



African Reinsurance Corporation

Société Africaine de Réassurance

Lagos, 9 September 2020

AFRICA RE POSTED IMPROVED UNDERWRITING RESULTS AND POSITIVE RETURN ON INVESTMENTS IN THE FIRST SEMESTER OF 2020

The African Reinsurance Corporation (Africa Re) achieved gross premium income of US\$393.04 million at the end of the second quarter of 2020 compared to US\$431.87 million reported in the same period of 2019, being 8.99% below prior year. While the impact from the Covid-19 pandemic was almost nil in underlying performance, the depreciation of some original operating currencies was the main cause of the decline.

The year-to-date claims experience as measured by the net incurred loss ratio remains generally moderate at 64.66% compared to 68.03% in the same period of 2019. The improvement over prior year was largely due to the cumulative impact of the actions taken to improve the quality of the underwriting portfolio, the low economic activity during the lockdowns and favorable claim reserve development.

Regarding Covid-19 related insurance claims, Africa has generally experienced very low mortality rates when compared to other continents. In addition, there are very few insurance policies in Africa Re's portfolio, which covered the business interruption for notifiable and infectious diseases. As such, our claims experience has not been affected significantly either by mortality or property/casualty losses arising from Covid-19 pandemic.

As a result, the combined ratio at the end of June 2020 stood at 98.12%, outperforming prior year (104.51%) by 6.39%.

The net underwriting performance resulted into a profit of US\$5.47 million compared to a loss of US\$14.32 million in the same period in 2019.

Investment income for the six months to 30 June 2020 was at US\$18.59 million, a significant improvement over the loss recorded in the first 3 months of 2020 (loss of US\$6.51 million). The positive performance was driven by a recovery of financial markets especially the global equity markets. Although, the year-to-date performance of US\$18.59 million is below the comparative period in 2019 (investment income of US\$31.54 million), it is much better than the massively negative scenarios anticipated at the end of the first 3 months of 2020 during the early days of the Covid 19 outbreak.



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The Net profit of the first six months of 2020 was US\$18.72 million, outperforming the comparative period in 2019 (net profit of US\$14.39 million) by 30.03%.

While commenting on the unaudited financial performance at the end of the first half-year of 2020, the Group MD/CEO of the Corporation, Dr. Corneille Karekezi, remains optimistic for the outlook of 2020. Dr. Karekezi stated that, *"Although, there is still uncertainty surrounding the full impact of the Covid-19 pandemic on businesses and economies, the Corporation's financial performance for the first six months is generally positive and we remain cautiously optimistic for the rest of the year, barring any unforeseen major losses."*

About Africa Re

African Reinsurance Corporation (Africa Re) Group is the leading pan-African reinsurance company in Africa and the Middle East, which was established in 1976 by African member states of the African Union (AU, formerly OAU) and the African Development Bank (AfDB).

At the end of 2019, the share capital of Africa Re was comprised of the following shareholders: A) 41 African States (34%), B) the African Development Bank (8%), C) 117 African insurance and reinsurance companies (35%) and D) 3 Non-Regional Global Leading (Re) Insurance Groups (23%)

Headquartered in Lagos, Nigeria, it has the largest reinsurance commercial network in Africa with 8 offices across Africa: Casablanca, Cairo, Abidjan, Nairobi, Johannesburg, Lagos, Ebène (Mauritius) and Addis Ababa. In addition of its 6 Regional Offices across Africa, its two main subsidiaries are the Africa Re (South Africa Ltd.) based in Johannesburg and the Africa Retakaful Company based in Cairo, Egypt.

With US\$ 845 million of Premium Income written and US\$ 975 million of Shareholders' Funds at the end of 2019, Africa Re remains the leading provider of underwriting reinsurance capacity in Africa, allowing the financial protection of up to US\$ 40 billion of insurance risk exposure on the continent.

Africa Re is ranked 37th in the Top 40 Global Reinsurance Groups by Standard & Poor's in 2019. It enjoys one of the highest international financial rating at Full A / Stable Outlook by A.M. Best and an A – / Stable Outlook by Standard & Poor's



Press Release

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