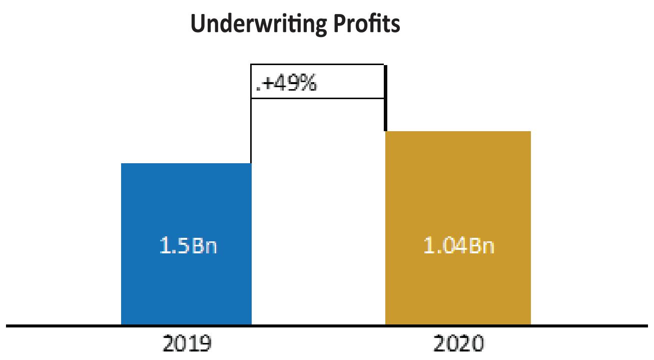
INTEGRATED ANNUAL REPORT 2020

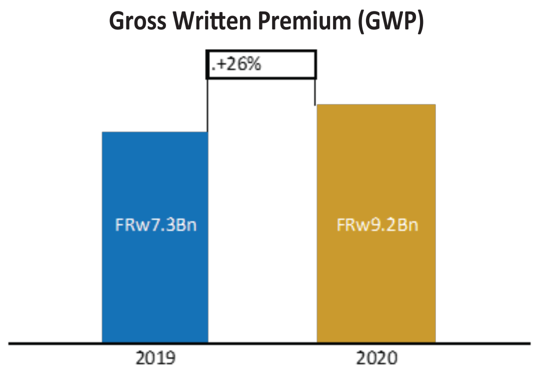
BK GENERAL INSURANCE LIMITED

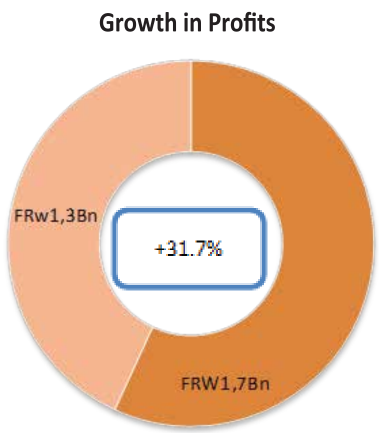
BK Insurance
Safeguarding Your Wealth

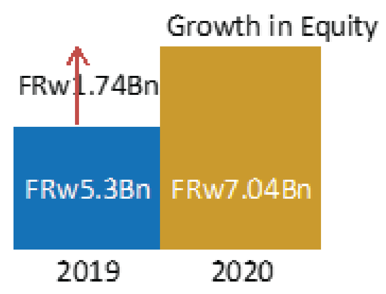
Section 1 Contents

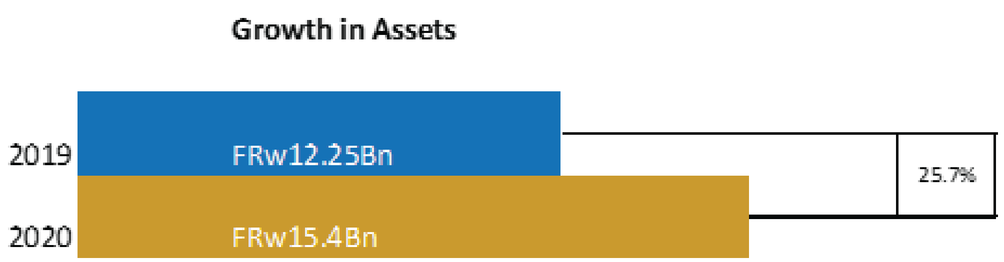
Results at a Glance











ABBREVIATIONS

BKGI	Bank of Kigali General Insurance
CPD	Continuous Professional Development
COVID-19	Corona Virus Disease 2019
ECL	Expected Credit Loss
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit Or Loss
MoH	Ministry of Health
NBR	National Bank of Rwanda
RITF	Rwanda International Trade Fair (EXPO)

Rwanda Insurance Market Insights

Overview

By close of 2020 the sector consisted of 14 insurance companies. These included 12 private Insurers (9 non-life and 3 life Insurers) with combined market share of 56 percent of the insurance industry and 2 public health Insurers (RSSB Medical and MMI). Insurance intermediaries consisted of 776 agents, 14 brokers, and 19 loss adjusters.

Private Insurance business is composed of life insurance and non-life insurance business lines. Non-life insurance is the largest insurance business line, with around 80 percent of total premiums, while life insurance accounted for 20 percent.

The non-life insurance business consists largely of motor and medical insurance products with combined share of 57.4 percent of total private Insurers premiums, reflecting the product concentration risk.

The remaining 42.6 percent of private Insurers' premiums came from life insurance (20 percent); property (7.5 percent), guarantees (5.1 percent), engineering (2.8 percent), accident and health (1.5 percent), transportation (1.4 percent), liability (1.3 percent), other non-life insurance products (3 percent).

Economic Outlook 2020

(Source: BNR Monetary Policy & Fiscal Statement 2020)

- GDP contracted by 4.1% in the first 3 quarters of 2020 with service sector decreasing by 47%
- Annual inflation at 5%
- RIPO rate at 4.5%
- 10 year government bonds yield at 12.1%
- 1 year treasury bills at 7.999%
- Deposit rate 7.562%
- Depreciation of Frw against US$5.4%
- RSI up by 0.2 basis point and closed at 148.5
- Lending rate at 16.52%

Insurance Market 2020

(Source: BNR Monetary Policy & Fiscal Statement 2020)

- Market growth by 14% for GI excluding Medical despite of covid-19
- Directive on externalisation of big risks issued by BNR in July 2020
- Implementation of minimum tariff for non motor business by 1st December 2020 but regulator instructed Companies to hold on
- Minimum paid up capital increased to 3 billion. From Frw1.5 billion to be paid within 1year after publication of the regulation and the balance after 2 years (by 2021).
- Shift from IFRS 4 to IFRS 17. Impact assessment to be submitted by November 2020
- NB: The following are industry averages
- Expense ratio 42%
- Solvency ratio- 115%
- Claims ratio 64%
- Combined ratio 106%
- Liquidity ratio 134%
- ROE 14%

> " Minimum paid up capital increased to 3 billion in 2020 "

Section 2 WHO WE ARE

Overview

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

Our Vision

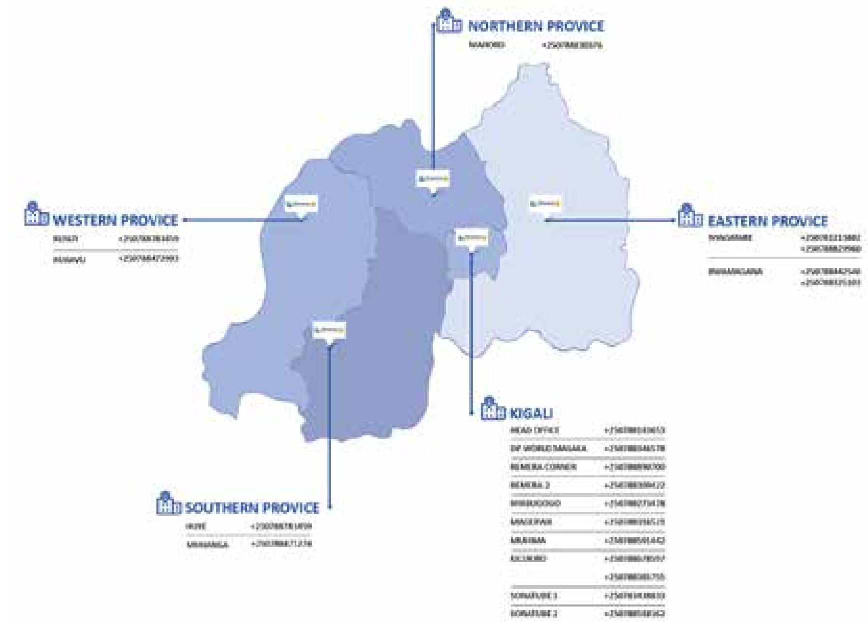
To be a leading provider of innovative, high quality insurance services

Our Mission

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

Our Goals

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



Core Values

Integrity

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

Creativity

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

Customer focus

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

Team work

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

Chairperson’s Report

On behalf of the Board of Directors, it is my pleasure to present the performance of BKGI for the year 2020. We are satisfied with BKGI financial results, given the very challenging operating environment encountered during the COVID-19 pandemic.

The solid governance foundation and robust systems built over the last 5 years have ensured that we were able to remain effective and cohesive as an insurance company, while delivering reliably to our shareholders and clients.

It is against this backdrop that, as a participant in an industry that delivers vital protection to the people and businesses of Rwanda, BKGI will be able to continue providing its services with limited disruptions in the coming years.

During this reporting period, one of our top priorities was the safety of our employees and members of the Board. We focused on encouraging and enabling work-from-home arrangements for as many staff and Board members as we could. As evidence of the success of this commitment, we have managed to continue our operations while 70% of our workforce was working from home since March 2020. We also prioritized the provision of full physical and mental health support systems and effective team communication and engagement via digital channels.

Looking back on our performance, our company responded to the economic impacts and operational impediments from COVID-19 with the firmness and determination that was required. We took a deliberate path to vigilantly manage our costs, with a view to improving on efficiency and strengthening our capital and liquidity metrics. The Board of Directors worked closely with BKGI Management to assess the impact of COVID-19 on the company’s overall risk profile. We made tactical adjustments as needed, but the core elements of our business strategy remained essentially unchanged in 2020. Our performance during the past year demonstrated the validity of that strategic repositioning, and we are looking forward to building on it to deliver enhanced performance in the coming years.

Looking forward

We remain undaunted in our vision to make BKGI a premier insurance company and we will continue to pursue this with strength and enthusiasm. We remain committed to ensuring that our company continues to improve on all its performance-measurement parameters. The destabilising impact of current realities has re-awakened our focus and we are confident of achieving our target performance because of all the measures and strategies that have been put in place. We expect the road to be bumpy, but we are confident that we are well-positioned to take advantage of opportunities created by the situation.

One of our priorities for the coming year, and of course for the years beyond, is to ensure that we improve on our agility and innovation if we are to weather this and any future crisis. We will continue embedding new ways of thinking about our work and operations across the entire company.

As we look to the future, we see markets remaining volatile and uncertain. Despite these transitory challenges, we will continue to invest in the business, develop our people to be better equipped to handle these challenges, and to grow the business sustainably.

On behalf of the Board of Directors, I wish to express my gratitude and appreciation to all stakeholders of BKGI; their continued support has been essential in enabling BKGI to deliver on its mandate. The Board is particularly grateful to the shareholders for their trust and confidence towards the company. I would also like to convey my sincere appreciation to my fellow members of the Board of Directors for their dedication and wisdom in guiding BKGI to successfully navigate through what has been a very unpredictable year of the COVID-19 pandemic. Last, but not least, and on behalf of the Board of Directors, I take this opportunity to acknowledge the contributions of Management, staff, and our cherished clients for their continuous support during the year 2020. We ask for your continued support as we continue to make our mark in the market.

SANDRA RWAMUSHAIJA
Chairperson, BKGI
Board of Directors

Managing Director's Report

The Year 2020 was a challenging year not only to business environment but also to general conditions of livelihoods across the World because of COVID 19. Economies across the World were affected, logistics ecosystem operated with severe difficulties, key sectors of transport were grounded, hospitality industry was hit hardest, trade in general declined, movement of goods and services was weakened, physical customer outreaches became nearly impossible and all these constitute the bedrock of the Insurance business architecture. The plans for growth and profitability were replaced by plans for survival and sustainability. This required a very quick paradigm shift in operational environment.

Management designed a dynamic, resilient and adaptable approach aimed at maintaining the services to customers through mobile offices and ensuring that, staff and their families remained safe from COVID 19. We had to act swiftly to ensure that 70% of BKGI staff could work from home and while 30% working at the offices on rotational basis. This involved quick decision making in procuring necessary IT tools and availing the required network infrastructure that guaranteed BKGI customers and business partners sufficient level of service they expect from BKGI.

The COVID-19 pandemic and national lockdowns responses had three major impacts on our business over 2020.

Firstly, was the severe knock-on effect on our Hospitality and Bond business, with the Liability covers falling by 14%. Because of the overall impact of COVID-19, cash flows across sectoral segments weakened resulting in customers suspending insurance renewals and or opting not to take on insurance covers in optional insurance products. The economic impacts of the pandemic on smaller businesses also flowed through to us, while some well-known large companies, especially those involved in Tourism and Hospitality were forced into business rescue, which in turn impacted on insurance uptake.

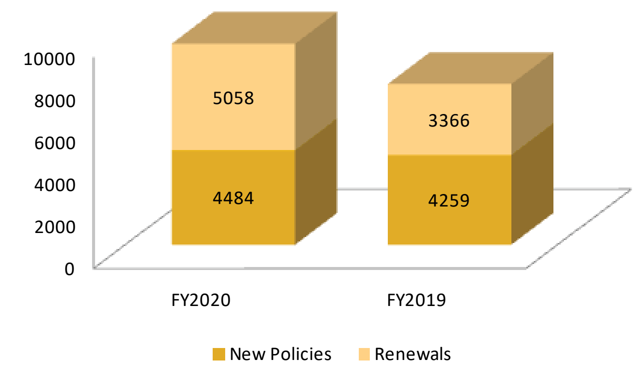
Secondly, the major area of impact for BKGI, and the businesses in insurance industry as a whole, has been the business interruption and uncertainty. The pandemic caused uncertainty leading to insurance cancellations and extensions on free cover to bailout customers and compensate for lockdown periods.

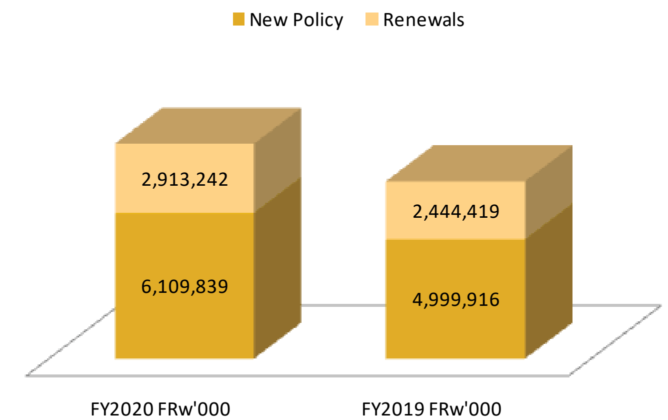
Thirdly, the lockdown regulations resulted in regulatory relief services to a number of sectors including Insurance Sector. A ninety days' credit to insurance customers was allowed by the Regulator to facilitate struggling customers in managing their cash flows. Much as this was a significant boost to the industry, it resulted in accumulation of receivables at the end of the year.

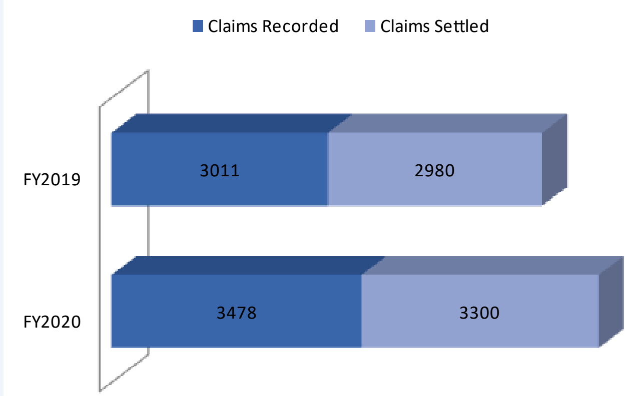
Performance

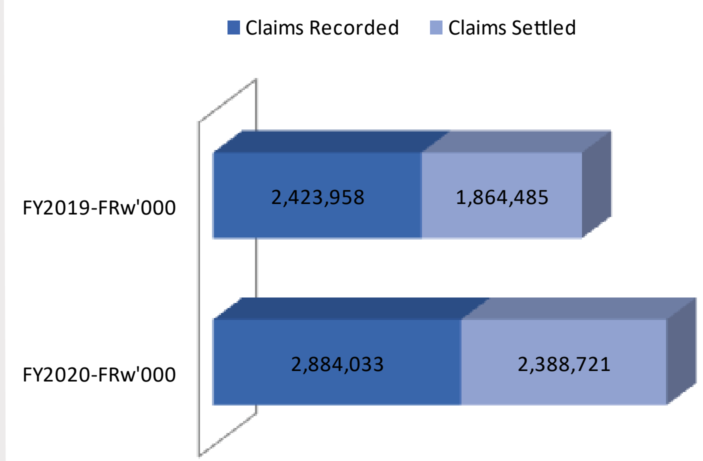
Despite a very challenging operating environment there are a number of areas of good performance. BK Insurance managed to grow its business in the midst of a global pandemic with 25% GWP growth. This growth was driven by strong growth in Motor Insurance product that had the largest share in the total GWP for 2020.

We managed to reduce operating cost from the previous financial year even after taking into account the increased cost of enabling employees to work from home. COVID-19 did not affect BKGI profitability as we saw a jump in profits for year ending 2020 to FRw1.7Bn, equivalent to 31.7% increase compared with FRw1.3Bn registered in 2019.









From an overall customer perspective, COVID-19 did not result in a drop in new business volumes and renewals. Our efforts to continue serving customers during the pandemic resulted in better than expected customer retention. In fact, our customer dropout was lower than in previous years. Our focus on customer-centricity through the pandemic meant that we succeeded in enhancing customer service during COVID-19 and improved performance metrics are evidence of the fact that customers appreciated our efforts in this regard.

The consistent increase in claims recorded and settled across the board is a manifestation of BKGI improved efficiency, which eventually results into customer satisfaction and loyalty.

Operational Efficiency

From an operational point of view, while COVID-19 created many challenges, it also provided the impetus we needed to rethink the way we work. We're considering introducing work from home policies, accompanied by the technology infrastructure development to support such new normal that seem to have come to stay.

It effectively fast-tracked our planned move to a more efficient and effective operational structure. Not only did this mean that we were able to protect our staff from the virus, and limit the number of infections, we now also have a more streamlined and cost-effective operational footprint. The investments we have made into digitization and data are key to the achievement of this ambition.

Innovation and creativity in product offering and digital distribution channels will remain cardinal in the coming years' planning and a pandemic forced revolution will lead into a high-tech business environment.

Token of appreciation

As has been the case for the vast majority of businesses across the world, 2020 has been a tough year for BK Insurance. However, we have shown great resilience in the face of often overwhelming challenges, and we have continued to deliver the vital support that our customers depend on.

Our ability to continue to deliver great service to our customers has been a direct result of the exceptional people and organizations that we are proud to call our partners, and on behalf of BKGI I would like to express my heartfelt thanks to all of them.

A special appreciation to our Board of Directors, whose strong leadership, dynamism and support to Management inevitably propelled the company to the level of performance registered during 2020.

I must recognize the fearless efforts and dedication of every one of BK Insurance staff members whose inspirational courage demonstrated the faith, motivation and hope they see the BK Insurance future.

We look forward to working with all of you in 2021. As the Pandemic is still loaming at large, we shall use the lessons we have learned and build on the foundations laid during the past year to navigate through the coming year with increased strength.

Alex N. BAHIZI
Managing Director

> Our ability to continue to deliver great service to our customers has been a direct result of the exce-ptional people and organ-izations that we are proud to call our partners and on behalf of BKGI I would like to express my heartfelt thanks to all of them.

Section 4

Board of Directors

Sandra Rwamushaija
Chairperson

Dr Jack Kayonga
Vice Chairman

Nathalie Mpaka
Member

Ephraim TURAHIRWA
Member

Yves Gatsimbanyi
Member

Shehzad Noordally
Member

Patrice Bastide
Member

Jean Enock Habiyambere
Member

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Board of Directors

Name
Sandra Rwamushaija

Title
Chairperson

Appointment Date
22 March 2016

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

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

Name
Dr. Jack Kayonga

Title
Vice Chairman

Appointment Date
22 September 2016

Qualifications & Skills
Holds a Doctorate in Business Leader ship, a MSc Degree in Finance and Banking and a BSc Degree in Economics, all completed with distinctions. He won different accolades including Forbes Africa Young Business Leader of the year 2012, the East Africa All Africa Business Leaders Award and he is a fellow of the World Economic Forum.

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

Name
Nathalie Mpaka

Title
Member

Appointment Date
22 March 2016

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

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

Name
Ephraim Turahirwa

Title
Member

Appointment Date
22nd September 2016

Qualifications & Skills
Holds a BSc (Honors) in Accounting and an MBA Finance (Distinction).

Experience
He served in the banking industry for many years and in many countries, including: Liberia, Kenya, Tanzania, Uganda and Rwanda. He has held very senior positions in Rwanda both in the Private and Public sectors, including; Managing Director, Banque Commerciale du Rwanda (BCR), CEO Banque \Populaire du Rwanda (BPR) and Vice Governor of the Central Bank (BNR). Other senior positions held include: CEO, Tri Star Investments, and Managing Director, Rwanda Mountain Tea Ltd.

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Name
Yves Gatsimbanyi

Title Member

Appointment Date
22 September 2016

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

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

Name
Shehzad Noordally

Title Member

Appointment Date
01 August 2018

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

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

Name
Patrice Bastide

Title Member

Appointment Date
20 November 2018

Qualifications & Skills
Holds a BSc and a M.Sc. in Applied Mathematics.

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

Name
Jean Enock Habiyambere

Title Member

Appointment Date
19 March 2020

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

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

BKGI Executive Committee

Alex N. BAHIZI
Managing Director

Dieudonne NGIRIMANA
Chief Finance Officer

Irene MURERWA
Chief Commercial Officer

Adolphe NGUNGA
Chief Operating Officer

Section 5

HOW WE PROTECT VALUE

Corporate Governance

Board of Directors & their meetings attendance

The Board consists of four independent non-executive directors. The Board is composed of directors with a good mix of skills, experience, and competencies in the relevant fields of expertise and is well placed to take the business forward. Appointments to the Board are made after careful consideration. During the year, the Board convened and held four (4) ordinary meetings. All the meetings convened had sufficient quorum. A review of attendance to meetings by individual members during the period under review indicates that all the members gave sufficient time and attention to the affairs of the Board.

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

Names	Position	Meetings eligible to attend	Meetings attended
Sandra Rwamushaija	Chairperson	4	4
Dr. Jack N. Kayonga	Vice chairperson	4	4
Nathalie Mpaka	Director	4	4
Yves Gatsimbanyi	Director	4	4
Jean Enock Habiyambere	Director	2	2
Mr. Shehzad Noordally	Director	4	4
Patrice Bastide M.G.M	Director	4	3
Ephraim Turahirwa	Director (Retired)	1	1

Board Charter and Work Plan

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

Board Meetings

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

Board Committees

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

Audit Committee

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

Audit Committee	Designation	Attendance
Shehzad Noordally	Chairman	4/4
Patrice Bastide M.G.M	Member	3/4
Nathalie Mpaka	Member	4/4

Risk Management Committee

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

Risk Management Committee	Designation	Attendance
Dr. Jack N. KAYONGA	Chairman	4/4
Yves GATSIMBANYI	Member	4/4
Shehzad NOORDALLY	Member	4/4

Investments, Assets, Liability and HR Committee

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

IAL &HR Committee	Designation	Attendance
Dr Jack N. KAYONGA	Chairman	4/4
Jean Enock HABIYAMBERE	Member	2/2
Nathalie MPAKA	Member	4/4

Underwriting and Claims Strategy Committee

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

Underwriting & Claims Strategy Committee	Designation	Attendance
Jean Enock HABIYAMBERE	Chairman	4/4
Patrice BASTIDE M.G.M	Member	3/4
Yves GATSIMBANYI	Member	4/4

Separation of Role of Chairman from Managing Director

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

OUR KEY VALUE OUTPUTS

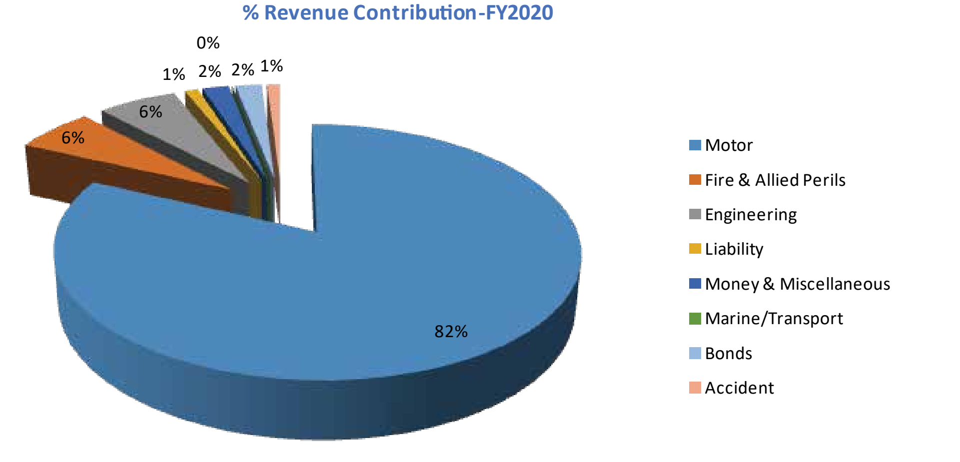
a) OPERATIONS REPORT

Gross Written Premium (GWP)-Aggregate

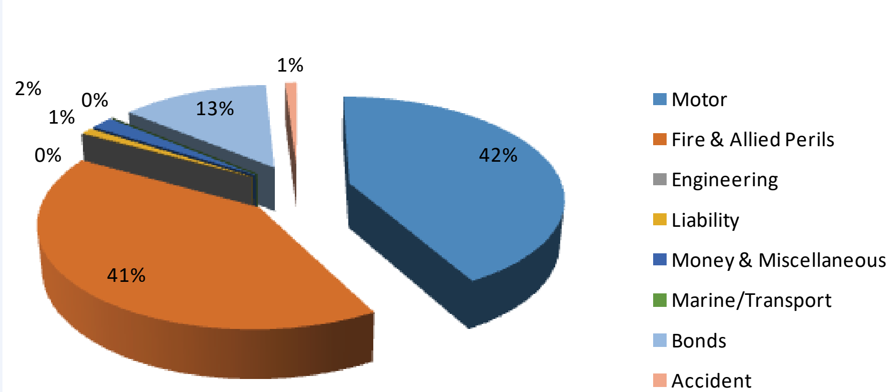
Gross Written Premoium (GWP) in FRw

Policy	GWP-2020	GWP-2019
Motor	7,479,098,000	5,972,699,000
Fire & Allied Perils	588,445,000	564,042,730
Engineering	521,215,000	224,241,000
Liability	102,234,000	141,086,999
Money & Miscellaneous	97,091,548	104,231,062
Marine/Transport	44,006,001	22,871,000
Bonds	227,234,000	175,392,000
Accident	93,990,000	65,605,000
Total	9,153,313,548	7,270,168,791

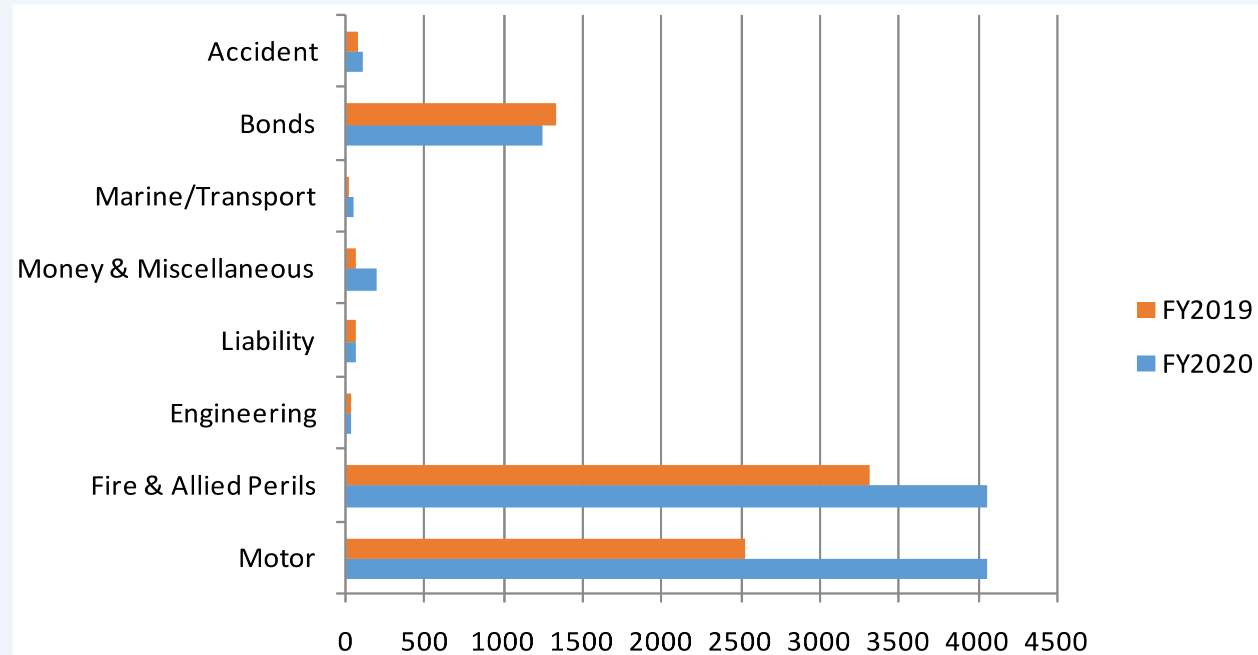
% Revenue Contribution-FY2020



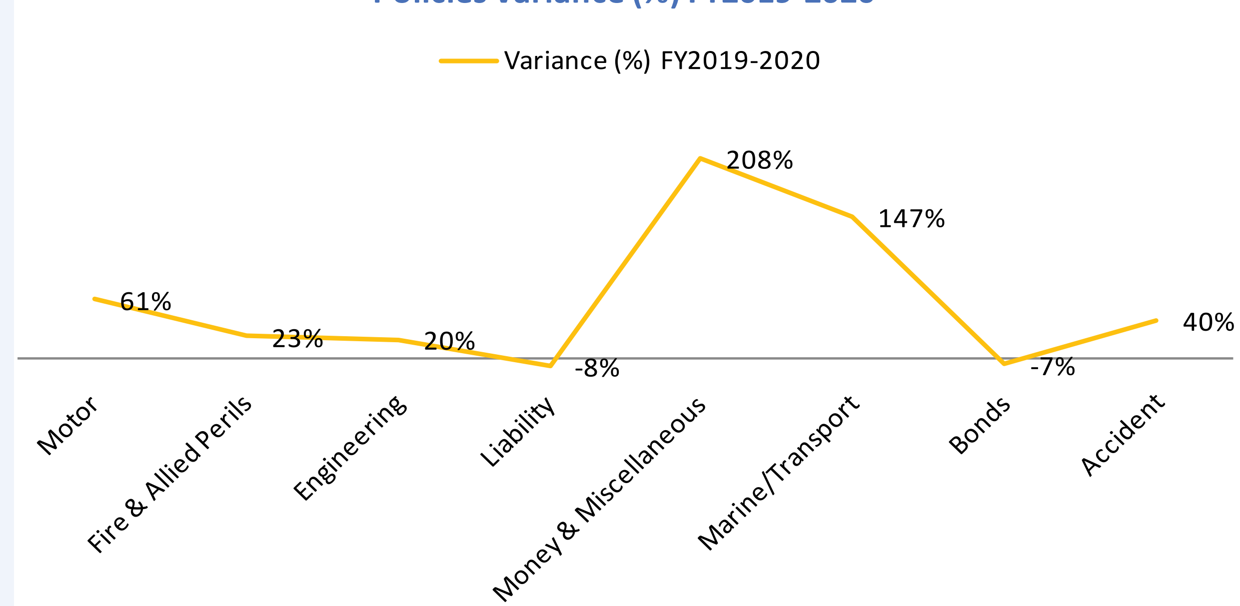
Policies % Contribution in 2020



Number of Policies 2019-2020



Policies Variance (%) FY2019-2020



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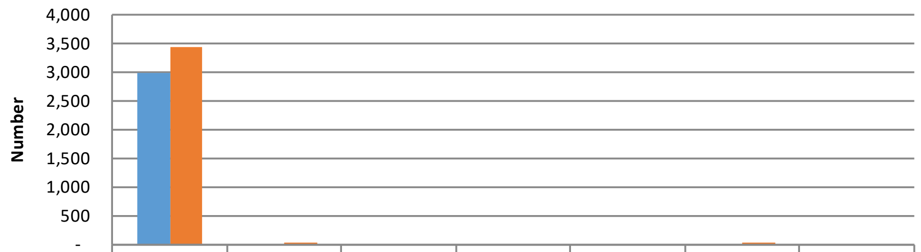
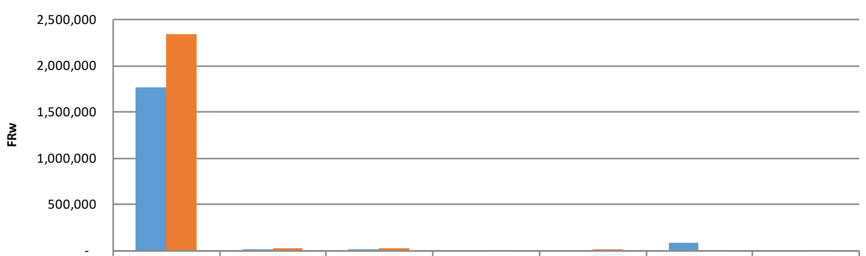
b) CLAIMS REPORT

Incurred Claims



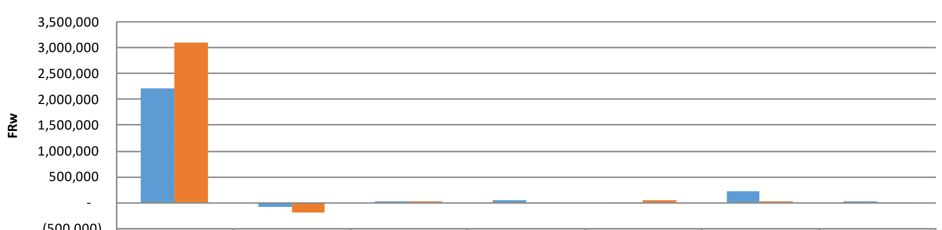
	Motor	Property	Liability	Transportation	Accident & health	Engineering	Guarantee
FY2019	2,985	7	1	2	6	7	3
FY2020	3,421	16	5	1	8	22	5

Paid Claims



	Motor	Property	Liability	Transportation	Accident & health	Engineering	Guarantee
FY2019 ('000)	1,756,989	8,792	8,703	5,187	509	79,282	5,084
FY2020 ('000)	2,333,600	21,588	18,058	418	9,132	5,219	705

Incurred Claims



	Motor	Property	Liability	Transportation	Accident & health	Engineering	Guarantee
FY2019 ('000)	2,201,267	(88,186)	22,742	38,240	3,594	221,340	24,961
FY2020 ('000)	3,096,688	(189,478)	10,475	(903)	42,655	23,815	(633)

Paid Claims

	Motor	Property	Liability	Transportation	Accident & health	Engineering	Guarantee
FY2019	2,944	11	2	2	8	10	3
FY2020	3,268	10	6	1	4	6	5

KEY OBSERVATIONS

- Despite of the operational challenges that characterized FY2020 due to COVID-19 pandemic, new recorded policies increased from 4,030 in 2019 to 4,648 in 2020 (15.3%), same goes for renewals, they increased from 3,353 to 5,116 (52.6%). This is indicative of continued confidence vested in our products by the clients
- Motor insurance, Fire and Applied Perils and Bonds take the lion's share of the GWP at BKGI
- Total GWP of new policies jumped from about FRw5Billion in 2019 to FRw6.1Bn in 2020, mainly driven by good performance of the Motor Insurance Policy
- We see significant improvement in claims processing at BKGI, underpinned by increase in both recorded and settled claims. Recorded claims increased by 15.5% (from 3,011 in 2019 to 3,478 in 2020). Settled/paid off claims also increased by 10.7% (from 2,980 to 3,300 in 2020).
- A significantly big number of the settled claims are of Motor Insurance Policy, accounting for 97.7% of the total settled claims during FY2020. This implies that about 50% of what is realized in sale of policies (GWP) is consumed up in settling claims.

MBUNGIRAMIHIGO Peacemaker
Tel: 0788460385
Email: pmbungiramihigo@gmail.com
KIGALI

Appreciation note

My name is Peacemaker Mbungiramihigo, Media Policy Analyst at the Ministry of Local Government and hereby express my grateful thanks to you for the efficient and professional way my claim was settled.

Reference is made to the insurance contract P/100/2010/2019/00471 I made with BK General Insurance Co. Ltd, I was very impressed with the prompt service provided by your company and for the excellent support provided to me for granting me a car that replaced the one damaged by the accident.

Yours faithfully,

Peacemaker Mbungiramihigo

Appreciation note addressed to BK insurance Ltd

My name is Peacemaker, I hereby express my grateful thanks to you for the efficient and professional way my claim was settled. Reference is made to the insurance contract P/100/2010/2019/00471 I made with BK General Insurance Co. Ltd, I was very impressed with the prompt service provided by your company and for the excellent support provided to me for granting me a car that replaced the one damaged by the accident.

Yours faithfully,

Before	After
	
	

Annual Report and Financial Statements
For the Year ended December 2020

C) Management of insurance and financial risks

The Company's activities expose it to a variety of risks, including insurance risk, liquidity risk, credit risk, and the effects of changes in foreign currency exchange rates and interest rates.

The company's overall risk management program focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers.

This section summarizes the way the Company manages these risks.

1) Insurance risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated.

Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be.

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

The frequency and severity of claims can be affected by several factors. The most significant the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

"A more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio"

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

Maximum Insured Loss

Year ended 31 December 2020

Class		0-500m	500m-1000m	Above 1000m	Total
		Frw '000	Frw '000	Frw '000	Frw '000
Motor	Gross	22,483,941	16,335,126	1,340,670,112	1,379,489,179
	Net	19,111,350	13,884,857	1,139,569,595	1,172,565,802
Fire	Gross	219,224,166	54,695,634	235,003,953	508,923,753
	Net	157,841,400	39,380,856	169,202,846	366,425,102
Bonds	Gross	8,104,159	753,182	-	8,857,341
	Net	5,802,590	539,279	-	6,341,869
Other classes	Gross	23,286,742	18,848,367	364,751,762	406,886,871
	Net	16,766,454	13,570,824	262,621,269	292,958,547
Total	Gross	273,099,008	90,632,309	1,940,425,827	2,304,157,144
	Net	199,521,793	67,375,817	1,571,393,710	1,838,291,320

Maximum Insured Loss

Year ended 31 December 2019

		Frw 0m - 500m	Frw 501m - 1000m	Above Frw 1000m	Total
Motor	Gross	298,322	776,376	1,381,942	2,456,640
	Net	44,577	116,010	206,497	367,084
Fire	Gross	343,967	560,164	16,320,704	17,224,835
	Net	249,080	405,636	11,818,441	12,473,157
Bonds	Gross	182,207	-	-	182,207
	Net	131,943	-	-	131,943
Other classes	Gross	270,857	447,862	29,515,736	30,234,454
	Net	196,138	324,314	21,373,464	21,893,915
Total	Gross	1,095,353	1,784,402	47,218,382	50,098,136
	Net	621,738	845,960	33,398,402	34,866,099

Annual Report and Financial Statements For the Year ended December 2020

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

Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts/general risks are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term.

As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts.

These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers).

Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The IBNR has been determined and kept to the statutory minimum requirement of 15% 0f the outstanding claims payment.

	Regulatory	Actuarially computed
	FRW' 000	FRW' 000
Gross IBNR	335,430	408,603
Net IBNR	210,930	299,612

2) Financial risk

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

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

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

3) Market risk

Foreign exchange risk

The company does not maintain foreign currency denominated current accounts with local banks. Which does not expose the company to foreign exchange risk arising from the various currency exposures, the company has had a few transactions denominated in foreign currency primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities and is managed primarily through setting limits on the maximum exposure to any one currency. This exposes the company to foreign exchange risk arising from the various currency exposures, primarily with respect to the US dollar.

As of December 31, 2020 the company did not recognize any gain or loss on foreign exchange gain because it trades mostly in Rwandan francs.

Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk. The Company's fixed interest rate financial instruments are deposits with financial institutions. The Company had no variable interest rate financial instrument as of December 2020 hence they are not sensitive to interest rate. No limits are placed on the ratio of variable rate financial instruments to fixed rvate financial instruments.

Price risk

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

4) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Key areas where the Company is exposed to credit risk are receivables arising out of direct insurance arrangements, receivables arising out of reinsurance arrangements, reinsurers' share of insurance liabilities, loans, other receivables, deposits and cash at bank. The Company structures the levels of credit risk it accepts by placing limits to counterparty, or groups of counterparties, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where coun-terparties are both debtors and creditors of the Company.

Management information reported to the company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Management makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Maximum exposure to credit risk

	2020	2019
	Frw'000	Frw'000
Cash and bank balances	1,079,424	1,750,656
Deposits with financial institutions	4,476,240	4,429,420
Government securities at Amortized cost	4,626,347	3,006,158
Corporate bonds	1,353,807	301,950
Other assets	596,523	579,871
Receivables arising out of reinsurance arrangements	1,831,542	1,407,378
Receivables arising out of direct insurance arrangements	912,615	345,260
	14,961,330	11,820,693

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

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

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables arising out of direct insurance arrangements.

The expected loss rates are based on the payment profiles of premiums over a period of 3 months before 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2020 was determined as follows for receivables arising out of direct insurance arrangements and reinsurance arrangements as follows;

31 December	2020	2019
Direct insurance arrangements		
Expected loss rate	5%	0.5%
Carrying amount (Frw'000)	960,152	346,856
Loss allowance	47,513	1,596

The closing loss allowances as at 31 December 2020 reconcile to the opening loss allowances as follows;

	2020	2019
	Frw '000	Frw '000
Opening loss allowance as at 1 January	1,596	70,554
Increase in ECR on premium receivable recognized in profit or loss during the year	45,917	30,346
Write off during the year	-	(99,304)
At 31 December	47,513	1,596

Reinsurance arrangements	2020	2019
	Frw '000	Frw '000
Expected loss rate	0%	0%
Carrying amount (Frw'000)	1,831,542	1,458,860
Loss allowance	-	-

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

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

Receivables for which an impairment provision was recognized were written off against the provision when there was no expectation of recovering additional cash. All of the entity's debt investments at amortized cost are considered to have low credit risk, and the loss allowance recognized during the period was there - fore limited to 6 months expected losses. Management consider 'low credit risk' for government bonds to be an investment grade credit rating with at least one major rating agency.

Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Deposits with financial institutions, cash at bank, government securities

Deposits with financial institutions, cash at bank and government securities are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses.

Management consider 'low credit risk' for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss rate assigned to these has been determined to be 0.17% for deposits with financial institutions and cash at bank which is the probability of default assigned to a B+ investment grade by Standard & Poors Rating Agency.

The loss rate assigned to government securities has been determined to be 0.57% which is the probability of default assigned to a B+ sovereign grade by Standard & Poors Rating Agency. The reconciliation of the loss allowance for deposits with financial institutions and government securities at amortised cost is disclosed under note 19 and note 20 respectively. The identified impairment loss on cash at bank and other assets was immaterial.

5) Liquidity risk

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

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the financial reporting date:

At 31 December 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Total
Creditors arising from reinsurance arrangements	-	-	165,544	-	165,544
Lease liabilities	-	-	199,900	-	199,900
Income tax payable	172,479	-	-	-	172,479
Other payables	-	312,226	899,950	-	1,212,176
	172,479	312,227	1,265,394	-	1,750,099

At 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	Total
Creditors arising from reinsurance arrangements	-	-	910,695	-	910,695
Lease liabilities	-	-	222,562	-	222,562
Income tax payable	113,571	-	-	-	113,571
Other payables	-	595,243	-	-	595,243
	113,571	595,243	1,133,257	-	1,842,071

> " Capital requirement will be Frw 3 Billion starting from January 2022 "

Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the Statement of financial position are:

- to comply with the capital requirements as set out in the Insurance Regulations;
- to comply with regulatory solvency requirements as set out in the Insurance Regulations;
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The Insurance Law (Law No. 05/2009 of 29/07/2009 on licensing and other requirements for carrying insurance business in Rwanda) requires separation of the life and non-life insurance businesses into separate companies and each of the companies to hold a minimum level of paid up capital of Frw 1 billion.

However, the capital requirement will be Frw 3 Billion starting from January 2022. Non-life insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of Frw 500 million or 20% of the net premium income during the preceding financial year.

The capital and regulatory solvency thresholds were effective from July 2011 and the company was therefore required to comply with them for the period ended 31 December 2020. During the year the Company held the minimum capital required to meet the solvency margins.

During the year end, the Company held the minimum capital required to meet the solvency margins. The Company's paid-up capital at the end of December 2020 is presented on Note 26.

	2020	2019
	Frw 000	Frw 000
(i) Admitted assets	12,169,333	10,443,432
(ii) Admitted liabilities	9,050,240	8,002,204
Solvency margin	3,119,093	2,441,228
Required solvency margin	1,150,831	1,027,558
Surplus/Deficiency	1,968,262	1,413,670
Solvency coverage ratio	271%	237.6%

Fair value estimation

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted prices in active market for identical assets and liabilities	Valuation model with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Types of financial assets:	Actively traded government and other agency securities	Corporate and other governments and loans	Highly structured OTC derivatives with unobservable parameters
Types of financial liabilities:	Listed equities	Unlisted equities	Highly structured OTC derivatives with unobservable parameters
	Listed derivative instruments	Over-the-counter derivatives	

Valuation methods and assumptions

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

The following tables provide the fair value measurement hierarchy of the company's assets and liabilities. The tables below include items that have recurring fair value measurements (i.e. financial assets at FVOCI or FVPL). The fair value measurement also shows the fair value measurement of financial assets at amortised cost:

> " Non-life insurance businesses are required to maintain a solvency margin equivalent to the higher of Frw 500 million or 20% of the net premium income "

Fair value estimation (continued)

31-Dec-20	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000
Cash and bank balances	1,079,424	1,079,424	1,079,424	-	-
Deposits	4,476,240	4,476,240	4,476,240	-	-
Receivable arising out of direct insurance	912,639	912,639	912,639	-	-
Other assets	351,223	351,223	351,223	-	-
Creditors arising from reinsurance arrangements	165,544	165,544	165,544	-	-
Other payables	1,212,176	1,212,176	1,212,176	-	-

	Carrying amount	Fair value	Quoted prices in active market	Significant observable inputs	Significant unobserv - able inputs
31-Dec-19	FRW '000	FRW '000	Level 1 FRW '000	Level 2 FRW '000	Level 3 FRW '000
Cash and bank balances	1,750,656	1,750,656	1,750,656	-	-
Deposits at amortised cost	4,429,420	4,429,420	4,429,420	-	-
Investment in Securities at amortised	3,308,108	3,308,108	3,308,108	-	
Receivable arising out of direct insurance	345,260	345,260	345,260	-	-
Other assets	370,668	370,668	370,668	-	-
Creditors arising from reinsurance arrangements	910,695	910,695	910,695	-	-
Other payables	546,596		595,243	-	-

For all other financial assets and liabilities, their carrying value approximates the fair value.

Sales & Marketing Report

New Digital Solution

The future is **Digital**
we've got it covered

Our lives are becoming increasingly digital– and so is insurance. BKGI is sharpening its focus on innovation in digital technology to reshape the way we interact with our customers and meet their evolving needs.

As Government enforced lock-downs, travel restrictions and social distancing measures, BKGI stepped up its digital underwriting and claims solutions to ensure that our clients continue to receive support when they need it-virtually.

With our innovative app, download-able on smart gadgets clients can easily pay their premiums by dialing *182*8*1*005888#.

This is the positive story behind the stellar performance in GWP and Claims processing (recording, as-sessment and settlement) amidst these tough times when the econ-omy is undergoing unprecedented times of the pandemic (COVID-19).

Key Milestones

- The e-portal gateway is now accessible 24/7 to all our clients through our website for all insurance products and ser-vices which is convenient and efficient during this pandemic period.
- E-insurance certificates are now available for motor insur ance products for efficiency and reduced turnaround time (TAT).
- Social media platforms have been set up and BK insurance is actively engaging with its fol-lowers by highlighting the bene-fits of its insurance products and services as well as availing key information about the insurance industry.

Branches and Agencies

Dubai Port World (DP World) Branch

A fully fledged branch was recently opened at Dubai Port World located in Masaka, Gasabo District with an aim of penetrating the import and export industry and boosting the motor insurance retail customer base. BK Insurance will benefit from this through increased visibility as well as enhanced and diversified portfolio in the very near future.

Remera Branch

BK Insurance's Remera branch is well positioned in the heart of the commercial area, which is easily accessible and convenient. This has enabled to expand the retail and SMEs clientele base of BK Insurance.

Agents

BK Insurance has reinforced its position on the market through a dynamic Sales Agency Network with over 70 freelancing agents and Fourteen (14) underwriting agencies scattered around the country (Seven (7) in Kigali and Seven (7) dispatched around different regions of the country) providing 24/7 insurance services and products to our esteemed clientele.

Kigali Arena Branding Rights

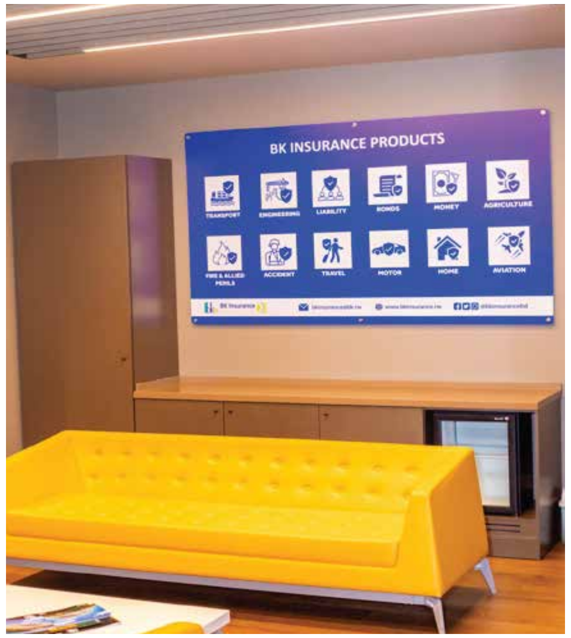
BK Insurance entered into a brand endorsement agreement with Kigali Arena, the biggest and latest basketball Stadium in Remera, Gasabo District. This sponsorship agreement is about exclusive branding rights at the VIP Suite.

This agreement provides BK Insurance the following rights:

- Having exclusivity of the Kigali Arena VIP suite hospitality
- Branding opportunities of the VIP suite and other sites allocated to BK insurance
- Marketing opportunities on different social media platforms and other paid and owned media.
- Opportunity for BK Insurance to offer a high-level treatment and interactive set up to its VIP customers.

BK Insurance benefits in this arrangement as follows;

- Enhancement of BK insurance's brand visibility during the events hosted at the Arena.
- Provides BK Insurance a unique brand touch-point against the competitors; to strategically communicate its products and services.
- Provides BK Insurance with a good opportunity to increase its brand awareness for the next 5 years.



EXPO 2020

The Rwanda International Trade Fair (RITF), commonly known as EXPO is Rwanda's biggest annual exhibition in numbers, where it attracts tens of thousands of visitors per day and hundreds of exhibitors from different parts of the world. The exhibition gives brands exposure and a good opportunity of raising awareness of their products and services and at the same time attracting new customers.

BKGI undertook to participate in EXPO 2020 with the following objectives;

- Brand visibility
- Insurance products education/awareness
- Attracting new customers (sales)
- BK insurance brand awareness

The following insurance products were promoted at the EXPO 2020 that took place between 11th December and 31st December 2020 at the Expo Ground in Gikondo.

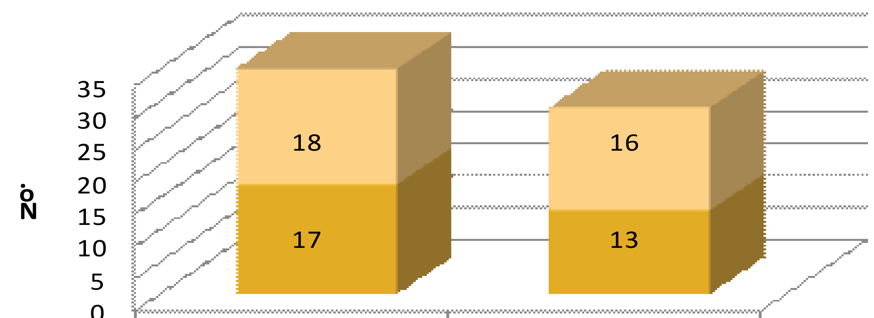
- Motor Insurance
- Travel Insurance
- Fire Insurance

In terms of branding, and marketing, a number of items were produced, including; Visual designs of BKGI exhibition stand, Screen to display animations, Brochures (Travel, Fire and Motor Insurance), Tear drops, Branded t-shirts & caps, and Branded gifts.

Human Resources REPORT

BKGI is an equal opportunity company, employing people of all walks of life regardless their gender, culture, race , and religious beliefs. Despite of COVID-19 pandemic that saw most companies downsize, BKGI's staff were increased to 35 from the 29 recorded in 2019. Gender balance is strictly observed at BKGI, where female staff are more than their male counterparts.

BKGI STAFF 2020-2019



	2020	2019
Female	18	16
Male	17	13

Qualification

Majority of staff are degree holders, accounting to 71.4%, and eight (8) hold masters degrees in various fields.

	2020	2019
Masters	8	5
Bachelors	25	22
Others	2	2
Total	35	29

BKGI upholds a comprehensive Continuous Professional Development (CPD) programs through trainings, experience sharing and mentorship sessions to ensure that staff's competitiveness is sustained. During the reporting period, staff benefited two (2) CPD programs, namely; Foundation Course in Insurance.

Professional training on (OCA) and (OCP) security of a database, where fifteen (15) and one (1) staff benefited respectively. Cognizant of the market need to have competitive staff, some of our staff have continued to upgrade their professional skills by undertaking various educational programs at certificate and masters levels. By the end of 2020, two (2) were benefiting from this arrangement, enrolled on Master of Science in IT, and Professional Training in Legal Practice

Capacity Building

BK Insurance organized a capacity building training that benefited all its Agents. The Purpose of the training was to equip the agents with necessary skills/competences required for effective sale and distribution of BK Insurance Products.

BKGI 5TH Anniversary Celebrations

In September 2020, it marked the 5th Anniversary of BK Insurance. There was a simple celebration at BK Insurance Head Office. However, the external stakeholders were not invited to the celebrations given the unprecedented tough times of COVID-19 that the country is undergoing.

BKGI Response to COVID-19

The outbreak of COVID-19 necessitated the reprioritization of management activities to sustain business operations and meet the needs of policyholders. To this end, management undertook precautionary measures with a view to ensure resilience through the crisis.

a) Operational Resilience

Operational resilience has focused on maintaining business operations, servicing our clients, and supporting our staff during this time of crisis. Since the initial lockdown in March 2020, a big number of our staff have been successfully transitioned to work from home. We have also provided alternative connectivity internet solutions to ensure uninterrupted servicing of our clients.

BKGI has undertaken, and continues to undertake a number of measures to increase resilience capability, agility and build muscle memory. In addition, we regularly conduct risk assessments on key service points in order to mitigate against sales chain risks that have arisen as a result of COVID-19 related lockdowns globally.

b) Strategic Resilience

We review our strategy on the increasingly important themes such as; operational efficiency, innovation, digitization, and data, with the aim of testing current assumptions and delivering a more agile company that can withstand shocks such as the COVID-19 pandemic.

Our longterm strategy of being the market leader in providing in-novative, high quality insurance services has remained unchanged. However, the pandemic has fast-tracked the implemen-tation thereof. As a company that prides itself in actively putting our customer needs and ambitions at the forefront of everything we do, we have diversified our distribution channels and products.

We're now more focused, more than ever before to develop detailed plans to unlock operational efficiencies and product innovation, with the aim of meeting customer needs, and exploring products that will cover currently uninsured segments.

c) People Resilience

A critical focus area of BKGI overall response was ensuring the physical and mental well-being of our employees and we have taken measures to ensure their home workspaces are ergonomic as well as provided continuous support to employees.

We're guided by the Standard Operating Procedures (SOPs) provided by the Ministry of Health (MoH), particularly; keeping only 30% of our staff on duty and the rest working from home, ensuring that all our staff on duty wear face-masks all the time, maintaining physical distance while on duty and servicing clients

In addition, our office locations are COVID-19 compliant and all health and safety protocols continue to be observed, including; hand-washing and use of sanitizers, routine temperature checks etc.

Section 7

FINANCIAL STATEMENTS

Company Profile

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

Our Vision

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

Our Mission

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

Our Goals

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

Registered office

BK General Insurance Company Ltd

TIN: 103752228
P.O. Box 724 Kigali, Rwanda
E: bkinsurance@bk.rw
W: www.bkgi.rw

Bankers

Bank of Kigali Plc Kigali, Rwanda	**Equity Bank Rwanda Plc** Kigali, Rwanda	**KCB Bank Rwanda Plc** Kigali, Rwanda
Cogebanque Plc Kigali, Rwanda	**Banque Populaire du Rwanda** Plc Kigali, Rwanda	**I&M Bank Rwanda Plc** Kigali, Rwanda
Zigama CSS Kigali, Rwanda	**CBA Rwanda Plc** Kigali, Rwanda	**Bank of Africa Rwanda Plc** Kigali, Rwanda

Report of the Directors

The directors have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of BK General Insurance Company Limited (the "Company").

Principal Activity

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

Results

The results for the year are set out on page 60.

Dividend

The directors do not recommend payment of dividend for the year ended 31 December 2020.

Reserves

The reserves of the company are set out on page 61.

Directors

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

Name	Title	Appointment date	Status
Sandra Rwamushaija	Chairperson	Appointed on 22 March 2016	Independent member
Dr. Jack Nkusi Kayonga	Vice Chairman	Appointed on 22 September 2016	Independent member
Nathalie Mpaka	Member	Appointed on 22 March 2016	Non independent member
Yves Gatsimbanyi	Member	Appointed on 22 September 2016	Non independent member
Ephraim Turahirwa	Member	Appointed on 22 September 2016	Retired on March 12, 2020
Shehzad Noordally	Member	Appointed on 01 August 2018	Independent member
Patrice Bastide	Member	Appointed on 20 November 2018	Non independent member
Jean Enock Habiyambere	Member	Appointed on 19 March 2020	Independent member

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

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

Auditor

PricewaterhouseCoopers Rwanda Limited were appointed as external auditors in accordance with Regulation No. 14/2017 of 23/11/2017 on accreditation requirements and other conditions for external auditors for financial institutions, and the year 2020 marks the end of their term.

By Order of the Board

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Sheila A. USANASE

Company Secretary 31 March 2021

Statement of Directors' Responsibilities

Law No. 17/2019 of 13/04/2018 governing companies requires the directors to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the Company's profit or loss. It also requires the directors to ensure that the Company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the presentation and preparation of financial statements of the Company in accordance with International Financial Reporting Standards and in the manner required by Law No. 17/2018 of 13/04/2018 governing companies. They also accept responsibility for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, the Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 17/2018 of 13/04/2018 governing companies.

Approval of annual financial statements

The financial statements on pages 60 to 97 were approved by the Board of directors and are signed on its behalf by:

....

Board Audit Committee Chairperson Director

....

Managing Director 31 March 2021

Statement of Corporate Gorvernance

BK General Insurance Company Limited is owned by BK Group PLC and SWAN General Limited with 70% and 30% stakes respectively. BK General Insurance Company Limited ("BK GI") is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. We have put in place elaborate governance processes, which comply with best practice as set out in various codes on Corporate Governance.

Board of Directors & their meetings attendance

The Board consists of four independent non-executive directors. The Board is composed of directors with a good mix of skills, experience, and competencies in the relevant fields of expertise and is well placed to take the business forward. Appointments to the Board are made after careful consideration. During the year, the Board convened and held four (4) ordinary meetings. All the meetings convened had sufficient quorum. A review of attendance to meetings by individual members during the period under review indicates that all the members gave sufficient time and attention to the affairs of the Board.

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

Names	Position	Meetings eligible to attend	Meetings attended
Sandra Rwamushaija	Chairperson	4	4
Dr. Jack N. Kayonga	Vice chairperson	4	4
Nathalie Mpaka	Director	4	4
Yves Gatsimbanyi	Director	4	4
Jean Enock Habiyambere	Director	2	2
Mr. Shehzad Noordally	Director	4	4
Patrice Bastide M.G.M	Director	4	3
Ephrem Turahirwa	Director (Retired)	1	1

Board Charter and Work Plan

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

Board Meetings

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

Board Committees

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

a. Audit Committee

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

b. Risk Management Committee

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

c. Investments, Assets, Liability and HR Committee

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

d. Underwriting and Claims Strategy Committee

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

Separation of Role of Chairman from Managing Director

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

Annual Report and Financial Statements
For the Year ended December 2020

Report on the audit of the financial statements

Our opinion

In our opinion, BK General Insurance Company Limited (the "Company") financial statements give a true and fair view of the financial position of BK General Insurance Company Limited (the "Company") (the "Company") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Law No.17/2018 of 13/04/2018 Governing Companies.

What we have audited

The Company's financial statements as set out on pages 12 - 60 comprise:

- the statement of financial position as at 31 December 2020;
- the statements of comprehensive income;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with IESBA International Code of Ethics for Professional Accountants (including International Independence Standards). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Determination of insurance contract liabilities Insurance contract liabilities included in note 21 of the financial statements are made up of reported claims and incurred but not reported ("IBNR") claims. These were considered a matter of most significance to the current year audit for the following reasons: ▪ The estimation of the provisions involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. ▪ The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience. ▪ The magnitude of the insurance contract liabilities balance (FRW 8,344,577,000) in relation to total liabilities of (FRW 14,305,052). Any change to these assumptions and methodology can result in a material impact to the valuation of insurance contract liabilities.	Our testing approach included amongst others, the following procedures with the assistance of our actuarial specialists: ▪ Evaluating and testing the controls around the claim reserving and settlement process; ▪ Evaluating managements' process for reviewing the adequacy of the provisions; ▪ Checked the accuracy of the data used by the statutory actuary by tracing the policyholder valuation input data, such as premiums, claims and expense data used in the valuation model to information contained in the administration and accounting systems. ▪ Comparing, for a sample of claims, the amounts as recorded in the claims systems to source documents; ▪ Performed a review of the methodology and assumptions used to compute the liabilities against generally accepted actuarial practice approaches, in relation to the business written and expected risks; and ▪ Tested the robustness of the reserving process by performing an actual vs expected analysis on prior years' reserves to assess this for any surpluses or shortfalls.

Other information

Directors are responsible for the other information. The other information comprises the Directors' report, Statement of directors' responsibilities, statement of corporate governance and supplementary information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Report of the Independent Auditor For the Year ended December 2020

Responsibilities of the directors for the financial statements

Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Law No.17/2018 of 13/04/2018 Governing Companies, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Article 132 of Law No.17/2018 of 13/04/2018 Governing Companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. We have no relationship, interest or debt with BK General Insurance Company Limited. As indicated in our report on the financial statements, we have complied with the required ethical requirements.

   These are the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) which includes comprehensive independence and other requirements;

ii. 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;

iii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iv. We have communicated to the Company's Board of Directors, through a separate management letter, internal control matters identified in the course of our audit including our recommendations in relation to those matters.

v. According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the annual accounts comply with Article 123 of Law No.17/2018 of 13/04/2018 Governing Companies.

For PricewaterhouseCoopers Rwanda Limited, Kigali,

Moses Nyabanda
Director

31 March 2021

Statement of Comprehensive Income

	Notes	Dec-20	Dec-19
		Frw'000	Frw'000
Gross written premium	5(a)	9,153,316	7,270,168
Change in unearned premium	5(b)	(722,329)	(364,509)
Gross earned premiums		8,430,987	6,905,659
Less: insurance premium ceded to reinsurers	5(c)	(1,647,235)	(1,515,824)
Net insurance premium revenue		6,783,752	5,389,835
Add Commissions earned	6	262,563	134,132
Less Underwriting expenses	8	(512,051)	(358,426)
Net underwriting income		6,534,264	5,165,541
Net claims incurred	7	(2,982,619)	(2,423,958)
Management expenses	11	(2,007,029)	(1,706,525)
Underwriting profit		1,544,616	1,035,058
Investment income	9	912,164	664,129
Other income	10	76,016	186,996
Profit before income tax		2,532,796	1,886,183
Provision for Income tax	13	(797,413)	(568,106)
Profit for the year		1,735,383	1,318,077
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		1,735,383	1,318,077

The notes to the financial statements on pages 65 to 97 form an integral part of these financial statements.

Statement of Financial Position

	Notes	Dec-20	Dec-19
		Frw'000	Frw'000
Assets			
Non-current assets			
Equipment and motor vehicles	27	135,572	45,693
Intangible assets	28	159,705	169,623
Deferred income tax	30		9,472
Right-of-use assets	29	172,512	207,028
Total non-current assets		467,789	431,816
Current assets			
Receivables arising out of direct insurance arrangements	14	912,639	345,260
Reinsurers share of insurance liabilities	15	1,631,528	1,407,378
Receivable arising from coinsurance & Subrogation arrangement	16	254,523	51,482
Deferred acquisition costs	17	275,599	157,721
Other receivables	18	351,224	370,668
Deposits with financial institutions	19(a)	4,476,240	4,429,420
Investment in securities	19(b)	5,980,154	3,308,108
Cash and bank balances	20	1,079,424	1,750,656
Total current assets		14,961,331	11,820,693
Total assets		15,429,120	12,252,509
Liabilities			
Insurance contract liabilities	21	6,637,396	5,152,843
Creditors arising from reinsurance arrangements	23	165,544	910,695
Income tax payable	25	172,479	113,571
Lease liabilities		199,900	222,562
Other payables	24	1,212,176	546,596
Total liabilities		8,387,495	6,946,267
Equity			
Share capital	26	2,857,143	2,857,143
Retained earnings		4,184,482	2,449,099
Total Equity		7,041,625	5,306,242
Total equity and liabilities		15,429,120	12,252,509

The notes to the financial statements on pages 65 to 97 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital	Retained earnings	Total
Year ended 31 December 2020	Frw '000	Frw '000	Frw'000
At start of year	2,857,143	2,449,099	5,306,242
Comprehensive income:			
Profit for the period	-	1,735,383	1,735,383
Other comprehensive income	-	-	-
Total comprehensive income	-	1,735,383	1,735,383
At end of year	2,857,143	4,184,482	7,041,625

	Share capital	Retained earnings	Total
Year ended 31 December 2019	Frw '000	Frw '000	Frw'000
At start of year	2,857,143	1,139,847	3,996,990
Change in application of IFRS 16	-	(8,825)	(8,825)
Restated balance 1 January 2019	2,857,143	1,131,022	3,988,165
Comprehensive income:			
Profit for the year	-	1,318,077	1,318,077
Other comprehensive income	-	-	-
Total comprehensive income	-	1,318,077	1,318,077
At end of year	2,857,143	2,449,099	5,306,242

The notes to the financial statements on pages 65 to 97 form an integral part of these financial statements.

Annual Report and Financial Statements For the Year ended December 2020

Statement of Cashflows

	Dec-20	Dec-19
	Frw '000	Frw '000
Profit before Income tax	2,532,796	1,886,183
Adjust for:		
Depreciation expense	92,956	143,491
Provisions & impairments	300,951	-
Interest income earned	(912,164)	(664,128)
	2,014,539	1,365,546
Changes in working capital:		
Increase/decrease in deferred acquisition cost	(117,878)	(31,487)
Increase / decrease in other receivables	19,445	1,449,830
Increase/decrease in reinsurance assets	(224,150)	(324,679)
Increase/decrease in subrogation receivables	(203,041)	-
Increase/ decrease in insurance receivable	(567,379)	-
Increase in deffered income tax asset	-	9,472
Increase /decrease in insurance contact liabilities	1,484,553	1,243,832
Increase / decrease in reinsurance payable	(745,151)	466,954
Increase / decrease in income tax payable	58,908	-
Increase / decrease in other payables	665,581	351,183
Interests received from deposits	197,775	180,071
Tax paid in the year	(615,462)	(473,067)
Cash flows generated from operations	1,967,740	4,237,655

Table Continued to next page

Statement of Cashflows (Continued)

	Dec-20	Dec-19
	Frw '000	Frw '000
Cash flows from investing activities		
Purchases of property and equipment	(185,880)	(63,229)
Purchases of intangible assets	-	(61,905)
Term deposits with financial institutions	(46,820)	466,059
Investment in securities	(2,672,046)	(3,308,108)
Interests received on investments	288,438	(83,941)
Repayment of principal lease liabilities	(22,662)	-
Net cash generated from investing activities	(2,638,970)	(3,051,124)
Cash flows from financing activities		
Issue of new shares	-	-
Net (decrease)/increase in cash and cash equivalents	(671,232)	1,186,531
Cash and cash equivalents at year start	1,750,656	564,125
Cash and cash equivalents at year end	1,079,424	1,750,656

The notes to the financial statements on pages 65 to 97 form an integral part of these financial statements.

1. General information

BK General Insurance Company Limited underwrites short-term insurance business (non-life) risks.
The company is a limited liability company incorporated and domiciled in Rwanda. The registered office is:
BK General Insurance Company Limited, 4th Floor, BK Annex Building, P.O. Box 724 Kigali, Rwanda

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the certain financial assets carried at fair value through other comprehensive income.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Company also elected to adopt the following amendments early: 8

- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. The most significant is IFRS 17 Insurance Contracts. The directors are currently assessing the impact of the standard on the financial statements.

IFRS 17, 'Insurance contracts' is applicable for annual periods beginning on or after 1 January 2023. Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17 (published May 2017).

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements.

For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin.

The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach.

This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies.

The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin.

As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. Other standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b)Insurance contracts

i) Classification

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

Insurance contracts issued by the Company are classified as general insurance business based on the duration of the risk insured.

Classes of general insurance include Aviation insurance, Engineering insurance, Fire insurance -domestic risks, Fire insurance - industrial and commercial risks, Liability insurance, Marine Insurance, Motor insurance - private vehicles, Motor insurance - commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance (i.e. class of business not included under those listed above).

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks. Short term business is normally of single-year duration.

ii) Recognition and measurement

1. Premium income

Premium income is recognized on assumption of risks and includes estimates of premiums due but not yet received less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date and is computed using the 365ths method. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

2. Claims and policyholder benefits payable

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the financial reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed and include provisions for claims incurred but not reported ("IBNR").

Outstanding claims are not discounted. There is also additional unexpired risk reserve which is a prospective assessment of the amount that needs to be set aside in order to provide for the claims and expenses which will emerge from unexpired risks and which is over and above the unearned premium reserve pertaining to the same risks as the same valuation date.

3. Commissions payable and deferred acquisition costs ("DAC")

A proportion of commission's payable is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

4. Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss.

5. Reinsurance contracts

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

Insurance contracts entered into by the company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

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

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

6. Receivables and payables related to insurance contracts

Receivables and payables are recognized 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 recognizes that impairment loss in the income statement.

The company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

7. Salvage and subrogation reimbursements

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

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

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

(c) Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under note 2(b) above.

(d) Commissions

Commissions receivable are recognized as income in the period in which they are earned.

(e) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognized within 'investment income' in the Statement of comprehensive income using the effective interest rate method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

(f) Financial assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through OCI; and
- Those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership

iii) Measurement

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

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented within operating and other expenses the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).

Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Equity instruments

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

(g) Financial Liabilities

In both the current and prior period, financial liabilities are classified as subsequently measured at amortized cost. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

(h) Offsetting of Financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(i) Equipment and vehicles

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Equipment and motor vehicles 3 - 8 years

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

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in the income statement.

(j) Intangible assets

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

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

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

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

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

(k) Foreign currency translation

a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

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

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

All other foreign exchange gains and losses are presented in the profit and loss account within 'other income.

(l) Share capital

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

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(n) Employee benefits

(i) Retirement benefit

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

(ii) Other entitlements

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

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

(o) Income tax expense

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

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

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

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

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

(p) Dividend distribution

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

(q) Provisions

Provisions for legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

(r) The company's leasing activities and how these are accounted for

The company leases office space in two places in City of Kigali namely Remera branch and Headquarters. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

Right-of-use assets are measured at cost comprising the following:

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

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

Extension and termination options

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

Critical judgements in determining the lease term

In determining the lease term, man-agement considers all facts and circu-mstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

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

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The current lease terms have been estimated to be 7 years periods, if these were to be extended by 10 years periods the right of use of asset and corresponding liability would increase by Rwf 245 million and Rwf 250 million respectively and depreciation and interest expense would increase by 27 million and Rwf 47 million respectively.

New offices were rented at DP World and the right of use of assets amount increased by 43m.

" The current lease terms have been estimated to be 7 year's period "

3 Critical accounting judgements and key sources of estimation uncertainty

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

The ultimateliability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate.

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims that we have considered under note 4 – Insurance risk.

Impairment losses on financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Income taxes

Judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4(a) Gross written premiums

	Dec-20 Frw'000	Dec-19 Frw'000
Fire	588,445	563,843
Motor	7,479,098	5,972,699
Marine / transport	42,527	16,915
Travel	1,479	6,145
Accident	93,990	80,399
Liability	102,234	230,534
Engineering	521,215	224,241
Bonds	227,234	175,392
Money	92,943	-
Terrorism	4,151	-
Total	9,153,316	7,270,168

4(b) Change in unearned premium

	Dec-20 Frw'000	Dec-19 Frw'000
Change in unearned premium	(843,461)	516,683
Reinsurance share of UPR	121,132	(152,174)
Change in unearned premium	(722,329)	364,509

4(c) Premiums ceded to reinsurers/Coinsurers

Reinsurers	Dec-20 Frw'000	Dec-19 Frw'000
Fire	223,097	235,349
Motor	652,790	906,192
Marine / Transport	22,723	11,125
Accident	52,685	13,018
Liability	58,910	50,612
Engineering	401,322	71,814
Bonds	64,534	61,468
Sub total	1,476,062	1,349,578

Premiums ceded to reinsurers/Coinsurers (continued)

4(c) Coinsurance cession	Dec-20 Frw'000	Dec-19 Frw'000
Coinsurers		0
Fire	3,734	-
Motor	150,000	148,959
Marine / Transport	4,102	-
Accident	5,090	7,321
Engineering	-	4,361
Liability	-	3,868
Terrorism	1,350	-
COMESA	6,898	1,737
Sub total	171,174	166,246
Total premium ceded	1,647,235	1,515,824

4(c) Premiums ceded per reinsurer/Coinsurers	Ratings	2020 Frw'000	2019 Frw'000
Zep Re	AM Best B++	1,180,849	1,068,515
Africa Reinsurance Co	AM Best A	295,212	267,129
CICA RE	AM Best BB+		
Kenya RE			6,707
Coinsurers			
Apex			-
SANLAM		9,192	-
MUA		53,734	-
Phoenix			50,000
Prime		50,000	50,000
Saham			-
Britam		50,000	66,246
Mayfair			-
Radiant			-
Sonarwa		8,248	-
Mapfre			7,227
		1,647,235	1,515,824

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5 Commissions earned	Dec-20 Frw'000	Dec-19 Frw'000
From reinsurers		
Fire	73,145	38,835
Marine / Transport	8,084	1,047
Accident	24,225	3,673
Liability	14,331	7,987
Engineering	119,871	71,336
Bonds	19,360	6,782
	259,016	129,661
From Coinsurers		
Fire	933	-
Marine / Transport	1,003	-
Accident	1,273	2,196
Terrorism	338	-
Liability	-	967
Engineering	-	1,308
	3,546	4,472
	262,563	134,132

6 Claims and policyholder benefits	Dec-20 Frw'000	Dec-19 Frw'000
Fire	36,815	14,262
Motor	3,177,682	2,373,421
Engineering	8,778	290,355
Bonds	3,484	10,168
Transport	418	36,969
Accident	5,853	448
Liability	18,058	8,703
Third party responsibility in claims	(139,219)	(127,530)
Coinsurance share in paid and payable claims	(140,010)	(30,056)
Change in claims outstanding provision	552,438	1,034,012
Change in Incurred but not Reported claims (IBNR)	86,409	225,492
Change in unexpired risk reserve	3,562	

6 Claims and policyholder benefits (continued)

Claims and policyholder benefits	3,614,267	3,836,244
Reinsurer's share in paid claims	(583,138)	(524,636)
Reinsurer's share in outstanding claims	(61,214)	(984,290)
Reinsurer's share in IBNR	12,705	96,640
Reinsurer's share in paid and payable claims	(631,648)	(1,412,286)
	2,982,619	2,423,958

7 Commission expenses	Dec-20 Frw'000	Dec-19 Frw'000
Commission-brokers	346,198	209,113
Commission- agents	165,853	143,313
	512,051	352,426

8 Investment income	Dec-20 Frw'000	Dec-19 Frw'000
Interest from bank deposits	336,451	493,119
Interest from Treasury Bonds	426,015	146,395
Interest from Corporate Bonds	107,129	-
Interest from Commercial Papers	24,699	24,615
Interest from remunerated accounts	17,869	-
	912,164	664,129

9 Other income	Dec-20	Dec-19
	Frw'000	Frw'000
Sale of scraps (salvage)	6,603	3,416
Non/Insurance certificates policy fees	60,548	109,025
Bad debt impairment written off	-	74,555
Other income	8,865	-
	76,016	186,996

10 Operating and other expenses	Dec-20 Frw'000	Dec-19 Frw'000
Salaries and other Employee benefits (Note 12)	1,182,569	949,893
Fuel and oil expense	9,100	9,140
Archive rent expense	1,240	-
Water and electricity	3,180	10,541
Stationery expenses	15,355	15,786
Local transport (staff, directors)	2,403	6,926
Transport abroad (staff, directors)	1,519	-
Mission abroad fees	2,649	13,284
Repair and Maintenance services	7,072	8,575
IT consumables	9,411	14,213
Cleaning services	6,782	4,823
Consultancy services	32,505	
External auditor's fees	20,996	19,455
External lawyer's fees and Legal fees	500	5,457
Actuarial charges	3,378	-
Supervision fees	36,851	-
IT consultancy services	28,784	6,115
Communication fees	14,610	7,633
Mail and post	4,024	-
Internet expenses	20,059	12,442
Marketing expenses	56,724	26,832
Advertisement expenses	3,463	-
Insurance fees	14,884	48,501
Car parking fees	480	480
Accommodation expenses	2,923	-
Other tax expenses	125,248	495
Contribution for adherence	8,615	39,715
Training fees	4,896	2,692
Bank charges and commissions	11,893	20,723
Foreign exchange loss	115	-
Board sitting allowances	42,533	27,625
Refreshments and reception	10,236	9,889
Other expenses	-	7,087
Local government taxes expenses	250	-
Lease finance cost	39,663	41,960
Depreciations expenses	92,956	143,490
Provisions for bad debt	-	30,346
Provisions for assets impairments	178,066	-
Other technical expenses	11,097	27,901
Factor expenses	-	194,506
	2,007,029	1,706,525

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12 Employee benefits expense	Dec-20 Frw'000	Dec-19 Frw'000
Basic salary	680,514	550,635
Transport Allowance	157,159	128,222
Housing Allowance	244,329	195,947
RSSB pension Contributions	52,510	47,031
Maternity leave	2,479	2,286
Complementary pension	45,577	25,772
	1,182,569	949,893

13 Current Income tax expense	Dec-20 Frw'000	Dec-19 Frw'000
Current income tax charge	797,413	568,106
Deferred income tax credit (note 29)	-	-
	797,413	568,106

The income tax expense on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows

	Dec-20 Frw'000	Dec-19 Frw'000
Profit before income tax	2,523,796	1,886,183
Tax calculated at the statutory income tax rate of 30% (2020 - 30%)	757,139	565,855
Tax effect of:		
Expenses not deductible for tax purposes	125,248	7,503
Deferred income tax asset not recognised		
Recognised deferred income tax asset from prior year	9,472	
Prior year understatement on deferred income tax asset		
Income tax expense	797,413	568,106

14 Receivables arising out of direct insurance arrangements	Dec-20 Frw'000	Dec-19 Frw'000
Premium debtors	-	-
Premium debtors-Direct	474,451	187,302
Premium debtors-Agency	61,676	17,343
Premium debtors-Broker	424,025	142,211
Expected credit loss on premium debtors	(47,513)	(1,596)
	912,639	345,260

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

At start of year	(1,596)	(70,554)
Charge for the year	(45,917)	(1,596)
Bad debt written off recovery	-	70,554
At end of year	47,513	(1,596)

15 Reinsurer's share of insurance liabilities	Dec-20	Dec-19
	Frw'000	Frw'000
Reinsurer share of:		
Unearned premiums	779,946	610,646
Notified/outstanding claims	742,591	681,622
Incurred but not reported claims	108,991	115,110
	1,631,528	1,407,378

16 Receivables arising out of coinsurance & subrogation arrangements	Dec-20	Dec-19
	Frw'000	Frw'000
Subrogation assets		0
Coinsurance control account	73,486	-
MUA Insurance	2,980	2,980
Sonarwa	63,494	35,662
Saham	670	670
Britam	1,470	-
Special Guarantee Fund (SFG)	19,876	10,865
Prime insurance	807	295
Sanlam insurance	56,709	1,010
Radiant insurance	35,030	-
	254,523	51,482

17 Deferred acquisition costs	Dec-20	Dec-19
	Frw'000	Frw'000
At start of year	157,721	126,234
Increase/ decrease in acquisition costs	117,878	31,487
At 31 December 2020	275,599	157,721

18 Other receivables	Dec-20	Dec-19
	Frw'000	Frw'000
VAT Recoverable	295,940	316,049
Bank guarantee receivables	40,991	39,377
Prepaid agency fee	-	950
Other debtors	6,907	14,292
BK Staff pension Fund	5,560	-
RSSB Maternity leave receivable	1,825	-
	351,223	370,668

19(a) Deposits with financial institutions	Dec-20	Dec-19
	Frw'000	Frw'000
Bank of Kigali	800,000	500,000
Cogebanque	500,000	700,000
I & M Bank	500,000	500,000
Commercial Bank of Africa	500,000	850,000
Equity Bank Rwanda	1,700,000	1,100,000
Unguka Bank	300,000	-
BPR	-	500,000
Total term deposits	4,300,000	4,150,000
Add: Interest receivable	197,592	287,088
Less: Expected credit losses	(21,352)	(7,668)
Carrying amount	4,476,240	4,429,420

19(b) Investments in securities	Dec-20	Dec-19
	Frw'000	Frw'000
Treasury bonds (National Bank of Rwanda)	4,515,292	2,884,100
Add: interest receivable	137,577	135,998
Less: expected credit losses	(26,522)	(13,940)
	4,626,347	3,006,158
Corporate bond (Crystal Ventures Limited)	1,000,000	-
Add interest receivable	105,479	-
Less: expected credit losses	(18,240)	-
	1,087,239	-
Commercial paper (Horizon Group Limited)	278,000	278,000
Less: interest received in advance	(5,881)	24,464
Less: expected credit losses	(5,551)	(514)
	266,568	301,950
Total securities	5,980,154	3,308,108

Of which are		
Treasury bonds		
Current	137,577	135,998
Noncurrent	4,515,292	2,884,100
	4,652,869	3,020,098
Corporate bond		
Current	105,479	-
Noncurrent	1,000,000	-
	1,105,479	
Commercial paper		
Current	272,119	302,464
Noncurrent	-	-
	272,119	302,464

20 Cash and bank balances	Dec-20	Dec-19
	Frw'000	Frw'000
Bank balances under current accounts	1,083,205	1,753,637
Less: Excess credit loss	(3,781)	(2,981)
	1,079,424	1,750,656

21 Insurance contract liabilities	Dec-20	Dec-19
	Frw'000	Frw'000
Claims reported and loss adjustment expenses	2,241,404	1,682,576
Claims incurred but not reported (IBNR)	408,603	322,195
Provision for unearned premium	3,983,827	3,148,072
Provision for unexpired risk reserve	3,562	-
Total gross insurance contract liabilities	6,637,396	5,152,843

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Reinsurance share of Reserves		
Claims reported and loss adjustment expenses	779,946	681,622
Claims incurred but not reported (IBNR)	108,991	115,110
Provision for unearned premium	742,591	610,646
Unexpired risk provision	-	-
Total reinsurers' share of insurance contract liabilities	1,631,528	1,407,378
Net		
Claims reported and loss adjustment expenses	1,498,812	1,000,954
Claims incurred but not reported (IBNR)	299,612	207,085
Provision for unearned premium	3,203,881	2,537,426
Unexpired risk provision	3,562	-
Total net insurance contract liabilities	5,005,867	3,745,465

21 Insurance contract liabilities (continued)				
Claims development schedule				
Gross claims				
Accident year	2017	2018	2019	2020
	Frw'000	Frw'000	Frw'000	Frw'000
At end of claim year	1,640,113	1,713,315	2,983,837	3,678,940
One year later	14,168	50,698	116,463	-
Two years later	5,500	-	-	-
Three years later	2,000	-	-	-
Gross claims incurred	1,661,781	1,764,013	3,100,300	3,678,940
Gross IBNR	-	3,388	134,850	270,365
Ultimate gross claims projected	1,661,781	1,767,401	3,235,151	3,949,305

Net claims				
Accident year	2017	2018	2019	2020
	Frw'000	Frw'000	Frw'000	Frw'000
At end of claim year	1,202,626	1,256,302	2,187,922	2,697,612
One year later	10,389	37,175	85,397	-
Two years later	4,033	-	-	-
Three years later	1,467	-	-	-
Gross claims incurred	1,218,514	1,293,476	2,273,320	2,697,612
Gross IBNR	-	2,484	98,880	198,247
Ultimate net claims projected	1,218,514	1,295,961	2,372,200	2,895,859

22 Unearned premiums reserve

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

			2020
	Gross	Reinsurance	Net
	Frw'0000	Frw'0000	Frw'0000
At start of year:	3,148,072	610,646	2,537,426
Increase/(decrease) in the year	835,755	169,300	666,455
	3,983,827	779,946	3,203,881

22 Unearned premiums reserve			
		2019	
	Gross	Reinsurance	Net
	Frw'000	Frw'000	Frw'000
At start of year:	2,549,477	372,812	2,176,665
Increase/(decrease) in the year	598,594	237,834	360,760
	3,148,072	610,646	2,537,426

UPR was computed based on Regulation N°05/2009 of 29/07/2009 on licensing requirements and other requirements for carrying out insurance business in Rwanda using 365th method. The Company uses the chain ladder techniques to estimate the ultimate cost of claims and the IBNR. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern.

23 Creditors arising from reinsurance & subrogation arrangements	Dec-20	Dec-19
	Frw'000	Frw'000
ZEP-RE	130,234	652,407
Africa-RE	32,558	119,040
Kenya-RE	-	5,030
MAPFRE	-	5,059
Coinsurers payables	-	129,159
SONARWA-COMESA	2,191	-
UAP INSURANCE	561	-
	165,544	910,695

24 Other payables

	Dec-20 Frw'000	Dec-19 Frw'000
Other payables		546,596
Supplier's control account	1,225	-
Technical service providers	19,251	-
Commissions payable-Agents	8,203	-
Commissions payable-Brokers	477,674	-
Staff or employees accounts	135,772	-
PAYE	47,644	-
15% Withholding tax payable	2,567	-
30% wop on sitting allowances	557	-
RSSB payables	25,737	-
Maternity leave payable	487	-
Special guarantee fund dues	292	-
BRD student loan recovery	207	-
Community based health insurance (Mutuelle)	254	-
Complementary pension scheme	29,433	-
Self-commitment deduction (rpf)	1,967	-
Staff social assistance fund	1,285	-
Other creditors	422,275	-
Suspense account	37,346	-
Total	1,212,176	546,596

25 Current income tax	Dec-20 Frw'000	Dec-19 Frw'000
Profit for the year	2,532,796	1,886,183
Add back other tax expenses	125,248	7,503
Taxable profit for the year	2,658,043	1,893,686
Adjusted current income tax	797,413	568,106
Income tax for the period	797,413	568,106
Income tax payments during the year	615,462	454,536
Current income tax payable	172,479	113,571

26 Share capital	% Holding	Dec-20 Frw'000
BK Group	70%	2,000,000
SWAN Group	30%	857,143
		2,857,143

	Number of shares Frw'000	Ordinary shares Frw'000
At 1 January 2019,	2,857,143	2,857,143
1 January 2020	2,857,143	2,857,143
At 31 December 2020	2,857,143	2,857,143

The total number of authorised shares is 9,177,614 with a par value of FRW 1,000 per share

27 PPE	IT equipment Frw'000	Motor vehicle Frw'000	Furniture & fittings Frw'000	Total Frw'000
Cost:				
At 1 January 2020	88,525	139,017	9,745	237,287
Additions	19,770	90,763	6,671	117,204
At 31 December	108,295	229,780	16,416	354,491
Acc. depreciation:				
At 1 January 2020	93,848	74,064	4,350	172,262
Charge for the year	8,711	34,950	2,996	46,657
At 31 December	102,559	109,014	7,346	218,919
Net Book Value	5,736	120,766	9,070	135,572

Cost:	IT equipment Frw'000	Motor vehicle Frw'000	Furniture & fittings Frw'000	Total Frw'000
At 1 January 2019	72,675	96,441	5,356	174,472
Additions	15,850	42,576	4,389	62,815
At 31 December	88,525	139,017	9,745	237,287
Acc. depreciation:				
At 1 January 2019	47,382	48,770	1,390	97,542
Charge for the year	20,915	26,384	2,588	49,887
At 31 December	68,297	75,154	3,978	147,429
Net Book Value	20,228	63,863	5,767	45,693

28. Intangible assets	Dec-20 Frw'000	Dec-19 Frw'000
Cost:		
At 1 January	210,094	148,189
Additions	25,562	61,905
At 31 December	236,656	210,094
Accumulated depreciation:	64,168	-
At 1 January		
Charge for the year	11,783	40,471
Net book value at end of the year	159,705	169,623

29 Leases

(i) Amounts recognised in the statement of financial position

Right of use assets: Buildings	2020 Frw'000	2019 Frw'000
Cost:		
At 1 January	207,028	241,517
Additions	43,114	-
At 31 December	250,142	241,517
Accumulated depreciation:		
At 1 January	43,115	-
Charge for the year	34,515	34,489
At 31 December	67,630	34,489
Net book value	172,512	207,028

Lease liabilities	2020 Frw'000	2019 Frw'000
At 1 January	222,562	283,476
Additions		
Repayments	22,662	60,914
At 31 December	199,900	222,562

Of which are	2020 Frw'000	2019 Frw'000
Current	22,662	22,662
Non current	177,238	199,900
At 31 December	199,900	222,562

During the year, there were additions to the right of use assets were Frw 43,114 (2019: Frw NIL).

(ii) Amounts recognised in the statement of comprehensive income	2020 Frw'000	2019 Frw'000
Depreciation of right of use assets	34,515	34,489
Finance costs	39,663	41,960
Expense related to leases of low value assets that are not shown above as short term leases (included in administrative expenses)	-	-
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	-	-

30 Deferred income tax

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

Deferred income tax liabilities	1 January 2019 Frw'000	Credit to SOCI Frw'000	31 December 2019 Frw'000
Property and equipment:	30,696	(21,224)	9,472
Deferred income tax assets:	-	-	-
Tax Provision	-	-	-
Deferred income tax asset not recognised	-	-	-

Deferred income tax	1 January 2020 Frw'000	Credit to SOCI Frw'000	31 December 2020 Frw'000
Deferred income tax liabilities			
Property and equipment:	-	-	-
Deferred income tax assets:			
Tax Provision	-	-	-
Deferred income tax asset not recognised	-	-	-

31 Related party transactions

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

The following transactions were carried out with related parties:

a) Directors remuneration	2020 Frw'000	2019 Frw'000
Directors' fees	42,533	27,625
b) Key management remuneration		
Salaries	354,523	216,118
Other benefits	-	-
	354,523	216,118
c) Insurance premiums		
Bank of Kigali Plc	271,092	265,181
BK Techouse Limited	3,644	4,748
BK Capital Limited	2,578	5,156
	277,314	275,085
d) Payment of claims		
Bank of Kigali Plc	7,382	12,444
BK Techouse Limited	322	326
BK Capital Limited	-	-
	7,704	12,770

e) Outstanding balances with related parties	2020 Frw'000	2019 Frw'000
Amounts receivable from the related parties	-	-
Amount payable to related parties	-	-
	-	-
f) Deposit with related parties		
Bank of Kigali Plc	1,260,064	1,844,361
	1,260,064	1,844,361

31 Related party transactions (continued)

Interest Income with related party	2020	2019
	Frw'000	Frw'000
Bank of Kigali Plc	43,372	26,121
	43,372	26,121

f) Factoring of Invoices with Bank of Kigali Plc

The company entered into a factoring with no recourse agreement with the Bank of Kigali PLC in order to solve the issue of long outstanding receivable especially from public institutions. The cost of factoring of the invoices is agreed at 5% flat fee applicable on any paid invoice. There were no factoring transactions during the year ended December 31, 2020. (2019: Frw 194 million).

32 Contingent liabilities

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

Revenue Account 31st December 2020

31-Dec-20	Motor	Fire	Guarantee	Engineering	Liability	Miscellaneous	Accident & Health	Transport	Total
NET PREMIUM INCOME	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Gross written premium	7,479,098	588,445	227,234	521,215	102,234	97,094	93,990	44,006	9,153,316
Unearned premium reserve b/f	2,743,845	129,543	84,169	77,594	48,730	45,392	16,845	1,954	3,148,072
Unearned premium reserve c/f	-3,261,449	-256,606	-99,091	-227,289	-44,582	-42,340	-40,987	-19,190	-3,991,533
Reinsurance portfolio premium reserves b/f	-389,190	-66,734	-40,252	-69,512	-15,594	-28,602	0	-761	-610,646
Reinsurance portfolio premium reserve c/f	396,907	50,147	41,499	197,083	17,240	27,604	174	1,124	731,778
Gross earned premiums	6,969,211	444,795	213,558	499,091	108,028	99,147	70,023	27,133	8,430,987
Premiums ceded to treaties & facultative reinsures	-652,790	-223,096	-64,534	-401,322	-58,913	-	-52,684	-22,723	-1,476,063
Premiums ceded to co-insurance	-156,897	-3,734	-	-	-	-1,350	-5,090	-4,102	-171,172
Premium ceded to reinsurance	-809,687	-226,830	-64,534	-401,322	-58,913	-1,350.00	-57,774	-26,825	-1,647,235
Net insurance premium revenue	6,159,524	217,965	149,024	97,769	49,115	97,797	12,248	308	6,783,751
Commissions Earned	0	73,478	19,960	119,871	14,331	338	25,498	9,087	262,563
Underwriting Expenses (Commissions Paid)	396,448	28,318	4,224	62,039	2,679	9,772	5,083	3,488	512,051
Net underwriting income	5,763,076	263,126	164,761	155,600	60,768	88,363	32,663	5,907	6,534,263
Gross claims paid & benefits	3,177,682	36,815	3,484	5,499	16,058	0	11,132	418	3,251,087
Outstanding claims reserve b/f	-1,474,970	-199,800	0	-3,678	-2,000		-2,128		-1,682,576
Outstanding claims reserve c/f	2,071,890	38,050	0	82,183	4,787	0	38,104	0	2,235,014
Incurred but not report (IBNR) b/f	-221,246	-72,935	-4,117	-1,343	-9,309	-1,525	-10,399	-1,321	-322,195
Incurred but rot report (IBNR) c/f	376,617	7,461	-	16,115	939	-	7,471	-	408,603
Reserve for unxpired risk	3,562	-	-	-	-	-	-	-	3,562
Subrogation Recoveries	-139,219	-	-	-	-	-	-	-	-139,219
Net claims payable	3,794,316	-190,410	-633	98,776	10,475	-1,525	44,180	-903	3,754,276
Claims recoveries from treaties & facultative reinsurance	-723,148	-	-	-	-	-	-	-	-723,148
Reinsurance portfolio claims reserve b/f	504,189	177,432	-	-	-	-	-	-	681,622
Reinsurance portfolio claims reserve c/f	-491,130	-176,500	-	-74,961	-	-	-	-	-742,591
Incurred but not report (IBNR) b/f	115,110	-	-	-	-	-	-	-	115,110
Incurred but rot report (IBNR) c/f	-102,650	-	-	-	-	-	-	-	-102,650
Amount recoverable from reinsurers	-697,628	932	0	-74,961	0	0	0	0	-771,657
Net Claims Incurred	3,096,688	-189,477	-633	23,815	10,475	-1,525.00	44,180	-903	2,982,619
Management Expenses	1,696,041	99,456	52,096	74,265	23,138	41,156	16,236	4,639	2,007,028
Underwriting profit	970,347	353,148	113,298	57,520	27,155	48,732	-27,754	2,171	1,544,616
Investment Income	745,321	58,641	22,644.72	51,941	10,187.97	9,676	9,366.50	4,385	912,164
Other Income	36,287	20,550	7,335.00	376	515.00	8,880	812.76	1,261	76,016
Total Income for the Period	1,751,955	432,338	143,277	109,837	37,858	67,288	-17,574	7,817	2,532,796
Income Tax Expense	651,560	51,264	19,796	45,407	8,906	8,459	8,188	3,834	797,413
Profit for the Year	1,100,396	381,075	123,481	64,430	28,952	58,829	-25,763	3,984	1,735,383

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Revenue Account 31st December 2019

31-Dec-20	Motor Frw' 000	Fire Frw'000	Guarantee Frw'000	Engineering Frw'000	Liability Frw'000	Miscellaneous Frw'000	Accident & Health Frw'000	Transport (Marine & travel) Frw'000	Total Frw'000
Gross premiums	5,972,699	564,032	175,392	224,241	141,087	104,241	65,605	22,871	7,270,168
Gross premium written	5,972,699	564,032	175,392	224,241	141,087	104,241	65,605	22,871	7,270,168
Unearned Premium Reserve B/FWD (+)	2,165,872	248,292	43,170	26,514	33,469	-	21,256	6,590	2,545,163
Unearned Premium Reserve C/FWD (-)	(2,402,994)	(221,887)	(84,169)	(77,594)	(48,730)	(45,392)	(26,953)	(1,953)	(2,909,672)
Gross earned premiums	5,735,577	590,437	134,393	173,161	125,826	58,849	59,908	27,508	6,905,659
Premiums ceded to treaties & Facultative reinsures	(906,192)	(235,349)	(48,153)	(71,814)	(50,612)	(13,315)	(13,018)	(11,125)	(1,349,578)
Premiums ceded to co-insurance	(383,782)	-	-	(4,361)	(3,868)	-	(7,321)	-	(399,332)
Reinsurance Portfolio Premium Reserves B/Fwd (-)	(275,749)	(40,438)	(17,546)	(22,765)	(11,902)	(9,063)	-	(97)	(377,560)
Reinsurance Portfolio Premium Reserve C/FWD (+)	389,190	66,734	40,252	69,512	15,594	28,602	-	761	610,646
Premium ceded to reinsurance	(1,176,533)	(209,053)	(25,447)	(29,427)	(50,789)	6,224	(20,339)	(10,461)	(1,515,824)
Net insurance premium revenue	4,559,044	381,384	108,946	143,734	75,037	65,074	39,569	17,047	5,389,836
Commission Earned From Treaties & Facultative Reinsurance	-	71,597	14,446	21,101	12,455	2,663	10,235	1,635	134,132
Net Underwriting Income	4,559,044	452,981	123,392	164,835	87,493	67,736	49,804	18,682	5,523,967
Gross Claims Paid & Benefits	2,373,421	14,262	10,168	290,355	8,703	-	448	36,969	2,734,326
Outstanding Claims Reserve B/Fwd (-)	216,280	173,329	(12,024)	271,485	(3,697)	-	6,210	(1,836)	649,747
Outstanding Claims Reserve C/Fwd (+)	1,476,153	199,800	-	3,678	2,000	-	2,128		1,683,760
Incurred But Not Report (IBNR) b/fwd (-)	(103,444)	(31,188)	(1,348)	(36,432)	(967)	(4,3730)	(696)	(1,886)	(180,334)
Incurred But Not Report (IBNR) c/fwd (+)	221,246	72,935	4,117	1,343	9,309	1525	10,336	1,321	322,132
Recovery from Subrogations	(127,530)	-	-	-	-	-	-	-	(127,530)
Net claims payable	3,623,566	82,481	24,961	(12,541)	22,742	(2848)	6,005	38,240	3,782,607
Claims Recoveries from Treaties & Facultative reinsurance	(742,250)	-	-	-	-	-	-	-	(742,250)
Reinsurance Portfolio Claims Reserve B/fwd (+)	(60,750)	6,766	-	233,881	-	437	-	-	180,334
Reinsurance Portfolio Claims Reserve C/fwd (year n) (-)	(504,189)	(177,432)	-	-	-	-	-	-	(681,622)
Reinsurance Share in IBNR	(115,110)								(115,110)
Amount recoverable from reinsurers	(1,422,299)	(170,666)	-	233,881	-	437	-	-	(1,358,648)
Net claims and policyholder benefit payable	2,201,267	(88,186)	24,961	221,340	22,742	(2,411)	6,005	38,240	2,423,959
Commission Paid	250,346	63,515	11,050	15,931	7,526	10,363	2,704	(3,008)	358,426
Underwriting Profit	2,107,431	477,652	87,381	(72,435)	57,224	59,785	41,095	(16,550)	2,741,583
Investment income	545,619	51,508	16,022	20,485	12,889	9,523	5,993	2,089	664,129
Policy Fees	23,481	17,113	6,934	276	694	10	1,006	3,187	52,702
Other revenues	107,128	16,024	(1,169)	8,035	3,232	5,396	405	(4,756)	134,295
Operating and other expenses	1,187,361	305,095	53,080	76,523	36,152	49,778	12,988	(14,451)	1,706,525
Total income/ (loss) for the period	1,596,299	257,203	56,088	(120,162)	37,887	24,936	35,511	(1,579)	1,886,183
Income tax expense	396,799	100,671	17,515	25,250	11,929	16,425	4,286	(4,768)	568,106
Profit for the year	1,199,499	156,532	38,574	(145,412)	25,958	8,511	31,226	3,189	1,318,077

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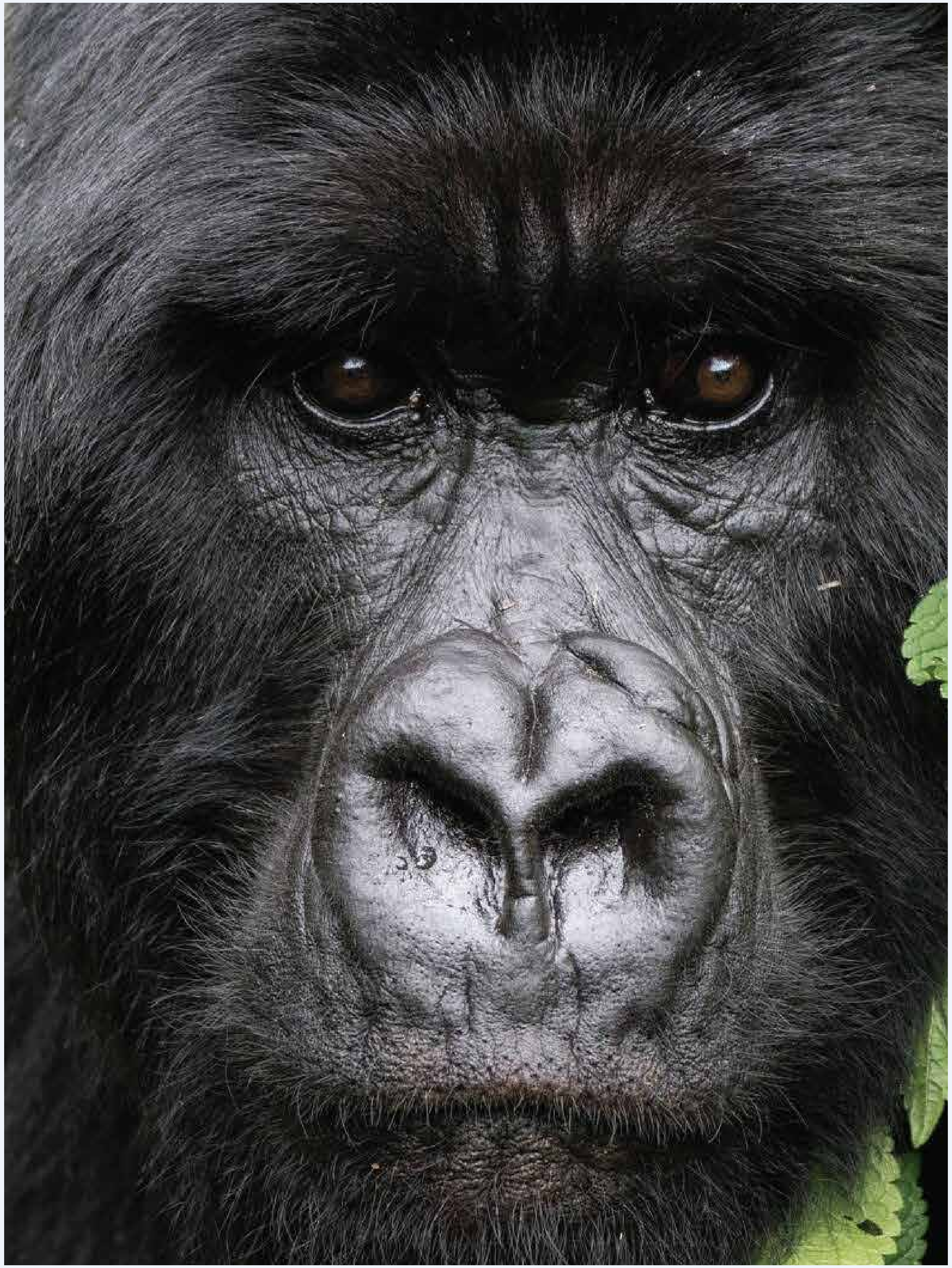
I. Required Solvency	Amount (Rwf'000)
Gross premium less reinsurance ceded last preceding year	5,754,155
Solvency margin Required:20% of previous year net premium or Rwf 1 000 million whichever is greater	1,150,831
Compliance with	
Total Assets	15,429,120
Less: Non-Admitted Assets as per II.A,7	1,500,152
less: Deductions for assets subject to maximum admissible %as per II.B,7	1,759,636
Admitted Assets I.3 less I.4 and I.5	12,169,333
LessAdmitted Liabilities as per III.C,3	9,050,240
Solvency margin Available (1,6 less 1,7)	3,119,093
Excess or Deficiency of solvency required (I.8 less I.2)	**1,968,262**
Solvency Coverage Ratio (I.8 divided by I.2)	271.0%
Admitted Assets	
Intangible Assets	159,705
Exposures (loans & Investments) to connected persons	-
Loans to insurance intermediaries overdue for more than 6 months	-
Reinsurance receivables overdue for more than 6 months	-
Loans and other receivables overdue for more than 2 months	488,726
Deferred expenses, deferred taxes and prepayments	851,721
Total Non Admitted Assets (add 11, A,1 to 7)	1,500,152

II.B Assets Subject to Maximum Admissible Percentages			
	Amount A	**Admissible %**	**Deductions**
Investment in equities, Listed	-	85%	-
Investment in equities, unlisted	1,278,000	0.7	383,400
Investment in debt securities	-	70%	-
Investment in properties	-	80%	-
Receivables from reinsurer which are not overdue		90%	-
All other Assets (Total assets less II.A & II.B 1,2,3)	12,650,968		
Less:			
(-) Cash	1,083,205		
(-) Deposit Balances	4,300,000		
(-) Government	4,515,292		
(b) All other assets subject to maximum %	2,752,471	50%	1,376,236
Total Deductions (add II.B,1,2,3 and 4e)			**1,759,636**

III.C, Admitted Liabilities			
	Amount on B/sheet A	**percentage factor 10%**	**Admitted liabilities(A plus A*B°**
Technical Provisions	**6,627,444**	**662,744**	**7,290,188**
Unearned premium	3,983,827	398,383	4,382,210
Unexpired risk	-	-	-
Outstanding claims	2,235,014	223,501	2,458,515
IBNR	408,603	40,860	449,463
Other provisions	-	-	-
All other liabilities (Total liabilities less Technical provisions)	**1,760,051**	-	1,760,051
Total Admitted Liabilities	**8,387,495**		**9,050,240**

Solvency Margin 31st December 2019



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