



**AFRICAN REINSURANCE CORPORATION  
GENERAL ASSEMBLY  
14TH ANNUAL ORDINARY MEETING  
MAHE, SEYCHELLES, 26TH - 27TH JUNE 1992**

**AFRICARE/GA/16/98**

**Report of the Board of Directors  
covering the period  
1st January to 31st December 1991**



**AFRICAN REINSURANCE CORPORATION  
SOCIÉTÉ AFRICAINE DE REASSURANCE**

**HEADQUARTERS**

Reinsurance House  
46 Marina  
P.M.B. 12765  
Lagos, Nigeria  
Tel:663282,663323,663441  
Tlx:22647 AFRICA NG  
Telefax: 668802

**REGIONAL OFFICES**

Tour Atlas  
Place Zallaqa  
BP 7556  
Casablanca, Morocco

Tel:309111/308585  
Tlx: 28079 M  
Telefax: 307964

Reinsurance Plaza  
P.O. Box 62328  
Nairobi, Kenya

Tel:330630/330637/8/9  
Tlx:23289 AFRICARE  
Telefax:339515

Résidence Azur  
18, Avenue Dr. Crozet  
B.P. 1623  
Abidjan 20, Côte d'Ivoire

Tel:211050/211995  
Tlx:22345 AFRE CI  
Telefax:213193

Honourable Representatives  
General Assembly  
African Reinsurance Corporation

Date 26th June 1992

Your Excellencies,

In accordance with the provisions of Articles 14 and 37 of the Agreement Establishing the African Reinsurance Corporation and Article 8 of the General Regulations of the Corporation, I have the honour, on behalf of the Board of Directors, to submit to you the Annual Report and Audited Accounts of the Corporation for the period from 1st January to 31st December 1991, as well as the Summary of the Administrative Budget for the financial year 1992.

Please accept, Your Excellencies, the assurances of my highest consideration.

**EZZAT ABDEL BARY**  
Chairman of the Board of Directors  
and General Assembly



## COMPOSITION OF AFRICA RE BOARD OF DIRECTORS

### Chairman

Ezzat M. ABDEL BARY (Egypt)

### Vice-Chairman

Eugene OKWOR (Nigeria)

### Directors

K. SHERLALA (Libya)

F.F. MAGEZI (Uganda)

D. MATONGO (Zambia)

A. A. AMAVI (Togo)

R. IBATA (Congo)

M. FATMI (Algeria)

I.B.C. JOHN (ADB)

### Alternate Directors

Jada LORERE (Sudan)

P. KPODO (Ghana)

H. OUZZANI (Morocco)

K. MAKANI (Tanzania)

P.J. BLACKBURN (Mauritius)

A. M. DAFPE (Guinée)

N.N. KADADI (Chad)

E.M. EL BEIDAWI (Mauritania)

K.S.M. NYAHE (ADB)



## COMPOSITION OF AFRICA RE MANAGEMENT

Eyessus W. ZAFU  
General Manager and Chief Executive

Ahmed E.A. ELSANUSI  
Deputy General Manager

Bakary KAMARA  
Secretary General



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## FOREWORD

The 14th Annual Report of the Board of Directors and Accounts for the Financial Year ended 31st December, 1991 contains the final results for Underwriting Year 1989 (just closed) and all previously closed years (1978 - 1988) and the accounts for the still-open years of 1990 and 1991. It also contains comments on the Corporation's Trading Environment, its Operations, the Report of the External Auditors on the Accounts as well as the Resolutions adopted by the 13th Annual Ordinary Meeting and a summary of the 1992 Administrative Budget as approved by the Board.

### Financial Highlights

At the close of business for Financial Year 1991, the Corporation realized an Underwriting Profit (after Management Expenses) of US\$772,733 (1990: US\$1,248,658) which was taken to the Profit & Loss Account. To this were added Income from Investments and Other Sources amounting to US\$1,227,907 (1990: US\$1,352,223), Interest on Reinsurance Deposits of US\$988,800 (1990: US\$869,859) and a realized gain in exchange of US\$108,940 (1990: realized exchange loss of US\$109,794) to arrive at an Operating Profit for the year of US\$3,098,381 (1990: US\$3,470,740). Other Expenses Not Charged to the Revenue Account amounting to US\$458,634 (1990: US\$501,320) were then deducted from this Operating Profit before arriving at the Net Profit for the year of US\$2,639,746 (1990: US\$2,859,626).

As in the past, Management Expenses amounting to US\$3,065,482 (1990: US\$3,105,158) were charged to the Underwriting Revenue Account.

In accordance with its standing accounting practice, the results of the still-open years, 1990 and 1991 (Excess of Income over Outgo), totalling US\$13,990,007 (1989 and 1990: US\$14,579,175), were carried forward as Reinsurance Funds while the Reserve for Outstanding Losses at year-end (for all Closed Underwriting Years) was established as US\$13,432,901 (1990: US\$12,301,499).

Cumulative Translation Adjustments for the year resulted in a negative difference of US\$1,766,623 (1990: US\$717,798) which was taken to the Balance Sheet in accordance with International Accounting Standard No. 21 (IAS 21).

Shareholders' Funds which had reached US\$19,107,326 as at 31st December 1990, rose to US\$21,339,824 at the end of 1991.

The year under report recorded a Written Premium Income (Premium Net of Cancellations and before portfolio adjustment) of US\$37,015,587 (1990: US\$34,722,538) which after retrocession produced an Earned Premium of US\$32,799,905 (1990: US\$30,554,165).

The Corporation's operating environment during the year under report was no less challenging than the previous one. It may even be said to have been more aggravated by some of the consequences of global political turmoil and shifting economic relations, increased external thrust for unrestricted liberalization of the insurance trade, growing domestic and external pressures for participative, political governance with temporarily adverse impacts on economic activities and premium generation. Under such circumstances, its achieved premium growth rate of 6.6% was considered better than satisfactory. Indeed, were it not for the relatively more severe fluctuations of several of its major income currencies against the United States Dollar (the Corporation's accounting currency), such growth would have reached 20%.

Compared to that of 1990, Earned Premium in 1991 increased by 7.4%. On the other hand, the year also witnessed a marked decline in the profitability of the Corporation's portfolio. The 1991 Underwriting Profit of US\$772,733 represented only 2.4% of Earned Premium compared to 4.1% in 1990. However, considering the global trend of deteriorating profitability of reinsurance business in general (for such reasons, among others, as thinning premiums for same or even higher liabilities occasioned by keener competition and recognized shift from proportional to non-proportional programmes, etc.) and the observed rises in both the incidence and severity of losses in the Corporation's trading area (Net losses paid of US\$16,720,396 in 1991 compared to US\$14,658,558 in 1990), the final profit for the year was relatively satisfactory.

Income from Investments and Other Sources at US\$1,224,037 was 9.5% lower than for the previous year. Although invested funds remained at about the same level as last year, interest rates on US Dollar funds had reduced so significantly that, were it not for the new investment guidelines which permitted diversifications into instruments and currencies other than Dollar deposits, the fall in such income would have been considerably more. On the other hand, the increase in Reinsurance Deposits associated with the higher retained income achieved in 1991, produced a rise in Interest on Deposits which, combined with a small exchange gain, more or less compensated for the drop in Investment Income.



## FINANCIAL HIGHLIGHTS

In US\$ '000	1991	1990	1989	1988	1987
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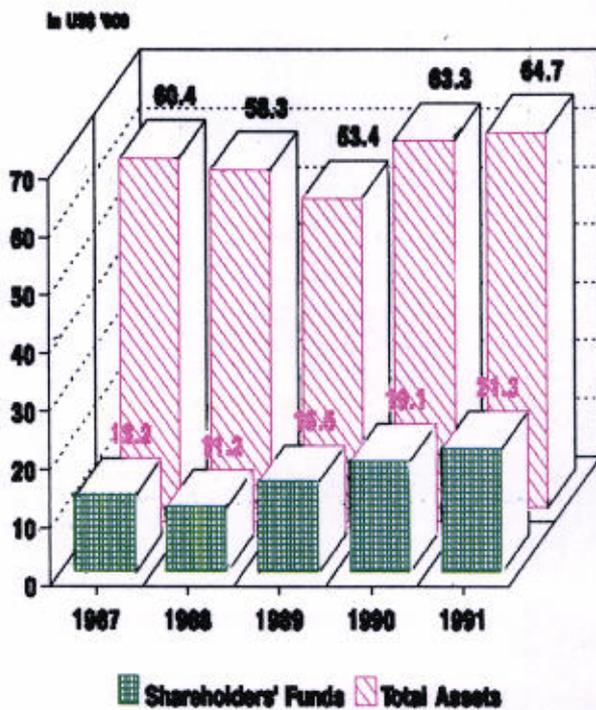
### RESULTS

WRITTEN PREMIUM	37,016	34,723	32,315	31,314	31,692
EARNED PREMIUM	32,800	30,554	28,714	27,369	28,827
NET PROFIT	2,640	2,860	2,892	2,162	2,060

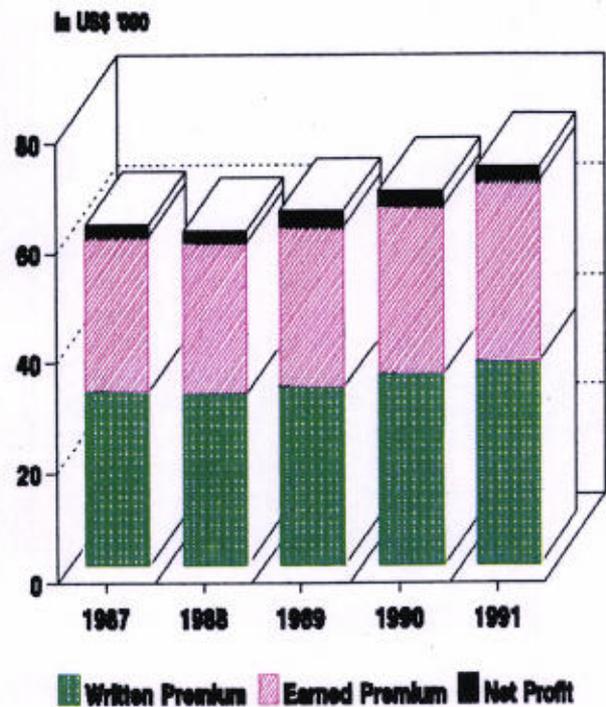
### FINANCIAL POSITION

SHAREHOLDERS' FUNDS	21,340	19,107	15,530	11,126	13,163
TOTAL ASSETS	64,664	63,280	53,405	58,298	60,428

FINANCIAL POSITION 1987-1991



RESULTS 1987 - 1991





Financial Year 1991 also witnessed some saving (both in absolute and relative terms) in Management Expenses, which, at US\$3,065,482, was 9.4% of Earned Premium compared to a similar ratio of 10.2% in 1990. Effects of rising costs of goods and services used by the Corporation during the year were compensated by continued prudence in spending and a slight reduction in establishment status.

Reflecting the relatively more severe depreciations and devaluations of several income currencies during 1991, there occurred a significant rise (146%) in the level of unrealized exchange loss. More than half of the loss was attributable to year-end revaluation of deposits withheld by cedants, a trade risk closely associated with reinsurance business.

The generally difficult trading environment notwithstanding, the year under report recorded a growth in Shareholders' Funds of 11.7% to reach US\$21,339,824. Considering the substantial, though unrealized, exchange loss (US\$1,766,623) that occurred in the year, the growth attained was no mean achievement.

As at 31st December, several Shareholders had endorsed the amendments to the Establishment Agreement passed by the 13th Annual General Meeting to enable implementation of the decisions of the 12th Annual General Meeting which increased the Authorized Capital from US\$15.0 million to US\$30.0 million and opened one-third of this capital to African insurance/reinsurance companies. It is hoped that the necessary number of Shareholders with the requisite voting power would have ratified these amendments during the first half of 1992 to enable the Board and Management implement the decisions in earnest.

Satisfactory progress was made, during the year, in the Corporation's plans to fully computerize its operations in all locations. Systems at the Regional Offices were upgraded and installations of software developed in-house commenced. Full implementation in 1992 is expected to result in increased internal efficacy and improved service delivery to clients. Sustained efforts to up-grade computer literacy within the Corporation (in-house computer appreciation seminars, external software application training) and growing realization of apparent user-benefits have combined to interest and motivate an ever increasing number of staff to use existing facilities.

The 4th Annual Reinsurance Seminar was conducted between 7th and 11th October, 1991 at the location of the Corporation's Abidjan Regional Office. The benefits from the experience of past seminars (both in programme

content and material organization), the growing awareness and appreciation of ceding companies (more participants) combined to make it yet another successful technical assistance effort. The 5th such Seminar is scheduled to hold in Lagos, Nigeria in September, 1992.

If the Corporation's achievements continued to improve from one year to the next, as indeed they have, the credit has to be shared between each and all those that have enabled it to do so. Foremost in this regard are the Member States which host its Headquarters and Regional Offices. Accordingly, the Board of Directors wishes to record the gratitude and deep appreciation of Shareholders, Management, Staff and itself to these Member States for their continued singular support. In this same vein, the Board recognizes the strong support Member and Prospective Member States continue to extend to the Corporation thereby facilitating its smooth operation.

The Board's truly deserved appreciation goes to all the Corporation's business partners and associates for their ever growing support which continues to be demonstrated by the concrete results being achieved. Last but not least, the Board wishes to record its recognition and appreciation to the Management and Staff of the Corporation whose apparent hard work and dedication has made yet another successful business year possible.

## TRADING ENVIRONMENT

In many respects, 1991 was similar to the previous financial years.

In many countries, economic conditions during this period were characterised by difficulties and uncertainty, even though there were bright prospects on the political horizon which consequently gave rise to some hope for the future of the continent.

It is becoming increasingly apparent that the debt strategy adopted for Africa (\$280 billion in 1991) has failed and woefully so in some cases. In effect, even if the structural adjustment programmes have recorded considerable progress in some countries, the stark reality is much less obvious, not to say harsh in the majority of African countries. Even in countries where the economic situation seems to have improved, the debt burden is becoming increasingly unbearable.

Similarly, inspite of the recycling and rescheduling, the average amount for debt servicing in African States has exceeded 30% of the exports value and except a



definitive and radical solution such as cancellations or substantial deferment is adopted, it would increase in the coming years.

It would be illusive to think that Africa can honour its debt at a moment (1991) when one of the major preoccupations in most countries is the fall in the price of raw materials exported to pay for financial commitments and energy bill. In fact, the market for coffee and cocoa, the main source of export revenue for many countries remained depressed in 1991. The same case applies, even if in a lesser magnitude, to other export commodities such as sugar.

If the price of oil went up at the beginning of 1991 - which is either a positive or negative phenomenon depending on the country - the Gulf war stimulated the market for copper as well as that of gold. However, in the absence of an international economic recovery at the expected level, the increase in the prices of raw materials used in industries could not be sustained. Nevertheless, there is a ray of hope, for the year 1991 was characterised by a few positive changes in attitude in the face of challenges posed by development processes as well as political and societal models to be adopted.

Indeed, the wind of democracy which blew across the continent was accompanied by the refreshing and promising idea for an enhanced regionalisation, even if the outcome of current economic unions have failed to achieve the expected results. The ratification of the treaty of the African Economic Community in Abuja (Nigeria) in June 1991 marked a major step in the efforts to develop the continent and ensure that it ceases to remain the weakest link in the world economic chain at a time when the globalisation of the economy is being intensified. It marks the ever growing consciousness of Africans to shape their economic destiny together and to become actively involved in the evolution of Africa and the World.

The widespread conviction on the urgent need to introduce radical reforms into the management of states affairs is another positive factor that calls for optimism because such attitude can only help to favourably influence the economy.

In summary, although the year 1991 was a very difficult one for Africa, financially and economically, it was not entirely negative for all the countries.

It was within this general economic context that the African insurance industry evolved.

In 1991, the situation of the insurance sector reflected more of the economic realities of the previous years than those of the financial year under review. Although it may yet be premature to consider insurance activities as having reflected the changes that occurred within the year under review and thereby conclude that the situation has worsened, it is easy to observe that it has not improved significantly. Indeed, with a very low average of Gross Domestic Product (1%) as against more than 5% in countries of North America (Canada and USA) insurance still remains the backward trailblazer of the service sector in Africa. To many economic managers, Insurance, provider of security, does not constitute a major consideration in the protection of their assets and the expansion of enterprises.

Furthermore, the restructurings in the industry, started in previous years, have been intensified and are spreading to more markets. Thus, in April 1991 during the usual meeting of Ministers of Finance of the Zone Franc in Ouagadougou, it was agreed that the insurance sector in the entire zone be reformed. This would be done through a centralised control and regulation system, a bolder move at reorganisation and a common revision of the compensation system (scale) for bodily injuries caused by motor accidents. A commission of experts, set up for this purpose, has since been working tirelessly on a combination of texts, a project that could completely reorder the insurance industrial landscape in francophone countries and lead to a Sub-regional integration in insurance and social security. In the other countries, privatisation or, to put it more appropriately, denationalization of national insurance companies seems to be the panacea for companies that are in difficulties. Therefore, this recovery formula is gaining acceptance in many countries following the persistent advice of Bretton Woods institutions and other insurance experts which applies even to relatively healthy companies.

Whilst supporting the principle of privatisation and change in the Management style of African insurance companies, Africa Re, on its own part, pleads in favour of an equitable partnership that would integrate private national capital, State interests or those of its arms as well as foreign shareholders.

In addition to the remodelling of the structure of African insurance industry, the year 1991 was characterised by a contraction in the volume of premiums due to the devaluation or depreciation of national currencies vis-à-vis hard currencies, notably the dollar.

Besides, African insurance companies which are still in a healthy financial state have had to negotiate their



reinsurance programme in 1991 on conditions far much better than those that prevailed during the 1990 renewals. Indeed, ravages caused by natural disasters (Hurricane Hugo, earthquakes in San Francisco and Australia etc) did not seem to have unfavourably affected these operations. A keen competition between reinsurers and a significant capacity in spite of the low premium level when compared to the sum insured, allowed, contrary to expectations, for a noticeable softening in reinsurance rates and conditions in 1991.

Therefore, observers were not surprised to see the predictions of professional analysts come true only towards the end of the 1991 financial year. In effect, at the occasion of the negotiations of reinsurance rates and conditions for the year 1992, a substantial contraction of available capacity was observed. The number of the "names" of Lloyds was reduced rather drastically due to financial difficulties experienced by some of them. The three predictions for the 1990's:

- the regrouping of smaller reinsurance companies,
- the buying over of small reinsurers by the bigger ones,
- the outright liquidation of those that could neither be regrouped nor bought over,

are already coming true on the biggest reinsurance market in the World (USA). Some observers of the American reinsurance scene had predicted that the number of professional reinsurers would reduce from 69 (excluding direct insurance companies with reinsurance acceptance departments), at the beginning of the decade, to 15 or at most 25 at the end of the said period.

It is certain that with the number of reinsurance companies further reduced without a concomitant contraction of capacity, a sanitisation of the market and a strengthening of conditions and rates would follow. This picture is already being implicitly noticed.

African companies with technical results which are not like those realised a few years ago (very good, even excellent) wallow in this slight hardening of conditions and rates. There is, however, the other side of the coin that, with a limited number of reinsurers, a capacity that remains intact, the competition, without being as stiff as before, will be based on the quality of service to customers: advanced information and communication technology, enlightened underwriting and intelligent marketing, actuarial services etc..., all of them elements that would favour the cedants.

It is to be expected that African companies that will survive the sanitisation operation and modernisation of management procedure would benefit from the positive outcome of such changes.

Conscious of all these challenges, Africa Re has undertaken to remodel its own structure and to buckle up, by increasing and opening its capital. This principle, agreed upon in 1990 (Resolution 6/1990) started being implemented in 1991 (Resolution 6/1991) and would be pursued in the coming years.

Success, or to be more modest, survival depends on this price.

## OPERATIONS

Following the practice of preceding years, the businesses accepted by the Corporation were, for operational and reporting purposes, classified into three classes as follows:

- Fire and Accident (including Engineering),
- Marine and Aviation,
- Life.

For the same purposes, the African Insurance and Reinsurance markets from which the bulk of the Corporation's businesses emanate, were grouped into trading areas or "production centres" as shown below:

- West Africa (Anglophone)
- Central Africa (Francophone West and Central Africa)
- North Africa
- East and Southern Africa.

The comparatively small business the Corporation derives from non-African sources was classified as "Inward International" or "Worldwide Business". While the last three trading areas are managed by Regional Offices (Abidjan, Casablanca and Nairobi respectively), West Africa, Worldwide acceptances, the Corporation's Autofac Treaty, the African Aviation Pool and the African Oil and Energy Insurance Pool are administered from the Corporation's Headquarters in Lagos.

Previous Year (1990) figures are restated along the lines of the presentation format adopted for the 1991 accounts. Accordingly, the key figures used in the following comparative analysis are summarized as follows:

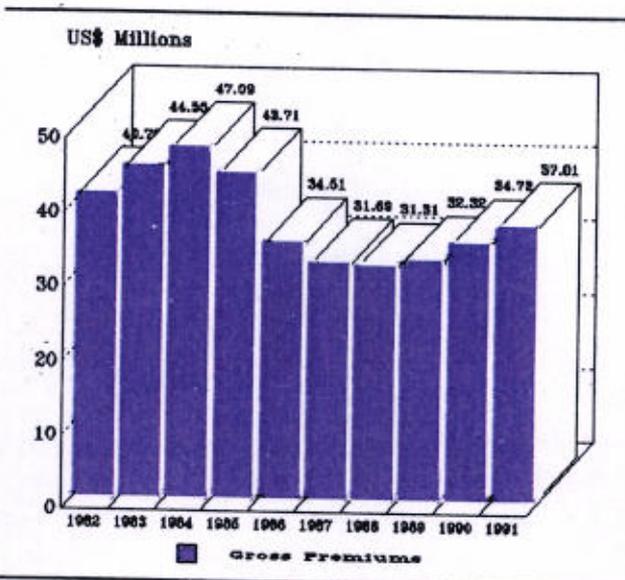


DESCRIPTION IN US\$ 000	1991			1990		
	GROSS	RETRO	NET	GROSS	RETRO	NET
<b>INCOME</b>						
Premium (Less Cancellations).	37,016	4,805	32,211	34,723	4,105	30,617
Movement in Premium Reserve	703	114	589	1,281	1,344	(63)
Earned Premium	37,719	4,919	32,800	36,004	5,449	30,554
<b>OUTGO</b>						
Losses Paid	18,799	2,079	16,720	17,770	3,111	14,659
Movement in Loss Reserve	754	(678)	1,131	873	(5)	878
Incurred Losses	19,553	1,701	17,851	18,643	3,106	15,537

### PREMIUM INCOME

In 1991, the Corporation recorded a gross premium income (premium net of cancellations) of US\$37.02m, an increase of 6.62% over the US\$34.72m realised in 1990. This rate of premium growth is below the 7.50% recorded in 1990, but given the environment within which the Corporation operated during the year, the growth achieved is commendable. The earned premium for the year, at US \$ 32.80m, represented an increase of 7.36% over the US \$ 30.55m recorded in 1990.

### EVOLUTION OF GROSS PREMIUM INCOME



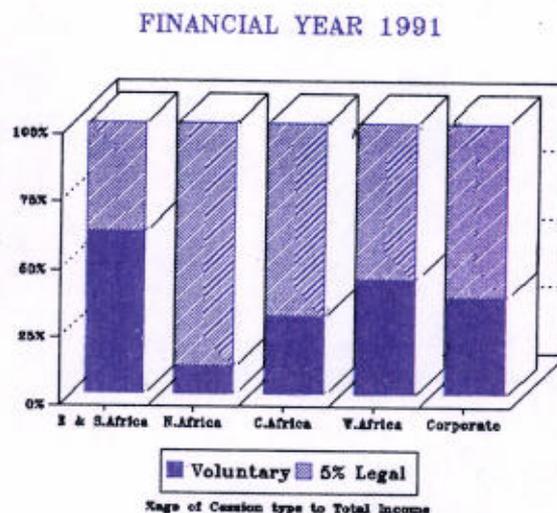
1991 was the third consecutive year in which an annual premium growth was recorded. As such, it does not only confirm the reversal of the decline in premium volume that prevailed from 1985 to 1988 into a growth

trend, but also indicates the African insurance industry's confidence and support for Africa Re.

Out of the premium income of US\$37.02m recorded in 1991, African markets accounted for US\$36.77m or 99.32%. The remaining 0.68% represents the contribution of the inward international business and reflects its current run-off status.

Most African currencies depreciated against the US Dollar during the year and consequently, currency translation effects reduced the 1991 premium income by about US\$ 4m.

### PROPORTION OF VOLUNTARY CESSIONS BY TRADING AREA

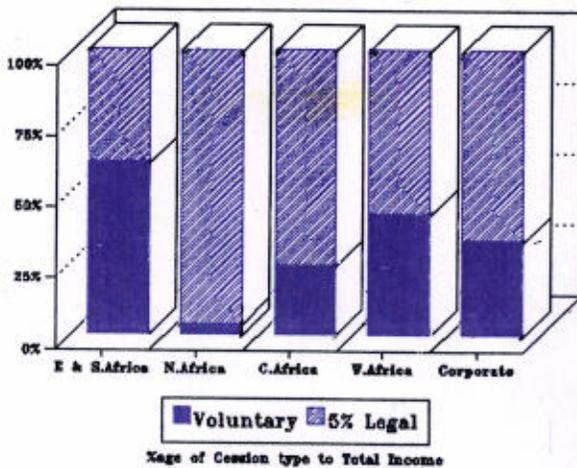


There was a modest increase in corporate voluntary cessions from 33.35% in 1990 to 34.73% in 1991. This was realised in spite of the decrease recorded in the

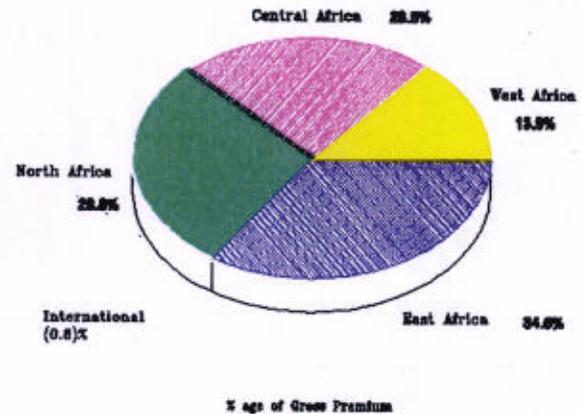


volume of business derived from some non-member states. The Corporation's performance, though satis-

### FINANCIAL YEAR 1990



### FINANCIAL YEAR 1990



factory, can still be improved upon if its underwriting capacity is fully utilised.

### GEOGRAPHICAL DISTRIBUTION

In 1991, the East and Southern Africa Sub-region once again produced the highest premium income of US\$12.24m or 33.06% of the year's total. This represents a 1.92% increase over the 1990 premium income of US\$ 12.01m. About 60% of the Sub-region's premium income was derived from voluntary cessions.

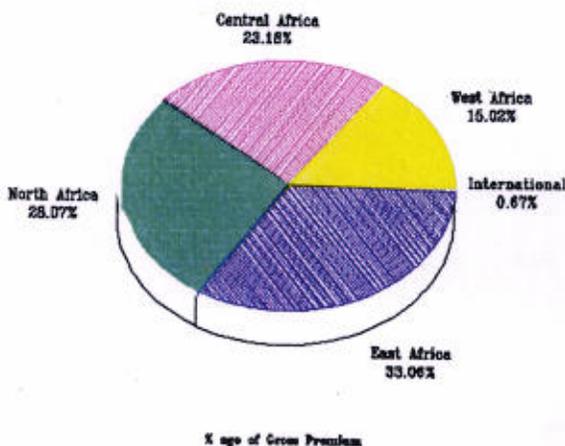
North Africa produced a premium income of US\$ 10.39m or 28.07% of the total premium recorded in 1991. This works out to a 4% increase over the 1990 premium income of US\$ 9.99m. The voluntary cessions represented 10.27% of the Sub-region's total.

Central Africa wrote a premium income of US\$ 8.58m or 23.18% of the total. This amounts to an increase of 4.76% of the premium income of US\$ 8.19m recorded in 1990. The proportion of voluntary cessions in the Sub-region was 28.74%.

With a premium income of US\$ 5.56m or 15.02% of the total, West Africa recorded the highest growth rate of 15.35% in 1991 as compared to the 1990 premium income of US\$ 4.82m. About 42.30% of the sub-region's total came from voluntary cessions.

The balance of US\$ 0.25m or 0.67% emanated from the international market.

### FINANCIAL YEAR 1991

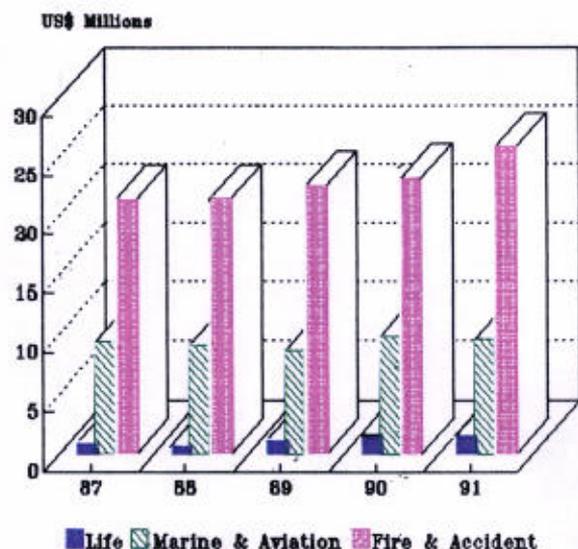


### SECTORAL DISTRIBUTION

The Fire and Accident class remained the major source of the Corporation's premium income. In 1991, it generated US\$ 25.93m or 70.04% of the year's total, as compared to US\$ 23.28m or 67.05% for 1990. The Marine and Aviation class recorded US\$9.65m as premium income or 26.07%, against US\$ 9.90m or 28.5% in 1990. Under the Life class, a total premium of US\$ 1.44m was written in 1991, representing 3.89% of the year's total, compared to US\$ 1.54m or 4.44% in 1990.



#### DEVELOPMENT OF GROSS PREMIUM INCOME



As already explained the contribution of the inward international business was marginal because of its run-off status.

#### OTHER INCOMES

##### Long Term Investments

No dividend was declared during the year on the shares held in the company for Habitat and Housing in Africa (Shelter Afrique). This sole participation in equity has not yielded any income since acquisition.

##### Income from short-term Investments and Other Sources

The US\$1,227,907 under this heading (1990 :

US\$1,352,223) mainly comprised interest receivable on bank deposits and accounts of US\$1,009,432 (1990 - US\$1,313,663), bond interest amounting to US\$148,948 (1990 Nil) and fees from the management of the Pools of US\$53,284 (1990 US\$30,988).

The 23% reduction in interest income to US \$1,158,380, due to the continued decline in US\$ interest rates in the year from 1990 levels, was mitigated by a diversification of the 1991 portfolio previously held almost exclusively in US\$ bank deposits and accounts into higher yielding US\$ dollar and sterling bonds, as well as sterling bank deposits.

#### OUTGO

##### Losses

At US\$ 18.80m the corporate losses paid in 1991 represented an increase of 9.49% over the corresponding figure of US\$ 17.17m recorded in 1990.

The corporate losses incurred (paid US\$ 18.80m, outstanding US\$ 0.75m) stood at US\$ 19.55m in 1991 against US\$ 18.64m (paid US\$ 17.77m, outstanding US\$ 0.87m) in 1990. The resulting overall gross loss ratio for the year was 51.83% against 51.78% in 1990.

The slight deterioration in the corporate incurred loss ratio was attributable to the increase in the Marine and Aviation ratio from 42.68% in 1990 to 54.16% in 1991.

The Fire and Accident ratio improved from 55.47% in 1990 to 51.13% in 1991. The life class also recorded an improvement with a ratio of 45.38% in 1991 against 51.32% in 1990.

#### GROSS LOSS RATIO BY CLASS FINANCIAL YEAR 1991

CURRENCY: US \$ M

CLASS OF BUSINESS	REGIONAL BUSINESS			INTERNATIONAL INWARD			TOTAL CORPORATE			1990
	LOSS INCURRED	EARNED PREMIUM	LR %	LOSS INCURRED	EARNED PREMIUM	LR %	LOSS INCURRED	EARNED PREMIUM	LR %	LR %
FIRE & ACCIDENT (including Eng.)	11.60	25.02	46.36	1.30	0.21	619.05	12.90	25.23	51.13	55.47
MARINE & AVIATION	5.98	11.15	53.63	0.08	0.04	200.00	6.06	11.19	54.16	42.68
L I F E	0.59	1.30	45.38	-	-	-	0.59	1.30	45.38	51.32
TOTAL:	18.17	37.47	48.49	1.38	0.25	552.00	19.55	37.72	51.83	51.78



The ratio recorded by the Abidjan Regional Office was 48.04% in 1991 compared to 56.36% in 1990 which puts it below the corporate average of 51.83%. This constitutes a remarkable achievement when compared to the 1989 figure of 67.63%.

As in the previous year, the market served by the West Africa Division produced the lowest ratio of 34.43% in 1991 although this figure still shows a deterioration when compared to the 1990 ratio of 28.30%.

The ratio recorded by East Africa was 52.10%, which represented an improvement over the figure of 52.86% achieved in 1990.

North Africa recorded the highest loss ratio of 55% in 1991. This figure represents a deterioration when compared with the previous year's (51.64%).

Finally, the run-off account of international business continued to show unfavourable results with a loss ratio of 552% for the year.

#### COMMISSIONS AND CHARGES

In 1991, commissions and charges stood at US\$11,109,892 or 33.87% of retained premiums, against US\$10,663,453 or 34.90% in 1990. Both commissions and charges, including taxes, continued to be higher in North Africa than elsewhere.

#### Management Expenses

Management expenses decreased slightly from 1990 levels despite the rising costs of goods and services. The saving was due to favourable currency translation effects on expenses incurred in local currencies that continued to depreciate against the dollar. This reduction, coupled with the year's growth in income, gave rise to an improved management expense to retained premium ratio of 9.35% (1990-10.20%).

#### Other Expenses not charged to Underwriting Revenue Account

The significant decrease in the expenses for the General Assembly and Board of Directors' Meetings from US\$ 346,626 in 1990 to US\$303,393 was due to the savings in Management and Staff Travel and Subsistence costs as a result of holding the Annual General Assembly at the Headquarters.

#### RESULTS OF THE CLOSED UNDERWRITING YEAR 1989

In accordance with the Corporation's practice, the 1989 underwriting year which had been kept open for

three consecutive years, was closed for the first time on 31st December, 1991.

The Underwriting year produced a total gross premium income of US\$30,717,417, out of which US\$3,372,568 was retroceded. Claims amounted to US\$7,700,757 whilst commissions, charges and Management expenses added up to US\$12,268,692. A reserve of US\$5,790,009 was set aside for outstanding losses in line with the existing basis for reserve computation. After taking into consideration all the expenditure items, an underwriting profit of US\$1,585,392 was realised, compared to US\$1,189,251 for the 1988 closed underwriting year. The amount was transferred to the profit and loss account.

#### RESULTS OF THE FINANCIAL YEAR 1991

After considering the reinsurance and reserve funds at 31st December, 1991 and other obligations for business accepted by the Corporation, the Underwriting revenue account shows a profit of US\$772,733 (1990-US\$1,248,658). This profit, which decreased by 38% compared to 1990 levels, and the reduced income from investments and other sources made smaller contributions to the net result for the year. These effects were partly tempered by a realised gain in exchange of US\$ 89,015 (from a 1990 loss of US\$ 109,794), interest in reinsurance deposits which increased by 14% over 1990, as well as the reduced expenditure on General Assembly and Board of Directors meetings, to yield an overall profit for the year of US\$ 2,639,746, i.e. 8% less than the previous year's final result.

#### APPROPRIATION OF RESULTS

In compliance with Resolution No. 4/1990 which raised the share-capital to US\$ 30 million, out of which US\$ 20 million is to be reserved for Member States and the Bank, and Resolution 6/1991 on the amendments to the Agreement which was subsequent upon the former decision, the Board recommends not to distribute dividends for the 1991 financial year. The Board therefore proposes the strengthening of the financial base of the Corporation in order to make it possible to issue bonus shares to existing shareholders, following the increase in the capital, as decided by the General Assembly (Resolution No. 6/1991) which approved the Board's recommendation "to pay for the share of the increased capital and offered to current shareholders for direct subscription by the incorporation of the reserves and other profits"

However, the Board recalls and reiterates its commitment to propose to the General Assembly that dividends be distributed whenever the financial results of Africa Re permit, in order to meet the legitimate



expectation of shareholders. In addition, the Board informs member States, the Bank and all potential shareholders that it has adopted broad policy guidelines that would, in future, ensure distribution of part of the profits as dividends.

## OTHER ACTIVITIES

### ADHESION

The Corporation did not record any new adhesion during the 1991 financial year. However, actions were taken and intentions expressed. In this respect, Angola, whose adhesion was accepted by the 11th Annual Ordinary Meeting, has ratified the Agreement, while the Kingdom of Lesotho wishes to adhere to Africa Re without delay.

Other countries that were approached also expressed their wishes to become members, but actions were delayed due to administrative and parliamentary procedures. The Board remains confident and convinced that there would certainly be new adhesions within the current financial year.

Following Resolution No. 4/1991 adopted by the 13th Annual Ordinary Meeting, the Republic of Namibia was informed of the decision of the General Assembly to reserve ten (10) shares for it in the capital of Africa Re.

### RELATIONS WITH SISTER ORGANISATIONS

Inter-African co-operation which remains the essential credo of the Corporation continued to retain its attention and energy. Therefore, it attended meetings of the Fédération des Sociétés d'Assurances de Droit National (FANAF), The Preferential Trade Area (PTA), the African Insurance Organisation (AIO), the West African Insurance Companies Association (WAICA) and the General Assemblies of the ADB and ADF.

Furthermore, the Corporation was represented at the meeting of Insurers and Supervisory Authorities of the Caribbeans during which its experience as a multinational insurance Corporation was presented and discussed at length. It seems that countries from that region of the world would wish to draw inspiration from Africa Re in order to put in place a common co-operation instrument. The Board reiterates the readiness of the Corporation to extend its assistance and know-how to all countries, regional or sub-regional groupings which may so wish.

### STAFF MATTERS

Due to the high inflationary rate in most African countries, the rise in the cost of living in the countries

hosting the Headquarters and Regional offices and the sometimes drastic fall in the value of their currencies, which all entail a substantial reduction in the purchasing power of employees whose salaries and allowances are denominated in local currencies, the Board decided at its 53rd meeting to review their remunerations upwards. Although it was adopted in 1991, this measure which concerns staff in the General Services categories (G and SP) and manual workers (M), is to come into effect from 1st January, 1992.

In taking such a decision, the Board was guided both by the desire to appropriately remunerate staff, while having in mind the financial capabilities of the Corporation and the necessity to bring the salaries in each of the locations where Africa Re has offices to the same level as those paid by international financial institutions of comparable rank and means.

The staff strength of the Corporation as at 31st December, 1991 stood at 116 members from 18 countries comprising 27 senior officers (D and P), 74 general category Staff (SP and G) and 15 manual workers.

### TECHNICAL ASSISTANCE AND TRAINING

During the financial year under review, the Corporation not only received a number of senior staff of cedants in its offices for training programmes, but also organised the reinsurance seminar which has remained a regular feature of the Corporation's technical assistance. The most recent, held in Abidjan from 7th to 13th October 1991, brought together 35 participants from 13 member states spread across all the sub-regions of the continent.

In addition, Africa Re rendered some technical assistance to a member state by arranging a short attachment of one of its senior staff to Authorities and cedants, with the aim of establishing an agricultural insurance scheme. The Corporation which has had two experiences in this area hopes to contribute its modest quota to more member states and cedants that would wish to involve themselves in modern Agriculture, a sector with future potentials for the economic development of the continent.

### GENERAL ASSEMBLY

Due to political developments in the country that was initially chosen to host the 13th Annual Ordinary Meeting, the event was held on 27th and 28th June, 1991 in Lagos, (Nigeria), Headquarters of the Corporation, as stipulated in Article 12 paragraph 2 of the Agreement Establishing Africa Re.

Twenty six (26) member states and the African Development Bank, or 81.93% of the voting power of the Corporation, participated in the meeting which was



solemnly declared open by His Excellency, (Sir) Alhaji Abubakar Alhaji - the Sardauna of Sokoto and Minister of Finance of the Federal Republic of Nigeria.

In his opening address, the Chairman of the Board of Directors and the General Assembly reviewed the progress made by the Corporation since its establishment on 24th February, 1976 and declared that, during the past fifteen (15) years, it has proved itself as a model of successful economic co-operation. He then recalled the important decisions and steps which helped to sustain the Corporation, the most recent being the increase and opening of its capital.

The Honourable Minister, in his reply to the Chairman's speech, welcomed all delegates to the Headquarters of Africa Re. He restated the pressing need for African countries to co-operate in all areas (socio-cultural, political and economic) in view of the integration of Europe in 1992. Without doubt, the creation of the African Economic Community responds to this need, but it is also important for private insurance professionals, on their part, to make good use of the opportunities offered by the massive privatisation of companies all over Africa, in order to solidly establish themselves in the African economic scene.

He congratulated the Corporation for its wise decision to raise its capital from US\$ 15,000,000 to US\$ 30,000,000 and to open it to national companies, a measure which is in keeping with the economic liberalisation policy adopted by most member states. He concluded by reaffirming the Commitment of his country to work tirelessly for the attainment of Africa Re's objectives.

During its working sessions, the General Assembly, among other issues, considered and approved the balance sheet and final accounts of the Corporation as at 31st December, 1990 which showed a net profit of US\$2,859,626. It decided not to distribute dividends in order to reinforce the financial base of Africa Re whose shareholders' funds as at that date stood at US\$19,107,306.

In addition, the Meeting approved the recommendation of the Board of Directors to allocate ten (10) out of the 384 shares not yet allotted to the Republic of Namibia which became independent on 21st March, 1990 and a member of the Organisation of African Unity in June the same year. This decision was in compliance with Article 2 which provides that "Membership in the Corporation shall be open to the Bank and the Member States of the Organisation of African Unity". Furthermore, the General Assembly appealed to Namibia as well as other non-member states to join the Corporation as soon as possible.

In order to enable the representatives to consider, within the prescribed time, the amendments proposed by the Board to shareholders and at the same time respect modern methods of Management, the Assembly, first of all, undertook a revision of the "Procedure for proposing and introducing amendments to the Agreement-" with the aim of reducing the notification period from three (3) to one (1) month. In this age of easy global communication and world economic order, both of them implying changes which call for speed in taking all economic and financial decisions, it would be unrealistic to continue imposing the 3 months duration between the time when the comments of States and the Bank on all amendments are received and the consideration of the said project by the next Assembly. It was necessary to reduce the period to one month.

Therefore, having reviewed the text, the General Assembly made the following amendments:

**Article 1** - definition of membership to include National Companies;

**Article 2** - opening up the capital to these companies;

**Article 5** - increasing the capital from US\$ 15 to 30 million out of which 20 million is reserved for Member States and the Bank;

**Article 6** - allocation by each State of shares allotted to National companies operating in its territory;

**Article 12** - quorum at meetings of the Assembly - 60% of the voting power, out of which 50% to be accounted for by States and the A.D.B.;

**Article 13** - modalities for the dissolution of the Corporation requiring the majority of votes retained by the States;

**Article 15** - composition of the Board: 12 instead of 9 Directors;

**Article 17** - quorum for Board meetings: 8 instead of 6 Directors; and

**Article 60** - paragraph 3 (new) - adhesion of National companies.

The General Assembly also appointed Messrs AKINTOLA WILLIAMS & Co. (Nigeria) as the External Auditors to verify Accounts for the financial year ending 31st December, 1991 and present a report on the financial position of the Corporation as at that date to the 14th Annual Ordinary Meeting.



Finally, it took other decisions relating to the approval of the Annual report (1990), the composition of the Resolutions Committee of the 14th Annual meeting scheduled to hold in Seychelles and the date of the meeting.

#### BOARD OF DIRECTORS

During the year under review, the Board held 3 meetings at the following venues and dates:

- 51st meeting in Nairobi (Kenya), 9th and 10th April, 1991;
- 52nd meeting in Lagos (Nigeria), 25th June, 1991;

- 53rd meeting in Lagos (Nigeria), 11th and 12th November, 1991.

Among other important decisions taken at the different meetings, the Board adopted the new investment guidelines, thereby enabling the Corporation to diversify its investments to include instruments other than bank deposits and currencies other than the United States Dollar, as well as participate in equity shares of companies. This measure was approved in compliance with the directive of the 13th meeting, inviting the Board and Management to participate in the capital of National and Sub-Regional Insurance and/or Reinsurance Companies to be established or privatised. It is expected that this would contribute effectively to the attainment of corporate objectives.





## **Akintola Williams & Co**



**Chartered Accountants**  
7, Town Planning Way, Ilupeju  
P. O. Box 965 Lagos Nigeria

Tel : 01-526852 825303  
01-826875 960442  
Fax : 01-824123  
Telex : 27979 NG.

### **REPORT OF THE EXTERNAL AUDITORS TO THE SHAREHOLDERS OF AFRICAN REINSURANCE CORPORATION**

We have examined the balance sheet of African Reinsurance Corporation at 31st December 1991 and the related profit and loss account, underwriting revenue account and statement of cashflows for the year then ended. Our examination was made in accordance with the international auditing guidelines and accordingly, included such tests of the accounting records, and such auditing procedures as we considered necessary in the circumstances.

In our opinion the financial statements referred to above present fairly the financial position of African Reinsurance Corporation at 31st December 1991 and the results of its operations and cashflows for the year then ended using the accounting policies stated in Note 2, which basis has been applied in a manner consistent with that of the preceding year.

*Akintola Williams & Co*

**AKINTOLA WILLIAMS & CO.**

14th April, 1992



**AFRICAN REINSURANCE  
BALANCE SHEET AT**

<b>ASSETS</b>		<b>1991</b>	<b>1990</b>
	Note	US\$	US\$
<b>CURRENT ASSETS</b>			
Amounts due from Companies on Reinsurance Accounts	2(f)	9,646,587	10,127,245
Deposits retained by Ceding Companies		30,725,619	30,185,888
Sundry Debtors, Accrued Interest and Prepayments		949,928	892,284
Cash and Bank Balances	4	5,233,534	3,667,817
		<u>46,555,668</u>	<u>44,873,234</u>
<b>INVESTMENTS</b>	2(d)&3	13,488,525	13,421,380
<b>FIXED ASSETS</b>	5	650,047	628,793
<b>RETROCESSIONAIRES' SHARE IN RESERVE FUNDS</b>	8	3,978,440	4,356,194
		<u>64,672,680</u>	<u>63,279,601</u>

**EZZAT ABDEL BARY**  
Chairman

**EYESSUS W. ZAFU**  
General Manager

The accompanying notes form an integral part of the Financial Statements



**CORPORATION**

**31ST DECEMBER, 1991**

<b>LIABILITIES, RESERVES AND CAPITAL</b>		<b>1991</b>	<b>1990</b>
	<b>Note</b>	<b>US\$</b>	<b>US\$</b>
<b>CURRENT LIABILITIES</b>			
Amounts due to Companies on Reinsurance Accounts		4,711,585	5,913,513
Deposits due to Retrocessionaires		6,260,345	6,513,800
Other Creditors, Accruals & Provisions		959,578	508,094
		<b>11,931,508</b>	<b>12,935,407</b>
<b>PAID-UP CAPITAL</b>	<b>6</b>	<b>9,700,000</b>	<b>9,700,000</b>
<b>RESERVES</b>	<b>7</b>	<b>3,952,230</b>	<b>2,483,916</b>
<b>CUMULATIVE TRANSLATION ADJUSTMENTS</b>		<b>(4,605,643)</b>	<b>(2,839,021)</b>
<b>RETAINED PROFIT</b>		<b>12,293,237</b>	<b>9,762,431</b>
		<b>21,339,824</b>	<b>19,107,326</b>
<b>REINSURANCE AND RESERVE FUNDS</b>	<b>8</b>	<b>31,401,348</b>	<b>31,236,868</b>
		<b>64,672,680</b>	<b>63,279,601</b>



**AFRICAN REINSURANCE**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR**

	1991	1990
<b>EXPENDITURE</b>	<b>US\$</b>	<b>US\$</b>
General Assembly and Board of Directors' Meetings	308,547	346,626
Audit Fee	35,000	35,000
Depreciation and Amortisation	115,087	119,694
Realised loss on Exchange	-	109,794
Profit for the Year	2,639,746	2,859,626
	<b>3,098,380</b>	<b>3,470,740</b>
<b>APPROPRIATIONS:</b>		
Transfer to Reserve for Exchange Fluctuation	108,940	-
Transfer to General Reserve	784,659	-
Retained Profit at 31st December	12,293,237	9,762,431
	<b>13,186,836</b>	<b>9,762,431</b>

The accompanying notes form an integral part of the Financial Statements



**CORPORATION**

**ENDED 31ST DECEMBER, 1991**

	1991	1990
INCOME	US\$	US\$
Underwriting Profit	772,733	1,248,658
Income from Investments and Other sources	1,227,907	1,352,223
Interest on Reinsurance Deposits	988,800	869,859
Realised gain on Exchange	108,940	
	<b>3,098,380</b>	<b>3,470,740</b>
<b>Retained Profit at 1st January</b>	<b>9,762,431</b>	<b>6,793,011</b>
Profit for the Year	2,639,746	2,859,626
Reserve for Exchange Fluctuation released		109,794
Balances released on portfolio withdrawal	784,659	
	<b>13,186,836</b>	<b>9,762,431</b>



**AFRICAN REINSURANCE  
REVENUE ACCOUNT FOR THE YEAR ENDED**

<b>OUTGO</b>			<b>1991</b>	<b>1990</b>
	<b>Gross</b>	<b>Retrocession</b>	<b>NET</b>	<b>NET</b>
	US\$	US\$	US\$	US\$
<b>LOSSES PAID</b>	18,799,449	2,079,053	16,720,396	14,658,558
Add:				
<b>Outstanding Loss Reserve at the end of the year</b>	17,411,341	3,978,440	13,432,901	12,301,499
Deduct:				
<b>Outstanding Loss Reserve at the beginning of the year</b>	16,657,693	4,356,194	12,301,499	11,423,160
<b>LOSSES INCURRED</b>	19,553,097	1,701,299	17,851,798	15,536,897
<b>COMMISSIONS</b>	12,237,085	1,586,364	10,650,721	10,254,193
<b>CHARGES</b>	471,779	12,608	459,171	409,259
	<u>32,261,961</u>	<u>3,300,271</u>	28,961,690	26,200,349
<b>MANAGEMENT EXPENSES</b>			3,065,482	3,105,158
<b>Underwriting Profit transferred to Profit &amp; Loss Account</b>			772,733	1,248,658
			<u>32,799,905</u>	<u>30,554,165</u>

The accompanying notes form an integral part of the Financial Statements



CORPORATION

31ST DECEMBER, 1991

I N C O M E	Gross	Retrocession	1991	1990
	US\$	US\$	NET US\$	NET US\$
PREMIUM NET OF CANCELLATIONS	37,015,587	4,804,849	32,210,738	30,617,462
Add:				
Reinsurance Fund at the beginning of the year	17,022,297	2,443,122	14,579,175	14,515,878
Deduct:				
Reinsurance Fund at the end of the year	16,319,618	2,329,610	13,990,008	14,579,175
<b>EARNED PREMIUM</b>	<b>37,718,266</b>	<b>4,918,361</b>	<b>32,799,905</b>	<b>30,554,165</b>
			<b>32,799,905</b>	<b>30,554,165</b>



**AFRICAN REINSURANCE CORPORATION  
UNDERWRITING RESULTS BY CLASS OF BUSINESS  
FOR THE YEAR ENDED 31ST DECEMBER, 1991**

	Fire and Accident	Marine and Aviation	Life	TOTAL	1990
	US\$	US\$	US\$	US\$	US\$
<b>Underwriting Income:</b>					
<b>Gross Premiums</b>	25,923,034	9,651,417	1,441,136	37,015,587	34,722,538
<b>Less: Retrocession premiums</b>	3,899,516	905,333	-	4,804,849	4,105,075
	<u>22,023,518</u>	<u>8,746,084</u>	<u>1,441,136</u>	<u>32,210,738</u>	<u>30,617,463</u>
<b>Underwriting Outgo:</b>					
<b>Claims</b>	11,657,119	4,604,857	458,420	16,720,396	14,658,558
<b>Commissions</b>	7,445,478	2,841,152	364,091	10,650,721	10,254,193
<b>Charges</b>	290,733	160,614	7,824	459,171	409,259
<b>Management expenses</b>	2,146,841	799,292	119,349	3,065,482	3,105,158
	<u>21,540,171</u>	<u>8,405,915</u>	<u>949,684</u>	<u>30,895,770</u>	<u>28,427,168</u>
<b>Excess of income over outgo</b>	483,347	340,169	491,452	1,314,968	2,190,295
<b>Reinsurance &amp; Reserve Funds:</b>					
<b>At 1st January</b>	13,355,249	11,831,667	1,693,758	26,880,674	25,939,038
<b>At 31st December</b>	<u>(13,620,030)</u>	<u>(11,784,230)</u>	<u>(2,018,649)</u>	<u>(27,422,909)</u>	<u>(26,880,674)</u>
<b>Underwriting Profit transferred to Profit &amp; Loss Account</b>	<u>218,566</u>	<u>387,606</u>	<u>166,561</u>	<u>772,733</u>	<u>1,248,659</u>

The accompanying notes form an integral part of the Financial Statements



**AFRICAN REINSURANCE CORPORATION**  
**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER, 1991**

	1991 US\$	1990 US\$
<b>CASHFLOWS FROM OPERATIONS:</b>		
Operating Profit	2,639,746	2,859,626
<b>Adjustments to reconcile operating profit to net cash generated from operations:</b>		
Depreciation and Amortisation	115,087	119,694
Profit from sale of fixed assets	(13,667)	(4,894)
Reinsurance & Reserve Funds	542,234	941,636
Amounts due from Companies on Reinsurance Accounts	480,658	(2,407,842)
Deposits Retained by Ceding Companies	(539,731)	(2,188,642)
Sundry Debtors, Accrued Interest & Prepayments	(57,644)	(160,732)
Amounts due to Companies on Reinsurance Accounts	(1,201,928)	960,024
Deposits due to Retrocessionaires	(253,455)	79,840
Other Creditors, Accruals & Provisions	451,484	(40,623)
	<u>(476,962)</u>	<u>(2,701,539)</u>
<b>Net Cash generated from Operations</b>	<b>2,162,784</b>	<b>158,087</b>
<b>Adjustments for non-cash items taken to Shareholders Funds:</b>		
Cumulative Translation Adjustment	(1,766,623)	717,798
Balances released on Portfolio withdrawal	784,659	-
Cumulative Translation on Investments	569,795	-
	<u>1,750,615</u>	<u>875,885</u>
<b>CASHFLOWS FROM INVESTMENT ACTIVITY:</b>		
Proceeds on sale of Fixed Assets	18,589	6,288
Purchase of Fixed Assets	(136,342)	(135,041)
Short term Investments made	(67,145)	(152,100)
	<u>(184,898)</u>	<u>(280,853)</u>
<b>Net Increase in Bank and Cash Balances</b>	<b>1,565,717</b>	<b>595,032</b>
<b>BANK AND CASH BALANCES:</b>		
At 1st January 1991	<u>3,667,817</u>	<u>3,072,785</u>
At 31st December 1991	<u><u>5,233,534</u></u>	<u><u>3,667,817</u></u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 1991

### NOTE 1

#### OPERATIONS

The African Reinsurance Corporation was established by member States of the Organisation of African Unity and the African Development Bank as an inter-governmental institution for the purposes of:-

- (a) mobilizing financial resources from insurance and reinsurance operations;
- (b) investing in Africa such funds to help accelerate economic development; and
- (c) fostering the development of the insurance and reinsurance industry in Africa by promoting the growth of national, regional and sub-regional underwriting and retention capacities.

To achieve these purposes, the Corporation transacts treaty and facultative reinsurance business in respect of all classes of insurance inside as well as outside Africa, creates and administers pools and/or other exchange schemes for various risks for the account and to the interest of African insurance companies.

### NOTE 2

#### ACCOUNTING POLICIES

The Corporation's accounting policies are general conformity with standards adopted by the International Standards Committee and practices prevailing within the insurance industry. The following is a summary of the significant accounting policies adopted in the preparation of the financial statements:-

##### (a) Revenue and Expense recognition

Premiums and underwriting expenses are credited and debited respectively to the underwriting revenue account when advised by ceding companies.

##### (b) Underwriting Revenue Account and Reinsurance and Reserve Funds

All underwriting accounts are maintained on an underwriting year basis. The accounts of each underwriting year are kept open for three years during which the surplus of income over outgo is carried

forward as Reinsurance Funds. By that time, a sufficiently accurate determination of outstanding liabilities can generally be made to permit the account to be "closed" and the underwriting profit or loss determined. At the end of the third year of each underwriting year when the underwriting accounts are closed, the reinsurance funds are brought back to the revenue accounts of the said year and a Reserve Fund created on the basis of the Corporation's loss experience, to meet any outstanding claims. The adequacy of the Reserve Fund is reviewed at the end of each subsequent year in the light of projections of the ultimate development of premiums and claims and adjustments made accordingly.

##### (c) Currency Translation

The Financial statements expressed in the various functional currencies of the member States are translated into the Corporation's reporting currency, the United States Dollar, using the closing rate method. Operational expenses are translated at rates prevailing at the date such expenses are incurred. The resultant unrealised translation adjustment is recorded as a separate component of Shareholders' Funds. Exchange differences arising from the settlement of monetary items are taken to the profit and loss account.

##### (d) Investments

*Short term investments* in securities are stated at the lower of amortized cost or market value. Premiums and discounts on acquisition of the securities are amortized or accreted respectively to Unrealised gain/loss on Investments on a straight line basis over the period of the maturity of the related securities. On disposal of a security, the accumulated amortisation/accretion is taken to Investment income. *Long term investments* are stated at cost unless there is a permanent decrease in their value, in which case a provision is made thereof/therefore.

##### (e) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over the estimated useful life of each category of fixed assets using the following annual rates:-

- Freehold and Capital Leasehold Property - 2% or over the leasehold period if less than 50 years.
- Furniture, Fittings and Equipment - Between 12½% and 33⅓%.
- Motor Vehicles - 25%.



(f) Debtors

Debtors are stated after writing off specific debts that are considered irrecoverable.

(g) Management Expenses

Management expenses are apportioned to the classes of business in the Underwriting Revenue Account on the basis of the net premium and wholly charged to the current underwriting year.

NOTE 3

INVESTMENTS

Investments at cost which include Straight Bonds with a market value of US\$3,297,827 at 31st December, 1991, are made up of:-

	1991 US\$	1989 US\$
Participation in Shelter-Afrique	1,020,000	1,020,000
Straight Bonds	3,151,829	-
Short-term deposits	<u>9,316,696</u>	<u>12,401,380</u>
	<u>13,488,525</u>	<u>13,421,380</u>

NOTE 4

BANK AND CASH BALANCES

The balances include an equivalent of US\$1,763,732 representing temporary short term deposits in member States' currencies, of which part awaited approval for conversion to United States Dollars.

NOTE 5

FIXED ASSETS

	Freehold & Capital Leasehold Property US\$	Furniture, Fittings & Equipment US\$	Motor Vehicles US\$	Total 1991 US\$	Total 1990 US\$
<b>COST</b>					
At 1st January	366,150	1,261,633	194,449	1,822,232	1,748,622
Additions during the year	3,559	82,018	50,766	136,343	135,041
Disposals during the year	-	(18,257)	(28,719)	(46,976)	(61,430)
	<u>369,709</u>	<u>1,325,394</u>	<u>216,496</u>	<u>1,911,599</u>	<u>1,822,233</u>
<b>DEPRECIATION</b>					
At 1st January	59,489	973,900	160,050	1,193,439	1,133,719
Charge for the year	7,323	83,608	24,157	115,088	119,695
On disposals during the year	-	(18,256)	(28,719)	(46,975)	(59,974)
	<u>66,812</u>	<u>1,039,252</u>	<u>155,488</u>	<u>1,261,552</u>	<u>1,193,440</u>
<b>NET BOOK VALUE</b>					
At 31st December	<u>302,897</u>	<u>286,142</u>	<u>61,008</u>	<u>650,047</u>	<u>628,793</u>



## NOTE 6

### CAPITAL STOCK AND PAID-UP CAPITAL

(i) The initial capital allotted to the Member States of the OAU at the date of signature of the Agreement Establishing the Corporation in 1976 was US\$10,000,000. This amount was augmented by US\$1,160,000 representing the value of shares allotted in 1983 to newly independent states to bring the total capital offered for subscription to US\$11,160,000. The Authorised Capital was increased from US\$15 million to US\$30 million in accordance with a decision by the 12th meeting of the Annual General Assembly held in June 1990. Consequently, Article 5 paragraph 1 and related articles of the Establishment Agreement were amended by the 13th Annual General Assembly held in June 1991.

ii) The paid-up capital is made up as follows:-

	1991 US\$	1990 US\$
Capital Allotted	11,160,000	11,160,000
Unsubscribed Capital	<u>(1,460,000)</u>	<u>(1,460,000)</u>
Subscribed and paid-up Capital	<u>9,700,000</u>	<u>9,700,000</u>

## NOTE 7

### RESERVES

	Share Premium US\$	Reserve for Exchange Fluctuation US\$	Unrealised Gains/loss on Investments US\$	General Reserve US\$	Total 1991 US\$	Total 1990 US\$
Balance at 1st January	97,240	1,426,676	-	960,000	2,483,916	2,593,710
Premium/discount amortised/accreted			4,920		4,920	-
Balances released on Portfolio withdrawal				784,659	784,659	-
Currency Translation gain (loss) for the year	-	108,940	569,795		678,735	(109,794)
Balance at 31st December	<u>97,240</u>	<u>1,535,616</u>	<u>574,715</u>	<u>1,744,659</u>	<u>3,952,230</u>	<u>2,483,916</u>

## NOTE 8

### REINSURANCE AND RESERVE FUNDS

These represent the underwriting results of the still open years and reserves for outstanding claims for the closed underwriting years respectively. The composition is as follows:-

	Fire & Accident US\$	Marine & Aviation US\$	Life US\$	Total 1991 US\$	Total 1990 US\$
GROSS					
- Reinsurance Fund	9,049,182	4,466,366	485,333	14,000,881	14,579,175
- Reserve for outstanding claims	<u>4,849,692</u>	<u>11,017,460</u>	<u>1,533,315</u>	<u>17,400,467</u>	<u>16,657,693</u>
	<u>13,898,874</u>	<u>15,483,826</u>	<u>2,018,648</u>	<u>31,401,348</u>	<u>31,236,868</u>
Retrocessionaires share in Provisions					
Reserve for outstanding claims	<u>278,845</u>	<u>3,699,595</u>	-	<u>3,978,440</u>	<u>4,356,194</u>



## NOTE 9

### RELATED PARTY TRANSACTIONS

A portion of the Corporation's underwriting business is transacted with ceding companies owned by African States which are shareholders of the Corporation (See Annex 1).

## NOTE 10

### TAXATION

The Corporation is not subject to tax in the markets where it operates according to Article 51 of the Establishment Agreement, therefore no tax provision is made in the financial statements.





## ANNEX I

STATEMENT OF SUBSCRIPTION AND VOTING POWERS  
OF MEMBERS AS AT 31ST DECEMBER, 1991

	Number of Shares	Value of Shares	Amount not subscribed	Amount Subscribed	Called Up and Paid	Called and Unpaid	Voting Power
1. Algeria	60	600,000	-	600,000	600,000	-	6.19
2. Benin	10	100,000	-	100,000	100,000	-	1.03
3. Burkina Faso	11	110,000	-	110,000	110,000	-	1.13
4. Burundi	10	100,000	-	100,000	100,000	-	1.03
5. Cameroon	30	300,000	-	300,000	300,000	-	3.09
6. Central African Republic	10	100,000	-	100,000	100,000	-	1.03
7. Chad	12	120,000	-	120,000	120,000	-	1.24
8. Congo	13	130,000	-	130,000	130,000	-	1.34
9. Côte d'Ivoire	25	250,000	-	250,000	250,000	-	2.58
10. Egypt	60	600,000	-	600,000	600,000	-	6.19
11. Ethiopia	28	280,000	-	280,000	280,000	-	2.89
12. Gabon	16	160,000	-	160,000	160,000	-	1.65
13. Gambia	10	100,000	-	100,000	100,000	-	1.03
14. Ghana	33	330,000	-	330,000	330,000	-	3.40
15. Guinea	10	100,000	-	100,000	100,000	-	1.03
16. Guinea Bissau	10	100,000	-	100,000	100,000	-	1.03
17. Kenya	26	260,000	-	260,000	260,000	-	2.68
18. Liberia	10	100,000	-	100,000	100,000	-	1.03
19. Libya	60	600,000	-	600,000	600,000	-	6.19
20. Mali	10	100,000	-	100,000	100,000	-	1.03
21. Madagascar	18	180,000	-	180,000	180,000	-	1.86
22. Mauritania	12	120,000	-	120,000	120,000	-	1.24
23. Mauritius	14	140,000	-	140,000	140,000	-	1.44
24. Morocco	60	600,000	-	600,000	600,000	-	6.19
25. Niger	10	100,000	-	100,000	100,000	-	1.03
26. Nigeria	60	600,000	-	600,000	600,000	-	6.19
27. Rwanda	10	100,000	-	100,000	100,000	-	1.03
28. Senegal	21	210,000	-	210,000	210,000	-	2.16
29. Seychelles	10	100,000	-	100,000	100,000	-	1.03
30. Sierra Leone	13	130,000	-	130,000	130,000	-	1.34
31. Somalia	12	120,000	-	120,000	120,000	-	1.24
32. Sudan	30	300,000	-	300,000	300,000	-	3.09
33. Swaziland	11	110,000	-	110,000	110,000	-	1.13
34. Tanzania	24	240,000	-	240,000	240,000	-	2.47
35. Togo	11	110,000	-	110,000	110,000	-	1.13
36. Tunisia	25	250,000	-	250,000	250,000	-	2.58
37. Uganda	22	220,000	-	220,000	220,000	-	2.27
38. Zaire	19	190,000	-	190,000	190,000	-	1.96
39. Zambia	34	340,000	-	340,000	340,000	-	3.51
40. African Development Bank	100	1,000,000	-	1,000,000	1,000,000	-	10.31
<b>TOTAL</b>	<b>970</b>	<b>9,700,000</b>	<b>-</b>	<b>9,700,000</b>	<b>9,700,000</b>	<b>-</b>	<b>100</b>
<b>Non Member Countries</b>							
1. Botswana	10	100,000	100,000	-	-	-	-
2. Equatorial Guinea	10	100,000	100,000	-	-	-	-
3. Lesotho	10	100,000	100,000	-	-	-	-
4. Malawi	10	100,000	100,000	-	-	-	-
5. Angola	17	170,000	170,000	-	-	-	-
6. Cape Verde	10	100,000	100,000	-	-	-	-
7. Comoros	10	100,000	100,000	-	-	-	-
8. Djibouti	10	100,000	100,000	-	-	-	-
9. Mozambique	19	190,000	190,000	-	-	-	-
10. Sao Tome & Principe	10	100,000	100,000	-	-	-	-
11. Zimbabwe	30	300,000	300,000	-	-	-	-
Sub-Total	146	1,460,000	1,460,000	-	-	-	-
Shares not allocated/ subscribed for	384	3,840,000	3,840,000	-	-	-	-
<b>Grand Total</b>	<b>1,500</b>	<b>15,000,000</b>	<b>5,300,000</b>	<b>9,700,000</b>	<b>9,700,000</b>	<b>-</b>	<b>100</b>



## ANNEX II

### RESOLUTIONS ADOPTED BY THE GENERAL ASSEMBLY AT ITS THIRTEENTH ANNUAL ORDINARY MEETING HELD IN LAGOS, NIGERIA, ON 27TH AND 28TH JUNE, 1991

#### RESOLUTION No. 1/1991 ON SUMMARY RECORD OF THE 12TH ANNUAL ORDINARY MEETING

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Article 12;

**AFTER HAVING EXAMINED** document AFRICARE/GA/14/SR entitled "Summary Record of the 12th Annual Ordinary Meeting";

**ADOPTS** the document after amendment.

#### RESOLUTION No. 2/1991 ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Articles 14.9 and 37;

**CONSIDERING** the General Regulations of the Corporation and in particular Article 8 on the Annual Report and Financial Statements;

**ADOPTS** the Report of the Board of Directors of the African Reinsurance Corporation for the period 1st January to 31st December, 1990 as presented in document AFRICARE/GA/15/90;

**CONGRATULATES** the Board of Directors, Management and Staff of the Corporation for the commendable efforts made;

**AUTHORISES** the distribution of the 1990 Annual Report to interested institutions, and

**INVITES** the Board of Directors to present the Corporation's final accounts according to the French and English accounting methods for the future financial years.

#### RESOLUTION No. 3/1991 ON FINAL ACCOUNTS AND APPROPRIATION OF RESULTS

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Articles 10.2 (vi) and (vii), and 37;

**CONSIDERING** Article 8 (ii) of the General Regulation of the Corporation;

**HAVING EXAMINED** the Corporation's Balance Sheet as at 31st December, 1990, the Profit and Loss and the Underwriting Revenue Accounts for the Financial Year ended 31st December 1990, the Notes on the Accounts as presented in Document AFRICARE/GA/15/90 as well as the proposals on the appropriation of the final results;

**AFTER HAVING HEARD** the Report of the External Auditors on the Corporation's Balance Sheet and Final Accounts for the period ended 31st December, 1990;

**APPROVES** the Balance Sheet and Final Accounts of the Corporation for the Financial Year ended 31st December, 1990;

**ENDORSES** the recommendation of the Board not to distribute dividends but to carry forward the net profit of the 1990 Financial Year.

#### RESOLUTION No. 4/1991 ON ALLOCATION OF SHARES OF THE CORPORATION TO THE REPUBLIC OF NAMIBIA

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Articles 2 on "Membership" and 60 on "Accession and Acquisition of Membership";

**CONSIDERING** its resolution No.5/1983 on "Allocation of shares of the Corporation's capital to non Member Countries;

**CONSIDERING** its resolution on "Adhesion and Subscription to the Corporation's share-capital;

**WISHING** to welcome to the Corporation all Member States of the Organisation of African



Unity;

**APPROVES** the recommendation of the Board of Directors on the allocation of shares of the Corporation to the Republic of Namibia as contained in document AFRICARE/GA/15/91;

**APPEALS** to the Republic of Namibia to accede to the Agreement Establishing the Corporation as soon as possible.

**RESOLUTION No. 5/1991**

**ON THE AMENDMENT OF RULE 10 OF THE PROCEDURE FOR PROPOSING AND INTRODUCING AMENDMENTS TO THE AGREEMENT ESTABLISHING THE CORPORATION**

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Article 54 on amendments;

**CONSIDERING** the Procedure for Proposing and Introducing Amendments to the Agreement and in particular Rules 10 and 17;

**DECIDES** to amend the said Rule 10 which henceforth reads as follows :

"If the Chairman receives objections from Members accounting for 25% of the total voting power of the Corporation to proposals for amendments emanating from the Board, he shall refer the matter back to the Board for further consideration, otherwise, the proposed amendments shall be tabled before the next Annual Meeting for consideration provided that the Meeting is holding at least **three months or one month, depending on the circumstances and urgency of the matter**, after expiry of the six months required for receiving the comments and views of the Members. The Annual Meeting shall in this case consider the proposals on the basis of the circulated documents, summary of comments and views received from the Members, and a draft Resolution submitted by the Board of Directors";

**DECIDES** also that the Rule so amended should take immediate effect.

**RESOLUTION No. 6/1991**

**ON THE AMENDMENT TO THE AGREEMENT ESTABLISHING THE CORPORATION AND THE ALLOCATION OF NEW SHARES**

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Articles 8, 10, 14 and 54;

**CONSIDERING** the Procedure for Proposing and Introducing Amendments to the Agreement Establishing the Corporation and in particular Rules 7, 8, 9, 10, 11, 14, 15 and 16;

**CONSIDERING** the Rules of Procedure of the General Assembly and in particular Article 9 thereof;

**DECIDES** that the Articles herebelow should henceforth read as follows :

#### **Article 1**

1. The following terms wherever used in this Agreement shall have the following meanings, unless the context shall otherwise specify or require :

"Corporation" shall mean the African Reinsurance Corporation established by this Agreement.

"Bank" shall mean the African Development Bank.

"OAU" shall mean the Organization of African Unity.

"National Insurance and Reinsurance Institutions" shall mean insurance and reinsurance institutions with a majority indigenous shareholding incorporated under the national laws of any of the member States and having their head offices in the territory of the State of incorporation.

"Member" shall mean the Bank, any Member State of the OAU and/or any national insurance and/or reinsurance institution of a Member State, which shall become a party to this Agreement in accordance with the provisions of Article 60 or by subscribing to the Corporation's Shares.

"General Assembly", "Board of Directors", "Chairman", "General Manager" and "Secretary General" shall mean respectively the General Assembly, the Board of Directors, the Chairman of the Board of Directors, the General Manager and Secretary General of the Corporation; and in the case of the Board of Directors and the Chairman shall include alternate directors and the Vice Chairman when acting as Director and Chairman respectively.



"Signatory" shall mean a signatory to this Agreement.

"Representative" shall mean the representative of any member to the General Assembly of the Corporation.

2. Reference to Chapters, Articles, paragraphs and schedules shall mean the chapters, articles and paragraphs of, or schedules to, this Agreement.

3. The headings of the chapters and articles are inserted for convenience of reference only and are not part of this Agreement.

#### Article 2:

1. Membership in the Corporation shall be open to the Bank, member States of the Organisation of African Unity and national insurance and/or reinsurance institutions of the Member States.

2. Membership of the Corporation shall be acquired in accordance with the provisions of Article 60.

#### Article 5

1. The authorized capital of the Corporation shall be thirty million United States dollars (US\$30,000,000). It shall be divided into 3000 shares of a par value of US\$10,000 each.

2. Two-thirds of the authorized capital stock, equivalent to two thousand shares, shall initially be available for subscription by the Member States and the Bank in accordance with Article 6 of this Agreement.

3. The Board of Directors may by a majority of the voting power represented at the meeting increase the subscribed capital stock to an amount not exceeding the amount of the authorized capital.

4. The authorized capital stock of the Corporation may be increased by a resolution adopted by two thirds majority of the voting power of the Corporation in the General Assembly.

#### Article 6

1. Subscription to the capital stock of the Corporation shall be open only to members.

2. A Member State may nevertheless authorize a national entity or agency acting on its behalf to represent it in all matters relating to this

Agreement including subscription to the capital stock of the Corporation, with the exception of the matters referred to in Article 58.

3. Moreover each Member State shall share out among national insurance and/or reinsurance institutions operating within its territory the shares allocated to them and set aside by the General Assembly for their direct subscription. However the African Institutions mentioned hereabove shall not be allocated or offered a total subscription of more than one third of the authorized capital. Where national insurance and/or reinsurance institutions in a Member State show no desire to subscribe the shares allocated to them, the Member State may partially or fully subscribe such shares, over and above the amount initially allocated in Annex A of this Agreement or by decision of the General Assembly.

4. The initial number of shares to be subscribed by a State which acquired membership in accordance with Article 58 of this Agreement, shall be that set forth in its respect in Annex A to this Agreement which shall form an integral part thereof. The initial number of shares to be subscribed by other member States shall be determined by the General Assembly.

5. The initial subscription of the Bank to the capital stock shall be 100 shares. However, the Bank shall, on an appropriate resolution of the Board of Directors, transfer a portion of its holding, upon such terms and conditions as the Board may determine, to any State which, having been admitted to the OAU after the coming into force of this Agreement, seeks membership of the Corporation, provided, however, that such transfer shall not have the effect of reducing the Bank's holding at any time to less than six per cent of the shares available for subscription.

6. In the event of an increase of the capital stock initially available for subscription, or of the authorized capital, for a purpose other than solely to provide for an initial subscription of a Member State, each member shall have the right to subscribe on such uniform terms and conditions as the General Assembly, on the recommendation of the Board of Directors, shall determine a proportion of the increase of stock equivalent to the proportion which its stock theretofore subscribed bears to the total capital stock of the Corporation. No member, however, shall be obligated to subscribe to any part of such increased stock.



## Article 12

1. The General Assembly shall hold an annual ordinary meeting within six months following the end of the Corporation's financial year.

2. The annual ordinary meeting of the General Assembly shall take place at the Headquarters of the Corporation. However, any member may host such meeting in accordance with terms and conditions to be agreed upon with the Corporation.

3. An extraordinary meeting of the General Assembly may be called by the Board of Directors, or by members representing at least twenty-five per cent (25%) of the total voting power of the Corporation. Such a meeting shall also be called when half of the capital on the basis of the last annual balance sheet, shall have been impaired. The place and date of such a meeting shall be determined by the Chairman.

4. Notices for convening ordinary meetings of the General Assembly shall be sent to all members by registered air-mail not less than six weeks before the date fixed for the meeting. The notice shall contain the agenda of the meeting.

5. Extraordinary meetings shall be convened by cable not less than seven days before the date of the meeting.

6. A quorum for any meeting of the General Assembly shall be sixty per cent of the total voting power of members and fifty per cent of votes held directly or indirectly by Member States of the Corporation and the Bank. If a quorum is not attained, a second meeting shall be held twenty days after the first meeting in the case of the ordinary general meetings and seven days in the case of extraordinary meetings. The notice shall be sent in these cases within seven days after the first planned meeting. The members present at the second meeting shall have the right to pass valid resolutions whatever the number of shares they represent.

7. Meetings of the General Assembly shall be presided by the Chairman of the Board of Directors. In the absence of the Chairman and the Vice-Chairman, a Representative shall be elected by the General Assembly to chair the meeting.

8. The General Assembly may by regulation establish a procedure whereby the Board of Directors may, when it deems such action advisable, obtain a vote of the representatives on

a specific resolution without calling a meeting of the General Assembly.

9. The General Assembly, and the Board of Directors to the extent authorized by the General Assembly may establish such subsidiary committees as may be necessary or appropriate to conduct the business of the Corporation.

10. The General Assembly, and the Board of the Directors to the extent authorized by the General Assembly or by this Agreement, may adopt such regulations not inconsistent with this Agreement as shall be necessary or appropriate for the conduct of the business of the Corporation.

## Article 13

1. Each member shall have one vote for any one share on which the calls have been fully paid up.

2. Each representative shall be entitled to cast the vote of the member or members he represents.

3. Except as otherwise expressly provided in this Agreement, all matters before the General Assembly shall be decided by a majority of the voting power represented at the meeting.

4. **Decisions relating to fixing the modalities for the dissolution of the Corporation, the constitution of the Liquidation Committee and the distribution of the Corporation's assets to members shall be taken by a majority of votes held directly or indirectly by the Bank and by States represented at the meeting.**

## Article 15

1. The Board of Directors shall be composed of **twelve directors**, one of whom shall be appointed by the Bank, eight shall be elected by Member States and **3 others shall be elected by national insurance and reinsurance** shareholders in accordance with the Procedure set out in Annex B of this Agreement, which shall form an integral part thereof. In electing the Board of Directors, the General Assembly shall have due regard to the high competence in reinsurance, financial and economic matters required for the office.

2. Each director shall appoint an alternate who shall act for him when he is not present. Directors and their alternates shall be nationals of member States; but no alternate may be of the same nationality as his Director. An alternate may participate in meetings of the Board but may vote



only when he is acting in place of his director.

3. Directors shall be elected for a term of three years and may be re-elected. They shall continue in office until their successors are elected. If the office of a director becomes vacant more than 180 days before the end of this term, a successor shall be elected for the remainder of the term by the General Assembly at its next session, in accordance with Annex B to this Agreement by the same members who had elected his predecessor. While the office remains vacant the alternate of the former director shall exercise the powers of the latter.

#### Article 17

1. The Board of Directors shall meet as often as the business of the Corporation may require. The Chairman or the Vice-Chairman or in the absence of both, the General manager, acting on behalf of the Chairman, shall call a meeting of the Board.

2. The Board of Directors shall meet not less than three times in any one financial year.

3. Meeting of the Board of Directors shall be presided over by the Chairman or the Vice-Chairman, and in the absence of both, by a member of the Board designated by the meeting.

4. A quorum for any meeting of the Board of Directors shall be **eight (8)** Directors.

5. The Board of Directors may adopt such rules and regulations as may be necessary or appropriate for the conduct of the business of the Corporation.

6. The Board may establish such subsidiary bodies as are necessary or appropriate to facilitate the conduct of the general operations of the Corporation.

#### Article 60

1. A party whose instrument of ratification, acceptance or approval is deposited before the date on which this Agreement enters into force shall become a member of the Corporation on that date. Any other signatory which complies with the provisions of Article 58 shall become a member on the date on which its instrument of ratification, acceptance or approval is deposited.

2. States which do not acquire membership of the Corporation in accordance with the provisions of Article 58 may become members after the

Agreement has entered into force by accession thereto on such terms as the General Assembly shall determine. The Government of any such State shall deposit, on or before a date appointed by the Assembly, an instrument of accession with the Depositary, who shall notify such deposit and the date thereof to the Corporation and to the parties to this Agreement; upon the deposit, the State shall become member of the Corporation on the appointed date.

3. **A national insurance and/or reinsurance institution may become a member following the adhesion of its State of origin upon subscribing and paying for shares allocated to it by the State.**

**DECIDES** that the amendments so adopted shall come into force in conformity with Article 16 of the Procedure for proposing and Introducing Amendments to the Agreement Establishing the Corporation;

**APPROVES** the allocation of new shares following the capital increase as proposed by the Board in Document AFRICARE/GA/15/93;

**RENEWS** its call to countries that had not yet adhered to the Agreement to do so;

**INVITES** the Board of Directors and Management to intensify their efforts with a view to bringing African States and national insurance companies operating in member countries to adhere and subscribe to the Corporation's capital;

**APPROVES** the Board's proposal to pay for the share of the increased capital and offered to current shareholders for subscription by the incorporation of the reserves and other profits;

**INVITES** the Board to determine flexible modalities on the payment for shares allocated to and subscribed by national insurance and reinsurance companies in conformity with Article 8 of the Agreement, taking into consideration their economic and commercial environment as well as their financial capability;

**REQUESTS** the Board and Management to take necessary steps towards diligently and effectively implementing the amendments thereby approved as soon as they come into force.

#### **RESOLUTION No. 7/1991 ON THE APPOINTMENT OF AN EXTERNAL AUDITOR**

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th



and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Article 10.2 (v);

**CONSIDERING** the General Regulations of the Corporation and in particular Article 11;

**CONSIDERING** the Board of Director's recommendations in Document AFRICARE/GA/15/94 entitled "Appointment of an External Auditor for the Corporation for the 1991 Financial Year";

**APPOINTS** Akintola Williams & Co. (Nigeria) as the external auditor to audit the accounts of the Financial year ending 31st December 1991, and to present a report on the Corporation's financial situation as at that date to the next Annual Ordinary Meeting.

**AUTHORISES** the Board of Directors to determine the remuneration and conditions of service of the external auditors.

**RESOLUTION No. 8/1991  
ON THE RESOLUTIONS COMMITTEE FOR  
THE 14TH ANNUAL ORDINARY MEETING**

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Article 12.9;

**CONSIDERING** the Rules of Procedure of the General Assembly;

**RECALLING** its Resolutions Nos. 6/1979 and 11/1980 on the Rules Governing the Corporation's Terms of Reference and Procedure of the Resolutions Committee;

**NOTES** that the Resolutions Committee for the Fourteenth Annual Ordinary Meeting of the General Assembly shall comprise the Representatives of Mauritius, Niger, Burundi and Libya.

**RESOLUTION No. 9/1991  
ON THE DATE OF THE NEXT MEETING**

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation and in particular Article 12.2;

**CONSIDERING** also the Rules of Procedure of the General Assembly and in particular Article 1 on Meetings;

**RECALLS** its Resolution No. 9/1990 accepting the invitation of the Republic of Seychelles to host the 14th Annual Ordinary Meeting of the General Assembly in Mahe;

**DECIDES** to hold the said Meeting on 25th and 26th June, 1992.

**RESOLUTION No.10/1991  
ON VOTE OF THANKS TO THE HOST  
COUNTRY**

The General Assembly, at its 13th Annual Ordinary Meeting held in Lagos, Nigeria, on 27th and 28th June, 1991:

**CONSIDERING** the Agreement Establishing the African Reinsurance Corporation;

**GRATEFUL** to the Federal Republic of Nigeria for the facilities provided the Corporation during its 13th Annual Ordinary Meeting held in Lagos and for the brotherly welcome and warm hospitality shown to representatives of Member States by the Nigerian people and Government under the leadership of his Excellency General Ibrahim Badamasi Babangida, President of the Republic, Head of State, Commander - in - Chief of the Armed Forces and current Chairman of the OAU;

**EXPRESSES** its sincere gratitude to the President and Government of Nigeria for the attention paid to the deliberations at this meeting and for the obvious goodwill and interest shown in the future and growth of the Corporation as well as for all the facilities put at its disposal in the Headquarters;

**REQUESTS** its Chairman to convey through the appropriate authorities to His Excellency General Ibrahim Badamasi Babangida, President of the Republic and Head of State, to the Government and people of Nigeria its gratitude for the constant support for the Corporation, and for making it possible to successfully hold the 13th Annual Ordinary Meeting of the General Assembly in Lagos, Nigeria.



ANNEX III

**SUMMARY ADMINISTRATIVE BUDGET  
FOR THE PERIOD  
1ST JANUARY TO 31ST DECEMBER, 1992**

	1992 US\$'000	1991 US\$'000
Capital Expenditure (including Furniture, Fittings and Motor Vehicles)	149	116
Annual General Assembly (including hall facilities, transportation, subsistence allowances and travel expenses relating thereto)	142	123
Board of Directors' Meetings (including hall facilities, transportation, subsistence allowances, attendance fees and travel expenses relating thereto)	225	216
Emoluments of Management and Other Staff	2,526	2,410
Travel & Subsistence Expenses relating to operations, education and training	206	198
General Expenses	950	961
	4,198	4,025

