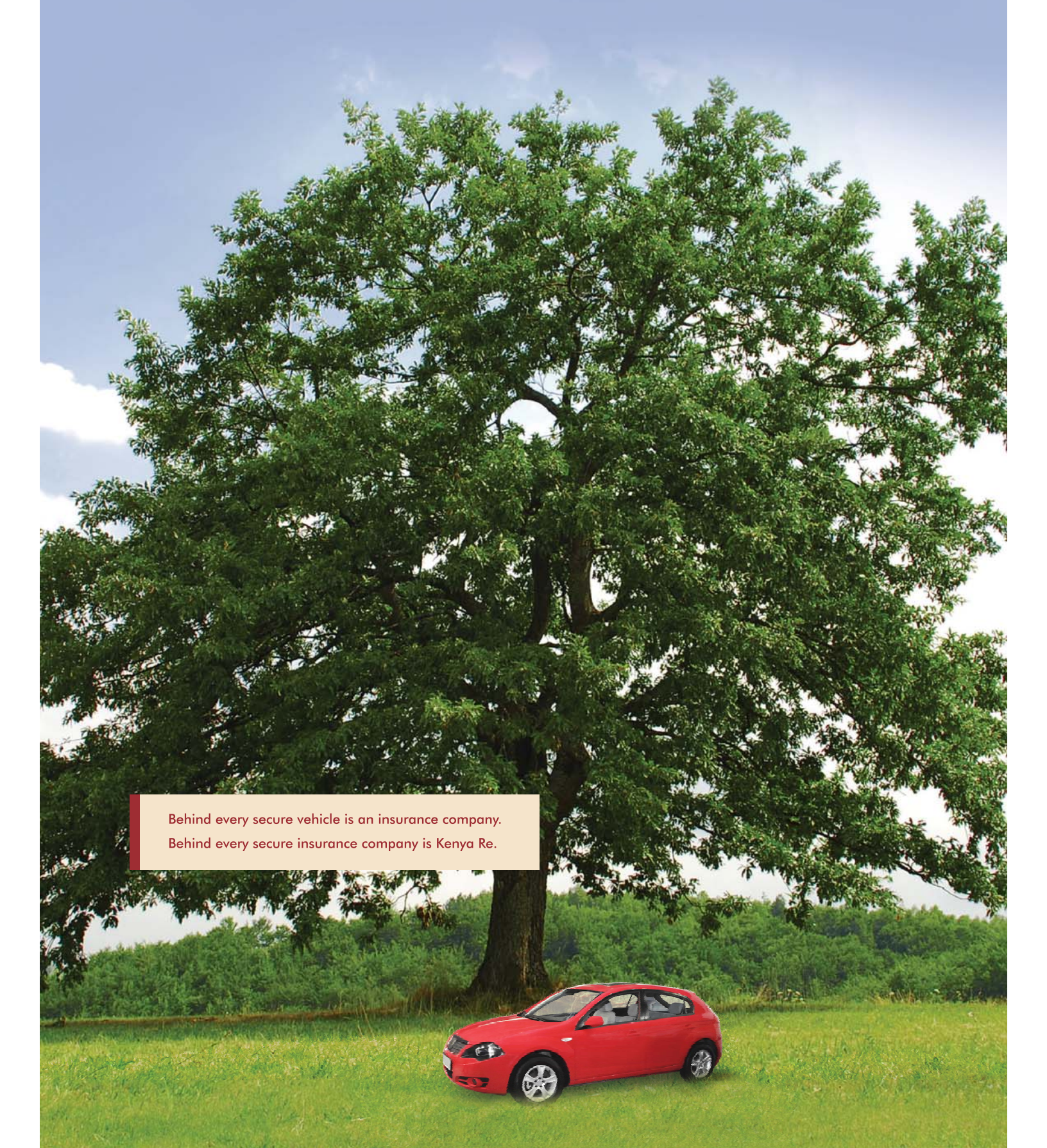




Kenya Re

"The Symbol of Reinsurance Service
and Security Worldwide"



Behind every secure vehicle is an insurance company.
Behind every secure insurance company is Kenya Re.



Securing your future

OUR CORPORATE VISION

"To be the reinsurer of choice in our chosen markets"

OUR CORPORATE MISSION

Be **Customer-focused** and committed to growth, profitability and satisfactory returns to our shareholders.

Engage **modern technology** that ensures the efficiency of our systems and procedures.

Attract, develop and retain a pool of **qualified** and **experienced** staff that ensures we retain a competitive edge.

Endeavour to be **socially responsible** and environmentally conscious by observing high ethical standards in all our business practices.

OUR VALUES

Kenya Re pledges that all organizational activities and decisions will be based on and guided by the following values:

- Customer focus
- Integrity
- Our people
- Professionalism and quality of work
- Social responsibility
- Concern for the environment



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CORPORATE INFORMATION

DIRECTORS

Nelius Kariuki	-	Chairman
Jadiah Mwarania	-	Managing Director
Joseph Kinyua	-	Permanent Secretary, Treasury
Mutua Kilaka	-	Alternate to Joseph Kinyua
Jacob Haji Ali		
Dr. Iruki Kailemia		
Everest Lenjo		
Mutwiri Ikiao		
Gladys Mboya		
Nelson Kuria		
Felix Okatch		

SECRETARY

Habil Waswani
Registration No. R/CPS B/1650
Certified Public Secretary (Kenya)
Reinsurance Plaza, Taifa Road
P O Box 30271 - 00100
Nairobi

REGISTERED OFFICE

Reinsurance Plaza
Taifa Road
P O Box 30271 - 00100
Nairobi

AUDITORS

Auditor General
P O Box 30084 - 00100
Nairobi

CONSULTING ACTUARIES

Alexander Forbes Financial Services (East Africa) Limited
10th Floor, Landmark Plaza
Argwings Kodhek Road
P O Box 52439 - 00200
Nairobi

Actuarial Services (East Africa) Limited
10th Floor Victoria Towers
Kilimanjaro Avenue, Upper hill
P O Box 10472 - 00100
Nairobi

ADVOCATES

Kantai & Company Advocates
Bruce House, 8th Floor
Standard Street
P O Box 34247 - 00100
Nairobi

Otieno Ragot & Company Advocates
P O Box 3051/1883 - 40100
Kisumu

Wasuna & Company Advocates
National Bank Building
2nd Floor, Harambee Avenue
P O Box 34992 - 00100
Nairobi

Mwaura & Wachira Advocates
Furaha House Apartments
Off Argwings Kodhek Road
P O Box 51667 - 00200
Nairobi

Igeria & Ngugi Advocates
Hughes Building
5th Floor, Kenyatta Avenue
Nairobi

Mose, Mose Milimo Advocates
3rd Floor, Comcraft House
Haile Selassie Avenue
P O Box 9403 - 00200
Nairobi



Kenya Re

CORPORATE INFORMATION

M. A. Otega & Company Advocates
Anniversary Towers
Mezzanine 2, South Tower
University Way
P O Box 46630 - 00100
Nairobi

Shiganga & Company Advocates
Agip House, Entrance B
6th Floor Suite No.10
Haile Selassie Avenue
P O Box 48270 - 00100
Nairobi

BANKERS

Kenya Commercial Bank Limited
Moi Avenue
P O Box 30081 - 00100
Nairobi

National Bank of Kenya Limited
Harambee Avenue
P O Box 41862 - 00100
Nairobi

Bank of Africa Kenya Limited
Reinsurance Plaza, Taifa Road
P O Box 69562 - 00400
Nairobi

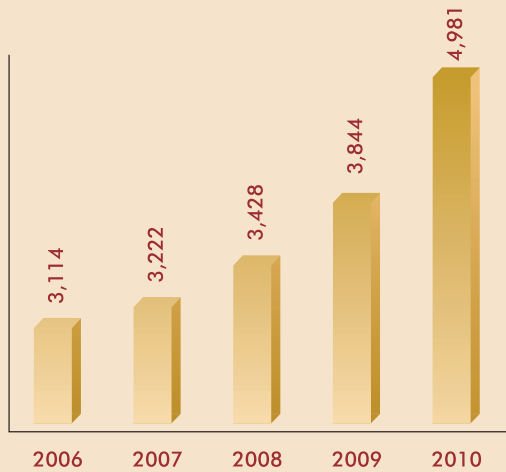
Citibank N.A
Citibank House, Upper Hill
P O Box 30711 - 00100
Nairobi

Lloyds TSB Bank PLC
Fenchurch Street Branch
72 Fenchurch Street
London
EC3 3EH, United Kingdom

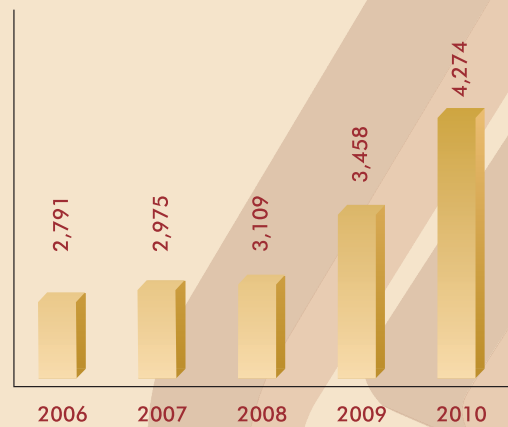
Commercial Bank of Africa Ltd
Mara & Ragati Roads, Upper hill
P O Box 30437 - 00100
Nairobi

FIVE YEAR PERFORMANCE ANALYSIS

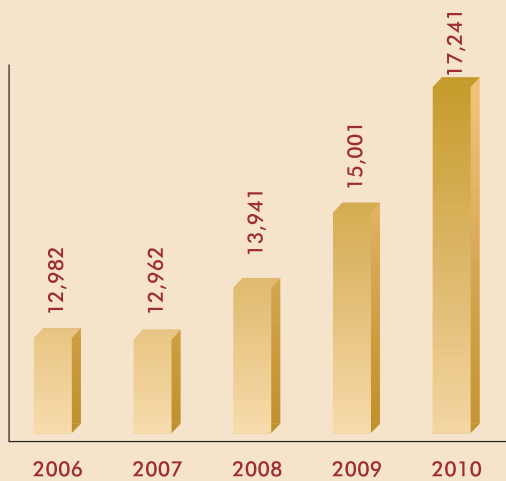
GROSS PREMIUM WRITTEN (Kshs Millions)



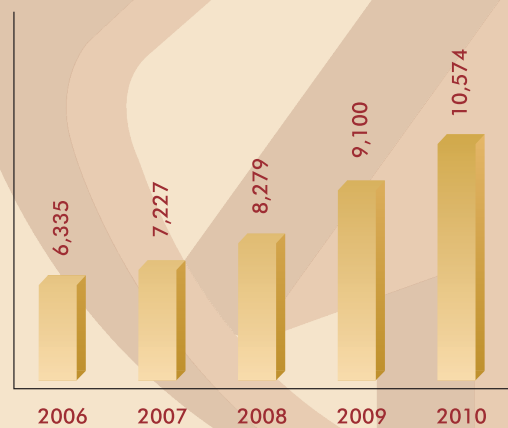
NET PREMIUMS WRITTEN (Kshs Millions)



TOTAL ASSETS (Kshs Millions)

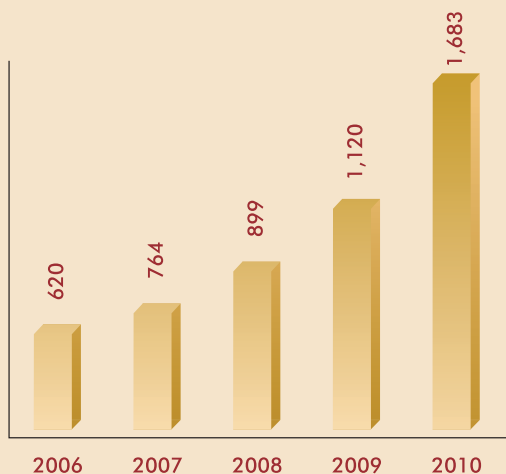


SHAREHOLDER'S FUNDS (Kshs Millions)

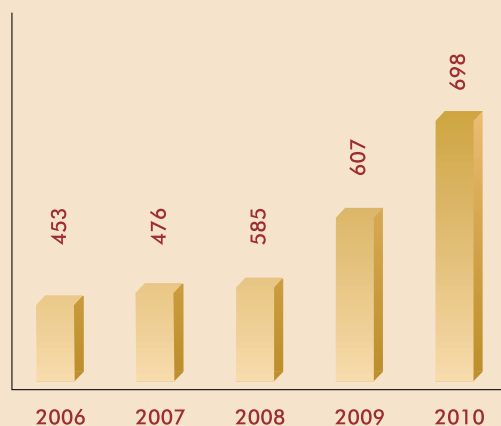


FIVE YEAR PERFORMANCE ANALYSIS

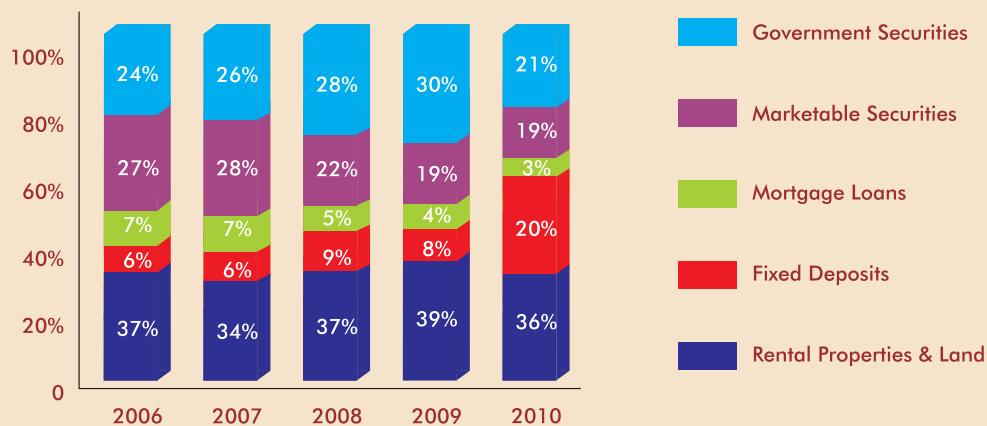
INVESTMENT INCOME (Kshs Millions)



MANAGEMENT EXPENSES (Kshs Millions)



INVESTMENT MIX (%)



NOTICE OF THE 13TH ANNUAL GENERAL MEETING

Notice is hereby given that the 13th ANNUAL GENERAL MEETING OF KENYA REINSURANCE CORPORATION LIMITED will be held at the Bomas of Kenya, off Langata Road, Nairobi, on Friday, 10th June 2011 at 11.00 a.m. when the following business will be transacted, namely:

AGENDA

1. Constitution of the Meeting - To read the notice convening the Meeting and determine if a quorum is present and to confirm the Minutes of the 12th Annual General Meeting held on 18th June 2010.
2. To receive, consider and, if approved, adopt the Corporation's audited Financial Statements for the year ended 31st December 2010 together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To approve payment of a first and final dividend of Kshs 0.35 per share, subject to withholding tax where applicable, for the financial year ended 31st December 2010 to the shareholders registered in our books as at 10th June 2011 on or about 15th July 2011, as recommended by the Board, and approve the closure of the Register of Members on 13th June 2011.
4. **Election of Directors:**
 - a) In accordance with Articles 110 of the Corporation's Articles of Association, Mrs. Nelius Kariuki retires by rotation as a Director and, being eligible, offers herself for re-election.
 - b) In accordance with Articles 110 of the Corporation's Articles of Association, Mr. Jacob Haji retires by rotation as a Director and, being eligible, offers himself for re-election.
 - c) In accordance with Articles 110 of the Corporation's Articles of Association, Dr. Iruki Kailemia retires by rotation as a Director and, being eligible, offers himself for re-election.
5. To note the Directors' remuneration for the period ended 31st December 2010.
6. **Auditors**

To note that the audit of the Corporation's books of accounts will continue to be undertaken by the Controller and Auditor-General or an audit firm appointed by him in accordance with Section 14 of the State Corporations Act (as amended by the Miscellaneous Law Amendment Act 2002) and Sections 14 and 39 (i) of the Public Audit Act 2003.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. To transact any other ordinary business which may be transacted at an Annual General Meeting.

By Order of the Board



Habil A. Waswani
Corporation Secretary,
Kenya Reinsurance Corporation Limited
Reinsurance Plaza, 15th Floor
Taifa Road
P. O. Box 30271 – 00100
Nairobi

19th April 2011

NOTES:

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Corporation. To be valid, the form of proxy attached to this Annual Report or downloaded from the Corporation's website, must be duly completed and signed by the member and must be lodged at the registered offices of the Corporation's Share Registrars, Image Registrars Limited, Transnational Plaza, 8th Floor, Mama Ngina Street, and of P. O. Box 9287 – 00100 GPO, Nairobi or to be posted, so as to reach Image Registrars Limited, not later than 8th June 2011 at 11.00 a.m.
2. Any member may by notice duly signed by him or her and delivered to the Corporation Secretary on the above address, not less than seven (7) days and not more than twenty one (21) days before the date appointed for the Annual General Meeting give notice of his intention to propose any other person for election to the Board, such notice to be accompanied by a notice signed by the person proposed of his or her willingness to be elected. The proposed person need not be a member of the Company.



ILANI YA MKUTANO MKUU WA MWAKA

Ilani inatolewa hapa kuwa MKUTANO MKUU WA 13 WA MWAKA WA SHIRIKA LA KENYA REINSURANCE CORPORATION LIMITED utafanyika katika ukumbi wa Bomas of Kenya, mkabala na barabara ya Lang'ata Road, Nairobi, hapo Ijumaa, tarehe 10 Juni 2011 saa tano (5) asubuhi ambapo shughuli zifuatazo zitaendeshwa:

AJENDA

1. Ratiba ya Mkutano – Kusoma ilani inayoitisha Mkutano huu na kubaini ikiwa wenyehisa wamewasili na kuthibitisha Vipengee vya Mkutano Mkuu wa 12 uliofanyika tarehe Juni 18 2010.
2. Kupokea, kuzingatia na, ikiidhinishwa, kukubali Ripoti ya Fedha ya Shirika iliyokaguliwa katika mwaka uliokamilika Desemba 31, 2010 pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi wa Mahesabu ya kifedha zitakazoambatishwa.
3. Kuidhinisha malipo ya mgao wa kwanza na wa mwisho wa kiasi cha Senti 0.35 kwa kila hisa, lakini baada ya kushikilia ushuru pale panapohitajika, katika mwaka wa kifedha uliokamilika Desemba 31, 2010 kwa wenye hisa waliosajiliwa katika mabuku yetu kufikia Juni 10, 2011 kuanzia Julai 15, 2011, kama inavyotakiwa na Bodi, na kuidhinisha kufunga kwa Sajili ya Wanachama hapo Juni 13, 2011.
4. **Uchaguzi wa Wakurugenzi Wakuu:**
 - a) Kulingana na Kifungu cha 110 cha Mkataba wa Ushirikiano wa Shirika hili, Bi. Nelius Kariuki anastaafu kwa mzunguko kama Mkurugenzi Mkuu na, kama inavyostahili, anaweza kujitoa kuwania kuteuliwa tena.
 - b) Kulingana na Kifungu cha 110 cha Mkataba wa Ushirikiano wa Shirika hili, Bw. Jacob Haji anastaafu kwa mzunguko kama Mkurugenzi Mkuu na, kama inavyostahili, anaweza kujitoa kuwania kuteuliwa tena.
 - c) Kulingana na Kifungu cha 110 cha Mkataba wa Ushirikiano wa Shirika hili, Dkt. Iruki Kailemia anastaafu kwa mzunguko kama Mkurugenzi Mkuu na, kama inavyostahili, anaweza kujitoa kuwania kuteuliwa tena.
5. Kufahamu takrima ya Wakurugenzi Wakuu katika mwaka uliokamilika Desemba 31, 2010.
6. **Wakaguzi wa Kifedha**
Kuhakikisha kuwa ukaguzi wa mabuku ya hesabu ya Shirika hili utaendelea kushughulikiwa na Mdhidhi Mkuu wa Fedha na Mkaguzi Mkuu wa Mahesabu au shirika la ukaguzi litakaloteuliwa naye kulingana na Sehemu ya 14 ya Sheria za Mashirika ya Serikali (kama ilivyorekebishwa na Sheria ya Urekebishaji wa Masuala Anuwai ya 2002) na Sehemu ya 14 na 39 (1) ya Sheria ya Ukaguzi wa Mahesabu ya Umma ya mnamo 2003.
7. Kuwaidhinisha Wakurugenzi Wakuu kuamua kiwango cha malipo Wakaguzi wa Kifedha.
8. Kushughulikia masuala mengine ya kawaida ambayo yanaweza kuendeshwa katika Mkutano Mkuu wa Mwaka.

Kwa Amri ya Bodi

Habil A. Waswani
Katibu wa Shirika

Reinsurance Plaza, Gorofa ya 15
Taifa Road
SLP 30271-00100
Nairobi

19 Aprili 2011

TANBIHI:

1. Mwanachama anayestahili kuhudhuria mkutano huu na kupiga kura na asiyeweza kuhudhuria anaruhusiwa kuteua mwakilishi ili ahudhurie na apige kura kwa niaba yake. Siyo lazima mwakilishi awe mwanachama wa Shirika. Ili kukubalika, fomu ya mwakilishi iliyoambatishwa katika Ripoti hii ya Mwaka au iliyoopolewa kutoka kwa tovuti ya Shirika (www.kenyare.co.ke), lazima ikamilishwe na kutiwa sahihi na mwanachama na lazima itiwae katika afisi zilizosajiliwa za Wasajili wa Hisa wa Shirika, Image Registrars Limited, Transnational Plaza, Gorofa ya 8, barabara ya Mama Ngina Street, ya SLP 9287 – 00100 GPO, Nairobi au iletwe kwa mkono, ili ifikie Image Registrars Limited, sio zaidi ya tarehe 8 Juni 2011 saa tano aduhuri.
2. Mwanachama yeyote anaweza kufahamisha Shirika hili, kupitia ilani, kuhusu nia yake ya kupendekeza mtu yeyote yule ili achaguliwe kwenye Bodi, na lazima ilani hiyo itiwae sahihi naye binafsi na iwasilishwe kwa Katibu wa Shirika katika anwani iliyoko hapo juu, katika siku zisizopungua saba (7) na zisizozidi ishirini na moja (21) kabla ya tarehe iliyotengewa Mkutano Mkuu wa Mwaka, na lazima ilani hiyo iandamane na ilani iliyotiwa sahihi na mtu aliyependekeza kwa haja yake ya kuteuliwa. Siyo lazima mtu aliyependekeza awe mwanachama wa Kampuni.

BOARD OF DIRECTORS



Standing (Left to Right)

Gladys M. Mboya
Nelson C. Kuria
Felix O. Okatch
Mutwiri Ikiao
Jadiah M. Mwarania
Everest M. Lenjo
Habil A. Waswani

- Non - Executive Director
- Non - Executive Director
- Non - Executive Director
- Non - Executive Director
- Managing Director
- Non - Executive Director
- Corporation Secretary

Sitted (Left to Right)

Jacob Haji Ali
Nelius Kariuki
Dr. Iruki Kailemia
Joseph Kinyua

- Non - Executive Director
- Non - Executive Chairman
- Non - Executive Director
- Permanent Secretary Treasury (not in picture)

DIRECTORS' PROFILES



MRS. NELIUS KARIUKI, 61 – Chairman & Non-Executive Director

Mrs. Nelius Kariuki joined the Corporation's Board of Directors on 18th December 2003 as a Director. Mrs. Kariuki has been the Chairman of the Corporation's Board since 4th January 2007. She is holder of Bachelor of Arts (Hons.) (Econ.) and Master of Arts (Econ.) degrees from The University of Nairobi. She worked with various Ministries in Government rising to the level of Principal Economist until 1990. She is currently in private business being the Director of Nelleen Development Company. She is also a director of Zep Re (PTA Reinsurance Company) and a member of the Institute of Directors.



MR. JADIAH MWARANIA, 46 – Managing Director

Mr. Mwarania was appointed the Managing Director of the Corporation on 12th April 2011. He had been the acting Managing Director since 11th April 2010. He has worked with the Corporation for over 20 years and was previously the General Manager (Reinsurance Operations). He holds a Bachelor of Commerce (B.com.) (Hons.) and Master of Business Administration (MBA) degrees from The University of Nairobi. He is a Fellow of the Chartered Insurance Institute of London (FCII), and the Insurance Institute of Kenya (IIK). Mr. Mwarania is a Chartered Insurer (CI) of the Insurance Institute of London, the highest and the most prestigious level of professional achievement with the Institute, and an Associate Member of the Kenya Institute of Management (AMKIM). He is an Alternate Director on the Board of Directors of Zep Re (PTA Reinsurance Company) and the Hon. Secretary of the Association of Kenya Reinsurers (AKR).



MR. JOSEPH K. KINYUA, CBS, 60 – Permanent Secretary, Treasury & Non-Executive Director

Mr. Kinyua holds Bachelor of Arts (Econ.) and Masters of Arts (Econ.) degrees from The University of Nairobi. He is currently the Permanent Secretary to the Treasury, under the Office of the Deputy Prime Minister and Ministry of Finance. He is a career economist having served in various senior capacities in the Treasury and the Central Bank of Kenya; and he has also worked as an economist with the International Monetary Fund between 1985 and 1990. He has served as a board member in various State Corporations and as a member of the Programme Committee of the African Economic Research Consortium (AERC) and is an Alternate Governor, World Bank Board of Governors.



DR. IRUKI KAILEMIA, 57 – Non-Executive Director

Dr. Kailemia joined the Board of Directors of the Corporation on 18th December 2003. He holds a Bachelors Degree in Pharmacy from The University of Nairobi. He has been a Pharmacist at Kenyatta National Hospital and a Marketing Manager at Sandoz Pharmaceuticals Ltd. Currently, he is the Managing Director of Madawa Pharmaceuticals Limited.



MR. JACOB HAJI ALI, 54 – Non-Executive Director

Mr. Haji was appointed a Director of the Corporation on 18th December 2003. His Directorship was extended on 4th January 2007. Mr. Haji was a Legal Assistant with ICDC between 1977-1995. He has attended a course in management at Kenya Institute of Management. He has attended various other professional management, governance and leadership courses. Currently, he is in private business.



MRS. GLADYS MUMBUA MBOYA, 42 – Non-Executive Director

Mrs. Mboya joined the Corporation's Board of Directors on 4th January 2007. She is an Advocate of the High Court of Kenya. She is the Managing Partner of Mboya and Wangong'u Advocates with sixteen years experience in Commercial and Corporate practice. She is a Certified Public Secretary of Kenya, a Member of the Chartered Institute of Arbitrators and a Mentor with the Global Give Back Circle (GGBC). She holds a Masters degree in Business Administration (MBA) from the University of Warwick (UK), a Bachelor of Laws with Honours degree (LLB) from the University of Wales, Aberystwyth (UK) and a Diploma in Law from the Kenya School of Law.

DIRECTORS' PROFILES



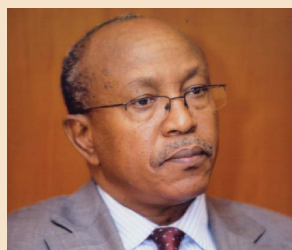
MR. EVEREST MATOLO LENJO, 59 – Non-Executive Director

Mr. Lenjo joined the Corporation's Board of Directors on 4th January 2007. He holds a Bachelors degree in Business Administration (International Trade & Marketing) from City University of New York and a Masters in Business Administration (Corporate Finance) degree from St. John's University Queens New York. He previously worked in the oil industry with Caltex Oil Kenya in various managerial levels in the regional marketing and trading of fuels in East and Central Africa. He currently is a consultant in exports, trading and transport logistics in the regional fuels market.



MR. MUTWIRI IKIAO, 60 – Non-Executive Director

Mr. Ikiao joined the Corporation's Board of Directors on 4th January 2007. He holds a Bachelor of Arts (Economics & Government) degree from The University of Nairobi. He has attended an Executive management programme at University of Western Ontario, Canada and the Insurance Management programme at College of Insurance (London). He also has a Banking Diploma from the Institute of Bankers (London). Mr. Ikiao has successfully completed various postgraduate professional management courses. He has worked in both the Banking and Insurance Industry. He was a Banking Executive between 1976-1981 and a General Manager in Charge of Finance and Administration in Intra Africa Assurance Company Ltd between 1981-2005. He has been a Director in Kenya Industrial Estates (K.I.E), Agricultural Finance Corporation and Williamson Development Co. Limited.



MR. NELSON CHEGE KURIA, OGW, 57 – Non-Executive Director

Mr. Kuria joined the Corporation's Board of Directors on 22nd June 2009. He graduated with a Bachelor of Arts degree in Economics from The University of Nairobi in 1979. Since then, he has undergone extensive training in strategic management and leadership.

Mr. Kuria has 32 years working experience most of which have been in the insurance industry. For the last 13 years he has been working for The Co-operative Insurance Company of Kenya (CIC) where he is the Managing Director and CEO since 2001. Mr. Kuria is the immediate past Chairman of the Association of Kenya Insurers (AKI). He is a board member of AKI and he represents the Association in the boards of the Federation of Kenya Employers (FKE) and Kenya Reinsurance Corporation. He is a member of the Institute of Directors of Kenya and is a member of many other local and international boards.



MR. FELIX OWAGA OKATCH, 57 – Non-Executive Director

Mr. Okatch joined the Corporation's Board of Directors on 8th April 2010. He is a graduate of Commerce from The University of Nairobi. He also holds a post graduate diploma from Helsinki School of Economics and an executive MBA from Makerere University Business School. He is multilateral trade expert and has over 30 years working experience in local and multinational Corporations. He also serves on the boards of various organizations in Kenya. He has written various publications on marketing and economic issues.



MR. HABIL WASWANI, 34 – Corporation Secretary

Mr. Waswani joined the Corporation on 3rd August 2009 as the Corporation Secretary and Principal Legal Officer. He held a similar position at Diamond Trust Bank Kenya Limited before joining the Corporation, and has over 10 years experience in commercial and corporate law practice. Mr. Waswani holds a Bachelor of Laws (LL.B) Degree from The University of Nairobi and a Diploma in law from the Kenya School of Law. He has attended various professional management and governance courses. He is a finalist in the Global Executive Master of Business Administration (GEMBA) Degree programme offered by the United States International University in collaboration with the Columbia Business School, Columbia University, New York. Besides being an Advocate of the High Court of Kenya and a registered Certified Public Secretary, Mr. Waswani is also a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.

CHAIRMAN'S STATEMENT



It is my privilege and pleasure to extend a warm welcome to all of you to this 13th annual general meeting of your corporation. I thank you all for your continued trust, encouragement and support. Before I begin to discuss the specific issues of your corporation, I would like to briefly describe the external environment in which we performed during the year 2010.

Review of business environment

Year 2010 saw the continuation of a recovery process as the world economy emerged from the throes of a deep recession that had permeated global markets in the two preceding years. Unprecedented fiscal policy from national governments defined efforts to restore stability in a world economy compromised by a lack of confidence and insufficient liquidity. The insurance industry passed through many ups and downs throughout the year 2010. The first half of the year was marked by a sharp contraction in agricultural output caused by insufficient rainfall; inflation emerged as a macro risk during the period. While inflationary pressures since late 2009 stemmed initially from rising food prices, non-food inflation too picked up in the last quarter of 2010 with overall demand getting stronger and a rise in the administered prices of domestic fuels. This continued slowdown, slowed growth in businesses and consequently muted demand for insurance.

In the second half of 2010 some signs of recovery began to manifest. Economic indicators also showed positive trends in the global arena as the recovery trend was gaining momentum. The Kenyan economy also showed signs of recovery, in the same period – second half of 2010. The economy witnessed a quick rebound and as a result, the industrial production for 2010 registered growth. This was due to the favorable weather conditions and the promulgation of the new constitution which influenced the relatively favorable financial environment for business to thrive. The inflation rate was also at all time low and steadily held on in that period of the second half of the year. This enabled the financial services institutions to record impressive results.

“ In 2010 gross premium grew by 30% and the investment income grew by 53% which contributed to the strong balance sheet. ”

However, the insurance industry as a whole witnessed a considerable deceleration in demand till October, 2010. This resulted in heightened volatility in treasury bills and bonds yields and posed tough challenges in treasury operations.

Let me now give you a detailed account of your Corporation's business and financial performance during 2010 against the economic backdrop just presented.

Overview of performance in 2010

2010 was another successful year for Kenya Re as once again it delivered impressive results, highlighting the sustainability of its performance despite ongoing economic uncertainty. Also, during this year, the Corporation took forward its objective of growth with quality and heightened customer focus. This enabled your Corporation to maintain a thrust of a well balanced growth across all business segments during 2010. We achieved all the targets as stipulated and committed in the government performance contract.

In 2010, the gross written premiums increased by 30%, to stand at Kshs 4.98 billion up from Kshs 3.84 billion in 2009. The net earned premiums grew by 24% to stand at Kshs 4.27 billion up from Kshs 3.46 billion achieved in 2009. Despite the adverse global financial trends, investment income grew from Kshs 1.14 billion achieved in 2009 to Kshs 1.75 billion in 2010, a growth of 53%. This was as a result of diversified investment mix.

The profit after tax for the year increased by 16% to stand at Kshs 1.54 billion from Kshs 1.33 billion in 2009.

This is attributable to increase in gross premium and investment income. Total assets improved by 15% from Kshs 15 billion in 2009 to Kshs 17.24 billion in 2010.

The board is therefore pleased that the Corporation has met the stakeholders' expectations in terms of performance, transparency, corporate governance and integrity in guidance during the year under review and indeed in the last couple of years.

Dividend

This strong financial performance has come at a critical time in the Corporation's development. The board has been reviewing the best way to achieve further growth while protecting the interests of all shareholders. Although the board is of the view that the Corporation's favorable operating results and strong cash flow generating capability will continue to support the future sustainable development of the Corporation, it has set aside a total of Kshs 300 million from the results of 2010 for the procurement of enterprise resource planning system (ERP).

The system will enable the Corporation give superior services to its clients through efficient operations and adoption of best-practices.

CHAIRMAN'S STATEMENT (CONTINUED)

It will enhance performance and decision making by availing real time information across the entire organization. This will result in growth, profitability and guarantee satisfactory returns to our shareholders.

With the foregoing, I am pleased to advise that the board of directors submits for your kind approval the distribution of Kshs 0.35 cents per share, which totals to Kshs 210 million for the year ended 31st December 2010.

Going forward, the board will consider assets for disposal or development and in so doing we can use the funds generated to add overall shareholder value, either through improving the balance sheet, or through re-investment.

Let me reiterate that our primary goal is, and will always be, to remunerate our shareholders and to protect their investment as we guide the corporation through these somewhat uncertain and adverse market conditions.

Oversight and governance

My board takes its governance responsibilities very seriously. We endeavour to ensure that the Corporation commits to conforming to the highest standards of corporate governance. In 2010, the board carried out a detailed review of our governance framework, the way we define the roles of the board and its committees. The audit committee oversaw a thorough review of financial controls and related risks across the corporation.

The road ahead

While the Kenyan economy may pull through slightly after the strong showing in the year gone, the receding effects of global crisis due to instabilities in the oil producing countries may slightly decrease growth in the year 2011. The monetary and fiscal stimulus is further withdrawn to check galloping pace of headline inflation, which is currently in double digits and increasing.

However, the current government interventions should provide a reprieve and aid in creating conducive environment to achieving strong growth with relatively lower inflation over the medium term. These factors may cause the industry to consider a further raise in premiums costs. This means long-term interest rates are likely to resume a rising trend with a return to more normal economic and financial conditions. Kenyan's strong domestic growth drivers, are relatively oppressed by the higher dependence on domestic sources as well as the heavy and uncertain financing and dependence on external creditors which may not insulate the economy from unpredictable changes now and in the coming year which is also an election year, and would invariably adversely affect investor confidence.

Against this background, I would now like to share with you, your Corporation's business objectives for the year 2011. As in the past couple of years, your Corporation will continue to perform with thrust on sustainable growth. We will try to achieve this by – maintaining healthy expansion and balanced growth, across all business segments, - keeping a strong back up of liquidity, - implementing stringent management of asset quality (prudent investment mix), - and minimize management expenses.

The Corporation will continue to leverage its technology, brand value and human resource strengths to serve its customers in the best possible way. The ISO certification launched in 2009 through to 2010 continues to help the corporation in optimizing the quality delivery of services to exceed the customer expectations for maximizing business and profit.

The board has recruited a substantive managing director through a competitive recruitment process. With this development, Kenya Re will refocus and continue to remain committed to create as much sustainable value for its stakeholders as possible. The Corporation is well prepared and poised to make use of growing economic opportunities to add to its strength as we are now well equipped with strong strategic foundations to sustain our performance in the years ahead.

Our emphasis will remain on growing sustainable shareholder value, investing for growth and improving the resilience and visibility and as such the overall quality of our business. The 2010 results demonstrate that we are well positioned and on the right course to achieve our set business objectives for 2011.

Appreciation

As in the past, our performance during 2010 was driven by the dedication and commitment staff of Kenya Re. On behalf of the board of directors, and on my own behalf, I salute the employees on the sterling overall performance for the year 2010. I expect the same determination and spirit to continue in future to further improve the performance of the corporation.

I also take this opportunity to express my sincere thanks and gratitude to my colleagues on the board of directors for their valuable guidance and advice to the management.

I am also thankful for the support received from the ministry of finance, all the regulatory authorities, our cedants and intermediaries and all the shareholders, and look forward for their continued support. Before I conclude, I would like to thank all of you, once again for your presence and interest in the corporation.

Thank you for your attention and god bless you.



Nelius Kariuki
Chairman



Ni fahari na furaha yangu kuwakaribisha nyote katika huu mkutano mkuu wa 13 wa mwaka wa shirika lenu. Ninawashukuru nyote kwa imani hiyo, hamasa na msaada. Kabla ya kuanza kujadili masuala fulani ya shirika lenu, ningependa, kwa ufupi kuelezea mazingira ya nje ya utendaji kazi wetu katika mwaka wa 2010.

Uchanganuzi wa mazingira ya kibiashara

Katika mwaka wa 2010 tulishuhudia maendeleo ya harakati ya kujiinua kutoka kwa mfumko mkuu wa kiuchumi wa dunia ambao uliathiri masoko ya kimataifa katika kipindi cha miaka miwili mfululizo. Sera ya kifedha isiyokadirika kutoka kwa serikali za kitaifa ilibainisha jitihada za kuimarisha uthabiti katika uchumi wa dunia uliotatizwa na ukosefu wa matumaini na pesa za kutosha.

Biashara ya bima ilipitia milima na mabonde mengi mwaka mzima wa 2010. Nusu ya kwanza ya mwaka ilishuhudia kudidimia kwa haraka kwa mazao ya kilimo kutokana na ukosefu wa mvua; mfumko wa bei nao ulitokea kuwa hatari kubwa katika msimu huo. Ijapokuwa msukumo wa mfumko wa bei tangu baadaye 2009 ulitokana na kupanda kwa bei ya vyakula, mfumko usiotokana na vyakula pia ulishika kasi katika robo ya mwisho ya 2010 ambapo mahitaji ya kijumla yalizidi na kuongezeka kwa bei ya mafuta ya humu nchini. Matatizo hayo yalipunguza ukuaji wa biashara na hivyo kuvuruga mahitaji ya bima.

Katika nusu ya pili ya 2010 dalili za kufufuka zilianza kujitokeza. Ishara za ukuaji wa kichumi zilijitokeza katika bashara za kilimwengu huku mielekeo hiyo ikishika kasi kwa haraka. Uchumi wa kenya pia ulionyesha ishara za kufufuka, katika kipindi hicho cha awamu ya pili ya mwaka wa 2010. Uchumi ulishuhudia mrindimo wa haraka na kwa sababu hiyo uzalishaji wa viwanda katika mwaka wa 2010 uliandikisha ukuaji. Hii ilitokana na hali nzuri ya hewa na kuidhinishwa kwa katiba mpya ambayo iliunda mazingira mazuri ya kifedha kwa ustawi wa biashara. Kiwango cha mfumko wa bei pia ulishuka sana na polepole kusimama katika nusu ya pili ya mwaka huo.

“Mwaka wa 2010, kiwango chetu cha jumla cha uzalishaji kilikua kwa 30% na mapato ya uwekezaji kukua kwa 53% iliyochangia pakubwa katika uboreshaji wa nyaraka za kifedha.”

Hii iliwezesha taasisi za huduma za kifedha kusajili matokeo mema.

Hata hivyo, idara ya bima kwa jumla ilishuhudia kupunguka kwa ukuaji hadi oktoba 2010. Hii ilipelekea kudhoofika sana kwa matokeo ya hawala za serikali na hati dhamana na kusababisha changamoto kali katika uendeshaji shughuli za kifedha.

Sasa hebu niwapeni ripoti ya biashara ya shirika na matokeo ya kifedha katika mwaka wa 2010 dhidi ya mtikisiko wa uchumi uliotajwa hapo awali.

Uchanganuzi wa matokeo ya 2010

Mwaka wa 2010 ulikuwa wa mafanikio kwa Kenya Re kwani kwa mara nyingine ilipata matokeo ya kuridhisha, ikionyesha uthabiti katika matokeo yake licha ya kiza kinachokabili uchumi kwa sasa. Aidha, katika mwaka huo, shiriki hili lilishikilia lengo lake la ukuaji kwa kuzingatia ubora na wateja wengi. Hii iliwezesha shirika lenu kudhibiti ukuaji kwa njia ya usawa kote katika nyanja za kibiashara katika mwaka wa 2010. Tulifikia malengo yote haya kama ilivyoorodheshwa na kujumuishwa katika mkataba wa utendaji-kazi wa serikali.

Mwaka wa 2010, jumla ya ada ya bima iliyosajiliwa iliongezeka kwa asilimia 30, na kufikia shilingi bilioni 4.98 kutoka shilingi bilioni 3.84 mnamo 2009. Mapato ya bima baada ya kuondolewa gharama yalistawi kwa asilimia 24 na kufikia bilioni 4.27 kutoka kwa shilingi bilioni 3.46 zilizopatikana mnamo 2009. Licha ya mielekeo hatari ya kifedha ya dunia, mapato ya uwekezaji yalikuwa kutoka shilingi bilioni 1.14 zilizopatikana mnamo 2009 hadi shilingi bilioni 1.75 mnamo 2010, ukuaji wa asilimia 53. Hii ilitokana na mseto wa upanuzi katika uwekezaji.

Faida baada ya ushuru mwaka huo iliongezeka kwa asilimia 16 na kufikia shilingi bilioni 1.54 kutoka shilingi bilioni 1.33 katika mwaka wa 2009.

Hii inatokana na kuongezeka kwa ada ya bima kwa jumla na mapato ya uwekezaji. Amali ya jumla iliongezeka kwa asilimia 15 kutoka kwa shilingi bilioni 15 mnamo 2009 hadi shilingi bilioni 17.24 katika mwaka wa 2010.

Bodi hii kwa hivyo inaona fahari kuwa shirika hili lilifikia matarajio ya washikadau katika viwango vya utendaji kazi, uwazi, usimamizi wa shirika na uadilifu katika maongozi kwenye mwaka huu unaochanganuliwa na hata katika miaka kadha iliyopita.

Mgao

Matokeo haya mazuri ya kifedha yamepatikana wakati mwema katika ustawi wa shirika letu. Bodi hii imekuwa ikichunguza njia nzuri ya kufikia ukuaji zaidi huku ikilinda maslahi ya wenye hisa.

RIPOTI YA MWENYEKITI (CONTINUED)

Ijapokuwa bodi hii inaonelea kuwa uwezo wa matokeo mwafaka ya uendeshaji shirika na mtiririko thabiti wa pesa taslimu utaendelea kusaidia katika ustawi thabiti wa shirika katika siku za usoni, imetenga shilingi milioni 300 kutokana na matokeo ya mwaka wa 2010 ili kununua mfumo mpya wa mpangilio wa rasilimali za kibiashara (ERP).

Mfumo huo utawezesha shirika hili kutoa huduma za hali ya juu kwa wateja wake kupitia uendeshaji na uzingatiaji wa mienendo miema. Itawezesha utendaji na ufanyaji maamuzi kwa kutoa habari za kisasa kote katika shirika zima. Hii itapelekea ukuaji, faida na hakikisho la matokeo mazuri na yanayoridhisha kwa wenye hisa wetu.

Kutokana na hayo, ninaona fahari kushauri kwamba bodi ya wakurugenzi wendeshaji inawasilisha kwenu ili muidhinisha mgao wa senti 0.35 kwa kila hisa, ambao unafikia shilingi milioni 2010 katika mwaka uliokamilika tarehe 31 desemba 2010.

Nikiendelea, bodi itazingatia amali za kuweka wazi au kustawishwa na kwa kufanya hivyo tunaweza kutumia pesa zitakazopatikana kuongeza jumla ya thamani ya uwenye hisa, ama kupitia kuimarisha hesabu ya matumizi na mapato, au kwa kuwekeza upya.

Hebu nisisitize kuwa lengo letu la kimsingi ni, na litaendelea kuwa, kuwalipa wenye hisa wetu na kulinda uwekezaji wao huku tukiongoza shirika hili katika hali ngumu za soko zisizojulikana.

Matazamia na uongozi

Bodi hii inazingatia kwa dhati majukumu ya usimamizi. Tunataka kuhakikisha kuwa shirika hili linajitolea kuzingatia viwango vya juu vya usimamizi wa shirika. Mwaka wa 2010, bodi hii iliendesha uchanganuzi mpana wa mwongozo wa usimamizi wetu, jinsi tunavyofafanua majukumu ya bodi na kamati zake. Kamati ya ukaguzi wa mahesabu ya fedha ilisimamia shughuli ya uchanganuzi wa vidhibiti vya kifedha na hatari ambata katika shirika zima.

Safari inayotukabili

Ijapokuwa uchumi wa kenya unaweza kufanikiwa kwa kasi ndogo baada ya ufanisi thabiti wa mwaka jana, athari zinazoendelea kukumba dunia kutokana na utepetevu katika mataifa yanayochimba mafuta, zinaweza kupunguza ukuaji katika mwaka wa 2011. Vichochezi vya kifedha na makadirio yake vimewekwa ili kuzuia kasi ya mfumko wowote, ambao kwa sasa umekuwa maradufu na zaidi.

Hata hivyo, mikakati ya sasa ya serikali inafaa kutoa nafuu na kusaidia katika uundaji mazingira mazuri ya kufikia ukuaji thabiti wenye mfumko mdogo kwa kipindi cha wastani. Hali hizi zinaweza kusababisha idara hii kuwazia kuongeza zaidi gharama za ada ya bima. Hii inamaanisha kuwa kiwango cha riba kwa kipindi kirefu kinaweza kurejea katika mkondo wa kuongezeka huku pakirejea hali za kawaida za uchumi na kifedha.

Viendeshaji thabiti vya uchumi nchini kenya, vimefinywa kiasi na kutegemea sana rasilimali za humu nchini pamoja na ufadhili mkubwa usiotabirika na kutegemea mikopo ya kigeni ambayo haiwezi kuingia uchumi dhidi ya mabadiliko

yasiyojulikana sasa katika mwaka ujao ambao pia utakuwa wa uchaguzi, na yanaweza kuhasiri imani ya wawekezaji. Kutokana na msingi huu, sasa ningependa kushiriki nanyi, malengo yenu ya shirika katika mwaka wa 2011. Sawa na katika miaka kadha iliyopita, shirika lenu litaendelea kutenda kwa kulenga juu ukuaji thabiti. Tutajaribu kufikia haya kwa - kudhibiti upanuzi mwafaka na ukuaji sawa, wa fani zote za biashara, - tukishikilia upigaji jeki pesa zetu taslimu, - kutekeleza usimamizi bora wa amali zetu (mseto muhimu katika uwekezaji), - na kupunguza gharama za usimamizi. Shirika litaendelea kukuza teknolojia yake, thamani ya sampuli na nguvu za rasilimali za wafanyakazi ili kuhudumia wateja wake kwa njia nzuri kabisa. Uidhinishaji wa iso uliozinduliwa katika mwaka wa 2009 hadi 2010 unaendelea kusaidia shirika hili katika utoaji mathibuti wa huduma ili kuzidi matarajio ya wateja na kupata manufaa na faida kuu.

Bodi hii imeajiri mkurugenzi mwendeshaji mwenye maarifa kupitia harakati kali ya ujiri. Kutokana na ustawi huu, Kenya Re itazingatia na kuendelea kujitolea ili kuunda thamani kuu na thabiti kwa washikadau wake. Shirika hili pia limejiandaa vyema na tayari kutumia nafasi ya ustawi wa uchumi kuzidisha nguvu zake jinsi ilivyo kwamba sasa tumejihami vyema kwa misingi thabiti na mahsusi ya kudhibiti utendaji wetu katika miaka ijayo.

Msisitizo wetu unasalia kuelekezwa katika thamani thabiti ya wenye hisa, uwekezaji kwa maksudi wa ukuaji na kuimarisha nguvu hizi na uwazi na kwa sababu hiyo jumla ya ubora wa biashara yetu. Matokeo ya 2010 yanaonyesha kwamba tuko katika barabara nzuri ya kufikia malengo tuliyoweka ya kibiashara katika mwaka wa 2011.

Shukrani

Kama ilivyokuwa katika miaka iliyotangulia, matokeo yetu katika mwaka wa 2010 yalisukumwa na kujitolea kwa wafanyakazi wa kenya re. Kwa niaba ya bodi ya wakurugenzi, na kwa niaba yangu binafsi, nawapongeza wafanyakazi wote kwa matokeo bora katika mwaka wa 2011. Ninatarajia jitihada hizo na moyo huo utaendelea katika siku zijazo ili kuimarisha zaidi utendaji-kazi wa shirika hili.

Vile vile ninachukua nafasi hii kuwashukuru wenzangu katika bodi ya wakurugenzi kwa muongozo na ushauri wao wenye thamani juu ya usimamizi.

Kadhalika, ninashukuru kwa msaada kutoka kwa wizara ya fedha, mashirika yote ya kuelekeza, wafadhili na mashengwa wetu pamoja na wenye hisa, na ninatarajia msaada wao utaendelea. Kabla ya kuhitimisha, kwa mara nyingine ningependa kuwashukuru ninyi nyote, kwa kuwepo na mvuto wenu katika shirika hili.

Asanteni sana kwa kunisikiliza na mungu awabariki.



Nelius Kariuki
Mwenyekiti



REPORT OF DIRECTORS

The directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the corporation are underwriting all classes of reinsurance business and investment activities.

RESULTS

	2010 Kshs '000
Profit before taxation	1,660,016
Taxation charge	(118,625)
Profit for the year transferred to retained earnings	1,541,391

DIVIDENDS

The directors recommend the payment of a first and final dividend of Kshs 0.35 (2009 - Kshs 0.50) per share totalling to Kshs 210 million for the year ended 31 December 2010 (2009 – Kshs 300 million).

DIRECTORS

The present membership of the Board is set out on page 2.

In accordance with Articles 110 of the corporation's Articles of Association, Mrs. Nelius Kariuki, Mr. Jacob Haji and Dr. Iruki Kailemia retire by rotation as directors and, being eligible, offer themselves for re-election at the Annual General Meeting to be held on 10 June 2011.

Effective 12th April 2011, Mr. Jadhav Mwarania was appointed Managing Director of the Corporation.

SECRETARY

The corporation Secretary is Mr. Habil A. Waswani.

AUDITORS

The Auditor General is responsible for the statutory audit of the corporation's books of account in accordance with Sections 14 and 39(I) of the Public Audit Act, 2003, which empower the Auditor General to nominate other auditors to carry out the audit on his behalf.

Deloitte & Touche were appointed by the Auditor General to carry out the audit for the year ended 31 December 2010.

BY ORDER OF THE BOARD

Secretary
Nairobi
2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



Mr. Jadhah Mwarania
Principal Officer



Mr. Everest Lenjo
Director



Nelius Kariuki
Director

19 April 2011

MANAGING DIRECTOR'S STATEMENT



Financial highlights

Kenya Re has achieved outstanding performance in year 2010. We responded to the challenges of the global financial crisis and took steps to stabilize and strengthen the Corporation. The Corporation's financial performance in 2010 is a demonstration of its strength and ability to spot and seize business opportunities in its markets in Africa, Middle East and Asia. This was achieved amid a challenging and uncertain global economic and financial environment.

Year 2010 was significant for Kenya Re in terms of performance in its operations. We achieved a 30% growth in gross premiums which grew from Kshs 3.844 billion in 2009 to Kshs 4.981 billion in 2010. The gross earned premiums grew by 24% from Kshs 3.458 billion in 2009 to Kshs 4.274 billion in 2010. Investment income grew by 53% from Kshs 1.141 billion in 2009 to Kshs 1,748 in 2010. Profit before taxation grew by 13% from Kshs 1.464 billion in 2009 to Kshs 1.660 billion in 2010. The growth in profit after taxation was 16% from Kshs 1.329 billion in 2009 to Kshs 1.541 billion in 2010. The total comprehensive income grew by 58% from Kshs 1.121 billion in 2009 to Kshs 1.773 billion in 2010.

These results were achieved despite a provision for doubtful debts of Kshs 476 million and a Kshs 350 million provision for asset held for sale. There was also a 12% increase in net claims incurred from Kshs 1.830 billion in 2009 to Kshs 2.047 billion in 2010. Operating and other expenses grew by 15% from Kshs 607 million to Kshs 698 million in 2010.

The growth in total assets was 15% from Kshs 15.0 billion in 2009 to Kshs 17.241 billion in 2010. The corporation's total equity growth was 16% from Kshs 9.10 billion in 2009 to Kshs 10.574 billion in 2010.

“The Corporation's outstanding financial performance in 2010 is a demonstration of its strength and ability to spot and seize business opportunities in its markets in Africa, Middle East and Asia.”

Business environment

The impressive results were achieved through team work, aggressive marketing, prudent underwriting and claims management as well as focused investment portfolio management. We maintained our focus of quality reinsurance acceptances in introducing new business. Customer services was kept at the fore. We embraced technological initiatives to further strengthen our operations and leverage on the opportunities in the domestic and international markets. The profits of the Corporation were affected by the deterioration of the stock market, the sluggish recovery of the economy as well as the low interest rates regime in Kenya.

The world's major developed economies started gradually stabilizing in 2010. In Kenya the government response through fiscal and monetary measures resulted in a GDP growth of 5.4%.

Human resources

Kenya Re is committed to strengthening efficiency and execution capability. We have a strong management team in place. We put in place strategies to address staff issues for sustainable growth. We recruited talent to fill gaps in the establishment.

We worked on business processes to re-engineer them to achieve the optimum use of technology and manpower to yield maximum customer satisfaction.

Financial and management ratings

We retained our rating of B+ by A.M. Best. The outlook of the rating remained stable. We also retained our rating by Global Credit Rating (GCR) of AA (double A) for domestic claim paying ability and BB+ (double B+).

We got ISO certified by the standard ISO 9001:2008.



MANAGING DIRECTOR'S STATEMENT (CONTINUED)

Information and communication technology

During the first half of 2010 the Corporation automated procurement processes. We intend to upgrade our website and increase the proportion of the services that we provided through the internet. We embraced electronic payments to our stakeholders. We started on the process of implementation of an enterprise resources planning system to integrate all our internal processes.

Risk management

We embraced enterprise-wide risk management (ERM) in 2010 and put in place the required structures including training of risk champions. We continue to be committed to full implementation of ERM. We set up a risk management unit within the organization.

At the same time, we continued to strengthen internal controls and monitoring.

We have endeavored to enhance effectiveness of the internal audit and quality control systems.

Corporate social responsibility

Kenya Re wishes to be recognized as responsible corporate citizen. It is integral to our daily operations, to our legacy, and to our future. By maintaining our reputation as a responsible employer, neighbor, partner and citizen we are constantly renewing our license to operate by engaging directly with the community through our CSR policy. This approach gives us continuing good will and support to be able to deliver on our mandate. The policy has enabled us to forge robust alliances with other organizations.

Governance

We continue to maintain the highest standards of corporate governance and best practice. We continually strive for excellence to create value for our stakeholders.

Way forward

Going forward we have sharpened our focus on our program of business growth. We have developed a comprehensive five years strategic business plan for the period 2011 to 2015. This will guide our strategy and operation and will be subjected to an annual review. We will focus on business development and marketing as a key driver of growth. There is great potential in retakeful line of business, micro insurance and political risks reinsurance. We will fully embrace technological developments for efficiency in our internal processes.

We believe we are well prepared for the key challenges facing the industry. We will apply strategies to overcome market and environmental challenges as we compete for new business in Africa, Middle East and Asia. There will be volatility in the market place. We will need to look beyond the peaks and troughs of reinsurance business cycle and be prepared to grow despite the market volatility and intense competition. The focus of all this will be to improve the worth of Kenya Re and that of its stakeholders, more so the shareholders.

By sharing technical knowledge with insurance markets through such activities as the hosting of technical reinsurance seminars for our customers, we seek to continue to deliver sustainable growth to insurance markets within our underwriting jurisdictions.

We will seek to retain third party endorsements of the strength and suitability of Kenya Re as a world class security. These include financial ratings and iso certification.

Appreciation

The corporation relies on the continuing trust and support of our shareholders. We take this opportunity to thank the shareholders for their commitment to the corporation over the years. We express our unqualified appreciation of our customers and the reinsurance intermediaries.

There can be no doubt that the success of Kenya Re is attributable to the capability of our board of directors. To them we say thank you. They have provided a very clear direction for the corporation. Their guidance, support and counsel has been invaluable.

In conclusion, let me pay tribute to all my colleagues in the corporation. The results that we present today are an output of their sweat.

Thank you



Jadiah Mwarania
Managing Director



Kenya Re

TAARIFA YA MKURUNGENZI MSIMAMIZI



Vidokezo vya kifedha

Kenya Re imepata matokeo ya kipekee katika mwaka wa 2010. Tulikabili changamoto za mtikisiko wa kifedha ulimwenguni na kuchukua hatua ya kuimarisha na kulipa nguvu shirika hili. Matokeo ya kifedha katika mwaka wa 2010 ni ishara ya nguvu na uwezo wake wa kubaini na kunyakua nafasi za kibiashara katika masoko yake ya Afrika, Mashariki ya Kati na kwenye bara la Asia. Mafanikio haya yalipatikana licha ya kuwepo kwa changamoto na hofu kuu kuhusu uchumi wa dunia na mazingira ya kifedha.

Mwaka wa 2010 ulikuwa na umuhimu mkubwa kwa Kenya Re kwa msingi wa matokeo katika utendajikazi wake. Tulipata ukuaji wa asilimia 30 katika bima ya jumla ambayo ilikuwa kutoka shilingi bilioni 3.844 mnamo 2009 hadi shilingi bilioni 4.981 mnamo 2010. Mapato ya bima kwa jumla yalikua kwa asilimia 24 kutoka shilingi bilioni 3.458 mnamo 2009 hadi shilingi bilioni 4.274 katika mwaka wa 2010. Mapato ya uwekezaji yalikuwa kwa asilimia 53 kutoka shilingi bilioni 1.141 katika mwaka wa 2009 hadi shilingi bilioni 1.748 mwaka wa 2010. Faida kabla ya ushuru iliongezeka kwa asilimia 13 kutoka shilingi bilioni 1.464 mnamo 2009 hadi shilingi bilioni 1.660 mnamo 2010. Ongezeko la faida baada ya ushuru ilikuwa asilimia 16 kutoka shilingi bilioni 1.329 mnamo 2009 hadi shilingi bilioni 1.541 mnamo 2010. Mapato yote kwa mapana yalikuwa kwa asilimia 58 kutoka shilingi bilioni 1.121 mnamo 2009 hadi shilingi bilioni 1.773 mwaka 2010.

Matokeo haya yalipatikana licha ya kutenga pesa za madeni yanayoshukiwa kutolipwa ya shilingi milioni 476 na shilingi milioni 350 zilizotengewa amali zilizoshikiliwa zikisubiri kuuzwa. Pia kulikuwa na ongezeko la asilimia 12 kwa malipo ya madeni yaliyokusanywa kutoka shilingi bilioni 1.830 mwaka wa 2009 hadi shilingi bilioni 2.047 mnamo mwaka wa 2010. Gharama za uendeshaji na nyinginezo ziliongezeka kwa asilimia 15 kutoka shilingi milioni 607 hadi shilingi milioni 698 mnamo mwaka wa 2010.

“Matokeo ya kipekee ya kifedha katika mwaka wa 2010 ni ishara ya nguvu na uwezo wake wa kubaini na kunyakua nafasi za kibiashara katika masoko yake ya Afrika, Mashariki ya Kati na kwenye bara la Asia.”

Ukuaji katika jumla ya amali ulikuwa kwa asilimia 15 kutoka shilingi bilioni 15.0 mnamo 2009 hadi shilingi bilioni 17.241 mnamo 2010. Ukuaji wa jumla wa hisa zisizokuwa na riba ya muda mrefu ulikuwa asilimia 16 kutoka shilingi bilioni 9.10 katika mwaka wa 2009 hadi shilingi bilioni 10.574 mwaka 2010.

Mazingira ya biashara

Matokeo hayo mazuri yalipatikana kupitia ushirikiano, kujitangaza kwa dhati, ung'amuzi wa busara na usimamizi wa madeni pamoja na usimamizi mzuri wa idara ya uwekezaji. Tulidhibiti kwa kuzingatia vyema uwekaji bima bora na ukubalifu wake katika kuanzisha biashara mpya. Huduma kwa wateje iliendelea kuwa mbele. Tulikumbatia sana teknolojia ili kuimarisha utendajikazi wetu na kufaa zaidi katika masoko ya hapa nyumbani na kimataifa. Faida za shirika ziliathiriwa na kudhoofika kwa soko la hisa, kufufuka pole pole kwa uchumi pamoja na viwango vidogo vya riba nchini Kenya. Mashirika makubwa ya kiuchumi ulimwenguni yalianza kukaa imara japo kwa mwendo wa pole pole katika mwaka wa 2010. Nchini Kenya ukubalifu wa serikali kupitia kwa hatua za makadirio na kifedha ulipelekea ukuaji wa gdp kwa asilimia 5.4.

Rasilmali za wafanyakazi

Kenya Re imejitolea kuimarisha ufaafu na uwezo wa kutenda. Tunacho kikosi thabiti cha usimamizi. Tunaweka mikakati ya kusuluhisha masuala yanayohusu wafanyakazi wetu ili kufikia ukuaji thabiti. Tuliagiri wafanyakazi wenye vipawa ili kujaza mianya katika shirika hili. Tulishughulikia harakati za biashara ili kuzipa ufundi wa kufikia matumizi ya juu ya teknolojia na nguvu za binadamu kwa lengo la kuridhisha kabisa wateja.

Viwango vya kifedha na usimamizi

Tulihifadhi viwango vyetu vya B+ kupitia A.M.Best. Mtazamo wa nje kuhusu viwango hivyo ulibakia imara. Pia tulihifadhi nafasi yetu, kwenye vigezo vya kifedha vya dunia (GCR - Global Credit Rating), ya AA (A maradufu) kwa uwezo wa humu nchini wa kulipa madeni na BB+ (B+ maradufu).

Tuliadhinishwa katika kiwango cha ISO 9001:2008.



TAARIFA YA MKURUNGENZI MSIMAMIZI (CONTINUED)

Teknolojia ya habari na mawasiliano

Katika awamu ya kwanza ya mwaka wa 2010 shirika hili lilianzisha mipango ya kununua mitambo. Tunalenga kuimarisha tovuti yetu na kuongeza ukubwa wa huduma ambao tulitoa kupitia mtandao wa internet. Tulikumbatia malipo kwa washikadau wetu kielektroniki. Tulianza harakati ya kutekeleza mfumo wa mipangilio ya rasilimali za biashara ili kushirikisha shughuli zetu zote za ndani.

Ukabilianaji na hatari

Tulianzisha ukabilianaji na hatari za kibiashara uitwao enterprise-wide risk management (ERM) mnamo 2010 na kuanzisha mikakati inayohitajika ikiwemo kufundisha wajuzi wa kukabili hatari.

Tutazidi kujitolea kutekeleza kikamilifu erm. Tulianzisha kitengo cha kukabiliana na hatari katika shirika hili.

Wakati huo huo, tulizidi kuimarisha vidhibiti vya ndani na ufuatiliaji.

Tumethubutu kuimarisha ufaafu wa ukaguzi wa ndani wa mahesabu na mifumo ya kudhibiti ubora.

Huduma ya shirika kwa jamii

Kenya re ingependa kutambuliwa kama shirika la mwananchi linalowajibika. Ni kati ya shughuli zetu za kila siku, sifa zetu, na mstakabali wetu. Kwa kudhibiti sifa yetu kama mwajiri, jirani, mshirika na mwananchi mwajibikaji, tunazidi kupata upya kibali cha kushirikisha moja kwa moja jamii kupitia sera yetu ya CSR. Mbinu hii inatupa nia njema isiyomalizika na msaada ili kutuwezesha kutekeleza majukumu yetu. Sera hii imetuwezesha kuanzisha ushirikiano mkuu na mashirika mengine.

Usimamizi

Tunazidi kudhibiti viwango vikuu vya usimamizi wa shirika pamoja na mienendo miema ya shirika. Tunaendelea kung'ang'ana kufikia ufanisi mkuu ili kuwapa washikadau wetu thamani inayowafaa.

Mustakabali

Tunaposonga mbele, tumeonelea pana haja ya kuzingatia pakubwa kuhusu mpango wa ukuaji wa biashara. Tumeunda mpango mahsusi wa miaka mitano wa biashara katika mwaka wa 2011 hadi 2015. Hii itaongoza mikakati yetu na utendaji kazi wetu na mpango wenyewe unaruhusiwa kufanyiwa marekebisho kila mwaka. Tutazingatia uimarishaji wa biashara na kujitangaza kama usukani mkuu wa ukuaji wetu. Kuna uwezo mkubwa wa biashara ya uchukuaji upya, bima ndogo na bima ya hatari za kisiasa. Tutakumbatia kikamilifu ustawi wa teknolojia ili kuimarisha ufaafu wa shughuli zetu za ndani.

Tunaamini tumejiandaa vyema kwa changamoto kuu zinazokabili kiwanda hiki. Tutatumia mbinu za kuzidi changamoto za kimasoko na mazingira tunaposhindania biashara mpya barani afrika, mashariki ya kati na bara la asia. Soko litakuwa wazi kwa wengi.

Tutahitajika kutazama katika upeo wa mbali na katika mabonde ya mduara wa biashara ya bima na kujiandaa katika ukuaji licha ya uwazi wa soko na ushindani mkali. Dhamira ya haya yote itakuwa ni kuimarisha thamani ya kenya re na washikadau, hasa wenye hisa.

Kwa kushirikiana na masoko ya bima katika maarifa ya kiufundi kupitia shughuli kama kuandaa semina za bima kwa wateja wetu, tunapania kuendelea kuwasilisha katika masoko ya bima yaliyomo katika mipaka yetu ya ustawi thabiti.

Tutatafuta idhini ya nafsi ya tatu katika utambuzi wa nguvu na ufaafu wa kenya re kama bima (usalama) ya kimataifa. Hii inajumuisha viwango vya kifedha na idhini ya 'ISO'.

Shukrani

Shirika hili linategemea imani isiyokoma na msaada wa wenye hisa wetu. Tunachukua fursa hii kuwashukuru wenye hisa kwa kujitolea kwao katika shirika hili kwa miaka mingi. Tunatoa shukrani zetu zisizokwisha kwa wateja na mawakala wetu wa bima.

Hapana shaka kuwa ufanisi wa kenya re unahusishwa na uwezo wa bodi yetu ya wakurugenzi wakuu. Tunawapa shukrani zote. Wametoa mwelekeo mathubuti kwa shirika. Muongozo wao, msaada na ushauri vimekuwa vito vya thamani kuu kwetu.

Kwa kutamatisha, hebu niwape hongera wenzangu wote kwenye shirika hili. Matokeo ambayo tunatoa leo ni tunda la jasho lao.

Asanteni sana

Jadiah Mwarania
Mkurugenzi Msimamizi

MANAGEMENT TEAM PROFILES



JACQUELINE NJUI (MRS) 46 – AG, General Manager Finance & Investment

Mrs. Jacqueline Njui joined Kenya Reinsurance Corporation Limited on 3rd October 1994 as an Accountant and has risen through the ranks to her current position of Ag. General Manager Finance & Investment. Previously she worked with the University of Nairobi as an Accountant.

Mrs. Njui holds a Bachelor of Commerce (Accounting option) degree from the University of Nairobi; she is finalizing her Executive Master of Business Administration (EMBA) Finance, Moi University.

Mrs. Njui is a certified Public Accountant of Kenya (CPA, K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Mrs. Njui has over 20 years working experience in Investments and Accounts and Pensions. She has attended various professional courses locally and internationally.



MICHAEL J. MBESHI 47 - General Manager (Property & Procurement)

Mr. Mbeshi joined Kenya Reinsurance Corporation Limited on 19th October 1994 as a Premises Officer and was deployed in Property Department. Mr. Mbeshi has risen through the ranks to his current position of General Manager, Property & Procurement. Mr. Mbeshi holds a Bachelor of Arts (Land Economics) from the University of Nairobi. He is a member of the Institute of Surveyors of Kenya and the Kenya Institute of Management. He is a holder of MBA from ESAMI (Eastern and Southern African Management Institute). Prior to joining Kenya Re Mr. Mbeshi had worked as an Urban Valuer with Ministry of Lands. He is a Board Member of IDB Capital Ltd, where he is an alternate Director. He also serves as the Chairman of the Investment Committee of IDB. He has over 21 years working experience.



JADIAH MWARANIA, 46 – Managing Director

Mr. Mwarania was appointed the Managing Director of the Corporation on 12th April 2011. He had been the acting Managing Director since 11th April 2010. He has worked with the Corporation for over 20 years and was previously the General Manager (Reinsurance Operations). He holds a Bachelor of Commerce (B.com.) (Hons.) and Master of Business Administration (MBA) degrees from The University of Nairobi. He is a Fellow of the Chartered Insurance Institute of London (FCII), and the Insurance Institute of Kenya (IIK). Mr. Mwarania is a Chartered Insurer (CI) of the Insurance Institute of London, the highest and the most prestigious level of professional achievement with the Institute, and an Associate Member of the Kenya Institute of Management (AMKIM).

He is an Alternate Director on the Board of Directors of Zep Re (PTA Reinsurance Company) and the Hon. Secretary of the Association of Kenya Reinsurers (AKR).



HABIL WASWANI, 34 – Corporation Secretary

Mr. Waswani joined the Corporation on 3rd August 2009 as the Corporation Secretary and Principal Legal Officer. He held a similar position at Diamond Trust Bank Kenya Limited before joining the Corporation, and has over 10 years experience in commercial and corporate law practice. Mr. Waswani holds a Bachelor of Laws (LL.B) Degree from The University of Nairobi and a Diploma in law from the Kenya School of Law. He has attended various professional management and governance courses. He is a finalist in the Global Executive Master of Business Administration (GEMBA) Degree programme offered by the United States International University in collaboration with the Columbia Business School, Columbia University, New York. Besides being an Advocate of the High Court of Kenya and a registered Certified Public Secretary, Mr. Waswani is also a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.



BETH S. NYAGA, (MRS) 45 - AG, General Manager: Reinsurance Operations

Beth S. Nyaga was appointed Acting General Manager, Reinsurance Operations effective May 2010. She has worked in the Corporation for over 20 years rising from a Management trainee to the level of Ag: General Manager (RO). She has a wealth of experience in Insurance and Reinsurance. She has attended several reinsurance and professional management courses both locally and internationally. She holds a Bachelor of Commerce degree (B.COM) (HONS.) from the University of Nairobi and a Master of Business Administration (MBA) degree from the East and Southern Africa Management Institute headquartered in Arusha (TZ). She is both a Fellow (FCII) and Associate (ACII) of the Chartered Insurance Institute of London and the Insurance Institute of Kenya. She is also a Chartered Insurer of the Insurance Institute of London.

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure by which companies are directed and controlled and held accountable in order to achieve long term value to shareholders taking cognisance of the interest of other stakeholders.

The Board of Directors of Kenya Reinsurance Corporation Limited is responsible for the governance of the corporation and is accountable to the shareholders for ensuring that the corporation complies with the laws and the highest standards of business ethics and corporate governance. Accordingly the Board attaches very high importance to the generally accepted corporate governance practice and has embraced the internationally developed principles and code of best practice of good corporate governance.

Board of Directors

The roles and functions of the Chairman and the Managing Director are distinct and their respective responsibilities clearly defined. The Board comprises of ten directors nine of whom are independent non-executive directors including the Chairman. The Board defines the corporation's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The directors bring a wealth of experience and knowledge to the Board's deliberations. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Managing Director. The Board nonetheless is responsible for the stewardship of the corporation and assumes responsibilities for the effective control over the corporation. The corporation Secretary advises the Board on all corporate governance matters and statutory requirements as well as attends all the Board meetings.

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so. The Board held 4 regular and 8 special meetings during the year under review. As the company is a state corporation, the Inspector General of State Corporations from time to time attends meetings of the Board and Board Committees for oversight and advisory purposes in accordance with the State Corporations Act

Committees of the Board

The Board has set up the following principal committees which meet under well defined terms of reference set by the Board. This is intended to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

a) Audit & Risk Committee

The membership of the Audit & Risk Committee is comprised as follows:

Everest Lenjo (Chairman)
Jacob Haji
Nelson Kuria
Joseph Kinyua

The committee assists the Board in fulfilling its corporate governance responsibilities and in particular to:

- Review financial statements before submission to the Board focusing on changes in accounting policies, compliance with International Financial Reporting Standards and legal requirements
- Strengthen the effectiveness of the internal audit function.
- Maintain oversight on internal control systems.
- Increase the shareholders' confidence in the credibility and standing of the corporation.
- Review and make recommendations regarding the corporation's budgets, financial plans and risk management.
- Liaise with the external auditors.
- Provide oversight in risk management pending the set-up of an independent Risk Committee of the Board.

The committee held 4 regular meetings and 1 special meeting in the year under review.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

b) Human Resources Committee

The membership of the Human Resources Committee is comprises as follows:

Gladys Mboya (Chairman)
Dr. Iruki Kailemia
Felix Okatch
Everest Lenjo
Joseph Kinyua
Jadiah Mwarania

The committee reviews and provides recommendations on issues relating to training needs, job transfers, staff recruitment, staff placements, promotions, demotions, discipline and staff welfare.

The committee held 4 regular meetings and 1 special meeting in the year under review.

c) Finance Investment and Tender Oversight Committee

The membership of the Finance Investment and Tender Oversight Committee is comprised as follows:

Mutwiri Ikiao (Chairman)
Felix Okatch
Dr. Iruki Kailemia
Joseph Kinyua
Jadiah Mwarania

The committee assists the Board in fulfilling its oversight responsibilities relating to the corporation's finance, ICT, procurement and investment strategies, policies, projects and related activities. The committee held 6 regular meetings and 2 special meetings in the year under review.

Risk Management and Internal Controls

The corporation has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the Board takes into account the results of work carried out to audit and review the activities the Corporation. The Board also considers the management accounts for each quarter, reports from each Board Committee, annual budgetary proposals, major issues and strategic opportunities for the Corporation. As an integral strategy in achieving its corporate goals, the Board ensures that an optimal mix between risks and returns is maintained. To achieve this goal, a risk management programme has been put in place to assist the Board in understanding business risk issues and key performance indicators affecting the ability of the Corporation to achieve its objectives.

Creating Shareholders' Value

In order to assure the shareholder of the commitment to activities that create and enhance shareholder value, the Board signs a performance contract and continues to perform an annual evaluation exercise to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year.

Directors Emoluments and Loans

The aggregate amount of emoluments paid to directors for services rendered during the financial year 2010 are disclosed in the notes to the financial statements under note 43. Non - executive directors are paid sitting allowances for every meeting attended. There were no arrangements for the directors to acquire benefits through the acquisition of the corporation's shares. Loans and advances to directors as at the end of the year are also disclosed in the financial statements under note 43

Director's interests in the shares of the corporation and the distribution of the corporation's shareholding and analysis of the ten largest shareholders as at 31 December 2010 were as follows:

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Director's interests as at 31 December 2010:

Name of Directors	Number of shares	% Shareholding
Permanent Secretary to the Treasury of Kenya	360,000,000	60
Nelius Kariuki	33,009	-
Gladys Mboya	15,772	-
Dr. Iruki Kailemia	1,318	-
Jacob Haji Ali	1,203	-
Everest Lenjo	72	-
Jadiah Mwarania	22	-
	360,051,396	60

Major Shareholders	Number of shares	% Shareholding
Permanent Secretary to the Treasury of Kenya	360,000,000	60.000
National Social Security Fund	20,089,638	3.348
Standard (K) Nominees Ltd A/C 9230	9,058,129	1.510
National Social Security Fund	7,389,638	1.232
Cannon Assurance (Kenya) Limited	3,365,600	0.561
Standard (K) Nominees Ltd A/C 9187	3,356,136	0.559
Continental Reinsurance Plc	2,768,842	0.461
CFC Stanbic Nominees Ltd A/C R80001	2,514,811	0.419
Kenya Commercial Bank Nominees Ltd A/C 744B	2,215,755	0.369
Cooperative Bank Custody A/C 4003	2,188,215	0.365
	412,946,764	68.824



Director



Director

19 April 2011

CORPORATE SOCIAL RESPONSIBILITY

We recognize that our social, environmental and ethical conduct has an impact on our reputation. We therefore take our corporate social responsibilities (CSR) seriously and are committed to implementing its policy.

The Corporation does not separate corporate responsibility from its business. CSR is part of our overall strategy. The Board takes ultimate responsibility for CSR and it ensures that the Management is committed to developing and implementing appropriate activities while adhering to the policy as we strive to create and sustain long term value for shareholders.

Although the Board does not believe that the activities of the Corporation present any significant environmental risks, it emphasizes that all our business is conducted in compliance with high ethical standards of business practice. We refer to the approved Corporation's policies, regulations and procedures, to ensure that business is conducted in adherence with high ethical and legal principles and sets standards of professionalism and integrity for all employees.

The Corporation aims at building stronger and healthier community relationship through more focused interventions. We strive to maintain a productive and open dialogue with all parties including shareholders, customers, suppliers and employees.

Although the website is one of the avenues we use for sustaining such interactions, we also use it to disseminate information to interested parties and for contacting us. However, we are working on establishing a relationship programme, where we can monitor our performance and actively encourage feedback from all our stakeholders in the community, to maximize the impact of our community.

In 2010, The Corporation we actively promoted corporate sustainability and continued to carry out a concoction of community based programs.

Internship Program

The Corporation has established links with the local public and a few private universities and provides a well structured internship programs to help students develop the working skills needed to succeed in the working world. Throughout 2010 The Corporation support 15 interns by offering internships within the corporation.

Donations and Charities

The Corporation has also formed lasting partnerships with several other non-profit organizations such as children's homes to provide financial and other essential resources. During the year under review, our employees participated in donating food stuffs and financial aid to various children's homes including Mama Fatuma, Mama Ngina, Mama Tunza, Liotokitok Children's home and one other educational facility for the underprivileged girls (Kibondeni College).



The Corporation also donated a total of 50 computers and 20 printers to various schools around the country.

National Disasters

The Corporation also supports extraordinary events. These include the devastating nationally declared disasters by generously donating funds. The Corporation also makes a special contribution to the Red Cross Relief Fund, and also facilitates and supports its employees in finding new ways of becoming involved to give back to their communities.

Going Forward

We continue to positively impact people's lives through our financial support and we are committed to transforming all our communities with different abilities in the society. These include universal sustainable equity and promotion of society as we believe we have an important role to play in advancing human welfare and economic progress especially in areas and in places with the underprivileged and weaker members of our society.

In 2011, the Board approved a policy where 1% of the total Corporations' net profits of its audited accounts are set aside for CSR activities.

Partnership

The Corporation has requested to partner with the Association for the physically Disabled of Kenya (APDK) and support the organization financially in fulfillment its vision and mission. Kenya Re would like to partner with this community based organization for its 2011 CSR activity. The Corporation was inspired to work with this charity based, non-partisan and non-profit making association because it also has integrity and upholds transparency and accountability. We believe that our Financial support will assist the Association in the procurement of assistive and mobility devices such as leg braces, surgical boots, wheelchairs and tricycles. With our financial support and APDK's strong community contacts and networks, we are confident this partnership will enhance both our organization and achieve our common desire of empowering persons with disabilities to be able to integrate with the community productively.

ACTUARY'S CERTIFICATE

Kenya Reinsurance Corporation Limited Actuarial Valuation of the Life Fund as at 31 December 2010

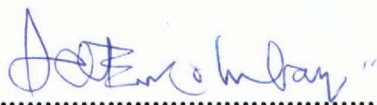
Actuary's Certificate

I, James Israel Omanyala Olubayi of Alexander Forbes Financial Services (EA) Ltd, Landmark Plaza, 10th Floor, Landmark Plaza Argwings Kodhek, P.O. Box 52439 Nairobi, being an Actuary duly qualified in terms of Section 2 of the Insurance Act having conducted an investigation in terms of Sections 57 and 58 of that Act as at 31 December 2010 do hereby certify as under:-

- (a) that in my opinion the value placed upon the aggregate liabilities relating to the Statutory Funds of Kenya Reinsurance Corporation Limited in respect of policies on the basis of valuation adopted by me is not less than what it would have been if the aggregate value had been calculated on the minimum basis prescribed;
- (b) that necessary steps as required under Section 58 (5) (a) were taken; and
- (c) that I am satisfied that the valuation of assets adopted by me are, on the basis of the Auditor's certificates appended to the balance sheet, fully of the value so adopted.

19 APRIL 2011

Date



James I. O. Olubayi

Fellow of the Institute of Actuaries

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NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF KENYA REINSURANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 DECEMBER 2010

The accompanying financial statements of Kenya Reinsurance Corporation Limited set out at page 30 to 66, which comprise of the Statement of Financial Position as at 31 December 2010, the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touche, auditors appointed under Section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor-General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

REPORT OF AUDITOR GENERAL

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

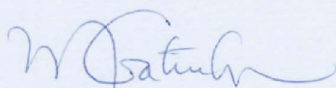
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2010, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Companies Act, Cap 486 of the Laws of Kenya.

Report on Other Legal Requirements

As required by the Kenyan Companies Act, I report based on the audit, that:

- (i) In my opinion, proper books of account have been kept by the Corporation, so far as appears from my examination of those books; and,
- (ii) The Corporation's statement of financial position is in agreement with the books of account.



A.S.M. Gatumbu
AUDITOR-GENERAL

Nairobi

19 April 2011



Kenya Re

RIPOTI YA UKAGUZI WA MAHESABU YA KIFEDHA

TAARIFA YA MKAGUZI MKUU WA MAHESABU KUHUSU RIPOTI ZA KIFEDHA ZA SHIRIKA LA KENYA REINSURANCE CORPORATION LIMITED KATIKA MWAKA ULIOKAMILIKA TAREHE 31 DESEMBA 2010

Ripoti andamizi za kifedha za Shirika la Kenya Reinsurance Corporation Limited zimeonyeshwa katika ukurasa wa 30 hadi 66, na zinajumuisha Ripoti ya Hali ya Kifedha kufikia tarehe 31 Desemba 2010, Ripoti ya Mapato Changanuzi, Ripoti ya Mabadiliko katika Hisa za Riba Isiyodumu, na Ripoti ya Matumizi ya Pesa Taslimu katika mwaka uliopita, na mukhtasari wa sera muhimu za mahesabu ya pesa pamoja na habari nyingine fafanuzi, zimekaguliwa kwa niaba yangu na Deloitte and Touche, wakaguzi wa mahesabu walioteuliwa chini ya Sehemu ya 39 ya Sheria ya Ukaguzi wa Umma, mnamo 2003. Wakaguzi wameniarifu kikamilifu matokeo ya ukaguzi wao kwa misingi ya ripoti yao, na nimeridhika kwamba taarifa zote na ufafanuzi ambao, kwa fahamu zangu na imani yote, zilitimiza malengo ya kuunda ripoti hiyo.

Majukumu ya Usimamizi wa Ripoti za Kifedha

Usimamizi huu unawajibikia utayarishaji na uwasilishaji wa ripoti ya kifedha isiyopendelea na kulingana na Viwango vya Kimataifa vya utayarishaji Ripoti za Kifedha na kwa sababu ya vigezo hivyo kama inavyoamuliwa na usimamizi ni muhimu katika uwezesaji matayarisho ya ripoti za kifedha zisizokuwa na upotoshaji wa mahesabu ya amali, ama kutokana na ulaghai au dosari tu. Majukumu ya Mkaguzi Mkuu wa Kifedha

Jukumu langu ni kuelezea maoni huru kuhusu ripoti za kifedha kulingana na ukaguzi. Ukaguzi uliendeshwa kulingana na Viwango vya Kimataifa vya Ukaguzi. Viwango hivyo vinahitaji uzingativu wa uandamaji wa maadili na kwamba ukaguzi uratibiwe na kuendeshwa kwa dhamira ya kufikia hakikisho tosha linalobaini kama ripoti hizo zimejitenga na upotoshaji wa mahesabu ya amali au la.

Ukaguzi hujumuisha mbinu za utendaji ili kupata ushahidi wa ukaguzi kuhusu kiasi cha fedha na utambuzi katika ripoti za fedha. Mbinu ambazo huteuliwa hutegemea uamuzi wa mkaguzi, ikiwemo kutathmini hatari ya kuvuruga mahesabu ya ripoti ya fedha, ama kiulaghai au kidosari tu. Katika utekelezaji wa tathmini ya hatari hizo, mkaguzi huzingatia vigezo vya ndani na vinavyostahili utayarishaji wa hesabu na uwasilishaji wa haki wa ripoti za kifedha ili kusanifu mbinu za ukaguzi zinazofaa hali zilizopo, lakini siyo kwa minajili ya kuelezea maoni kuhusu ufaafu wa vigezo vya ndani ya Shirika. Ukaguzi pia hujumuisha tathmini ya ufaafu wa sera za mahesabu zinazotumiwa na mantiki ya makadirio ya hesabu yanayofanywa na Usimamizi, pamoja na kutathmini wasilisho la jumla la ripoti za kifedha.

Ninaamini ushahidi wa ukaguzi unatosha na kufaa msingi wa maoni yangu.

Maoni

Kwa maoni yangu, ripoti hizi za kifedha zinawasilisha kwa haki, na kwa uzingatiaji wa amali, hali ya kifedha ya Shirika hili kufikia tarehe 31 Desemba 2010, na matokeo yake ya kifedha na utendakazi wa pesa taslimu katika mwaka uliopita, kulingana na Viwango vya Kimataifa vya utayarishaji wa Ripoti za Fedha na kutii Kanuni inayohusu Kampuni, Ibara ya 486 ya Sheria za Kenya.

Ripoti kuhusu Mahitaji mengine ya Kisheria

Kama inavyohitajika kisheria kuhusu Kampuni nchini Kenya, ninaarifu kwa kuzingatia ukaguzi, kuwa:

- i) Kwa maoni yangu, mabuku mazuri ya mahesabu yamehifadhiwa na Shirika, katika upeo wa tathmini yangu ya mabuku hayo; na,
- ii) Ripoti ya hali ya fedha ya Shirika inawiana na mahesabu katika mabuku hayo.

A.S.M. Gatumbu
MKAGUZI MKUU - WA - KIFEDHA
Nairobi
19 Aprili 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Income					
Gross premiums written		694,158	4,286,742	4,980,900	3,843,750
Less change in unearned premiums		-	(426,994)	(426,994)	(135,724)
Less: retrocession premiums		(101,840)	(178,153)	(279,993)	(250,176)
Net Earned Premiums	6	592,318	3,681,595	4,273,913	3,457,850
Investment income	7	248,720	1,434,490	1,683,210	1,120,253
Commissions receivable		28,829	400	29,229	12,842
Fair value gains on revaluation of investment properties	15	23,000	355,064	378,064	310,000
Other income	8	-	64,945	64,945	20,631
Net Income		892,867	5,536,494	6,429,361	4,921,576
Gross claims incurred		(369,996)	(1,828,442)	(2,198,438)	(1,959,086)
Amounts recoverable from retrocessionaires		44,458	107,002	151,460	129,451
Net Claims Incurred	9	(325,538)	(1,721,440)	(2,046,978)	(1,829,635)
Commissions payable		(157,133)	(1,119,748)	(1,276,881)	(1,068,271)
Operating and other expenses	10	(75,232)	(623,041)	(698,273)	(607,451)
Provision for asset held for sale	23	-	(350,000)	(350,000)	-
Provision for doubtful debts		(3,978)	(472,506)	(476,484)	(54,768)
Total Expenses		(236,343)	(2,565,295)	(2,801,638)	(1,730,490)
Share of Profit of Associate	18	-	79,271	79,271	102,411
Profit Before Taxation		330,986	1,329,030	1,660,016	1,463,862
Taxation Charge	12(a)	(20,982)	(97,643)	(118,625)	(134,958)
Profit for the Year		310,004	1,231,387	1,541,391	1,328,904
Other Comprehensive Income/(loss)					
Fair value gain/(loss) arising on revaluation of available-for-sale financial assets	29	-	502,750	502,750	(60,283)
Reclassification adjustments relating to available-for-sale financial assets disposed in the year		-	(430,824)	(430,824)	(144,000)
Share of movement in associate reserves	18	-	160,260	160,260	(4,092)
		-	232,186	232,186	(208,375)
Total Comprehensive Income for the Year		310,004	1,463,573	1,773,577	1,120,529
Earnings Per Share - basic and diluted	13			2.57	2.21

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Assets					
Investment properties	15	856,000	3,760,500	4,616,500	4,155,000
Equipment	16	-	86,277	86,277	27,910
Intangible assets	17	-	19,286	19,286	28,101
Investment in associate	18	-	952,730	952,730	713,199
Deferred taxation asset	19	-	214,368	214,368	99,627
Deferred acquisition costs	20	-	498,938	498,938	370,800
Unquoted equity instruments	21	-	66,287	66,287	66,287
Inventories	22	-	37,957	37,957	54,069
Non current assets held for sale	23	-	186,858	186,858	536,858
Mortgage loans	24	-	362,616	362,616	404,682
Tax recoverable	12©	-	-	-	153,567
Receivables arising out of reinsurance arrangements	25	89,210	1,139,024	1,228,234	1,523,780
Premium and loss reserves	26	-	508,045	508,045	431,761
Other receivables	27	-	125,214	125,214	74,632
Corporate bonds	28	-	51,209	51,209	48,379
Quoted equity instruments	29	-	2,567,509	2,567,509	2,007,648
Government securities	30	973,040	1,803,577	2,776,617	3,132,028
Deposits with financial institutions	31	1,249,291	1,444,039	2,693,330	890,719
Cash and bank balances	41	652	248,302	248,954	281,586
Total Assets		3,168,193	14,072,736	17,240,929	15,000,633
Equity					
Share capital	32	-	1,500,000	1,500,000	1,500,000
Revaluation reserve	33	-	8,291	8,291	10,460
Fair value reserve	33	-	1,620,935	1,620,935	1,539,783
Translation reserve	33	-	82,136	82,136	69,609
Statutory reserve	34	1,016,714	-	1,016,714	706,710
Retained earnings		-	6,345,426	6,345,426	5,273,363
Shareholders' funds		1,016,714	9,556,788	10,573,502	9,099,925
Liabilities					
Long term reinsurance contract liabilities	34	2,150,640	-	2,150,640	2,054,494
Short term reinsurance contracts liabilities	35	-	2,212,251	2,212,251	2,205,597
Unearned premiums	36	-	1,643,433	1,643,433	1,216,440
Payables arising out of reinsurance arrangements	37	839	287,258	288,097	218,275
Defined benefit liability	38	-	137,751	137,751	33,718
Other payables	39	-	182,411	182,411	170,804
Taxation payable	12©	-	52,844	52,844	1,380
Total Liabilities		2,151,479	4,515,948	6,667,427	5,900,708
Total Equity and Liabilities		3,168,193	14,072,736	17,240,929	15,000,633

The financial statements on pages 30 to 66 were approved by the board of directors on 19th April 2011 and were signed on its behalf by:



Principal Officer



Director



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Share capital Kshs '000	Revaluation reserve Kshs '000	Fair value reserve Kshs '000	Translation reserve Kshs '000	Statutory reserve Kshs '000	Retained earnings Kshs '000	Total Kshs '000
At 1 January 2009		1,500,000	7,383	1,757,792	64,294	474,073	4,475,854	8,279,396
Profit for the year		-	-	-	-	232,637	1,096,267	1,328,904
Other comprehensive income/(loss)		-	4,319	(218,009)	5,315	-	-	(208,375)
Total comprehensive income		-	4,319	(218,009)	5,315	232,637	1,096,267	1,120,529
Dividends declared - 2008	14	-	-	-	-	-	(300,000)	(300,000)
Transfer of excess depreciation		-	(1,553)	-	-	-	1,553	-
Deferred taxation thereon		-	311	-	-	-	(311)	-
At 31 December 2009		1,500,000	10,460	1,539,783	69,609	706,710	5,273,363	9,099,925
At 1 January 2010		1,500,000	10,460	1,539,783	69,609	706,710	5,273,363	9,099,925
Profit for the year		-	-	-	-	310,004	1,231,387	1,541,391
Other comprehensive (loss)/ income		-	(1,175)	81,152	12,527	-	139,682	232,186
Total comprehensive income		-	(1,175)	81,152	12,527	310,004	1,371,069	1,773,577
Dividends declared - 2009	14	-	-	-	-	-	(300,000)	(300,000)
Transfer of excess depreciation		-	(1,242)	-	-	-	1,242	-
Deferred taxation thereon		-	248	-	-	-	(248)	-
At 31 December 2010		1,500,000	8,291	1,620,935	82,136	1,016,714	6,345,426	10,573,502

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 Kshs '000	2009 Kshs '000
Cash flows from operating activities			
Cash generated from operations	40	1,471,032	792,004
Interest received on corporate bonds		2,922	-
Interest received on government securities		292,774	253,785
Tax paid	12©	(28,335)	(400,744)
Net cash generated from operating activities		1,738,393	645,045
Cash flows from investing activities			
Purchase of equipment	16	(69,838)	(9,744)
Proceeds of disposal of equipment		-	1,828
Purchase of intangible assets	17	-	(22,573)
Purchase of government securities		(427,578)	(2,349,938)
Sale of government securities		208,012	2,223,607
Purchase of quoted shares	29	(494,773)	-
Proceeds on sale of quoted shares		621,422	144,124
Purchase of unquoted shares		-	(28,980)
Purchase of corporate bonds		-	(47,400)
Proceeds on disposal of inventories		19,338	-
Purchase of investment property		(83,436)	-
Net cash used in from investing activities		(226,853)	(89,076)
Cash flows from financing activities			
Dividends paid	14	(300,000)	(300,000)
Net increase in cash and cash equivalents		1,211,540	255,969
Cash and cash equivalents at 1 January		1,730,744	1,474,775
Cash and cash equivalents at 31 December	41	2,942,284	1,730,744

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

a Statement of compliance

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

For purposes of reporting under the Kenyan Companies Act, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of comprehensive income.

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

(i) *Relevant new and revised standards affecting presentation and disclosure in the current year (and/or prior years)*

New and revised standards affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

This amendment has had no effect on the amounts reported in current and prior years because the corporation has not previously issued instruments of this nature.

Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 7 specify that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

This amendment has had no effect on the amounts reported in current and prior years.

New and revised standards affecting the financial performance and/or the financial position

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.

This amendment has had no effect on the disclosures included in these financial statements on non current assets held for sale.

IFRIC 17 Distributions of Non-cash Assets to Owners

The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. This amendment has had no effect on the amounts reported in current and prior years because the corporation did not have transactions of this nature.

(II) *Relevant new and revised standards in issue but not yet effective*

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is effective for annual periods beginning on or after 1 January 2011. The corporation will apply this amendment prospectively. The directors, however, anticipate no material impact to the corporation's financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The corporation will apply this amendment prospectively. The directors, however, anticipate no material impact to the corporation's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

- 1 ACCOUNTING POLICIES (continued)
Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRIC) (continued)

IFRS 9, Financial Instruments

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

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

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

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the corporation's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard will not have a significant impact on amounts reported in respect of the corporations' financial assets and financial liabilities.

(iii) Early adoption of standards

The company has early-adopted amendments to IAS 12 Income Taxes issued by the International Accounting Standards Board (IASB) in December 2010 effective for annual periods beginning on or after 1 January 2012. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment Property. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in IAS 40. To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The company did not early-adopt any other new or amended standards in 2010.

c) Significant Accounting Policies

Basis of preparation

The financial statements are prepared under the historical cost convention as modified to include the revaluation of certain assets.

Reinsurance contracts

(i) Classification

Reinsurance contracts are those contracts that transfer significant reinsurance risk. Such contracts may also transfer financial risk. As a general guideline, the corporation defines as significant reinsurance risk, the possibility of having to pay benefits on the occurrence of a reinsured event that are at least 10% more than the benefits payable if the reinsured event did not occur.

Reinsurance contracts are classified into two main categories, depending on the duration of risk and as per the provisions of the Kenyan Insurance Act.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

- 1 ACCOUNTING POLICIES (continued)
Significant Accounting Policies (continued)
(i) Classification (continued)

a. Short-term reinsurance business

Short term reinsurance business refers to reinsurance business of any class or classes that is not long term reinsurance business.

Classes of short term reinsurance include aviation, engineering, fire (domestic risks, industrial and commercial risks), liability, marine, motor (private vehicles and commercial vehicles), personal accident, theft, workmen's compensation, employer's liability and miscellaneous (i.e. any class of business not included under those listed above). The corporation's main classes are described below:

Motor reinsurance business means the business of effecting and carrying out contracts of reinsurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

Miscellaneous reinsurance business refers to the business of effecting and carrying out contracts of reinsurance which are not principally or wholly of any types included in other classes of business but include reinsurance of bonds of all types, reinsurance of livestock and crop reinsurance.

Fire reinsurance business refers to the business of effecting and carrying out contracts of reinsurance, other than incidental to some other class of reinsurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

b. Long-term reinsurance business

Includes reinsurance business of all or any of the following classes: ordinary life and corporation life and business incidental to any such class of business.

Ordinary life reinsurance business refers to the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability reinsurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life.

Corporation life reinsurance business refers to life reinsurance business, being business of, or in relation to, the issuing of or the undertaking of liability under corporation life and permanent health reinsurance policy.

(ii) Recognition and measurement

The results of the reinsurance business are determined on an annual basis as follows:

a. Premium income

Premiums and related expenses are accounted for in profit or loss when earned or incurred. Gross earned premiums comprise gross premiums relating to risks assumed in the year after accounting for any movement in gross unearned premiums. Unearned premiums represent the proportion of the premiums written in the year that are attributable to the subsequent accounting period and are estimated at 40% of net premiums.

b. Claims incurred

Claims incurred comprise claims paid in the period and changes in the provision for outstanding claims. Claims paid represent all payments made during the period, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the period are closed and include provisions for claims incurred but not reported ("IBNR").

c. Commissions payable and deferred acquisition costs

A proportion of commissions payable is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of commissions payable and other acquisition costs that relate to the unexpired term of the policies that are in force at the year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

- 1 ACCOUNTING POLICIES (continued)
 Significant Accounting Policies (continued)
 (ii) Recognition and measurement (continued)

d. Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

Long-term reinsurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

e. Retrocession contracts held

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

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

The corporation assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the corporation reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss. The corporation gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

f. Receivable and payables related to reinsurance contracts

Receivables and payables are recognized when due. These include amounts due to and from cedants and brokers.

If there is objective evidence that the reinsurance receivable is impaired, the corporation reduces the carrying amount of the reinsurance receivable accordingly and recognises that impairment loss in profit or loss. The corporation gathers the objective evidence that a reinsurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

g. Premium and loss reserves

Premium and loss reserves relate to premiums retained by cedants as a deposit for due performance of obligations by the reinsurers. The percentage retained varies from one treaty to another and from one company to another. Premium and loss reserves are recognised when retained by the cedants. Premiums retained are subsequently released to the reinsurer at the expiry of the policy period.

Other income recognition

Commissions receivable are recognised as income in the period in which they are earned. Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the period in which the right to receive payment is established.

Foreign currency transactions

Transactions in foreign currencies during the period are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated into Kenya Shillings at rates ruling at the reporting date. The resulting differences are dealt with in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

Taxation

Tax expense/(income) comprises current tax and deferred tax. Tax is recognised as an expense/(income) and included in profit or loss except to the extent that the tax arises from a transaction which is recognised in other comprehensive income. Current tax is computed in accordance with the Kenyan income tax laws applicable to insurance companies.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the end of each reporting period are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. Investment properties are carried at fair value, representing market value determined by external independent valuers. Changes in their carrying value between reporting dates are included in profit or loss in the period they arise. On disposal of an investment property, the difference between the proceeds and the carrying value is charged or credited to profit or loss.

Equipment

Equipment is stated at cost or valuation less depreciation and any accumulated impairment losses. Equipment is revalued at periodic intervals, usually every three to five years. The basis of valuation is depreciated replacement cost.

Any revaluation increase arising on the revaluation of such equipment is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation

Depreciation is calculated on the straight line basis to write off the cost or valuation of the equipment over their expected useful lives at the following annual rates:-

Computer equipment	25.0%
Motor vehicles	25.0%
Furniture, fittings and equipment	12.5%

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, not exceeding a period of three years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment

At each reporting date, the corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

Non current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and the market value less costs to sell.

Leases

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

Corporation as a lessor

Rental income from operating leases is recognised on the straight line basis over the term of the relevant lease.

Corporation as a lessee

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Any payment required to be made to the lessor by way of penalty, for termination of leases before the expiry of the lease period, is recognised in the year in which termination takes place.

Payments to acquire leasehold interests in land are treated as prepaid operating lease rentals and amortised over the period of the lease.

Inventories

Inventories comprise housing units for sale.

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Revaluation reserve

The revaluation reserve relates to equipment. The reserve is non-distributable. The revaluation surplus represents the surplus on the revaluation of equipment, net of deferred tax. Movements in the revaluation reserve are shown in the statement of changes in equity.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

Translation reserve

The translation reserve relates to cumulative foreign exchange movement on the net investment in PTA Re, an associate company accounted for under the equity method.

Statutory reserve

The statutory reserve represents actuarial surpluses from the long term business whose distribution is subject to restrictions imposed by the Kenyan Insurance Act. The Act restricts the amounts of surpluses of the long-term business available for distribution to shareholders to 30% of the accumulated profits of the long term business.

Investment in associates

Investments in associate is accounted for using the equity method of accounting. These are companies in which the corporation has between 20% and 50% of the voting rights and over which the corporation exercises significant influence but which it does not control. Significant influence is the power to participate in financial and operating policy decisions of the investment but it is not control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

- 1 ACCOUNTING POLICIES (continued)
Significant Accounting Policies (continued)
Investment in associates (continued)

Investment in associates

Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the corporation's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the corporation's interest in that associate are recognised only to the extent that the corporation has incurred legal or constructive obligations or made payments on behalf of the associate.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets

The corporation classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date. The classification depends on the purpose for which the financial assets were acquired.

Classification

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the corporation provides money directly to a debtor with no intention of trading the receivable. These include mortgage loans, receivables arising out of reinsurance arrangements, premium and loss reserves and other receivables.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the corporation's management has the positive intention and ability to hold to maturity. Were the corporation to sell or reclassify other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale. This class includes government securities, deposits with financial institution and corporate bonds.

Available-for-sale financial assets

This category represents financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity. This class includes quoted and unquoted equity instruments.

Recognition

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments fair value reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the corporation has transferred substantially all risks and rewards of ownership.

Financial liabilities

All financial liabilities are classified as other financial liabilities and are initially measured at fair value net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued on the reporting date.

Cash and cash equivalents

Cash and cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which are within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

Retirement benefits obligations

Defined benefit scheme

The corporation operates a defined benefits pension scheme for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the employees and the employer. Contributions are determined by the rules of the scheme. The cost of providing retirement benefits is assessed using the attained age method by qualified actuaries. The scheme is valued annually.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Statutory defined contributions scheme

The corporation also contributes to the statutory defined contribution pension scheme, the National Social Security Fund (NSSF). The contributions to this scheme are determined by local statute and are currently limited to Kshs 200 per employee per month.

The corporation's obligations to retirement benefits schemes are charged to the profit or loss as they fall due.

Dividends

Dividends payable to shareholders are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Specifically, for purposes of improved presentation, investment and other income have been disclosed separately on the statement of comprehensive income in the current year and the comparative amounts reclassified to conform to this presentation.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The corporation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The ultimate liability arising from claims payable under reinsurance contracts

For short term reinsurance, the assumption is based on an actuarial model which relies on the basic approach of the "Bornhuetter-Ferguson" method. This method relies on historical loss ratios in order to derive estimates of the total outstanding claims without differentiating between the reported outstanding claims and the incurred but not reported claims as at the reporting date. The method relies on the accuracy of the past claims data and past claims trends in order to project future estimates. The method also assumes implicitly that the weighted average of past claims inflation will be repeated in the future. The method used takes the past trends of claims run-off for each class of business and projects these trends to the future. Accordingly, the statistical method used will not produce reliable results if the fundamental assumption of a stable pattern of past trends of claims is not fulfilled.

For long term reinsurance, the assumption is based on an actuarial model which relies on risk premiums rates based on the gross annual premiums written, adjustments are made for an AIDs reserve and a claims equalization reserve. The model is open to some uncertainty in the estimation of the appropriate percentage of gross premiums to apply and the estimated value of the contingency reserve. Estimations related to the AIDs reserve rely on changes on mortality rates which may have some variations depending on the source of the data.

Impairment losses

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

Useful lives of equipment and intangible assets

The corporation reviews the estimated useful lives of equipment and intangible assets at the end of each annual reporting period.

3 FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The disclosures below summarises the way the Corporation manages key risks:

REINSURANCE RISK

The corporation reinsures all classes of insurance business including accident, engineering, liability, motor, fire, aviation and life. The bulk of the business written is of a short-tail nature. The risk under any one insurance contract arises from the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

Frequency and severity of claims

A key risk, related to pricing and provisioning, that the corporation faces under its reinsurance contracts is that the actual claims and benefit payments exceed the carrying amount of the reinsurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established based on past experience.

The corporation has developed its reinsurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The corporation also manages these risks through its underwriting strategy and adequate retrocession arrangements and proactive claims handling. Underwriting limits are in place to enforce appropriate risk selection criteria. The reinsurance arrangements include proportional and non proportional treaties. The effect of such reinsurance arrangements is that the Corporation should not suffer total net insurance losses of more than set limits per class of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

3 FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Reinsurance risk (continued)

Sources of uncertainty in the estimation of future claim payments

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The corporation takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprise a provision for incurred but not reported (IBNR) claims, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

Sources of uncertainty in the estimation of future claim payments

In estimating the liability for the cost of reported claims not yet paid, the corporation considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. The main assumption underlying this technique is that the corporation's past claims development experience be used to project future claims development and hence ultimate claims costs.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Concentration of insurance risk

The corporation's concentration of reinsurance risk is determined by class of business. The shared characteristic that identifies each concentration is the insured event and the key indicator is the gross earned premium as disclosed in note 6.

An analysis of the corporation's financial assets and its reinsurance liabilities is presented below;

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Financial assets				
Debt securities:				
Held to maturity:				
Government bonds	973,040	1,803,577	2,776,617	3,132,028
Corporate bonds	-	51,209	51,209	48,379
Equity securities:				
Available for sale	-	2,633,796	2,633,796	2,073,935
Receivables arising out of reinsurance arrangements	89,210	1,139,024	1,228,234	1,523,780
Premium loss reserves	-	508,045	508,045	431,761
Mortgage loans	-	362,616	362,616	404,682
Cash and cash equivalents	1,237,023	1,705,261	2,942,284	1,172,305
Total financial assets	2,299,273	8,203,528	10,502,801	8,786,870
Reinsurance liabilities				
Long term liabilities	2,150,640	-	2,150,640	2,054,494
Short term liabilities	-	2,212,251	2,212,251	2,205,597
Total short term liabilities	2,150,640	2,212,251	4,362,891	4,260,091

Reinsurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non interest bearing

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

3 FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) Reinsurance risk (continued)

The tables below indicate the contractual timing of cash flows arising from assets and liabilities

31 December 2010

	Carrying amount Kshs '000	No stated maturity Kshs '000	Contractual cash flows (undiscounted) 0-1 years Kshs '000	1-5 years Kshs '000	>5 yrs
Financial assets					
Debt securities:					
Held to maturity:					
Government bonds	2,776,617	-	62,722	1,190,064	1,523,831
Corporate bonds	51,209	-	-	-	51,209
Equity securities:					
Available for sale	2,633,796	2,633,796	-	-	-
Receivables arising out of reinsurance arrangements	1,228,234	1,228,234	-	-	-
Premium loss reserves	508,045	508,045	-	-	-
Mortgage loans	362,616	-	38,564	135,298	188,754
Cash and cash equivalents	2,942,284	-	2,942,284	-	-
Total	10,502,801	4,370,075	3,043,570	1,325,362	1,763,794
Reinsurance liabilities					
Long term liabilities	2,150,640	2,150,640	-	-	-
Short term liabilities	2,212,251	2,212,251	-	-	-
Total	4,362,891	4,362,891	-	-	-
Net gap	6,139,910	7,184	3,043,570	1,325,362	1,763,794

31 December 2009

	Carrying amount Kshs '000	No stated maturity Kshs '000	Contractual cash flows (undiscounted) 0-1 years Kshs '000	1-5 years Kshs '000	>5 yrs
Financial assets	9,279,022	3,963,189	2,613,777	1,141,971	1,560,085
Reinsurance liabilities	4,260,091	4,260,091	-	-	-
Net gap	5,018,931	(296,902)	2,613,777	1,141,971	1,560,085

FINANCIAL RISK

The corporation is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

The corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the corporation's financial performance. The risk management policies established identify and analyse the risks faced by the corporation, set appropriate risk limits and controls, and monitor risks and adherence to limits. These risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

3 FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk (continued)

(a) Liquidity risk

Liquidity risk is current or prospective risk to earnings and capital arising from the corporation's failure to meet its maturing obligations when they fall due without incurring unacceptable losses. The corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the corporation's reputation.

To this end, there is a Board approved policy to effectively manage liquidity at all times to meet claims payable, unexpected outflow/non-receipt of expected inflow of funds as well as ensure adequate diversification of funding sources. The Finance, Investment and Tender Oversight Committee undertakes liquidity management and scenario analysis as per the policy.

Funds are raised mainly from reinsurance premiums and investment income and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The corporation continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall corporation strategy.

In addition, the corporation holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The table below analyses the liquidity position of the corporation's financial liabilities. The amounts disclosed in the table below are the contractual undiscounted cash flows.

31 December 2010

	Due on demand Kshs '000	Due after 1 year Kshs '000	Total Kshs '000
Long term reinsurance contract liabilities	-	2,150,640	2,150,640
Short term insurance contract liabilities	2,212,251	-	2,212,251
Payables arising out of reinsurance arrangements	288,097	-	288,097
Total financial liabilities	2,500,348	2,150,640	4,650,988

31 December 2009

Long term reinsurance contract liabilities	-	2,054,494	2,054,494
Short term insurance contract liabilities	2,205,597	-	2,205,597
Payables arising out of reinsurance arrangements	218,275	-	218,275
Total financial liabilities	2,423,872	2,054,494	4,478,366

(b) Market risk

Management of market risk

Market risk is the risk that changes in market prices, interest rates and foreign exchange rates will affect the corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Overall authority for market risk is vested in the board of directors. The board of directors is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

Interest rate risk

The principal risk to which financial assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. The board of directors is the monitoring body for compliance with these limits and is assisted by risk management in its day-to-day monitoring activities.

The interest earning financial assets that the corporation holds include investments in government securities, mortgage loans and short-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

- 3 FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
- (b) Market risk (continued)
- Interest rate risk (continued)

Interest rate risk

Liabilities under short term insurance contracts are not interest bearing. For liabilities under long term re-insurance contracts, with fixed terms, changes in interest rates will not cause a change to the amount of the liability.

An increase/decrease of 5 percentage points in interest yields would result in a increase/(decrease) in profit before tax and a corresponding change in equity for the year of Kshs 421,260,872 (2009: Kshs 216,314,900).

Currency rate risk

The corporation underwrites reinsurance contracts from cedants in various currencies and is thus exposed to risk related to fluctuations in currency. If the Kenya shilling had weakened by 5% relative to other currencies, the income would have increased/decreased by Kshs 50,450,700 (2009 Kshs 52,860,200).

Price risk

The corporation is exposed to equity securities price risk as a result of its holdings in equity investments which are listed and traded on the Nairobi and Dar-es-Salaam Stock Exchanges and which are classified as available for sale financial assets. Exposure to equity price risks in aggregate is monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes.

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

If equity market indices had increased/decreased by 5%, with all other variables held constant, other comprehensive income would increase/decrease by Kshs 128,377,585 (2009: Kshs 110,733,066).

(c) Credit risk

The corporation has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The corporation manages, limits and controls concentration of credit risks periodically against internal and regulatory requirements with respect to individual counterparties or related corporations of counterparties, industry sectors, business lines, product types, amongst others.

Key areas where the corporation is exposed to credit risk are:

- amounts due from reinsurers in respect of claims already paid;
- amounts due from cedants;
- amounts due from re-insurance intermediaries; and
- mortgage advances to its customers and staff.

The corporation structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or corporations of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the board of directors.

The creditworthiness of cedants is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The corporation maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the corporation. Management information reported to the board of directors includes details of provisions for impairment on amounts due from cedants and subsequent write-offs.

Investments in government securities are deemed adequately secured by the Government of Kenya with no inherent default risk. The credit risk on the corporate bonds, deposits and balances with financial institutions is considered to be low because the counterparties are companies and banks with high credit ratings. The credit risk on mortgages is managed by ensuring that the mortgage issued is secured by the related property and that the mortgage amount given is below the value of the related property.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

3 FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

The following table details the maximum exposure before consideration of any collateral:

	2010 Kshs '000	2009 Kshs '000
Held to maturity instruments		
Government securities	2,776,617	3,132,028
Deposits with financial institutions	2,693,330	890,719
Corporate bonds	51,209	48,379
Loans and receivables at amortized cost		
Mortgage loans	362,616	404,682
Receivables arising out of reinsurance arrangements	1,228,234	1,523,780
Premium and loss reserves	508,045	431,761
Cash and bank balances	248,954	281,586
Other receivables	125,214	74,632
Total assets bearing credit risk	7,994,219	6,787,567
Receivables arising out of reinsurance arrangements are summarized as follows:		
Neither past due nor impaired	91,994	114,130
Past due but not impaired:		
up to 91 to 120 days	398,857	494,834
up to 121 to 270 days	458,583	568,930
up to 270 to 360 days	278,800	345,886
Impaired	747,704	271,220
	1,975,938	1,795,000
Less: provision for impairment	(747,704)	(271,220)
Total	1,228,234	1,523,780

4 CAPITAL MANAGEMENT

As at 31 December 2010, the required level of paid up share capital for a composite reinsurance company was one hundred and fifty million shillings. Effective 1 June 2011, this amount is to be increased to four hundred and fifty million shillings.

The corporation's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its reinsured and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Corporation has a number of sources of capital available to it and seeks to optimize its retention capacity in order to ensure that it can consistently maximize returns to shareholders. The Corporation considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital. The corporation manages as capital all items that are eligible to be treated as capital. The Corporation has no borrowings.

During the year the Corporation held the minimum paid up capital required and also met the required solvency margins.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

5 SEGMENTAL REPORTING

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the corporation that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and to assess performance.

Thus, under IFRS 8 the corporation's reportable segments are long term business and short term business. The short term business segment comprises of motor, marine, aviation and accident. The long term business segment includes individual and corporation life. These segments are the basis on which the CODM allocates resources and assesses performance. Investment and cash management for the corporation's own accounts are also reported as part of the above segments. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest and investment income is credited to business segments based on segmental capital employed.

The financial statements have been reported based on the two operating segments as mentioned above. Therefore no further segmental information has been provided.

6 PREMIUMS INCOME

The Corporation is organized into two main divisions, General reinsurance and Long term business. Long term business relates to the underwriting of risks relating to death of an insured person. General insurance business relates to all other categories of short term insurance business written by the Corporation, analyzed into several sub-classes of business based on the nature of the assumed risks.

The premium income of the corporation can be analyzed between the main classes of business as shown below:

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Super annuation	545,001	-	545,001	508,338
Ordinary life	47,317	-	47,317	44,134
Motor	-	312,297	312,297	255,854
Fire	-	1,614,720	1,614,720	1,268,956
Theft	-	351,314	351,314	289,117
Personal accident	-	371,767	371,767	181,705
Engineering	-	386,063	386,063	321,215
Marine	-	296,066	296,066	234,892
Other	-	349,368	349,368	353,639
	592,318	3,681,595	4,273,913	3,457,850

7 INVESTMENT INCOME

Rental income from investment properties	99,731	379,662	479,393	437,716
Interest on government securities held to maturity	107,274	168,962	276,236	272,192
Reclassification of fair value gain on valuation of available for sale quoted equity instruments	-	430,824	430,824	144,000
Realized gain on sale of available for sale quoted equity instruments	-	183,760	183,760	-
Dividends receivable on available for- sale quoted equity instruments	-	132,824	132,824	139,818
Interest on commercial mortgages	-	47,996	47,996	52,852
Interest on deposits with financial institutions – held to maturity	41,715	72,845	114,560	66,474
Interest on corporate bonds – held to maturity	-	5,752	5,752	979
Profit on sale of inventories	-	3,226	3,226	-
Interest on staff mortgages and loans	-	8,639	8,639	6,222
Total investment income	248,720	1,434,490	1,683,210	1,120,253



Kenya Re

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

8 OTHER INCOME

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Other income	-	38,519	38,519	19,622
Gain on disposal of equipment	-	-	-	1,009
Net foreign exchange gain	-	26,426	26,426	-
Total	-	64,945	64,945	20,631

9 CLAIMS INCURRED

Claims paid	273,850	1,821,788	2,095,638	1,641,588
Changes in the provision for outstanding claims	-	6,654	6,654	189,358
Increase in actuarial liability	96,146	-	96,146	128,140
Gross claims incurred	369,996	1,828,442	2,198,438	1,959,086
Less: Amounts recoverable from retrocessionaires	(44,458)	(107,002)	(151,460)	(129,451)
Net claims incurred	325,538	1,721,440	2,046,978	1,829,635

10 OPERATING AND OTHER EXPENSES

Staff costs (note 11)	28,464	305,062	333,526	209,651
Depreciation (note 16)	1,406	9,410	10,816	5,496
Amortisation (note 17)	1,146	7,669	8,815	6,210
Auditors' remuneration	484	3,416	3,900	3,400
Directors' -fees	1,398	9,358	10,756	12,480
-emoluments	410	2,740	3,150	3,210
Mortgages provisions	-	15,154	15,154	3,500
Annual General Meeting expenses	3,604	24,118	27,722	34,347
Investment property direct operating expenses	19,283	129,114	148,397	177,864
Net foreign exchange loss	-	-	-	18,589
Travel and accommodation	3,345	22,388	25,733	20,539
Advertisement	672	4,496	5,168	5,331
Professional and consultancy fees	2,443	16,348	18,791	16,195
Loss on disposal of equipment	-	655	655	-
Other expenses	12,577	73,113	85,690	90,639
	75,232	623,041	698,273	607,451

11 STAFF COSTS

Salaries and wages	15,340	102,662	118,002	106,618
Retirement benefit costs (note 38)	-	114,571	114,571	719
Medical expenses	1,079	7,221	8,300	15,686
Leave allowance	1,755	11,745	13,500	12,374
National social security benefit costs	25	169	194	195
Gratuity accrual	1,125	7,527	8,652	1,251
Bonus	567	3,792	4,359	11,464
Staff welfare expenses	457	3,061	3,518	2,804
Training and recruitment	912	6,104	7,016	6,978
Leave pay provision	432	2,890	3,322	4,515
Other emoluments	6,772	45,320	52,092	47,047
	28,464	305,062	333,526	209,651

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

12 TAXATION CHARGE

	2010 Kshs '000	2009 Kshs '000
(a) Taxation charge		
Current tax at 20% on the taxable profit for the year	233,366	161,164
Deferred taxation credit (Note 19)		
Current year	(113,558)	(28,533)
Prior year (over)/under provision	(1,183)	2,327
	(114,741)	(26,206)
	118,625	134,958

- (b) The company's current tax charge is computed in accordance with income tax rules applicable to composite Kenyan insurance and reinsurance companies. A reconciliation of the tax charge is shown below:

	2010 Kshs '000	2009 Kshs '000
Short term business profit before taxation	1,329,030	1,229,845
Long term business profit before taxation	330,986	234,017
Profit before taxation	1,660,016	1,463,862
Tax applicable rate of 20%	286,788	292,772
Tax effects of non taxable income	(251,439)	(174,747)
Tax effect of non-deductible expenses	84,459	14,606
Prior year (over)/under provision	(1,183)	2,327
	118,625	134,958
Attributable to:		
Long term business	20,982	1,380
Short term business	97,643	133,578
	118,625	134,958

- (c) Taxation payable/(recoverable)

At 1 January	(152,187)	87,393
Charge for the year	233,366	161,164
Paid in the year	(28,335)	(400,744)
At 31 December	52,844	(152,187)
Attributable to:		
Long term business	-	1,380
Short term business	52,844	(153,567)
	52,844	(152,187)

13 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Profit attributable to shareholders (Sh'000)	1,541,391	1,328,904
Number of ordinary shares in issue	600,000	600,000
Basic and diluted earnings per share (Sh)	2.57	2.21

The basic and diluted earnings per share are the same as there are no dilutive effects on earnings.



Kenya Re

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

14 DIVIDENDS

The directors propose the payment of a first and final dividend of Kshs 0.35 (2009 – Ksh 0.50) per share totalling to Kshs 210 million in respect of the year ended 31 December 2010 (2009 – Kshs 300 million). This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The dividend is payable subject to, where applicable, deduction of withholding tax as required under the Kenyan Income Tax Act, Chapter 470, Laws of Kenya.

The movement in dividend payable account is as follows:

	2010 Kshs '000	2009 Kshs '000
At 1 January	-	-
Dividend declared	300,000	300,000
Dividends paid	(300,000)	(300,000)
At 31 December	-	-
Proposed dividend per share (Sh)	0.50	0.50

15 INVESTMENT PROPERTIES

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
At fair value				
At 1 January	833,000	3,322,000	4,155,000	3,845,000
Additions	-	83,436	83,436	-
Fair value gain	23,000	355,064	378,064	310,000
At 31 December	856,000	3,760,500	4,616,500	4,155,000

- Investment properties comprise office buildings held to earn rentals and/or capital appreciation and land acquired for development of office buildings and housing projects for rental and/or capital appreciation.
- The valuation of investment properties was last carried out by Chapter Property Consultants Limited, professional independent valuers as at 31 December 2010. The basis of valuation was open market value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

16 EQUIPMENT

Cost or valuation	Motor vehicles Kshs '000	Computers Kshs '000	Furniture & equipment Kshs '000	Total Kshs '000
At 1 January 2009	2,900	4,469	18,139	25,508
Additions	-	9,099	645	9,744
Disposal	(400)	-	(593)	(993)
At 31 December 2009	2,500	13,568	18,191	34,259
At 1 January 2010	2,500	13,568	18,191	34,259
Additions	12,034	7,092	50,712	69,838
Disposal	-	(871)	(212)	(1,083)
At 31 December 2010	14,534	19,789	68,691	103,014
COMPRISING				
Cost	12,034	15,320	51,145	78,499
Valuation – 2009	2,500	4,469	17,546	24,515
	14,534	19,789	68,691	103,014
Depreciation				
At 1 January 2009	181	279	567	1,027
Charge for the year	700	2,503	2,293	5,496
Eliminated on disposal	(100)	-	(74)	(174)
At 31 December 2009	781	2,782	2,786	6,349
At 1 January 2010	781	2,782	2,786	6,349
Charge for the year	2,884	3,560	4,372	10,816
Eliminated on disposal	-	(382)	(46)	(428)
At 31 December 2010	3,665	5,960	7,112	16,737
Net book value				
At 31 December 2010	10,869	13,829	61,579	86,277
At 31 December 2009	1,719	10,786	15,405	27,910
Net book value at cost				
At 31 December 2010	10,869	13,829	54,949	79,647
At 31 December 2009	1,367	10,786	7,883	20,036

Equipment was last valued on 16 September 2009 by independent professional valuers, Gimco Limited. The basis of the revaluation was depreciated replacement cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

17 INTANGIBLE ASSETS

	2010 Kshs '000	2009 Kshs '000
Cost		
At 1 January	48,908	26,335
Additions	-	22,573
At 31 December	48,908	48,908
Amortisation		
At 1 January	20,807	14,597
Charge for the year	8,815	6,210
At 31 December	29,622	20,807
Net book value		
At 31 December	19,286	28,101
Intangible assets relate to purchased computer software and licenses.		

18 INVESTMENT IN ASSOCIATE

At 1 January	713,199	614,880
Share of profit for the year	104,349	111,798
Less dividends received	(25,078)	(9,387)
	792,470	717,291
Share of revaluation reserve	(1,175)	4,319
Share of fair value reserve	9,226	(13,726)
Effect of change in shareholding	(11,467)	-
Understatement of net assets in prior year	151,149	-
Currency translation adjustment	12,527	5,315
	160,260	(4,092)
At 31 December	952,730	713,199

This is an investment in ZEP-Re (PTA Reinsurance) company which is a reinsurance company that underwrites all classes of life and non-life reinsurance risks.

Summary financial information for ZEP-Re

The associate's year end is 31 December. The associate company is exempt from all forms of taxation. The presentation currency for ZEP-Re is the US dollars. The following exchange rates have been applied in converting the balances to Kenya shillings:

	2010 Kshs	2009 Kshs
Closing rate	80.75	75.85
Average rate	79.26	76.98
Ownership	25.09%	25.50%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

18 INVESTMENT IN ASSOCIATE (continued)

Summary financial information for ZEP-Re (continued)

	2010 Kshs '000	2009 Kshs '000
Total assets	8,326,162	6,248,029
Total liabilities	4,289,690	3,451,171
Net assets	4,036,472	2,796,858
Corporation's share of net assets of associate	952,730	713,199
Profit before taxation	473,181	438,423
Share of profit for the year	104,349	111,798
Less dividends received	(25,078)	(9,387)
Corporation's share of associate's profit	79,271	102,411

During the year, a dividend of Kshs 25,077,616 (2009 – Kshs 9,386,563) was received.

19 DEFERRED TAXATION ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 20% for the first five years for newly listed companies.

	2010 Kshs '000	2009 Kshs '000
The net deferred taxation asset is attributable to the following items:		
Deferred tax assets:		
Excess depreciation over capital allowances	10,655	10,570
Leave pay provision	2,228	2,725
Defined benefit liability	27,550	6,744
Unrealised exchange loss	-	4,015
Staff gratuity provision	1,506	-
Bad debts provisions	174,433	77,148
	216,372	101,202
Deferred tax liabilities:		
Revaluation surpluses - equipment	(1,326)	(1,575)
Unrealised exchange gain	(678)	-
Net deferred taxation asset	214,368	99,627
The movement on the deferred taxation account during the year was as follows:		
At 1 January	99,627	73,421
Credit for the year (note 12)	113,558	28,533
Prior year overprovision	1,183	(2,327)
At 31 December	214,368	99,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

20 DEFERRED ACQUISITION COSTS

	2010 Kshs '000	2009 Kshs '000
At 1 January	370,800	338,446
Charge for the year	128,138	32,354
At 31 December	498,938	370,800

21 UNQUOTED EQUITY INSTRUMENTS – AVAILABLE FOR SALE

At cost		
At 1 January	66,287	37,307
Purchases	-	28,980
At 31 December	66,287	66,287

The investment in unquoted equity instruments is analyzed as follows:

International Development Bank (12% shareholding)	54,480	54,480
Africa Reinsurance Limited (0.2% shareholding)	11,807	11,807
Gross investment	66,287	66,287

22 INVENTORIES

At 1 January	54,069	78,195
Disposals	(16,112)	(24,126)
At 31 December	37,957	54,069

Inventories comprise housing units for sale.

23 NON CURRENT ASSETS HELD FOR SALE

At 1 January	536,858	536,858
Provision for assets held for sale	(350,000)	-
At 31 December	186,858	536,858

The provision in the year relates to a parcel of land which is under dispute with the government due to claims of wrongful allocation. The remaining non current asset held for sale represents a sports complex and land which the corporation intends to sell within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

24 MORTGAGE LOANS

	2010 Kshs '000	2009 Kshs '000
Commercial mortgages	331,053	360,956
Staff mortgages	160,006	157,015
	491,059	517,971
Less: impairment provision	(128,443)	(113,289)
	362,616	404,682
Maturity analysis		
Within 1 year	38,564	43,038
Within 1 to 5 years	135,298	150,994
Over 5 years	188,754	210,650
	362,616	404,682

The weighted average effective interest rates on the mortgages was 13.54 % (2009 - 11.83%).

25 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Local companies	93,188	718,881	812,069	612,899
International companies	-	1,163,869	1,163,869	1,182,101
	93,188	1,882,750	1,975,938	1,795,000
Less impairment provision	(3,978)	(743,726)	(747,704)	(271,220)
	89,210	1,139,024	1,228,234	1,523,780

26 PREMIUM AND LOSS RESERVES

	2010 Kshs '000	2009 Kshs '000
International companies	359,626	305,627
Local companies	148,419	126,134
	508,045	431,761

Premium and loss reserves relate to premiums retained by cedants as deposits for due performance of obligations by the reinsurers. Premiums retained are subsequently released to the reinsurer at the expiry of the policy period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

27 OTHER RECEIVABLES

	2010 Kshs '000	2009 Kshs '000
Staff advances	23,969	21,487
Prepayments	40,655	29,531
Loan to directors	7,309	7,365
Rental receivables	8,825	15,710
Investment debtors	22,017	-
Other receivables	22,439	539
	125,214	74,632

28 CORPORATE BONDS

Held to maturity

Kenya Electricity Generating Company Limited	51,209	48,379
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The effective interest rate on the corporate bond at 31 December 2010 was 12.5%. (2009 - 11.23%) The corporate bond matures on 9 November 2019.

29 QUOTED EQUITY INSTRUMENTS – AVAILABLE FOR SALE

	2010 Kshs '000	2009 Kshs '000
At fair value		
At 1 January	2,007,648	2,214,146
Fair value gain/(loss)	502,750	(60,283)
Purchases	494,773	-
Disposal of shares	(437,662)	(146,215)
At 31 December	2,567,509	2,007,648

30 GOVERNMENT SECURITIES

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Held to maturity				
Maturing:				
Within 3 months	-	10,000	10,000	558,439
Within 4 to 12 months	19,053	33,669	52,722	281,556
Within 1 to 5 years	510,335	679,729	1,190,064	990,977
Over 5 years	443,652	1,080,179	1,523,831	1,301,056
At 31 December	973,040	1,803,577	2,776,617	3,132,028

Treasury bonds amounting to Kshs 739,850,000 (2009 – Kshs 739,850,000) are held under lien by the Commissioner of Insurance as required by the Kenyan Insurance Act. The weighted average effective interest rates on the government securities was 11.14 % (2009 – 9.8%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

31 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Held to maturity				
Deposits maturing within 3 months	1,259,646	1,433,684	2,693,330	890,719

The weighted average effective interest rate on deposits with financial institutions was 8.09% (2009 – 6.76%). The Corporation has an overdraft facility secured by lien over fixed deposits of Kshs 24 million

32 SHARE CAPITAL

Authorised:

800,000,000 ordinary shares of Kshs 2.50 each

Issued and fully paid:

600,000,000 ordinary shares of Kshs 2.50 each

2010 Kshs '000	2009 Kshs '000
2,000,000	2,000,000
1,500,000	1,500,000

33 RESERVES

Revaluation reserve

The revaluation reserve relates to equipment. The reserve is non-distributable.

The revaluation surplus represents the surplus on the revaluation of equipment, net of deferred tax. Movements in the revaluation reserve are shown in the statement of changes in equity.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

Translation reserve

The translation reserve relates to cumulative foreign exchange movement on the net investment in PTA Re, an associate company accounted for under the equity method.

Statutory reserve

The statutory reserve represents actuarial surpluses from the long term business whose distribution is subject to restrictions imposed by the Kenyan Insurance Act. The Act restricts the amounts of surpluses of the long-term business available for distribution to shareholders to 30% of the accumulated profits of the long term business.

Retained earnings

The retained earnings balance represents the amounts available for distribution to the shareholders of the company, except for cumulative fair value gains on the company's investment properties amounting to Kshs 2,867,423,450 (2009: Kshs 2,557,423,450) whose distribution is subject to restrictions imposed by legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

34 LONG TERM REINSURANCE LIABILITIES

The long term reinsurance liabilities, which comprise Ordinary Life Fund and Superannuation Fund, were established in respect of the corporation's long-term business as required under Section 45 of the Kenyan Insurance Act. Income arising from the investment of the assets of the statutory funds is credited to and forms part of these funds. Transfers from the statutory funds to the profit or loss is done upon the recommendation of the Actuary. The latest actuarial valuation of the life fund was carried out by Alexander Forbes Financial Services (EA) Limited, consulting actuaries as at 31 December 2010 and according to the valuation, the fund had a surplus of Kshs 1,046 million (2009 – Kshs 708 million).

Reconciliation of statutory fund to the actuarial surplus

The actuarial surplus resulting from the actuarial valuation carried out by the Consulting Actuaries as at 31 December 2010 is summarised as follows:

	2010 Kshs '000	2009 Kshs '000
Life fund	3,167,354	2,761,204
Less: actuarial value of policy holder liabilities	(2,150,640)	(2,054,494)
Statutory reserve	1,016,714	706,710

Valuation assumptions

The significant valuation assumptions for the actuarial valuation as at 31 December 2010 are summarised below. The same assumptions were used in 2009.

(i) Actuarial basis and method of valuation

The corporation underwrites both treaty and mandatory cessions business. Compulsory cessions ordinary life business is written on a risk premium basis. Accordingly, this business can be viewed as a series of one year renewable term assurances reinsured on guaranteed risk premium rates and valued as such. Therefore, the actuarial reserves have been established as a proportion of gross annual premiums written. Each type or class of ordinary life business has been valued as a different percentage of annual office premiums written. The actuary has established actuarial reserves of 95% of the gross annual premiums written for all types of compulsory cessions ordinary life business at the valuation date.

Treaty business and corporation life business actuarial reserves has been established to 95% of the annual premiums at the valuation date.

For supplementary benefits, the actuarial reserve has been established to equal to 100% of annual premiums at the valuation date.

In addition to establishing actuarial reserves for ordinary life business, corporation life business and supplementary benefits additional actuarial reserves namely AIDS reserve, claims equalisation reserve and contingency reserve have been established.

(ii) Investment returns

The rate of return on the life fund assets in 2010 was 8.7% per annum (2009 – 8.4% per annum).

35 SHORT TERM INSURANCE CONTRACT LIABILITIES

	2010 Kshs '000	2009 Kshs '000
Short term insurance contract liabilities	2,212,251	2,205,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

35 SHORT TERM INSURANCE CONTRACT LIABILITIES (continued)

The claims development for the above insurance liabilities is shown below:

Claims Development

Accident year	2006 Kshs '000	2007 Kshs '000	2008 Kshs '000	2009 Kshs '000	2010 Kshs '000	Total Kshs '000
Estimate of ultimate claims costs:						
At end of accident year	5,481,274	940,795	1,134,384	1,441,585	2,095,400	11,093,438
One year later	495,327	131,743	183,124	403,538	-	1,213,732
Two years later	191,837	78,148	189,506	-	-	459,491
Three years later	223,805	132,816	-	-	-	356,621
Four years later	234,070	-	-	-	-	234,070
Current estimate of cumulative claims	6,626,313	1,283,502	1,507,014	1,845,123	2,095,400	13,357,352
Less: cumulative payments to date	(6,524,044)	(1,150,685)	(1,317,508)	(1,441,585)	(711,279)	(11,145,101)
Total claims reported and claims handling expenses	102,269	132,817	189,506	403,538	1,384,121	2,212,251
Total gross claims liability included in the statement of financial position						2,212,251

36 UNEARNED PREMIUMS

	2010 Kshs '000	2009 Kshs '000
At 1 January	1,216,439	1,080,716
Increase in the year	426,994	135,724
At 31 December	1,643,433	1,216,440

37 PAYABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

	Long term business 2010 Kshs '000	Short term business 2010 Kshs '000	Total 2010 Kshs '000	Total 2009 Kshs '000
Local companies	839	132,403	133,242	93,378
International companies	-	154,855	154,855	124,897
	839	287,258	288,097	218,275

38 RETIREMENT BENEFIT OBLIGATION

a) Defined Benefit Scheme

The corporation operates a funded defined benefit plan for substantially all employees. Scheme members' contributions are a fixed percentage of pensionable pay with the Corporation responsible for the balance of the cost of benefits accruing. The Scheme is established under trust. The Scheme funds are invested by the Corporation in a variety of asset classes comprising government securities, property and shares. The scheme was converted to a defined contribution scheme with effect from 1 October 2010.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

38 RETIREMENT BENEFIT OBLIGATION (continued)

	2010 Kshs '000	2009 Kshs '000
The actuarial valuation results were as follows:		
Present value of funded obligations	523,976	346,696
Fair value of scheme assets	(351,725)	(287,925)
Net underfunding in funded plan	172,251	58,771
Unrecognised actuarial loss	(34,500)	(25,053)
Net liability in the statement of financial position	137,751	33,718
Movement in present value of funded obligation		
As at 1 January	346,696	363,947
Current service costs	11,130	9,160
Interest cost	42,852	38,673
Employee contribution	6,323	7,720
Actuarial loss/(gain)	48,854	(22,878)
Past service cost	75,489	(25,104)
Loss on curtailment	18,830	-
Benefits payment	(26,198)	(24,822)
At 31 December	523,976	346,696

The increase in the liability is due to the increase in past service cost caused by a change in retirement age from 55 years to 60 years and a conversion of the scheme from defined benefit to defined contribution which resulted in the actuarial loss.

	2010 Kshs '000	2009 Kshs '000
Movement in fair value of assets		
As at 1 January	287,925	245,180
Expected return on assets	33,730	26,840
Actuarial gain	39,407	18,320
Employer contributions	10,538	14,687
Employee contributions	6,323	7,720
Benefit payments	(26,198)	(24,822)
At 31 December	351,725	287,925
Movement in net liability		
As at 1 January	33,718	47,686
Net expense recognised in profit or loss	114,571	719
Employer contributions	(10,538)	(14,687)
At 31 December	137,751	33,718
Amount recognised in profit or loss:		
Current service cost net of employees' contributions	11,130	9,160
Interest on obligation	42,852	38,673
Expected return on plan assets	(33,730)	(26,839)
Net actuarial losses recognised in the year	-	4,829
Past service cost	75,489	(25,104)
Losses on curtailment	18,830	-
Total included in "staff costs" in respect of scheme	114,571	719
Actual return on plan assets	73,139	51,621

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

38 RETIREMENT BENEFIT OBLIGATION (continued)

	2010		2009	
Actuarial assumptions				
Discount rate (% p.a.)			10%	11%
Expected return on Scheme assets (% p.a.)			10%	11%
Future salary increases (% p.a.)			5%	8%
Future pension increases (% p.a.)			3%	0%
Historical information				
	2010 Kshs '000	2009 Kshs '000	2008 Kshs '000	2007 Kshs '000
Fair value of plan assets	351,725	287,925	245,180	290,229
Present value of funded obligations	(523,976)	(346,696)	(363,947)	(363,923)
Net (under)/over funding in the scheme	(172,251)	(58,771)	(118,767)	(73,694)
Unrecognised actuarial loss	34,500	25,053	71,081	33,768
Defined benefit liability	(137,751)	(33,718)	(47,686)	(39,926)

b) Defined contribution scheme

The corporation also makes contributions to a statutory provident fund, the National Social Security Fund (NSSF). Contributions are determined by local statute. For the year ended 31 December 2010, the corporation contributed Kshs 10,538,000 (2009 – Kshs 14,687,000) to the defined benefit pension scheme and Kshs 194,000 (2009 – Kshs 195,000) for NSSF which has been charged to the profit or loss.

39 OTHER PAYABLES

	2010 Kshs '000	2009 Kshs '000
Sundry creditors	10,038	9,801
Legal fees deposits	9,996	6,965
Rental deposits	41,375	37,664
Accrued leave pay	11,442	13,626
Other creditors and accruals	109,560	102,748
	182,411	170,804

40 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

Profit before taxation	1,660,016	1,463,862
Adjustment for:		
Depreciation	10,816	5,496
Interest on corporate bonds	(5,752)	(979)
Loss/(gain) on disposal of equipment	655	(1,009)
Interest on government securities	(276,236)	(272,192)
Amortisation of software	8,815	6,210
Reclassification of fair value gain on available-for-sale-equity instruments	(430,824)	(141,909)
Gain on disposal of available for sale equity instruments	(183,760)	-
Gain on disposal of inventories	(3,226)	-
Provision for non-current assets held for sale	350,000	-
Fair value gain in investment properties	(378,064)	(310,000)
Share of profit of associate	(104,349)	(111,798)
Share of dividends from associate	25,078	9,387
Operating profit before working capital changes	673,169	647,068



Kenya Re

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

40 NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	2010 Kshs '000	2009 Kshs '000
Movements in:		
Mortgages	42,066	58,117
Receivables arising out of reinsurance arrangements	295,546	(23,938)
Premium and loss reserves	(76,284)	(141,206)
Other receivables	(50,582)	(40,690)
Long term reinsurance contract liabilities	96,146	128,140
Short term reinsurance contract liabilities	6,654	189,357
Unearned premiums	426,993	135,724
Payables arising out of reinsurance arrangements	69,822	(137,953)
Defined benefit liability	104,033	(13,968)
Other payables	11,607	23,707
Deferred acquisition costs	(128,138)	(32,354)
Cash generated from operations	1,471,032	792,004

41 CASH AND CASH EQUIVALENTS

	2010 Kshs '000	2009 Kshs '000
Deposits with financial institutions maturing within 3 months	2,693,330	890,719
Cash and bank balances	248,954	281,586
Treasury bills maturing within 3 months (note 30)	-	558,439
	2,942,284	1,730,744

42 BANK OVERDRAFT

The corporation has an overdraft facility with Kenya Commercial Bank Limited of Kshs 15,000,000. The facility is secured by lien over fixed deposits of Kshs 24 million.

43 RELATED PARTIES

The corporation has various related parties, primarily by virtue of being shareholders and common directorships. The other related parties include the staff of the corporation. The following transactions were carried out with related parties:

	2010 Kshs '000	2009 Kshs '000
a) Transactions and balances with directors and staff		
(i) Directors' remuneration		
Fees	3,150	3,210
Other emoluments	10,756	12,480
	13,906	15,690
(ii) Key management remuneration		
Salaries and other short term benefits	38,758	36,129
(iii) Loans to staff	193,772	178,502
Interest income on these loans was Kshs 8,520,556 (2009 – Kshs 8,313,288). The effective interest on the loans is 5.3 % (2009 – 6.7 %). Staff mortgages and car loans are secured by way of charging the related property to the Corporation.		
(iv) Loans to directors		
Included in other receivables (note 25)	7,309	7,365

Interest earned on these loans was Kshs 386,821 (2009 – Kshs 411,933). The effective interest rate on the loans is 5% (2009 - 5%). Loans to directors are secured by mortgages on the property purchased.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

43 RELATED PARTIES (continued)

b) *Transaction with related company, ZEP Re*

(i) Net premium written

(ii) Claims incurred

Reinsurance policies taken out by related parties are in the ordinary course of business at terms and conditions similar to those offered to other clients.

(iii) Outstanding balances with related parties in respect of underwriting business:

Amounts due from related parties

Amounts due to related parties

2010
Kshs '000

2009
Kshs '000

62,302

80,294

23,337

55,326

2010
Kshs '000

2009
Kshs '000

65,657

82,069

50,464

88,969

44 INCORPORATION

The corporation is incorporated and domiciled in Kenya under the Companies Act. The Government of Kenya owns 60% of the corporation while the public owns 40%.

45 CURRENCY

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



SHORT TERM BUSINESS REVENUE ACCOUNT (APPENDIX I)

FOR THE YEAR ENDED 31 DECEMBER 2010

	Motor Private Kshs '000	Motor Commercial Kshs '000	Fire Domestic Kshs '000	Fire Industrial Kshs '000	Personal Accident Kshs '000	Theft Kshs '000	Misc. Kshs '000	Liability Kshs '000	Eng. Kshs '000	Workmen Comp. Kshs '000	Marine Kshs '000	Aviation Kshs '000	Total Kshs '000	2009 Kshs '000
Gross Premium	9,747	319,662	3,053	1,929,505	476,496	393,835	273,440	46,888	428,751	403	373,395	31,567	4,286,742	3,209,138
Unearned premium b/f	1,920	112,732	2,094	536,821	85,869	115,013	115,048	21,426	128,812	210	91,190	5,306	1,216,441	1,080,716
Unearned premium c/f	3,899	127,865	1,219	715,982	190,598	157,534	106,708	18,755	171,500	161	136,584	12,630	1,643,435	1,216,440
Movement in unearned premium (1,979)	(15,133)	(15,133)	875	(179,161)	(104,729)	(42,521)	8,340	2,671	(42,688)	49	(45,394)	(7,324)	(426,994)	(135,724)
Net Earned Premium	7,768	304,529	3,928	1,750,344	371,767	351,314	281,780	49,559	386,063	452	328,001	24,243	3,859,748	3,073,414
Less: Retrocession premiums	-	-	-	139,549	-	-	6,669	-	-	-	31,935	-	178,153	168,037
Net Written Premium	7,768	304,529	3,928	1,610,795	371,767	351,314	275,111	49,559	386,063	452	296,066	24,243	3,681,595	2,905,377
Claims paid	5,337	123,758	774	893,338	248,822	150,911	113,865	5,730	81,832	285	186,027	11,110	1,821,789	1,363,971
Claims recoverable	-	-	-	(41,896)	-	-	-	-	-	-	(65,106)	-	(107,002)	(69,225)
Beginning of Year (39,868)	(691,770)	-	-	(457,684)	(135,771)	(287,559)	(261,861)	(45,297)	(63,417)	(23,550)	(156,188)	(42,632)	(2,205,597)	(2,016,240)
End of year	23,191	302,695	-	621,362	213,589	365,176	259,750	47,602	107,632	14,072	210,715	46,467	2,212,251	2,205,597
Total Claims Incurred	(11,340)	(265,317)	774	1,015,120	326,640	228,528	111,754	8,035	126,047	(9,193)	175,448	14,945	1,721,441	1,484,103
Commissions	141	22,571	24,677	532,773	71,816	123,916	84,401	12,796	141,132	144	100,001	5,380	1,119,748	895,678
Commissions receivable	-	-	-	(233)	-	-	(167)	-	-	-	-	-	(400)	(1,034)
Provision for bad debts	1,074	35,235	336	212,680	52,522	43,410	30,140	5,168	47,259	44	41,157	3,479	472,504	54,768
Management expenses	665	21,805	208	131,619	32,504	26,865	18,652	3,198	29,247	28	25,471	2,153	292,415	298,010
Total Expenses	(9,460)	(185,706)	25,995	1,891,959	483,482	422,719	244,780	29,197	343,685	(8,977)	342,077	25,957	3,605,708	2,731,525
Underwriting Profit/(loss)	17,228	490,235	(22,067)	(281,164)	(111,715)	(71,405)	30,331	20,362	42,378	9,429	(46,011)	(1,714)	75,887	173,852

This short term business revenue account was approved by the Board of Directors on 19th April 2011 and was signed on its behalf by:

Principal Officer

Director

Director

LONG TERM BUSINESS REVENUE ACCOUNT (APPENDIX II)

FOR THE YEAR ENDED 31 DECEMBER 2010

	Ordinary Kshs '000	Super Annuation Kshs '000	2010 Kshs '000	2009 Kshs '000
Gross earned premiums	55,452	638,706	694,158	634,611
Reinsurance	(8,135)	(93,705)	(101,840)	(82,139)
Net earned premium	47,317	545,001	592,318	552,472
Net claims incurred	18,325	211,067	229,392	217,385
Increase/(decrease in actuarial liability	7,681	88,465	96,146	128,140
Net commission	10,250	118,054	128,304	160,784
Management expenses	6,010	69,222	75,232	78,253
Provision for doubtful debts	318	3,660	3,978	-
	42,584	490,468	533,052	584,562
Underwriting/(deficit)/surplus	4,733	54,533	59,266	(32,090)
Fair value gains	1,837	21,163	23,000	58,000
Investment income	19,869	228,851	248,720	208,107
Increase in life funds	26,439	304,547	330,986	234,017

The long term business revenue account was approved by the board of directors on 19th April 2011 and was signed on its behalf by:



Principal Officer



Director



Director



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NOTES

ANNUAL REPORT & FINANCIAL STATEMENTS 2010



Kenya Re

NOTES

PROXY FORM

The Corporation Secretary
Kenya Reinsurance Corporation Limited
15th Floor, Reinsurance Plaza Building
Taifa Road
P. O. Box 30271-00100
NAIROBI

Shareholder / Member No. _____

I/WE _____ of _____

being a *member/members of KENYA REINSURANCE CORPORATION LIMITED, hereby appoint

_____ of _____

or failing him/her _____ of _____

as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at the Bomas of Kenya, off-Langata Road, Nairobi, on Friday, 10th June 2011 at 11.00 a.m., and at any adjournment thereof.

Signature(s) _____

Signed this _____ day of _____ 2011.

*This form is to be used * in favour of/against a resolution up for voting. Unless otherwise instructed, the proxy will vote as he/she thinks fit.*

* Strike out whichever is not desired.

Notes:

1. The address should be that shown in the register of members.
2. In the case of a member being a Corporation, this form of proxy must be executed either under its Common Seal or signed on its behalf by an attorney or officer of the Corporation duly authorized.
3. A person appointed to act as a proxy need not be a member of the Company.
4. In case of joint holders, the signature of any one holder will be sufficient but the names of all joint holders should be stated.

Shareholder's Admission Letter for AGM on 10th June 2011

Please complete this form and note that it must be produced at the Annual General Meeting by you or your proxy in order to record attendance. Kindly note that only the registered shareholders or their proxy notified to the Company not less than forty eight (48) hours before the time for holding the meeting will be admitted to the meeting.

Name: _____ Signature(s): _____

Annual General Meeting of Kenya Reinsurance Corporation Limited to be held at the Bomas of Kenya, off-Langata Road, Nairobi, on Friday, 10th June 2011 at 11.00 a.m.





FOMU YA MWAKILISHI

Namba ya Mwenye hisa/ Mwanachama

Katibu wa Shirika
Shirika la Kenya Reinsurance Corporation Limited
Gorofa la 15, Jumba la Reinsurance Plaza Building
Taifa Road
SLP 30271-00100
NAIROBI

MIMI/SISI _____ wa _____

kama *mwanachama/wanachama wa KENYA REINSURANCE CORPORATION LIMITED, namteua / tunamteua

_____ wa _____

au kumkoshesha _____ wa _____

kama *mwakilishi wangu/wetu wa kupigia kura *kwa niaba yangu/yetu *katika Mkutano Mkuu Mwaka wa Kampuni utakaofanyika kwenye ukumbi wa Bomas of Kenya, mkabala na barabara ya Langata Road, Nairobi, mnamo Ijumaa, tarehe 10 Juni 2011, saa tano asubuhi, na uahirisho wowote unaoweza kutokea.

Sahihi _____

Ilitiwa sahihi tarehe _____ mwezi wa _____ 2011.

Fomu hii inafaa kutumiwa *kwa uwiano na/dhidi ya maamuzi ya kupiga kura. Isipokuwa iagiziwe vinginevyo, mwakilishi atapiga kura kama anavyofikiria inafaa.

*Ondoa kisichohitajika.

Tanbihi:

1. Anwani iwe ni ile iliyoonyeshwa katika sajili ya wanachama.
2. Ikiwa kwamba mwanachama ni Shirika, fomu hii ya mwakilishi lazima ijazwe chini ya Idhini ya Pamoja au itiwe sahihi kwa niaba yake na mwanasheria mkuu au afisa wa Shirika aliyeidhinishwa.
3. Mtu aliyechaguliwa kuwakilisha siyo lazima awe mwanachama wa Kampuni.
4. Ikiwa ni katika hali ya wamiliki wa pamoja sahihi ya mmoja wa wamiliki ikiandamana na majina ya washirika lazima vitajwe.

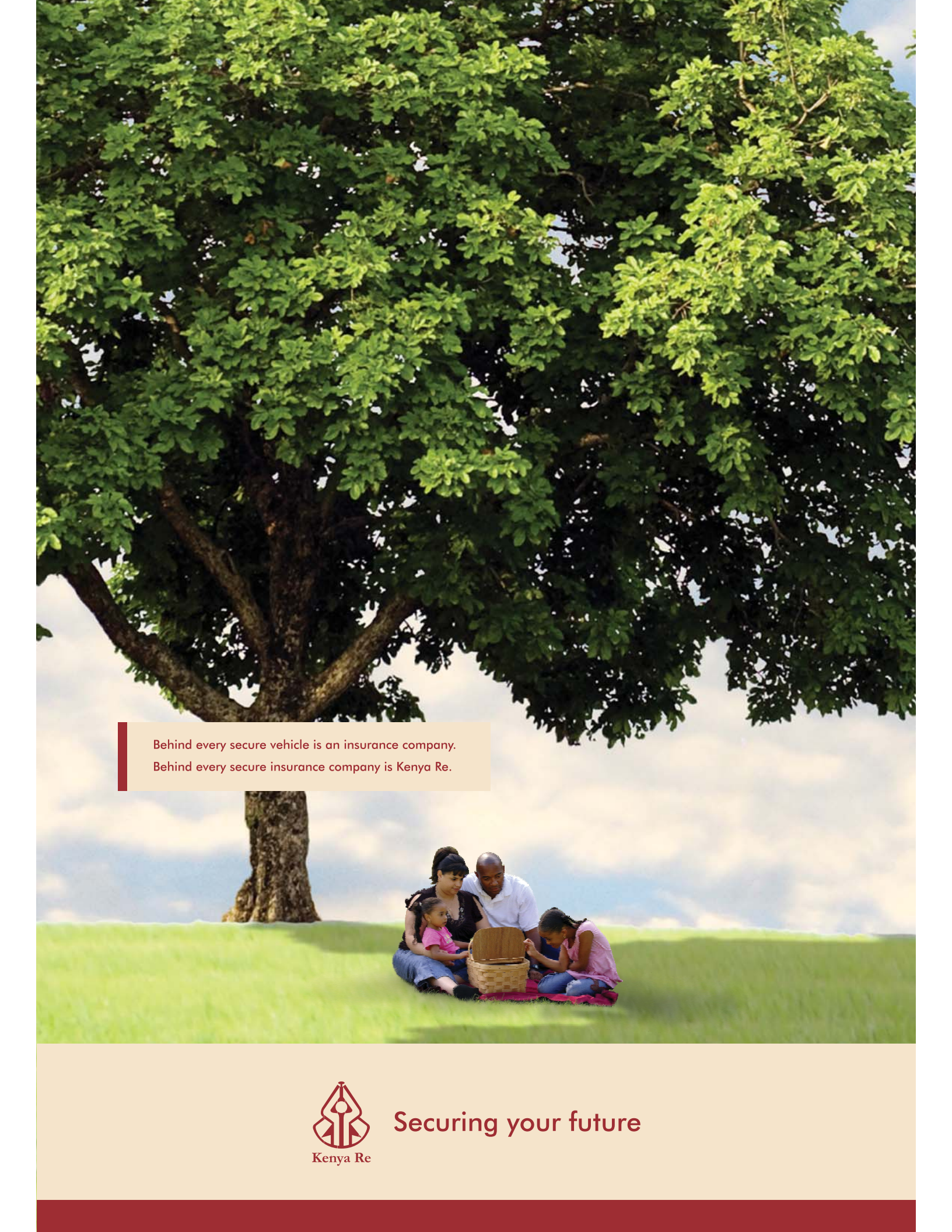
Barua ya Mwaliko ya Wenye-hisa katika Mkutano Mkuu wa Mwaka (AGM) Juni 10, 2011

Tafadhali, jaza fomu hii na ufahamu kuwa lazima iwasilishwe katika Mkutano Mkuu wa Mwaka na wewe binafsi au mwakilishi wako ili usajiliwe kama waliohudhuria. Tafadhali, fahamu kuwa ni wenye hisa waliosajiliwa pekee au wawakilishi waliotambulishwa mbele ya Kampuni katika saa arobaini na nane (48) kabla ya kufanyika kwa mkutano ndio watakoruhusiwa ndani.

Jina: _____ Sahihi: _____

Mkutano Mkuu wa Mwaka wa Kenya Reinsurance Corporation Limited utakaofanyika katika ukumbi wa Bomas of Kenya, mkabala na barabara ya Langata Road, Nairobi, hapo Ijumaa, tarehe 10 Juni 2011, saa tano asubuhi.





Behind every secure vehicle is an insurance company.
Behind every secure insurance company is Kenya Re.



Securing your future



Kenya Re

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