TAN-RE

ANNUAL REPORT 2021

Tanzania Reinsurance Company Ltd.
TAN - RE
Reinsurance at its best

CORE VALUES

01 PROFESSIONALISM

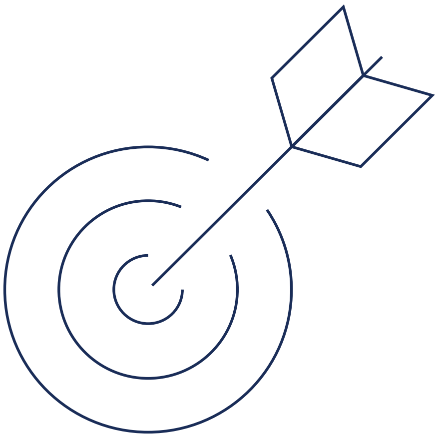
TAN-RE will strive to attain the highest standards in all that we do

02 INTEGRITY

TAN-RE will strive to attain the highest standards in everything, deliver on promises and adhere to moral and ethical principles.

03 CUSTOMER FOCUS

TAN-RE will orient itself toward serving its clients' needs. TAN-RE will ensure that all aspects of the company put the customers' satisfaction first.



COMPANY VISION

“To be among the most profitable Reinsurance Companies in Africa.”

OUR MISSION

“To provide sustainable reinsurance capacity and security in our markets through the use of dedicated staff and modern technology in the best interest of our customers, shareholders and other stakeholders.”

BOARD OF DIRECTORS

Mr. Wilson Ndesanjo

Chairman of the Board of Directors

Mr. Wilson Ndesanjo is the Chairman of TAN-RE Board, he is also the Chairman of Corporate Insurance Brokers Limited, an Executive Director of Roldo Limited Insurance Group of Tanzania Limited.

Mr. Khamis Suleiman

Chairman, BARC Committee
Member, BGHRC Committee

Mr. Khamis Suleiman is the CEO of Sanlam General Assurance Tanzania and Chairman of Association of Tanzania Insurers. He is the Chairperson of TAN-RE Audit and Risk Committee & a member of Governance and Human Resources Committee.

Mr. Hosea Kashimba

Chairman, BFIC Committee
Member, BGHRC Committee

Mr. Hosea Kashimba is the Director General of Public Service Social Security Fund (PSSSF). He is the Chairperson of TAN-RE Finance and Investment Committee & a member of Governance and Human Resources Committee.

Mr. Ronald Kasapatu

Chairman, BGHRC Committee
Member, BARC Committee

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

BOARD OF DIRECTORS

Mr. Nassor Ameir

Member, BFIC & BGHRC Committees

Mr. Nassor Ameir is the Director General of Zanzibar Social Security Fund (ZSSF). He is member of TAN-RE Finance and Investment Committee & a member of Governance and Human Resources committee.

Mr. Ibrahim Maftah

Member, BARC Committee

Mr. Ibrahim Maftah is the Director of Actuarial and Risk Management of National Social Security Fund (NSSF). He is member of TAN-RE Audit and Risk Committee.

Mr. Justine Mwandu

Member, BARC & BFIC Committees

Mr. Justine Mwandu is the Chairman of MO Assurance Company. He is member of TAN-RE Finance and Investment Committee & a member of Audit and Risk Committee.

Mr. Suresh Kumar

Member, BARC Committee

Mr. Suresh Kumar is the Chief Executive Officer of Meticulous General Insurance Company Limited, He is member of TAN-RE Audit and Risk Committee.

Mr. Rahim Ibrahim

Member, BFIC Committee

Mr. Rahim Ibrahim is the Director of Tanganyika Arms. He is a member of the TAN-RE Board Finance and Investment Committee.

Mr. Gabriel Silayo

Member, BFIC & BGHRC Committees

Mr. Gabriel Silayo Directorate Of Planning,Investments & Projects of National Social Security Fund (NSSF). He is member of TAN-RE Finance and Investment Committee & a member of Governance and Human Resources Committees.

MANAGEMENT
TEAM

Left to right: Mr. Seth Wilson, Head of Internal Audit, Risk and Compliance. Mr. Alex Ndossy, Chief Operating Officer, Mr. Rajab Kakusa, Chief Executive Officer, and Mr. Ernest Koroso, Chief Finance and Administration Officer.

CONTENTS

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	Position	Age	Remarks
Mr. Wilson Ndesanjo	Tanzanian	Chairman	65	
Mr. William Erio	Tanzanian	Director	59	Resigned 04/04/2021
Mr. Ronald Kasapatu	Zambian	Director	58	
Mr. Rahim Ibrahim	Tanzanian	Director	32	
Ms. Sabra Machano	Tanzanian	Director	36	Resigned 14/06/2021
Mr. Suresh Kumar	Indian	Director	61	
Mr. Khamis Suleiman	Tanzanian	Director	59	
Mr. Justine Mwandu	Tanzanian	Director	67	
Mr. Hosea Kashimba	Tanzanian	Director	52	
Mr. Ibrahim Maftah	Tanzanian	Director	51	Appointed 15/06/2021
Mr. Nassor Ameir	Tanzanian	Director	43	Appointed 14/06/2021
Mr. Gabriel Silayo	Tanzanian	Director	54	Appointed 13/08/2021

MEMBERS OF THE BOARD AUDIT AND RISK COMMITTEE (BARC)

Name	Nationality	Position
Mr. Khamis Suleiman	Tanzanian	Chairman
Mr. Ronald Kasapatu	Zambian	Member
Mr. Justine Mwandu	Tanzanian	Member
Mr. Suresh Kumar	Indian	Member
Mr. Ibrahim Maftah	Tanzanian	Member

MEMBERS OF THE BOARD FINANCE AND INVESTMENT COMMITTEE (BFIC)

Name	Nationality	Position
Mr. Hosea Kashimba	Tanzanian	Chairman
Mr. Justine Mwandu	Tanzanian	Member
Mr. Nassor Ameir	Tanzanian	Member
Mr. Rahim Ibrahim	Tanzanian	Member
Mr. Gabriel Silayo	Tanzanian	Member

COMPANY INFORMATION

MEMBERS OF THE BOARD GOVERNANCE AND HUMAN RESOURCES COMMITTEE (BGHRC)

Name	Nationality	Position
Mr. Ronald Kasapatu	Zambian	Chairman
Mr. Hosea Kashimba	Tanzanian	Member
Mr. Khamis Suleiman	Tanzanian	Member
Mr. Nassor Ameir	Tanzanian	Member
Mr. Gabriel Silayo	Tanzanian	Member

KEY MANAGEMENT

Name	Nationality	Position
Mr. Rajab Kakusa	Tanzanian	Chief Executive Officer
Mr. Ernest Koroso	Tanzanian	Chief Finance and Administration Officer
Mr. Alex Ndossy	Tanzanian	Chief Operating Officer
Mr. Seth Wilson	Tanzanian	Head of Internal Audit, Risk and Compliance

MAIN BANKERS

CRDB Bank Plc
PPF Tower Branch
P.O. Box 268
Dar es Salaam

Absa Bank Tanzania Limited
Absa House
Ohio Street
P.O. Box 5137
Dar es Salaam

COMPANY SECRETARY

Brickhouse Law Associates
2nd Floor, NIC Investment House
Samora Avenue
P.O. Box 70230
Dar es Salaam

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public Accountants (Tanzania)
369 Toure Drive, Oysterbay
P.O. Box 45
Dar es Salaam

We emerged from the crucible with increased confidence that we have the right strategies, the right culture, and the right people in place to deliver long-term value for our shareholders

Esteemed Shareholders,
Year 2021 was the second year of implementing our five years (2020 - 2024) strategic plan. TAN-RE was put to test from the first year of implementing this Plan due to the worldwide pandemic that globally resulted in unprecedented market volatility.

At TAN-RE, we emerged from the crucible with increased confidence that we have the right strategies, the right culture, and the right people in place to deliver long-term value for our shareholders.

From the very beginning of the financial year, our attention was entirely focused on two things: first, we wanted to make sure that we had a strong foundation in place by providing capacity and security in our markets using dedicated employees and second, the application of cutting-edge technology in the service of our customers, shareholders,and other stakeholders' best interests. I am pleased to say that we were successful in both.

Operating Environment
By the end of 2021, Tanzania had accredited 17 reinsurance companies, however, only TAN-RE was locally domiciled. In early 2022, another reinsurance company entered the Tanzanian market and became the second locally domiciled reinsurance company. The Board believes that TAN-RE is strategically positioned to continue to operate successfully in the growing competitive environment.

The economic outlook was positive, real GDP was projected to grow by 4.1% in 2021 and is projected to grow by 5.8% in 2022, due to improved performance of the tourism sector and the reopening of trade corridors. The country's broad vision on development goals as a middle-income country in 2025 are set out in the Tanzania Development Vision 2025, characterized by high-quality livelihoods; peace, stability, and unity; good governance; a well-educated and learned society; and a competitive economy capable of sustainable growth and shared benefits.

Increased GNI per capita is impressive but not enough to reach these goals. Investing in both human and physical capital is key to achieving these broad goals and improving the quality of life for all Tanzanians.

Strategy 2020-2024

During the year under reviewed, the Company revised its five years (2020-2024) strategic plan to take into consideration the effects of the Covid-19 pandemic which led to disruptions mostly on the foreign markets in which the Company sources business from. The Company remains resilient in its projections for the future and the overall strategic focus for year 2022 will be to strive to become among the most profitable reinsurers in Africa and renew its commitment to provide sustainable reinsurance capacity and security to its markets using dedicated staff and modern technology.

The Board is looking at the possibilities of expanding the Company to foreign markets, by setting up another sister company. Furthermore, the Board is evaluating the possibilities of having the Company rated by a globally recognised Rating Agency.

Moreover, the Board is committed to developing local market, both in terms of skills and products. The Company has been working closely with the Association of Tanzania Insurers (ATI) to introduce new products such as Agriculture and Takaful insurance, with the latter to be launched during the second quarter of 2022.

Beyond the optimisation of economic key performance indicators, our five years (2020-2024) strategic plan also embodies our commitment to creating long-term value for our shareholders, clients, staff, and society. Doing so entails steady dedication to Environmental, Social and Governance (ESG) issues in all our Company's spheres of influence, reflecting on the Company's operating results. The profit for the year of TZS 9.6 billion, was 22.8% above the actual profit for the prior year.

Total assets increased by 14.2% to TZS 216 Billion. TAN-RE's capital strength is reflected in our solvency ratio, which was 124% as of 31 December 2021.The net written premium increased by 3%, and total revenue increased by 12.8%.

As TAN-RE shareholders, you are the beneficiary of this solid business performance.

In short, TAN-RE has kept its word despite difficult circumstances. In addition to a challenging economic environment, there were no major losses from local market where the company writes almost 90% of its business. In 2021, the higher claims expenses originated from fire, motor, life, and accident classes, and to a minor extent, in medical reinsurance.

In spite of all these challenges, we achieved our top line target while profit recorded was 90% of the target, which underlines just how robust and resilient our Company is. Once more, our risk portfolio, our range of business lines and our risk management proved their worth in 2021. All fields of business showed strong operational performance, in turn further fuelling the positive business momentum. The investment in Ezulwini Reinsurance Company Limited, in the Kingdom of eSwatini continued to contribute to the performance of the company, with a 26% increase in share of profits valued at TZS 240 million in 2021 from the associate company

Strengthening Governance

TAN-RE is founded on strong principles of good corporate governance, which we conceive as integral to our prosperity. We understand the depth of the responsibility placed upon us by our shareholders to safeguard their hard-earned investments. Therefore, we conduct our business openly and in a transparent manner adhering to tenets of good corporate governance.

I am glad that we have a diverse Board of Directors that has the right balance of skills and experience to steer the Company into prosperity.

Changes in the Board

During the year, we received three new embers of the Board. Mr. Ibrahim Maftah (alternate to Mr. Masha Mshomba), who joined the Board as a representative of the National Social Security Fund (NSSF), Mr. Nassor Ameir, a representative of Zanzibar Social Security Fund (ZSSF) and Mr. Gabriel Silayo, a representative of the Office of Treasury Registrar (OTR). Mr. Maftah replaced Mr. Erio following his appointment to another Government institution; Mr. Ameir replaced Ms. Sabra Machano who resigned following her end of tenure in ZSSF; and Mr. Silayo is a new member representing the OTR. They bring to the Board extensive expertise from various fields, which complements the existing Board's skillsets. On behalf of the Board, I welcome them all, and on the same note, express my sincere gratitude to Mr. William Erio and Ms. Machano for their invaluable contribution during their tenure.

Relationship with Stakeholders

In fulfilling their responsibilities, the Directors believe that they govern the Company in the best interests of Shareholders, whilst having due regard to the interests of other stakeholders in the Company including Employees, Cedants and Retrocessionaires, Insurance and Reinsurance Brokers, Suppliers, Government, Regulators and other Authorities, Society and Media. Generally, the Company continues to maintain a good relationship with all Stakeholders. Shareholders are encouraged to attend the AGM or appoint proxies to represent them in case they fail to attend.

Dividend Recommendation.

The Board continues to balance the optimization of shareholder value and the need to re-invest funds in the business for future growth. In line with that, we are fulfilling our Strategy 2020-2024 pledge to increase our dividend. Consequently, the Board has recommended a dividend of TZS 3.8 billion for the year ended 31 December 2021, subject to approval by shareholders during the Annual General Meeting (AGM). This equals 40% of annual distributable profit for the year ended 31 December 2021 (2020: 30%). An attractive dividend policy remains one of TAN-RE's hallmarks.

Outlook

The five years (2020-2024) strategic plan guides our Company along the path of fully realising the potential for growth and value creation. In 2021, we took several big steps forward on this path. Please rest assured that we will not slow down in 2022. On the contrary, we will spare no effort translating our Plan into success.

Appreciation

On behalf of TAN-RE Board of Directors, I wish to extend gratitude to our clients and business partners for their continued support, our shareholders for their unwavering commitment and inspiration, and to the Government of the United Republic of Tanzania for creating an enabling business environment.

I would also like to thank the Management and staff for their dedication, loyalty, and hard work. Lastly, I would like to thank my colleagues in the Board for their very positive contribution in providing oversight to the Management.

Yours sincerely

Wilson Ndesanjo
Board Chairman

> I wish to reaffirm my unreserved commitment and dedication towards fulfilment of the Company's mandate on national interest, while generating profit and value to shareholders.

Overview

Year 2021 was a year of continued delivery for the Company, with successful strategic execution, ongoing investment, and continued growth, enabling the Company to succeed in achieving its goals set out in the five years (2020-2024) strategic plan. This resulted in a solid financial performance, with continued business momentum and balance sheet growth.

Given the Company's performance, the Board has recommended a dividend of TZS 3.8 billion, in line with our progressive and sustainable ordinary Dividend Policy, marking 2021 as a very strong year of capital return to shareholders.

During 2021 the Company focused on supporting customers and communities in Tanzania as they continued to deal with the Covid-19 pandemic. I am very proud of the positive impact that the Company was able to make. The dedication of colleagues and their ongoing support for customers, communities, and businesses across the country in these unique and challenging times is impressive. I would like to express my gratitude to all my colleagues for their resilience, commitment, and hard work throughout 2021.

Financial performance

In the context of continued business momentum and balance sheet growth, the Company has delivered a solid financial performance with profit after tax of TZS 9.6 billion, 22.8% higher than 2020.

Description	2021 TZS 'Mio	2020 TZS 'Mio	2019 TZS 'Mio	2018 TZS 'Mio	2017 TZS 'Mio
Net earned premiums	74,642	68,758	89,527	68,190	67,461
Other income	22,006	16,918	12,865	13,760	5,337
Total revenue	96,648	85,676	102,392	81,950	72,798
Net benefits and claims	(39,523)	(33,905)	(53,687)	(42,700)	(38,818)
Total other expenses	(44,342)	(39,749)	(39,848)	(32,583)	(28,874)
Tax expense	(3,421)	(4,396)	(1,625)	(412)	(623)
Profit for the year	9,602	7,818	7,231	6,255	4,482
Total assets	216,444	189,545	160,985	101,635	84,811
Total liabilities	128,761	109,318	88,306	35,185	29,482
Total equity	87,682	80,228	72,679	66,450	55,329

Increased profits benefitted from company's underwriting philosophy which focus more on bottom line growth. Despite the impact of Covid-19 pandemic that led to the increase in life business claims and hence increase on claims incurred, net benefits and claims have continued to be under control due to good underwriting and claims management.

The return on shareholders' funds continued to increase to 11% (2020: 9.8%), towards attaining a target of 13% in the year 2024.

Cost discipline was sustained, with operating and administrative expenses of TZS 13.3 billion, up by 6.7% compared to the prior year. The Company has benefitted from continued balance sheet growth during the year. The solvency ratio was at 124%.

Five years (2020-2024) Strategic Plan

The Strategic Plan (2020-2024) was reviewed during the year. The revised Strategic Plan offers the Company a reviewed outlook in its operations and a focused approach towards fulfilment of its mandate and functions as the Company consistently pursues its vision This plan came at an opportune time when the insurance and reinsurance markets are undergoing transformations which the Company has identified and shall take advantage of for the benefit of all its stakeholders. Since establishment, TAN-RE desired to establish itself among the dependable regional players, the objective which has satisfactorily been achieved as TAN-RE is now among the household names in Africa. During the remaining part of the 5-year Strategic Plan, the Company shall continue to solidify its presence in the local market and gradually increase penetration in the foreign markets.

Technology and innovation

The market has embarked on use of mobile apps and has partnered with mobile service providers to increase penetration of insurance through products in motor, life and personal accident business including bancassurance. The Company has been very supportive in building capacity to the local insurance companies to accept such emerging risks which positively impacts the top line of TAN-RE. Internally, the Company has earmarked introduction of a customer portal for information and statistical sharing for the benefit of its clients as it pursues fulfilment of some of its key functions as a reinsurer. TAN-RE's preparedness in use of technology assured the Company of smooth and uninterrupted operations during the peak of the Covid-19 pandemic which led to working from home for several months. The Company is prepared to manage risks emanating from embracing technology such as cyber risks and frauds in which the Company has a policy in place to protect itself and its people.

Human capital and staff development

Human capital is our biggest asset, and for that reason, TAN-RE supports programs for employees' development, which also serves to attract, retain, and develop the workforces needed by the Company. In year 2021, we continued to invest in staff training through local and international training opportunities, seminars, and workshops. TAN-RE continued to sponsor staff for professional qualifications such as CII, CPA (T) and ACCA. TAN-RE continued to expose its Directors to special skill requirements necessitated by the annual director's performance evaluations. I am therefore confident that TAN-RE has the right people and processes in place to support the Company's growth strategy.

Financial Strength

The Company continued to be rated by the Global Credit Rating (GCR) of South Africa, which accorded TAN-RE a rating of A (single A) for Domestic currency claims paying ability and B- (B minus) for International currency claims paying ability. In recent years, TAN-RE has increased its underwriting risk appetite within the limits of our enterprise risk management. The Company is now offering more capacities to its clients and supporting introduction of new products to the local market while actively seeking to expand its presence in foreign market.

Quality and Risk Management System

We have continued to accelerate investments in products, markets, and operations, and broaden our commitment to quality operations by maintaining our ISO 9001:2015 certification status. During the last review period, we continued forgoing unfavourable businesses across our portfolio and increasingly focused on high performing markets for good results to our shareholders. Enterprise Risk Management (ERM) is a fundamental part of our five years (2020-2024) Strategic Plan. Prudent risk management systems and approaches integral to our operations, provides TAN-RE with a competitive edge among other reinsurers in the continent.

TAN-RE has sustained improvements widely across operational and risk management practices in conformity to the ISO 9001:2015 standard. With seven successful years of ISO certification,integrated ERM framework has been embedded in our process with an iterative approach and commitment for continuous improvement.

Best-presented financial statements

TAN-RE has continued to gain recognition as among the leaders in financial reporting by the National Board of Accountants and Auditors (NBAA). Over the years, TAN-RE has actualized a stringent and meticulous systems driving excellence in financial management, transparency, and accountability. We are proud to be the among the champions in corporate governance practices and transparency in accounting and financial reporting procedures. In December 2021, TAN-RE was awarded a prize in Best Presented Financial Statements in the Insurance category.

Market training and seminars

TAN-RE underwrites large part of its business from the Tanzanian market. Hence, the Company continued to position itself to ensure it continues to satisfy the needs of the local insurance market by equipping its clients with the much-needed underwriting and claims management skills through provision of tailor-made market trainings.

To solidify its presence in the Tanzanian market, TANRE continues to support the market by offering a range of services such as risk surveys on large risks, and training to address the issue of skills gaps among local practitioners. Among other things, TAN-RE will continue to offer five scholarships every year to Tanzanians employed in local insurance companies to attend three weeks intensive underwriting program offered by National Insurance Academy (NIA) in Pune, India. In addition, the company continues to sponsor local practitioners to attend online program on insurance and reinsurance offered by London School of Insurance (LSI), UK.

Outlook

The objectives to be pursued by TAN-RE in effectively providing solutions to the themes derived from the strategic perspectives are to be among the top 15 most profitable reinsurers in Africa by year 2024; to achieve minimum return on Shareholders fund of 13% per annum; to achieve customer satisfaction index above 95% annually; to improve the quality and efficiency of business processes; and to nurture and develop professional and technical skills within the Company.

As per the December 2021 paper published in Atlas Magazine Insurance Around the World, TAN-RE is ranked number 15 on the ranking of reinsurers in Sub-Saharan Africa according to 2020 turnover. A total of 42 reinsurers were ranked.

The Company has been investing in innovation and digitalisation projects. At the moment, most of the Company processes are paperless and most of the operating activities are done online.

Appreciation

On behalf of the TAN-RE staff members, I wish to thank all the stakeholders for the trust they have placed in the Company

I am grateful to the TAN-RE Board of Directors for their vision and leadership in pursuit of TAN-RE strategic objectives. I wish to reaffirm my unreserved commitment and dedication towards fulfilment of the Company's mandate on national interest, while generating profit and value to shareholders.

Rajab Kakusa
Chief Executive Officer

THE REPORT BY THOSE CHARGED WITH GOVERNANCE

1. INTRODUCTION

Those Charged with Governance (TCWG) submit their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Tanzania Reinsurance Company Limited (TAN-RE), herein referred to as the "Company".

The financial statements for the year ended 31 December 2021 were approved by the Board of Directors and authorised for issue as indicated in the statement of financial position.

2. PRINCIPAL ACTIVITIES

Tanzania Reinsurance Company Ltd (TAN-RE) was established in line with Section 70 of the Insurance Act No. 18 of 1996 to transact reinsurance business in respect of all Life Assurance business including Pensions and all Non-Life insurance business including Marine and Aviation business.

The Company's core functions defined during its establishment are:

i. To accept Legal cessions as required by the insurance act and ensuing regulations.

ii. To accept and conduct foreign reinsurance business in the form of treaty and facultative business.

iii. To improve claims management and settle legitimate claims.

iv. To train the industry on insurance and reinsurance matters through identification of market training needs, arrange for the training on identified needs and to nurture internal skills.

v. To provide reinsurance assistance and related services such as underwriting and selecting risks in a professional manner; managing claims efficiently and in accordance to best practice; advising insurance companies on underwriting new products; building efficient processes to deliver the best services to clients; utilising risk capital effectively and engaging skills that can underwrite special risks.

vi. Providing an avenue for the investment of excess funds; and to match assets with liabilities to minimize risk in addition to selecting assets that meet liquidity and quality requirements.

vii. Promoting business relations with other reinsurers; compiling and maintaining market insurance and reinsurance statistics and to become a repository for insurance market data and to conduct research and development on reinsurance matters.

3. VISION, MISSION, AND CORE VALUES

Vision Statement:
"To be among the most profitable Reinsurance Companies in Africa."

Mission Statement:
"To provide sustainable reinsurance capacity and security in our markets through the use of dedicated staff and modern technology in the best interest of our customers, shareholders and other stakeholders."

Core Values:
Professionalism, Integrity, Customer Focus.

4. FINANCIAL PERFORMANCE

During the twelve months period ended on 31 December 2021, gross premium income booked by the Company amounted to TZS 165.5 billion compared with TZS 140.6 billion booked during corresponding period in year 2020 epresenting an increase of TZS 24.9 billion (18%).

Claims incurred as of 31 December 2021 amounted to TZS 39 billion compared to TZS 33 billion incurred during the corresponding period in the year 2020, representing an increase of TZS 5.6 billion (17%).
Impact of Covid-19 pandemic resulted into increase in life business claims and hence increase on claims incurred

4. FINANCIAL PERFORMANCE (CONTINUED)

A total of TZS 29.7 billion was incurred in respect of acquisition costs during the period under review, compared to TZS 25.7 billion incurred as at 31 December 2020, representing an increase of TZS 4.0 billion (16%). The increase in fee and commission is proportionate to increase in gross booked premium during the period under review.

Underwriting profit of TZS 10.9 billion was realized during the period under review as compared to TZS 10.5 billion recorded by the end of year 2020. In the end, the Company realized profit before tax of TZS 13.0 billion as compared with TZS 12.2 billion realized in the corresponding period in year 2020 representing an increase of TZS 0.8 billion equals to 7%.

Below are the Key Performance Indicators for the year:

Description	2021 (%)	2020 (%)
Claims Ratio	53	49
Expenses Ratio	17	17
Commission Ratio	11	18
Combined Ratio	85	85
Premium Growth	18	-1
Increase in investment income	25	13
Return on shareholders' funds	11	10

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

	2021 TZS	2020 TZS
Fire	41,678,288,000	46,119,485,005
Engineering	9,306,788,768	7,795,583,030
Accident	31,650,347,629	30,993,205,672
Motor	25,266,220,749	22,546,850,026
Marine	8,843,720,639	6,607,825,336
Aviation	29,255,668,950	11,128,674,267
Medical	4,170,090,266	3,234,014,325
Life	15,419,235,659	12,213,092,891
Gross Written Premiums	**165,590,360,660**	**140,638,730,552**
Premium ceded to reinsurers	(93,578,886,022)	(70,750,691,088)
Net Written Premiums	**72,011,474,638**	**69,888,039,464**

The operations for the year resulted in an underwriting profit of TZS 10.9 billion (2020: TZS 10.5 billion) as reported in Appendix 1.

5. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK

During the year, the Company reviewed its 5 years strategic plan (2020-2024) to take into consideration the effects of the Covid-19 pandemic which led to disruptions mostly on the foreign markets in which the Company sources business from. The Company remains resilient in its projections for the future and the overall strategic focus for year 2022 will be to strive to become among the most profitable reinsures in Africa and renew its commitment to provide sustainable reinsurance capacity and security to its markets using dedicated staff and modern technology.

5. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK (CONTINUED)

The reviewed Strategic Plan offers the Company a renewed outlook in its operations and a focused approach towards fulfilment of its mandate and functions as the Company consistently pursues its vision. This plan came at an opportune time when the insurance and reinsurance markets are undergoing transformations which the Company has identified and shall take advantage of for the benefit of all its stakeholders. Since establishment TAN-RE desired to establish itself among the dependable regional players, the objective which has satisfactorily been achieved as TAN-RE is now among the household names in Africa. During the remaining part of the 5-year Strategic Plan, the Company shall continue to solidify its presence in the local market and gradually increase penetration in the foreign markets.

TAN-RE shall pursue the following objectives to effectively provide solutions to the themes derived from the strategic perspectives as identified and used in the Company's performance evaluation system.

1. To be among the top 15 profitable reinsurers in Africa by year 2024.
2. To achieve minimum return on shareholders fund of 13% per annum.
3. To achieve customer satisfaction index above 95% annually.
4. To improve the quality and efficiency of business processes.
5. To nurture and develop professional and technical skills within the Company.

To ensure achievement of the above objectives, the Company has identified strategic measures, targets, and key performance indicators to ensure implementation of the plan is effectively monitored and progress measured and reported to the respective implementation supervision levels. Within each of the strategic perspective and strategic objectives the Company has earmarked key strategies and activities, which must be completed during the planning period.

The above objectives have also taken into consideration the Political, Economic, Social, Technological Environmental & Legal (PESTEL) Analysis, Strengths, Weaknesses, Opportunities and Challenges (SWOC) and stakeholder analysis which was conducted as part of the strategic planning process as well as benchmarking against the strategic plans from our peer African reinsurance companies.

During the planning process, significant consideration was given to lessons learnt from the expiring strategic plan enabling the Company to come up with improved strategic responses to ensure an effective strategic focus. To ensure a focused approach, the Company has identified key strategic imperatives which must be addressed to assure effective implementation of the identified strategies and ultimate achievement of the strategic objectives. The current strategic plan is ambitious in its objectives and implementation will require adequate resources and relentless commitment from the Board, Management and Staff.

6. EVENTS AFTER THE REPORTING PERIOD

There were no other events after the reporting period which require adjustment or disclosure in the financial statements.

7. 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 note 3 are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards and Tanzania Insurance Act, 2009 with its subsequent amendments.

8. ACQUISITIONS AND DISPOSALS

There was no material disposal or acquisition of business during year 2021 (2020: Nil).

9. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS

Despite the Covid 19 pandemic impact, the Tanzania economy grew by around 5% and is expected to register improved growth in 2022. The insurance market continued to be very competitive with the licencing of new entrants in the Tanzanian market. The potential for growth is very big given the very low insurance penetration in the market and the significant interest from Banks and Mobile Network Operators (MNO) to distribute insurance products. There was no new regulation issued which impacted market growth negatively.

10. OPERATING ENVIRONMENT

The impact of COVID-19 strained some sectors in the economy. Despite the impact of the pandemic on some key sectors, and disruption of global trade, the economy sustained minimal disruption due to policies in place by the government to mitigate the impact. The economy continues to recover to the adverse impacts of the COVID-19 pandemic. At a glance, 2021 has been a year of recovery from the surge of the impact of the COVID-19 pandemic that created great instability and high volatility in global capital markets. The government embarked some measures to stabilize the economy and mitigate the impact. The Industry sector's performance was satisfactory, remaining resilient and recording a good performance in 2021, all things considered.

Macro and micro economic overview

Tanzania

Tanzania has sustained relatively high growth in economy this year, bolstered by strengthened private consumption and recovered exports as global restrictions has been eased. GDP grew by 5.5% in 2021 supported by the large infrastructure spending, improved and stable power supply mainly from natural gas, which is expected to boost performance of other sectors including manufacturing and trade, revival of the central railway line in standard gauge, increase in the capacity and efficiency of the Dar es Salaam and Tanga ports, increase in financial inclusion, implementation of economic policies under the Five-Year Development Plan II (FYDP II) and scaling-up of onshore gas production and construction of oil pipeline from Uganda to Tanzania.

Growth is expected to accelerate in the year 2022 after the pandemic-induced slowdown. Large construction projects bode well for employment levels, which in turn will bolster private spending, while exports will benefit from healthier trade dynamics. That said, still-weakened fiscal metrics and lingering uncertainty over the evolution of the pandemic pose downside risks. GDP is expected to grow by 5.8% in 2022.The annual headline inflation rate end of December 2021 has increased to 4.1% from 3.2% reported same period last year, the increase mainly attributed to price increase for some non-food items. Money supply(M3) grew at annual rate of 14.7% in December 2021 compared to 5.6% in the corresponding period in 2020.Credit extended to private sector grew at an annual rate of 7.8% in December 2021 compared with 3.0% in the corresponding period 2020.

Regulatory environment

In the year the Insurance environment remained sound, stable and resilient with adequate capital to support economic activities. Tanzania Insurance Regulatory Authority continued to strengthen risk management practices in the insurance sector by implementing various policies and regulatory reforms to safeguard the stability of the industry.

Speed and effect of technological change

Given the ever-increasing costs of providing insurance and the current economic environment, the insurers who will come out triumphant are the ones who will act on changing the status quo. The pandemic has accelerated the rate at which disruption in the industry has occurred, and this has shaped the leaders and laggers of insurance.

Innovation can simply not work on old legacy systems and ways of thinking. Many insurers had to rethink their operating models, they have reconsidered the talent and culture of the people who are driving the change. To accelerate this change towards more digitally enabled and agile organizations, insurers have considered partnering with InsurTech firms.

10. OPERATING ENVIRONMENT (CONTINUED)

The Company is strategically focused to deploy technological advancements to meet the growing demands of our customers and remain competitive. We are committed to adopting new technologies and business models that support growth and driving digital adoption.

Environmental challenges

In a bid to enhance the economy and maximize wealth, humans continue to engage in activities that are detrimental to the environment. As a result, the world is faced with the challenges of climate change, such as floods and heat waves. Concern for environment related issues is increasing globally and, recently, among enterprises and institutions, leading to the development of various means of evaluating it. Climate change presents a conspicuous threat to societies as well as natural environments. As an insurance services provider, TAN-RE will continue to promote environmental sustainability to mitigate climate change risk in Tanzania and outside Tanzania while using constructive and advanced initiatives to contribute towards a more sustainable future for the societies in which we operate.

Political environment

The Company is operating under stable political environment to safeguard the interests of shareholders and meet stakeholders' needs, and overall stabilization and growth of the insurance and economy at large. The stable political environment has also promoted the increase in foreign and domestic investments and operations through fair and stable tax regime, and policies induced by the government leading to the increase of production capacity. The country's political stability provides assurance to both local and international stakeholders, increased investments.

Needs and interests of key stakeholders

As an insurance services provider we are deeply connected and committed to the environment we operate in and the societies we serve. Our ability to deliver value is dependent on our relationships and the contributions and activities of our stakeholders. We engage in dialogue with our stakeholders to understand their needs and seek to meet their expectations to create value for them and for the Company.

Stakeholders	Stakeholders' needs and expectations
Employees	- Career development and advancement opportunities - Challenging work, with opportunities to make a difference - An empowering and enabling environment that embraces diversity and inclusivity. - Fair remuneration, effective performance management, and recognition - A safe and healthy work environment
Customers	- Excellence in client service.
Suppliers	- Fair bidding and timely payments
Shareholders/investors	- Shareholder value creation through share price appreciation and an attractive and sustainable dividend stream - Continuous engagement to inform their investment decisions.
Regulators and policy makers	- Compliance with all legal and regulatory requirements - Being a responsible taxpayer - Active participation and contribution to industry and regulatory working groups.
Society	- influencing its stakeholders to act responsibly in environmental, social and governance matters

11. COMPANY BUSINESS OPERATING MODEL

For us, value is best illustrated in the quality of lives of our shareholders, our people, and the community around us. In driving value for our stakeholders, we anchor our actions on a firm foundation of defined strong values.

Inputs employed to provide service to customers

Below are the key inputs relating to the key resources on which TAN-RE depends to provide services to the customers and key stakeholders.

Resources	Inputs
Financial resources Our shareholders give us a strong financial capital base that supports our operations. Financial capital includes the funds that some of our local cedants invest with us.	- Strong balance sheet with total assets TZS 216.4 billion and equity TZS 87.7 billion
Human resources We have an engaged and motivated workforce that is guided by a clear vision and anchored in strong values. We are focused on embedding a culture of continuous development, which increases competitiveness and investment in the development of skills required by employees to serve the digital customer of the future.	- Experienced and competent leadership team - Gender and diversity inclusiveness - Equal opportunities in training and development - Free of discrimination and harassment
Social and relationship resources In our engagements with key stakeholders, we continuously strive to deliver a meaningful value exchange. We value the views of our stakeholders because they play a significant role in shaping our response to business and societal issues	- The Company ensures that employees are committed and connected which addresses the needs of our stakeholders - Employee engagement has appeared as a critical instrument for business success in today's competitive environment. - The Company has a strong corporate governance - Continuous engagement with regulators

12. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

The Company operate in politically stable environments and cooperate with several Government Agencies including Tanzania Police Force, Municipal Councils, Tanzania Revenue Authority, Tanzania Insurance Regulatory Authority, and many others in implementing social, economic, environmental, and safely projects and activities.

The Company continues to focus on enhancing the positive safety culture already in place. In 2021, the Company through Tanzania Insurance Regulatory Authority participated in several campaigns in road safety and insurance awareness to different regions of Tanzania.

13. FACTORS WHICH IMPACTED OUR ABILITY TO CREATE VALUE

Our operating environment is characterised by increased competition, disruptive technologies, changing consumer behaviour and regulatory and policy changes. Within the context of our current strategic, cultural, and digital journey. TAN-RE manages the following material matters

ISSUE	RISK/IMPACT ON VALUE CREATION	OUR RESPONSE
Rising stakeholder expectations	Stakeholders' sentiments can impact our reputation and, affect the cost and availability of funding that is required to drive long-term performance.	Increased engagements with stakeholders to best understand their expectations to incorporate into our strategic planning. Adopting integrated reporting to increase transparency on our value creation process.
Ongoing regulatory and policy changes	Growing compliance costs which may have to be passed on to customers and ultimately impact shareholder returns.	Allocating a material proportion of our investment to regulatory compliance and risk prevention initiatives. Engagement with policy makers and communities to advocate for appropriate regulatory reform. Maintaining constructive and proactive relationships with key regulators.
COVID-19 Pandemic	The COVID-19 pandemic has significantly disrupted financial institutions and the ways they operate globally. Remote working and decentralized decision-making has increased significantly. Companies should digitally enable their cyber function to improve agility and ability to adapt to rapid changes in business operating models. Weaving security-by-design principles into IT service development and embedding cybersecurity requirements into the architecture and design stages of the software development life cycle could help companies get ahead of evolving threats.	Increased focus on credit risk, liquidity management and capital preservation.

14. DIRECTORS' INTEREST

Mr. Justine Mwandu held 20,911 shares valued at TZS 20,911,000. This represents 0.05% of the ordinary share capital reported as at 31 December 2021.

15. 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:	2021 TZS	2020 TZS
Capital allotted and subscribed	60,000,000,000	60,000,000,000
Capital unsubscribed	(19,247,006,611)	(19,247,006,611)
Subscribed and paid-up capital	**40,752,993,389**	**40,752,993,389**
Share capital at 1 January	40,752,993,389	39,852,993,389
Subscribed and paid up during the year	-	900,000,000
	40,752,993,389	**40,752,993,389**

The paid-up capital of the Company as at 31 December 2021 is as stated below:

	2021					2020			
Cluster	**Stake %**	**Called-up Shares**	**Paid-up Shares**	**Amount TZS**	**%**	**Paid up shares**	**Amount TZS**	**%**
Individual Tanzanians	5	3,000,000	426,082	426,082,000	1	426,082	426,082,000	1
Foreign Investor	10	6,000,000	3,411,371	3,411,371,000	8.4	3,411,371	3,411,371,000	8.4
Corporate bodies	10	6,000,000	785,276	785,276,000	1.9	785,276	785,276,000	1.9
Insurance Companies	25	15,000,000	12,415,287	12,415,287,000	30.5	12,415,287	12,415,287,000	30.5
Insurance Brokers & Loss assessors	5	3,000,000	669,194	669,194,000	1.6	669,194	669,194,000	1.6
Pension Funds	45	27,000,000	23,045,783	23,045,783,000	56.6	23,045,783	23,045,783,000	56.6
Total	**100**	**60,000,000**	**40,752,993**	**40,752,993,000**	**100**	**40,752,993**	**40,752,993,000**	**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.

16. DIRECTORS

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

Name	Nationality	Position	Age	Remarks
Mr. Wilson Ndesanjo	Tanzanian	Chairman	65	
Mr. William Erio	Tanzanian	Director	59	Resigned 04/04/2021
Mr. Ronald Kasapatu	Zambian	Director	58	
Mr. Rahim Ibrahim	Tanzanian	Director	32	
Ms. Sabra Machano	Tanzanian	Director	36	Resigned 14/06/2021
Mr. Suresh Kumar	Indian	Director	61	
Mr. Khamis Suleiman	Tanzanian	Director	59	
Mr. Justine Mwandu	Tanzanian	Director	67	
Mr. Hosea Kashimba	Tanzanian	Director	52	
Mr. Ibrahim Maftaha	Tanzanian	Director	51	Appointed 15/06/2021
Mr. Nassor Ameir	Tanzanian	Director	43	Appointed 14/06/2021
Mr. Gabriel Silayo	Tanzanian	Director	54	Appointed 13/08/2021

All Directors are Non-Executive Directors. The Board's committees have been disclosed in pages 2 and 3

17. DIRECTORS' FEES AND SITTING ALLOWANCES

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

	2021 Amount TZS	2020 Amount TZS
FEES		
Chairman of the Board of Directors	10.0 million	10.0 million
Other Directors	80.0 million	80.0 million
SITTING ALLOWANCES		
Chairman of the Board of Directors	11.5 million	10.5 million
Other Directors	218.9 million	199.8 million

18. SOLVENCY AND GOING CONCERN

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 should exceed the liabilities of the reinsurer by TZS 9,068.8 million or the sum of thirty three percent of general insurance net premiums written and ten percent of long-term business liabilities, whichever is the greater. At 31 December 2021, the Company had admissible assets of TZS 86,636 million and liabilities of TZS 58,360 million. The sum of thirty three percent of general insurance net premiums written and ten percent of long-term business liabilities amounted to TZS 21,647 million. The Company's admissible assets exceeded the liabilities by TZS 28,276 million which is above the minimum solvency margin required of TZS 21,647 million by TZS 6,628 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 as 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.

19. 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 2021, there was no employee who left the Company.

b) Compliance with the Insurance Act

The Company where applicable, consulted with 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

20. 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 the Company's performance of 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 Heads 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 various technical trainings in areas such as basic insurance, reinsurance accounting and reinsurance underwriting. Also, several staff members attended various seminars and workshops locally. The Seminars included those organised by the National Board of Accountants and Auditors (NBAA) and other professional bodies.

d) Disabled persons

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

e) Equal opportunities employer

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

f) Gender parity

The Company had a total of 30 employees, of whom 12 were female and 18 were male (2020: 30 employees, of whom 12 were female and 18 were male).

21. DIVIDEND

The Directors recommend payment of dividend amounting to TZS 3.8 billion equals 40% of annual distributable profit of TZS 9.6 billion achieved during the period ended 31st December 2021

22. RESERVES

The Company had retained earnings of TZS 13.7 billion, (2020: TZS 10.9 billion) and contingency reserve of TZS 32.9 billion, (2020: TZS 28.3 billion).

23. TRANSACTIONS WITH RELATED PARTIES

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, several relationships are entered into with related parties, that is, key management staff, Directors, their associates, and companies associated with Directors. The volumes of related party transactions for the year and the outstanding amounts at the year-end are provided under Note 30 of the financial statements. The transactions with related parties are carried at arm's length basis.

24. CORPORATE GOVERNANCE

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 serves 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.

Board of Directors

Members of the Board are mentioned on pages 2 and 3. The Board is chaired by an independent non-executive director, Mr Wilson Ndesanjo, and includes nine other non-executive directors. Most 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 30 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 the Company strategy.

Board committees

The Board has three sub-committees (Audit and Risk Committee, Finance and Investment Committee and Governance and Human Resources Committee), whose chairpersons report to the Board of Directors. During the year 2021, the Board had convened 8 meetings (2020: 9 meetings).

Audit and Risk Committee

The Audit and 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 2021, the Audit and Risk Committee met six times (2020: six meetings).

Finance and Investment Committee

The Finance and Investment 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. The committee is also responsible to oversee the Company's IT related matters. During the year 2021, the Finance and Investment Committee met four times (2020: four meetings).

Governance and Human Resources Committee

The Governance and Human Resources Committee was set up by the Board to periodically address matters related to Governance, staffing and remunerations of the Company's employees and Directors. The Committee meets semi-annually. However, the Committee can meet more than two times in a year whenever there is a need to. In the year 2021, the Governance and Human Resources Committee met three times (2020: once).

25. POLITICAL CONTRIBUTIONS AND DONATIONS

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

26. CORPORATE SOCIAL RESPONSIBILITY

TAN-RE has an obligation to consider the interests of its stakeholders (customers, shareholders, employees, communities, and environmental considerations) in all aspects of its operations. Amongst the initiatives and endeavours in which 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 supports various activities geared towards achievement and its improvement. During the year ended 31 December 2021, TAN-RE donated TZS 129 million to various schools, charitable organisations, and social organisations (2020: TZS 31 million).

27. STAKEHOLDERS' NEEDS AND INTERESTS

The Company's stakeholders include the Insurance Companies, Brokers, Agents, Reinsurers, the Tanzania Insurance Regulatory Authority (TIRA), other Government authorities and agencies, financial institutions, shareholders, suppliers and finally the Company's employees. Each category of these stakeholders has different interests and needs from the Company.

Stakeholders	Stakeholders needs and expectations
Employees	• Our employees' interest is on the success of the Company for job security, better salaries and other benefits, training and development. • An empowering and enabling environment that embraces diversity inclusivity and growth • Fair remuneration, effective performance management, and recognition • A safe and healthy work environment • Job Security
Insurance Companies (Cedants) and Reinsurers	• The Insurance Companies' interests include the assurance that the Company shall provide adequate reinsurance capacity and shall settle the claims timely • Timely delivery on insurer's promises • Exceptional Customer Service • Reinsurers' interest is to get fair share of business from the Company and provide support to ensure prudent underwriting.
Insurance Brokers	• Insurance Brokers and Agents' interest is on provision of insurance solutions to their clients and to be rewarded in form of commissions
Suppliers	• Fair opportunities for service provision to the Company and timely payments
Shareholders/investors	• Shareholder value creation through share price appreciation and attractive and sustainable dividends • Continuous engagement to enable informed investment decisions
Regulators	• The Tanzania Insurance Regulatory Authority's interest is on the growth of the sector and protection of the policyholders' interests
Government	• The Government collects taxes from the business and sees the business as one of the sources of employment in the Country • Regular interactions through regulatory bodies and sometimes through the Association on Tanzania Insurers (ATI) the Company engages with the Government Ministries or officials

27. STAKEHOLDERS' NEEDS AND INTERESTS (CONTINUED)

Stakeholders	Stakeholders needs and expectations
Regulators and policy makers	• Compliance with all legal and regulatory requirements • Being a responsible taxpayer in all jurisdictions where the Company conducts business • Active participation and contribution to the industry and regulatory working groups
Society	Without people, businesses cannot exist. Customers buy the products that maintain or increase their welfare and with their spending and loyalty, they deserve to see that Companies drive social and environmental changes. The Company acts responsibly to support the society.
Media	Interactions via press releases, face to face, local Television, radio, magazines, and blogs to enhance brand visibility and promote the Company's products

28. RISK MANAGEMENT

The Company has Risk Management unit which reports to the Board on a quarterly basis. The Board is updated timely on major risk exposures for timely mitigative initiatives to be implemented. The Company continues to train and sensitise all employees on both their individual and collective responsibilities pertaining to risk Management within the operations of the Company. Moreso, the Company's Quality Management system is certified under ISO 9001:2015 which places greater emphasis on Risk Management.

TAN-RE's detailed risk categorisation is set out in the Company's Risk Register. An update on the developments of the top risks are presented to the Board through its Audit and Risk Committee (BARC) meetings every quarter. The Company has a Board approved Risk Management Framework which categorises Enterprise Risk into seven categories set out below.

i. Strategic Risk

The Board is vigilant on monitoring the Risks that shape the strategic direction of TAN-RE such as alignment of the business and organisation goals to strategic objectives, geographic expansion and new products.

ii. Market Risk

The Company is watchful on the consequences of changes in the asset values, investment market value changes on liabilities, and consequences of not matching asset and liability cashflows.

iii. Credit Risk

The Board is constantly watchful on the risk of failure of the third parties to repay amounts owing to the Company such as

- Counterparty Risk -Failure of a counterparty/ downgrade of a counterparty,
- Default on reinsurance premiums and
- Asset default (an issuer of a corporate bonds defaults on the interest or capital payments)

28. RISK MANAGEMENT (CONTINUED)

iv. Reinsurance 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 retrocessionaires 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 retrocessionaires 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.

v. Liquidity Risk

The Board understands the importance of liquidity management to the operations of the Company since the Company has a commitment to settle obligations within the shortest time possible. The Board is vigilant on the risk of not having sufficient funds available to enable the Company to meet its obligations as they fall due, or making the Company to secure resources at an excessive cost.

vi. Operational Risk

TAN-RE is cautious on the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In addition, the failure to mitigate against external risks including the risk of offering uncompetitive products or not being innovative.

vii. Legal and Regulatory Risk

TAN-RE operates in a highly regualted environment and has a responsibility to comply to various legal and regulatory requirements. The Company has compliance unit which reports to the Board on a quarterly basis. The Company is observant on changes in legislation and regulation leading to higher capital requirements including litigation risk from third parties.

29. TECHNOLOGY AND INNOVATION

One of the key drivers of change in the financial sector is technological innovation. The insurance sector is no exception to such developments, with possibilities of new methods of service provision as well as greater opportunities for data collection and fraud detection that can lead to better risk identification and mitigation measures. The Tanzania Insurance market has witnessed deliberate moves to seize use of innovative technological solutions which has influenced their business models and methods of sourcing for additional income.

The market has embarked on use of mobile apps and has partnered with mobile service providers to increase penetration of insurance through products in motor and life and personal accident business including bancassurance. The Company has been very supportive in building capacity to the local insurance companies to accept such emerging risks which positively impacts the top line of TAN-RE.

Internally, the Company has earmarked introduction of a customer portal for information and statistical sharing for the benefit of its clients as it pursues fulfilment of some of its key functions as a reinsurer. TAN-RE's preparedness in use of technology assured the Company of smooth and uninterrupted operations during the peak of the Covid-19 pandemic which led to working from home for several months.

The Company is prepared to manage risks emanating from embracing technology such as cyber risks and fraud in which the Company has a policy in place to protect itself and its people.

30. STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1st January, 2021.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.

31. INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their re-appointment as the Company's auditors for the subsequent year will be put to the next Annual General Meeting for approval.

Company's External Auditor:
PricewaterhouseCoopers
Certified Public Accountants (Tanzania)
369 Toure Drive, Oysterbay
P.O. Box 45
Dar es Salaam
Telephone: +255 (22) 2192000, Fax: +255 (22) 2192200, Email: info@pwc.co.tz,
Website: www.pwc.com/tz; TIN Number: 100212285; VAT Number: 10-009908-I

WILSON NDESANJO
Chairman of the Board of Directors
Date: 20 April 2022.

STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of the those charged with Governance to prepare financial statements of the entity which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements

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 situation 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. The directors are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

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 the financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Furthermore, the 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.

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

WILSON NDESANJO
Chairman of the Board of Directors
Date: 20 April 2022

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it 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 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 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 as under Statement of Directors' Responsibilities on an earlier page.

I **Ernest Koroso,** being the Head of Finance of **Tanzania Reinsurance Company Limited (TAN-RE)** hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2021 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 T**anzania Reinsurance Company Limited (TAN-RE)** as on that date and that they have been prepared based on properly maintained financial records.

Ernest Koroso
Chief Finance and Administration Officer
NBAA Membership No: **ACPA 3764**
Date: 20/04/2022

I have conducted an actuarial valuation for the purpose of calculating suitable actuarial estimates as at 31 December 2021 for the Unearned Premium Reserves (UPR), Outstanding Claims Reserves (OCR), and the Premium Deficiency Reserve (PDR) of **Tanzania Reinsurance Company Limited (TAN-RE).**

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Tanzania Insurance Act and Insurance Regulations. These principles require prudent provision for future outgo under policies, generally based upon the assumptions that current conditions will continue. In completing the actuarial valuation, I have relied upon the valuation data as provided by the Company.

In my opinion, the actuarial estimates of the reserves of the Company as at 31 December 2021 are adequate and may be provided accordingly.

Darshan Ruparelia
Fellow of the Institute of Actuaries, U.K.
Consulting and Principal Actuary
Actuarial and Risk Consulting (T) Limited
P.O. Box 38568, Dar es Salaam, Tanzania.

Actuarial and Risk Consulting (T) Ltd
P. O. Box 38568
Dar es Salaam

Date: 21/4/ 2022

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tanzania Reinsurance Company Limited (TAN-RE) (the Company) as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The financial statements of Tanzania Reinsurance Company Limited (TAN-RE) as set out on pages 22 to 80 comprise:

- statement of financial position as at 31 December 2021;
- statement of profit or loss and other comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence
We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters
Key audit matters are those matters that, in our professional judgement, 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 Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the audit of the financial statements

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Claims reserving Insurance contract liabilities include a reserve forreported claims and incurred but not reported ("IBNR") claims. The reserve is estimated based on the best information available at the end of a reporting period including advice received from an independent actuary. **We focused on this area because;** • The estimation of the provisions involves ignificant judgement given the inherent uncertainty in estimatin expected future outflows in relation to claims incurred. • The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience. Information on claims is provided on Notes 3 (l), 4 (d), 6 (e) and 32 (b).	• We tested the reconciliations prepared by management between the claims register and the general ledger; • We obtained the detailed claims register and tested the reserve for recorded claims on sample basis, agreeing them to relevant supporting documentation, including reports of assessors and loss adjustors; • We challenged management on the reasonableness of the assumptions used to reserve for reported and incurred but not reported claims; • We evaluated the reserve methodology used by management's expert (external actuary) to estimat the insurance contract liabilities; • We performed audit procedures regarding the movement of reserves in 2021 for claims recorded as at 31 December 2020 (whether paid or outstanding at 31 December 2021), obtaining understanding for significant movements and evaluating whether the results are indicative of inappropriate assumptions and reserving methodology

Other information

The directors are responsible for the other information. The other information comprises Company information, The Report by those charged with governance, Statement of responsibility by those charged with governance, Declaration of the head of finance, Report of the consulting actuary and Revenue accounts (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Chairman's Statement and CEO's Statement, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read Chairman's Statement and CEO's Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 those charged with governance 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, action taken to eliminate threats or safeguards applied.

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.

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, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Cletus Kiyuga, CPA (T)

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date 21st April 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 TZS	2020 TZS
Gross Written Premiums	8	165,590,360,660	140,638,730,552
Premiums ceded to retrocessionaires	8	(93,578,886,022)	(70,750,691,088)
Net Written Premiums		**72,011,474,638**	**69,888,039,464**
Change in Gross provision for Unearned Premium	32	(13,700,515,802)	(12,117,318,617)
Change in Retrocessionaires' share of Unearned Premium	32	16,331,127,583	10,988,241,673
Net Earned Premiums		**74,642,086,419**	**68,758,962,520**
Acquisition Costs recoverable from Retrocessionaires	9	18,009,378,914	13,122,209,275
Investment income	10	2,796,199,021	2,240,823,539
Fair value gain	11	820,160,851	803,701,406
Other operating revenue	12	380,646,294	750,826,086
Other income		**22,006,385,080**	**16,917,560,306**
Total revenue		**96,648,471,499**	**85,676,522,826**
Gross benefits and claims Incurred	13	(46,548,563,356)	(37,809,598,034)
Retrocession share benefits and Claims incurred	13	9,740,155,919	6,557,528,125)
Gross change in Insurance Liabilities	13	1,542,839,071	(2,262,712,375)
Retrocession share of change in Insurance Liabilities	13	(4,257,240,765)	(390,168,747)
Net benefits and claims		**(39,522,809,131**	**(33,904,951,031**
Operating and administration expenses	14	(13,292,359,543)	(12,459,049,490)
Provision for impairment - reinsurance receivables	22	(871,243,659)	(1,115,914,088)
Depreciation and Amortization	17 & 19	(398,440,299)	(452,880,079)
Acquisition Costs	15	(29,779,791,488)	(25,720,937,975)
Total other expenses		**(44,341,834,989)**	**(39,748,781,632)**
Total claims and other expenses		**(83,864,644,120)**	**(73,653,732,663)**
Share of net profit of associates accounted for using the equity method	33	239,705,999	190,418,423
Profit before tax		**13,023,533,378**	**12,213,208,586**
Income tax expense	16	(3,421,488,173)	(4,395,682,164)
Profit for the year		**9,602,045,205**	**7,817,526,422**
Other comprehensive income, net of taxes		-	-
Total comprehensive income for the year		**9,602,045,205**	**7,817,526,422**

STATEMENT OF FINANCIAL POSITION

	Notes	Dec, 2021	Dec, 2020	Restated January 1, 2020
Assets		TZS	TZS	
Property and equipment	17	736,114,895	858,868,638	1,002,841,080
Intangible assets	19	74,446,490	88,381,543	141,364,644
Investment Property	18	25,014,999,999	25,014,999,999	25,048,632,199
Deferred tax asset	16	2,438,800,946	2,162,213,385	1,893,839,735
Other receivables	23	6,045,149,307	7,820,473,678	3,403,347,640
Investment in Government securities	21	6,776,204,941	5,794,537,862	5,129,882,552
Financial assets - through profit or loss	20	8,798,277,439	7,943,573,117	7,038,112,163
Investments accounted for using the equity method	33	4,760,507,040	4,520,801,040	4,330,382,597
Receivables arising out of retrocession arrangements	22	1,590,777,512	2,753,382,500	2,534,827,263
Receivables arising out of reinsurance arrangements	22	54,283,614,196	54,999,771,986	51,254,092,210
Deferred acquisition costs	15	16,326,892,486	13,128,100,571	12,535,802,024
Retrocessionaires share of reinsurance liabilities	32	2,817,441,928	7,074,682,693	7,464,851,440
Retrocessionaires share of unearned premiums	32	54,099,996,741	37,768,869,158	26,780,627,485
Deposits with Financial institutions	26	28,366,660,197	18,837,983,521	11,145,098,582
Cash and cash equivalent	24	4,314,451,898	779,124,680	1,281,666,014
Total Assets		**216,444,336,015**	**189,545,764,371**	**160,985,367,628**
Equity and Liabilities				
Equity				
Issued share capital	27	40,752,993,389	40,752,993,389	39,852,993,389
Retained earnings		13,663,607,769	10,868,163,872	8,194,864,062
Share Premium		348,613,700	348,613,700	348,613,700
Contingency reserve	31	32,917,164,898	28,257,838,791	24,282,938,732
Total equity		**87,682,379,756**	**80,227,609,752**	**72,679,409,883**
Liabilities				
Insurance contract liabilities on unearned premiums	32	81,884,659,729	68,184,143,927	56,066,825,311
Insurance contract liabilities on outstanding claims	32	15,796,886,985	17,339,726,056	15,077,013,682
Amount payable to reinsurance companies	28	1,921,276,472	5,798,265,190	2,406,429,650
Payables arising from retrocession arrangements	28	3,368,873,721	4,751,199,019	4,263,823,772
Other payables	29	5,317,716,381	2,136,663,390	3,654,251,276
Tax payable	16	6,988,431,707	4,169,453,009	760,459,133
Deferred acquisition income	15	13,484,111,264	6,938,704,028	6,077,154,921
Total liabilities		**128,761,956,259**	**109,318,154,619**	**88,305,957,745**
Total equity and liabilities		**216,444,336,015**	**189,545,764,371**	**160,985,367,628**

These financials statements were approved by the Board of Directors and authorised for issue on 20 April 2022 and were signed on their behalf by:

Name: Wilson Ndesanjo Title: Chairman of the Board Signature……………………

Name: Khamis Suleiman Title: Chairman Audit & Risk committee Signature……………………

Name: Rajab Kakusa Title: Chief Executive officer Signature……………………

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Retained Earnings	Contingency reserve	Share premium	Total
		TZS	TZS	TZS	TZS	TZS
As previously stated, - At 31 December 2020	27	40,752,993,389	10,649,243,437	28,257,838,791	348,613,700	80,008,689,317
Prior year adjustment (Refer to note 34)		-	218,920,435	-	-	218,920,435
As restated 1 January 2021		40,752,993,389	10,868,163,872	28,257,838,791	348,613,700	80,227,609,752
Comprehensive income						
Profit for the year		-	9,602,045,205	-	-	9,602,045,205
Dividend paid		-	(2,147,275,201)	-	-	(2,147,275,201)
Contingency reserve		-	(4,659,326,107)	4,659,326,107	-	-
At 31 December 2021		**40,752,993,389**	**13,663,607,769**	**32,917,164,898**	**348,613,700**	**87,682,379,756**
As previously stated - At 31 December 2019		39,852,993,389	8,636,512,974	24,282,938,732	348,613,700	73,121,058,795
Prior year adjustment (Refer to note 34)		-	(441,648,912)	-	-	(441,648,912)
As restated 1 January 2020		39,852,993,389	8,194,864,062	24,282,938,732	348,613,700	72,679,409,883
Transactions with owners						
Dividend paid		-	(269,326,839)	-	-	(269,326,839)
Shares in lieu of dividend		900,000,000	(900,000,000)	-	-	-
Comprehensive income						
Profit for the year		-	7,817,526,708	-	-	7,817,526,708
Contingency reserve			(3,974,900,059)	3,974,900,059	-	-
At 31 December 2020		**40,752,993,389**	**10,868,163,872**	**28,257,838,791**	**348,613,700**	**80,227,609,752**

	Notes	2021 TZS	Restated 2020 TZS
Operating activities			
Cash generated from operations	25	**14,717,739,692**	**7,050,639,362**
Tax paid	16	(800,000,000)	(800,000,000)
Tax paid - previous years		-	(284,418,711)
Withholding tax deducted at source		(79,097,036)	(170,643,227)
Cash generated from operating activities		**13,838,642,656**	**5,795,577,424**
Investing activities			
Purchase of Government securities		(2,141,154,092)	(664,655,310)
Purchase of deposits with financial institutions (maturing over three months)		(5,832,181,931)	(5,727,292,704)
Purchase of property and equipment	17	(212,502,666)	(162,252,837)
Purchase of intangible assets	19	(49,248,837)	(93,671,699)
Proceeds from sale of property and equipment		-	19,300,000
Investment income	10	2,796,199,021	2,240,823,539
Net cash flows used in investing activities		**(5,438,888,505)**	**(4,387,749,011)**
Financing activities			
Proceeds from issue of shares	27	-	900,000,000
Dividend paid		(2,147,275,201)	(1,169,326,839)
Net cash flows used in financing activities		**(2,147,275,201)**	**(269,326,839)**
Net increase in cash and cash equivalents		6,252,478,950	1,138,501,574
Cash and cash equivalents at the beginning of the year		4,487,917,587	3,349,416,013
Effect of exchange rate change on cash and cash equivalents		(180,143,979)	-
Cash and cash equivalents at the end of the year	24	**10,560,252,558**	**4,487,917,587**

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 2021 were approved and authorised for issue in accordance with a board resolution as indicated on the statement of financial position.

2. BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis except for the 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 settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Revenue recognition (continued)

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 incepts. 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
Investment income is made up of interest on fixed deposits, interest from government securities, dividend income and rent income. Interest income is recognised in the statement of profit or loss 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. Dividends are received from financial assets measured at fair value through profit or loss (FVPL). Dividends are recognised as investment income in profit or loss when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend. Rent income from nvestment property leased out under operating leases is accounted for on a straight-line basis over the lease terms.

b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets (continued)

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 profit or loss. 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. After 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 the statement of profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on after three-year revaluation performed by an accredited external independent valuer.

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 use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

e) 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 lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rent income arising is accounted for on a straight-line basis over the lease terms and is included in investment income in the statement of profit or loss.

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.

f) Financial instruments

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 and 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

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, reinsurance 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:

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities.

Financial liabilities at FVTPL
The Company does not have financial liabilities classified as at FVTPL.

Other financial liabilities
Other financial liabilities which include creditors arising out of reinsurance arrangements and direct insurance arrangements, borrowings and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

De-recognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The condition is met when the liability is settled by paying the creditors, or when the Company is released from primary responsibility for the financial liability either by process of law or by creditor.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (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 equivalents	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.

- 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.

Loans and 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

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.

Subsequent measurement

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

Subsequent measurement (continued)

Fair value of financial instruments (continued)

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.

g) 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.

h) 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.

i) 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 cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Taxes

Current income tax

Current 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 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.

Deferred tax

Deferred 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.

- when the differed 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, effects neither the accounting profit nor taxable profit or losses.

  Deferred 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 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.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred 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 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 tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred 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 taxes relate to the same taxable entity and the same taxation authority

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Foreign currency translation

Transactions and balances
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.

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.

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

l) 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
All Insurance liabilities are recognised initially at fair value plus directly attributable transaction cost.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Pensions and other post-employment benefits

The Company's employees are members of the state-owned pension scheme, the National Social Security Fund (NSSF). 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 profit or loss in the year to which they fall due. The Company does not have post-employment benefit plan.

n) 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 discounting 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.

o) 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.

p) 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 to shareholders that are classified as equity. The cost of issue is recognised in equity.

q) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) 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.

s) 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.

t) Retrocession claims

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

u) 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.

v) Investment in associate

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

4. 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 Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The nature and the effect of these changes are disclosed below.

(i) New standards and amendments to published standards effective for the first time for December 2021 year-end

International Financial Reporting Standards and amendments effective for the first time for *December* 2021 year-end		
Number	**Effective date**	**Executive summary**
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) New standards, interpretations and amendments issued but not yet effective

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Standard	**Effective date**	**Executive summary**
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17. (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Therefore, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) New standards, interpretations and amendments issued but not yet effective (Continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Standard	**Effective date**	**Executive summary**
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway. Under the premium allocation approach the measurement of insurance contracts will follow the following IFRS 17 principles; - The liability for remaining coverage as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. - For group of contracts that are assessed as onerous at initial recognition(loss making groups), an onerous loss will be recognised in profit or loss with the corresponding increase in the liability of remaining coverage. - The liability for incurred claims will be measured at the amount of the fulfilment cash flows relating to incurred claims, in accordance with the fulfilment cash flow requirements of the general measurement model. The Company has charted a roadmap for implementation of IFRS 17 within the stipulated deadlines.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) New standards, interpretations and amendments issued but not yet effective (Continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Standard	**Effective date**	**Executive summary**
Amendment to IFRS 3, ‘Business combinations’ Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’, or IFRIC 21, ‘Levies’, rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The Company is currently assessing the impact of the amendments to determine the impact.
Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of ‘costs to fulfil a contract’. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 - 2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: IFRS 1, ‘First time adoption of IFRS’ has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent’s transition to IFRS.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) New standards, interpretations and amendments issued but not yet effective (Continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Standard	**Effective date**	**Executive summary**
		IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. The amendment does not expect to have impact on its financial statements.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The Company does not expect the amendment will have significant impact to the financial statements.
Definition of Accounting Estimates - Amendments to IAS 8	The amendments are effective for annual reporting periods beginning on or after 1 January 2023	In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.	In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) New standards, interpretations and amendments issued but not yet effective (Continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Standard	**Effective date**	**Executive summary**
		of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments apply for annual reporting periods beginning on or after 1 January 2023	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. Under the amendments, the Company will recognise a separate deferred tax asset and a deferred tax liability The amendments are not expected to have a material impact on the Company.

5. 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, which have the most significant effect on the amounts recognised in the financial statements. There is no judgement that needs to be disclosed 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 properties

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 engages an independent valuation specialist to assess fair value of the investment properties after every two years. The last valuation was performed in the year 2020, to assess the value as at 31 December 2020. The valuation methodology based on market value based on the aggregate values of site/land component and the unexhausted improvements on the land and included the market value based on the property’s rental income.

b) Current and deferred tax assets/liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the Tanzania Revenue Authority. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in Tanzania.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

c) 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.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(d) 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.

(e) 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 incepted in a given month will be spread.

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.

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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet requirements of its shareholders.
- o 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 to support its business objectives and maximise shareholders value

The operations of the Company are also subject to regulatory requirements of Tanzania Insurance Regulatory Authority (TIRA). Throughout the financial year, the Company met the requirements from TIRA.

In reporting financial strength, capital and solvency is measured using the rules prescribed by 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.

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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(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.

(e) 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 under-writing 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. Nonproportional 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 retrocessionaires 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 retrocessionaires 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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance Risk (Continued)

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

Class of insurance	2021 - Amounts in TZS					2020 - Amounts in TZS				
	Outstanding Claims	Claims Incurred But Not Reported (IBNR)	Gross Outstanding Claims	Retrocessionaires' share of Gross Outstanding Claims	Net Outstanding Claims	Outstanding Claims	Claims Incurred But Not Reported (IBNR)	Gross Outstanding Claims	Retrocessionaires' share of Gross Outstanding Claims	Net Outstanding Claims
Fire	4,845,071,057	1,771,230,535	6,616,301,592	933,345,736	5,682,955,856	5,745,565,321	2,705,755,305	8,451,320,626	4,172,005,194	4,279,315,432
Engineering	1,739,947,580	137,339,452	1,877,287,032	844,879,281	1,032,407,751	290,531,823	194,446,368	484,978,191	209,285,486	275,692,705
Accident	1,705,394,713	835,645,982	2,541,040,695	412,979,403	2,128,061,292	523,334,936	1,876,753,874	2,400,088,809	1,253,755,562	1,146,333,247
Motor	1,822,919,591	674,645,496	2,497,565,087	-	2,497,565,087	1,575,554,498	1,127,342,501	2,702,896,999	9,623,687	2,693,273,312
Marine	493,311,309	130,963,242	624,274,551	173,203,477	451,071,074	1,225,858,948	330,391,267	1,556,250,216	383,939,883	1,172,310,333
Aviation	69,005,616	62,375,313	131,380,929	36,435,293	94,945,636	278,862,816	556,433,713	835,296,529	621,132,219	214,164,310
Life	393,687,483	443,985,032	837,672,515	157,474,993	680,197,522	43,571,111	122,130,929	165,702,040	66,208,550	99,493,490
Medical	-	244,492,845	244,492,845	-	244,492,845	-	161,700,716	161,700,716	-	161,700,716
Energy	348,600,000	69,720,000	418,320,000	259,123,745	159,196,255	348,600,000	195,332,784	543,932,784	357,797,204	186,135,580
Agriculture	-	6,638,449	6,638,449	-	6,638,449	-	5,297,345	5,297,345	-	5,297,345
Political Violence and Terrorism (PVT)	-	1,913,290	1,913,290	-	1,913,290	-	32,261,801	32,261,801	934,908	31,326,893
	11,417,937,349	**4,378,949,636**	**15,796,886,985**	**2,817,441,928**	**12,979,445,057**	**10,031,879,453**	**7,307,846,603**	**17,339,726,056**	**7,074,682,693**	**10,265,043,363**

Significant amount of risks are geographically situated in within the United Republic of Tanzania.

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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance Risk (Continued)

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

Class of insurance	2021 - Amounts in TZS					2020 - Amounts in TZS				
	Gross Unearned Premium	Reinsurance	Gross Deferred Acquisition Costs	Deferred Acquisition Costs (Reinsurers)	Net	Gross	Reinsurance	Gross Deferred Acquisition Costs	Deferred Acquisition Costs (Reinsurers)	Net
Fire	18,789,644,200	(18,480,756,329)	(5,506,978,681)	5,402,053,590	203,962,780	23,451,735,991	(14,971,342,951)	(4,991,783,363)	2,781,196,200	6,269,805,877
Engineerin •	2,736,609,364	(738,080,755)	(391,024,162)	140,695,108	1,748,199,555	1,679,279,649	54,672,599	(284,378,203)	(176,279,501)	1,273,294,544
Accident	13,017,607,655	(9,523,994,041)	(2,182,853,491)	2,007,047,105	3,317,807,228	13,340,403,630	(11,191,793,792)	(2,507,668,081)	2,344,696,854	1,985,638,611
Motor	13,590,115,783	(61,252,964)	(2,068,038,318)	959,092	11,461,783,593	11,728,527,273	(55,467,319)	(1,729,868,253)	685,044	9,943,876,745
Marine	4,604,542,382	(2,770,044,010)	(1,011,664,844)	711,942,963	1,534,776,491	3,048,800,480	(1,168,295,952)	(755,234,347)	261,415,753	1,386,686,933
Aviation	17,298,288,529	(16,389,259,051)	(1,780,182,359)	3,332,888,309	2,461,735,428	6,110,181,457	(5,828,960,842)	(608,542,073)	466,270,242	138,948,784
Life	7,526,720,780	(3,928,130,201)	(2,419,979,467)	1,520,300,889	2,698,912,001	5,486,019,819	(2,891,734,594)	(1,696,531,444)	1,078,158,886	1,975,912,667
Medical	2,065,537,303	-	(610,429,283)	-	1,455,108,020	1,573,046,074	-	(398,171,430)	-	1,174,874,644
Energy	1,880,294,715	(1,880,294,715)	(282,415,384)	296,788,067	14,372,683	1,419,011,767	(1,383,589,530)	(116,612,969)	149,199,093	68,008,361
Agriculture	20,583,528	(8,334,369)	(5,834,144)	3,494,552	9,909,567	49,482,511	-	(13,982,843)	-	35,499,668
Political Violence and Terrorism (PVT)	354,715,490	(319,850,306)	(67,492,354)	67,941,589	35,314,419	297,655,276	(332,356,777)	(25,327,565)	33,361,457	(26,667,609)
	81,884,659,729	**(54,099,996,741)**	**(16,326,892,487)**	**13,484,111,264**	**24,941,881,765**	**68,184,143,927**	**(37,768,869,158)**	**(13,128,100,571)**	**6,938,704,028**	**24,225,879,225**

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past clai 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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) 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

2021	Change in assumptions TZS	Impact on gross liabilities TZS	Impact on profit before tax TZS	Impact on equity TZS
Average claim cost	5%	2,683,392,951	666,069,329	4,442,004,427

2020	Change in assumptions TZS	Impact on gross liabilities TZS	Impact on profit before tax TZS	Impact on equity TZS
Average claim cost	5%	4,072,999,294	315,437,155	3,757,562,138

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(e) Insurance Risk (Continued)

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.

Net estimate of ultimate claim costs - 2021	Underwriting year					
	2017 TZS	2018 TZS	2019 TZS	2020 TZS	2021 TZS	Total TZS
- At end of claim year	312,187,870	224,183,624	2,093,794,085	4,797,595,733	3,819,848,269	11,247,609,581
- one year later	400,047,299	621,116,519	1,926,920,898	3,308,370,892		6,256,455,608
- two years later	199,312,254	1,255,936,585	2,094,214,188			3,549,463,027
- three years later	182,684,848	1,785,027,298				1,967,712,146
- four years later	444,954,213					444,954,213
Current estimates of cumulative claims	444,954,213	1,785,027,298	2,094,214,188	3,308,370,892	3,819,848,269	11,452,414,860
Cumulative payments	(11,181,893)	(281,756,871)	(624,696,210)	(810,801,050)	(1,123,483,415)	(2,851,919,439)
Liability	**433,772,320**	**1,503,270,427**	**1,469,517,978**	**2,497,569,842**	**2,696,364,854**	**8,600,495,421**
Incurred But Not Reported (IBNR)						4,378,949,636
Total gross claims liability included in the statement of financial position						**12,979,445,057**

6. RISK MANAGEMENT FRAMEWORK *(CONTINUED)*

(e) Insurance Risk (Continued)

Claims development

Net estimate of ultimate claim costs - 2020	Underwriting year					
	2016 TZS	2017 TZS	2018 TZS	2019 TZS	2020 TZS	Total TZS
- At end of claim year	8,843,156	312,187,870	224,183,624	2,093,794,085	4,797,596,188	7,436,604,923
- one year later	21,199,191	400,047,299	621,116,519	1,926,920,898		2,969,283,907
- two years later	9,012,877	199,312,254	1,255,936,585			1,464,261,716
- three years later	9,833,201	182,684,848				192,518,049
- four years later	16,319,345					16,319,345
Current estimates of cumulative claims	16,319,345	182,684,848	1,255,936,585	1,926,920,898	4,797,596,188	8,179,457,864
Cumulative payments	(8,615,290)	(11,181,893)	(281,756,871)	(624,696,210)	(810,801,050)	(1,737,051,314)
Liability	7,704,055	171,502,955	974,179,714	1,302,224,688	3,986,795,138	6,442,406,550
Incurred But Not Reported (IBNR)						3,822,636,813
Total gross claims liability included in the statement of financial position						**10,265,043,363**

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

f) 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 riskfor 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 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.

- 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 credit worthiness of retrocessionaires and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- 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 100 billion as at 31 December 2021 as depicted below:

	2021 TZS	2020 TZS
Government securities	6,776,204,941	5,794,537,862
Receivables arising out of retrocession arrangements	1,590,777,512	2,753,382,500
Receivables arising out of reinsurance arrangements	54,283,614,196	54,999,771,986
Deposits with Financial institutions	28,366,660,197	18,837,983,521
Other receivables (excluding withholding taxes, prepayments and VAT receivable)	4,693,231,551	3,322,331,230
Cash and bank balances	4,314,451,898	779,124,680
	100,024,940,295	**86,487,131,779**

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

f) Credit risk (Continued)

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

2021	Fully performing TZS	Past due but not impaired	Past due and impaired TZS	Total TZS
Government securities	6,776,204,941		-	6,776,204,941
Receivables arising out of retrocession arrangements	1,320,408,941	205,361,205	65,007,366	1,590,777,512
Receivables arising out of reinsurance arrangements	45,057,570,274	7,007,735,743	2,218,308,179	54,283,614,196
Other receivables (*)	4,693,231,551		-	4,693,231,551
Deposits with Financial institutions (**)	28,366,660,197		-	28,366,660,197
Cash and cash equivalent	4,314,451,898		-	4,314,451,898
	90,528,527,802	**7,213,096,948**	**2,283,315,545**	**100,024,940,295**

2020	Fully performing TZS		Past due TZS	Total TZS
Government securities	5,794,537,862		-	5,794,537,862
Receivables arising out of retrocession arrangements	2,353,398,803	303,811,696	96,172,001	2,753,382,500
Receivables arising out of reinsurance arrangements	47,009,958,671	6,068,744,179	1,921,069,136	54,999,771,986
Other receivables (*)	3,322,331,230		-	3,322,331,230
Deposits with Financial institutions (**)	18,837,983,521		-	18,837,983,521
Cash and cash equivalent	779,124,680		-	779,124,680
	78,097,334,767	**6,372,555,875**	**2,017,241,137**	**86,487,131,779**

(*) Other receivables exclude withholding taxes, prepayments and VAT receivable.

(**) 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

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

f) Credit risk (Continued)

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

Year	Total TZS	0 - 3 months TZS	3 - 6 months TZS	6 - 12 months TZS	> 12 months TZS
2021	**55,874,391,708**	24,466,640,711	8,724,677,150	5,998,339,265	16,684,734,582
2020	**57,753,154,485**	30,394,999,671	10,613,547,909	7,392,363,741	9,352,243,164

g) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with finan- cial
instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differenc- es 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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

g) Liquidity risk (Continued)

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

2021	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year
	TZS	TZS	TZS	TZS
Insurance contract liabilities on unearned premiums	81,884,659,729	81,884,659,729	81,884,659,729	-
Insurance contract liabilities on outstanding claims	15,796,886,985	15,796,886,985	15,796,886,985	-
Amount payable to reinsurance companies	1,921,276,472	1,921,276,472	1,921,276,472	-
Other payables (*)	3,821,216,462	3,821,216,462	3,821,216,462	-
	103,424,039,648	**103,424,039,648**	**103,424,039,648**	**-**

2020	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year
	TZS	TZS	TZS	TZS
Insurance contract liabilities on unearned premiums	68,184,143,928	68,184,143,928	68,184,143,928	-
Insurance contract liabilities on outstanding claims	17,339,725,601	17,339,725,601	17,339,725,601	-
Amount payable to reinsurance companies	5,798,265,191	5,798,265,191	5,798,265,191	-
Payables arising from retrocession arrangements	4,751,198,019	4,751,198,019	4,751,198,019	-
Other payables (*)	1,498,836,361	1,498,836,361	1,498,836,361	-
	97,572,169,100	**97,572,169,100**	**97,572,169,100**	**-**

(*) Other payables exclude VAT payable and Premium Levy payable.

h) 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). The Company's market risk policy sets 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.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(i) 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 the 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 2021 the Company reported a net foreign exchange loss of TZS 180.14 million (2020: a net foreign exchange gain of TZS 51.42 million). A change of +/ (-) 5% in the exchange rate at the end of year 2021, could have resulted to a change of +/ (-) TZS 10 million (2020: 2 million) on profit before tax for the year. The effect for the year on profit after tax and equity would be +/ (-) TZS 7 million (2020: TZS 1 million). The assumed movement in basis points for the currency risk sensitivity analysis is based on the currently observable market environment.

(j) 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.

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 2021 the Company reported investment income of TZS 2.8 billion (2020: TZS 2.2 billion). A change of +/ (-) 5% in the interest rate at the end of year 2021, could have resulted to a change of +/ (-) TZS 139 million (2020: TZS 167 million) on profit before tax for the year. The effect for the year on profit after tax would be +/ (-) TZS 117 million (2020: TZS 70 million). The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(k) 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 fair value through profit or loss. 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 10% (2020: 7%) 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 337 million (2020: TZS 117 million). 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

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(l) 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 might not be able 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.

(m) Capital management

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

- Safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- Provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk; and
- Maintain a strong capital base to support the development of its business.

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.

	2021 TZS	2020 TZS
Share capital		
Subscribed and paid-up capital	40,752,993,389	40,752,993,389
Minimum required paid up capital (regulation 18 (3) (a) (*)	9,068,800,000	8,760,000,000
Share premium		
At 1 January	348,613,700	348,613,700
At 31 December	**348,613,700**	**348,613,700**

The paid-up capital held by the Company exceeds the statutory requirements.

(*) The Company has referred to communication from the Tanzania Insurance Regulatory Authority (TIRA) on the required minimum amount of paid-up share capital for reinsurers by the respective year-ends.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

(n) Margin of solvency

The following table gives a quantitative analysis of the solvency margin as at 31 December

	TZS
At 31 December 2021	
Total admitted assets	86,636,544,336
Less: Total liabilities	(58,360,406,325)
	28,276,138,011
Minimum requirement (refer to the note below)	21,647,165,636
Solvency margin surplus	**6,628,972,375**
At 31 December 2020	
Total admitted assets	79,934,083,550
Less: Total liabilities	(51,346,502,197)
	28,587,581,353
Minimum requirement (refer to the note below)	21,375,984,091
Solvency margin surplus	**7,211,597,262**

Note
The minimum requirement has been determined from:

	2021 TZS	2020 TZS
The greater of:		
Sum of		
a) thirty three percent of general insurance net premiums written	20,726,895,638	20,642,475,861
b) ten percent of long-term business liabilities	920,269,998	733,508,230
Total	**21,647,165,636**	**21,375,984,091**
or		
Minimum required paid up capital	9,068,800,000	8,760,000,000

7. CONTINGENCIES AND COMMITMENTS

Pending tax cases

As of 31 December 2021, the Company had an appeal case pending with the Tax Revenue Appeal Board relating to an assessment of TZS 16.2 billion in respect of Value Added Tax (VAT) for the years 2015 – 2019. The Company had placed a deposit of TZS 1.7 billion to file the objection on the matter. The Tanzania Revenue Authority (TRA) agreed to this objection, however, the Company has not received the response regarding this matter as at the date of this report.

Operating lease commitments – Company as lessee

The Company has entered commercial leases for office space and residential houses. These leases have remaining term of three months to four years with a renewal option. All the operating leases are cancellable with one month to three-month notice period. However, the office premises of the Company at Dar es Salaam, the minimum period after which you can give cancellation notice is after the expiry of two years. Hence as at the end of December 2021, the lease had completed one year.

Future minimum lease payments under operating leases as at 31 December are as follows:

	2021	2020
Within one year	265,036,120	307,910,149
	265,036,120	**307,910,149**

Operating lease commitments – Company as lessor

The Company has entered commercial property leases on its investment property. The Company has determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Future minimum lease outstanding payments under operating leases as at 31 December 2021 are as follows:

	2021	2020
Within one year	544,536,548	697,627,397
	544,536,548	**697,627,397**

Capital commitments

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

8. GROSS WRITTEN PREMIUMS

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

	2021 TZS	2020 TZS
Fire	41,678,288,000	46,119,485,005
Engineering	9,306,788,768	7,795,583,030
Accident	31,650,347,629	30,993,205,672
Motor	25,266,220,749	22,546,850,026
Marine	8,843,720,638	6,607,825,337
Aviation	29,255,668,950	11,128,674,267
Medical	4,170,090,267	3,234,014,324
Life	15,419,235,659	12,213,092,891
Total Gross Premium	**165,590,360,660**	**140,638,730,552**
Premium ceded to reinsurers	(93,578,886,022)	(70,750,691,088)
Net Written Premiums	**72,011,474,638**	**69,888,039,464**

9. ACQUISITION COSTS RECOVERABLE FROM RETROCESSIONAIRES

	2021 TZS	2020 TZS
Commission income	18,600,784,014	13,168,932,727
Outward charges	5,954,001,422	882,654,489
Brokerage outward	-	(67,828,121)
	24,554,785,436	**13,983,759,095**
Deferred Commission Income	(6,545,406,522)	(861,549,820)
	18,009,378,914	**13,122,209,275**

10. INVESTMENT INCOME

	2021 TZS	2020 TZS
Interest on fixed deposits	1,722,184,573	868,866,662
Dividend received	248,073,438	333,581,363
Rent income	554,084,841	697,627,397
Interest on treasury bills	271,856,169	340,748,117
	2,796,199,021	**2,240,823,539**

11. FAIR VALUE GAIN

	2021 TZS	2020 TZS
Loss on financial assets at fair value through profit or loss (Note 20)	820,160,851	803,701,406
	820,160,851	**803,701,406**

12. OTHER OPERATING REVENUE

	2021 TZS	2020 TZS
Foreign exchange transaction (loss)/gain	(180,143,999)	51,423,272
Miscellaneous income	16,818,127	35,775,965
Management fees	543,972,166	663,626,849
	380,646,294	**750,826,086**

	2021 TZS	2020 TZS
13. NET BENEFITS AND CLAIMS		
a) Gross benefit and claims		
Gross claims paid	46,548,563,356	37,809,598,034
Gross change in Insurance Liabilities	(1,542,839,071)	2,262,712,375
Gross Claims Incurred	**45,005,724,285**	**40,072,310,409**
b) Retrocession share of benefit and claims		
Claims Recoverable from Retrocessionaires	9,740,155,919	6,557,528,125
Change in retrocession share of outstanding claims	(4,257,240,765)	(390,168,747)
Retrocession share of Claims Incurred	**5,482,915,154**	**6,167,359,378**
	39,522,809,586	**33,904,951,031**

	2021 TZS	2020 TZS
14. OPERATING AND ADMINISTRATION EXPENSES		
Audit fees	139,715,388	95,919,000
Advertising and publicity	1,171,833,700	651,291,036
Board expenses	515,253,700	639,595,086
Board seminars	185,301,293	-
City service levy	398,776,808	421,916,192
Communication expenses	158,246,282	145,044,116
Computer training and implementation	203,155,880	312,956,931
Conferences and seminars	153,678,141	21,496,100
Donations	129,279,000	30,682,000
Household services	49,248,700	36,668,284
Library, books, and subscription	58,370,339	63,681,412
Office rent	265,036,120	263,746,453
Rental expenses	365,438,348	307,910,149
Reinsurance levy	2,561,021,677	2,112,753,584
Staff costs (*)	4,805,417,874	5,316,248,310
Financial cost	825,957,171	1,097,113,457
Tax penalties	-	68,479,243
Other specified expenses	1,306,629,122	873,548,137
	13,292,359,543	**12,459,049,490**
(*)Staff costs include:		
Salaries	3,293,838,813	2,810,813,532
Education and furniture allowance	283,932,170	216,498,179
Gratuity	134,929,400	217,018,412
Skills and Development Levy	130,224,293	172,028,360
Workers Compensation Fund	24,250,586	31,113,163
Social security costs	320,799,917	380,224,666
Medical expenses	73,834,966	141,266,144
Staff welfare	81,205,478	79,722,349
Training	190,963,652	229,216,735
Travel and subsistence allowance	271,438,599	408,815,430
Leave passage	-	629,531,340
	4,805,417,874	**5,316,248,310**

15. ACQUISITION COSTS

	2021 TZS	2020 TZS
a) FEES AND COMMISSION EXPENSES		
Commission expense	28,646,304,912	23,787,164,745
Charges inward	1,500,618,486	547,584,523
Brokerage inward	2,831,660,748	1,978,486,970
Movement in acquisition costs	(3,198,792,658)	(592,298,263)
	29,779,791,488	**25,720,937,975**
b) DEFERRED ACQUISITION COSTS		
At 1 January	13,128,100,571	12,535,802,022
Increase	3,198,791,915	592,298,549
At 31 December	**16,326,892,486**	**13,128,100,571**
Retrocession share of Acquisition Cost	(24,554,785,436)	(13,983,759,095)
Retrocession share of Deferred Acquisition Cost	13,484,111,264	6,938,704,028
	(11,070,674,172)	**(7,045,055,067)**
Net Acquisition Costs	**5,256,218,314**	**6,083,045,504**

16. TAXATION

	2021 TZS	2020 TZS
Income tax expense		
Current income tax charge	4,384,171,388	4,111,263,453
Deferred tax (credit) – current year	(465,872,931)	(268,373,650)
Deferred tax charge - previous year	189,285,370	-
Tax related to previous years	(686,095,654)	552,792,361
	3,421,488,173	**4,395,682,164**

	2021 TZS	2020 TZS
Tax reconciliation:		
Profit before taxation	**13,023,533,378**	**12,213,209,328**
Tax applicable rate of 30% (2020:30%)	3,907,060,013	3,663,962,798
Non-deductible expenses	395,094,432	1,771,964,584
Non-deductible income	(392,382,087)	(1,040,245,218)
Tax related to previous year	(686,095,654)	-
Other differences	197,811,469	-
Income tax expense	**3,421,488,173**	**4,395,682,164**

	2021 TZS	2020 TZS
Deferred tax asset		
Opening balance	(2,162,213,385)	(1,893,839,735)
Credit for the year	(465,872,931)	(268,373,650)
Charge related to previous year	189,285,370	-
Closing balance	**(2,438,800,946)**	**(2,162,213,385)**

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:

	2021 TZS	2020 TZS
Accelerated depreciation of property and equipment	221,641,066	257,660,591
Incurred but not reported (IBNR)	(789,844,349)	(513,252,168)
Provision	(1,870,597,663)	(1,906,621,808)
	(2,438,800,946)	**(2,162,213,385)**

	2021 TZS	2020 TZS
Corporate tax payable		
Balance as at 1 January	4,169,453,009	760,459,133
Charge for year	4,384,171,388	4,111,263,453
Payment during the year	(800,000,000)	(1,084,418,711)
Withholding tax deducted at source	(79,097,036)	(170,643,227)
Tax related to previous years	(686,095,654)	552,792,361
	6,988,431,707	**4,169,453,009**

17. PROPERTY AND EQUIPMENT

	Motor Vehicles	Office Equipment	Office Furniture & Fittings	Computers	Total
	TZS	TZS	TZS	TZS	TZS
Cost					
As at 1 January 2020	763,192,302	803,179,748	608,977,815	199,477,480	2,374,827,344
Additions	-	14,388,599	18,120,000	129,744,237	162,252,837
Disposal	(98,886,584)	-	-	-	(98,886,584)
As at 31 December 2020	**664,305,718**	**817,568,347**	**627,097,815**	**329,221,717**	**2,438,193,597**
Additions	-	67,034,014	40,731,800	104,736,852	212,502,666
At 31 December 2021	**664,305,718**	**884,602,361**	**667,829,615**	**433,958,569**	**2,650,696,263**
Depreciation					
At 1 January 2020	456,871,028	315,551,207	443,443,665	156,120,364	1,371,986,264
Charge for the year	62,799,225	118,035,379	53,554,023	71,836,652	306,225,279
Disposal	(98,886,584)	-	-	-	(98,886,584)
As at 31 December 2020	**420,783,669**	**433,586,586**	**496,997,688**	**227,957,016**	**1,579,324,959**
Charge for the year	86,964,072	100,931,771	81,311,144	66,049,422	335,256,409
At 30 December 2021	**507,747,741**	**534,518,357**	**578,308,832**	**294,006,438**	**1,914,581,368**
Carrying value					
At 31 December 2021	**156,557,977**	**350,084,004**	**89,520,783**	**139,952,131**	**736,114,895**
At 31 December 2020	**243,522,049**	**383,981,761**	**130,100,127**	**101,264,701**	**858,868,638**

18. 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.

	2021 TZS	2020 TZS
Opening balance	25,014,999,999	25,048,632,199
Fair value loss	-	(33,632,200)
	25,014,999,999	**25,014,999,999**

Investment properties are carried at fair value and were last revalued in December 2020, by Africa Property Limited, independent valuers, using the replacement cost method of valuation jointly with the comparative method of valuation to determine aggregate Market Value of the property based on the site/land value component and the value of the unexhausted improvements on the land. The resultant change in fair value has been dealt with in profit and loss.

The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

There have been no transfers between level 1 and level 2 during the period.

	Level 1 TZS	Level 2 TZS	Level 3 TZS	Total TZS
At 31 December 2021	-	25,014,999,999	-	**25,014,999,999**
At 31 December 2020	-	25,014,999,999	-	**25,014,999,999**

Valuation technique used to derive level 2 fair values

Level 2 fair value of investment property has been derived using the the replacement cost method of valuation jointly with the comparative method of valuatio. Cost approach is the conversional method of valuation used to derive values of unexhausted improvements on land while the comparative method (Direct Capital Comparison Approach) has been used to determine the market value of land component. Both are adjusted for differences in key attributes such as property size, location, planning and zonal regulations, level and number of services provided etc.

19. INTANGIBLE ASSETS

	2021 TZS	2020 TZS
Cost		
At 1 January	1,003,288,427	909,616,728
Additions	49,248,837	93,671,699
At 31 December	**1,052,537,264**	**1,003,288,427**
Amortisation		
At 1 January	914,906,884	768,252,084
Amortisation for the year	63,183,890	146,654,800
At 31 December	978,090,774	914,906,884
Carrying amount 31 December	**74,446,490**	**88,381,543**

20. FINANCIAL ASSETS - THROUGH PROFIT OR LOSS

At fair value through profit or loss:

	2021 TZS	2020 TZS
CRDB Shares (3,308,805 shares)		
At 1 January	645,216,975	314,336,475
Fair value gain during the year	281,248,425	330,880,500
At 31 December	**926,465,400**	**645,216,975**
TWIGA SHARES (100,000 shares)		
At 1 January	250,000,000	200,000,000
Fair value gain during the year	90,000,000	50,000,000
At 31 December	**340,000,000**	**250,000,000**
Africa - Re Shares (8,000 shares)		
At 1 January	6,272,832,880	5,886,605,040
Fair value gain during the year	267,732,000	386,227,840
At 31 December	**6,540,564,880**	**6,272,832,880**
Uganda - Re Shares (545 shares)		
At 1 January	775,523,262	637,170,648
Additions (bonus share)	34,543,469	30,774,733
Fair value gain during the year	181,180,428	107,577,881
At 31 December	**991,247,159**	**775,523,262**
Total carrying amount	**8,798,277,439**	**7,943,573,117**

21. INVESTMENT IN GOVERNMENT SECURITIES

	2021 TZS	2020 TZS
Treasury bills (**)	4,378,404,941	4,678,537,862
Treasury Bond	2,397,800,000	1,116,000,000
	6,776,204,941	**5,794,537,862**
Government securities for less than three months	-	1,159,486,992
Government securities for more than three months	6,776,204,941	4,635,050,870
	6,776,204,941	**5,794,537,862**

(**) These are Government securities (Treasury bills) maturing within twelve months and earn interest at the rate "between" 3.0% - 9.2%.

22. REINSURANCE ASSETS

	2021 TZS	2020 TZS
Due from ceding companies	32,660,540,705	43,626,275,426
Due from retrocessionaires	1,805,068,011	2,753,382,500
Due from reinsurance brokers	29,644,108,533	18,737,578,441
Provisions for impairments	(8,235,325,541)	(7,364,081,882)
As at 31	**55,874,391,708**	**57,753,154,485**
Receivables arising out of retrocession arrangements	1,590,777,512	2,753,382,500
Receivables arising out of reinsurance arrangements	54,283,614,196	54,999,771,986
	55,874,391,708	**57,753,154,486**
Movement in Provision for Impairments		
Opening balance	7,364,081,882	6,248,167,794
Charge during the year	871,243,659	1,115,914,088
	8,235,325,541	**7,364,081,882**

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

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

	2021 TZS	2020 TZS
< 3 months	24,466,640,711	30,394,999,671
3 - 6 months	8,724,677,150	10,613,547,909
6 - 12 months	5,998,339,265	7,392,363,741
> 12 months	16,684,734,582	9,352,243,164
	55,874,391,708	**57,753,154,485**

23. OTHER RECEIVABLES

	2021 TZS	2020 TZS
Prepayments	50,701,326	93,884,924
Sundry Debtors Ezulwini Reinsurance	1,927,408,884	1,727,193,172
Withholding taxes	1,301,216,430	1,154,203,080
Staff loans and advances	897,922,885	1,008,478,306
Deposits	531,204,307	531,204,307
Dividend receivable	-	55,455,445
Sundry debtors	1,336,695,475	-
VAT Receivable	-	3,250,054,444
	6,045,149,307	**7,820,473,678**

24. CASH AND CASH EQUIVALENTS

	2021 TZS	2020 TZS
Cash at bank	4,314,451,898	779,124,680
	4,314,451,898	**779,124,680**

Cash at bank 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.

For cash flow purposes, cash & cash equivalents are made up of:

	2021 TZS	2020 TZS
Cash at bank	4,314,451,898	779,124,680
Fixed deposit matures for less than three months	6,245,800,660	2,549,305,915
Government securities for less than three months	-	1,159,486,992
	10,560,252,558	**4,487,917,587**

25. CASH GENERATED FROM OPERATIONS

	Notes	2021 TZS	2020 TZS
Profit before tax		**13,023,533,378**	**12,213,208,586**
Adjustments for:			
Depreciation of property and equipment	17	335,256,409	306,225,279
Amortisation of intangible assets	19	63,183,890	146,654,800
Gain on fair value through profit or loss	6	(820,160,851)	(803,701,406)
Shares received in lieu of dividends	20	(34,543,471)	-
Share of profit of an associate	33	(239,705,999)	(190,418,423)
Fair value loss on valuation of investment property	18	-	33,632,200
Provision for impairment - reinsurance receivables	22	871,243,659	1,115,914,088
Foreign exchange loss/(gain)	12	180,143,999	(51,423,272)
Investment income	10	(2,796,199,021)	(2,240,823,539)
Working capital changes:			
Decrease/(increase) in reinsurance assets		1,007,519,118	(2,848,320,924)
Increase in deferred acquisition costs		(3,198,791,915)	-
Decrease in retrocessionaire's share of reinsurance liabilities		4,257,240,765	-
Increase in retrocessionaire's share of unearned premiums		(16,331,127,583)	-
Decrease/(increase) in other receivables		1,775,324,371	(4,417,126,059)
Increase/(decrease) in insurance contract liabilities on unearned premiums		13,700,515,802	(1,227,685,275)
(Decrease)/increase in insurance contract liabilities on outstanding claims		(1,542,839,071)	2,652,881,406
(Decrease)/increase in amount payable to reinsurance companies		(3,876,988,717)	3,879,209,787
Decrease in payables arising from retrocession arrangements		(1,382,325,298)	-
Increase/(decrease) in other payables		3,181,052,991	(1,517,587,886)
Increase in deferred acquisition cost arising from retrocession arrangements		6,545,407,236	-
Cash generated from operations		**14,717,739,692**	**7,050,639,362**

26. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2021 TZS	2020 TZS
Fixed deposits with Banks	27,249,188,595	18,111,901,620
Accrued interest	1,117,471,602	726,081,901
	28,366,660,197	**18,837,983,521**
Fixed deposit matures for less than three months	6,245,800,660	2,549,305,915
Fixed deposit matures for more than three months	22,120,859,537	16,288,677,606
	28,366,660,197	**18,837,983,521**

As at year end fixed deposits were on account with the following banks:

	2021 TZS	2020 TZS
BOA Bank Limited	1,500,000,000	1,500,000,000
Azania Bank Limited	2,802,865,491	2,138,991,041
United Bank for Africa (T) Limited	2,423,357,500	1,734,304,705
NCBA (formerly NIC Bank Limited)	500,000,000	500,000,000
Equity Bank Limited	500,000,000	1,456,616,929
Tanzania Commercial Bank (formerly TPB Bank Plc)	1,723,357,500	874,613,725
Canara Bank (Tanzania) Limited	1,948,905,000	800,000,000
Exim Bank (Tanzania) Limited	1,648,905,000	1,149,227,450
CRDB Bank Plc	4,538,248,000	3,519,383,850
NMB Bank Plc	2,000,000,000	1,500,000,000
TIB Bank	-	500,000,000
DCB Commercial Bank Plc (DCB)	1,148,905,000	1,149,227,450
UTT Liquid Fund	2,176,397,104	600,000,000
I&M Bank	689,343,000	689,536,470
Diamond Trust Bank Tanzania Limited	1,148,905,000	-
KCB Bank Tanzania Limited	500,000,000	-
National Bank of Commerce Limited (NBC)	2,000,000,000	-
Accrued interest	1,117,471,602	726,081,901
	28,366,660,197	**18,837,983,521**

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 7.0% - 12.0 % (2020: 14.0% - 17%) and deposits in US dollars earn interest at the range between 3.00% – 4.50% (2020: 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 until maturity and terms renegotiated during maturity. In case of requirement the deposits can be called early.

	2021 TZS	2020 TZS

27. 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:

	2021 TZS	2020 TZS
Capital allotted and subscribed	60,000,000,000	60,000,000,000
Capital unpaid/Addition	(19,247,006,611)	(19,247,006,611)
Subscribed and paid-up capital	**40,752,993,389**	**40,752,993,389**
Share capital at 1 January	40,762,993,389	39,862,993,389
Subscribed and fully paid	-	900,000,000
	40,762,993,389	**40,762,993,389**

The Company's capital management policy is disclosed in note 6 (b).

28. AMOUNT PAYABLE TO REINSURANCE COMPANIES

	2021 TZS	2020 TZS
Payable to Reinsurance & Insurance Companies	1,921,276,472	5,798,265,190
Payable to Retrocessionaires	3,368,873,721	4,751,199,019
	5,290,150,193	**10,549,464,209**

29. OTHER PAYABLES

	2021 TZS	2020 TZS
Accrued audit fees	82,721,160	62,947,412
Accrued expenses	3,080,940,293	920,460,469
VAT Payable	937,882,664	169,105,699
Provision for gratuity	523,227,880	395,428,480
Premium Levy Payable	558,617,255	468,721,330
Provision for Directors Fee	104,249,980	120,000,000
Rent Received in Advance	30,077,149	-
	5,317,716,381	**2,136,663,390**

	2021 TZS	2020 TZS
Provision for gratuity		
Balance as at 1 January	395,428,480	428,499,168
Additional provision (Note 14)	134,929,400	217,018,412
Paid during the year	(7,130,000)	(250,089,100)
Balance as at 31 December	**523,227,880**	**395,428,480**

30. RELATED PARTY DISCLOSURES

The Company is owned by Tanzanian Pension funds, 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:

	2021 TZS	2020 TZS
a) Transaction with related parties		
Gross earned premiums	150,497,823,284	129,034,646,634
Claims paid	41,450,584,869	34,725,837,575
Management fee	543,972,166	663,626,849
b) Outstanding balances with related parties	**192,492,380,319**	**164,424,111,058**
Premium receivables from related parties	**11,527,670,083**	**11,433,188,925**
c) Directors' remuneration		
Directors' fees	67,500,000	90,000,000
Directors' gratuity	22,500,000	189,375,000
Other emoluments (sitting allowances)	230,400,000	210,342,857
	320,400,000	**489,717,857**
d) Key Management Remuneration		
Salaries and other short-term employment benefits	931,616,640	1,361,863,500
Long-term benefits	186,323,328	217,018,412
	1,117,939,968	**1,578,881,912**

31. 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).

	2021 TZS	2020 TZS
Movement		
As at 1 January	28,257,838,791	24,282,938,732
Increase in the year	4,659,326,107	3,974,900,059
As at 31 December	**32,917,164,898**	**28,257,838,791**

31 December 2021

Details	**Opening TZS**	**Charge TZS**	**Closing TZS**
Fire	7,023,160,486	740,119,703	7,763,280,189
Engineering	1,474,253,766	741,493,179	2,215,746,945
Accident	5,683,456,074	443,200,848	6,126,656,922
Motor	8,255,425,649	587,185,210	8,842,610,859
Marine	1,406,120,897	401,072,986	1,807,193,883
Aviation	1,126,360,308	503,060,745	1,629,421,053
Medical	2,100,505,815	976,456,892	3,076,962,707
Life	1,188,555,796	266,736,544	1,455,292,340
	28,257,838,791	**4,659,326,107**	**32,917,164,898**

32. INSURANCE CONTRACT LIABILITIES

(a) Unearned premium reserve

Technical liabilities for the period January to December 2021 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:

	2021 TZS	2020 TZS
At 1 January	68,184,143,927	56,066,825,311
Increase	13,700,515,802	12,117,318,616
At 31 December	**81,884,659,729**	**68,184,143,927**
Retrocessionaires' share of Unearned Premium		
At 1 January	37,768,869,158	26,780,627,485
Increase	16,331,127,583	10,988,241,673
At 31 December	**54,099,996,741**	**37,768,869,158**
(b) Outstanding claims		
At 1 January	17,339,726,056	15,077,013,681
(Decrease)/Increase	(1,542,839,071)	2,262,712,375
At 31 December	**15,796,886,985**	**17,339,726,056**
(c) Retrocessionaires' share of Outstanding Claims		
At 1 January	7,074,682,693	7,464,851,440
Decrease	(4,257,240,765)	(390,168,747)
At 31 December	**2,817,441,928**	**7,074,682,693**

	Year 2021		**Year 2020**	
	Unearned Premium Reserve TZS	**Outstanding Claims TZS**	**Unearned Premium Reserve TZS**	**Outstanding Claims TZS**
Fire	18,789,644,200	6,616,301,592	23,451,735,991	8,451,320,626
Engineering	2,736,609,364	1,877,287,032	1,679,279,649	484,978,191
Energy	1,880,294,715	418,320,000	1,419,011,767	543,932,784
Accident	13,017,607,655	2,541,040,695	13,340,403,630	2,400,088,809
Agriculture	20,583,528	6,638,449	49,482,511	5,297,345
Political Violence and Terrorism (PVT)	354,715,490	1,913,290	297,655,276	32,261,801
Motor	13,590,115,783	2,497,565,087	11,728,527,273	2,702,896,999
Marine	4,604,542,382	624,274,551	3,048,800,480	1,556,250,216
Aviation	17,298,288,529	131,380,929	6,110,181,457	835,296,529
Medical	2,065,537,303	244,492,845	1,573,046,074	161,700,716
Life	7,526,720,780	837,672,515	5,486,019,819	165,702,040
	81,884,659,729	**15,796,886,985**	**68,184,143,927**	**17,339,726,056**

33. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below is the associate of the Company as at 31 December 2021 which, in the opinion of the directors, is material to the Company. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation of registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of Incorporation	% of ownership		Nature of relationship	Carrying amount	
		2021	2020		**2021 TZS'000**	2020 TZS'000
Ezulwini Reinsurance Company Limited	Eswatini	**49%**	49%	Associate	**4,760,507**	4,520,801

i) Summarised financial information for associates

a) Summarised balance sheet

	2021 TZS	**2020 TZS**
Total assets	**14,369,216,051**	13,962,784,936
Total liabilities	**4,653,895,561**	4,736,660,364
Net assets	**9,715,320,490**	**9,226,124,572**
Reconciliation to carrying amounts		
Opening net assets	**9,226,124,572**	8,837,515,613
Profit for the period	**489,195,918**	388,608,959
Closing net assets	**9,715,320,490**	**9,226,124,572**
Company's share in %	**49%**	49%
Carrying amount	**4,760,507,040**	4,520,801,040

33. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

i. Summarised financial information for associates (Continued)

a) Summarised statement of comprehensive income

	2021 TZS	2020 TZS
Net earned Premiums	**6,077,063,071**	6,075,243,871
Other revenue	**1,277,443,521**	1,159,290,357
Total revenue	**7,354,506,591**	7,234,534,228
Net benefits and claims	**2,987,185,671**	2,167,242,439
Total other expenses	**3,692,567,931**	4,531,279,452
Total claims and other expenses	**6,679,753,602**	6,698,521,891
Profit before tax	**674,752,989**	536,012,337
Income tax expense (27.5%)	**(185,557,071)**	(147,403,378)
Profit for the year	**489,195,918**	388,608,959
Share of profit of an associate - 49% (2020: 49%)	**239,705,999**	190,418,423

34. PRIOR YEAR ADJUSTMENTS

Restatements were made for the year ended 31 December 2020 for the following reasons:

a) Investment in associate inaccurately recognised as a financial asset through profit or loss with gain or loss in fair value inaccurately recognised in the statement of comprehensive income

Year ended 31 December 2020	Notes	As previously stated TZS	Restatement TZS	Restated TZS
Statement of financial position				
Financial assets - through profit or loss	a	12,245,453,738	(4,301,880,621)	7,943,573,117
Investment accounted for using the equity method	a	-	4,520,801,019	4,520,801,019
Current tax	a	2,136,663,390	-	-
Deferred tax asset	a	2,162,213,385	-	-
Retained earnings (*)	a	10,649,243,437	218,920,435	10,868,163,872
Statement of profit or loss and other comprehensive income				
Fair value gain or loss	a	333,550,518	470,150,888	803,701,406
Share of profit in associate	a	-	190,418,423	190,418,423
			660,569,311	

Year ended 31 December 2019	Notes	As previously stated TZS	Restatement TZS	Restated TZS
Statement of financial position				
Financial assets - through profit or loss	a	11,810,143,672	(4,772,031,509)	7,038,112,163
Investment accounted for using the equity method	a	-	4,330,382,597	4,330,382,597
Retained earnings	a	8,636,512,974	(441,648,912)	8,194,864,062

(*) TZS 218 million incorporates the accumulated impact (decrease) on restated retained earnings as at 1 January 2020 by TZS 441 million.

35. EVENTS AFTER THE REPORTING PERIOD

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.

36. 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, reinsurance assets, other receivables and

Cash and bank balances, reinsurance 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.

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED):

The table below provides the fair value measurement hierarchy of the Company's assets and liabilities.

	Amounts in TZS			
	Level 1	**Level 2**	**Level 3**	**Total**
At 31 December 2021				
Investment property	-	-	25,014,999,999	25,014,999,999
	-	**-**	**25,014,999,999**	**25,014,999,999**
At 31 December 2020				
Investment property	-	-	25,014,999,999	25,014,999,999
	-	**-**	**25,014,999,999**	**25,014,999,999**

No valuation performed during the year ended 31 December 2021 due to the fact that the Company policy is to do valuation after every three years

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Financial assets	At 31 December 2021		At 31 December 2020	
	Loans and receivables	Fair value through profit or loss	Loans and receivables	Fair value through profit or loss
	TZS	TZS	TZS	TZS
Investment in Government securities	6,776,204,941	-	5,794,537,862	-
Financial assets-at fair value through Profit and loss	-	8,798,277,439	-	7,943,573,117
Receivables arising out of retrocession arrangements	1,590,777,512	-	2,753,382,500	-
Receivables arising out of reinsurance arrangements	54,283,614,196	-	54,999,771,986	-
Retrocessionaires share of reinsurance liabilities	2,817,441,928	-	7,074,682,693	-
Retrocessionaires share of unearned premiums	54,099,996,741	-	37,768,869,158	-
Other receivables (excluding withholding taxes, prepayments and VAT receivable)	4,693,231,551		3,322,331,230	-
Deposits with Financial institutions	28,366,660,197	-	18,837,983,521	-
Cash and cash equivalent	4,286,649,213	-	779,124,680	-
	156,914,576,279	**8,798,277,439**	**131,330,683,630**	**7,943,573,117**

Financial liabilities	Financial liabilities at amortised cost	
	At 31 December 2021	At 31 December 2020
Insurance contract liabilities on unearned premiums	81,884,659,729	68,184,143,927
Insurance contract liabilities on outstanding claims	15,796,886,985	17,339,726,056
Amount payable to reinsurance companies	1,921,276,508	5,798,265,191
Payables arising from retrocession arrangements	3,368,873,721	4,751,198,019
Other payables (excluding VAT payable and Premium Levy payable)	3,821,216,462	1,498,836,361
	106,792,913,405	**97,572,169,554**

APPENDIX 1: REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

Amounts in Tanzania Shillings (TZS), arounded the nearest million (TZS m)

GROSS PREMIUM	FIRE	ENGINEERING	ENERGY	ACCIDENT	AGRICULTURE	PVT	MOTOR	MARINE	AVIATION	MEDICAL	LIFE	31 December 2021	31 December 2020
POLICY CESSION	9,363	2,107	120	4,923	26	28	22,284	2,640	879	-	13,858	56,227	49,435
TREATY LOCAL	13,465	1,155	-	6,259	17	105	1,741	2,038	1,014	4,001	1,170	30,964	29,935
TREATY FOREIGN	7,395	360	187	2,461	56	52	1,126	913	-	169	324	13,043	9,917
FAC LOCAL	9,508	1,428	3,595	17,182	8	732	108	2,944	27,346	-	67	62,917	49,665
FAC FOREIGN	1,031	356	-	719	-	-	8	308	16	-	-	2,438	1,687
TOTAL	**40,762**	**5,405**	**3,901**	**31,543**	**107**	**917**	**25,266**	**8,844**	**29,256**	**4,170**	**15,419**	**165,590**	**140,639**
GROSS UPR B/F	23,452	1,679	1,419	13,340	49	298	11,729	3,049	6,110	1,573	5,486	68,184	56,067
GROSS UPR C/F	18,790	2,737	1,880	13,018	21	355	13,590	4,605	17,298	2,066	7,527	81,885	68,184
CHANGE IN GROSS UPR	**4,662**	**(1,057)**	**(461)**	**323**	**29**	**(57)**	**(1,862)**	**(1,556)**	**(11,188)**	**(492)**	**(2,041)**	**(13,701)**	**(12,117)**
GROSS EARNED PREMIUM	**45,424**	**4,348**	**3,440**	**31,866**	**136**	**859**	**23,405**	**7,288**	**18,068**	**3,678**	**13,379**	**151,890**	**128,521**
PREMIUM CEDED	30,118	1,449	3,602	18,292	-	873	210	4,781	28,037	-	6,217	93,579	70,751
UPR RETRO B/F	14,971	(55)	1,384	11,192	-	332	55	1,168	5,829	-	2,892	**37,769**	**26,781**
UPR RETRO C/F	18,481	738	1,880	9,524	8	320	61	2,770	16,389	-	3,928	**54,100**	**37,769**
CHANGE IN UPR RETRO	**(3,509)**	**(793)**	**(497)**	**1,668**	**(8)**	**13**	**(6)**	**(1,602)**	**(10,560)**	**-**	**(1,036)**	**16,331**	**(10,988)**
RETRO EARNED PREMIUM	**26,608**	**656**	**3,105**	**19,960**	**(8)**	**885**	**204**	**3,179**	**17,477**	**-**	**5,180**	**77,248**	**59,762**
EARNED PREMIUM	**18,815**	**3,692**	**335**	**11,906**	**144**	**(26)**	**23,200**	**4,109**	**591**	**3,678**	**8,198**	**74,642**	**68,759**
CLAIMS PAID													
POLICY CESSION	4,920	944	6	1,403	4	-	9,536	612	433	-	5,682	23,539	21,787
TREATY LOCAL	5,663	943	-	4,046	2	-	1,133	308	409	2,737	1,632	16,872	12,786
TREATY FOREIGN	3,323	68	-	544	5	-	528	69	-	-	364	4,901	2,469
FAC LOCAL	537	0	(6)	14	-	-	-	142	-	-	194	881	153
FAC FOREIGN	160	55	-	65	-	-	1	75	-	-	-	356	614
TOTAL	**14,602**	**2,010**	**(1)**	**6,073**	**10**	**-**	**11,197**	**1,207**	**843**	**2,737**	**7,871**	**46,549**	**37,810**
GROSS O/S CLAIMS B/F	8,451	485	544	2,400	5	32	2,703	1,556	835	162	166	17,340	15,077
GROSS O/S CLAIMS C/F	6,616	1,877	418	2,541	7	2	2,498	624	131	244	838	15,797	17,340
GROSS CHANGE IN O/S	(1,835)	1,392	(126)	141	1	(30)	(205)	(932)	(704)	83	672	(1,543)	2,263
GROSS INCURRED CLAIMS	**12,767**	**3,402**	**(126)**	**6,214**	**11**	**(30)**	**10,991**	**275**	**139**	**2,820**	**8,543**	**45,006**	**40,072**
RETRO SHARE OF CLAIMS PAID	5,613	-	-	182	-	-	-	232	65	-	3,648	9,740	6,558
RETRO O/S CLAIMS B/F	4,172	209	358	1,254	-	1	10	384	621	-	66	7,075	7,465
RETRO O/S CLAIMS C/F	933	845	259	413	-	-	-	173	36	-	157	2,817	7,075
CHANGE IN RETRO O/S CLAIMS	**(3,239)**	**636**	**(99)**	**(841)**	**-**	**(1)**	**(10)**	**(211)**	**(585)**	**-**	**91**	**(4,257)**	**(390)**
RETRO INCURRED CLAIMS	**2,375**	**636**	**(99)**	**(659)**	**-**	**(1)**	**(10)**	**21**	**(520)**	**-**	**3,739**	5,483	**6,167**
CLAIMS INCURRED	**10,393**	**2,766**	**(28)**	**6,873**	**11**	**(29)**	**11,001**	**253**	**658**	**2,820**	**4,804**	**39,523**	**33,905**
COMMISSION PAID	11,433	758	697	4,802	33	164	3,720	1,515	4,559	1,173	4,125	32,979	26,313
DEFERRED ACQUISITION COST	515	107	166	(325)	(8)	42	338	256	1,172	212	723	3,199	592
COMMISSON RECEIVED	10,836	267	617	4,023	-	156	3	1,280	4,495	-	2,878	24,555	13,984
RETRO SHARE OF DEFERRED ACQI	2,621	317	148	(338)	3	35	0	451	2,867	-	442	6,545	862
NET ACQUISITION COSTS	**2,703**	**702**	**62**	**766**	**44**	**1**	**3,378**	**429**	**1,759**	**960**	**965**	**11,770**	**12,599**
OPERATOING EXPENSES	3,139	616	56	1,986	24	(4)	3,870	685	99	614	1,368	12,452	11,724
OUTGO	**5,842**	**1,318**	**118**	**2,752**	**68**	**(3)**	**7,249**	**1,114**	**1,858**	**1,574**	**2,333**	**24,223**	**24,322**
TOTAL OUTGO	16,235	4,084	90	9,625	80	(32)	18,250	1,367	2,516	4,394	7,137	63,745	58,227
UNDERWRITING PROFIT	2,581	(393)	244	2,281	65	7	4,951	2,742	(1,926)	(716)	1,061	10,897	10,532
CLAIM RATIO	55%	75%	-8%	58%	8%	114%	47%	6%	111%	77%	59%	53%	49%
EXPENSES RATIO	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
COMMISSION RATIO	3%	13%	24%	7%	23%	-34%	16%	6%	11%	32%	15%	11%	18%
COMBINED RATIO	86%	111%	27%	81%	55%	125%	79%	33%	426%	119%	87%	85%	85%

TAN-RE Staff Members pose for a group photo after a Balanced Score Card training and Team Building event held in Zanzibar

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