



INSURERS ASSOCIATION OF ZAMBIA



# INDUSTRY REPORT 2020

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# DISCLAIMER

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# 1.0 ECONOMIC OUTLOOK ZAMBIA 2020

## 1.1 GROSS DOMESTIC PRODUCT

Real GDP growth for 2020 all through the end of quarter four had been downgraded significantly, reflecting the unprecedented negative impact of the COVID-19 shock. The economy contracted by -3 %, deeper than the earlier projection of -2.6%. The GDP recorded in 2020 was K 138.25 billion as opposed to the K142.53 recorded in 2019.

The substantial decline in consumer and investment spending induced by disruptions in business operations greatly affected the growth. The secondary and tertiary sectors, particularly tourism, wholesale and retail trade, construction, as well as transport and storage are the most adversely affected by the pandemic

The depreciation of the Kwacha against the US Dollar experienced during the period Compounded the expenditure pressures.

## 1.2 INFLATION

Monetary policy continued to pursue the single digit inflation target range of 6-8%. However, inflationary pressures continued to mount resulting in overall inflation deviating further away from the upper bound of the 6-8% target range. Annual inflation increased to an average of 15.7 percent in 2020 from 9.1% in 2019. End-year inflation rose to 19.2% in 2020 from 11.7% in 2019. The increase in inflation was largely on account of the lagged pass-through from the sharp depreciation of the Kwacha against the US dollar and upward adjustment in energy prices at the beginning of the year.

## 1.3 MONETARY POLICY

Despite inflationary pressures, the Bank of Zambia kept the main policy rate (MPR) flat at 8.00% to account for further weak growth to support the prevailing economic conditions. Monetary Policy continued to focus on bringing Inflation within the target range of 6-8%. The projected increase in inflationary pressures in 2019 influenced the upward adjustment in the policy rate to 11.5%. in addition, The Statutory Reserve Ratio was increases to 9.0% from 5.0% to address emerging exchange rate pressures that contribute to Inflation. These measures were intended to bring inflation back to the target range of 6-8% on the medium term as it was projected to persist above 8.0% over the period to the third quarter of 2021.

## 1.4 FOREIGN EXCHANGE

In the foreign exchange market, the Kwacha weakened against major tradable currencies in 2020 relative to 2019. The Kwacha depreciated by 41.7% against the US dollar to an annual average of K18.31 from K12.92 in 2019. By end-December 2020, the Kwacha was trading at K21.17 to the US dollar from K14.05 as at end December 2019.

*Source: Ministry of Finance Annual Report 2020*



## 2.0 WORLD INSURANCE PERFORMANCE 2020

According to the Sigma report 2020, Global direct premiums for the year 2020 topped recording USD 6.9 trillion. Total premiums expanded in both nominal and real terms. This denoted a 6% of Global GDP

Non-life insurance premium Accounted for 54% of the total Premiums recorded (USD 3.73 Trillion). Life Premiums accounted for 46% of the total Premiums (USD 3.1 trillion)

Global Premiums are expected follow a strong growth of about 3.3% in the year 2021 amid the negative effects of the Covid 19 pandemic. We forecast stronger growth in global life premiums in 2020/21, at a rate well above the annual. By line of business, traditional savings business will remain unattractive for consumers, particularly in advanced markets, due to low interest rates. While mortality protection gaps present significant growth opportunities, mortality risk provide much smaller premium volumes than do savings policies.

The table below shows Non-life policies contributed the most to the growth of the Global Premiums.

**Table 2.0: Global Premium Growth Rates 2020**

S/N	Item	2019	2020	Contribution	Growth
1	Non-Life	3.4	3.7	54%	9%
2	Life	2.9	3.2	46%	10.3%
	Total	6.3	6.9	100%	10%

Source: Swiss Re Sigma 2021 (Figures in Trillion Dollars)

### 2.1 GLOBAL LIFE INSURANCE PREMIUMS

Global life insurance premiums grew by 10.3% in real terms to USD 3.438 in 2020 from USD 2,892 billion in 2019 The outlook is more promising: Global life premiums are expected to grow by around 2-3% annually over the next two years. Most of the improvement will come from emerging markets, in particular where we expect a recovery in demand for savings products. In advanced markets, growth will remain low but positive.

### 2.2 GLOBAL NON-LIFE INSURANCE PREMIUMS

In 2019 The Global Non-Life Premiums grew by 9% to USD 3.769 from USD 3.429 billion, terms from the previous year. We expect global premium growth to maintain the healthy pace. We forecast that premiums in advanced markets will grow significantly by Emerging market premiums will grow by Premium growth in emerging Asia will remain solid, but we see notable slowdown on the back of slower economic growth and weaker demand for motor insurance. Growth rates in other emerging markets will mostly improve.

## 2.3 INSURANCE PERFORMANCE IN AFRICA

Premium Growth in Africa in the year 2020 continued to recover from the covid-19 shock recording 3% growth in GWP from 2019, The Total premiums recorded were USD 70.04 compared to USD 68.16 billion in 2019.

Life Premiums accounted for 68% of the total Premiums Written while Non-life accounted for 32%. The negative impact of Covid 19 on the various economies led to a projected drop in Premiums written of -3% in 2020 and later expected to improve in 2021.

It is evident in African that Life policies contributed the most to Gross Premiums written as opposed to the Global outlook.

**Table 2: 2020 Africa Premiums**

S/N	Item	2020 Gross written Premiums	Contribution to GWP
1	Life	47.62	68%
2	Non-Life	22.42	32%
	Total	70.04	100%

*Figures in billion Dollars*

*Source: Swiss Re Sigma 2020*

## 3.0 ZAMBIAN INSURANCE SECTOR

In 2020 there were 30 licensed insurance companies of which 20 were Non-life and 10 were life insurance companies. There were 4 Reinsurance companies, 3 Reinsurance Brokers, 45 Insurance brokers and 242 insurance agents. Other licensed players include 8 Assessors, 3 claims agents, 2 risk surveyors and 6 loss adjustors.

**Table 3.0 Number of Insurance Companies 2016-2020**

S/N	Year	Non-Life	Life	Total
1	2016	22	11	33
2	2017	22	12	34
3	2018	21	10	31
4	2019	21	10	31
5	2020	21	10	31

### 3.1 COMBINED GROSS WRITTEN PREMIUMS

The industry recorded gross written premiums of ZMW 4.557 billion in 2020 compared to ZMW 3.757 billion in 2019 representing a growth of 21%. The gross written premium for non-life insurance was ZMW 2.983 billion (ZMW 2.292 in 2019) and life insurance was ZMW 1.573 billion (ZMW 1.465 billion 2019).

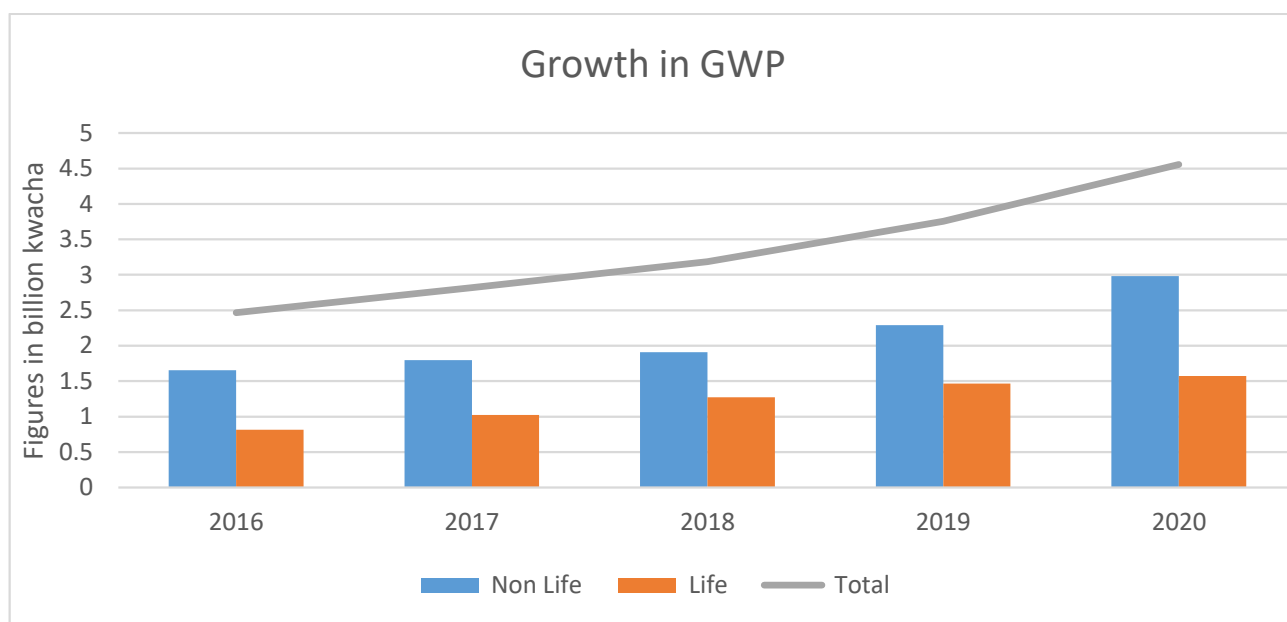
The industry growth over the past years is depicted in table and figure below:

**Table 3.1: Growth in Gross Written Premiums (2016 – 2020)**

S/N	Item	2016	2017	2018	2019	2020
1	Non-Life	1.652	1.799	1.908	2.292	2.983
2	Life	0.814	1.022	1.275	1.465	1.573
	Total	2.466	2.821	3.183	3.757	4.556

Figures in billion kwacha.

**Figure 1 Growth in Gross Written Premiums**



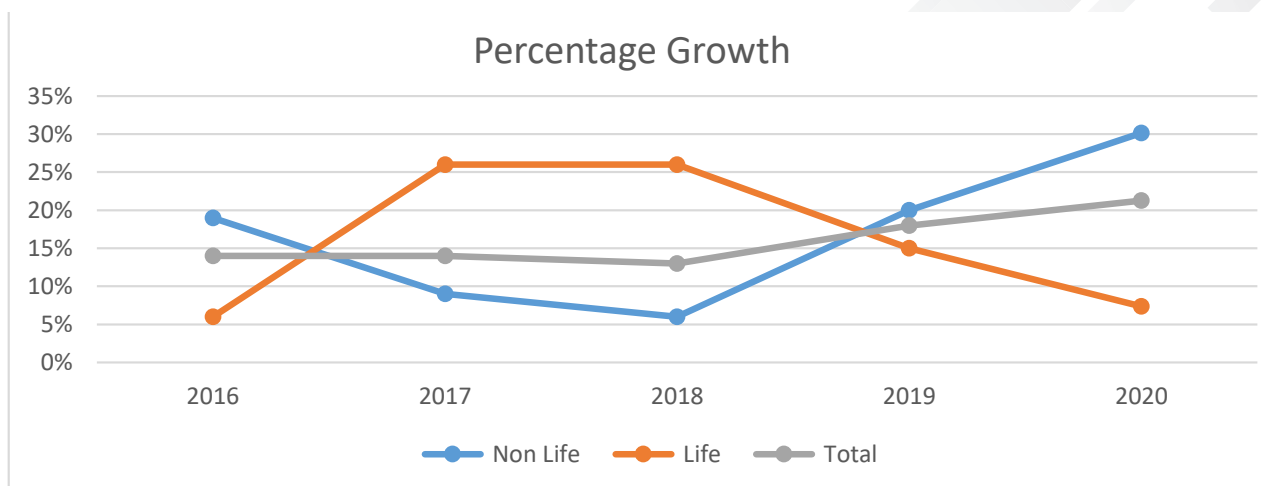
Non-life insurance premium grew by 30% in 2020 (20%:2019) while life insurance premiums grew by 7% in 2020 (15% growth:2019). The insurance industry as a whole grew by 21% in 2020 as opposed to 18% growth recorded in 2019.

The percentage growth of the insurance industry over the past five years is depicted in table 3.2 and figure 3 below:

**Table 3.2: Percentage Growth in GWP**

	2016	2017	2018	2019	2020
Non-Life	19%	9%	6%	20%	30%
Life	6%	26%	26%	15%	7%
Total	14%	14%	13%	18%	21%

Figure 2: Percentage Growth of Gross Written Premiums



### 3.1.1 PREMIUMS REINSURED

There is been growth of Premiums ceded to reinsurers over the 5 years under review. The total premiums ceded in 2020 were K 1.996 billion and K1.409 billion in 2019 denoting a growth of 42%. The growth in Premiums ceded can be attributed to the growth of Gross Written Premiums.

Table 3.1.1 Premiums Ceded to Reinsurers 2016-2020

S/N	Item	2016	2017	2018	2019	2020
1	<b>Non-life Premiums ceded</b>	0.728	0.868	0.875	1.18	1.687
	<b>% of Gross Premiums - Non-Life</b>	44%	48%	46%	53%	57%
2	<b>Life ins Premiums ceded</b>	0.184	0.174	0.254	0.229	0.308
	<b>% of Gross Premiums - Life</b>	23%	17%	20%	15%	20%
3	<b>Total Premiums ceded</b>	0.912	1.042	1.13	1.409	1.996
	<b>% of Gross Premiums - Industry</b>	37	37%	36%	38%	44%
4	<b>% Growth- Total Premiums ceded</b>	23	14%	8%	25%	42%

Figures in billion kwachas



### 3.1.2 CONTRIBUTION TO NATIONAL GDP

The relative performance of the insurance industry to the national Gross Domestic Product for the periods 2016 to 2020 are shown in table 3.1.2 below:

**Table 3.1.2: Insurance Performance relative to National GDP**

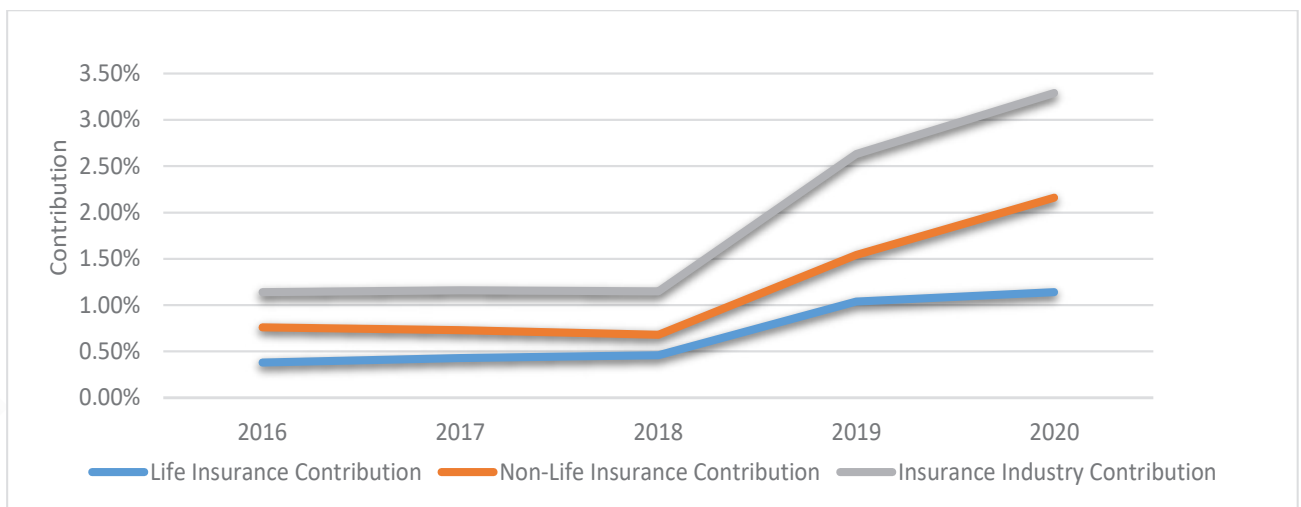
S/N	Item	2016	2017	2018	2019	2020
1	Gross Domestic Product-Mkt Price	216.094	245.685	279.441	142.529	138.25
2	Life Insurance Premiums	0.814	1.022	1.294	1.465	1.573
3	Life Insurance Contribution	0.38%	0.43%	0.46%	1.04%	1.14%
4	Non-life Insurance Premiums	1.652	1.799	1.907	2.292	2.983
5	Non-Life Insurance Contribution	0.76%	0.73%	0.68%	1.54%	2.16%
6	Total Industry Premiums	2.467	2.821	3.201	3.757	4.556
7	Insurance Industry Contribution	1.14%	1.16%	1.15%	2.63%	3.29%

*Figures in billion kwacha*

$$**\text{Insurance Contribution} = \frac{\text{Gross Premium}}{\text{GDP}} \times 100\%$$

The insurance contribution was low and constant around the 1% mark from the year 2016 to 2018. The year 2019 recorded a higher contribution of 2.63%. The year 2020 recorded the highest Insurance contribution of 3.29% in the past five years as depicted in the table above and figure 3 below. Life insurance recorded a Contribution ratio of 1.14% in 2020 compared to 1.04% in 2019 while Non-life insurance recorded 2.16% in 2020 compared to 1.54 % in 2019.

**Figure 3.: Insurance Contribution, Percentage of GDP**



### 3.1.3 INSURANCE PENETRATION

The Insurance penetration has significantly improved from 2.8% recorded in 2015 to 5% in 2020 as shown in table 3.1.3 below

Item	2020	2015
Insurance Penetration	5%	2.80%

Finscope survey 2020 top line Findings indicate the major barrier barrier to Insurance penetration is the general public's perception of Insurance as a whole, Table 3.1.4 below show the details of the barriers to Insurance penetration in Zambia

**Table 3.1.4**

S/n	Barriers to Using Insurance Products/ Services	Percentage Rate
1	Does not want to think about bad things happening	1.0%
2	Insurance Companies do not want to pay claims	1.2%
3	Do not trust the Insurance Companies	1.5%
4	Don't need it - Protect self in a certain way	2.9%
5	Do not know where to get it	4.0%
6	Do not know the benefits of Insurance	10.8%
7	Does not know how it works	12.9%
8	cannot afford it	24.9%
9	Never heard of it	40.9%

Source: Finscope Top Line Findings report-2020

### 3.2 CLAIMS

The industry has been recording a rise in the loss ratio throughout the five-year analysis. This trend was due steady increase in both earned premiums and claims.

In 2020 net claims increased by 11% from 2019. Claims recorded in 2020 amount to K 1.05 billion and K 0.95 billion in 2019. Earned premiums increased by 10% as they grew from K 2.17 billion in 2019 to K 2.39 billion in 2020.

**Table 3.2: Net Claims analysis 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	<b>Earned Premium</b>	1.51	1.72	2.01	2.17	2.39
2	<b>% Increase in earned premiums</b>	14%	14%	17%	8%	10%
3	<b>Net Claims</b>	0.76	0.79	0.9	0.95	1.05
4	<b>% increase in claims</b>	30%	4%	14%	6%	11%
5	<b>Loss Ratio</b>	50%	46%	45%	44%	44%

### 3.3 TOTAL EXPENSES

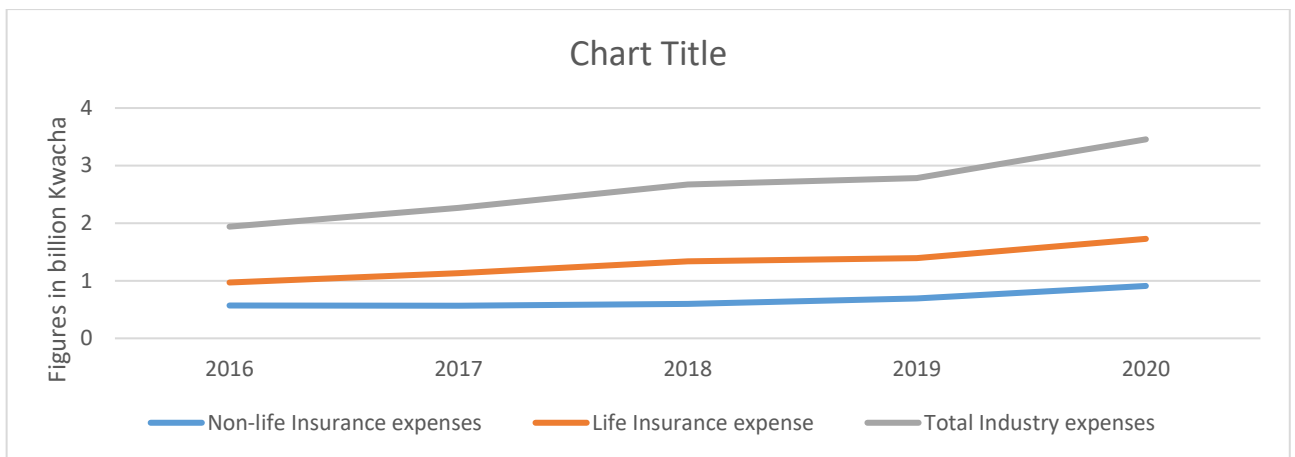
Total expenses include net commissions and other expenses besides claims. The total expenses in 2020 were K 1.728 billion (2019: K 1.391 billion) of which non-life insurance expenses were K 0.910 billion (2019: K 0.695 billion) and life insurance expenses amounted to K 0.818 billion (2019: K 0.696 billion). Total industry expenses have increased by 24% between 2019 and 2020. This increase in expenses is attributed to depreciation of the Kwacha which in turn triggered Inflation hence increasing the cost of carrying doing business

**Table 3.3: Expenses 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	Non-life Insurance expenses	0.568	0.567	0.597	0.695	0.910
2	Life Insurance expense	0.402	0.565	0.739	0.696	0.818
	Total Industry expenses	0.97	1.132	1.336	1.391	1.728

*Figures in billion kwacha*

Figure 4: Change in expenses 2016-2020



### 3.4 PROFITABILITY

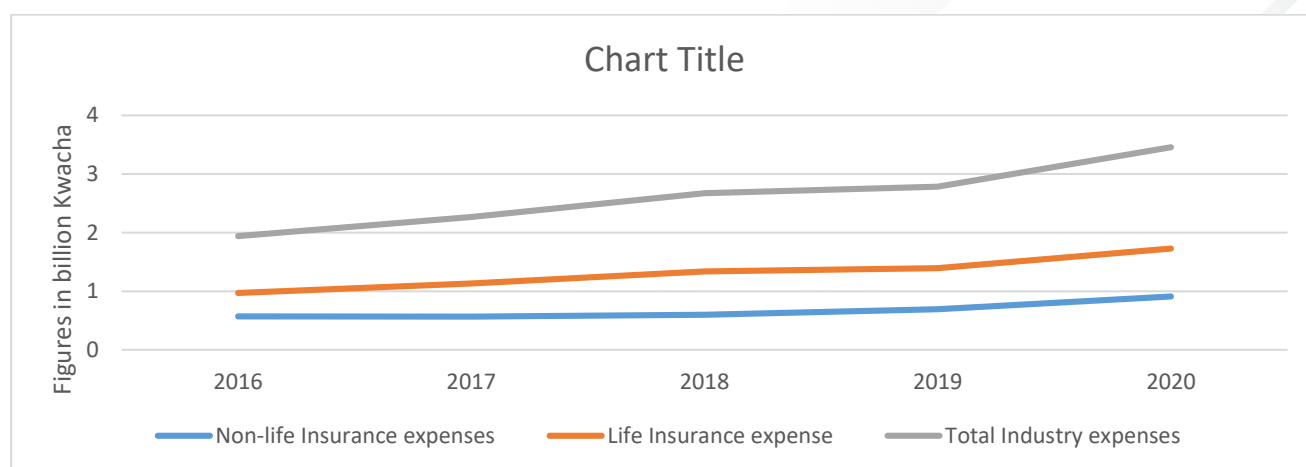
The industry recorded a decrease of -36% in underwriting profit from K 1.301 million in 2019 to K0.822 million in 2020. While the industry experienced a loss of K25 million in 2019, the industry however made a profit of K127 million in 2020. Details of the Industry profitability for the 5-year analysis are shown in table 3.4 and figure 4 below.

**Table 3.4: Industry Profitability 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	Industry underwriting results	0.682	0.821	0.869	1.301	0.822
2	Industry profit before tax	0.036	0.177	0.120	0.016	0.183
3	Industry profit after tax	0.009	0.146	0.079	(0.025)	0.127

*Figures in billion kwacha*

Figure 4: Change in expenses 2016-2020



### 3.5 INSURANCE PREMIUM RECEIVABLES

In the past 5 years, on average, about 35% of Insurance Business written during each calendar year remained uncollected at the year end.

The table below then depicts how about 30% of debt at the end of the year is either provided for as bad debt or is actually written off. This affects the ability to pay claims hence the current proposals for insurance to be done on cash and carry basis. The year 2019 recorded the lowest Insurance Receivables figure due to non-submission of Financial Information by a few members resulting in the drop of both the debtors to Gross Premiums written ratio and the Provision for bad debtors to Debtors ratios.

**Table 3.5: Insurance Industry Receivable Analysis 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	Gross Written Premiums	2.45	2.82	3.20	3.67	4.556
2	Gross Debtors	0.89	0.96	1.01	0.81	1,039
3	Provision for/Bad Debts	0.27	0.31	0.31	0.18	0.17
4	% Debtors / GWP	36%	34%	32%	22%	23%
5	% Bad Debts /Debtors	30%	33%	30%	23%	22%

*Figures in billion kwacha*



## 4.0 INDUSTRY REGULATORY ENVIRONMENT

### 4.1 REGULATORY FRAMEWORK

The Zambian insurance industry is largely subjected to the following Acts among others;

- Insurance Act No. 27 of 1997, including any subsequent amendments. The amendment by Act No. 26 of 2005, prohibited the existence of composite insurance companies.
- Pensions Scheme Regulation Act No. 28 of 1996, including any amendments.
- Road Transport (Safety and Traffic Management) Act 1999 including any amendments.
- Companies Act Cap 388 of the laws of Zambia

### 4.2 FISCAL POLICY ENVIRONMENT

All insurance premiums no longer subject to VAT but a levy is charged.

An insurance levy of 3% of the gross premiums written is charged on all the business written by general insurance companies and non-life premiums.

All brokers are required to be members of the Insurance Brokers Association of Zambia (IBAZ).

All the licensed insurers and reinsurers are required by law to be members of the Insurers Association of Zambia (IAZ).

### 4.3 OTHER INDUSTRY MATTERS

#### INSURANCE TRADING ENVIRONMENT

**4.3.1** The insurance industry continues to anticipate the Insurance Bill and the Social Security Bill, which are expected to have a major impact on the operations of our regulator PIA, and the insurance industry as a whole.

**4.3.2** In 2020 Mr Tresford Chiyavula continued in the role of acting as the PIA Registrar and Mrs Namakau Ntini as acting (sadly Mr Chiyavula passed away in July 2021) Deputy Registrar - Insurance. PIA continues to be open to dialogue on industry matters. The PIA issued draft corporate guidelines and requested comments from the industry. The guidelines come into force in 2021. PIA also issued guidelines on "key fact statements" that all insurers were instructed to prepare, and present to all clients purchasing or seeking information on policies. PIA has also indicated that they plan to shift to risk based capital oversight of insurers.

**4.3.3** The Employment Code came into effect in June 2020, and we are confident that members have complied. NHIMA is also operating fully, and so far, only government hospitals have been registered. ZRA has eased enforcement on deadlines for payment of taxes, in order to provide some relief to the economy.

**4.3.4** The novel Corona Virus Disease (i.e. COVID-19) continued to pose a health challenge, and to impact the overall economy. Some cases had affected operations of some IAZ members. The pandemic reached Zambia in March 2020, and the measures taken impacted the overall economic environment. This negatively impacted on our calendar since the events such as workshops were postponed or cancelled. The conference finally took place in November 2020, when the number of cases had reduced.

**4.3.5** The insurance industry continued to anticipate the Insurance Bill, despite the prolonged delay. There was also uncertainty surrounding the revised Social Security Bill and how it will impact on the operations of the industry.

**4.3.6** Parliament also passed an amendment to the Insurance Act in respect of Insurance Levy. This amendment required all insurance sales points to issue electronic tax invoices/receipts. The devices would be supplied by ZRA, but ZRA had not procured the devices as at the time of preparing the report. We will inform the industry once the gadgets are made available.

## 5.0 INDUSTRY RATIO ANALYSIS

The analysis of the Industry Key Performance ratios over the last five-year period has been divided into Non-life, Life and concluded with a Combined analysis as follows;

### 5.1 RATIO ANALYSIS: NON-LIFE INSURANCE

The table below depicts ratio analysis for the non-life insurance niche

*Table 5.1 Non-life Insurance Ratio analysis 2016-2020*

S/N	Item	2016	2017	2018	2019	2020
1	Risk Retention	0.56	0.5	0.54	0.46	0.38
2	Loss Ratio	0.42	0.37	0.38	0.49	0.58
3	Expenses Ratio	0.64	0.64	0.61	0.71	0.79
4	Combined Ratio	1.06	1.02	0.99	1.2	1.38

## 5.2 RATIO ANALYSIS: LIFE INSURANCE

The ratio analysis for the non-life insurance niche has been depicted by table 5.3 below.

**Table 5.3: Life Insurance Ratio analysis 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	Risk Retention	0.77	0.83	0.8	0.81	0.79
3	Loss Ratio	0.61	0.55	0.51	0.39	0.57
4	Expenses Ratio	0.65	0.67	0.71	0.58	0.65
4	Combined Ratio	1.26	1.22	1.23	0.97	1.22

## 5.4 RATIO ANALYSIS: COMBINED INDUSTRY RATIO ANALYSIS

**Table 5.3: Insurance Industry Ratio Analysis 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	Risk Retention	0.63	0.62	0.65	0.61	0.52
2	Loss Ratio	0.50	0.46	0.45	0.44	0.58
3	Expenses Ratio	0.64	0.66	0.66	0.64	0.72
4	Combined Ratio	1.14	1.12	1.11	1.08	1.30

**Table 5.4 : Ratio Formulas**

Ratio	Formula	Significance in Analysis
<b>Risk Retention</b>	$\frac{\text{Net premium Written}}{\text{Gross Premium written}}$	Indicates the level of risks retained by the insurer. Reinsurance plays an essential role in the risk spreading process.
<b>Loss Ratio</b>	$\frac{\text{Net claims Incurred} \times 100}{\text{Net Premium Earned}}$	The ratio measures the company's loss experience as a proportion of premium income earned during the year. The loss ratio is a reflection on the nature of risk underwritten and the adequacy or inadequacy of pricing of risks.
<b>Expenses Ratio</b>	$\frac{\text{Management Expenses +/- Net commission paid/ (earned)} \times 100}{\text{Net Premium Earned}}$	Expense ratio reflects the efficiency of insurance operations. Expense ratio for an insurer would be analysed by class of business, along with the trend of the same
<b>Combined Ratio</b>	Loss Ratio + Expense Ratio	Combined ratio is a reflection of the underwriting expense as well as operating expenses structure of the insurer.

*(Source: Care Rating)*

## 6.0 Combined Statement of Comprehensive Income

The insurance industry's statement of Comprehensive Income for the last five years is shown in table 6.0 below.

S/N	Item	2016	Growth	2017	Growth	2018	Growth	2019	Growth	2020	Growth
1	Gross Written Premiums	2.45	14%	2.82	15%	3.18	13%	3.78	18%	4.57	21%
2	Reinsurance Ceded	0.91	23%	1.04	14%	(1.13)	8%	(1.395)	23%	1.99	43%
3	Net Written Premium	1.54	9%	1.74	13%	2.070	19%	2.362	14%	2.53	7%
4	Change in Net Provision for UPR	(0.03)	-63%	(0.01)	-66%	(0.06)	415%	(0.175)	192%	(0.13)	-26%
5	Earned Premium	1.51	14%	1.72	14%	2.01	17%	2.187	9%	2.39	9%
6	Net Claims Incurred	0.76	30%	0.79	5%	(0.90)	13%	(1.087)	21%	1.38.	27%
7	Commissions and other expenses	0.97	14%	(1.13)	17%	(1.34)	18%	(1.541)	15%	1.73	12%
8	Investment and other income	0.25	25%	0.38	51%	0.25	-34%	0.456	82%	0.72	58%
9	Total Profit/(loss)before tax	0.04	-63%	0.18	397%	0.02	-32%	0.015	-25%	0.18	1100%
10	Taxation	0.03	23%	0.03	23%	(0.04)	25%	(0.041)	-2%	(0.05)	22%
11	Total profit/(loss) after tax	0.01	-88%	0.14	1510%	(0.02)	-45%	(0.026)	-30%	0.13	600%

Table 6.0: Combined industry Statement of Comprehensive Income

## 6.1 DETAILED STATEMENT OF COMPREHENSIVE INCOME

Table 6.1 below shows a detailed analysis of the Comprehensive income of each Insurance company. The information provided in the table below is based on the 28 audited Financial Statements of the year ended 31st December 2020 received by the Insurers Association of Zambia.



Table 6.1: Detailed Analysis of the Statement of Comprehensive Income for the year ended 2019

S/N	Company	Gross Insurance Premiums	Reinsurance Ceded	Net Written Premium	Change in Net Provision for UPR	Earned Premium	Net Claims	Net commissions and expenses	Investment and other income	Total Profit /(loss) before tax	Taxation	Total profit/(loss) after tax
1	A/grey	33.10	4.80	28.30	0.38	28.63	3.49	15.67	0.02	9.73	(3.62)	4.92
2	Adelvis	7.69	1.11	6.58								1.39
3	A/pride	70.14	31.42	38.72	(4.24)	34.48	20.53	10.71	13.40	17.27	(6.12)	11.15
4	Adv/tage	45.27	16.14	29.13	-	29.13	5.64	17.65	5.43	15.18	(5.49)	9.69
5	Aplus	35.99	8.27	27.72	(1.55)	26.17	2.76	16.31	1.53	7.38	(2.57)	4.81
6	Absa Life	64.81	6.20	58.61	(0.03)	58.58	16.36	52.14	14.01	2.75	-	2.75
7	Swan	66.69	28.77	37.92	(2.33)	35.59	22.03	17.80	7.35	4.56	(2.08)	2.48
8	G/alliance	42.90	22.50	20.40	(1.64)	18.76	8.59	11.62	2.89	10.87	(1.98)	8.89
9	Hollard	216.61	96.57	120.04	(5.80)	114.24	61.67	73.13	34.21	13.61	(4.87)	8.74
10	HOLLARD life	42.67	13.32	29.35	(2.80)	26.55	2.76	30.20	4.98	(1.47)	0.33	(1.14)
11	Innovate	24.94	1.74	23.20	(0.96)	22.24	4.42	18.53	1.80	3.26	(1.14)	2.12
12	Liberty	122.27	63.63	58.64	(7.05)	51.59	11.64	54.90	3.41	(12.39)	-	(12.39)
13	Madison	350.95	167.49	183.46	(14.56)	168.90	128.17	128.07	30.91	(62.30)	11.52	(50.78)
14	Madison/l	187.01	12.82	174.19		174.19						10.87
15	Mayfair	309.14	275.16	33.98	-	33.98	18.63	32.10	49.23	29.75	(9.92)	19.83
16	Goldam	108.41	22.63	85.78		85.78	28.47	51.51	0.25	0.95	(0.40)	0.55
17	Meanwood	10.20	0.50	9.70	(3.55)	6.15	5.27	15.17	0.56	(13.73)	(0.11)	(13.84)
18	One-Life	58.27	0.64	57.63	(1.77)	55.86	30.80	29.92	3.14	8.06	-	8.06
19	Nico	342.34	203.87	138.47	(9.30)	129.17	68.16	81.38	5.84	(18.00)	2.06	(15.94)
20	Phoenix	49.93	34.84	15.09	(0.30)	14.79	7.34	18.82	5.69	0.93	0.43	1.36
21	Professional	814.70	561.98	252.72	(23.86)	228.86	112.63	166.54	43.06	52.49	(17.03)	35.46
22	Prudential	282.33	42.32	240.01	-	240.01	204.77	164.12	72.90	15.83	-	15.83
23	Sanlam	486.11	169.52	316.59	-	316.59	218.22	162.18	66.36	(8.06)	-	(8.06)
24	Savenda	34.55	5.74	28.81	(5.53)	23.28	4.95	17.79	1.66	4.57	(1.42)	3.15
25	Ses	197.99	0.00	197.99	-	197.99	84.98	84.72	29.45	54.06	(13.96)	40.10
26	Veritas	5.44	0.58	4.86	(0.06)	4.80	0.96	3.90	0.06	(0.58)	0.56	(0.02)
27	Zsic	372.92	193.54	179.38	(43.59)	135.79	(164.03)	(213.53)	89.10	39.72		25.80
28	Zsic/l	131.67	0.24	131.43	-	131.43	146.16	240.00	237.00	8.86	3.15	12.01
	<b>Total</b>	<b>4,515.04</b>	<b>1,986.34</b>	<b>2,528.69</b>	<b>(128.54)</b>	<b>2,393.52</b>	<b>1,055.37</b>	<b>1,301.35</b>	<b>724.24</b>	<b>183.30</b>	<b>(52.66)</b>	<b>127.79</b>

Figures in million Kwacha

## 6.2 COMBINED INDUSTRY STATEMENT OF FINANCIAL POSITION

**Table 6.2 : Combined Industry Statement of Financial Position**

S/N	Item	2019	2020	Growth
1	Shareholders Capital and Reserves	0.67	0.73	9%
2	Total Assets	4.17	5.25	26%
3	Total Liabilities	3.48	4.52	30%
4	Net Assets	0.69	0.73	6%
5	Profit/(loss)	(0.02)	0.13	-750%
6	ROCE	-4%	17%	21%

*Figures in billion kwacha*

The insurance industry shareholders capital, life fund and reserves increased by 9% from K 0.67 billion kwacha in 2019 to K0.73 billion kwacha in 2020.

Total assets and liabilities grew by 26% and 30% respectively being an increase from K4.17 billion to K5.25 billion and K3.48 billion to K4.52 billion from 2019 to 2020 respectively.

Net assets grew by 6% from K0.69 billion to 0.73 billion in 2020.

Industry recorded a surplus of K0.13 billion in 2020 as opposed to a loss recorded in 2019.

The Industry recorded a Return on Capital Employed of 17% from the -4 % calculated in 2019.

**Table 6.3 Industry Statement of Financial Position 2019**

Table 6.3 Industry Statement of Financial Position 2019

Company		Shareholders Capital and Reserves		Total Assets		Total Liabilities		Net Assets		Profit/(loss)		ROCE	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1	Adelvis General		17.89		19.79		1.90		17.89		(0.12)		-1%
2	African Grey	9.14	0.79	56.88	54.18	47.74	53.39	9.14	0.79	4.92	(1.56)	54%	-197%
3	Africa Pride	18.06	21.70	63.95	46.60	45.89	25.02	18.06	21.58	11.15	4.15	62%	19%
4	Advantage	22.84	16.40	40.05	29.40	17.21	12.75	22.84	16.65	9.69	6.55	42%	40%
5	A plus General	16.31	11.50	35.36	23.83	19.05	12.32	16.31	11.51	4.81	(0.40)	29%	-3%
6	Barclays Life	17.69	14.90	80.12	74.09	62.43	59.16	17.69	14.94	2.75	(3.47)	16%	-23%
7	Swan	17.52	15.02	53.19	43.27	35.67	28.25	17.52	15.02	2.48	0.31	14%	2%
9	General alliance	24.87	19.90	53.23	33.50	28.36	13.53	24.87	19.97	8.89	3.83	36%	19%
10	Goldman	16.92	-	76.46	-	59.54	-	16.92	-	0.55	-	3%	
11	Hollard	48.25	39.70	223.57	181.50	175.32	141.79	48.25	39.71	8.74	5.83	18%	15%
12	Hollard life	4.63	5.70	29.25	28.00	24.62	22.24	4.63	5.76	(1.14)	(2.47)	-25%	-43%
13	Innovate	32.63	29.30	107.96	63.41	75.33	34.03	32.63	29.38	2.12	2.41	6%	8%
14	Liberty life	6.92	9.30	47.76	35.99	40.84	26.67	6.92	9.32	(12.39)	(4.92)	-179%	-53%
15	Madison General	(71.21)	(2.40)	283.15	244.95	354.36	265.37	(71.21)	(20.42)	(50.78)	(73.99)	71%	3083%
16	Madison life	-	68.20		428.42		360.20	-	68.23	10.87	10.87		16%
17	Mayfair	41.75	32.80	645.32	471.82	603.57	439.01	41.75	32.81	19.83	10.18	47%	31%
18	Meanwood	18.35	12.60	49.93	46.98	31.58	25.19	18.35	21.79	(13.84)	(4.97)	-75%	-39%
19	Metropolitan	15.18	4.10	45.46	29.31	30.28	34.37	15.18	(5.06)	8.06	(4.15)	53%	-101%
20	Nico	22.59	38.50	289.08	210.97	266.49	172.42	22.59	38.55	(15.94)	5.12	-71%	13%
21	Phoenix	17.33	13.80	51.63	41.69	34.30	27.91	17.33	13.78	1.36	(1.77)	8%	-13%
22	Professional	195.85	176.30	391.33	304.41	195.48	47.02	195.85	257.39	35.46	25.16	18%	14%
23	Prudential	120.00	104.60	452.64	371.87	332.64	267.31	120.00	104.57	15.83	10.78	13%	10%
24	Sanlam	19.68	27.70	585.55	479.54	565.87	467.71	19.68	11.83	(8.06)	23.58	-41%	85%
25	Savenda	29.80	21.90	39.42	28.15	9.62	6.26	29.80	21.89	3.15	0.17	11%	1%
26	Ses	24.42	15.04	144.66	92.87	120.24	108.92	24.42	(16.05)	40.10	(24.54)	164%	-163%
27	Veritas	8.5	8.35	13.83	13.61	5.31	5.27	8.5	8.35	(0.02)	(1.58)	0%	-19%
28	Zsic General	38.38	(51.59)	729.41	337.46	691.03	389.05	38.38	(51.59)	25.80	8.63	67%	-17%
29	Zsic life	15.19	2.64	660.90	437.31	645.71	434.67	15.19	2.64	12.01	(17.78)	79%	-674%
	Total	731.61	674.64	5,250.09	4,172.9	4,518.48	3,481.70	731.61	691.22	127.79	(24.12)	17%	-4%

(figures in million kwacha)

## 7.0 NON-LIFE INSURANCE SECTOR

Non-Life insurance is also referred to general insurance in some circles. The major classes of non-life insurance written in Zambia include Fire, Accident, Motor, Marine/Aviation, Engineering and Agriculture. Other classes include Liability, Bonds and Micro insurance.

Twenty-one (21) companies wrote non-life insurance business in 2020.

### 7.1 GROSS PREMIUMS

Gross premiums for 2020 were K 2.98 billion and in 2019 K 2.29 billion being an increase of 30% compared to an increase of 6% in 2018.

In the last 5 years, Professional Insurance has exhibited consistency in maintaining a market share of above 20%. In the year 2020, Professional Insurance had the Market shareholding of 28%, The other insurance companies with a significant market share include Nico Insurance, Madison General, Mayfair and ZSIC General all with a market share of around 10%. About 50% of the companies have a market share of less than 5%.

The table below shows the gross premium, market share and percentage growth per company for the last five years.



COMPANY	2016			2017			2018			2019			2020		
				Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share	Gross Premiums	% Growth	Mkt Share
ACACIA	4.57	26642 %	0%	5.55	21%	0%	-	-100%	0%	-					
ADVANTAGE	19.25	34%	1%	21.03	9%	1%	29.52	40%	2%	32.12	9%	1%	45.27	41%	2%
AFRICA PRIDE	23.40	233%	1%	29.67	27%	2%	32.81	11%	2%	39.86	22%	2%	70.14	76%	2%
AFRICAN GREY	33.94	7%	2%	33.06	-3%	2%	35.15	6%	2%	31.50	-10%	1%	33.10	5%	1%
APLUS	15.41	7%	1%	15.71	2%	1%	14.94	-5%	1%	18.86	19%	1%	35.99	91%	1%
SWAN	57.19	2%	3%	44.19	-23%	2%	33.36	-25%	2%	38.73	16%	2%	66.69	72%	2%
FOCUS	23.78	-23%	1%	21.40	-10%	1%	-	-100%	0%	-					
GENERAL ALL	15.20	149%	1%	16.04	6%	1%	22.04	37%	1%	26.13	19%	1%	42.90	64%	1%
GOLDEN LOTUS	14.44	0%	1%	11.80	-18%	1%	18.56	57%	1%	-	-	-	0		0%
GOLDMAN	99.05	21%	6%	80.83	-18%	4%	81.56	1%	4%	-	-	-	108.41		4%
HOLLARD	130.96	29%	8%	133.09	2%	7%	158.26	19%	8%	182.43	15%	8%	216.61	19%	7%
INNOVATE	11.65	0%	1%	17.08	47%	1%	17.76	4%	1%	26.23	48%	1%	24.94	-5%	1%
GOLDMAN	-	-	-	-	-	-	-	-	-	-	-	-	108.41	#VALUE!	4%
MADISON GEN	213.39	2%	13%	255.28	20%	14%	286.59	12%	15%	335.76	17%	15%	350.95	5%	12%
MAYFAIR	52.08	21%	3%	100.18	92%	6%	171.22	71%	9%	268.60	57%	12%	309.14	15%	11%
MEANWOOD	37.60	-8%	2%	43.33	15%	2%	40.13	-7%	2%	24.62	-39%	1%	10.2	-59%	0%
NICO	234.55	12%	14%	236.14	1%	13%	198.30	-16%	10%	256.79	29%	12%	342.34	33%	12%
PHOENIX	49.31	11%	3%	43.08	-13%	2%	41.90	-3%	2%	42.15	1%	2%	49.93	18%	2%
PICZ	353.76	14%	21%	424.09	20%	24%	462.85	9%	24%	588.57	27%	27%	814.70	38%	28%
SAVENDA	4.69	0%	0%	11.64	148%	1%	19.19	65%	1%	31.49	64%	1%	34.55	10%	1%
ULTIMATE	3.52	-28%	0%	2.77	-21%	0%	11.86	328%	1%	-	-	-			0%
VERITUS G	3.15	63%	0%	3.59	14%	0%	3.55	-1%	0%	5.48	54%	0%	5.44	-1%	0%
ZSIC GI	251.43	39%	15%	249.32	-1%	14%	227.52	-9%	12%	254.71	12%	12%	372.67	46%	13%
ADELVIS	-	-	-	-	-	-	-	-	-	2.72	-	-	7.69	183%	0%
TOTAL	1,652.34	19%	100%	1,798.88	9%	100%	1,907.06	6%	100%	2,206.83	15%	100%	2,941.46	30%	100%

## 7.2 GROSS WRITTEN PREMIUM GROWTH

Non-life Insurance premiums have grown by K1.28 billion in the last 5 years, a growth rate of 78%. This is an average of K 257.80 million every year.

## 7.3 CLAIMS ANALYSIS

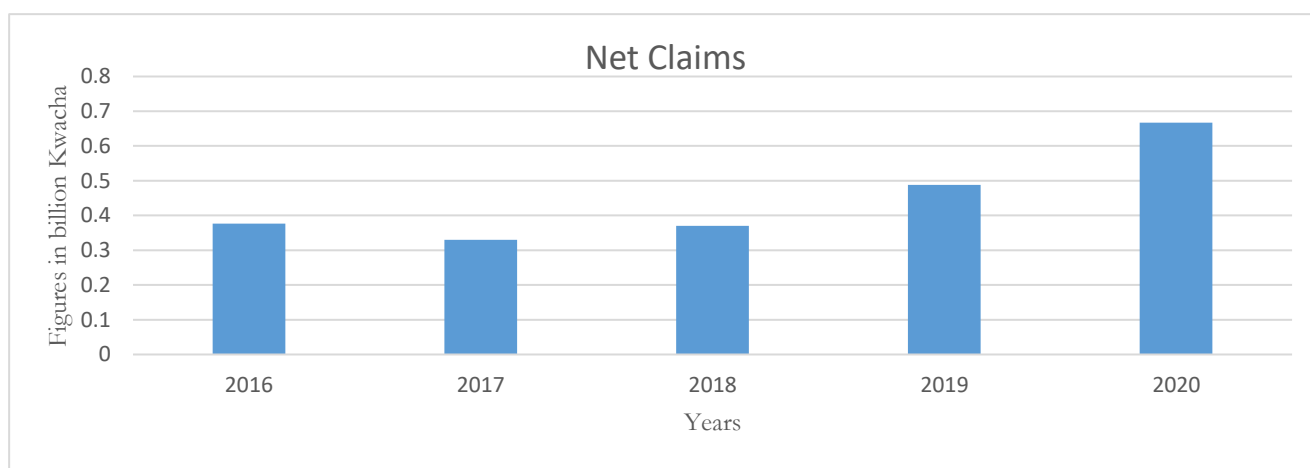
Non-life insurance incurred net claims of K 0.667 billion in 2020 compared to K 0.488 billion in 2019. This indicates an increase 36% amounting to K 0.179 billion from the claims paid in 2019. The Non-Life Net claims have increased by 0.29 billion over the five-year period from 2016 to 2019. The year 2017 has been the lowest while the year 2020 recorded the highest in the past 5 years.

**Table 7.3: Claims Analysis 2016-2020**

S/N	Item	2016	2017	2018	2019	2020
1	<b>Earned Premiums</b>	0.891	0.881	0.974	0.984	1.140
2	<b>Net Claims</b>	0.377	0.330	0.37	0.488	0.667
3	<b>% change in net claims</b>	16%	-1%	10%	31%	48%
4	<b>Loss Ratio</b>	42%	37%	38%	49%	59%

Figures in billion kwacha

**Figure 6- Net Claims Analysis**



## 7.4 EXPENSES

The total Non-life insurance expenses were K 910.23 million in 2020 and K 695 million in 2019.

## 7.5 REINSURANCE

The total premiums ceded was at an average of 45% of gross premiums written. Total premiums ceded in 2019 amounted to K 1,677 million whereas K 1,180 million premiums were ceded in 2018. The year 2020 recorded the highest percentage of 57% in the past 5 years under review. Table 6.5 below shows the premiums ceded from the year 2015 to 2019.

**Table 7.5: Non-life Premiums Ceded**

S/N	Item	2016	2017	2018	2019	2020
1	Non-life premiums ceded	0.728	0.868	0.875	1.180	1.667
2	% of Gross Written Premiums	44%	48%	46%	53%	57%
3	% growth	20%	19%	1%	34%	42%

*Figures in billion kwacha*

## 7.6 SUMMARY OF REVENUE ACCOUNT

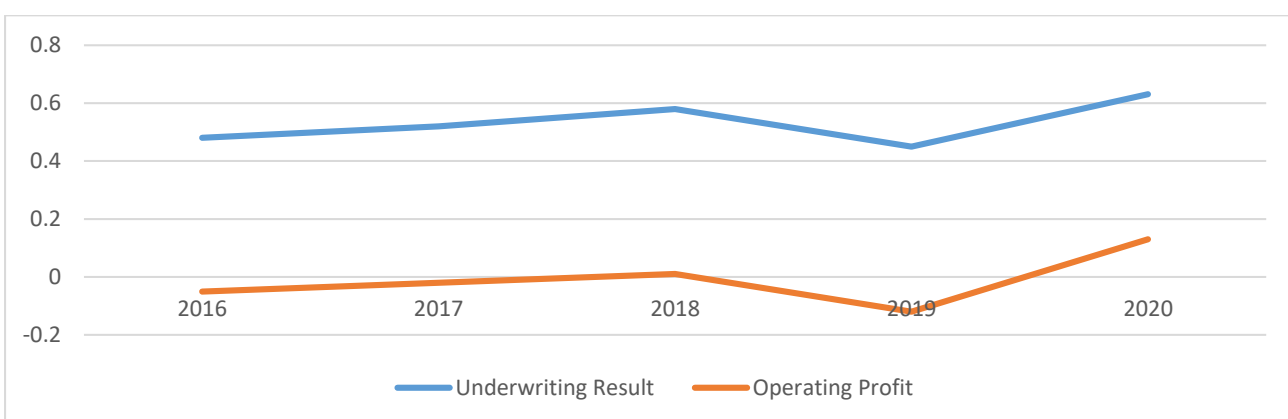
The table below depicts the revenue trends for Non-life Insurers from 2016 to 2020

**Table 7.6: Summary of Revenue Account 2015-2019**

S/N	Item	2016	2017	2018	2019	2020
1	Gross Written Premiums	1.65	1.80	1.91	2.206	2.941
2	Earned Premium	0.89	0.88	0.97	0.98	1.140
3	Direct Insurance Expenses	0.42	0.36	0.40	0.53	0.409
4	Underwriting Result	0.48	0.52	0.58	0.45	0.631
5	Administrative expenses	0.53	0.53	0.57	0.655	0.501
6	Operating Profit	(0.05)	(0.02)	0.01	(0.12)	0.130

*Figures in billion kwacha*

**Figure 7: Change in Revenue Account 2016-2020**



## 8.0 Life Insurance Sector

### 8.1 PREMIUMS INCOME

The life insurance niche recorded a growth in Gross Written Premiums of 7% in 2020 (2019:14%) from K1,465 million 2019 to K1,573 million in 2020. The majority of the life companies recorded a positive growth percentage in 2020 except for ZSIC life and ABSA life recording -8% and -2% respectively.

In terms of Market share, Sanlam recorded the highest Market share of 31%, Seconded by Prudential with 18%, Madison life accounted for 12%, ZSIC life recorded 8%, Speciality Emergency services recorded 13% while Liberty life recorded 8% with One life and ABSA life both recording 4% with the least being Hollard Life with 3%

Sanlam Life maintained its dominance with the biggest market share of premiums with 30% of the market premiums.

Table 7.1 below shows the gross premium, market share and percentage growth per company for the last five years.

Table 8.1: Growth and Market Share of Life Insurance 2015-2019

S/N	Company	2016			2017			2018			2019			2020			
		Gross Premium	% Change	Mkt Share	Gross Premium	% .24	Mkt Share	Gross Premium	% Change	Mkt Share	Gross Premium	% Change	Mkt Share	Gross Premium	% Change	Mkt Share	
1	Aplus Life	1.31	0%	0%	1.30	-1%	0%	-	-100%	0%	-			0%	-		
2	ABSA Life	42.96	0%	5%	54.16	26%	5%	72.24	33%	6%	70.50	-2%	5%	0%	64.81	-8%	4%
3	Focus Life	12.97	143%	2%	8.70	-33%	1%	-	-100%	0%	-	-100%	0%	143%	0		0%
4	Hollard life	12.75	76%	2%	17.08	34%	2%	25.44	49%	2%	34.80	37%	2%	76%	42.67	23%	3%
5	Innovate Life	-	0%	0%	-	0%	0%	1.10	100%	0%	-	-100%	0%	0%	0		0%
6	Liberty Life	36.76	82%	5%	58.85	60%	6%	83.62	42%	6%	114.30	37%	8%	82%	122.27	7%	8%
7	Madison Life	172.29	26%	21%	154.87	-10%	15%	171.32	11%	13%	187.00	9%	13%	26%	187.01	0%	12%
8	Metropolitan	62.72	101%	8%	74.35	19%	7%	83.24	12%	6%	58.20	-30%	4%	101%	58.27	0%	4%
9	Prudential	109.68	-10%	13%	136.04	24%	13%	178.51	31%	14%	247.90	39%	17%	-10%	282.33	14%	18%
10	Regent Life	0.6	-75%	0%	-	-100%	0%	-	0%	0%	-	-100%	0%	-75%			0%
11	Speciality E S	-	0%	0%	77.29	0%	8%	97.98	27%	8%	137.40	40%	9%	0%	197.99	44%	13%
12	Sanlam Life	237.38	0%	29%	318.21	34%	31%	386.53	21%	30%	450.50	17%	30%	0%	486.11	8%	31%
13	Zsic Life	125.25	-25%	15%	124.82	0%	12%	194.05	55%	15%	178.90	-8%	12%	-25%	131.67	-26%	8%
	<b>Total</b>	<b>814.68</b>	<b>6%</b>	<b>100%</b>	<b>1,025.68</b>	<b>26%</b>	<b>100%</b>	<b>1,294.03</b>	<b>26%</b>	<b>100%</b>	<b>1,479.50</b>	<b>14%</b>	<b>100%</b>	<b>6%</b>	<b>1573.13</b>	<b>6%</b>	<b>100%</b>

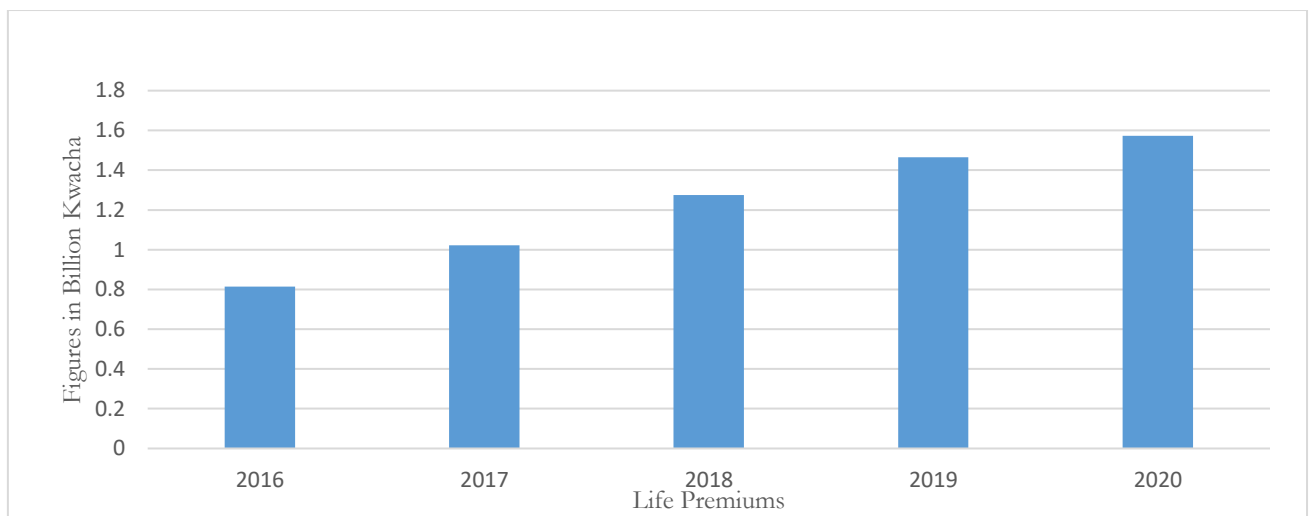
Figures in K' million

## 8.2 GROSS WRITTEN PREMIUMS GROWTH

Life insurance premiums increased by 7% from 2019 to 2020 which is 8% less than the growth attained in 2019 from the Premiums written in 2018. In 2020 life insurance premiums increased to K1,573.13 million from K 1,479.5 million in 2019.

The life premiums have increased by 93% from K0.814 million to K1,573 over the past five years has been with an average of 18% per year. However, a record low of 6% growth was recorded in 2016.

*Figure 7: Growth in Life Premiums 2016-2020*



## 8.3 CLAIMS

Claims as well as Earned premiums have been increasing over the past five years. The decrease in 2017, 2018 and 2019's Loss ratio shows that claims increased less than the earned premiums

*Table : Life 7.3 Insurance Claims 2016-2020*

S/N	Item	2016	2017	2018	2019	2020
1	Net Claims Incurred	379.19	464.75	534.73	517.23	715.69
2	% change in net claims	38%	23%	15%	33%	38%
3	Earned Premiums	618.36	842.41	1,039.24	1,186.56	1,252.77
4	Loss Ratio	61%	55%	51%	43.5%	57%

*Figures in million kwacha*

## 8.4 EXPENSES

Expenses include all expenses in a company's income statement excluding claims. The life insurance Expenses in year 2019 amounted to K 818.18 million Kwacha. K170 million of these expenses account for commission paid in the year 2020. The Life Expenses have increased by K 416 million over the 5-year period from 2016 which recorded K 402 million.

## 8.5 REINSURANCE

As Life insurance has been growing the percentage of premiums ceded has also increased. The total premiums ceded amounted to K308.69 million in 2020, a growth of 12% from the 2018 figure of K 275million.

*Table 8.5: Life Insurance Premiums Ceded 2015-2019*

Year	2016	2017	2018	2019	2020
<b>Life ins Premiums ceded</b>	0.184	0.174	0.254	0.275	0.308
<b>% of Gross Premiums</b>	23%	17%	20%	18.5%	20%
<b>% Growth</b>	6%	-5%	46%	8.3%	12%

*Figures in billion kwacha*

## 8.6 FIVE YEAR REVENUE ACCOUNTS

Revenue accounts over the five-year period is as shown in table 8.6 below

*Table 8.6: Revenue Accounts*

S/N	Item	2016	2017	2018	2019	2020
1	GWP	802.58	1,022.59	1,294.26	1,479.50	1,573.13
2	Earned Premium	618.36	839.32	1,039.24	1,186.56	1,252.77
3	Net Claims	379.19	464.75	534.73	517.23	715.69
4	Total Other Expenses	402.30	564.82	739.41	696.08	818.18
5	Underwriting profit/(loss)	206.74	305.53	292.48	182.33	(-280.03)
6	Investment income & Non-insurance premium income	202.25	216.02	123.66	309.78	431.25
7	Total Profit/(loss)before tax	39.12	64.32	14.65	(21.04)	151.02

*\*Figures in million Kwacha*



## 9.0 REINSURANCE

The Reinsurance niche performance in the year 2019 was better than the results obtained from the year 2108. The performance detailed in item 9.1 and 9.2 below.

### .9.1 COMBINED STATEMENT OF COMPREHENSIVE INCOME

The Reinsurance niche achieved a growth of 57% in Gross Reinsurance Premiums from what was recorded in the year 2018. The Gross Reinsurance Premiums grew from K102.78 million in 2018 to K161.05 million in 2019.

*Table Combined 9.1 Statement of Comprehensive Income*

S/N	Item	2020 K	2019 K	Change
1	<b>Gross Reinsurance Premiums</b>	161,047,180.00	102,788,787.00	57%
2	Retrocession Premiums – ceded	(33,585,591.00)	(34,425,366.00)	-2%
3	Net Reinsurance Premium Income	-	68,363,421.00	-100%
4	Retrocession Commissions – received	-	9,358,795.00	-100%
5	Unearned Premium Movement	(7,807,564.00)	(4,022,422.00)	94%
6	<b>Net Earned Premiums</b>	119,652,336.00	73,699,794.00	62%
7	Net Reinsurance Claims	(31,598,681.00)	(24,438,495.00)	29%
	Net Commission / Acquisition Costs	(42,349,643.00)	(22,410,045.00)	89%
	Operating Expenses	(51,783,395.00)	(31,034,265.00)	67%
	<b>Operating Surplus / (Deficit)</b>	(6,079,383.00)	(4,183,011.00)	45%
	Other Income, Revaluation & Exchange Gains	9,364,390.00	5,378,150.00	74%
	Taxation	(5,090,472.00)	(3,335,542.00)	53%
	<b>Profit After Tax</b>	(1,805,465.00)	(2,140,403.00)	-16%

## 9.2 REINSURANCE STATEMENT OF FINANCIAL POSITION

Total assets increased by 50 percent to K227 million in 2020 from K 151 million in 2019. Details of the consolidated statement of financial position are summarised in Table 9.2 below

*Table 9.2 Statement o Financial Position*

	2020	2019	Change
	K	K	
PPE, Deferred/Current Tax & Prepayments	29,565,631.00	30,679,179	-4%
Investments	34,493,671.00	38,940,927	-11%
Retrocession Receivables	17,171.00	320,273	-95%
Premium Receivables	61,978,803.00	55,632,825	11%
Other Receivables	62,408,668.00	16,556,684	277%
Cash & Bank Balances	38,863,108.00	6,147,812	532%
<b>Total Assets</b>	<b>227,327,052.00</b>	<b>151,085,743</b>	<b>50%</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital	85,000,000.00	70,000,000	21%
Share Premium	24,118,551.00	2,530,642	853%
Retained Profits & Revaluation Reserves	16,584,301.00	-2,541,846	-752%
<b>Total Equity</b>	<b>125,702,852.00</b>	<b>69,988,796</b>	<b>80%</b>
Unearned Premium Reserve	31,752,743.00	15,362,029	107%
Reinsurance Payables	44,421,128.00	18,168,736	144%
Other Payables	23,120,306.00	31,730,878	-27%
Outstanding Claims	2,330,023.00	15,835,304	-85%
<b>Total Liabilities</b>	<b>101,624,200.00</b>	<b>81,096,947</b>	<b>25%</b>
<b>Total Equity &amp; Liabilities</b>	<b>29,565,631.00</b>	<b>30,679,179</b>	<b>-4%</b>

Total assets increased by 50 percent to K227 million in 2020 from K 151 million in 2019. Details of the consolidated statement of financial position are summarised in Table 9.2 below

*Table 9.2 Statement o Financial Position*

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