2012 ANNUAL REPORT
& FINANCIAL STATEMENTS

CIC GENERAL INSURANCE LTD

We keep our word

Our Mission :

To provide financial security for the people through the co-operative spirit.

Our Vision :

To be a world class provider of insurance and other financial services through the co-operative spirit

Our Values:

Integrity I Teamwork

Productivity I Fairness I Dynamism

Our Customer Value Proposition:

Fastest Service I Fairest Price

Friendliest Relationships I Service of the Highest Quality

CIC INSURANCE GROUP LTD

We keep our word

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2012

CIC GENERAL INSURANCE LIMITED
reports and financial statements for the year ended 31 december 2012

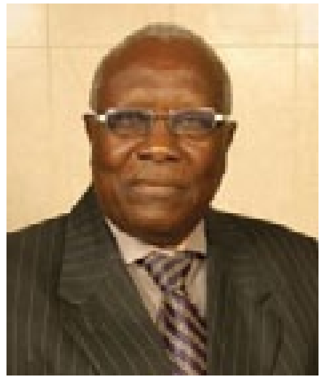
DIRECTORS	E. Otieno	– Chairman
	K. Kimani	– Managing Director
	N C Kuria	
	J. Mutuku	
	S. Kaimenyi	
	P. Nyigei	
	P. Nyaga	
COMPANY SECRETARY	Gail Odongo	
	Certified Public Secretary (Kenya)	
	P.O. Box 59485 - 00100 Nairobi.	
REGISTERED OFFICE	CIC Plaza	
	Upper Hill, Mara Road	
	P.O. Box 59485 - 00200 Nairobi.	
SENIOR MANAGEMENT	K. Kimani	– Managing Director
	M. Kinyua	– Asst. General Manager
	J. Gatune	– Asst. General Manager – Finance & Investments
	H. Njerenga	– Asst. General Manager – CIC Town Office
	J. Gatiko	– Finance Manager
	B. Mwangangi	– Underwriting Manager
	D. Ireri	– Claims Manager
	E. Njeri	– Business Development Manager
	G. Odongo	– Group Company Secretary
	R. Wanjohi	– Group Human Resources Manager
	M. Luvai	– Chief Internal Auditor
AUDITORS	Deloitte & Touche	
	Certified Public Accountants (Kenya)	
	Deloitte Place, Waiyaki Way, Muthangari	
	P.O. Box 40092 - 00100 Nairobi.	
PRINCIPAL BANKERS	The Co-operative Bank of Kenya Limited	
	P.O. Box 67881 – 00100, Nairobi.	

EDWIN OTIENO
Chairman

Edwin Otieno Joseph, aged 54, joined the Board in 2008. He is the Executive Director of president Award Kenya and Chairman of Elimu SACCO. He is also a Member of the Institute of Directors of Kenya.

PETER KIPKIRUI NYIGEI,
Director

Peter Kipkirui Nyigei aged 61, joined the Board in 2009. He is the Director Representing Rift Valley Province based societies and is a director of Kipsigis Teachers SACCO. Mr. Kipkirui is a retired teacher and educationist Principal. He has equally served as a Programme Officer, Bomet Diocese. He is a member of the Institute of Directors of Kenya



JONAH MAKAU MUTUKU,
Director

Jonah Makau Mutuku, aged 66, joined the Board in 2008. He is the Director representing Coast and North Eastern Province Based Societies and is the Chairman of Mombasa Teachers SACCO. He is a retired teacher and serves as the Vicar's Warden ACK Miritini Church. Mr. Mutuku is a Delegate of Co-operative Holdings (the anchor shareholder of Co-operative Bank).

STELLA GATIRITHU KAIMENYI, HSC,
Director

Stella Gatirithu Kaimenyi, aged 59, as an independent Director, joined the Board in 2010. She represents the Permanent Secretary in the Ministry of Co- operative Development and Marketing. Mrs. Kaimenyi holds a Bachelor of Science Degree, Agriculture from the University of Nairobi and Master of Science Degree, Management and Organizational Development. She is currently the Senior Deputy Commissioner for Co-operative Development and Head of Governance and Ethics Department at the Ministry's Headquarters. She has worked in various senior positions at the Ministry and has over 27 years of experience

NELSON CHEGE KURIA, OGW, MBS,
GROUP CHIEF EXECUTIVE OFFICER (GCEO) (AGE – 58)

Mr. Nelson Kuria, obtained a Bachelor of Arts Degree in Economics from the University of Nairobi in 1979. Since then he has undergone extensive training in Strategic Management. Mr. Kuria has a total of 31 years working experience most of which have been in the insurance industry after a stint of 3 years in development banking. He joined the insurance industry through the then Kenya National Assurance Company in 1982 where he worked for 12 years up to December 1993. In 1994, he worked briefly for a private insurance company after which he became a consultant and Investors agent. He joined CIC in 1998 as Chief Manager in charge of Business development and Strategy and was promoted to General Manager in 2000, and Managing Director/ CEO of in July 2001. He is a member of the Board and the immediate past chairman of the Association of Kenya Insurers (AKI). Mr. Kuria represents AKI in the board of the Federation of Kenyan Employers- where he is currently Deputy Chairman, and the board of Kenya Reinsurers Corporation. He is a member of the Institute of Directors of Kenya and a member of other boards as follows; Trustee – Higher education Loans Board Retirement Benefits Scheme, Board Member- Life Ministry Kenya, Board Member – International Co-operative & Mutual Insurance Federation (ICMIF) – UK, Chairman – Board of Governors – Nyandarua High School, State Honors – Order of the Grand Warrior of Kenya (OGW) in 2005 and Moran of the Order of the Burning Spear (MBS) in 2011, finally , he was awarded in 2012, the Life-time achievement award by the Association of Kenyan Insurers.

MS. GAIL ODONGO
Group Company Secretary

Ms. Odongo, aged 40, is the Group Company Secretary/ Chief Legal Officer. She is an Advocate of the High Court of Kenya holding a Bachelor of Laws ("LLB") Degree from the University of Liverpool and a Master of Business Administration ("MBA") from Salford University in the United Kingdom. Professionally Ms. Odongo is a Certified Public Secretaries ["CPS(K)"]. She holds a Post Graduate Diploma from the Kenya School of Law and has 12 years of experience in various capacities and industries ranging from Audit, Banking and Finance, Insurance and Legal. Ms. Odongo joined CIC in 2011.

MR. KENNETH KIMATHI
Managing Director

Mr. Kimani aged 56 years is the Managing Director CIC General Insurance Ltd. He holds a BSc in Business Administration and an MBA, Strategic Management. He Is an Associate of the Chartered Insurance Institute (UK)and an Associate of the Insurance Institute of Kenya. Mr. Kimani has over 30 years experience in the insurance industry and has been with CIC since 2008.

SENIOR MANAGEMENT TEAM

Seated from left to right

1. Joseph Mbagu Gatiko	Finance Manager
7. Edel Njeri Marambu	Sales Manager – Brokers & Agents
2. Dickson Ireri Njuki	Claims Manager
1. Benjamin Muendo Mwangangi	Underwriting Manager
3. Milcah Njoki Kinyua	Assistant General Manager
4. George Kimani Ndungu	Sales Manager – Corporate Business
6. Florence Waithira Kimani	ICT Manager
8.	

Seated

9.	Henry Njerenga Njeru	Assitant General Manager – Town Office
10.	Kenneth Muthemba Kimani	Managing Director

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am delighted to present the Company's Annual Report and financial statements for the year ended 31st December 2012. This was the first year of operation for the company and I take great pleasure in reporting that it was a year of good results in the face of challenging global and domestic economic conditions.

OPERATING ENVIRONMENT

The economic environment in 2012 in Kenya was characterised by high interest rates with the 91 day Treasury bill rate being 20.6% at the beginning of the year. However this rate declined in subsequent months to close at 8.3% by the end of the year. The inflation rate also decreased from a high of 18.3% in January to close the year at 3.2%. The Kenya Shilling strengthened marginally with the average exchange rate to the US Dollar reducing from 86.34 in January 2012 closing the year at 85.99.The Nairobi Securities Exchange 20 share price index appreciated by 28.2% during the year.

In spite of the above challenges, the Kenyan economy is forecasted to have grown by 4.5% in the year 2012 compared to 4.4% in 2011.

COMPANY'S PERFORMANCE

The company did exceptionally well in her first year of operation both in volume of business and profitability. Gross premium written was Ksh 6.6 billion. The investment and other income was Ksh 708 million while the claims paid, commissions and expenses amounted to Ksh 4.8 billion. This resulted in a profit before tax of Ksh 930 million and a profit after tax of Ksh 675 million. The total assets amounted to Ksh 8.6 billion while the total equity stood at Ksh 2.4 billion.

DIVERSIFICATION OF INVESTMENT PORTFOLIO

During the year under review, the company undertook measures to diversify her investment portfolio by venturing into the lucrative real estate. The company acquired a 200 acres piece of land at the high growth potential area of Kitengela with a view of real estate development. The construction of CIC Phase II continued in the year and is expected to create space for rental income and also for company expansion.

SHARE CAPITAL

The company is a fully owned subsidiary of CIC Insurance Group Ltd with authorized share capital of one billion ordinary shares of Ksh1.0 each. The issued and fully paid up share capital as at 31st December 2012 was Ksh700 million.

In order to support the planned business expansion and growth programme for 2013, the board recommends that the paid up capital be increased from Ksh 700 million to Ksh 900 million.

FUTURE OUTLOOK

It is worth mentioning something about the expected economic turbulence as a result of heightened political temperatures towards the general election in relation to our business. We expect the political anxiety to have a general negative effect on economy as the investors adopt a wait and see attitude as the date of the general election nears. We are cognizant of the fact that the company is not immune to the negative effect in the economy. However, we are optimistic that economy will recover quickly after a peaceful election and we shall be able to maintain a growth momentum above the market average.

Continuous innovation and improvement of customer service will underpin our growth strategy in to the future. We shall roll our new products relevant to our customers' needs and expand in to new markets and channels of distribution. We shall expand our participation into the micro insurance sector using our innovative mobile phone technology platform, M-Bima. We shall continue to expand our investment in to the lucrative real estate. We believe that the future of the company is certainly bright.

I take this opportunity to thank my colleagues in the Board for their invaluable support and contribution. Further, I wish to thank the Chief Executive officer and his team for their drive, initiative and application.

In conclusion, I thank the shareholders, intermediaries, clients, Co-operative societies and all stakeholders for their contribution in our success. We have the confidence that with your support, we shall make this company a success story.

EDWIN OTIENO JOSEPH,

Chairman

MANAGING DIRECTOR'S STATEMENT.

The year 2012 was a great year for us in terms of both growth in volume of business and profitability despite the domestic and external shocks to the economy. The gross premium written was Ksh 6.6 billion with earned premium of Ksh 5.7 billion. Investment and other income Ksh 708 million, claims and commission payable Ksh 5.6 billion, operating and other expenses Ksh 1.1 billion. Net profit for the year was Ksh 675 million.

The above factors reflect on the efforts made by each member of staff, management, directors and shareholders. I am confident that with great team work, perfect knowledge of the market, prudent practices and high professionalism by the entire workforce, we will take the company to a greater level of prosperity

INVESTMENTS

We acquired 200 acres of land at Kitengela in Kajiado County. Plans are underway to carry out initial developments on this property. We have made good progress in the construction of the CIC Plaza phase 2. The Twin tower 12 floor office block should be complete by the end of June 2013.

STRATEGIC PARTNERSHIPS

As part of our planned expansion programme, we are currently discussing with several prospective partners including Saccos, Banks and Financial institutions. Some of the partnerships are already affirmed and contracts signed. Some international partners are already helping us in staff capacity building especially in the area of micro insurance. In our view, partnership is the fastest and most effective method to achieve growth. We will continuously give updates as and when we identify good prospects.

RISK MANAGEMENT

We continue to work towards a strong risk management framework. This framework will enable us to among other things identify and manage significant risks to our business, formulate our risk appetite and make independent risk/return decisions.

We shall continue training in risk management which we believe will assist the Board and Management in improving the control and coordination of risk taking across the company.

SERVICE DELIVERY AND PRODUCT INNOVATION

The company has continued to roll out new and revamped products. In order to remain competitive, we have embraced a culture of continuous innovation through continuous research of customer needs. We have continuously reviewed information technology as a way of enhancing efficiency and creating alternative distribution channels as the market continues to be more competitive. To this end, we have commissioned the migration our data base from AIMS2000 to Oracle which is more versatile. We also commissioned an ICT Consultancy with Ernest & Young during the year to rationalize our ICT strategy. This entailed the following among others:

- Assessment of the company's short-term and long-term strategic vision and deriving the ICT requirements to support it
- Carrying out an independent assessment of the adequacy of the existing systems infrastructure in meeting the needs of our business
- Reviewing and development of an aligned ICT strategy clearly indicating the desired ICT vision, application and infrastructure landscape for the company
- Recommendation of areas of prioritization based on the best practice and experiences from the financial sector
- Assessment of the ICT organization and processes against best practices
- Development of an implementation roadmap towards the realization of the desired ICT vision, indicating dependencies, priorities, schedules and required resources over the short term and long-term

The development of the new ICT strategy will enable us to be more effective in realizing our short term and long-term strategic objectives.

We are focused to strategically position our company as the best in the industry and we believe ICT will play a major role in the achievement of this goal. We are intent on taking advantage of e-commerce and have hosted our products in the internet. We are also targeting the Micro market which is diverse and geographically spread out making it imperative to employ technology in the tapping the market. The future customer is technology savvy and very demanding on efficient service delivery. Consequently, we must continually implement new ICT initiatives.

EMPLOYEE DEVELOPMENT

We recognize that our employees are critical in realizing our strategic objectives. We continued to offer specialist training and development opportunities to all cadres of staff in a bid to equip the company with necessary skills and competencies.

The company has adopted Balanced Score Card as a strategic tool of aligning business activities to the vision and strategy of the organization and also as a tool of measuring employee performance. The company has adopted the 360 degrees evaluation process. With this approach, performance feedback is provided by subordinates, peers, and supervisors. The goal of this participative evaluation is to improve the Company Performance System to support the pursuit of overall strategic growth.

SUPERIOR PERFOMANCE

The company plans to adopt Mission Leadership approach to direct performance from nest year. This approach will adopt a holistic approach to business execution aimed at delivering superior business performance by using the mission Leadership tool, the ''Dash Board" with effect from January 2013. The "dash board" is a tool that provides a quick feedback mechanism for critical performance areas to the management. This will afford the management an early warning whenever performance goes off course so that corrective measure are taken early enough

We believe that the tool will lead to increased business performance and sustainable growth year on year. It will also help to embed clarity and strategy alignment throughout the company. Through the dashboard, all managers will be able to view their performance against targets. Monthly meetings will be held to review the performance. We believe that through the mission leadership and analysis, the company will benefit from timely reporting and corrective action to guarantee superior performance.

INDUSTRY RECOGNITION

The group remains dedicated to its customers through offering innovative insurance and financial solutions. This has made the group to be a leading Insurance and Financial services provider in the country. During the year, the Group's leadership position was supported by the awards in year 2012. These awards include:

THINK BUSINESS INSURANCE AWARDS

- Winner – Claims settlement award of the year
- Winner – Socially responsible Corporate of the year
- Runner- up in the following categories
- Medical Insurer of the year
- Customer Service award
- Marketing initiative of the year

ASSOCIATION OF INSURANCE BROKERS AWARD

- Winner - Brokers relation award

COMPUTER SOCIETY OF KENYA AWARDS

- Winner – Outstanding innovation in Insurance in 2012

FUTURE OUTLOOK

The Insurance Industry is becoming even more competitive with a number of new entrants. Given the impact that this is likely to have on our performance, we shall continue to work extra hard to deliver on the promises we make particularly to our customers and shareholders. We shall also endeavour to achieve greater operational efficiency so as to improve our competitiveness and profitability.

The general election slated for March 2013 is expected to be peaceful and we see great opportunities ahead. High investor confidence is expected after a peaceful election and we shall position ourselves to benefit significantly from the high investments that are projected to accrue from the investors' good will.

We also see emerging opportunities at the Counties as a result of the implementation of the devolution and we continue to position ourselves appropriately in readiness for these opportunities.

Finally, I would like to thank our intermediaries, Co-operative societies, customers, various strategic partners, the Board, management and staff for playing a significant role in making 2012 a truly successful year.

KENNETH KIMANI

MANAGING DIRECTOR

CIC General Insurance Limited is a subsidiary of CIC Insurance Group Limited committed to a world class standard of corporate governance practice in line with its own principles, the Insurance Act and Regulations , and international best practice.

The Board of Directors is responsible for the long-term strategic direction of the Company that will ensure profitable growth and accountability to the shareholders for legal compliance and maintenance of highest corporate governance standards and business ethics. The Board formulates policies and strategies that enhance transparency and conformity to the guidelines on Corporate Governance practices set by the IRA. The Company operates under a wide regulatory and legal Control and Supervisory Framework.

The Directors attach great importance to the need to conduct the business and operations of the company with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good governance. Directors strive to keep up to date with the latest developments in corporate governance best practice.

Board of Directors

The current board consists of seven directors of whom five are non-executive directors and two are executive directors. The Board composition draws on a good mix of skills, experience and competencies in various fields. The non-executive directors are appointed by the shareholders for a three-year term and are bound by the Company's code of conduct.

The Directors maintain effective overall control over strategic, financial, operational, policy and compliance issues. Accurate, appropriate and timely information is provided to the Board to enable it to fulfill this role. The Chairman is responsible for managing the Board and providing leadership to the company, while the Managing Director is responsible to the Board for running the business in accordance with instructions given by the Board and implementing the Board's decisions. The Board nonetheless retains responsibility for establishing and maintaining the company's comprehensive internal control of financial, operational, and compliance issues so that its objectives of increased growth in profitability and shareholder value are realized.

The Company maintains a policy of open communication between the Board and management ensuring the Board is fully informed about all major matters concerning the company and the industry. The Board and management interact on a regular basis allowing the directors to contribute their knowledge particularly relating to the company's target market to the company's operations.

Board Meetings

The Board meets regularly at least four times a year to, amongst other things, agree on the company's objectives and strategies to realize the objectives, review performance against agreed targets and consider and approve the annual and interim financial statements. The Board in achieving its mandate is guided by the Board Manual which sets out all matters reserved to it and in this regard all directors.

Board Committees

The Board has created two committees which meet regularly under clearly defined and materially delegated terms of reference set out by the Board. The Committees operate under very specific mandates which spell out their responsibilities, scope of authority and procedures for reporting to the Board. The Committees have access to company information and are authorized to obtain independent professional advice on matters within their scope.

Audit and Risk Committee

The Committee's main purpose is to assist the board in discharging its duties regarding the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial statements and reports in compliance with all applicable legal requirements and accounting standards. The scope of this committee includes risk management as well as compliance with regulatory requirements. The Committee is guided in its functions by a comprehensive Audit Committee Charter and Internal Audit Department Charter. These are designed to provide an all-encompassing framework for the audit function within the company.

Audit and Risk Committee Members;

- Patrick Nyaga - Chairman
- Jonah Mutuku
- Stella Kaimenyi

Finance and Investment Committee

The Committee's purpose is to the assist the Board in fulfilling its overall responsibilities with respect to the financial, investment and strategic planning affairs of the company. The duties of the committee include receiving and considering the Company's annual budget, reviewing the purchasing and tender regulations, disposal of major assets and considering recommendations on capital expenditure. It also reviews proposals involving capital developments and financing and investment proposals.

Finance and Investment Committee Members;

- Peter Nyigei - Chairman
- Edwin Otieno
- Joseph Nyagah

Attendance at the Meetings

Table 1 below is a summary of the attendance record of the directors at the full and the board committee meetings. A record of attendance is kept with the Company Secretary. The record of attendance at meetings is also noted in the minutes of the meetings.

Directors	Main Board Meeting		Audit and Risk Committee Meeting		Finance and Investment Committee Meeting	
	(a)	(b)	(a)	(b)	(a)	(b)
Edwin Otieno (Chairman)	4	4	3	2	1	1
Jonah Mutuku	4	4	3	3		
Stella Kaimenyi	4	3	3	3		
Peter Nyigei	4	4			1	1
Patrick Nyagah	4	4	3	3		
Joseph Nyagah					1	1
Nelson Kuria	4	3				
Kenneth Kimani	4	4	3	3	1	1

Notes: *(a) Number of meetings convened during year when the director was a member*
(b) Number of Meetings attended by the Director during the year

Internal Controls

The Board has collective responsibility for the Company's system of internal controls and for reviewing its effectiveness. The company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover processes to obtain authority for major transactions and ensuring compliance with laws and regulations particularly those that have significant financial implications.

The system of internal controls in place ensures that assets are safeguarded and that the company remains structured to secure appropriate segregation of duties. In reviewing the effectiveness of the systems of internal controls and risk management, the Board takes into account the results of all the work carried out to audit and review the activities of the Company. A comprehensive management accounting system is in place providing financial and operational performance measurement indicators.

Business Ethics

The company is committed to adherence to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders. A formal code of ethics has been implemented to guide management, employees and other stakeholders on acceptable behavior when conducting business.

Communication with Shareholders

The company is committed to ensuring that shareholders are provided with full and timely information about its performance. This is usually done through distribution of the company's annual reports and release of notices in the press of the annual results.

Shareholding

The issued share Capital of the company is currently KShs. 700,000,000/= divided into 35,000,000 shares of KShs. 20/= each.

The shareholders of the company are as follows:

SHAREHOLDER	SHARES
CIC Insurance Group	34, 999,999
Nelson Chege Kuria	1

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the company is the transaction of general insurance business.

INCORPORATION

The company was registered on 29 July 2009 and remained dormant until 1 January 2012 when the company took over the short-term insurance business of the holding company, following the receipt of a trading licence from the Insurance Regulatory Authority and approval from the Ministry of Finance in August 2011 for the parent company, CIC Insurance Group Limited, to demerge in line with international and world class practices. The holding company therefore transferred a majority of its short-term assets and liabilities to the company as disclosed in note 33 of these financial statements.

The details of the transfer are disclosed in note 33 and the transfer has been recognised in these financial statements at 1 January 2012. The company did not trade during the period from incorporation in 2009 until 1 January 2012 when the company commenced the underwriting of short term insurance business. These are therefore the first financial statements to be prepared for the company.

RESULTS

Total

	Sh'000
Profit before taxation	930,028
Taxation charge	(254,786)
	_______
Profit for the year	675,242
	========

DIVIDENDS

The directors recommend the payment of a first and final dividend of Sh. 14.50 per share amounting to Sh. 500 million in respect of the year ended 31 December, 2012.

DIRECTORS

The current directors are as shown on page 6.

AUDITORS

Deloitte & Touche were appointed during the year, and having expressed their willingness, continue in office in accordance with Section 159(2) of the Kenyan Companies Act (Cap 486) and subject to approval by the Commissioner of Insurance under Section 56(4) of the Kenyan Insurance Act.

BY ORDER OF THE BOARD

SECRETARY

March 2013 Nairobi

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

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 Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 in the manner required by the Kenyan Companies Act. 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. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

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Director Director

March 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CIC GENERAL INSURANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of CIC General Insurance Limited, set out on pages 23 to 54, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial affairs of the company as at 31 December 2012 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on Other Legal Requirements

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

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) in our opinion, proper books of account have been kept by the company so far as appears from our examination of those books; and

(c) the company's statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) are in agreement with the books of account.

Certified Public Accountants (Kenya)

2013

Nairobi

CIC GENERAL INSURANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 Sh'000	2011 Sh'000
Gross written premiums		6,557,122	-
		========	========
Gross earned premiums	3	5,715,946	-
Less reinsurance premiums ceded		(739,129)	-
Net earned premiums		**4,976,817**	-
Commissions earned		170,496	-
Investment income	4	418,304	-
Other gains/ (losses)	5	119,289	-
		708,089	-
Total income		**5,684,906**	-
Claims and policyholders' benefits payable	6	(3,141,964)	-
Commissions payable		(502,359)	-
Operating and other expenses	7	(1,110,555)	-
		(4,754,878)	-
Profit before taxation		930,028	-
Taxation charge	9	(254,786)	-
Profit for the year		**675,242**	-
OTHER COMPREHENSIVE INCOME			
Fair value gain on available-for sale investment	13	3,639	-
Other comprehensive income for the year		**3,639**	-
Total comprehensive income for the year		**678,881**	-
		========	========

CIC GENERAL INSURANCE LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012

	Notes	2012 Sh'000	2011 Sh'000
ASSETS			
Investment properties	10	1,032,452	-
Furniture and equipment	11	95,634	-
Intangible assets	12	17,760	-
Available - for- sale investments	13	19,844	-
Loans receivable -Mortgage loans	14	175,522	-
- Other loans	15	45,129	-
Equity investments	16	113,523	-
Deferred taxation	17	1,227	-
Deposits and commercial paper	18	281,129	-
Due from related parties	25	327,552	10,000
Receivables arising out of direct insurance arrangements	19	1,062,584	-
Reinsurers share of liabilities and reserves	29	1,872,498	-
Deferred acquisition costs	20	319,930	-
Other receivables	21	74,368	-
Government securities held to maturity	22	1,027,172	-
Deposits with financial institutions	23	1,913,564	-
Cash and bank balances		196,372	-
Total assets		**8,576,260**	**10,000**
EQUITY			
Share capital	26	700,000	10,000
Fair value reserve	27(a)	3,639	-
Retained earnings	27(b)	1,657,110	-
Total equity		**2,360,749**	**10,000**
LIABILITIES			
Insurance contracts liabilities	28	2,819,137	-
Provisions for unearned premiums and unexpired risks	30	3,092,113	-
Payables arising from reinsurance arrangements and insurance bodies		124,361	-
Other payables	31	124,064	-
Taxation payable	9(c)	55,836	-
Total liabilities		**6,215,511**	-
Total equity and liabilities		**8,576,260**	**10,000**

The financial statements on pages 23 to 54 were approved and authorised for issue by the board of directors on 22ND March 2013 and signed on its behalf by:

Director　　Director　　Principal Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital Sh'000	Fair value reserve Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 January 2011	**-**	**-**	**-**	**-**
Shares issued (note 26)	10,000	-	-	10,000
At 1 December 2011	**10,000**	**-**	**-**	**10,000**
At 1 January 2012	**10,000**	**-**	**-**	**10,000**
Shares issued (note 26)	690,000	-	-	690,000
Surplus arising on transfer of assets (note 33)	-	-	981,868	981,868
Profit for the year	-	-	675,242	675,242
Other comprehensive income for the year	-	3,639	-	3,639
Total comprehensive income for the year	**-**	**3,639**	**675,242**	**678,881**
At 31 December 2012	**700,000**	**3,639**	**1,657,110**	**2,360,749**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 Sh'000	2011 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32(a)	1,340,122	-
Taxation paid	9(c)	(200,177)	-
Net cash generated from operating activities		1,139,945	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties	10	(702,547)	-
Purchase of furniture and equipment	11	(33,235)	-
Purchase of intangible assets	12	(6,965)	-
Mortgage loans advanced	14	(57,219)	-
Mortgage loans repaid	14	19,841	-
Staff loans repayments received	15	34,635	-
Purchase of quoted shares	16	(4,768)	-
Purchase of government securities	22	(168,766)	-
Proceeds of maturity of Government securities	22	406,445	-
Investment in deposits in non-financial institutions		(95,525)	-
Movement in fixed deposits with financial institutions (excluding cash and cash equivalents)		22,858	-
Net cash used in investing activities		(585,246)	-
INCREASE IN CASH AND CASH EQUIVALENTS		554,699	-
CASH AND CASH EQUIVALENTS AT 1 JANUARY		-	-
CASH AND CASH EQUIVALENTS TRANSFERRED FROM CIC INSURANCE GROUP LIMITED	32(c)	789,640	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	32(b)	1,344,339	-
		========	========

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards (IFRS)

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For the purposes of reporting under the Kenyan companies Act, in these financial statements the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of comprehensive income.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC)

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2012

	Effective for annual periods beginning on or after
New and Amendments to standards	
IFRS 7, Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting financial assets and financial liabilities	1 January 2013
IFRS 7, Financial Instruments: Disclosure – Amendments requiring disclosures about initial application of IFRS 9	1 January 2013 or otherwise when IFRS 9 is first applied
IFRS 9, Financial Instruments – Classification and Measurement of financial assets	1 January 2015
IFRS 9, Financial Instruments – Accounting for financial liabilities and derecognition	1 January 2015
IFRS 10, Consolidated Financial Statements	1 January 2013
IFRS 11, Joint Arrangements	1 January 2013
IFRS 12, Disclosure of Interests in Other Entities	1 January 2013
IFRS 13, Fair Value Measurement	1 January 2013
IAS 19, Employee Benefits (2012)	1 January 2013
IAS 27, Separate Financial Statements (2012)	1 January 2013
IAS 28, Investments in Associates and Joint Ventures (2012)	1 January 2013
IAS 32, Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014

(ii) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 31 December 2012 and future annual periods

· IFRS 9, Financial Instruments

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

(ii) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 31 December 2012 and future annual periods (Continued)

• IFRS 9, Financial Instruments

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The directors anticipate that IFRS 9 will be adopted in the company's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the company's financial assets and financial liabilities.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

• IFRS 13 Fair Value Measurements

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS is the result of joint efforts by the IASB and FASB to develop a converged fair value framework. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements).

With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - unobservable inputs for the asset or liability.

The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (Continued)

(ii) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 31 December 2012 and future annual periods (Continued)

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements. However, the company is yet to assess IFRS 13's full impact and intends to adopt the standard no later than the accounting period beginning on or after 1 January 2013.

• Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

These amend IAS 1 Presentation of Financial Statements to revise the way other comprehensive income is presented.

The amendments:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' – rather than requiring a single continuous statement as was proposed in the exposure draft.
- Require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified.
- Require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income in either before tax or net of tax).

The above amendments are generally effective for annual periods beginning on or after 1 July 2013. The company will apply the amendments prospectively. The adoption of these amendments will only impact on the presentation if the financial statements with no impact on the reported amounts.

• Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosure to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The director's anticipate that the application of these amendments to IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future financial statements.

• Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The directors anticipate that the application of this amendment may result in more disclosures being made with regard to offsetting of financial assets and financial liabilities in the future. The Group will apply the amendments prospectively.

• Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 – 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- amendments to IAS 1 Presentation of Financial Statements;
- amendments to IAS 16 Property, Plant and Equipment; and
- amendments to IAS 32 Financial Instruments: Presentation.

CIC GENERAL INSURANCE LIMITED

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

The directors anticipate that the amendments to IAS 1 will result in the company presenting a statement of financial position at the beginning of the preceding period (third statement of financial position) only when the restatement or reclassification has a material effect on the information in the financial statements.

IAS 16 Property, Plant and Equipment

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.

The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the company's financial statements.

IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

The directors anticipate that the amendments to IAS 32 will have no effect on the company's financial statements as the company has already adopted this treatment.

(iii) Early adoption of standards

The company did not early-adopt new or amended standards in 2012.

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the carrying value of investment property and financial instruments at fair value and impaired assets at the recoverable amounts.

Income recognition

Premium income is recognised on the assumption of risks, and includes estimates of premiums due but not yet received less an allowance for cancellations and less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the end of each reporting period, and are calculated using the 1/24th method on net written premiums. For marine business, unearned premiums at the end of each reporting period are calculated on the 6th basis of written premiums in the last quarter of the year.

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

Interest income is recognised on a time proportion basis that takes into account the effective interest yield on the asset.

Dividends receivable are recognised as income in the period in which the right to receive payment is established.

Rental income is recognised as income in the period in which it is earned.

Deferred acquisition costs

Deferred acquisition costs represent the proportion of commission expense in the periods up to the reporting date which relates to the unexpired terms of policies in force at the end of the reporting period, and are calculated on the 1/24th method on net commissions. These commissions are recognised over the period in which the related revenues are earned.

Claims incurred

Claims incurred comprise claims paid and related expenses in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of the reporting period, but not settled at that date. The reserve for outstanding claims is computed on the basis of the best information available at the time the records for the year are closed, and include additional provisions for claims incurred but not reported ("IBNR") at the end of each reporting period based on the company's experience but subject to the minimum percentages set by the Commissioner of Insurance.

Reinsurance contracts held

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

CIC GENERAL INSURANCE LIMITED

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

The company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss for the year.

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss.

Taxation

Income tax expense represents the sum of the current taxation and the deferred taxation.

Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred taxation is provided for using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation (including property under construction for such purposes). They are treated as long-term investments and carried at fair value, representing market value determined annually, based on valuations by external independent valuers. Investment properties are not subject to depreciation. Changes in their carrying amount between each end of the reporting period are processed through profit or loss for the year.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. On the retirement or disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss for the year.

CIC GENERAL INSURANCE LIMITED

Furniture and equipment

Furniture and equipment is stated at cost or revaluation less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Computers	4 years
Motor vehicles	4 years
Furniture, fittings and equipment	8 years

Property and equipment are reviewed for impairment whenever there are any indications of impairment identified.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The impairment loss is recognised in profit or loss for the year.

An item of furniture and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on derecognition of furniture and equipment are determined by reference to their carrying amounts. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

Properties under construction

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories when completed and ready for intended use.

Intangible assets

Intangible assets represent computer software. Intangible assets acquired separately 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.

Intangible assets are amortised over the useful economic life of three years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method is reviewed 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 are treated as changes in accounting estimates. The amortisation expense is recognised in profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

Financial instruments

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument. The company classifies its financial instruments into the following categories: Financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. Management determines the appropriate classification of its investments at initial recognition and re-evaluates this at the end of each reporting period.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling it in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or those that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the company's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of investments are recognised on trade date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the year in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income and accumulated under the heading of fair value reserve in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss for the year as net realised gains/losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Unquoted investments are classified as available-for-sale investments. They are shown at fair value unless their value cannot be reliably measured in which case when they are carried at cost less provision for impairment.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset (or company of financial assets) is impaired. Impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that those events have an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The impairment loss so recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial liabilities and equity instruments issued by the company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Classification as debt or equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Offsetting

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

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position.

Accounting for leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to one of the companies in the company as a lessee. All other leases are classified as operating leases.

Payments made under operating leases are charged to profit or loss on the straight-line basis over the period of the lease.

Rental income from operating leases is charged to profit or loss for the year on the straight-line basis over the term of the relevant lease.

Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the end of the reporting period is recognised as an expense accrual.

Retirement benefit obligations

The company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the company and employees.

The company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions to this scheme are determined by local statute and are currently at Sh. 200 per employee per month.

The company's contributions to the defined contribution scheme and NSSF are charged to profit or loss as they fall due.

Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are paid. Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders.

Business reorganisation

In accounting for transfer of assets and liabilities received from the holding company, CIC Insurance Group Limited, the Company recognised the assets and liabilities transferred at their carrying amounts in the books of the transferring entity at the date of the transfer. The difference between the consideration paid or received in respect of net assets or net liabilities respectively and carrying amounts of assets and liabilities at the date of the transfer is dealt with through the statement of changes in equity.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the company's accounting policies are dealt with below:

The ultimate liability arising from claims made under insurance contracts

The main assumption underlying techniques applied in the estimation of this liability is that the company's past claims 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.

Additional qualitative judgment 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 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 account of all the uncertainties involved.

A margin for adverse deviation may also be included in the liability valuation. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include additional provisions for claims incurred but not reported ("IBNR") at the end of the reporting period based on the company's experience but subject to the minimum percentages set by the Commissioner of Insurance.

Held -to-maturity financial assets

The company follows the guidance of IAS 39 in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the company evaluates its intention and ability to hold such assets to maturity. If the company fails to hold these financial assets to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The assets would therefore be measured at fair value not amortised cost.

Impairment losses

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Furniture and equipment

Critical estimates are made by the company's management, in determining depreciation rates for furniture and equipment.

Receivables

Critical estimates are made by the directors in determining the recoverable amount of receivables.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 GROSS EARNED PREMIUMS

	2012 Sh'000	2011 Sh'000
Medical	1,362,762	-
Motor	2,949,339	-
Fire	403,751	-
Personal accident	173,238	-
Others	826,856	-
Total gross earned premiums	**5,715,946**	**-**

4 INVESTMENT INCOME

	2012 Sh'000	2011 Sh'000
Interest from Government securities held to maturity	113,172	-
Bank deposit interest	275,571	-
Interest on staff loan receivables	6,581	-
Dividend income	22,980	-
	418,304	-

Investment income earned on financial assets, analysed by category of asset as follows:

	2012 Sh'000	2011 Sh'000
Held to maturity investments	388,743	-
Fair value through profit or loss investments	22,980	-
Loans and receivables	6,581	-
Total investment income	418,304	-

Gains relating to financial assets classified as at fair value through profit or loss are included in other gains and losses in note 5.

5 OTHER GAINS AND LOSSES

	2012 Sh'000	2011 Sh'000
Fair value gains on investment properties (note 10)	67,181	-
Fair value gain on quoted equity investments at fair value through profit or loss (note 16)	27,172	-
Amortisation/discount on Government securities held to maturity	19,600	-
Miscellaneous income	5,336	-
	119,289	-

No other gains or losses have been recognised in respect of loans and receivables or held to maturity investments, other than as disclosed in this note and note 4 above and impairment losses recognised in respect of premium receivable (see note 7).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 CLAIMS AND POLICYHOLDERS BENEFITS PAYABLE

	2012 Sh'000	2011 Sh'000
Claims and policyholders' benefits payable:		
- Gross	3,492,094	-
- Reinsurer's share	(350,130)	-
	3,141,964	-

7 OPERATING AND OTHER EXPENSES

The following items have been charged in arriving at profit before taxation:

	2012 Sh'000	2011 Sh'000
Staff costs (note 8)	313,245	-
Auditors' remuneration	2,500	-
Directors' fees	16,600	-
Directors' emoluments	38,298	-
Depreciation (note 11)	19,671	-
Amortisation (note 12)	5,920	-
Impairment charge for doubtful premium receivables	38,494	-
Premium tax	74,981	-
Other	600,846	-
	1,110,555	-

8 STAFF COSTS

Staff costs include the following:

	2012 Sh'000	2011 Sh'000
- Salaries	279,203	-
- Pension costs	26,157	-
- Leave pay	7,885	-
	313,245	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 TAXATION

	2012 Sh'000	2011 Sh'000
a) Taxation charge		
Current tax at 30%	256,013	-
Deferred tax credit (note 17)	(1,227)	-
	254,786	-
b) Reconciliation of taxation expense to expected tax based on accounting profit		
Profit before taxation	930,028	
Tax calculated at a tax rate of 30%	279,008	-
Tax effect of expenses not deductible for tax	9,570	-
Tax effect of income not subject for tax	(33,792)	-
Taxation charge for the year	254,786	-
c) Taxation payable		
At 1 January	-	-
Charge for the year	256,013	-
Paid during the year	(200,177)	-
At 31 December	55,836	-

10 INVESTMENT PROPERTIES

	CIC Plaza Work in progress Sh'000	Kajiado land Sh'000	Total Sh'000
At 1 January and 31 December 2011	-	-	-
At 1 January 2012	-	-	-
Transfer from CIC Insurance Group Limited (note 33)	262,724	-	262,724
Additions	269,728	432,819	702,547
Fair value gain (note 5)	-	67,181	67,181
At 31 December 2012	532,452	500,000	1,032,452

Kajiado land, which was acquired during the year, was revalued as at 31 December 2012 by Lloyd Masika Limited, registered valuers, on the basis of open market value.

CIC GENERAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 FURNITURE AND EQUIPMENT

	Motor vehicles Sh'000	Computers Sh'000	Furniture, fittings & equipment Sh'000	Total Sh'000
COST OR VALUATION				
At 1 January 2011 and 31December 2011	-	-	-	-
At 1 January 2012	-	-	-	-
Transfer from CIC insurance Group Limited (note 33)	14,349	38,992	70,157	123,498
Additions	4,450	6,577	22,208	33,235
At 31 December 2012	18,799	45,569	92,365	156,733
DEPRECIATION				
At 1 January 2011 and 31December 2011	-	-	-	-
At 1 January 2012	-	-	-	-
Transfer from CIC insurance Group Limited (note 33)	4,749	17,560	19,120	41,428
Charge for the year	3,513	7,003	9,155	19,671
At 31 December 2012	8,262	24,563	28,275	61,099
NET BOOK VALUE				
At 31 December 2012	10,537	21,006	64,090	95,634
At 31 December 2011	-	-	-	-

12 INTANGIBLE ASSETS

Computer software:

	2012 Sh'000	2011 Sh'000
COST		
At 1 January 2012	-	-
Transfer from CIC insurance Group Limited (note 33)	56,827	-
Additions	6,965	-
At 31 December 2012	63,792	-
AMORTISATION		
At 1 January 2012	-	-
Transfer from CIC insurance Group Limited (note 33)	40,112	-
Amortisation	5,920	-
At 31 December 2012	46,032	-
NET BOOK VALUE		
At 31 December 2012	17,760	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 AVAILABLE –FOR - SALE INVESTMENTS

	2012 Sh'000	2011 Sh'000
Unquoted shares:		
Class 'A' shares held in The Co-operative Bank of Kenya Limited	19,171	-
Shares held in Allnations, Inc. – at cost	673	-
	19,844	-
	======	=======

The movement in available-for-sale investments is as follows:

	2012 Sh'000	2011 Sh'000
At 1 January	-	-
Transfer from CIC Insurance Group Limited (note 33)	16,205	-
Fair value gains	3,639	-
At 31 December	19,844	-
	======	=======

The shares in The Co-operative Bank of Kenya Limited were acquired before the Bank's initial public offer (IPO) in 2009.The Co-operative Bank of Kenya Limited shares are currently listed on the Nairobi Securities Exchange. However, there was an agreement for the shares held by corporation's pre-IPO Shareholders not to be traded for the first 5 years. These shares have been revalued in the current year at the market rates.

14 LOANS RECEIVABLE

Mortgage loans:

	2012 Sh'000	2011 Sh'000
At 1 January	-	-
Transfer from CIC Insurance Group Limited	138,144	-
Loans advanced	57,219	-
Loan repayments	(19,841)	-
At 31 December	175,522	
	=======	========
Maturity profile of mortgage loans:		
Within 1 year	859	-
In 1-5 years	7,149	-
In over 5 years	167,514	-
	175,522	-
	=======	========

15 LOANS RECEIVABLE

Staff loans:

	2012 Sh'000	2011 Sh'000
At 1 January		-
Transfer from CIC Insurance Group Limited (note 3)	79,764	-
Loan repayments	(34,635)	-
	45,129	-
	=======	========

CIC GENERAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 Sh'000	2011 Sh'000
At 1 January	-	-
Transfer from CIC Insurance Group Limited (note 33)	81,583	-
Additions	4,768	-
Fair value gain	27,172	-
At 31 December	113,523	-
	=======	=======

17 DEFERRED TAXATION

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30%. The deferred tax asset is attributable to the following items:

	2012 Sh'000	2011 Sh'000
Excess depreciation over capital allowances	105	-
Leave pay provision	1,122	-
Net deferred tax asset	1,227	-
	======	=======

The movement in the deferred tax account is as follows:

	2012 Sh'000	2011 Sh'000
At 1 January	-	-
Profit or loss credit – (note 9(a))	1,227	-
At 31 December	1,227	-
	======	=======

18 DEPOSITS AND COMMERCIAL PAPER – HELD TO MATURITY

	2012 Sh'000	2011 Sh'000
OTHER DEPOSITS:		
K'Unity Finance Limited	24,338	-
CIC Sacco	42,458	-
CIC - Unit Trusts	162,198	-
COMMERCIAL PAPER:		
Nakumatt Holdings Limited	42,745	-
Kenya Electricity Generating Company Limited	9,390	-
Total deposits and commercial paper	281,129	-
	======	=======
Maturing within three months	42,458	-
Maturing after 3 months	238,671	-
Total deposits and commercial paper	281,129	-
	======	=======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 RECEIVABLES ARISING OUT OF DIRECT INSURANCE ARRANGEMENTS

Receivables arising out of direct insurance arrangements relate to premiums earned but not received as a result of risks underwritten but whose premiums have not been received as at year end.

20 DEFERRED ACQUISITION COSTS

	Gross Shs.	Retrocession Shs.	2012 Net Shs.
At 1 January	-	-	-
Transfer from CIC Insurance Group Limited (note 33)	200,917	7,411	193,506
Increase in the year	142,859	16,435	126,424
At 31 December	343,776	23,846	319,930
	=======	=======	=======

21 OTHER RECEIVABLES

	2012 Sh'000	2011 Sh'000
Staff advances	16,577	-
Salvage recoveries	21,748	-
Other receivables	36,043	-
Total receivables	74,368	-
	======	========

22 GOVERNMENT SECURITIES HELD TO MATURITY

	2012 Sh'000	2011 Sh'000
At 1 January	-	-
Transfer from CIC Insurance Group Limited (note 33)	1,245,251	-
Additions	168,766	-
Maturities	(406,445)	-
Amortisation/discount	19,600	-
At 31 December	1,027,172	-
	========	========
Treasury bonds maturing:		
- within 90 days	15,000	-
- after 90 days	1,012,172	-
At 31 December	1,027,172	-
	========	========

Treasury bonds amounting to Sh. 210 million are held by the Central Bank of Kenya under lien to the Commissioner of Insurance in accordance with the Insurance Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 DEPOSITS WITH FINANCIAL INSTITUTIONS

	2012 Sh'000	2011 Sh'000
The Co-operative Bank of Kenya Limited	472,034	-
Housing Finance Company of Kenya Limited	188,667	-
K-Rep Bank Limited	202,168	-
I & M Bank Limited	24,506	-
NIC Bank Limited	30,471	-
Bank of Africa Limited	107,741	-
Barclays Bank of Kenya Limited	8,013	-
PTA Bank	4,118	-
Consolidated Bank of Kenya Limited	212,420	-
Prime Bank Limited	22,212	-
Kenya Commercial Bank Limited	20,314	-
Development Bank of Kenya Limited	66,098	-
National Bank of Kenya Limited	57,859	-
Chase Bank Limited	159,879	-
ABC Bank Kenya Limited	261,274	-
Jamii Bora Bank Limited	20,158	-
Transnational Bank Limited	55,632	-
	1,913,564	-
	========	========
Maturity analysis:		
Maturing within three months	1,147,967	-
Maturing after 3 months	765,597	-
	1,913,564	-
	========	========

24 WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

The table below summarises the weighted average effective interest rates realised during the year on the principal interest-bearing investments:

	2012 %	2011 %
Government securities	12.00	-
Mortgage loans	4.00	-
Policy loans	4.00	-
Deposits with financial institutions	14.00	-
Other deposits and commercial paper	9.00	-
	======	======

25 RELATED PARTY BALANCES

	2012 Sh'000	2011 Sh'000
Due from:		
CIC Insurance Group Limited	270,851	-
CIC Life Assurance Limited	1,484	-
CIC Asset Management Limited	55,217	-
	327,552	-
	========	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 SHARE CAPITAL

	31 December 2012		31 December 2011	
	Number of shares '000	Share capital Sh'000	Number of shares '000	Share capital Sh'000
Authorised ordinary shares of Sh. 20 each:				
At 1 January	7,500	150,000	-	-
Additions	42,500	850,000	7,500	150,000
At 31 December	50,000	1,000,000	7,500	150,000
	=======	========	=======	========
Issued and fully paid up share capital:				
At 1 January	-	-	-	-
Additions	35,000	700,000	-	-
At 31 December	35,000	700,000	-	-
Issued and unpaid share capital:				
At 1 January	500	10,000	-	-
Paid up in the year	(500)	(10,000)	-	-
Additions	-	-	500	10,000
At 31 December	-	-	500	10,000
Total share capital	35,000	700,000	500	10,000
	=======	========	=======	========

The company issued 35 million shares during the year at Sh. 20 each amounting to Sh. 700,000,000 to CIC Insurance Group Limited (2011-500,000 shares of sh. 20 each were allotted but remained unpaid).

27 (a) FAIR VALUE RESERVE

The fair value reserve represents fair value gains arising from the revaluation of available for sale financial instruments and is not distributable as dividends.

27 (b) RETAINED EARNINGS

The retained earnings balance represents the amount available for dividend distribution to the shareholders of the company, except as disclosed below:

Retained earnings include fair value gains on revaluation of investment properties which are unrealised and whose distribution is subject to restrictions imposed by the Kenya Insurance Act. At 31 December, 2012, the unrealised fair value gains on revaluation of investment properties amounted to Sh. 67,181,000.

CIC GENERAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28(a) INSURANCE CONTRACTS LIABILITIES

	2012 Sh'000	2011 Sh'000
Claims reported and claims handling expenses:		
At 1 January, 2012	-	-
Transfer from CIC Insurance Group Limited (note 33)	963,329	-
Claims incurred in the year	3,202,716	-
Payments for claims and claims handling expenses	(2,833,591)	-
At 31 December, 2012	1,332,454	-
	========	========
Comprising:		
Gross amounts	2,819,137	-
Reinsurers share (note 29)	(1,486,683)	-
At 31 December, 2012	1,332,454	-
	========	========

Movement in general business insurance contract liabilities is shown in note 28(b).

28(b) MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	Gross Sh'000	Reinsurance Sh'000	Net Sh'000
At 1 January	-	-	-
Transfer from CIC Insurance Group Limited (note 33)			
- Notified claims	2,024,558	1,263,955	760,603
- Incurred but not reported	202,726	-	202,726
Total transfers	2,227,284	1,263,955	963,329
Cash paid for claims settled in year	(3,122,968)	(289,377)	(2,833,591)
Increase in liabilities arising from:			
Current year claims	3,077,524	401,938	2,675,586
Prior year claims	637,297	110,167	527,130
At 31 December	2,819,137	1,486,683	1,332,454
	========	=======	========
Comprising:			
Notified claims	2,570,565	1,486,683	1,083,882
Incurred but not reported	248,572	-	248,572
At 31 December	2,819,137	1,486,683	1,332,454
	========	=======	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 REINSURERS' SHARE OF INSURANCE LIABILITIES AND RESERVES

	2012 Sh'000	2011 Sh'000
Reinsurers' share of:		
- insurance contract liabilities {note 28(b)}	1,486,683	-
- unearned premiums and unexpired risks (note 30)	385,815	
Total	1,872,498	-

Amounts due from reinsurers in respect of claims already paid by the company on contracts that are reinsured are included in receivables arising out of reinsurance arrangements in the Statement of Financial Position. Movements in the above reinsurance assets are shown in notes 28.

30 PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS

The provision for unearned premiums and unexpired risks represents the portion of the premium written in years up to the accounting date which relates to the unexpired terms of policies in force at the end of each reporting period. The movement in the reserve is shown below:

			2012
	Gross Sh'000	Reinsurance Sh'000	Net Sh'000
At 1 January	-	-	-
Transfer from CIC Insurance Group Limited (note 33)	2,158,409	293,286	1,865,123
Increase in the year (net)	933,704	92,529	841,175
At 31 December	3,092,113	385,815	2,706,298

31 OTHER PAYABLES

	2012 Sh'000	2011 Sh'000
Sundry payables	10,168	-
Premiums received in advance	108,778	-
Leave pay provision	3,741	-
Rent deposits	1,377	-
	124,064	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 NOTES TO THE STATEMENT OF CASH FLOWS

	2012 Sh'000	2011 Sh'000
a) Reconciliation of profit before tax to cash generated from operations:		
Profit before taxation	930,028	-
Adjustments for:		
Fair value gains on revaluation on investment property (note 10)	(67,181)	-
Depreciation (note 11)	19,671	-
Amortisation of intangible assets (note 12)	5,920	-
Gain on revaluation of quoted shares (note 16)	(27,172)	-
Increase in deferred acquisition costs (note 20)	(126,424)	-
Amortisation of government securities (note 22)	(19,600)	-
Increase in provision for unearned premiums (note 30)	933,704	-
Increase in outstanding claims provision	591,853	-
Working capital changes:		
Increase in receivables arising out of direct insurance arrangements	(383,616)	-
Increase in reinsurers share of liabilities and reserves	(315,257)	-
Increase in receivables arising out of reinsurance arrangements	12,070	-
Decrease in other receivables	196,823	-
Decrease in other payables	(128,936)	-
Movement in amounts due to reinsurers and other insurance bodies (net)	45,791	-
Movement in related party balances	(327,552)	-
Net cash generated from operations	1,340,122	-
b) Cash and cash equivalents		
Bank and cash balances	196,372	-
Deposits with banks maturing within 3 months- (note 23 (a))	1,147,967	-
	1,344,339	-
c) Transfer of cash and cash equivalents from CIC Insurance Group Limited		
Bank and cash balances	111,592	-
Deposits with banks maturing within 3 months	678,048	-
	789,640	-

NOTES TO THE FINANCIAL STATEMENTS

33 BUSINESS REORGANISATION

Following approval by shareholders, the Insurance Regulatory Authority and Minister for Finance, the holding company, CIC Insurance Group Limited, was reorganised and this resulted in the Company acquiring the following assets of the short term insurance business and assuming the related liabilities of the CIC Insurance Group Limited, through a transfer on 1 January 2012. The transfer has been recognised in these financial statements as detailed below:

Transfer of assets and liabilities

	Note	At 1 January 2012 Sh'000
Assets		
Investment properties	10	262,724
Furniture and equipment	11	82,070
Intangible assets	12	16,715
Available - for- sale investments	13	16,205
Loans receivable -Mortgage loans	14	138,144
- Other loans	15	79,764
Equity investments	16	81,583
Deposits and commercial paper		181,054
Receivables arising out of reinsurance arrangements		12,070
Receivables arising out of direct insurance arrangements	19	678,968
Reinsurers share of liabilities and reserves	28	1,557,241
Deferred acquisition costs	20	193,506
Other receivables		316,278
Government securities held to maturity	22	1,227,572
Deposits with financial institutions		1,443,645
Cash and bank balances		111,592
Total assets		6,399,131
Liabilities		
Insurance contracts liabilities	28	2,227,284
Provision for unearned premiums and unexpired risks	30	2,158,409
Payables arising from reinsurance arrangements and insurance bodies		78,570
Other payables		253,000
Total liabilities		4,717,263
Net assets transferred		**1,681,868**
Less: Issue of shares to CIC Insurance Group Limited		700,000
Surplus on the transfer of assets and liabilities		981,868

CIC GENERAL INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

34 CONTINGENT LIABILITIES

	2012 Sh'000	2011 Sh'000
Bank guarantees	106,619	-

In common practice with the insurance industry in general, the company is subjected to litigation arising in the normal course of insurance business. The directors are of the opinion that the pending litigation will not have a material effect on the financial position or profits of the company.

35 CAPITAL COMMITMENTS

Capital expenditure committed at the end of the reporting period but not recognised in the financial statements is as follows:

	2012 Sh'000	2011 Sh'000
Committed and contracted for	211,547	-
Committed but not contracted for	40,870	-

36 OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	2012 Sh'000	2011 Sh'000
Not later than one year	21,349	-
Later than 1 year but not later than 5 years	45,320	-
	66,669	-

37 RELATED PARTIES

The company has various related parties, most of whom are related by virtue of being shareholders, and partly due to common directorships. The other related parties include staff of the company.

a) **Transaction with related parties during the year**

The following transactions were carried out with related parties during the year:

	2012 Sh'000	2011 Sh'000
Net earned premium	167,316	-
Net claims incurred	60,735	-
Interest earned on bank deposits	275,571	-

Transactions with related parties are in the ordinary course of business and on terms and conditions similar to those offered to other clients.

The company also acquired the short term assets and the related liabilities of CIC Insurance Group Limited as detailed in note 33.

NOTES TO THE FINANCIAL STATEMENTS

37 RELATED PARTIES (Continued)

a) Loans to directors of the company

The company did not advance loans to its directors in the year ended 31 December 2012.

b) Outstanding balances with related parties

	2012 Sh'000	2011 Sh'000
i) Term deposits and bank balances		
Fixed deposits	472,034	-
Cash balance	196,372	-
	668,406	-
ii) Insurance balances		
Premiums receivable from related parties	49,545	-
iii) Mortgage loans		
Mortgage receivable from related parties (note 14)	175,522	-

Mortgage loan balances and movements thereon are in respect of loans extended to the company's officers at terms prescribed in the company policy.

c) Key management personnel remuneration

The remuneration of directors and other members of key management during the year were as follows:

	2012 Sh'000	2011 Sh'000
Directors' emoluments - fees	16,600	-
- others	38,298	-
Key management salaries and other short-term employment benefits	13,385	-
	68,283	-

CIC GENERAL INSURANCE LIMITED

38 RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a variety of financial risks including: insurance risk, financial risk, credit risk, and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

The disclosures below summarise the way the company manages key risks:

Insurance risk

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

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

Insurance risk in the company arises from:

a) Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;

b) Unexpected claims arising from a single source;

c) Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;

d) Inadequate reinsurance protection or other risk transfer techniques; and

e) Inadequate reserves

(a) (b) and (c) can be classified as the core insurance risk, (d) relates to reinsurance planning, while (e) is about reserving.

Core insurance risk

This risk is managed through:

- Diversification across a large portfolio of insurance contracts;
- Careful selection guided by a conservative underwriting philosophy;
- Continuous monitoring of the business performance per class and per client and corrective action taken as deemed appropriate;

- A minimum of one review of each policy at renewal to determine whether the risk remains within the acceptable criteria;
- Having a business acceptance criteria which is reviewed from time to time based on the experience and other developments; and
- Having a mechanism of identifying, quantifying and accumulating exposures to contain them within the set underwriting limits.

Reinsurance planning

Reinsurance purchases are reviewed annually to verify that the levels of protection being sought reflect developments in exposure and risk appetite of the company. The bases of these purchase is underpinned by the company's experience, financial modelling by and exposure of the reinsurance broker.

The reinsurance is placed with providers who meet the company's counter party security requirements.

Claims reserving

The company's reserving policy is guided by the prudence concept. Estimates are made of the estimated cost of settling a claim based on the best available information on registration of a claim, and this is updated as and when additional information is obtained and annual reviews done to ensure that the reserves are adequate. Management is regularly provided with claims settlement reports to stay informed on the reserving performance.

Short term insurance contracts

The company engages in short term insurance contracts and funds the insurance liabilities with a portfolio of equity and debt securities exposed to market risk. During the year, the company increased the portion of financial assets invested in debt securities to mitigate the impact of the volatility of equity prices experienced in recent years. An analysis of the company's financial assets and its short term insurance liabilities is presented below:

CIC GENERAL INSURANCE LIMITED

	2012 Sh'000	2011 Sh'000
Financial assets		
Debt securities held to maturity:		
- Government bonds and treasury bills	1,027,172	-
Equity securities:		
- At fair value through profit or loss - listed securities	113,523	-
- Available for sale -unlisted securities	19,844	-
Loans and receivables from insurance and reinsurance contracts	1,283,235	-
Due from related parties	327,552	-
Fixed and other deposits	2,194,693	-
Cash and bank balances	196,372	-
Total	5,162,391	-
	========	========
Short – term insurance liabilities		
Insurance contracts- short term	2,819,137	-
Less assets arising from reinsurance contracts held-short term	(1,486,683)	-
Total	1,332,454	-
	========	========

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non interest bearing. However, due to the time, value of money and the impact of interest rates on the level of bodily injury incurred by the company's policyholders (where a reduction of interest rate would normally produce a higher insurance liability), the company matches the cash flows of assets and liabilities in this portfolio by estimating their mean duration.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from the insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date). The mean durations are:

	2012	2011
Net short term insurance liabilities - life risk	0.2 years	-
Net short term insurance liabilities - property risk	2 years	-
Net short term insurance liabilities - casualty risk	5 years	-
Financial assets (excluding equity securities	3 years	-
	=======	=======

The table below indicates the contractual timing of cash flows arising from assets and liabilities included in the company's ALM framework for management of short term insurance contracts as of 31 December 2012:

	Carrying Amount	No stated	Contractual cash flows (undiscounted)				
Financial assets	31.12.2012	Maturity	0-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	> 5 yrs
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
Debt securities held to maturity: Government bonds and treasury bills at fixed rate	1,027,172	-	120,000	75,000	20,000	-	812,172
Equity securities:							
At fair value through profit or loss - listed securities	113,523	113,523	-	-	-	-	-
Available for sale unlisted securities	19,844	19,844	-	-	-	-	-
Loans and receivables from insurance and reinsurance contracts	1,283,235		1,283,235				
Fixed and other deposits	2,194,693	24,286	2,116,965	4,118	8,067	-	41,257
Cash and bank balances	196,372	196,372	-	-	-	-	-
Total	4,834,839	354,025	3,520,200	79,118	28,067	-	853,429
Short term insurance liabilities:							
Insurance contracts short term	2,819,137	2,819,137	-	-	-	-	-
Payables arising from reinsurance arrangements	124,361	124,361	-	-	-	-	-
Less assets arising from reinsurance contracts	(1,486,683)	(1,486,683)	-	-	-	-	-
Total	1,456,815	1,456,815	-	-	-	-	-
Difference in contractual cash flows	3,378,024	(1,102,790)	3,520,200	79,118	28,067	-	853,429
	========	=========	========	======	======	======	=======

(a) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the former, as the carrying amounts of the latter are not directly affected by changes in market risks.

The company's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 10 basis points in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the company's overall exposure to interest rate sensitivities included in the company's ALM framework and its impact in the company's profit or loss by business.

An increase/decrease of 5% in interest yields would result in an increase/decrease of the profit for the year and equity by Sh. 13,778,550.

(ii) Equity price risk

The company is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposure to equity shares 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 Nairobi Securities Exchange.

The company has a defined investment policy which sets limits on the company's exposure to equities both in aggregate terms and by industry. This policy of diversification is used to manage the company's price risk arising from its investments in equity securities.

Investment management meetings are held monthly. At these meetings, senior managers meet to discuss investment return and concentration of the equity investments.

Listed equity securities represent 85% of total equity investments. If equity market indices had increased/ decreased by 5%, with all other variables held constant, and all the company's equity investments moving according to the historical correlation with the index, the profit for the year would increase/decrease by Sh. 1,358,600 (2011: Sh. nil) and equity would increase/decrease by Sh. 6,668,350.

(iii) Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company primarily transacts in Kenya shilling and its assets and liabilities are denominated in the same currency. The company is therefore not exposed to currency risk.

(b) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;

- amounts due from corporate bond issuers
- amounts due from insurance intermediaries; and
- cash and cash equivalents (including fixed deposits)

The company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim, the company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on annual basis by reviewing their financial strength prior to finalisation of any contract.

In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. In certain circumstances, deposits from reinsurers are also held as collateral.

The table below indicates the carrying amounts of assets bearing credit risk:

	2012	2011
	Sh'000	Sh'000
Debt securities held to maturity:		
- Government bonds and treasury bills	1,027,172	
Equity securities:		
At fair value through profit or loss - listed securities	113,523	
Available for sale -unlisted securities	19,844	
Loans and receivables from insurance and reinsurance contracts	1,283,235	
Due from related parties	327,552	
Fixed and other deposits	2,194,693	
Cash and bank balances	196,372	
	________	
Total	5,162,391	
	========	

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the company. Management information reported to the directors include details of provisions for impairment on receivables and subsequent write offs.

(b) Credit risk (Continued)

The analysis of financial assets past due and impaired is made up as follows:

At 31 December 2012

	Fully performing	Past due	Impaired
	Sh'000	Sh'000	Sh'000
Agents	454,165	111,201	34,831
Brokers	120,289	26,107	8,163
Direct	314,334	36,488	11,429
	______	_______	______
Total	888,788	173,796	54,423
	=======	=======	======

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

The debt that is overdue is not impaired and continues to be paid. The credit control department is actively following this debt. In addition, the company also owes most of the reinsurance debtors hence any default would be offset from the payables arising from reinsurance contracts.

The debt that is impaired has been fully provided for. However, debt collectors as well as management are following up on the impaired debt.

Management makes regular reviews to assess the degree of compliance with the company's procedures on credit. Exposures to individual policyholders and companys of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous companys of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management.

(c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the company is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand.

The table below provides a contractual maturity analysis of the company's financial liabilities:

31 December 2012

	6 months or on demand Sh'000	Between 6 months and 1 year Sh'000	More than 1 year Sh'000	Total Sh'000
Insurance contract liabilities	2,819,137	-	-	2,189,137
Payables arising from reinsurance arrangements	124,361	-	-	124,361
Other payables	124,064	-	-	124,064
	========	======	======	========

(d) Fair value hierarchy

The company 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 company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- *Level 1* – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi stock exchange.
- *Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- *Level 3* – inputs for the assets or liabilities 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.

The table below shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

31 December 2012

Level 1	Level 2	Level 3	Total	
Shs'000	Shs'000	Shs'000	Shs'000	
Fair value through profit or loss				
- Equity investments	113,523	-	-	-
Available for sale investments	19,844	-	-	-
	________	________	________	________
	133,367	-	-	-
	========	========	========	========

(e) Unit-linked contracts

For unit-linked contracts the company matches all the liabilities with assets in the portfolio on which the unit prices are based. There is therefore no interest, price, currency or credit risk for the company on these contracts

39 CAPITAL RISK MANAGEMENT

The company maintains an efficient capital structure from a combination of equity shareholders' funds and borrowings, consistent with the company's risk profile and the regulatory and market requirements of its business.

The company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- 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; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the company's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the company is focused on the creation of value for shareholders.

The company has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders. The company considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital. The company manages as capital all items that are eligible to be treated as capital for regulatory purposes.

The company is regulated by the Kenya Insurance Regulatory Authority and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. The company manages capital in accordance with these rules and has embedded in its ALM framework the necessary tests to ensure continuous and full compliance with such regulations. The company has complied with all externally imposed capital requirements throughout the year.

The constitution of capital managed by the company is as shown below:

	2012	2011
	Sh'000	Sh'000
Share capital	700,000	-
Fair value reserve	3,639	-
Retained earnings	1,657,110	-
Equity	2,360,749	-
	========	========

The company had no external financing at 31 December 2012.

40 INCORPORATION

The company is incorporated in Kenya under the companies Act and is domiciled in Kenya.

41 HOLDING COMPANY

The holding company is CIC Insurance Group Limited which is incorporated and domiciled in Kenya.

42 CURRENCY

The financial statements are presented in Kenya shillings thousands (Sh '000').

2012 ANNUAL REPORT & FINANCIAL STATEMENTS

	C.A.R & Engin-eering	Fire Domestic	Fire Industrial	Liability Insurance	Marine & Transit	Motor Private	Motor Com-mercial	Motor Pool	Medical insurance	Personal Accident	Theft Insurance	Work men's Comp.	Misc. Accident	Micro solutions	Total 2012
	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000	Shs.'000		Shs.'000
Gross premium written	96,143	74,903	328,711	152,866	9,944	1,285,589	1,835,262	-	1,940,553	178,558	380,507	157,035	102,835	14,216	6,557,122
Unearned premium transferred in	17,997	21,551	66,154	6,034	771	569,921	648,419	-	332,238	46,688	98,625	44,623	12,096	-	1,865,117
Unearned premium c/f	(20,434)	(27,433)	(60,135)	(52,239)	(1,460)	(571,884)	(817,968)	-	(910.027)	(52,006)	(109,255)	(66,072)	(17,380)	-	(2,706,293)
Gross earned premium	93,706	69,021	334,730	106,661	9,255	1,283,626	1,665,713	-	1,362,762	173,238	369,876	135,586	97,550	14,216	5,715,946
Reinsurance premium	(50,532)	(3,573)	(166,234)	(87,032)	(7,207)	(22,670)	(32,363)	-	(261,613)	(26,449)	(14,275)	(2,769)	(64,612)	-	(739,129)
Net earned premium	**43,174**	**65,449**	**168,497**	**19,629**	**2,048**	**1,260,956**	**1,633,350**	-	**1,101,151**	**146,791**	**355,602**	**132,817**	**33,139**	**14,216**	**4,976,817**
Gross claims paid	18,545	9,289	15,566	3,484	56	918,309	743,907	-	843,940	73,734	93,620	33,888	18,499	-	2,772,837
Outstanding claims c/f	8,110	6,617	35,023	46,413	100	453,398	425,373	2,092	97,987	43,011	151,593	48,412	14,319	-	1,332,450
Outstanding claims transferred in	(7,067)	(5,967)	(31,038)	(36,223)	(44)	(356,596)	(307,753)	(2,092)	(48,229)	(31,573)	(87,178)	(42,531)	(7,032)	-	(963,323)
Net claims incurred	19,588	9,939	19,551	**13,674**	**112**	**1,015,111**	**861,527**	**-**	**893,698**	**85,172**	**158,037**	**39,769**	**25,786**	-	**3,141,964**
Commission receivable	(21,741)	(844)	(68,917)	(242)	(1,924)	-	-	-	(58,495)	(5,547)	(2,522)	-	(10,263)		(170,496)
Commissions payable	18,081	11,676	50,257	5,819	1,088	113,206	152,308	-	49,832	24,418	50,046	21,254	2,876	1,495	502,359
Net commission	(3,659)	10,833	(18,660)	5,577	(836)	113,206	152,308	-	**(8,663)**	**18,871**	**47,524**	**21,254**	**(7,387)**	**1,495**	**331,863**
Management Expenses	15,161	11,812	51,837	24,107	1,568	204,239	289,440	-	306,025	28,158	60,005	24,674	16,217	2,241	1,035,574
Premium Tax	1,099	856	3,759	1,747	112	14,702	20,989	-	22,193	2,041	4,351	1,795	1,175	162	74,981
Total	16,260	12,668	55,596	25,854	1,680	**218,941**	**310,429**	-	**328,218**	**30,199**	**64,356**	**26,559**	**17,392**	**2,403**	**1,110,555**
Total claims expenses and commissions	**32,190**	**33,440**	**56,487**	**45,105**	**956**	**1,347,258**	**1,324,264**	-	**1,213,253**	**134,242**	**269,917**	**87,582**	**35,791**	3,898	4,754,878
Underwriting profit/(loss)	10,985	**32,008**	**112,009**	**(25,476)**	**1,093**	**(86,302)**	**309,086**	-	**(112,102)**	**12,549**	**85,685**	**45,237**	**(2,652)**	**10,318**	**392,435**

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