

**AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017**

|  |           | LONGTERM INSURANCE BUSINESS |                      |
|--|-----------|-----------------------------|----------------------|
|  |           | 2017                        | 2016                 |
|  |           | Shs                         | Shs                  |
| Gross Written Premium                              | 1         | 4,983,630,075               | 5,137,944,856        |
| Outward reinsurance premium                        | 2         | 1,016,972,495               | 1,359,321,819        |
| Net written premium (1-2)                          | 3         | 3,966,657,580               | 3,778,623,037        |
| Gross earned premiums                              | 4         | 4,983,630,075               | 5,137,944,856        |
| Net earned premiums (4-2)                          | 5         | 3,966,657,580               | 3,778,623,037        |
| Investment income                                  | 6         | 202,918,796                 | 227,317,669          |
| Commissions income                                 | 7         | 208,797,699                 | 137,036,739          |
| Other income                                       | 8         | 870,379                     | 418,352              |
| <b>Total Income (5+6+7+8)</b>                      | <b>9</b>  | <b>4,379,244,454</b>        | <b>4,143,395,797</b> |
| <b>OUTGO</b>                                       |           |                             |                      |
| Claims and policy holder benefits                  | 10        | 4,549,702,042               | 4,076,209,827        |
| Less: Reinsurance share of claims                  | 11        | 1,150,426,948               | 977,026,354          |
| Net claims payable (10-11)                         | 12        | 3,399,275,094               | 3,099,183,473        |
| Commissions payable                                | 13        | 457,648,308                 | 360,196,031          |
| Operating and other expenses                       | 14        | 465,889,570                 | 406,499,788          |
| <b>Total Outgo (12+13+14)</b>                      | <b>15</b> | <b>4,322,812,972</b>        | <b>3,865,879,292</b> |
| Profit/(Loss) before tax                           | 16        | 56,431,482                  | 277,516,505          |
| Income tax expense                                 | 17        | 21,836,634                  | 105,352,277          |
| <b>Profit for the year(9-15)</b>                   | <b>18</b> | <b>34,594,848</b>           | <b>172,164,228</b>   |
| Other comprehensive income                         | 19        | -                           | -                    |
| <b>Total profit and other comprehensive income</b> | <b>20</b> | <b>34,594,848</b>           | <b>172,164,228</b>   |
| Earnings per share                                 |           | 23.06                       | 114.78               |

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

|  |  | 2017                 | 2016                 |
|--|--|----------------------|----------------------|
|  |  | Shs                  | Shs                  |
| <b>SHAREHOLDERS' FUNDS</b>                               |  |                      |                      |
| Share capital  |  | 150,000,000          | 150,000,000          |
| Retained earnings  |  | 259,257,996          | 265,299,775          |
| Statutory reserve  |  | 564,754,986          | 524,118,359          |
| <b>Total Shareholders' funds</b>                         |  | <b>974,012,982</b>   | <b>939,418,134</b>   |
| <b>Assets</b>  |  |                      |                      |
| Property & Equipment                                     |  | 35,702,060           | 38,678,160           |
| Intangible assets  |  | 9,630,418            | 13,353,365           |
| Investment property                                      |  | 1,241,847,000        | 1,152,347,000        |
| Investments in Equities                                  |  | 23,991,533           | 24,711,931           |
| Investments in Unit trusts                               |  | 99,131,558           | 70,248,904           |
| Policy loans receivable                                  |  | 58,317,207           | 53,449,853           |
| Government securities held to maturity                   |  | 285,135,467          | 418,555,211          |
| Corporate bond   |  | 1,000,000            | 1,000,000            |
| Receivables arising from reinsurance arrangements        |  | 797,083,892          | 291,857,787          |
| Receivables arising out of direct insurance arrangements |  | 1,075,914,664        | 766,958,457          |
| Other receivables  |  | 255,912,564          | 134,163,645          |
| Deposits with financial institutions                     |  | 684,975,148          | 230,271,314          |
| Cash and cash equivalents                                |  | 702,926,451          | 1,302,387,689        |
| Tax recoverable  |  | 17,386,200           | 16,403,757           |
| <b>Total assets</b>                                      |  | <b>5,288,954,162</b> | <b>4,514,387,074</b> |
| <b>Liabilities</b>                                       |  |                      |                      |
| Insurance contract liabilities                           |  | 3,439,306,666        | 2,752,449,910        |
| Payables under deposit administration contracts          |  | 272,667,249          | 145,366,185          |
| Payables under Investment contracts                      |  | 109,099,232          | 77,348,102           |
| Creditors arising from reinsurance arrangements          |  | 122,253,520          | 281,467,243          |
| Other payables   |  | 114,083,940          | 82,643,561           |
| Deferred tax   |  | 257,530,573          | 235,693,939          |
| <b>Total liabilities</b>                                 |  | <b>4,314,941,180</b> | <b>3,574,968,940</b> |
| <b>Net Assets</b>  |  | <b>974,012,982</b>   | <b>939,418,134</b>   |

**STATEMENT OF MOVEMENT IN DEPOSIT ADMINISTRATION AND INVESTMENT CONTRACTS FOR THE YEAR ENDING 31 DECEMBER 2017**

**Amounts Payable under Deposit Administration Contracts**

|                                   | 2017               | 2016               |
|-----------------------------------|--------------------|--------------------|
|                                   | Shs                | Shs                |
| As at 1st January                 | 145,366,185        | 77,907,973         |
| Pension Fund Deposits Received    | 121,136,367        | 62,042,202         |
| Surrenders and Annuities paid     | (15,374,645)       | (5,781,437)        |
| Management charges                | (596,801)          | (715,112)          |
| Interest Payable to policyholders | 22,136,143         | 11,912,559         |
| <b>As at 31 December</b>          | <b>272,667,249</b> | <b>145,366,185</b> |

**Investment Contract Liabilities**

|                                      | 2017               | 2016              |
|--------------------------------------|--------------------|-------------------|
|                                      | Shs                | Shs               |
| As at 1st January                    | 77,348,102         | 23,577,668        |
| Received during the year             | 109,157,886        | 92,129,127        |
| Maturities/payments to policyholders | (79,535,953)       | (43,609,316)      |
| Interest Payable to policyholders    | 2,129,197          | 5,250,623         |
| <b>As at 31 December</b>             | <b>109,099,232</b> | <b>77,348,102</b> |

**KEY RATIOS**

|                        | 2017 | 2016 |
|------------------------|------|------|
| Capital Adequacy ratio | 110% | 130% |
| Claims ratio           | 91%  | 79%  |
| Expense ratio          | 19%  | 15%  |

The above are extracts from the financial statements for the year ended 31 December 2017 which were audited by PKF Kenya and received an unqualified opinion. The financial statements were approved by the board for issue on 31 March, 2018 and signed on its behalf by:

**Bonaventure Omuse**  
Chairman

**Shiraz A Jeraj**  
Director

**Moses N Kimani**  
Principal Officer

**AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017**

|  |           | GENERAL INSURANCE BUSINESS |                    |
|--|-----------|----------------------------|--------------------|
|  |           | 2017                       | 2016               |
|  |           | Kshs                       | Kshs               |
| <b>INCOME</b>  |           |                            |                    |
| Gross written premium                                  | 1         | 326,297,347                | 146,161,816        |
| Outward Reinsurance Premium                            | 2         | 146,161,816                | 180,135,531        |
| Net written premium (1-2)                              | 3         | 180,135,531                | 230,307,009        |
| Gross Earned premium                                   | 4         | 230,307,009                | 84,145,193         |
| Net earned premium (4-2)                               | 5         | 84,145,193                 | 58,535,813         |
| Investment income                                      | 6         | 58,535,813                 | 28,238,656         |
| Commission Income                                      | 7         | 28,238,656                 | 108,934            |
| Other income   | 8         | 108,934                    | -                  |
| <b>Total Income (5+6+7+8)</b>                          | <b>9</b>  | <b>171,028,598</b>         | <b>171,028,598</b> |
| <b>OUTGO</b>   |           |                            |                    |
| Claims & policyholder benefits                         | 10        | 53,230,517                 | 13,936,581         |
| Less: Reinsurers' share of claims                      | 11        | 13,936,581                 | 39,293,936         |
| Net claims (10-11)                                     | 12        | 39,293,936                 | 28,039,517         |
| Commission payable                                     | 13        | 28,039,517                 | 98,651,232         |
| Operating and other expenses                           | 14        | 98,651,232                 | 165,984,685        |
| <b>Total outgo (12+13+14)</b>                          | <b>15</b> | <b>165,984,685</b>         | <b>5,043,913</b>   |
| <b>Profit before tax (9-15)</b>                        | <b>16</b> | <b>5,043,913</b>           | <b>3,143,232</b>   |
| Income tax expense                                     | 17        | 1,900,681                  | -                  |
| <b>Profit for the year (16-17)</b>                     | <b>18</b> | <b>3,143,232</b>           | <b>3,143,232</b>   |
| Other comprehensive income for the year, net of tax    | 19        | -                          | -                  |
| <b>Total comprehensive income for the year (18+19)</b> | <b>20</b> | <b>3,143,232</b>           | <b>3,143,232</b>   |
| Earnings per share.                                    |           | 5.24                       | -                  |

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

|  |  | 2017                 | 2016                 |
|--|--|----------------------|----------------------|
|  |  | Shs                  | Shs                  |
| <b>SHAREHOLDERS' FUNDS</b>                               |  |                      |                      |
| Share capital  |  | 600,000,000          | 600,000,000          |
| Retained earnings  |  | 3,143,232            | 3,143,232            |
| <b>Total Shareholders' Funds</b>                         |  | <b>603,143,232</b>   | <b>603,143,232</b>   |
| <b>ASSETS</b>  |  |                      |                      |
| Property & equipment                                     |  | 3,366,814            | 18,074,613           |
| Intangible assets  |  | 18,074,613           | 25,612,426           |
| Receivables arising out of reinsurance arrangements      |  | 25,612,426           | 108,636,264          |
| Receivables arising out of direct insurance arrangements |  | 108,636,264          | 47,512,638           |
| Reinsurers' share of technical provisions and reserves   |  | 47,512,638           | 18,123,305           |
| Deferred acquisition costs                               |  | 18,123,305           | 381,476              |
| Deferred tax asset                                       |  | 381,476              | 24,371,864           |
| Other receivables  |  | 24,371,864           | 38,008,041           |
| Government securities held to maturity                   |  | 38,008,041           | 723,505,807          |
| Deposits with financial institutions held to maturity    |  | 723,505,807          | 38,761,514           |
| Cash & Bank Balances                                     |  | 38,761,514           | -                    |
| <b>TOTAL ASSETS</b>                                      |  | <b>1,046,354,762</b> | <b>1,046,354,762</b> |
| <b>LIABILITIES</b>                                       |  |                      |                      |
| Insurance contract liabilities                           |  | 47,589,498           | 155,650,105          |
| Provision for unearned premium                           |  | 155,650,105          | 76,235,461           |
| Payables arising out of reinsurance arrangements         |  | 76,235,461           | 1,576,073            |
| Tax payable  |  | 1,576,073            | 162,160,393          |
| Other payables   |  | 162,160,393          | 443,211,530          |
| <b>Total liabilities</b>                                 |  | <b>443,211,530</b>   | <b>443,211,530</b>   |
| <b>Net assets</b>  |  | <b>603,143,232</b>   | <b>603,143,232</b>   |
| <b>KEY RATIOS</b>  |  |                      |                      |
| Capital Ratio  |  | 100%                 | 100%                 |
| Claims Ratio   |  | 47%                  | 47%                  |
| Expense Ratio  |  | 39%                  | 39%                  |

*This was the first year of operation for Pioneer General Insurance Limited, hence there are no comparatives*

The above are extracts from the financial statements for the year ended 31 December 2017 which were audited by PKF Kenya and received an unqualified opinion. The financial statements were approved by the board for issue on 31 March 2018 and signed on its behalf by:

**Shiraz A Jeraj**  
Chairman

**Moses N Kimani**  
Director

**Milcah N Kinyua**  
Principal Officer



**PIONEER GENERAL**  
INSURANCE LIMITED

YOUR SECURITY FOR THE FUTURE

THE BUSINESS CARE POLICY

(Bizna Care)

Enhancing Lifestyles