and advances	829,973,258	1,018,388,627
Deposits	959,389,818	592,826,997
Sundry debtors	596,541,768	469,752,038
	3,436,360,239	3,086,896,081

19. CASH AND CASH EQUIVALENTS

Cash and bank balances	458,320,976	188,693,061
Fixed deposits with banks held to maturity for less than three months (Note 16 & 21)	3,620,834,000	6,620,466,407
	4,079,154,976	6,809,159,468

Cash at banks earns interest at floating rate based on daily bank deposit rate. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the rate at respective short-term deposit rate.

20. DEPOSITS WITH FINANCIAL INSTITUTIONS

Fixed deposits with Banks	4,511,978,933	3,940,466,407
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Fixed deposits are made for a period of one year and are in Tanzanian Shilling and US dollar. Deposits in Tanzanian Shilling earn interest of 14.0%-16.50" (2015: 14.0%-17%) and deposits in US dollars earn interest at the range between 4.00% – 4.50% (2015: 4.0" - 4.75%). The Company is required by the Insurance Regulations, 2009 to invest 40% of its assets in Category I Assets like Bank deposits, prescribed Statutory Bodies and Local Bodies.

The fixed deposits are kept till maturity and terms renegotiated during maturity. In case of requirement the deposits can be called early. The above mentioned amounts are the approximately fair value of the Fixed Deposits.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



21. CONTINGENCY RESERVES

This is based on 3% and 1% for general and long term business respectively in conformity with the Insurance regulation 27 (2)(b), 3(b).

	2016 TZS	2015 TZS
Movement		
As at 1 January	12,500,122,181	10,680,565,849
Increase in the year	2,247,281,033	1,819,556,332
As at 31 December	14,747,403,214	12,500,122,181

Details	Opening	Charge	Closing
Fire	2,045,346,755	706,795,164	2,752,141,918
Engineering	604,685,574	110,109,443	714,795,017
Accident	2,885,952,213	318,674,625	3,204,626,838
Motor	4,908,540,252	699,819,059	5,608,359,311
Marine	649,435,073	114,351,015	763,786,088
Aviation	76,745,705	14,262,575	91,008,281
Medical	739,057,121	103,388,367	842,445,487
Life	518,017,077	179,880,785	697,897,862
	12,427,779,769	2,247,281,033	14,675,060,802

22. INSURANCE CONTRACT LIABILITIES

(a) Unearned premium reserve

Technical liabilities for the period January to December 2016 are made up of unearned premium reserves and provisions for outstanding claims. Unearned premium reserve is calculated using the 1/24 method as shown in revenue account for all classes of re-insurance

The reserve represents the liability for short term business contracts where the Company's obligations are not expired at period end. Movement in the reserve is as shown below:

At 1 January	18,574,648,087	18,174,235,133
Increase	105,715,890	400,412,954
At 31 December	18,680,363,977	18,574,648,087

(b) Outstanding claims

At 1 January	3,216,513,722	3,836,973,205
Increase	235,214,796	(620,459,483)
At 31 December	3,451,728,518	3,216,513,722

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



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22. INSURANCE CONTRACT LIABILITIES (continued)

(b) Outstanding claims (continued)

	Year 2016		Year 2015	
	Unearned Premium Reserve	Outstanding Claims	Unearned Premium Reserve	Outstanding Claims
	TZS	TZS	TZS	TZS
Fire	2,293,348,559	1,116,944,056	422,164,311	2,255,860,702
Engineering	1,370,333,459	311,842,941	816,436,458	122,345,271
Accident	3,701,896,933	428,989,649	2,809,694,185	296,759,313
Motor	6,389,072,107	1,058,801,300	11,734,081,644	373,634,669
Marine	1,411,917,992	382,030,289	909,973,995	167,913,767
Aviation	110,522,285	153,120,283	88,216,000	
Medical	1,304,543,013	-	997,178,604	-
Life	2,098,729,627	-	796,902,879	
	18,680,363,977	3,451,728,518	18,174,234,932	3,216,513,722

23. SHARE CAPITAL

The authorized share capital is TZS 100,000,000,000 divided into 100,000,000 shares. Par value of Company's shares is TZS 1,000 per shares.

The paid up capital is made up as follows:

	2016 TZS	2015 TZS
Capital allotted and subscribed	60,000,000,000	60,000,000,000
Capital unpaid/Addition	(28,255,435,000)	(28,763,158,000)
Subscribed and paid up capital	31,744,565,000	31,236,842,000
Share Capital at 1 January	31,236,842,000	28,007,500,000
Subscribed and fully paid	507,723,000	3,229,342,000
	31,744,565,000	31,236,842,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



23. SHARE CAPITAL (continued)

Capital Management (IAS 1 amendment)

Externally imposed capital requirements are set and regulated by Commissioner of Insurance. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain a strong credit rating and healthy capital ratio in order to support its business objectives and maximize shareholders value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Company's activities.

The Company fully complied with the externally imposed requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

	2016 TZS	2015 TZS
Share capital		
Required capital (regulation 18 (3) (a))	7,320,500,000	6,655,000,000
The Company's capital exceeds statutory requirements.		
Share premium		
At 1 January	348,613,700	348,613,700
At 31 December	348,613,700	348,613,700
24. PAYABLE TO REINSURANCE COMPANIES		
Reinsurance creditors	4,915,890,990	7,434,052,833
	4,915,890,990	7,434,052,833
25. OTHER PAYABLES		
Accrued audit fees	50,130,540	81,527,071
Accrued expenses	1,656,587,604	284,688,615
Provision for gratuity	500,279,979	346,250,495
NASCO Karaoglan - France	110,000,000	110,000,000
Unearned Premium C/F	23,918,143	277,026,179
	2,340,916,267	1,099,492,360

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



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26. RELATED PARTY DISCLOSURES

The Company is owned by the Government of the United Republic of Tanzania, Parastatal Institutions, local insurance companies, one foreign investor (ZEP-RE), local insurance brokers and individual Tanzanians.

A large portion of Company's underwriting business is transacted with local ceding companies that are also shareholders of the Company. The transactions carried out with related parties during the year and balances due from or to them at the year-end are:

(a) Transaction with related parties

	2016 TZS	2015 TZS
Gross earned premiums-Local insurance companies	64,130,288	62,722,562,781
Claims paid-Local insurance companies	38,656,674,025	34,125,653,324
	38,720,804,313	96,848,216,105

(b) Outstanding balances with related parties

Premium receivables from related parties	23,908,628,056	15,510,890,614
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(c) Directors remuneration

Directors' fees	110,000,000	47,200,030
Other emoluments (sitting allowances)	218,376,729	224,857,143
	272,057,173	272,057,173

(d) Key Management Remuneration

Salaries and other short-term employment benefits	1,224,205,032	755,894,131
Long-term benefits	175,332,708	226,768,239
	1,399,537,740	982,662,370

(e) Remunerations for all staff

Salaries and other short-term employment benefits	2,475,327,044	2,257,247,046
Long-term benefits	216,444,745	451,449,745
	2,691,771,789	2,708,696,455

27. SUBSEQUENT EVENTS

There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



28. ASSETS PLEDGED AS SECURITY

There were no assets pledged as security at year end (2015: TZS Nil).

29. CONTINGENCY LIABILITIES

There are no material contingencies as at 31 December 2016, which may possibly result in a loss or gain to the Company or in commitments which it cannot meet, and for which no provision is considered necessary or only partial provision has been made.

30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments not measured at fair value

The fair value of financial assets and liabilities not measured at fair value approximates the carrying amounts as explained below:

(i) Cash and bank balances, deposits with financial institutions, re insurance assets, Other receivables and other financial assets and liabilities

Cash and bank balances, re insurance assets, and other financial assets and liabilities, these have short term maturities and/or are at market interest rates. The estimated fair value of these instruments is based on discounted cash flows using prevailing market interest rate which is approximately the same as the carrying amount.

(ii) Government securities

The fair value for Government securities is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The Company invests in treasury bills with maturities of 91 days and 364 days. The carrying amounts of these investment securities are a reasonable approximation of fair value due to the short term nature of the instruments and the interest rates are close to market rates.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on stock exchanges.

Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Amounts in TZS				
	Level 1	Level 2	Level 3	Total
At 31 December 2016				
Financial assets-through profit & loss	5,996,884,161	-	-	5,996,884,161
Investment property	-	-	25,079,182,436	25,079,182,436
	5,996,884,161	-	25,079,182,436	31,076,066,597
At 31 December 2015				
Financial assets-through profit & loss	6,260,160,698	-	-	6,260,160,698
Investment property	-	-	23,410,912,941	23,410,912,941
	6,260,160,698	-	23,410,912,941	29,671,073,639

Description of valuation techniques used and key inputs to valuation of Level 3 financial instruments

	Valuation technique	Significant observable inputs
Investment property	DCF method	Interest rate

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016



30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

FINANCIAL INSTRUMENTS BY CATEGORY

	At 31 December 2016		At 31 December 2015	
	Loans and receivables	Fair value through profit or loss	Loans and receivables	Fair value through profit or loss
Financial assets				
Investment in Government securities	4,594,449,256	-	3,938,461,539	-
Financial assets-at fair value through Profit and loss	-	10,406,884,161	-	6,260,160,698
Reinsurance assets	29,153,375,624	-	35,477,440,416	-
Other receivables except prepayments and deposits	3,109,732,096	-	3,086,896,081	-
Deposits with Financial institutions	4,511,978,933	-	3,940,466,407	-
Cash and cash equivalent	458,320,976	-	188,693,061	-
	41,827,856,885	10,406,884,161	46,631,957,504	6,260,160,698

Financial liabilities at amortised cost

	At 31 December 2016	At 31 December 2015
Financial liabilities		
Insurance contract liabilities on unearned premiums	18,680,363,977	18,574,648,087
Insurance contract liabilities on outstanding claims	3,451,728,518	3,216,513,722
Amount payable to reinsurance companies	4,915,890,990	7,434,052,833
Other payables	2,340,916,267	1,099,492,360
	29,388,899,752	30,324,707,002

APPENDIX 1 - REVENUE ACCOUNT

for the year ended 31 December 2016

INCOME	FIRE TZS	ENGINEERING TZS	ACCIDENT TZS	MOTOR TZS	MARINE TZS	AVIATION TZS	MEDICAL TZS	LIFE TZS	TOTAL December, 2016	TOTAL December, 2015
Gross Premium										
Policy Cessions	7,810,123,519	1,630,815,941	5,666,242,383	20,195,095,680	1,791,130,085	230,763,639	1,770,140	4,752,443,688	42,078,385,075	37,092,871,177
Treaty-Local	8,766,083,367	1,175,557,364	2,395,161,078	2,444,432,769	1,195,659,097	185,565,703	2,547,276,564	1,243,582,479	19,953,318,423	24,500,285,250
Treaty - Foreign	4,456,693,406	431,111,056	873,330,954	529,529,836	711,328,255	28,764,365	897,232,186	-	7,927,990,058	7,973,674,152
Facultatives - Local	6,451,116,929	13,093,666	1,397,554,136	-	27,693,232	-	-	-	2,083,457,963	1,066,929,906
Facultatives - Foreign	1,881,821,578	419,736,735	290,198,954	158,243,683	85,889,837	30,325,464	-	-	2,866,216,251	2,423,478,847
Total	23,559,838,799	3,670,314,762	10,622,487,504	23,327,301,969	3,811,700,506	475,419,172	3,446,278,890	5,996,026,168	74,909,367,770	73,057,239,332
Less Retrocession Premium	8,637,161,616	1,019,208,000	2,109,391,690	60,047	612,306,884	129,355,998	-	-	12,507,484,235	12,467,838,052
Net Premium	14,922,677,183	2,651,106,762	8,513,095,814	23,327,241,922	3,199,393,622	346,063,174	3,446,278,890	5,996,026,168	62,401,883,535	60,589,401,280
UPR B/F	422,164,311	816,436,458	2,809,694,185	11,734,081,644	909,973,995	88,216,010	997,178,604	796,902,879	18,574,648,086	18,174,235,133
UPR C/F - GROSS	2,293,348,559	1,370,333,459	3,701,896,933	6,389,072,107	1,411,917,992	110,522,285	1,304,543,013	2,098,729,627	18,680,363,976	18,574,648,056
NET CHANGE IN UPR	(1,871,184,248)	(553,897,001)	(892,202,748)	5,345,009,537	(501,943,997)	(22,306,275)	(307,364,409)	(1,301,826,748)	(105,715,890)	(400,412,953)
Earned Premium	13,051,492,935	2,097,209,761	7,620,893,066	28,672,251,459	2,697,449,625	323,756,899	3,138,914,481	4,694,199,419	62,296,167,645	60,188,988,327
OUTGO										
Policy cession	6,550,522,899	413,528,444	3,550,325,279	13,408,468,590	778,698,267	2,770,105	-	1,919,213,161	26,623,526,745	25,446,552,914
Treaty - Local	5,710,119,806	542,794,034	1,401,551,885	3,121,902,156	490,262,349	(510,085,170)	755,011,570	425,462,930	11,938,019,560	8,576,507,647
Treaty - Foreign	2,971,015,109	65,431,341	399,279,719	284,393,498	19,326,169	765,601,414	598,901,038	-	5,103,948,287	5,338,484,211
Facultative-Local	17,172,395	-	25,896,204	-	-	-	-	-	43,068,599	319,326,997
Facultative-Foreign	1,442,741,696	5,258,567	58,050,748	1,540,911	29,971,423	-	-	-	1,537,563,343	1,038,976,144
Total	16,691,571,905	1,027,012,386	5,435,103,834	16,816,305,154	1,318,258,207	258,286,349	1,354,912,608	2,344,676,092	45,246,126,534	40,719,847,913
Reinsurer's share of Claims Paid	(6,938,401,936)	(617,713,983)	(183,596,872)	(1,187,030)	(89,479,547)	(127,680,913)	(9,345,486)	-	(7,967,405,768)	(5,970,755,370)
Net Claims Paid	9,753,169,968	409,298,402	5,251,506,962	16,815,118,123	1,228,778,661	130,605,436	1,345,567,122	2,344,676,092	37,278,720,766	34,749,092,543
Change in Contract Liabilities	(1,138,916,646)	189,497,670	132,230,336	685,166,631	214,116,522	153,120,283	-	-	235,214,796	(620,459,483)
Claims Incurred	8,614,253,322	598,796,072	5,383,737,299	17,500,284,755	1,442,895,183	283,725,719	1,345,567,122	2,344,676,092	37,513,935,563	34,128,633,060
Commission paid	6,578,004,759	1,415,309,842	2,483,142,114	4,253,358,951	940,668,463	176,465,280	539,180,013	1,447,828,612	17,833,958,034	17,887,221,243
Commission received	2,855,354,438	291,451,072	876,408,835	-	150,682,656	270,573,353	-	-	4,200,954,354	3,646,209,521
Operating Expenses	2,690,519,648	419,147,774	1,213,081,787	2,663,964,080	435,293,942	54,292,588	393,563,010	684,742,640	8,554,605,469	7,285,652,637
Total	6,413,169,969	1,543,006,544	2,819,815,066	6,917,323,031	1,225,279,749	203,700,515	932,743,023	2,132,571,252	22,187,609,149	21,526,664,359
Total Outgo	15,027,423,292	2,141,802,616	8,203,552,364	24,417,607,786	2,668,174,932	487,426,234	2,278,310,144	4,477,247,343	59,701,544,712	55,655,297,419
Underwriting Profit(Loss)	(1,975,930,357)	(44,592,855)	(582,659,298)	4,254,643,673	29,274,693	(163,669,335)	860,604,337	216,952,076	2,594,622,934	4,533,690,908

APPENDIX 1 - REVENUE ACCOUNT

for the year ended 31 December 2015

INCOME	FIRE	ENGINEERING	ACCIDENT	MOTOR	MARINE	AVIATION	MEDICAL	LIFE	2015	2014
Gross Premium										
Policy Cessions	6,069,345,042	1,497,746,981	5,326,529,089	19,996,301,961	1,691,603,183	139,504,356	20,854,033	2,350,986,532	37,092,871,177	45,143,515,361
Treaty-Local	8,892,513,596	1,209,934,526	2,826,092,133	6,883,951,403	1,601,415,667	91,389,970	2,117,834,366	877,153,590	24,500,285,250	15,381,780,401
Treaty - Foreign	3,568,493,187	366,746,029	956,897,238	489,050,159	435,034,149	-	2,157,453,389	-	7,973,674,152	10,846,127,940
Facultatives - Local	115,931,802	17,795,353	888,574,983	239,996	44,387,772	-	-	-	1,066,929,906	210,796,068
Facultatives - Foreign	1,370,323,440	226,379,781	372,408,978	393,764,741	60,601,907	-	-	-	2,423,478,847	1,989,835,960
Total	19,212,953,659	3,318,602,670	11,174,155,929	27,763,308,259	3,833,042,678	230,894,326	4,296,141,788	3,228,140,122	73,057,239,332	73,572,055,730
Less Retrocession Premium	8,793,965,368	784,776,983	1,307,074,501	504,969,769	992,959,286	104,992,145	-	-	12,467,838,052	10,761,981,350
Net Premium	11,243,541,698	2,533,825,687	9,063,427,921	27,258,338,490	2,840,083,392	125,902,182	4,296,141,788	3,228,140,122	60,589,401,280	62,810,074,380
UPR B/F	1,596,279,464	1,026,608,560	5,725,197,754	7,267,128,053	779,706,640	61,954,451	870,236,512	847,123,699	18,174,235,133	19,753,227,350
UPR C/F	422,164,311	816,436,458	2,809,694,185	11,734,081,644	909,973,995	88,216,010	997,178,604	796,902,879	18,574,648,087	18,174,235,133
NET CHANGE IN UPR	1,174,115,153	210,172,102	3,785,740,081	(4,466,953,590)	(130,267,355)	(26,261,559)	(997,178,604)	50,220,820	(400,412,953)	1,578,992,217
Earned Premium	12,417,656,851	2,743,997,789	12,849,168,002	22,791,384,900	2,709,816,037	99,640,622	3,298,963,184	3,278,360,942	60,188,988,327	64,389,021,088
OUTGO										
Policy cession	3,434,993,220	1,069,112,498	5,703,065,787	12,808,505,370	853,950,031	696,651	170,287,839	1,405,941,520	25,446,552,914	31,354,555,348
Treaty - Local	3,312,777,506	358,045,843	1,418,219,179	11,887,747,053	494,240,099	32,031,600	1,293,030,478	479,415,891	8,576,507,647	9,628,311,553
Treaty - Foreign	2,820,880,664	498,555,314	351,299,867	145,856,434	248,937,758	6,192,300	1,266,761,873	-	5,338,484,211	5,577,874,794
Facultative-Local	13,801,542	-	298,555,188	6,970,267	-	-	-	-	319,326,997	363,257,375
Facultative-Foreign	720,712,976	35,395,625	82,732,164	9,533,955	190,601,423	-	-	-	1,038,976,144	1,130,774,572
Total	10,303,165,907	1,961,109,280	7,853,872,185	14,159,613,079	1,787,729,310	38,920,551	2,730,080,190	1,885,357,411	40,719,847,914	48,054,773,642
Reinsurer's share of Claims Paid	(4,676,144,470)	(266,566,820)	(485,779,079)	(164,866,494)	(361,522,665)	(15,875,841)	-	-	(5,970,755,370)	(10,576,729,296)
Net Claims Paid	5,627,021,437	1,694,542,459	7,368,093,107	13,994,746,585	1,426,206,646	23,044,710	2,730,080,190	1,885,357,411	34,749,092,544	37,478,044,346
Change in Contract Liabilities	1,258,589,054	(306,691,000)	(251,080,724)	(1,315,894,308)	90,552,991	(30,000,000)	-	(65,935,496)	(620,459,483)	849,978,270
Claims Incurred	6,885,610,490	1,387,851,459	7,117,012,383	12,678,852,277	1,516,759,637	(6,955,290)	2,730,080,190	1,819,421,915	34,128,633,061	38,328,022,616
Commission paid	6,184,714,260	1,012,552,228	2,967,461,195	4,621,992,230	1,042,962,251	47,911,127	1,138,256,396	749,421,591	17,765,271,278	19,664,061,782
Commission received	2,479,173,206	274,735,259	622,915,660	(22,623,304)	269,137,011	22,871,690	-	-	3,646,209,521	3,472,116,062
Other Charges	74,871,163	5,129,637	19,603,904	9,242,894	12,945,784	156,583	-	-	121,949,965	204,929,708
Operating Expenses	1,503,111,066	332,150,702	1,555,343,882	2,758,812,170	328,013,128	12,061,126	399,327,194	396,833,369	7,285,652,637	6,126,633,297
Total	5,283,523,283	1,075,097,308	3,919,493,321	7,412,670,598	1,114,784,152	37,257,147	1,537,583,590	1,146,254,960	21,526,664,359	22,523,508,725
Total Outgo	12,169,133,774	2,462,948,767	11,036,505,704	20,091,522,875	2,631,543,789	30,301,857	4,267,663,780	2,965,676,876	55,655,297,420	60,851,531,341
Underwriting Profit(Loss)	248,523,078	281,049,022	1,047,764,671	2,699,862,025	78,272,248	69,338,766	(203,802,969)	312,684,066	4,533,690,907	3,537,489,747



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