



THE AFRICAN REINSURER

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AFRICA RE: A SUCCESS STORY



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Editorial



Dr. Corneille KAREKEZI
 Editor-in-Chief

This special edition of the African Reinsurer, written in collaboration with Atlas Magazine, provides an account of the progress of the African Reinsurance Corporation (Africa Re) to date. The circumstances surrounding the birth of Africa Re, its growth and development and its emergence as an adult in the reinsurance sector have been highlighted, thus providing insights that make for a better understanding and appreciation of the critical role the Corporation plays in the African insurance market, in the face of the multiple issues it has to contend with.

The journey has been quite challenging and, all the way, Africa Re has remained focused and always ready to readjust, adapt and reposition itself to meet the changing circumstances of the local and global environments within which it operates. It certainly was a tall order when, on its establishment in 1976, the Corporation was charged with responsibilities to support the socio-economic development of Africa and the growth and development of the insurance industry. However, by dint of hard work and clear vision, Africa Re has been able to make a significant

impact and, at age 46, has a success story to relate.

Today, Africa Re is an A rated reinsurance company and the leading and largest pan-African reinsurer in Africa and the Middle East. Apart from its giant strides in the reinsurance market, the interventions which the Corporation provides through its corporate social responsibility platform would continue to positively impact the welfare of the people of Africa and enhance the uniqueness of this multi-national reinsurance company, as it continues to serve purposes outside the realm of insurance.

Africa Re's performance has indeed justified the efforts made by the founding fathers who pushed for the establishment of a multi-national reinsurance company, at a rather difficult time when Africa was unfortunately defined by economic woes and socio-political upheavals and conflicts. Apart from these constraints, the insurance markets in Africa did not have enough of the necessary resources to support the aspirations of the founding fathers. In fact, the available human resources were then thinly spread across insurance markets in the continent. In spite of these constraints, the urgency arising from the need to stem the huge outflow of foreign exchange, on account of insurance transactions, did indicate the establishment of a multi-national reinsurance company, capable of providing some solutions to this problem, without comprising on professionalism and financial strength of global standards. The venture was regarded by some as an extreme response and quite risky, notwithstanding the in-depth studies that supported it. The founding fathers eventually had their way, and have

bequeathed an invaluable legacy to the industry.

Indeed, Africa Re would remain a reference point for initiatives involving collaboration among people from diverse backgrounds who are driven by a strong desire to collectively find solutions to the problems confronting their society and are willing to share their perspectives, accommodate each other and make concessions when necessary, regardless of the sacrifices involved. In this regard, Africa Re offers a unique template with its diversified shareholder base comprising African member States, African insurance and reinsurance companies, as well as global leading insurance and reinsurance groups. This platform comes in handy as future generations explore ways to contribute their quota to the growth and development of this continent.

At 46 years, Africa Re remains a beacon of hope in the industry, given its superior financial strength, excellent performance as well as outstanding customer service and programmes with a high social impact. Needless to add that the success story of Africa Re would continue to inspire, guide and drive this organization, as it faces a future that promises to be ever so demanding. The Corporation would continue to mobilize the resources needed to support the journey ahead and thereby ensure that it provides the interventions required by the African insurance industry to assert itself, grow and develop, in a manner that would exceed the expectations of the founding fathers.

Our gratitude goes to our ceding companies and business partners, the Board, Management and staff for their invaluable contributions to the success of this organization.

Africa Re - A success story

Although the studies leading to the establishment of Africa Re did recognize its potential as a major player in the African financial sector, little did the founding fathers expect that this dream would materialize within a relatively short time span in the life of the organization. The challenges seemed daunting.

Today, 46 years after its establishment, the corporation is among the world's largest reinsurers with gross premium income growing strongly over the years, peaking at US\$845 million in 2019 and 2021. Indeed, in terms of net premium income, Africa Re is the leading and largest pan-African reinsurer in Africa and the Middle East. The corporation has been led and managed by all-African teams of executive management and staff since its inception.

Africa Re writes business in more than 60 countries, facilitated by a network of offices comprising two subsidiaries, six regional offices, a local office and two underwriting offices.

Without any doubt, this organization has proven to be a pan-African giant in the financial sector, offering products and expert services that have changed the insurance and reinsurance landscape of the entire continent. The performance of the corporation in the core areas of its operations as well as interventions in other fields, relevant to the progress of Africa, have endeared the company to the insurance industry in Africa and enhanced the image of a continent that longs so much for recognition. It is not surprising that Africa Re has been rated A by A.M. Best since 2016 and A- by Standard & Poor's since 2009.

Indeed, no one could ever have imagined such a feat, given the circumstances surrounding the corporation's birth and evolution, particularly the teething problems in the early years of its development and the fierce competition in the small and fragmented African insurance markets where the corporation derives the bulk of its business.

A difficult birth

The need for a continental reinsurer for the African market arose in the early 1970s. Unfortunately, the prevailing

context at the time did not encourage such risk-taking. There was a severe shortage of human and material resources in Africa and the political, economic, cultural and linguistic disparities seemed insurmountable. At the time, reinsurance business of the nature envisaged by the founding fathers of Africa Re was reserved for traditional companies in economically mature countries.

These obstacles did not discourage the initiators of the project who were spurred on by a strong commitment to move Africa forward. The need for a multinational reinsurance company that would spearhead the development of the insurance sector was, therefore, not negotiable, given the potential of the industry to support the much-needed socio-economic development of Africa, particularly in the immediate period after independence. In this regard, the 1964 resolution of the United Nations Conference on Trade and Development (UNCTAD) which held that "...a sound national insurance and reinsurance market is an essential characteristic of economic growth", which echoed across the developing markets, at that time, would seem to have resonated with the founding fathers.

On 24 February 1976, Africa Re was established in Yaounde, Cameroon, with an authorised capital of 15 million US dollars. The African Development Bank (AfDB) and 36 member states of the Organisation of African Unity (OAU) were the first shareholders.

The objectives of the corporation are clear. Its mission is to mobilise financial resources, develop the reinsurance capacity of the market, reduce the outflow of foreign exchange from the continent and support African economic development.

The newly created company started operations in Accra, Ghana, up to about mid-1977, when it moved to Lagos, Nigeria, which became its official headquarters.

In 1980, four years after establishment, Africa Re opened its first regional office in Morocco, followed by two more regional offices in Kenya (1982) and Côte d'Ivoire (1987).

Turbulent period at youth

The 1980s and 1990s witnessed persistent socio-economic problems. Political instability affected a large part of the continent. This context weighed heavily on companies, threatening their survival and growth. The

structural and monetary adjustment plans imposed by the International Monetary Fund (IMF) worsened the situation and weakened the insurance and reinsurance sector. The future of Africa Re therefore appeared uncertain.

In order to address this critical situation, the Board of Directors decided, in 1990, to increase the capital to US\$ 30 million and to open up shareholding to African and foreign companies. In 1992, other African states, convinced by the company's potential, joined Africa Re, increasing the number of state shareholders from 36 to 41.

The adult years

The end of apartheid in South Africa marked a turning point in Africa Re's development. In 1995, a contact office was opened in Johannesburg, which became a subsidiary in 2004 and responsible for overseeing operations in Botswana and the rand zone. The subsidiary is now Africa Re's second largest premium provider, accounting for about 16.4% of the turnover in 2021. The establishment of the subsidiary has ensured that Africa Re is present in the four corners of the continent and has access to the largest market, South Africa.

In 1997, Africa Re carried out a second capital increase from 30 million to 50 million US dollars. The financial resources generated by this operation facilitated the company's expansion. In fact, during the same year, a contact office was opened in Mauritius, which became a regional office in 2003.

In 2000, the corporation built its own headquarters "Africa Re House" in Victoria Island, the commercial district of Lagos. Other offices were built subsequently, in Abidjan (2001), Nairobi (2003) and Casablanca (2005). The acquisition of these new regional offices was a demonstration of the commitment to grow continent-wide.

In 2001, there was a third capital increase from US\$50 million to US\$100 million. Also in 2001, a contact office was set up in Cairo (Egypt), which became a regional office in 2004. This new office completed the territorial coverage of North-East Africa

In 2005, four development finance institutions (IFC, DEG, FMO and PROPARCO) acquired a 20% stake in

Africa Re's capital. Two years later, in 2007, the Board of Directors decided on a fourth capital increase to 500 million US dollars. This operation strengthened Africa Re by providing the required capacity to write more business and consolidate its foothold in the various markets of the continent.

In 2010, Africa Re opened a subsidiary in Cairo, dedicated to Islamic reinsurance. The subsidiary, Africa Retakaful Company, operates mainly in the MENA region.

In 2011, a local office was opened in Ethiopia. This office has strengthened the company's presence in East Africa and maximised business opportunities in this strategic region.

Middle age

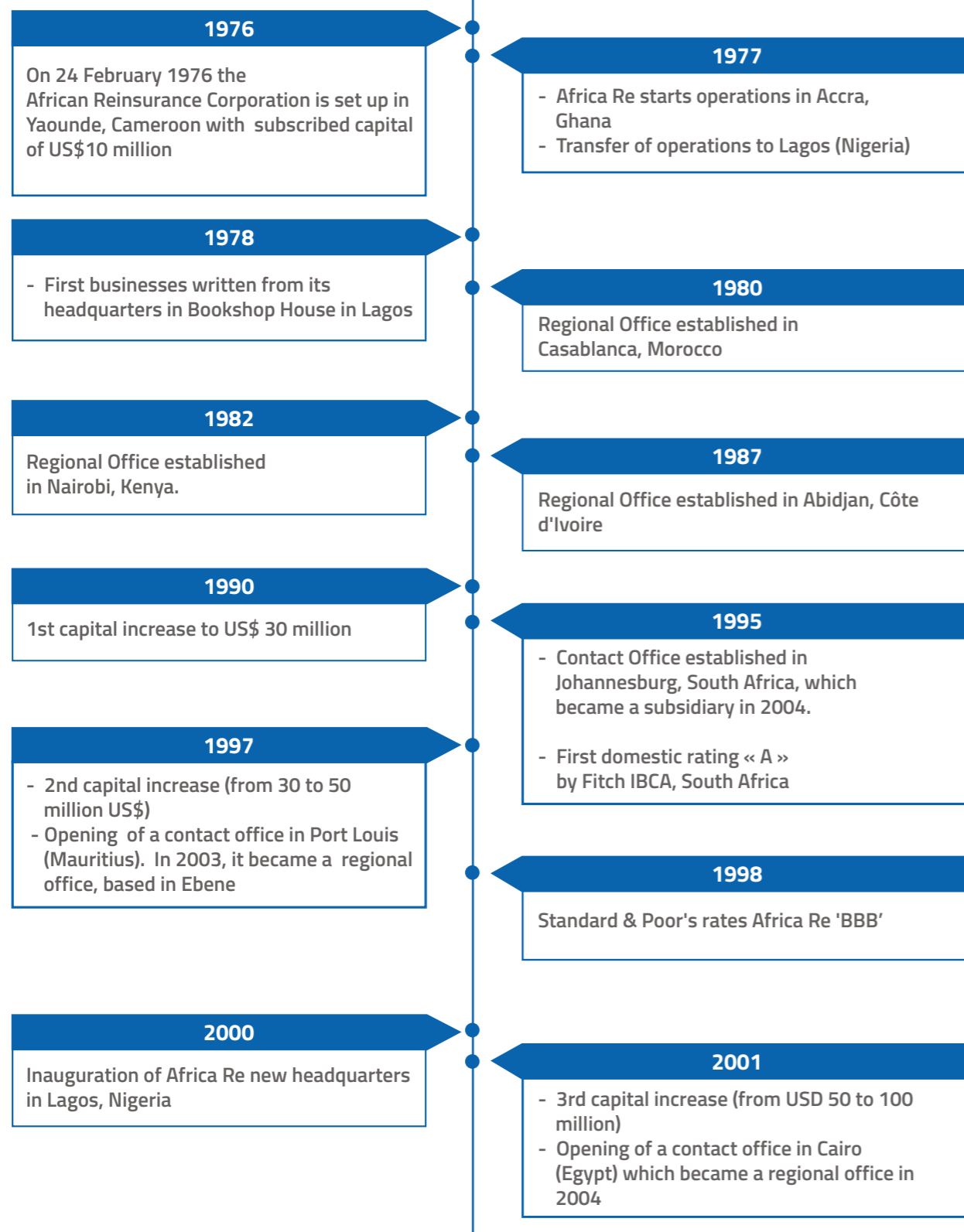
After several years of rapid expansion, Africa Re not only managed to resist traditional reinsurers on the continent, but also succeeded in attracting foreign investors to its fold. In 2012, IRB-Brasil Re, Brazil's leading reinsurer, acquired a stake in Africa Re. This alliance enabled the Corporation to obtain the status of an operator in Brazil, extend its activities to Latin America and benefit, among other things, from the technical expertise of IRB-Brasil Re.

In February 2015, AXA, one of the world's leading insurance companies, became a shareholder of Africa Re with a 7.15% stake. In March of the same year, the Canadian group, Fairfax Financial Holdings, also acquired a 7.15% stake for US\$ 61 million. These shareholders acquired the shares of the Development Finance Institutions (IFC, DEG and FMO) which, in line with their investment strategy, exited the shareholding.

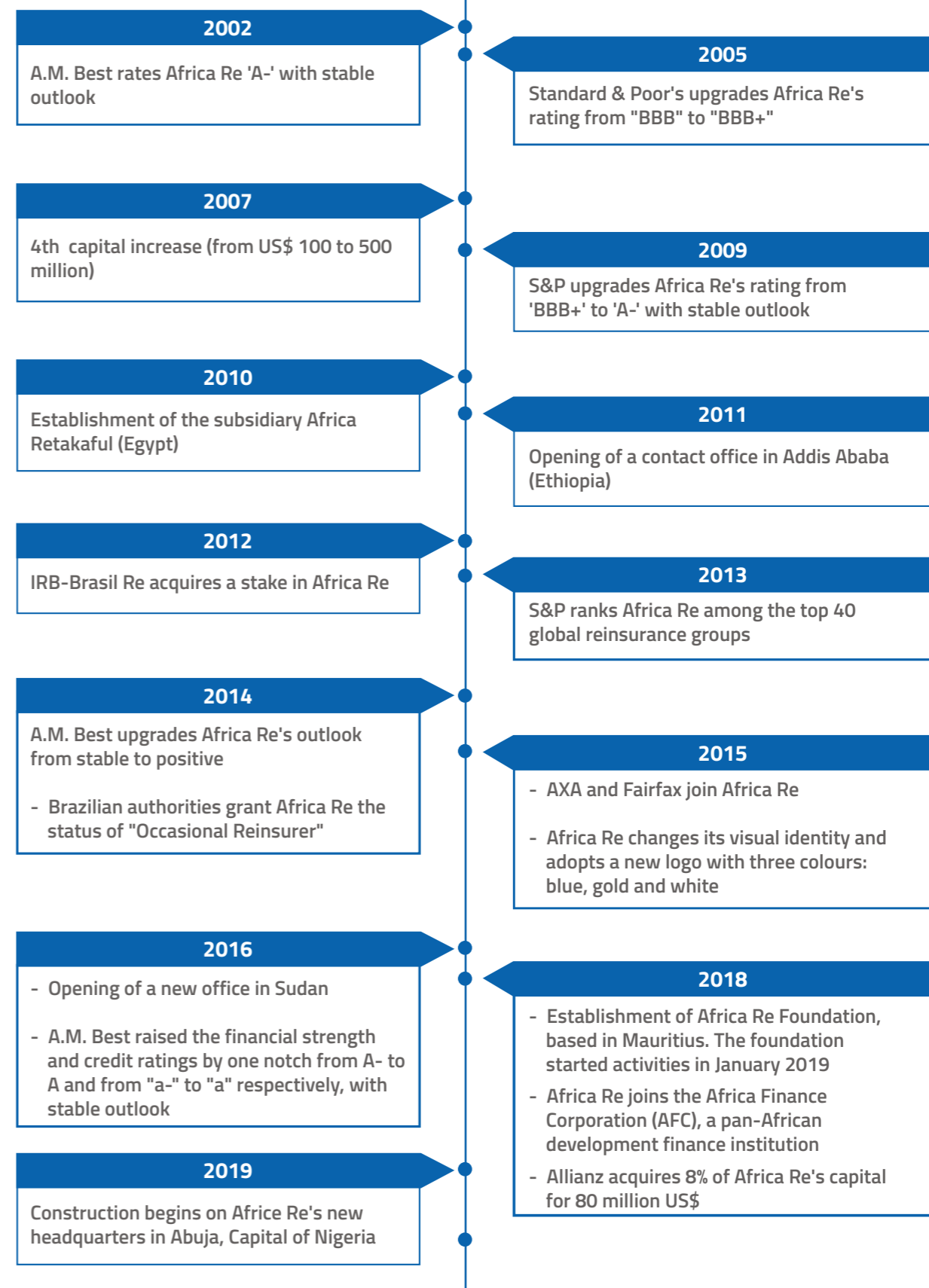
Finally, in July 2016, a new local office was opened in Sudan.

From a humble beginning to a pan-African institution, in just 46 years of existence, Africa Re, a signature initiative of Africa, remains a beacon of hope, a veritable pillar and inspiration in the African insurance industry. It is expected that, with the significant market support, a growing financial capacity, technical and management expertise, the Corporation would continue to provide the desired leadership in the collective pursuit of the development of the insurance industry and the socio-economic progress of the continent.

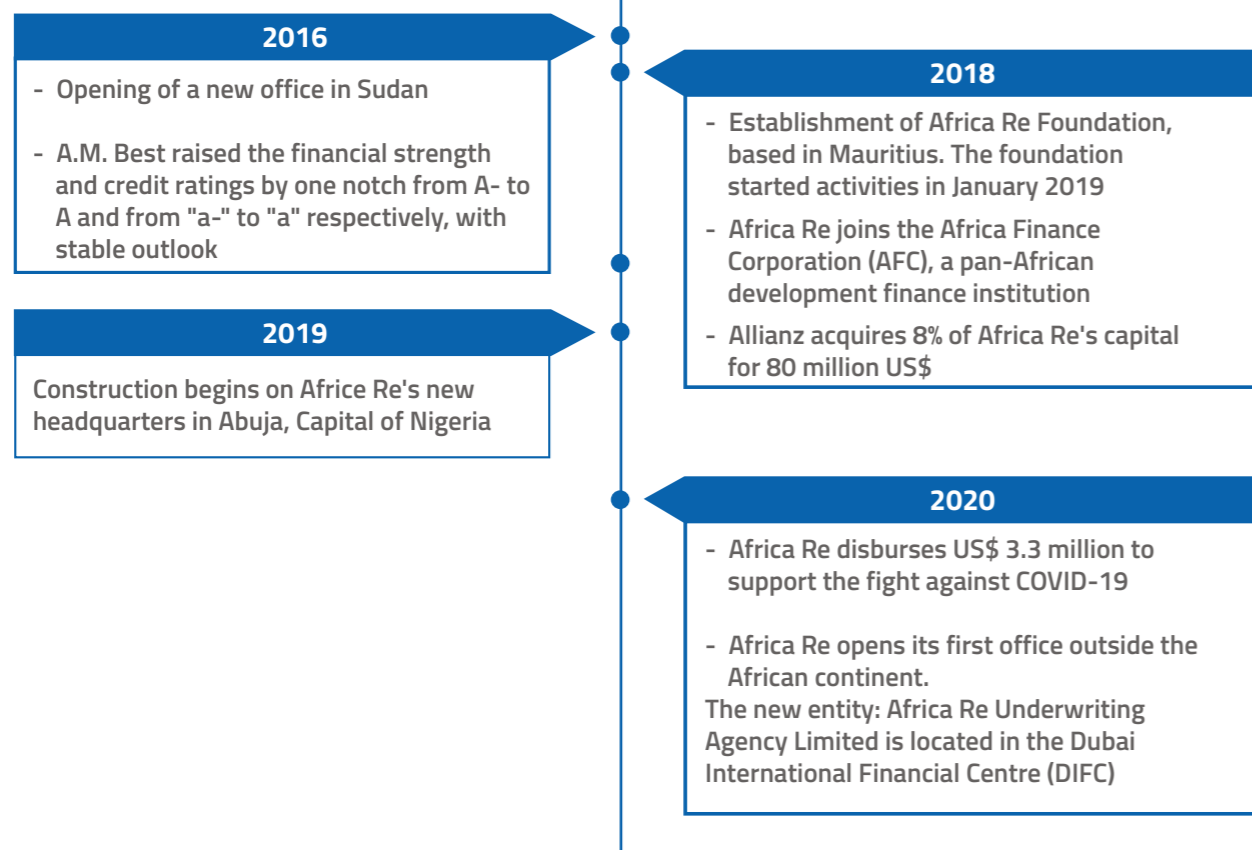
Chronology of events



Chronology of events



Chronology of events



Shareholding and equity

Initially composed exclusively of African states and the AfDB, Africa Re's current shareholder base is very diversified. It includes African states, African insurance and reinsurance companies and foreign insurers and holding companies.

Shareholding as at 31-12-2021

Shareholding as at 31-12-2021		
42 member states of the African Union		34.64%
113 African insurance and reinsurance companies		33.94%
African Development Bank (AfDB)		8.38%
Non-African shareholders	Allianz SE	8.38%
	Fairfax Financial Holdings	7.33%
	AXA Africa Holdings	7.33%

Changes in shareholding structure

There was a change in the shareholding structure when, in 2018, IRB-Brasil Re, which had an 8% stake since 2012, exited from Africa Re's shareholding. The same year, Allianz, the second European insurer, acquired the 8% stake of IRB-Brasil Re. The German group joined the two other non-African shareholders - Fairfax Financial Holdings and AXA. This operation reinforced the partnership of Africa Re with two of the world's leading insurers and a holding company that is very much committed to the profession.

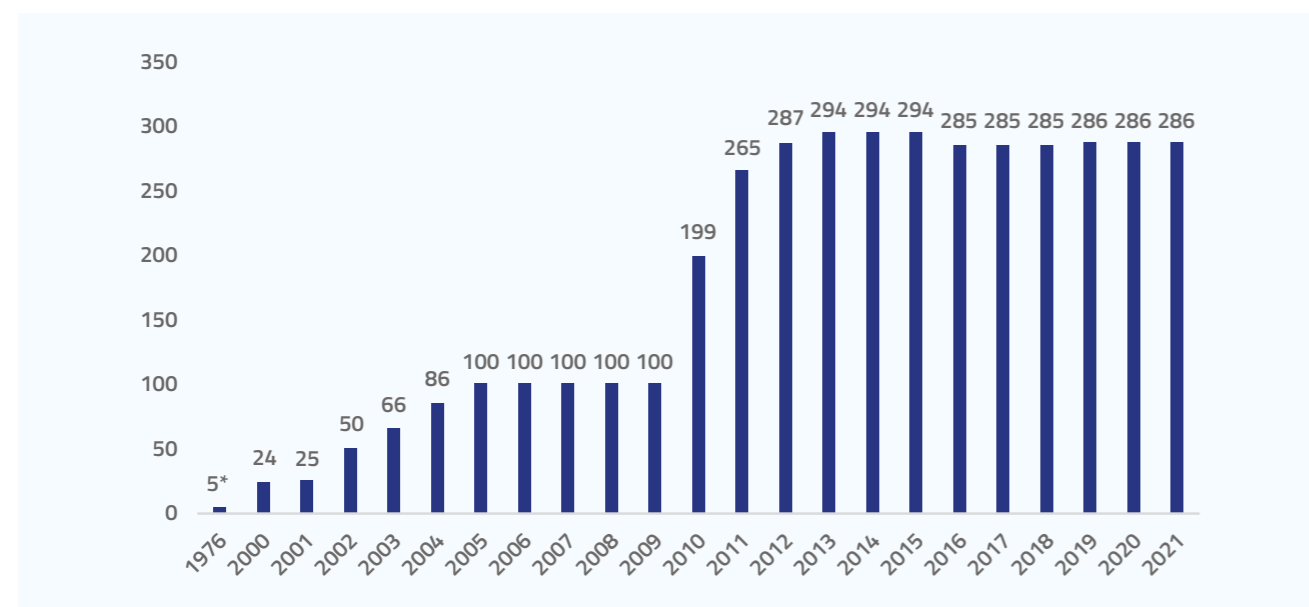
Share capital, paid-up capital and equity

Capital increase: chronology

	Authorised Capital in US\$	Date
Initial share capital	15 million	1976
1 st capital increase	From 15 to 30 million	1990
2 nd capital increase	From 30 to 50 million	1997
3 rd capital increase	From 50 to 100 million	2001
4 th capital increase	From 100 to 500 million	2007
Current share capital	500 million	2021

Evolution of paid-up capital: 1976-2021

The authorized capital amounted to US\$ 500 million as at 31 December 2021. On this basis, the paid-up capital increased from US\$199 million in 2010 to US\$ 286.361 million as at 31 December 2021.



*Paid-up capital US\$4,600,000, authorised capital US\$15,000,000, subscribed capital US\$10,000,000

From 2000 to 2020, the corporation’s shareholders’ funds increased 20-fold, from US\$50 million to US\$1,017 million. This growth rate is significantly higher than the growth in premiums, which increased by almost 11 times.

While shareholder’s equity increased by 20-fold, during the same period, paid-up capital increased from US\$ 24 million in 2000 to US\$ 285.861 million in 2020, a 12-fold increase over the initial period. This discrepancy between the increase in equity and capital indicated a concern to consolidate the company’s financial base to the detriment of a policy of dividend distribution to shareholders. The consolidation of shareholders’ funds was carried out on two fronts: an increase in share capital and the building of significant reserves from the profits made.

Changes in equity: 1976-2021



Portfolio

The portfolio of Africa Re has grown strongly since inception with most of its business, about 88% in 2021, sourced from the African markets and just about 12% from the international markets.

The portfolio remains dominated by the traditional motor and fire lines. Marine and Aviation and energy risks lag behind. Due to the structure of the primary markets, the life class is underdeveloped.

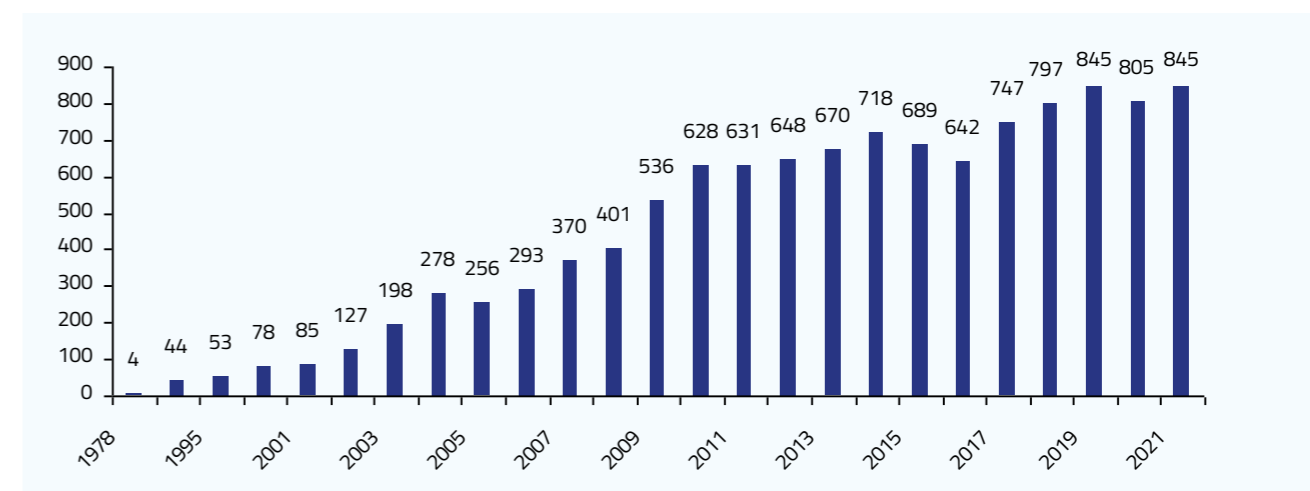
Evolution of premium income: 1978 -2021

Despite an environment marked by economic recession, recurrent civil wars and a sharp devaluation and depreciation of African currencies against the US dollar, Africa Re has recorded sustained growth in premium income since inception, as already noted. The drop in premium income in 2005 was due to a change in accounting policy. During that year, Africa Re switched from the Lloyd’s three-year accounting system to the annual IFRS system.

In 2015 and 2016, the volume of written premium declined for the second time since the establishment of the corporation. The premium income dropped from US\$717.5 million in 2014 to US\$689.3 million at the end of 2015, and then to US\$642 million at the end of 2016.

After this decline, Africa Re had three years of good results with continuous growth from 2017 to 2019 when premium income reached US\$ 845million. It then dropped to US\$805 million in 2020. The nearly 5% shortfall in premium income was mainly due to the depreciation of African currencies. It also coincided with the start of the Covid-19 pandemic. In spite of the lingering effects of the pandemic and the depreciation of local currencies, the corporation was still able to grow its premium income by about 5% to US\$845 million in 2021, mainly as a result of the mild economic growth recorded by most countries in Africa.

Gross written premiums in US\$million



Devaluation and depreciation of local currencies

Africa Re’s business is impacted by the devaluation and depreciation of local currencies against the US dollar, often resulting in huge foreign exchange losses to the company.

A profile of the evolution of the exchange rates of local currencies against the US dollar, in some African markets is provided below. It gives indications of the extent of the depreciation and the problem faced by the corporation, in terms of foreign exchange losses, since the inception of business in 1978.

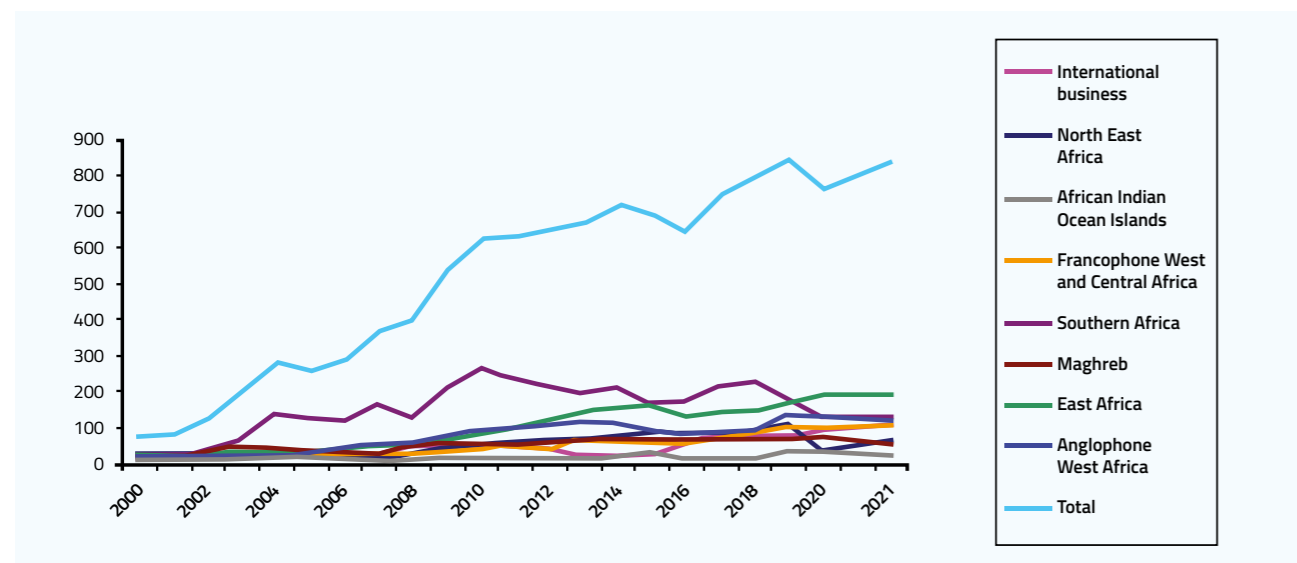
Evolution of rates of exchange of African currencies against the US dollar:1978-2021

Country	Currency	1978	1990	2000	2010	2015	2016	2017	2018	2019	2020	2021
Algeria	DZD	3.9	7.8	75.9	75.8	107.6	110.1	114.6	118.1	118.8	132.3	139.1
South Africa	ZAR	0.9	2.6	7.6	6.6	15.4	13.6	12.4	14.4	14	14.6	15.9
Angola	AOA	6.04	6.04	6	92.9	136	165.1	165.1	307.1	477.4	654.9	565.2
Egypt	EGP	0.4	1.4	3.9	5.8	7.8	18.2	17.7	17.9	16	15.7	15.7
Ethiopia	ETB	2.1	1.8	8.2	16.8	21.4	22.1	27.2	28.1	31.6	39.3	49.5
Kenya	KES	7.7	20.1	78.1	83.3	104.2	100.6	102.3	101.3	100.3	109.3	113.2
Libya	LYD	0.3	0.2	0.5	1.3	1.4	1.4	1.3	1.4	1.4	1.3	4.6
Morocco	MAD	4.5	7.2	10.5	8.5	9.9	10.1	9.3	9.5	9.5	8.9	9.3
Nigeria	NGN	0.6	7	110.5	153.3	201.4	303	356.4	362.8	360.1	394.8	411
Tunisia	TND	0.4	0.8	1.4	1.5	2	2.3	2.4	2.9	2.8	2.7	2.8
CFAF	XOF	225.6	238.7	699.3	504.7	600.3	621.7	547.5	573	585.7	534	579.5

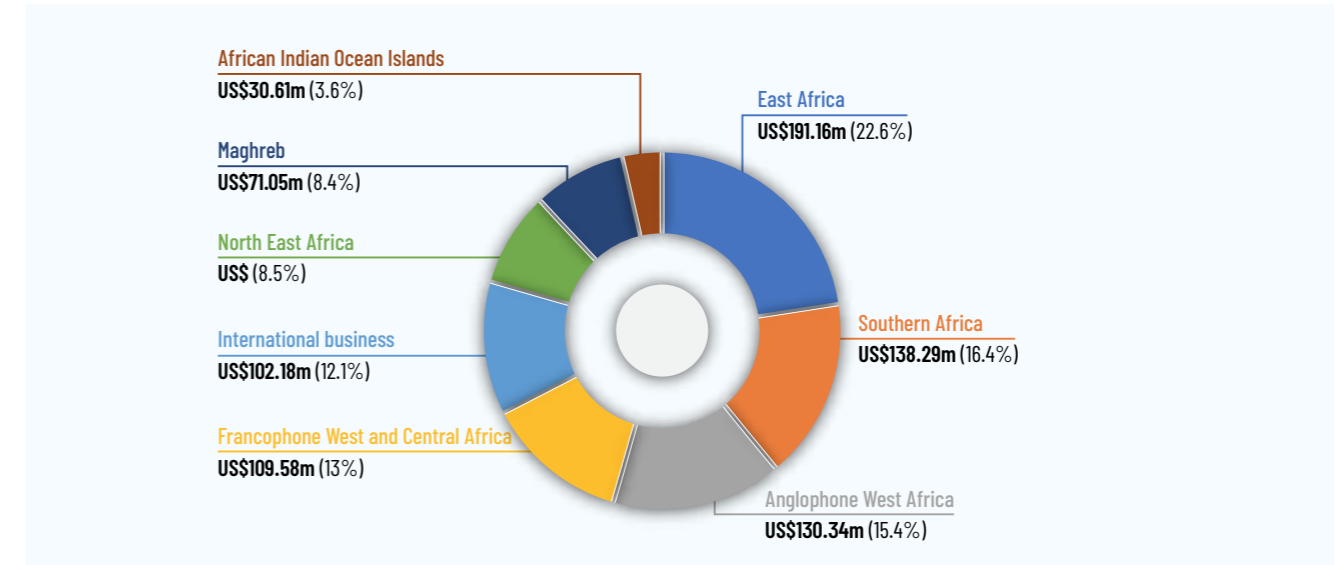
The continued depreciation of a great number of local currencies over the years has resulted in significant foreign exchange losses on translations to the US dollar. The impact on the 2021 accounts was very pronounced. The gross premium income recorded in 2021 would have been US\$ 898.62 million instead of US\$845.346 million, if the rates of exchange of local currencies to the US dollar had remained stable throughout the year. Similarly, the heavy currency translation loss of US\$47.48 million recorded in the year adversely impacted the net profit. The shareholders' fund and return on average equity were also negatively affected.

Evolution of premium income by region: 2000-2021

At inception, underwriting focused on three main zones: the Maghreb, East Africa and West Africa. This focus gradually shifted towards Southern Africa which, in 2004 and 2005, accounted for almost half (49%) of the premiums written. Since then, there has been a readjustment, with a reduction, year after year, of the share of premiums written in Southern Africa, particularly in South Africa. The graph below tracks the evolution. In 2021, Southern Africa accounted for only 16.4% of the portfolio, behind East Africa (22.6%), but ahead of Anglophone West Africa (15.4%), Francophone West and Central Africa (13.0%), International business (12.1%), North East Africa (8.5%), Maghreb (8.4%) and African Indian Ocean Islands (3.6%).



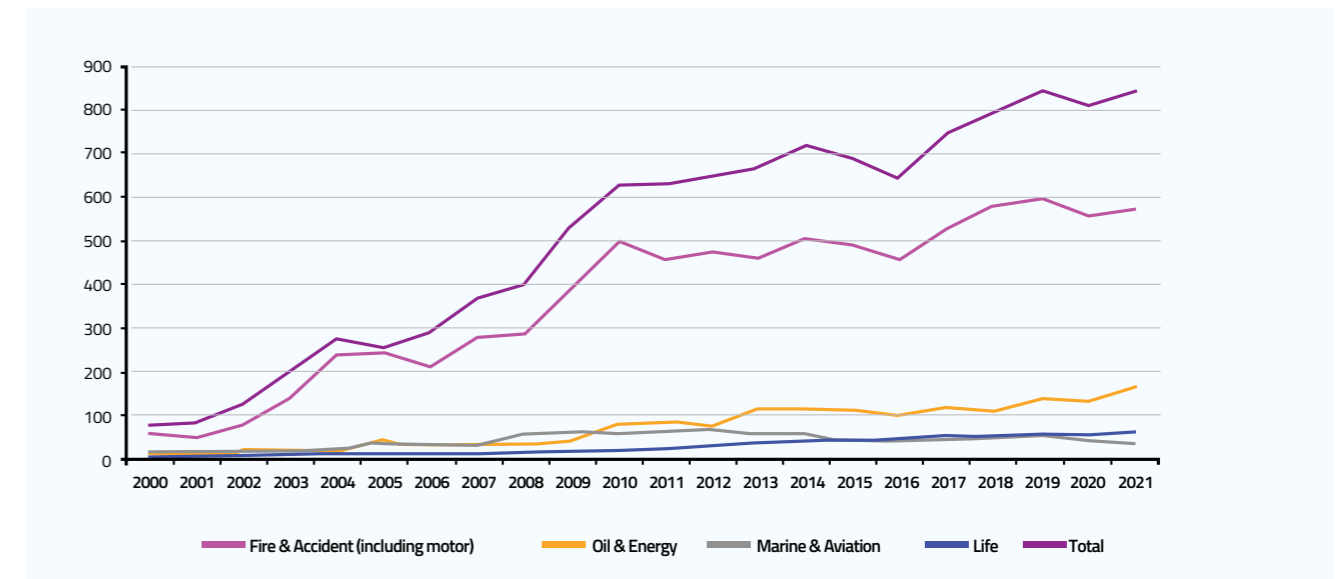
Breakdown of premiums by region in 2021



Evolution of premium income by class: 2000-2021

The company's portfolio consists of treaties and facultative risks in both life and non-life. Non-life business is dominated by fire and accident, where Africa Re has developed a strong expertise. In 2021, these two classes accounted for US\$579 million (68.5%) of Africa Re's premium income. The Corporation has a large reservoir of premium in oil & energy and marine & aviation which require significant underwriting capacity and expertise that have been built up over the years.

In US\$ million



The above graph shows a wide gap between two groups of risks: property and motor on the one hand, and marine-aviation, energy and life on the other. The first group takes the lead, accounting for about 69% of the portfolio in 2021 while the other risks follow far behind.

In fact, Africa Re has built its portfolio around traditional risks- motor and fire, in which it has sufficient expertise and capacity. The Corporation has a great potential for growth in the energy and marine and aviation classes, which require specific skills and significant underwriting capacity.

Evolution of premium income: fire & engineering and accident & motor: 2009- 2021

Africa Re’s portfolio has long been dominated by the fire and engineering sector. The accident & motor class is the second largest. The cumulative share of these two classes during the period 2000-2014 was 73.6%. In fact, the share reached 80% in 2004.

In 2021, the fire&engineering and accident & motor classes contributed 37.51% and 31.01% respectively to the total premium income. These classes were well ahead of marine & aviation, oil & energy and life which, together, constituted just about 31% of the turnover in 2021. It is worth noting the stability of the two classes, which have had more or less the same shares over the last ten years.

	Fire & engineering		Accident & motor		Total	Corporate*
	Premium	% of corporate	Premium	% of corporate		
2009	225	41.98%	176	32.84%	401	536
2010	256	40.76%	229	36.46%	485	628
2011	248	39.30%	210	33.28%	458	631
2012	268	41.35%	205	31.64%	473	648
2013	254	37.91%	210	31.34%	464	670
2014	281	39.14%	227	31.62%	508	718
2015	295	42.82%	196	28.45%	491	689
2016	272	42.36%	185	28.82%	457	642
2017	297	39.76%	231	30.92%	528	747
2018	324	40.65%	259	32.50%	583	797
2019	353	41.78%	244	28.88%	597	845
2020	334	41.49%	229	28.45%	563	805
2021	317	37.51%	262	31.01%	579	845

* includes oil & energy, marine & aviation and life.

Life business in Africa Re’s portfolio

Africa Re’s business is dominated by non-life, which accounted for about 93% of the portfolio in 2021, with life and health risks generating just about 7%.

As would be observed from the table below, the premium income attributable to life business was more or less stable, from 2015 to 2021, increasing by just over 5.0% per annum over the period under review. The reasons are not far-fetched. Apart from South Africa and Morocco, life business is not very developed in Africa. Moreover, this class makes less use of reinsurance than property. As a result, the short-term development prospects of the corporation’s life portfolio in Africa remain limited.

Evolution of life and non- life premium income: 2015-2021

In US\$ million

	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%	2015	%
Non- life	783.40	92.67%	744.32	92.49%	787.46	93.21%	745.41	93.48%	692.20	92.69%	597.86	93.12%	645.48	93.64%
Life	61.93	7.33%	60.45	7.51%	57.32	6.79%	52.01	6.52%	54.63	7.31%	44.16	6.88%	43.81	6.36%
Total	845.33	100%	804.77	100%	844.78	100%	797.42	100%	746.83	100%	642.02	100%	689.29	100%

Premium retention rates: 2000-2021

The retention in 2021 (79.53%) is the lowest since 2000. Retention levels are determined by retrocession which in turn depends on the composition of the portfolio. The more the portfolio contains peak risks - energy, aviation, etc., the higher the retrocession and the less the retention. On the other hand, a portfolio composed mainly of risks such as personal lines (motor, health, etc.) results in a low retrocession and a relatively high retention. The form of retrocession programmes and the cost of retrocession cover in the international market are also determining factors of the level of premium retention.

Figures in US\$ million

Year	Written Premium	Retained premium	% retained
2000	78	72	92.31
2001	85	76	89.41
2002	127	104	81.89
2003	198	164	82.83
2004	278	264	94.96
2005	256	239	93.36
2006	293	258	88.05
2007	370	336	90.81
2008	401	365	91.02
2009	536	487	90.86
2010	628	570	90.76
2011	631	555	87.96
2012	648	586	90.43
2013	670	569	84.93
2014	718	624	86.91
2015	689	593	86.07
2016	642	557	86.76
2017	747	626	83.80
2018	797	681	85.45
2019	845	682	80.71
2020	805	651	80.87
2021	845	670	79.35

Legal Cessions

The agreement establishing Africa Re stipulates that all insurers in member states must cede 5% of their reinsurance treaties to the Corporation. This measure enabled the newly established Africa Re to better position itself in a market dominated at the time by large international groups such as SCOR, Munich Re, Swiss Re and Hannover Re.

As a result of a policy of proximity, ensured by very active regional offices, Africa Re has gradually succeeded in gaining acceptance as a commercial reinsurer that rates and leads both treaty and facultative risks. Thus, today, after 46 years of existence, legal cessions represent a relatively small percentage of the overall premium income. From almost 100% of premium income in 1978, legal cessions dropped to 9.9% in 2021.

Composition of Cessions: Legal & Voluntary cessions (%)

The proportions of business generated from legal and voluntary cessions vary across markets in the continent.

The Southern African region cedes the most non-compulsory business. From 2019 to 2021, voluntary cessions accounted for well over 99% of the total business written in this region, with the balance of less than 1% coming from legal cessions.

The Maghreb portfolio has the highest rate of legal cessions, 20.22% (2019), 22.15% (2020) and then a significant jump to 38.12% in 2021 due to increased legal cessions from fire, motor and miscellaneous accident.

Legal & Voluntary cessions (%): Comparison

REGION	2019		2020		2021	
	LEGAL CESSIONS	VOLUNTARY CESSIONS	LEGAL CESSIONS	VOLUNTARY CESSIONS	LEGAL CESSIONS	VOLUNTARY CESSIONS
African Indian Ocean Islands	16.54%	83.46%	11.75%	88.25%	15.94%	84.06%
Anglophone West Africa	5.67%	94.33%	5.48%	94.52%	6.74%	93.26%
Francophone West and Central Africa	4.98%	95.02%	4.74%	95.26%	8.59%	91.41%
East Africa	13.07%	86.93%	12.12%	87.88%	11.58%	88.42%
North East Africa	12.43%	87.57%	17.59%	82.41%	17.96%	82.04%
Maghreb	20.22%	79.78%	22.15%	77.85%	38.21%	61.79%
Southern Africa	0.56%	99.44%	0.16%	99.84%	0.21%	99.79%



Photo Credit : Lars_Nissen / Pixabay

Insurance pools managed by Africa Re

In line with its mission to develop the insurance industry across the continent, Africa Re has been providing technical support in the management of certain insurance pools since 1983. Set up by national governments and insurers, these entities aim to develop local capacity and provide cover to insurance companies against major catastrophic risks such as floods, earthquakes and other specific perils- energy and aviation.

Africa Re currently manages 3 pools.

- AAIP: African Aviation Insurance Pool, which started in 1983, is promoted by the African Insurance Organization (AIO) for aviation business;
- AOEIP: African Oil & Energy Insurance Pool, which started in 1989, is promoted by the African Insurance Organization (AIO) for oil & energy business; and
- EAIPN: Energy & Allied Insurance Pool of Nigeria, which started in 2014, is promoted by the Nigerian Insurers Association (NIA) for oil & energy business.

Africa Re at a glance- as at 31st December, 2021

- Premium income of US\$845.346million;
- Underwriting profit US\$34.561million;
- Net Profit US\$38.823million;
- Investment Income US\$54.138 million;
- Return on average equity 3.85%;
- Paid-up share capital of US\$ 286.361 million;
- Total Assets of US\$1890.613 million ;
- Shareholders’ funds US\$1,000.714 million;
- Dividend per share for 2021, US\$8.8;
- Non-life combined ratio of 93.41%, against average of 96.82% by ARA constituents;
- Staff count of 262 from 27 African Nationalities;
- A network of six regional offices, two subsidiaries, one local office and one Underwriting Representative Office;
- The best rated pan-African Reinsurer: A.M. Best Company: A (Strong / Stable Outlook) since 2016 (“A-” from 2002 to 2015) Standard & Poor’s: A – (Strong / Stable Outlook) since 2009;
- The leading and largest pan-African reinsurer in Africa and the Middle East (in terms of net reinsurance written premium);
- Ranked 37th by S&P in the Top 40 Global Reinsurance Groups by net reinsurance premiums written in 2020.
- Ranked 46th by AM Best in the Top 50 World’s Largest Reinsurance Groups in terms of unaffiliated gross premium written in 2020

Africa Re’s website provides details on the foregoing

Loss ratios and combined ratios

Loss ratios and combined ratios are provided for insights into the quality of business underwritten by Africa Re, the profitability thereof and indications of the relative performance of Africa Re among peers in the global market.

The loss ratios are derived as follows:

Gross loss ratio =gross incurred losses/gross earned premium.

Net loss ratio=net incurred losses /net earned premium.

The combined ratios are then computed as:

Net incurred loss ratio plus net management expense ratio.

As a further note, the combined ratios provided in the article are for non-life business only. This is to facilitate comparison with similar results published by Standard and Poor’s and AM Best. Their comparative analyses of combined ratios in their “Top 40 Global Reinsurance Groups” and “Top 50 World’s Largest Reinsurance Groups” respectively, are for non- life business only. Combined ratios in respect of life business are considered as not particularly meaningful.

Average non-life gross loss ratio by region: 2015-2021

As indicated in the table below, Francophone West and Central Africa, Anglophone West Africa, East Africa, Maghreb and International recorded average loss ratios that were below the corporate average of 55.80% during the period under review. Business from Southern Africa had a big impact on the claims experience during the period in question. As a matter of fact, the average loss ratio would have been just about 48.39%, without Southern Africa. The point to note, however, is that the Southern Africa’s loss ratios improved during the period under review. The region posted loss ratios of 71.7% (2015), 70.4% (2016), 89.2% (2017), 75.9% (2018) and, thereafter, the ratio dropped to 56.8% (2019), 63.0% (2020) and 62.0% (2021).

Average non-life gross loss ratios: 2015-2021

Region	Average gross loss ratios*
Francophone West and Central Africa	39.10%
Anglophone West Africa	47.60%
East Africa	52.90%
African Indian Ocean Islands	61.20%
Maghreb	50.10%
North East Africa	56.20%
Southern Africa	71.00%
International business	31.60%
Africa Re average loss ratio	55.80%

Average non-life gross loss ratio by class: 2015-2021

The average loss ratio is lowest in the less developed classes. During the period under review, Marine and Aviation recorded low loss ratios, within a range of 23%-

47%, apart from a ratio of 62.0% resulting from increase in claims in 2018. Similarly, Oil and Energy had low loss ratios, contained within a bracket of 19%-58%, except for the figure of 76.4% reflecting the surge in claims in 2019.

As would be expected, Fire/Engineering and Accident/Motor classes recorded the highest average loss ratio of 60.60% over the period of 7 years. In spite of this, Africa Re still has a good underwriting margin in these two classes.

In fact, when most global reinsurers have been posting negative technical margins, Africa Re's technical margins for its corporate account have always been positive. This is partly due to the favourable loss ratios recorded by the Corporation which is a reflection of the soundness of Africa Re's underwriting policy, its efficient application and the success in improving the quality of the Corporation's underwriting portfolio.

Average non-life gross loss ratio by class: 2015-2021

Class	Average gross loss ratio by class
Fire & Accident	60.60%
Oil & Energy low	40.10%
Marine & Aviation	41.90%
Average non-life ratio	55.80%

Non-life management expenses: 2015- 2021

Management expenses include overheads or administrative costs and acquisition costs or commissions paid to acquire business. The two components are considered separately in order to provide indications of the performance of each component and also to aid comparison with peers in the P&C global reinsurance market.

General expenses or administrative costs

The administrative expense ratio, in respect of non-life business, was at its lowest level of 6.69% in 2018, and at a peak of 7.77% in 2020. These levels of administrative expenses compare with the rates achieved by a great number of leading P&C global reinsurers.

Acquisition costs or commissions paid

By lowering its acquisition cost, the Corporation can consolidate its current combined ratio. The African direct markets are, however, dominated by intermediaries who charge high commission rates. This puts Africa Re at a disadvantage, compared to its international competitors. In Africa, proportional reinsurance is still important. The high cost of acquiring business by direct insurers is therefore reflected in the proportional and facultative business accepted by the corporation.

Africa Re's acquisition costs ratios, in respect of non-life business, have been stable over the last four years, with the ratios getting close to 30%. This rate is however much higher than the costs ratio of around 20% posted by its international competitors, whose portfolios include many non-proportional treaties.

The high acquisition costs ratio obviously impacted the management expense ratios, pushing them into the bracket 34% -37%.

The development of the components of Africa Re's non-life management expense ratio is highlighted in the table below.

Management expense ratio-development of Components

Year	Administrative expenses / net earned premium %	Net acquisition cost / net earned premium %	Management expense ratio%
2015	6.77	27.49	34.26
2016	7.22	27.62	34.84
2017	6.89	27.47	34.36
2018	6.69	29.53	36.22
2019	7.22	29.66	36.88
2020	7.77	28.81	36.58
2021	7.39	29.22	36.61

Non-life net combined ratio: 2015-2021

The net combined ratios are contained within a range of 88%--99% which is quite acceptable. In fact, compared with the results achieved by its peers in the global reinsurance market, Africa Re's performance is quite commendable.

Non-life net combined ratios: 2015-2021

Year	Net Loss ratio* %	Management expense Ratio%**	Net Combined ratio Non-life %
2015	55.12	34.26	88.38
2016	55.50	34.84	90.34
2017	61.56	34.36	95.92
2018	61.70	36.22	97.92
2019	60.51	36.88	97.39
2020	62.35	36.58	98.93
2021	56.80	36.61	93.41

* net claims incurred / net earned premium.
 **(net commission + administrative expenses/net earned premium

Africa Re's performance in the global market : Combined Ratios
 Africa Re stands out among the leading reinsurers in terms of combined ratios.

The combined ratios of Africa Re are compared, in the table below, with the averages recorded by the ARA constituents, for an appreciation of how Africa Re has managed this important metric. According to AON the ARA, Aon's Reinsurance Aggregate, underwrites more than 50% of the world's life and non-life reinsurance premiums and is therefore a reasonable proxy for the sector."

Year	Africa Re	ARA
2015	88.3%	90.7%
2016	90.34%	93.6%
2017	95.92%	106.6%
2018	97.92%	99.1%
2019	97.39%	100.2%
2020	98.93%	103.3%
2021	93.41%	96.82%
Total	94.60%	101.1%

Throughout the period under review, Africa Re recorded non-life net combined ratios that were below 100%, leading to an average of 94.6%; while the ARA constituents had yearly ratios that were in excess of 100% in four out of the seven years under review, thus ending up with an average of 101%.

Africa Re in the global market: Premium income

It is only in the last few years that Africa Re has entered the world's reinsurance gotha. And year after year since then, the corporation has slowly been getting closer to the club of reinsurers that have reached or surpassed the symbolic billion-dollar mark in underwriting.

Based on net written premiums, Africa Re remains among the Top 40 Global Reinsurance Groups in the Standard & Poor's ranking of global reinsurers, as noted in the next table. The corporation occupied the 40th position in 2015 and gained a point each year thereafter until 2020 when it dropped to the 37th position, following the heavy foreign exchange losses, resulting from the depreciation of local currencies.

Top 40 reinsurers by Standard & Poor's

Year	2020	2019	2018	2017	2016	2015
Ranking	37	36	37	38	40	39

According to AM Best, in terms of gross written premiums, Africa Re occupied the 45th position among the top 50 largest reinsurance groups in 2015 and 2016, as indicated in the table below. The ranking improved in the subsequent years until 2020 when, as has already been noted, premium income was impacted by heavy foreign exchange losses following which the corporation dropped to the 46th position.

Top 50 reinsurers by AM Best

Year	2020	2019	2018	2017	2016	2015
Ranking	46	41	42	41	45	45

Africa Re was the only African reinsurer in the rankings of AM Best and Standard & Poor's during the period under review. This performance is due to the significant contributions from the Corporation's non-life business.

Africa Re under the scrutiny of rating agencies

Upon entering the South African market, by far the most developed on the continent, Africa Re subjected itself to a local rating by Fitch IBCA in 1995, which gave an A rating.

In 1998, Standard & Poor's (S&P) gave Africa Re a "BBB" rating. This rating, which came a year after the second capital increase, moved Africa Re into the international spotlight.

From then on, Africa Re has been recognized as one of the major reinsurers. The corporation gradually increased its shareholders' funds to meet the requirements of the international market, subject to the dictates of the rating agencies.

In 2002, one year after its third capital increase, A.M. Best gave Africa Re an A- rating with stable outlook. In 2004, the corporation was ranked among the top 150 reinsurers in the world. A year later, Standard & Poor's upgraded the company's rating from "BBB" to "BBB+" with stable outlook.

In 2009, the same agency upgraded Africa Re's credit and financial strength rating from BBB+ to A- (excellent) with stable outlook.

Africa Re's strategy continued to pay off. In 2013, S&P ranked the company among the 40 largest reinsurance groups in the world and the leading reinsurer in Africa and the Middle East.

A.M. Best was not left out. In 2014, the American rating agency once again praised Africa Re's sound financial standing, raising its outlook from stable to positive. It maintained its financial strength rating at A- (excellent).

In 2016, AM Best upgraded Africa Re's financial strength rating by one notch from A- to A with stable outlook. This rating was confirmed by the agency in August 2020. S&P's rating (A-/stable) remains unchanged since 2009.

The rating agencies are unanimous in praising the corporation's strong capitalisation, its excellent competitive position on the continent, geographically diversified portfolio, improved risk management and prudent underwriting and investment policy.

This performance is all the more commendable in that it is taking place in an African context, marked by political and economic instability. This environment ultimately penalises Africa Re.

Evolution of Africa Re ratings

Date	A.M. Best	Standard & Poor's
1998	-	BBB
2002	A- with stable outlook	BBB
2005	A- with stable outlook	BBB+ with stable outlook
2009	A- with stable outlook	A- with stable outlook
2014	A- with positive outlook	A- with stable outlook
2015	A- with positive outlook	A- with stable outlook
2016	A with stable outlook	A- with stable outlook
2019	A with stable outlook	A- with stable outlook
2020	A with stable outlook	A- with stable outlook

Management

From inception in 1976 to the end of 2021, Africa Re has had only six chairmen and four managing directors in its 46-year history. This stability is an asset for the company.

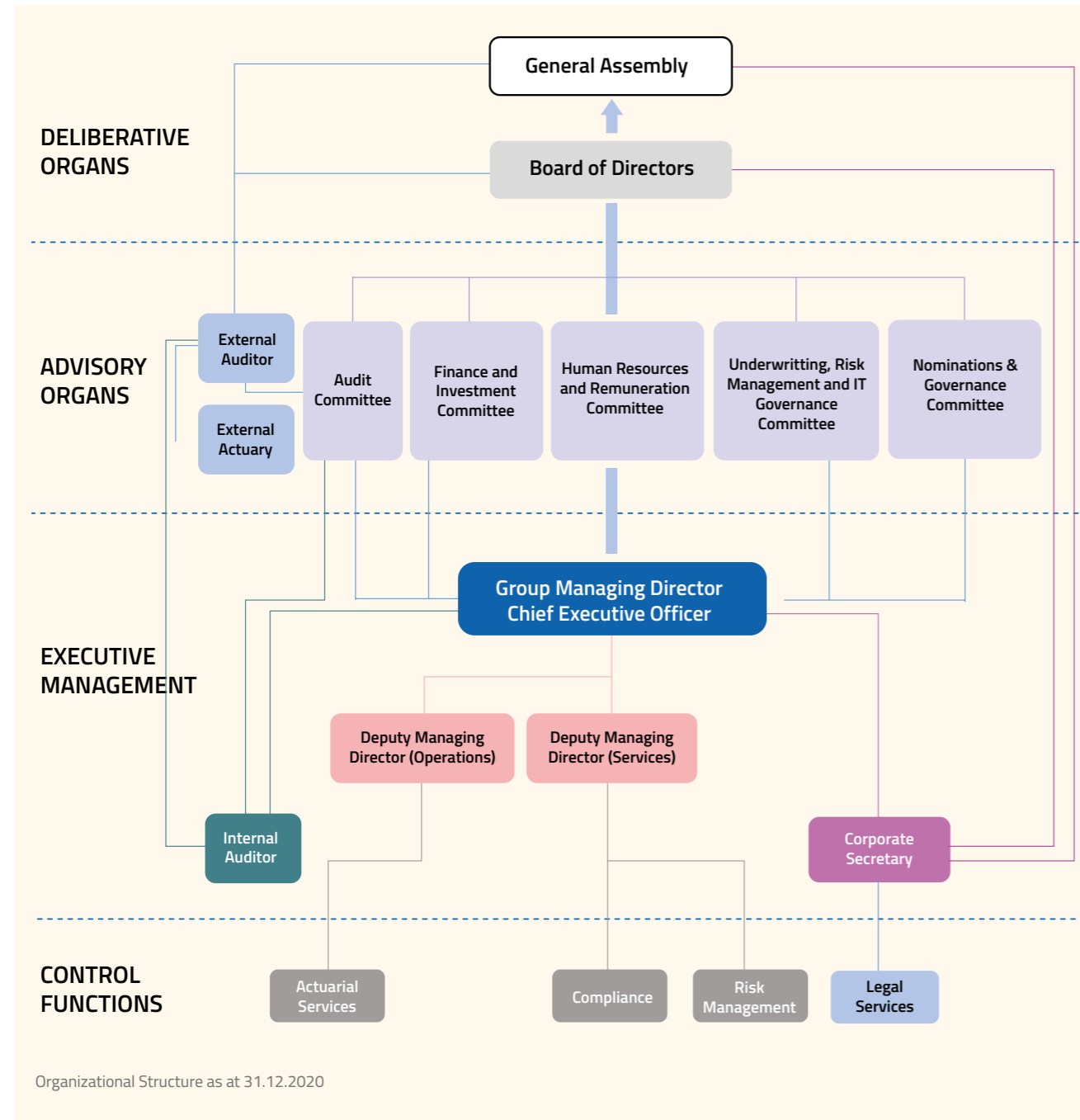
Chairmanship of the Board: 1977 – 2021

Date	Country	Period
Saad Kanouni	Morocco	1977 - 1983
Come Simbananiye	Burundi	1983-1986
Ezzat Abdel Bary	Egypt	1986-1992
Eugene Okwor	Nigeria	1992-1995
Musa El Naas	Libya	1995 - 2013
Hassan Boubrik	Morocco	2013 –2021
Mohamed Maait	Egypt	2021 to Present

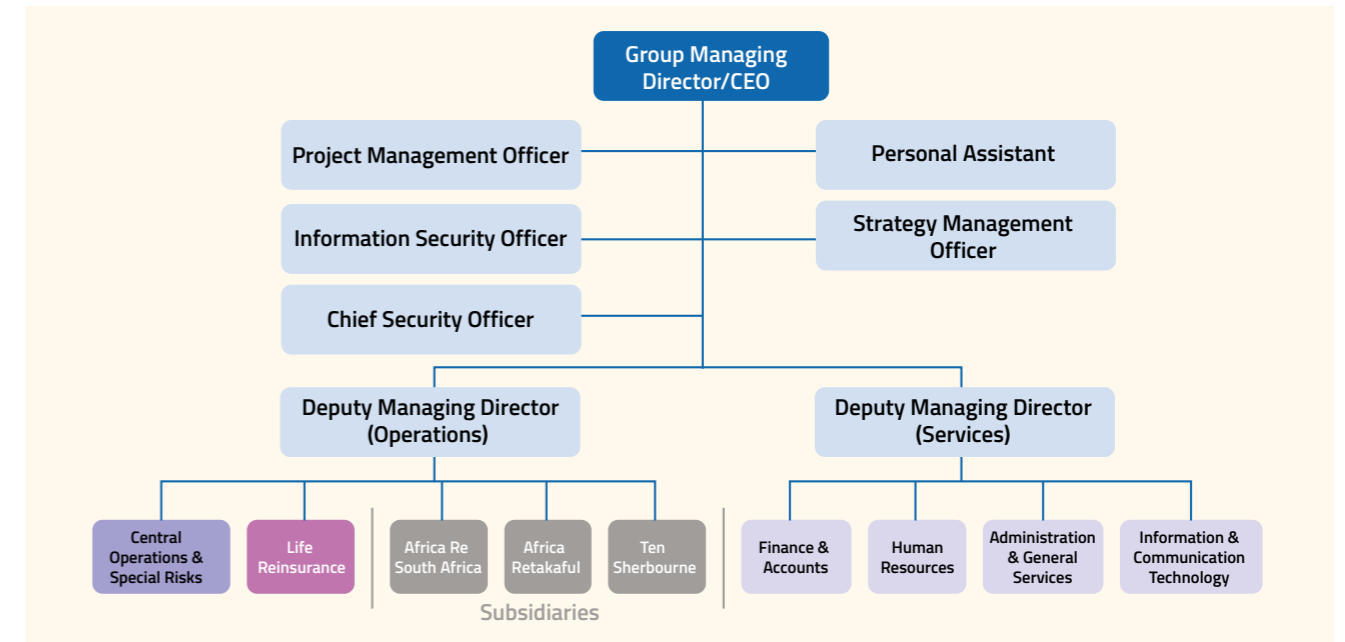
Management : 1977 -2021

	Function	Country of Nationality
Period: 1977 - 1984		
Edward Mensah	Managing Director	Ghana
Kabisi Milanga	Deputy Managing Director	DR Congo
Nabil Mohareb	Secretary General	Egypt
Period: 1984 - 1993		
Eyessus Work Zafu	Managing Director	Ethiopia
El Noman El Sanusi	Deputy Managing Director	Sudan
Bakary Kamara	Secretary General	Mauritania
Period: 1993 - 2011		
Bakary Kamara	Managing Director	Mauritania
James Abban	Deputy Managing Director (1994 - 1999)	Ghana
Haile Michael Kumsa	Deputy Managing Director (1999 - 2010)	Ethiopia
Ganiyu Musa	Deputy Managing Director (2006 -2011)	Nigeria
Period: July 2011 to date		
Corneille Karekezi	Managing Director	Rwanda
Ken Aghoghovbia	Deputy Managing Director	Nigeria

Organizational structure



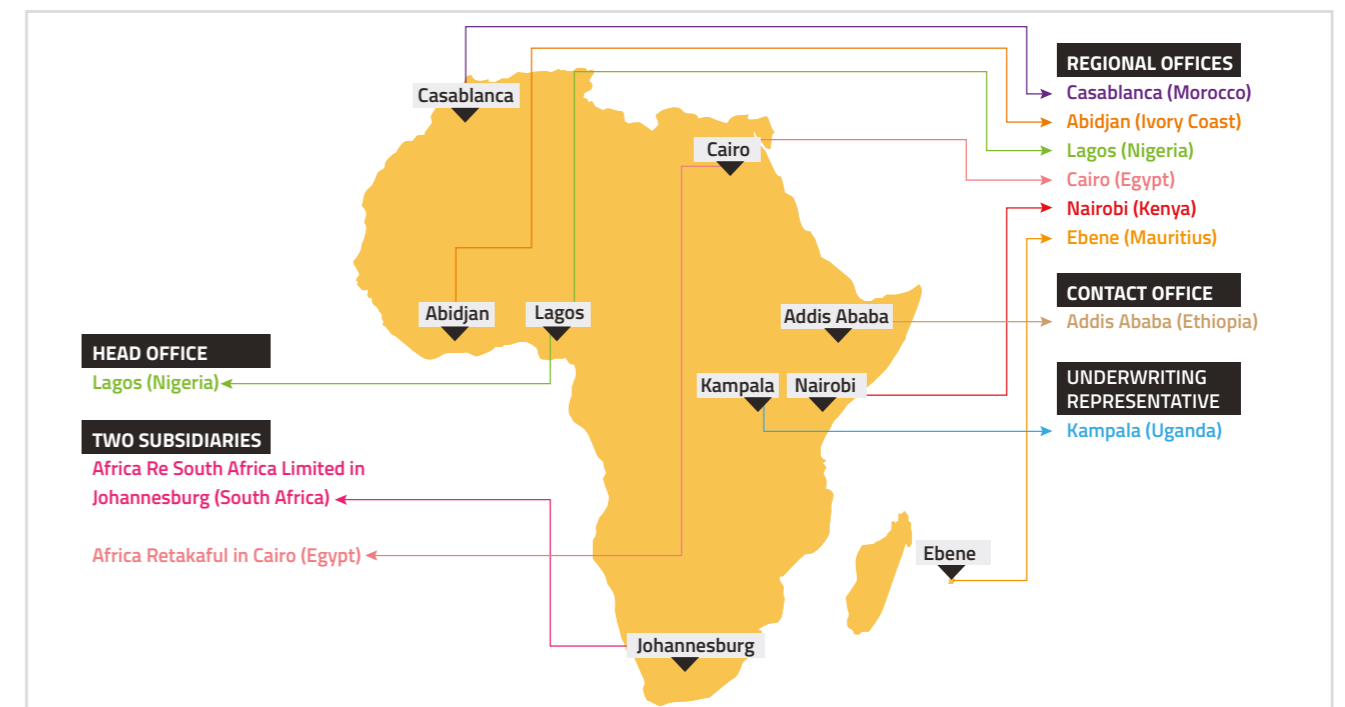
Management



Africa Re network

Africa Re's geographical network includes:

- A head office in Lagos (Nigeria);
- Two subsidiaries; Africa Re South Africa Limited in Johannesburg (South Africa) and Africa Retakaful in Cairo (Egypt); six regional offices, Casablanca (Morocco), Abidjan (Ivory Coast), Nairobi (Kenya), Lagos (Nigeria), Cairo (Egypt) and Ebene (Mauritius);
- A contact office in Addis Ababa (Ethiopia); and
- Two underwriting offices:
 - Kampala, (Uganda)
 - Dubai, (United Arab Emirates)



Regional Structure

Regional Offices

Country	Date of establishment	Address	Contact
Morocco	1980	33 Boulevard Moulay Youssef, B.P. 7556, Casablanca	Tel: (212) 22 43 77 00 - 5 Fax: (212) 22 43 77 29 - 30 E-mail: casablanca@africa-re.com Site Web: https://www.africa-re.com/maghreb-casablanca
Nigeria	2008	Plot 1679, Karimu Kotun St. Victoria Island, P.M.B. 12765 Lagos	Tel: (234-1) 461 6820, 28 000 78 Fax: (234-1) 28 000 74 E-mail: lagos.info@africa-re.com Site Web: https://www.africa-re.com/west-africa
Kenya	1982	Africa Re Centre, Hospital Road, Upper Hill, Nairobi. P.O. Box 62328 - 00200, Nairobi	Tel: (254-20) 297 - 0000 Fax: (254-20) 297 - 0666, 297 -0777 E-mail: nairobi@africa-re.com Site Web: https://www.africa-re.com/east-africa
Côte d'Ivoire	1987	Rue Viviane A24 - Cocody Ambassades 20 B.P 1623 Abidjan	Tel: (225) 22404480 / 75 Fax: (225) 22404482 E-mail: abidjan@africa-re.com Site Web: https://www.africa-re.com/francophone-west-central
Mauritius	1997	11th Floor, One Cyber City, Ebène	Tel: (230) 454-7074 Fax: (230) 454-7067 E-mail: p.louis@africa-re.com Site Web: https://www.africa-re.com/african-indian-ocean-islands
Egypt	2004	Africa Re Building, 4e, 1st Settlement Service Center, New Cairo, ZIP Code: 11865 Cairo	Tel: +20 222 685 668 Fax: +20 222 685 667 E-mail: cairo@africa-re.com Site Web: https://www.africa-re.com/north-east-africa

Subsidiaries

Country	Name	Date of establishment	Address	Contact
South Africa	African Reinsurance Corporation, South Africa (ARCSA)	2004	Place 10 Sherbourne Road Parktown 2193, Johannesburg	Tel: (27-11) 484 -3764 Fax: (27-11) 484 - 1001 E-mail: africare@africare.co.za Site Web: https://arcsa.africa-re.com/south-africa
Egypt	Africa Retakaful	2010	Africa Re Building, 4e, 1st Settlement Service Center, New Cairo, ZIP Code: 11865 Le Caire	Tel: (202) 22685668 Fax: (202) 22685667 E-mail: cairo@africa-re.com / africare@theafricaretakaful.com Site Web: https://retakaful.africa-re.com/retakaful-headquarter

Local Office

Country	Date of establishment	Address	Contact
Ethiopia	2011	Gerad Mall, 6th Floor, Suite Number 432 Debrezeit Road, Beklobet, Kirkos Sub City, Kebele 05 P O Box 1055, Addis Ababa	Tel: +251 11 416 5803/4 Mobile: +251 922122473 E-mail: addisababa@africa-re.com

Corporate Social Responsibility

In 2014, Africa Re set up a fund dedicated to financing its corporate social responsibility (CSR) projects. This initiative followed a decision of the Board of Directors made in November 2013 to allocate 2% of the annual net profit to CSR projects in the 41 member States. Hence the need to create a vehicle to manage the fund and ensure the implementation of the various corporate social responsibility projects. Accordingly, the Africa Re Foundation was established on 19 January 2018 in Mauritius. Since then, the Foundation has been funding and implementing several projects and initiatives aimed at contributing to the development of insurance in Africa which is the Corporation's main objective. The areas of focus of the Foundation are:

- Insurance education;
- Industry development;
- Disaster relief;
- Technology development;
- Community development; and
- Risk prevention, awareness & research.

In furtherance of the foregoing, the Foundation contributes to the financing of relevant corporate social responsibility projects by:

- granting subsidies and carrying out activities that contribute to the development of insurance, promoting risk management solutions and developing regional and continental partnerships;
- raising awareness on the major risks that could hinder the development of the economies of member countries;
- supporting the training and development of young insurance professionals in the African markets;
- providing support to supervisory bodies and markets;
- Conducting studies in technical areas such as mortality experience, digitalisation, blockchain and microinsurance

Other CSR activities

Young Insurance Professionals Programme (YIPP)

This is an online training in insurance, reinsurance, leadership and management. The nine-month programme

is offered to 1000 insurance professionals under the age of 32. The 4th session commenced in April 2022 with 1000 trainees and is expected to end by January 2023. The Programme is made up of thirteen technical courses (non-life) and one leadership and management course.

African Insurance Awards:

The African Insurance Awards recognise good performance, business leadership and innovation in the sector. Initiated in 2015, this event is in its 7th edition. The last awards ceremony was held on Tuesday 28 June 2022 at the Kenyatta International Conference Centre (KICC) in Nairobi, Kenya. Four awards were given: Insurance Company of the Year, CEO of the Year, Innovation of the Year and Insurtech of the Year.

Africa Re and Covid-19 : Year 2020

In June 2020, Africa Re committed the sum of US\$3.3 million to support the fight against the Covid-19 pandemic on the continent. Managed by the Africa Re Foundation, these funds were disbursed to various States and private organisations to finance awareness campaigns, strengthen prevention measures and acquire medical equipment.

Furthermore, the Foundation has supported various impactful initiatives for up to US\$ 6.4 million, in recent years, in the following areas:

- Covid 19 Pandemic Relief & Fight - US\$1,021,692.70;
- Insurers Association - US\$377,011.84;
- Insurance & Risk Awareness Campaign - US\$378,324.90;
- African Insurance Awards - AIA - US\$1,086,364.00;
- Young Insurance Professionals Programme - YIPP - US\$545,345.00;
- Education & Microinsurance Development (ILO) - US\$650,000.00;
- Disaster Recovery - US\$200,000.00;
- African Insurance Regulatory Authorities - US\$925,000.00;
- Research & Development - US\$311,575.00;
- Community Support & Prevention of Diseases - US\$926,531.17.

Africa Re: awards & honours

In recognition of its impact on the insurance industry, Africa Re has received the following awards.

Address	Address	Address
2012 to 2019	Best Regional Retakaful Company, for 7 consecutive years	International Retakaful Summit
2019	Major promoter of insurance development in Nigeria	National Association of Insurance and Pension Correspondents (NAIPCO), Nigéria
2015	Reinsurance Company of the Year in Africa	Global M & A Awards, London
2015	Excellence award in case management (IT)	BPM & WfMC, in Arlington, Virginia, United States
2014	Best reinsurance company in Africa	Capital Finance International, United Kingdom
2012	Best reinsurance company in Africa	African Insurance Organization (AIO)

In conclusion, Africa Re recognizes the fact that a duration of forty six years in its life is just a short period and indeed the beginning of a long journey into a future that promises to be ever so challenging, going by the emerging socio-economic trends in Africa and across the world. Accordingly, the Corporation would continue to build and deploy desired capacities that would enable it to effectively address the objectives for which it was established.

NOTES
