Africa Re News

33rd Special edition | May 2024 | English

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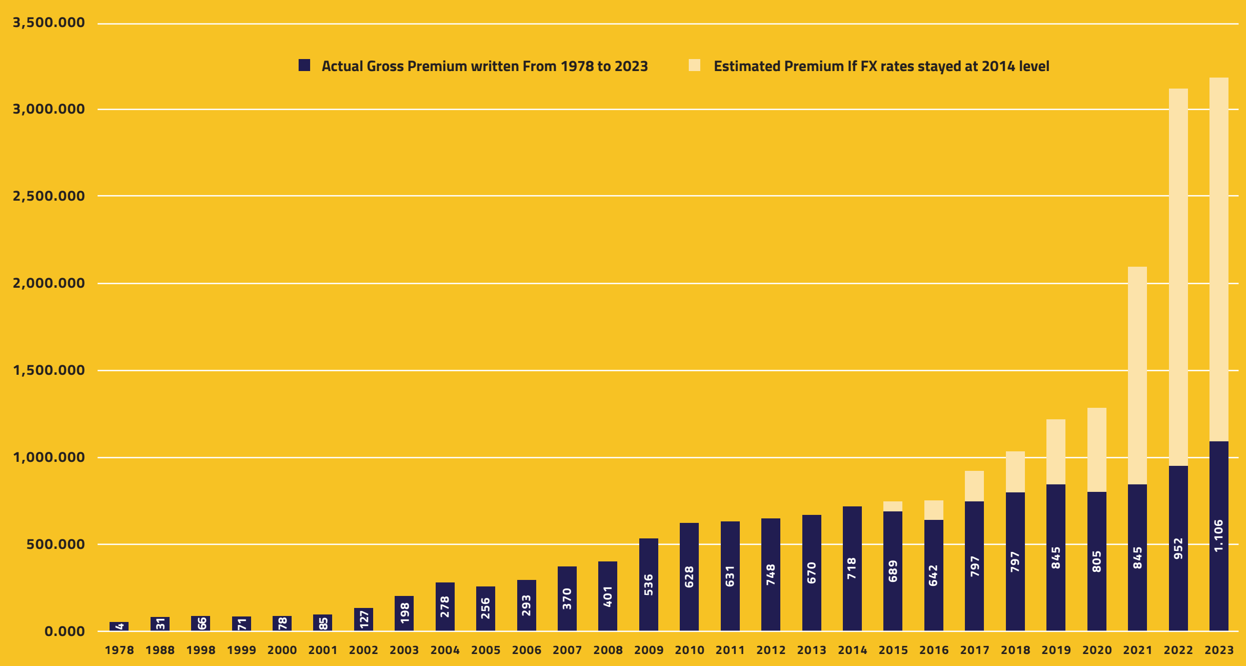
Gross Written Premium(US$ Million)Trends

1978 to 2023



Fostering the development of the African insurance industry

Africa Re

African Reinsurance Corporation

Société Africaine de Réassurance

Africa Re Group 9 offices across Africa

Africa Re SA

Africa Retakaful

الشركة الإفريقية لإعادة التكافل

Africa Re DIFC

Africa Re Foundation

www.africa-re.com

GMD/CEO's Message

Dr. Corneille KAREKEZI

I would like to start this message by expressing our sincere gratitude to you all, esteemed clients, business partners and shareholders for the historic milestone of $1billion Premium Income we recently achieved. This has come to consolidate Africa Re's leadership position as one of the largest reinsurers in Africa and the Middle East.

Our gratitude also goes to the Board of Directors for the infringeable support and to the entire Africa Re Staff for a job well done. The journey has not been a smooth one. Various challenges ranging from a hostile economic landscape marked by depreciation of African currencies, geopolitical tensions, incredibly high inflation, tightening of credit, impact of the sovereign debts of African States on the insurance business, etc . But, despite all the odds, we have made it.

And we are proud to tell our story of how we got there. Please read on page ...... about our journey on this historic achievement, in an article titled " Africa Re in 2023 Achieves the Milestone of Surpassing US$1 billion in Reinsurance Premium Income" by Dr Phocas NYANDWI, Director of Central Operations and Special Risks of Africa Re. The article is an account about Africa Re, as a resilient company, facing, with determination, the constantly challenging business environment and global transformation of the economic and financial landscape.

> ***Our sincere gratitude to you all, esteemed clients, business partners and shareholders for the historic milestone of $1billion Premium Income we recently achieved.***

> ***Our gratitude also goes to the Board of Directors for the infringeable support and to the entire Africa Re Staff for a job well done.***

Our resilience brought us where we are now. We are confident that our ability to adapt to the new trend in the industry will surely take us farther . We are geared up to use the accumulated knowledge and experience in risk management to mitigate emerging risks and the growing offering innovative services to the delight of our clients.

Africa Re, as required by the new accounting standards, has successfully implemented the IFRS 17 after many long months of hard working and reinvention. The financial statements of the year 2023 have changed in many aspects compared with the ones prepared previously under the IFRS 4 (Insurance Contracts) standard. As an industry leader, we have to foster every efforts towards consistency and transparency in our financial reporting. To know more about the IFRS 9 and IFRS 17 accounting standards, please read on page .....Mr Ibrahim Ibisomi's article, titled " IFRS 17 Implementation – The Benefits, Challenges and Their Resolutions.". A very insightful piece on what IFRS 17 is bringing in the industry as added value. Mr. Ibrahim Ibisomi is a Management Consultant with our subsidiary in South Africa (ARCSA), and immediate past Executive Director Finance in the same subsidiary.

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The journey has not been a smooth one. Various challenges ranging from a hostile economic landscape marked by depreciation of African currencies, geopolitical tensions, incredibly high inflation, tightening of credit.

This 33rd edition also contains report on the tribute paid by the Francophone insurance industry to our late leader, Mr Bakary Kamara in his hometown, Nouakchott, in Mauritania on 19 February 2024.

In Africa Re we build on the past legacy and keep our focus on the very vision of our founding fathers despite the ocean of new challenges we are facing in the industry. We thank you for your trust and promise to work harder to always deserve it.

Wishing you a pleasant reading.

Dr Phocas NYANDWI
Director, Central Operations and Special Risks

Africa Re in 2023 Achieves the Milestone of Surpassing US$1 billion in Reinsurance Premium Income

I. Introduction

In 2023, Africa Re achieved a remarkable milestone, surpassing the billion-dollar mark in gross written premium income for the first time in its 48 years of existence to reach an impressive US$1.106 billion.

This represented a significant growth of 16.25% over the previous year, using IFRS 4 (Insurance Contracts) old accounting standards. Amidst an economic landscape riddled with high inflation, the devaluation and depreciation of African currencies against the US dollar and ongoing geopolitical tensions, Africa Re's resilience and strategic acumen shone brightly.

The Corporation recorded a net underwriting profit of US$ 54.8 million, marking an increase of 33.7% from the prior year. Thanks to a strong investment income exceeding US$ 73.0 million, the overall net profit after tax exceeded US$ 128.0 million.

Amidst an economic landscape riddled with high inflation, the devaluation and depreciation of African currencies against the US dollar and ongoing geopolitical tensions, Africa Re's resilience and strategic acumen shone brightly.

Beyond these financial feats, Africa Re continued to uphold its reputation for reliability and strength in the global insurance market and is keeping up with its original mandate to support the development of Africa's insurance and reinsurance industry.

Since 2016, the Corporation has maintained a Financial Strength Rating of "A (Excellent)" with a Stable Outlook from AM Best, has consistently held an "A- (Strong)"

rating from Standard & Poor's since 2009. The accolades above by renowned international rating agencies are a testament to Africa Re's enduring stability and excellence in the face of a challenging operating environment filled with uncertainty.

As we delve into the story of Africa Re's success in 2023, one question stands out: "How did we get here, to become one of or the largest and strongest reinsurance company in Africa and the Middle East?" This journey of growth and resilience is not just about numbers; it is a narrative of strategic foresight, robust financial management, and an unwavering commitment to excellence.

> ***This journey of growth and resilience is not just about numbers; it is a narrative of strategic foresight, robust financial management, and an unwavering commitment to excellence.***

II. Evolution of the African Reinsurance Corporation

Founded in 1976, Africa Re's journey commenced as a pan-African initiative to foster the development of the insurance and reinsurance industry within the continent. With the backing of 36 African member States of the

> ***Faithful to its mission, Africa Re navigated successfully through mountainous challenges over the years.***

African Union (then Organization of African Unity) and the African Development Bank (AfDB), and later with the joining of multiple African insurance and reinsurance companies, Africa Re was established to create a robust and self-reliant insurance market that could underwrite large risks, reduce foreign exchange outflow and retain more reinsurance premium within Africa.

Africa Re was to provide reinsurance services that were adequately tailored to the unique needs of the African market, enhance the capacity of local insurers and promote the growth and development of the African insurance sector. The Corporation aimed at not only being a leading reinsurance entity in Africa but also contributing to the economic development and integration of the continent.

Faithful to its mission, Africa Re navigated successfully through mountainous challenges over the years and this rich history sets the stage for understanding Africa Re's recent achievement of surpassing one billion dollars in reinsurance premium income in 2023.

The following sections will further illustrate the Corporation's journey from its foundational years to its current success story with three timelines, by underscoring a legacy of strategic growth, market leadership and financial robustness.

A. Early years (1976-2000)

> ***The World took note of Africa Re's stability and growth prospects.***

The tale of Africa Re's early years, set against a dynamic and often challenging socio-economic environment backdrop, is a testament to the Corporation's strategic prowess.

The newly established company, which started in Accra, Ghana, in 1976, and then settled in Lagos, Nigeria, in 1978, faced what could be described as a tumultuous birth from the get-go. In these initial stages, the Corporation had not fully developed its business portfolio and relied heavily on legal cessions of 5% of treaty business while also grappling with the then frequent political instability, heavily fragmented and under-developed insurance markets, but more importantly the widespread issue of African currencies depreciating against the US dollar, which came with the structural and monetary adjustment plans imposed by the International Monetary Fund (IMF) to help African struggling economies but had the adverse effect of plunging some players into disarray.

Sir Edward Mensah, MD/CEO
1976 - 1984 ;

Despite these headwinds, Africa Re's leadership was quick to implement visionary strategic moves, including proximity to clients, superior knowledge of the various countries and their markets, as well as diversification of its approaches to serving the various markets of a continent far from being one unified market. This foresight led to the creation of regional offices aimed at bolstering its presence and capacity across the continent.

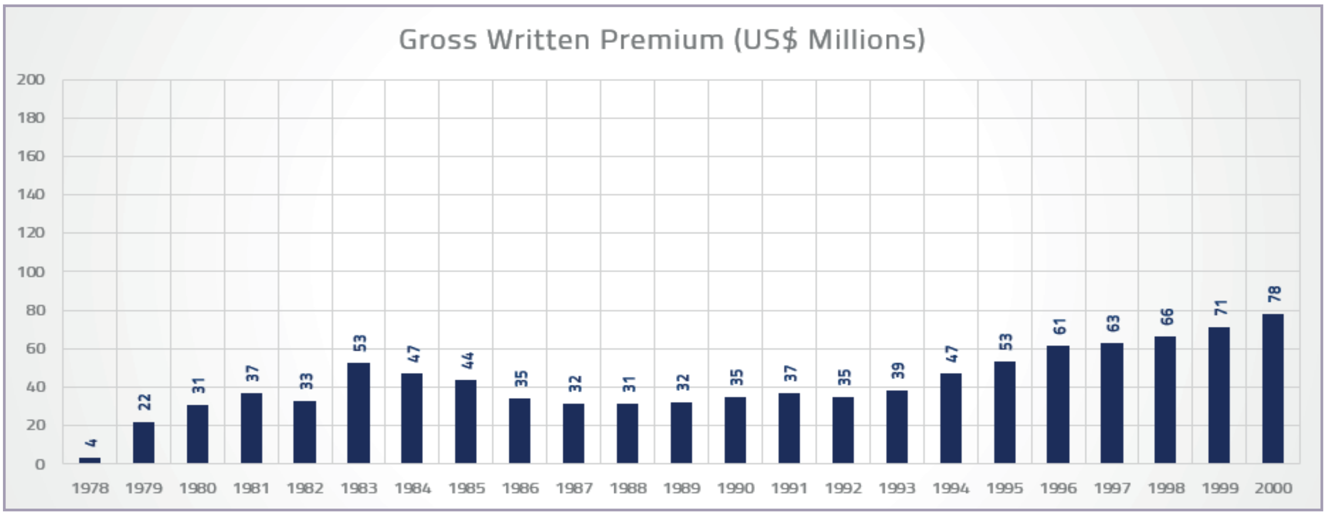
The Casablanca Office opened in 1980, the Nairobi Office followed in 1982, and the Abidjan Office in 1987. Each office became a beacon of growth, expanding Africa Re's footprint and enhancing its ability to offer services more attuned to the local contexts and markets.

Zafu Eyessus, MD/CEO
1984 - 1993 ;

The end of Apartheid in South Africa in 1994 was a historic moment that presented new opportunities and heralded a change in the African socio-economic landscape. Africa Re, despite that South Africa was not a member State in its shareholding, seized this moment to further its reach, establishing a contact office in Johannesburg the following year. This move symbolized the company's commitment to the integration of the African continent, inclusivity and growth in a post-Apartheid era.

> ***In 2002, in an early interactive international financial rating by an indigenous African reinsurer, AM Best awarded Africa Re an "A-" rating with a stable outlook***

Amidst political instability affecting large parts of the continent, which strained many companies operating in Africa, Africa Re persevered. The Corporation's capital which increased to US$ 30 million in 1997 and then to US$ 50 million in 2000 shored up its financial base and underlined its stability and ambition.



The growth trajectory of Africa Re from 1978 to 2000, illustrated by the Gross Written Premium (GWP) chart, shows an ascending line from US$ 3.5 million in 1978 to US$ 78.0 million by the turn of the millennium. This growth, amidst an environment where many African currencies experienced significant devaluation, as seen in the table provided, is indicative of a strategy that was deeply informed by a profound understanding of the African market's potential and complexities.

Selected FX to USD		1978	2000	
Country	**Currency**	**Reference**	**Rate**	**Value Drop**
Algeria	DZD	3.90	75.90	-94.9%
South Africa	ZAR	0.90	7.60	-88.2%
Angola	AOA	6.04	6.00	0.7%
Egypt	EGP	0.40	3.90	-89.7%
Ethiopia	ETB	2.10	8.20	-74.4%
Kenya	KES	7.70	78.10	-90.1%
Libya	LYD	0.30	0.50	-40.0%
Morocco	MAD	4.50	10.50	-57.1%
Nigeria	NGN	0.60	110.50	-99.5%
Tunisia	TND	0.40	1.40	-71.4%
FCFA	XOF	225.60	699.30	-67.7%

Africa Re's steadfast growth during these formative years lays a firm foundation for its continued positive performance into the 21st century. With each calculated step, Africa Re, under the management of Mr. Edward MENSAH (1977 – 1984), Mr. Eyessuswork ZAFU (1984 – 1993), and Mr. Bakary KAMARA (1993 – 2011), wrote its own history, one characterized by prudent management, improving financial solidity, and a deep-seated resolve to empower African insurance and reinsurance professionals to become equal to their European peers.

B. Expansion and growth phases (2000s-2011)

The decade spanning between 2000 and 2011 witnessed significant expansion and robust growth for Africa Re, steered by the visionary leadership of the late Mr. Bakary KAMARA.

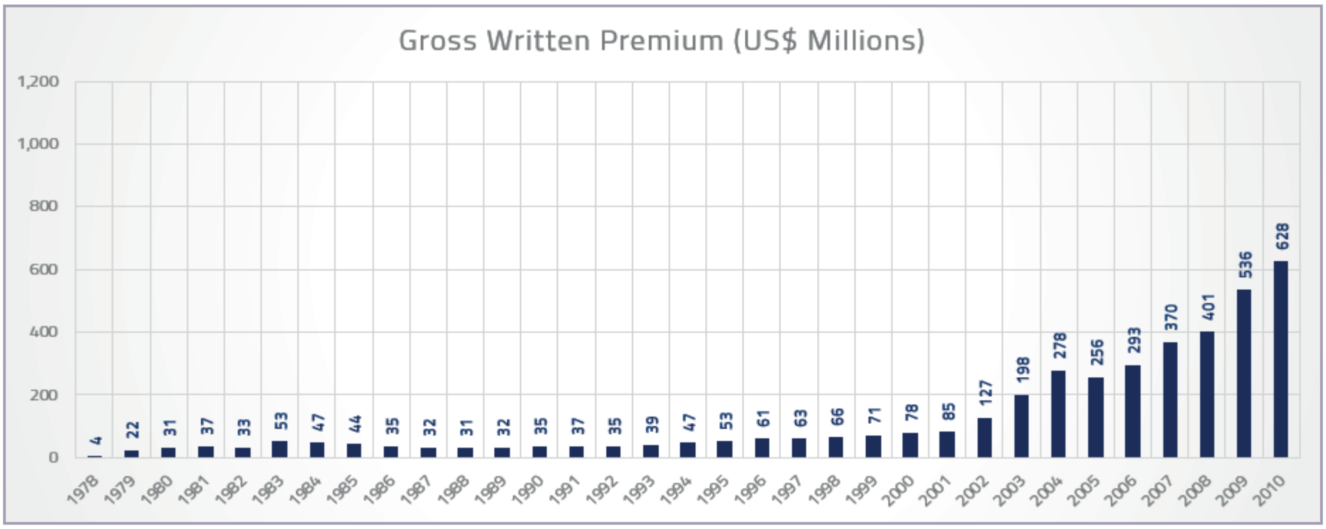
Extremes marked the period. On one side, a global economic boom fueled by a commodities price surge; and on the other, the crippling global financial crisis of 2007-2008.

Bakary Kamara, GMD/CEO
1993- 2011

Standard & Poor's followed suit in 2009, rating the Corporation "A- (Strong)" with a Stable Outlook

In the early 2000s, the world witnessed rapid industrialization in emerging markets, driving up demand and prices for raw materials. Africa, after stabilizing most of its economies, and rich in natural resources, was at the heart of this commodities boom, with oil, minerals, and agricultural products reaching unprecedented prices.

This boom had a ripple effect across the continent's economies, propelling the Gross Written Premium (GWP) for Africa Re from US$ 78.0 million in 2000 to a staggering US$ 627.532 million by 2010. The rapid growth of the reinsurance revenues was also aided by the appreciation of African currencies - which are the original currencies in which Africa Re accepts reinsurance business - against the US dollar - presentation currency of the financial statements, as well as the disinterest of European reinsurers for the African reinsurance business seen as small compared to other global and emerging markets.



However, the global financial crisis checked the early 2000s' exuberance. Investment yields plummeted, reflecting an inverted yield curve, significantly impacting insurance companies' earnings worldwide. Africa Re was not immune to these challenges, but

This international recognition of financial strength and reliability facilitated Africa Re's expansion into selected international - non-African - markets with high growth potential, such as Brazil, the Middle East, India, China and South East Asia.

R - L : Michael Kumsa, former Deputy MD/COO ; Ken Aghoghovbia, current Deputy MD/COO ; Mohamed Béavogui and Bakary Kamara during the 40th anniversary of Africa Re in 2016 in Kigali, Rwanda.

its astute management and diversified investment strategy cushioned it against the harshest impacts.

Recognizing the importance of regional presence and expertise, Africa Re transformed its contact offices in Mauritius and Cairo into full-fledged regional offices in 2003 and 2004 respectively. This strategic move expanded its footprint and reinforced its commitment to providing localized solutions in diverse markets.

In 2010, recognizing the potential in Islamic finance, Africa Re established Africa Retakaful subsidiary, aligning with the growing trend of sharia-compliant financial services.
This era also saw Africa Re fortify its capital base, with a significant capital and shareholders' funds increase, to support its future business growth. That was a clear indicator of the company's excellent risk and strategic management and readiness to take on larger risks and pursue more ambitious projects.

The World took note of Africa Re's stability and growth prospects. In 2002, in an early interactive international financial rating by an indigenous African reinsurer, AM Best awarded Africa Re an "A-" rating with a stable outlook. Standard & Poor's followed suit in 2009, rating the Corporation "A- (Strong)" with a Stable Outlook.

The endorsements above not only affirmed Africa Re's financial health but also enhanced its reputation on the global stage, opening doors for new partnerships and collaborative ventures. Despite the economic turmoil, currency devaluations, and political instabilities that dotted this period, Africa Re's strategic initiatives and leadership resilience shielded it from the era's volatility, setting a precedent for sustainable growth and financial excellence.

C. Strategic growth and diversification (2011 to date)

With the World still feeling the reverberations of the global financial crisis, Africa Re entered a new decade with a strategic pivot towards growth and diversification under the leadership of Dr. Corneille Karekezi. The path from 2011 onward was about maintaining momentum, boldly seizing opportunities, diversification of growth avenues, growing in international markets, improving the bottom-line, and innovating within the industry.

Dr Corneille Karekezi, GMD/CEO
2011 to date

As the South African Subsidiary emerged as the largest profit center, with premium income reaching US$ 221 million by the end of 2011, it was clear that Africa Re's targeted expansion efforts were bearing fruit. The

Innovation remained at the heart of Africa Re's strategy. New products, such as insurance coverage for Agriculture, Political Violence and Terrorism, and Solvency Relief Contracts, addressed the market's evolving needs.

By the year 2020, the unforeseen COVID-19 pandemic brought unprecedented challenges to the global economy and the insurance industry at large.. ......Yet, in true Africa Re fashion, the Corporation adapted quickly to the new reality, ensuring business continuity amid the crisis.

company's commitment to organic growth in its profit centers was matched by an equally rigorous effort to restructure underperforming portfolios, focusing sharply on higher-quality risks.

In line with its growth ambitions, Africa Re extended its footprint by opening contact offices in Addis Ababa, Kampala and Khartoum, starting writing business from Brazil, and creating a presence in the Dubai International Financial Centre (DIFC). These strategic moves were not merely geographic; they were part of a broader vision encompassing strategic partnerships with African and international (re)insurance companies, further boosting revenue and fortifying market presence.

Though the years 2015 and 2016 witnessed a new global commodity prices shocks, which depleted the economic advancement of a decade in Africa, with the decline of the total available businesses in US dollar, following massive devaluation of African currencies, starting by the South African rand, Africa Re achieved by 2016 the esteemed "A" financial rating by AM Best, the most important insurance and reinsurance credit rating agencies, thanks to excellent operational profitability, stronger retained profits which boosted the shareholders funds and its capital adequacy ratio.

This international recognition of financial strength and reliability facilitated Africa Re's expansion into selected international - non-African - markets with high growth potential, such as Brazil, the Middle East, India, China and South East Asia. The 'A' rating, a mark of trust and reliability, was therefore a passport to

global opportunities, enabling the Corporation to move cautiously outside its core markets.

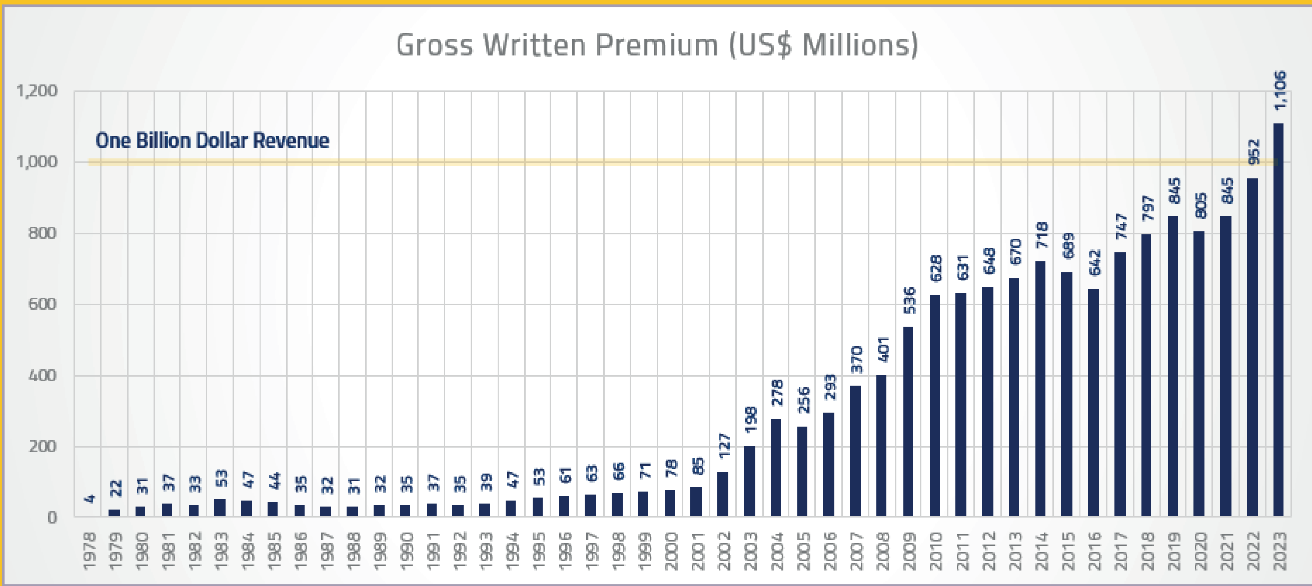
Innovation remained at the heart of Africa Re's strategy. New products, such as insurance coverage for Agriculture, Political Violence and Terrorism, and Solvency Relief Contracts, addressed the market's evolving needs and anticipated emerging risks. This forward-thinking approach diversified the Corporation's portfolio and provided clients with comprehensive risk solutions. Africa Re continues to widen its product offering with new solutions to emerging problems on the continent such as cyber risk insurance and climate resilient insurance solutions.

Between 2017 and 2019, Africa Re's top line growth remained subdued as African economies and businesses struggled to achieve their growth potential and expectations in a challenging global environment.
By the year 2020, the unforeseen COVID-19 pandemic brought unprecedented challenges to the global economy and the insurance industry at large. Africa Re was not spared the immediate impacts characterized

Africa Re will continue to explore new markets and diversify its product offerings to meet evolving needs

by the disruption of supply chains, the sudden need to adapt to remote working conditions and the pandemic's various economic ramifications.

Yet, in true Africa Re fashion, the Corporation adapted quickly to the new reality, ensuring business continuity amid the crisis.



Even as African currencies continued to experience downward pressure against the US dollar, Africa Re's Gross Written Premium (GWP) reflected a trajectory of robust growth—from US$ 627.532 million in 2010 to US$ 1.106 billion in 2023.

Statistical scenarios showed that the one billion revenue could have been reached in 2017 if most African currencies had maintained their 2013 foreign exchange rates.

The table below depicts the extreme volatility of most African currencies.

FX to USD for selected currencies		**1978**	**2000**		**2010**		**2020**		**2023**	
Country	Currency	Reference	2000 Rate	2000 Value Drop	2010 Rate	2010 Value Drop	2020 Rate	2020 Value Drop	2023 Rate	2023 Value Drop
Algeria	DZD	3.90	75.90	-94.9%	75.80	-94.9%	132.25	-97.1%	134.33	-97.1%
South Africa	ZAR	0.90	7.60	-88.2%	6.60	-86.4%	14.61	-93.8%	18.30	-95.1%
Angola	AOA	6.04	6.00	0.7%	92.90	-93.5%	654.91	-99.1%	846.25	-99.3%
Egypt	EGP	0.40	3.90	-89.7%	5.80	-93.1%	15.73	-97.5%	30.92	-98.7%
Ethiopia	ETB	2.10	8.20	-74.4%	16.80	-87.5%	39.34	-94.7%	56.33	-96.3%
Kenya	KES	7.70	78.10	-90.1%	83.30	-90.8%	109.25	-93.0%	157.00	-95.1%
Libya	LYD	0.30	0.50	-40.0%	1.30	-76.9%	1.34	-77.6%	4.76	-93.7%
Morocco	MAD	4.50	10.50	-57.1%	8.50	-47.1%	8.90	-49.4%	9.87	-54.4%
Nigeria	NGN	0.60	110.50	-99.5%	153.30	-99.6%	394.75	-99.8%	882.03	-99.9%
Tunisia	TND	0.40	1.40	-71.4%	1.50	-73.3%	2.68	-85.1%	3.08	-87.0%
FCFA	XOF	225.60	699.30	-67.7%	504.70	-55.3%	533.95	-57.7%	592.75	-61.9%

As we look at Africa Re today, we see a company that has grown in size (ranked 38th in the World in 2023 by Standard & Poor's), respected in foreign reinsurance markets (up to 23% of business is from non-African insurance markets) and refined its ability to navigate complex economic landscapes. It has transcended the role of a mere participant in the reinsurance industry to become a leading architect of the continent's insurance infrastructure, resiliently forging a path toward a prosperous future.

Africa Re acknowledges its stakeholders, shareholders, business partners and clients' crucial role in reaching this significant milestone.

III. Conclusion

Africa Re has demonstrated commendable resilience to fulfil its mission and surpass the one billion-dollar mark profitably under unfavorable conditions, and the journey is far from over.

The Corporation will continuously manage current economic fluctuations, notably the depreciation of African currencies, high inflation and sovereign debt crisis, without compromising its commitment to partners and clients.

Future natural and man-made catastrophic events, such as recent floods (i.e. Kwazulu-Natal, South Africa, and Derna, Libya), pandemics (Covid-19), riots (i.e. Durban, South Africa), and earthquakes (i.e. Morocco), and major economic shocks necessitate preparedness, highlighting the importance of proactive risk management and market adaptation strategies.

Africa Re Head Office in Lagos, Nigeria

Tomorrow's success hinges on the ability to manage today's challenges while innovatively preparing for future risks.

Amidst political instability affecting large parts of the continent, which strained many companies operating in Africa, Africa Re persevered. The Corporation's capital which increased to US$ 30 million in 1997 and then to US$ 50 million in 2000 shored up its financial base and underlined its stability and ambition.

Innovation, both in technology, people management, internal processes and procedures, as well as industry partnership, remains therefore central to improving insurance penetration across the African continent through increased awareness in risk management, financial management and accessibility of adapted insurance services and products.

Africa Re will continue to explore new markets and diversify its product offerings to meet evolving needs.

Collaboration with African governments, through insurance regulators and other ministerial stakeholders, is critical in developing new regulations, policies, distribution channels, aggregators of insurance risks, technology adoption, and new insurance solutions to cope with the changing risk landscape. These efforts will bolster the insurance industry and contribute to the continent's overall economic stability and growth.

IFRS 17 Implementation – the Benefits, Challenges and their Resolution

Ibrahim Ibisomi
Management Consultant, Africa Re

1. Introduction and Background

The African Reinsurance Corporation Group and its subsidiary companies have successfully completed their implementation of the new International Financial Reporting Standard (IFRS) on insurance, ***IFRS 17 – Insurance Contracts*** together with a first-time application of ***IFRS 9 – Financial Instruments.*** With this implementation, the audited financial statements of the Group and its subsidiaries for the financial year ended 31 December 2023 have been prepared and presented in compliance with these two new reporting standards.

The Africa Re Group has successfully completed the implementation of the new international financial reporting standard (IFRS) on insurance, IFRS 17 – Insurance Contracts together with the application of IFRS 9 – Financial Instruments.

This implementation further attests to Africa Re's pre-eminent status as Africa's leading reinsurer, not just in terms of business volume and the strength of its security rating, but also in conforming to global standards and international best practices.

This article presents, in a highly simplified manner, the expected benefits, challenges and the resolution of problems associated with the implementation of IFRS 17 – Insurance Contracts. The key aim of the article is to assist the legion of insurers and reinsurers on the continent that are yet to implement this new standard by both articulating the benefits as well as proposing measures to address potential implementation challenges. The article will not dwell into the technicalities in the standard beyond merely listing the key features of the standard.

IFRS 17 is the new financial reporting standard on Insurance Contracts issued by the International Accounting Standards Board (IASB). It was developed over an unusually long period (nearly two decades spanning 2005 – 2017) and it replaces IFRS 4 that was put in place as an interim reporting standard on insurance contracts. The attention given to the development of this standard over such a long period of time is probably reflective of the unique nature of insurance business – where prices (premium) are fixed before direct costs (claims) are known and finalized!

The primary aim of the new standard is to promote uniformity, transparency and comparability of the financial reports of providers of insurance services. These were substantially lacking in the previous interim standard. The implementation of IFRS 17 took effect on financial statements covering periods commencing on or after 1 January 2023.

2. Key features of IFRS 17

In a nutshell, the key features of the new standard include:

a) Clear definition of what constitutes the provision of insurance services that are therefore subject to the application of IFRS 17

b) Link to cash flows – Insurance contracts are to be measured using current estimates of future cash flows

This implementation further attests to Africa Re's pre-eminent status as Africa's leading reinsurer, [………] also in conforming to global standards and international best practices

c) A new, uniform format of presenting each of the components of the financial statements, with the renamed "Statement of Financial Performance" split into insurance service result (comprising insurance-related items of income and expenses) and non-insurance service revenue (called "insurance finance income or expenses") segments while the Statement of Financial Position has, among other "structural" changes, new components in Contract Service Margin (CSM) and Risk Adjustment

d) The Standard requires the aggregation of insurance contracts into cohorts in terms of their similarity in features, profitability and in their contract boundaries

e) The immediate recognition of any potential losses on specific insurance contracts (termed "onerous contracts") in the income statement

f) The spread of the earning of income on profitable insurance contracts over the life of the contracts (via the CSM). The Standard also spreads attributable expenses over the life of the contract but charges the non-attributable ones to the Statement of Financial Performance immediately

g) Insurance contract liabilities are to be measured at market value through discounting at market rates thereby aligning with the treatment of underlying assets

h) The Standard requires insurance contract data to be captured and measured at very granular levels

i) The Standard offers several accounting policy options, including on transition, and on the treatment of statement of financial performance items.

3. Benefits of IFRS 17

The key benefits of a successful implementation of, and compliance with, the IFRS 17 standard include:

a) Enhanced transparency, integrity and comparability of financial reporting for all providers of insurance services across all territories that have adopted international financial reporting standards. This boosts the understanding of financial statements by stakeholders. International comparability is particularly helpful to multinational businesses that undertake, patronize or invest in insurance operations.

b) Improved and realistic financial reporting – a common and prescriptive standard in the nature of IFRS 17 improves financial reporting. Its requirement that insurance contract values are measured and reported as the current value of future cash flows makes the financial statements better reflect reality. The Standard also minimizes earnings volatility by aligning revenue recognition to service delivery over the life of insurance contracts, barring any unusually high amount and/or frequency of onerous contracts in the portfolio.

c) Compliance with regulatory requirements and avoidance of regulatory sanctions thereby protecting reputation.

d) Improved data governance and management – the heavy reliance placed on the granularity of data to model and measure reported numbers in the financial statements requires that data governance and management be maintained at very reliable levels.

> ***The primary aim of the new standard is to promote uniformity, transparency and comparability of the financial reports of providers of insurance services***

e) Enhanced risk management together with operational efficiency leading to better business decision making – The Standard requires that risk exposures be reassessed on an ongoing basis in order to validate the classification of insurance as potentially profitable or onerous. IFRS 17 implementation presents opportunity for insurers to modernize their accounting and financial reporting systems. All these would lead to operational efficiency and better-informed decision making.

f) Overall, the Standard will promote long-term sustainability of insurance operations through clearer competitive analysis, insightful data analysis, constant risk assessments, and informed decision making.

4. Typical implementation challenges and their resolution

The main challenges reportedly encountered on several implementation together with suggested measures for their resolution exercises include:

a)'Setting the tone from the top' – A successful implementation process requires the support and involvement of both the Board and Executive Management. Different levels of monitoring groups need to be set up with clearly defined roles, deliverables and periodic briefing on the progress. A multi-disciplinary team is essential for successful implementation, and the process should involve regular project reviews and effective communication.

b) Interpretation of the standard – IFRS 17 implementation has shown that insurance companies and their implementation partners/consultants (the latter dominated by professional services and actuarial consulting firms) are not unanimous in their interpretation of many aspects of the Standard. It is suggested that every insurer holds a house view on the provisions in the Standard that are then compared and agreed to external parties' interpretation.

c) Implementation (once-off) and ongoing costs – IFRS 17 implementation involves substantial outlay of costs not only to get the implementation project over the line but also on an ongoing basis. The resources required to comply with the new Standard are enormous. However, the benefits of the Standard are also worthwhile. It is recommended that the implementation of the Standard be undertaken to reflect the nature, scale and complexity of the business of the insurer over time thereby spreading the cost over the medium term.

> ***"In a nutshell, the key features of the new standard include:……………"***

d) Training – Employees, especially those involved in data analytics and financial reporting would have to be trained for a correct understanding of, and on-going compliance with, the Standard. Lessons learnt should be tracked, regular training and knowledge transfer should be undertaken, and all relevant multi-disciplinary key personnel should be involved throughout the implementation process.

e) Technology – IFRS 17 calls for the implementation of new financial reporting software architecture

"The key benefits of a successful implementation of, and compliance with, the IFRS 17 standard include: ...."

and, in many instances, the replacement of legacy systems. This can undoubtedly be expensive. It is recommended that the right – preferably flexible, scalable, SaaS (Software as a Service) – software that is robust, reflective of the proportionality principle and well-supported for regular maintenance, upgrades and improvements.

f) Data and its granularity can also be a challenge. This calls for the building and employment of robust, flexible systems that reflect all aspects of insurance contracts offered in order to maintain sufficient data granularity.

g) Aggregation of insurance contracts – Insurance contract terms should be made clear and certain in its provisions, especially regarding contract boundary. System capabilities should also be modified to enable proper cohorting and aggregation

h) Choice of discount rate – The use of uniform discount rates is fundamental to the uniformity of financial reporting under IFRS 17. It is recommended that the regulator and/or the industry association publish yield curves or discount rates for uniform application.

i) Resource requirements, especially actuarial resources – Insurers need to invest in the required resources. This can be done on a proportionality basis. Affordable outsourcing options should be considered. Where outsourced, the Agreement should cover maintaining the same team throughout the implementation process to avoid delays and gaps in the process.

j) Taxation issues – IFRS 17 implementation would impact net income numbers, especially for life insurers. The tax authorities should be carried along in the implementation process at the industry level

k) Transfer pricing, especially where insurance-based metrics are used to allocate costs, may pose challenges with the implementation of IFRS 17. It is recommended that alternative cost-allocation metrics should be sought to allocate transfer pricing costs should the new Standard yield inappropriate metrics (e.g. through the impact of applying different discount rates across multiple locations).

l) Transition challenges can be resolved by applying the modified retrospective approach to implementation.

m) Implementation project scoping must be clear, unambiguous, adequate and appropriate in order to avoid gaps and omissions that can only lead to additional costs and delays.

"The main challenges reportedly encountered on several implementation together with suggested measures for their resolution exercises include:..................."

5. The opportunities in the challenges

Many of the challenges just discovered actually provide opportunities for insurance companies in the implementation of IFRS 17. These opportunities include:

Many of the challenges just discovered actually provide opportunities for insurance companies in the implementation of IFRS 17

a) Optimization and strengthening of the Statement of Financial Position, which provides better protection to policyholders as well as comfort to regulators and other stakeholders

b) The discounting of both liabilities and assets helps to avoid asset-liability mismatch

c) Key performance indicators and metrics can be refined to reflect the new performance measures emanating from the Standard thereby better aligning employee performance rewards to business performance

d) Improvement in operational efficiency and timeliness of financial reporting to align with industry average and global best practices

e) Improvement in product pricing to promote profitability at contract level and to reflect market realities

f) Encourage new product design with features reflecting market indices and realities

g) Enhance the use of forward-looking metrics in the strategy setting exercise.

6. Conclusion

IFRS 17 implementation is a multi-disciplinary and multi-level process involving changes to accounting systems, business processes, accounting policies, reporting software as well as data governance and management. It also requires collaboration among different segments of the business – especially the actuarial, accounting, information technology and underwriting functions.

It took a combined team of actuarial, accounting, technology and underwriting professionals supported by a carefully selected team of consultants for Africa Re to successfully implement IFRS 17 and IFRS 9 over nearly two years. This was not abnormal when compared with other success stories and should serve as a guide to other companies that are yet to achieve successful implementation.

The implementation process is both tasking and painstaking but its challenges are definitely surmountable. All insurance and reinsurance companies are encouraged to commit and achieve implementation without undue delay in order to reap the many benefits of the new reporting standards.

Acknowledgements

This article benefitted from review comments by Mrs. S R Akinwale, Group Director of Internal Audit, Africa Re and from a website article by Atlan at https://atlan.com/ifrs-17-compliance/#ifrs-17-compliance-6-key-benefits, accessed on 24 April 2024.

Tribute to the Late

Bakary Kamara

by the Francophone Insurance professionals in Nouakchott, Mauritania

By Adogbo Alfred

On the 19th February 2024, the francophone insurers gathered at FASQ Hotel in Nouakchott, Mauritania to pay a deserved tribute to their emeritus former leaders, the late Bakary Kamara.

The Chairman of Africa Re Board of Directors, Dr Mohamed Maait, the Group Managing Director, Dr Corneille Karekezi and other industry captains at the occasion, gave testimonies about the legacy of the deceased leader and pray for the repose of his soul .

Africa Re News brings you here the faces at the memorial service.

Cross section of family members, friends present at the ceremony

Imam Mohamed Maouloud conducting the opening prayer of the ceremony

Dr Mohamed Maait, Chairman of Africa Re Board of Directors paying tribute to Mr Bakary Kamara

Dr Corneille Karekezi, Group MD/CEO of Africa Re paying tribute to the late leader Bakary Kamara

First row, L- R Dr Mohamed Maait, Chairman of the Board of Directors of Africa Re; A. Adogbo, Manager, Corporate Communications of Africa Re; The Egyptian Diplomatic Représentative ; Dr Corneille Karekezi, Group Managing Director/CEO of Africa Re ; Moustapha Coulibaly, Board Member of Africa Re; Richard Lowe, Chairman of Activa Group, Mr & Mrs Jean Kacou Diagou, Chairman of NSIA Group; Bene Lawson, former Regional Director of Africa Re

Bene Lawson, former Regional Director of Africa Re paying tribute to his former boss and close friend Bakary Kamara

Mohamed Ould Nati, former Board member of Africa Re and Representative of the Mauritanian Insurers paying tribute to the late Mr Bakary Kamara

A. Adogbo, reading out the message of Mr Eyessus Zafu, former CEO of Africa Re

Son, Moussa Kamara, closing the ceremony with thanks

Daughters, Foulèye and Fatimata Kamara

Friends and colleagues present at the ceremony

Friends and colleagues present at the ceremony

Reneiloe PAGIWA, Senior Manager, Underwriting & Marketing, Africa Re South Africa

Africa Re South Africa Golf Event and Spa: Mixing Fun and Business.

African Reinsurance Corporation (South Africa) Ltd (ARCSA) held its 2023/24 annual flagship golf final and spa in Parys, Free State, on 29 February 2024, away from the "madding crowds of Johannesburg". The event was adorned by notable captains of the insurance industry. ARCSA will never trade this invaluable opportunity to bond, interact and enhance business relationships with its key business partners.

Golf South Africa Industry captains at the golf field

The golf was played at the Vaal de Grace Golf Estate, sited on an island formation along the course of the Vaal River. As they say, "To find a man's true character, play golf with him" - sooner than later their dormant personality traits start to reflect in their reaction to their standard of play on the day.

Andy Tennick- MD of Africa RE South Africa Ltd presenting the trophy

> ***Non-golfers also had their fair share of fun as they escaped to moments of relaxation, restoration and recharge at the nearby Pont de Val Spa.***

Non-golfers also had their fair share of fun as they escaped to moments of relaxation, restoration and recharge at the nearby Pont de Val Spa.

Over 45 clients were in attendance and all had great fun, judging from the feedback messages. The day was crowned with a mouth-watering dinner and prizegiving. The Individual Player Stableford golf prize went to Xolile Xaki of Old Mutual Insure, while the Fourball Ball Alliance prizes were won by Golden Mbhalati (Guy Carpenter), Steve Smith (Santam), Steve Forgarty (Sintelum) and Vuyo Rankoe (Africa Re). The rest of the evening was dedicated to networking as the delegates sipped their favourite drinks.

Golf South Africa Industry captains

Golf South Africa - Industry captains at the Golf field

Africa Re

▪ *Established in 1976* ▪ *42 African Member States*

Political Violence & Terrorism (PVT) Insurance

Overview

The modern world is volatile, uncertain, and complex. Many socio-political and economic issues can trigger civil unrest spontaneously. The risk of political violence is on the rise in Africa and the rest of the world. Organisations cannot afford to take the security of their businesses, property and employees for granted. They require a reliable risk management mechanism to guarantee the security of their assets. Africa Re offers reinsurance protection to insurance companies on policies covering Political Violence and Terrorism. We also support the claims management process and ensure the swift settlement of all valid and documented claims.

Scope of Cover

PVT policies typically cover all or some of the following exposures:

- Terrorism
- Sabotage
- Riots, Strikes and/or Civil Commotion
- Malicious Damage
- Insurrection, Revolution or Rebellion
- Mutiny and/or Coup d'état
- War and/or Civil War

Target industries

We provide cover to all sectors of the economy. However, the following sectors, among others, are some of the most exposed:

- Retail (Shopping malls)
- Hospitality (Hotels, resorts, etc.)
- Government & Diplomatic buildings
- Educational Institutions
- Health Facilities
- Transport infrastructure

For further information, please contact our network of offices in Nairobi, Lagos, Casablanca, Ebène (Mauritius), Cairo, Abidjan, Dubai, Johannesburg, Addis Ababa, Kampala and Khartoum.

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Duncan **MUKONYI**, Senior Manager, Underwriting & Marketing - Africa Re Lagos Regional Office

Africa Re Floats Golf Tourney for Industry CEOs in Lagos, Nigeria

In its desire to boost the physical and mental wellbeing of the Nigerian insurance industry executives as well as proffer a one-stop shop networking opportunity, African Reinsurance Corporation (Africa Re), the leading pan-African reinsurance company, hosted a golf tournament for industry CEOs on 12 April 2024, at the Golf Section of Ikoyi Club 1938 in Lagos, Nigeria.

The one-day tournament which attracted over 100 insurance and non- insurance industry golfers to the Ikoyi Golf course was an " opportunity for industry leaders to compete and exchange ideas in a more relaxed atmosphere".

RD Lagos, Mrs. Temitope Akinowa teeing off

Various prizes were won at the tournament with Mr. Jacob Erhabor, Executive Vice Chairman, Greenfield Leasing Services emerging as the overall winner, with a gross total of 40 stableford points. He beat Olubayo Latilo who also grossed 40 stable points on counter back and Gilbert Inemesit who came third with 39 stableford points. In the ladies category, Abah Oputa emerged as the winner with 35 stableford points while Nomwen Emeghalu and Fatumata Coker came in at second and third positions respectively.

Other winners in the hotly contested event were Hilltop Insurance Brokers, who won the Corporate Group Stableford Category after garnering 63 points, Guinea Insurance Company came in second after losing on counter back to Hilltop Insurance while Old Mutual Life Insurance Company emerged third with

> ***The one-day tournament which attracted over 100 insurance and non- insurance industry golfers to the Ikoyi Golf course was an " opportunity for industry leaders to compete and exchange ideas in a more relaxed atmosphere".***

GMD/CEO, Dr. Corneille KAREKEZI teeing off

Section of participants with the MD

Group Photo

Waro Team

57 stableford points. Prizes were also won in other categories such as the Longest Drive, Nearest to the Pin and the Lowest Gross Score.

The Group Managing Director of Africa Re, Dr. Corneille Karekezi who teed off the maiden edition of the tournament, thanked the participants for the spirit of sportsmanship portrayed and reminded them that the major reason the tournament was staged was to celebrate Africa Re's 2023 milestone achievement as a one-billion-dollar premium company in play.

Participants

Industry captains

Participants in action

Participants in action

Dr. Corneille KAREKEZI

"Golf is a difficult sport and so is business". Just like the golfers who worked hard, Africa Re has also worked hard to achieve what it has over the years and that explains why we chose golf as a sport to celebrate our success with", he said in his closing remarks.

The winner Mr Erhabor

Awards session

The Africa Re Foundation took part in the project to digitise car insurance certificates in Côte d'Ivoire.

By Adogbo Alfred

In 2023, the Association of Insurance Companies of the Côte d'Ivoire (ASACI) embarked on an ambitious project to digitise car insurance certificates. One year on, the results are encouraging. The results have been positive in several respects: a drastic drop in insurance fraud; a 60% increase in the number of genuine car insurance certificates issued; a drastic reduction in the time taken to issue certificates; a reduction in the formalities involved in dealing with victims, and so on.

This initiative is part of ASACI's general project to transform and modernise the insurance sector, in particular by combating motor insurance fraud, reducing the time taken to process claims and introducing electronic certificates. This initiative fits in well with the Ivorian government's road safety strategy.

For ASACI, it was first necessary to resolve the problem of the essentially manual documentation procedure in order to reduce the time taken to deal with victims. Secondly, a solution had to be found for authenticating the certificates, which involved identifying the issuing insurance companies. All of these procedures were time-consuming and ended up discouraging policyholders, thereby eroding their confidence in the insurance industry.

Digitalisation has now revolutionised the entire sector. Digital authentication and certification using QR codes have now been introduced, to the satisfaction of all those involved in the sector.

To ensure the success of its project, ASACI involved all the key players in the field, including insurance companies and brokers, the national gendarmerie and police, the special road regulation brigades, and others.

The continental scope of this ASACI initiative is of the utmost importance, as it is part of the more general development of the insurance sector on the African continent. And it is for this reason that Africa Re is proud to be associated with it and to have supported it alongside other players.

The dazzling success of the project in Côte d'Ivoire will undoubtedly have a boomerang effect across the continent, to the delight first and foremost of policyholders, who will now actually benefit from the cover they are buying and will finally be free of scammers, thereby boosting their confidence in insurance products. This is an important lever for improving the penetration rate of insurance in Africa.

Digitalisation has now revolutionised the entire sector. Digital authentication and certification using QR codes have now been introduced, to the satisfaction of all those involved in the sector.

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