AFRICAN REINSURANCE CORPORATION
GENERAL ASSEMBLY
SECOND ANNUAL ORDINARY MEETING
MOROCCO, 16th - 17th JUNE, 1980

AFRICARE/GA/4/27

Report of the Board of Directors of the African Reinsurance Corporation covering the period from 1st January, 1979 to 31st December, 1979

AFRICAN REINSURANCE CORPORATION

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Date: 16th June, 1980

Honourable Representatives,
General Assembly,
African Reinsurance Corporation,

Your Excellencies,

In accordance with Articles 14 and 37 of the Agreement establishing the African Reinsurance Corporation and Article 8 of the General Regulations made thereunder, I have the honour, on behalf of the Board of Directors, to submit to you the Annual Report and Audited Final Accounts of the Corporation for the period from 1st January to 31st December, 1979, as well as the summary of the Administrative Budget for the financial year January–December, 1980.

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

SAAD KANOUNI
Chairman of the Board of Directors

COMPOSITION OF AFRICARE BOARD OF DIRECTORS

Chairman
Saad Kanouni (Morocco)

Vice Chairman
D. T. Potouonjou (Cameroun)

Directors
L. Titah (Algeria)
H. M. Hafez (Egypt)
V. B. Mobioh (Ivory Coast)
F. T. Nyammo (Kenya)
E. Okwor (Nigeria)
E. Sinyokosa (Zambia)
T. Okelo Odongo (African Development Bank)

Alternate Directors
I. M. Felfel (Libya)
(Alternate to Mr. Kanouni)

K. S. Kudo (Togo)
(Alternate to Mr. Potouonjou)

M. H. Enneifer (Tunisia)
(Alternate to Mr. Titah)

A. A. El-Dawi (Sudan)
(Alternate to Mr. Hafez)

T. T. Fall (Senegal)
(Alternate to Mr. Mobioh)

O. Kufuor (Ghana)
(Alternate to Mr. Nyammo)

F. M. Carew (Sierra Leone)
(Alternate to Mr. Okwor)

B. Ghebray (Ethiopia)
(Alternate to Mr. Sinyokosa)

COMPOSITION OF AFRICARE MANAGEMENT

Edward Mensah (Ghana)
General Manager and Chief Executive

Kabisi pene Yemba Milanga (Zaire)
Deputy General Manager

Nabil S. Mohareb (Egypt)
Secretary General

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INTRODUCTION

The earlier Report of the Board of Directors covered the period from 1st April, 1977, to 31st December, 1978, which was the first financial year of the Corporation. An account of the efforts made for promoting the establishment of and launching the institution, as well as the salient constitutional provisions governing its structure, functions and operations were given in the said Report with a view to introducing the new Corporation to interested parties.

The present Report covers the second financial year of the Corporation extending from 1st January to 31st December, 1979. The Corporation is still in its formative years and would require some more years to reach maturity and to attain a leading position in the regional market as is envisaged by its Founders. In spite of its short history, however, the Corporation's positive impact has already been felt in several important aspects.

On the one hand, there has been marked improvement in the pace of Foreign Exchange transactions relating to reinsurance business in quite a number of African countries. A continuation of this healthy development can no doubt bring about in due course an improved image for national as well as regional markets in Africa and possibly reflect favourably in better reinsurance terms for the continent.

On the other hand, the Corporation's business operations must have provided assurances for continued co-operation between African and international reinsurance markets, and allayed all worries as to the real intentions of setting it up. This development is paving the way for an increasing volume of selected inward business which will most likely boost the Corporation's trading potential.

Equally important has been the punctuality and speed with which the Corporation paid cash loss claims to its ceding companies within and outside Africa. It may be due to this factor in particular that the status of the Corporation as a viable supplier of reinsurance cover has been duly recognised. By the end of the year under review, the Corporation has become fully accepted as a sound and appropriate vehicle of international reinsurance.

Efforts were being made since 1976 for the setting up of a sister regional reinsurance Corporation in the Asian market; and perhaps the smooth launching and subsequent progress of Africa Re helped accelerate the constitution of the Asian Reinsurance Corporation, and may have also paved the way for an easier commencement of its operations in 1980. It is hoped that the success in setting up regional reinsurance Corporations in Africa and Asia would facilitate the rise of similar bodies in other developing regions in such a manner as will consolidate the reinsurance industry in the developing world.

It will be recalled that the promotion of Africa Re as a continental inter-governmental institution, intended to carry out its functions in a business-like manner with emphasis on profit making, was viewed with a lot of scepticism from many quarters. The large geographical scale of the operation and the fears of inavailability of senior and middle management as well as of technical personnel were among the main reasons for the avowed worries. Experience of the past two years suggests that the task has been extremely difficult, but not impossible. Accomplishment of the first stage of the assignment required a lot of devotion, tolerance and sacrifice on the part of those who have been involved in giving effect to it at all levels, as well as a lot of good-will on the part of the regional and international partners. More will obviously be needed for overcoming the challenges of subsequent stages, including determination, and faith in the ultimate objectives.

An important lesson drawn from the experience of the past two years is that specialized regional inter-governmental institutions can play a major role in the struggle towards a new international economic order, in which developing nations would enjoy acceptable standards of living. It is necessary, however, that these institutions are appropriately structured, and are managed according to sound principles of the respective industry if developing countries are to reap the desirable benefits.

Background to the Second Financial Year

The year 1979 was on the whole another relatively quiet period as far as insurance and reinsurance business is concerned. Apart from a few major losses in Marine, and Aviation the experience for other classes of business would appear to have followed traditional patterns. The continuing world-wide inflation and depreciation of the US dollar must have inflated the dollar value of premiums, liabilities and claims, and may have led to increased liquidity for some insurance and reinsurance companies as a component of the financial sector. Rising interest rates throughout the year must have contributed to the trend as a result of larger income from investment portfolios.

Another feature of 1979 was the rising international political tension shortly before the year end. This had its effects on many economic variables and it led *inter alia* to heavy speculation in security and metal markets, backed mainly by bank credit facilities. Under these conditions, the worsening energy situation and the ever higher prices of oil raised fears that the world economy may have gone beyond treatment by traditional weapons of monetary and fiscal policies, and that drastic measures may have to be expected in a number of major economies.

The African Continent was not directly hit by the rising international tension of 1979, but the effects of such developments tend usually to be world wide. The repercussions of inflation and instability of the international monetary system as well as the rising oil prices were severely felt in the region, where a large number of least developing countries is located. The rising interest rates must have forced a number of countries to reschedule their development programmes or to shelve away those parts which needed external borrowings. On the other hand, healthy political developments in certain countries suggested resumption or expansion of reciprocal trade flows and promotion of entrepreneurial initiatives in the form of indigenous or joint ventures.

As far as the insurance and reinsurance industry is concerned, the year under review registered the rise of new insurance companies in a number of African countries, notably, Egypt, Ghana, Morocco, Nigeria and Uganda. A few cases of merger took place in some countries, e.g. Kenya, leading to improved structure of the national market. Localisation of insurance of imports in accordance with international recommendations was being considered by a number of African countries, e.g. Senegal and Togo, and some cases of revision of motor premiums were reported as has been the case in Gabon, Morocco, Senegal and Zambia. Minor changes were introduced in a number of these countries as well as in Tunisia to statutory provisions governing insurance business, but these seem to have had no tangible effect on reinsurance flows. Loss prevention efforts have been on the increase in Egypt and Morocco, while other countries notably Cameroun, Morocco, Ghana, Ivory Coast and Nigeria gave priority to improvement of port facilities so as to ease cargo handling and reduce pilferage of imported goods. In Kenya, Liberia and Sudan arrangements were made to improve the functioning of the industry at the national level and for increased co-operation between the industries units and/or between the market and the government control machinery.

THE UNDERWRITING YEAR 1979

Policy Issues

During the year under review the Corporation continued to observe exigencies of caution with respect to accepting inward and facultative business. It was felt that with its small capital base in relation to the scale of its African operations, the Corporation must for the time being be sufficiently selective in writing Non-African treaty business. On the other hand, the condition of physical facilities particularly telecommunications available to the Corporation at the end of 1978 did not make it possible to consider stretching its operations to facultative business. Restrictive though they may seem, these measures were tantamount to securing a sound business portfolio of reasonable volume, and must have assured ceding companies of the seriousness with which the Corporation views its obligations.

According to the Agreement establishing the Corporation, all insurance and reinsurance institutions operating in the territory of member states have a statutory obligation to offer to place with Africa Re 5% of their reinsurance treaties. The Corporation is on the other hand expected to retain as much volume of the business placed with it as its technical capacity may permit. In arranging retrocessions, the Corporation has a duty to give priority to African insurance and reinsurance institutions, which have a statutory right of first refusal to retrocessions.

In giving effect to the above legal provisions, the Corporation decided from the outset to accept without distinction all cessions falling within the statutory minimum of 5% whenever offered to it by its ceding companies in Africa. Special arrangements were made to establish the counterpart of the minimum cession in respect of markets where reinsurance treaties are concluded by headquarters located abroad on behalf of their African branches and agencies.

With respect to retention and retrocessions, it was decided to retain a modest US $100,000 per treaty programme per class of business per company, and that retrocessions may be arranged on a 'bouquet basis' to be offered to African insurance and reinsurance companies in the first place.

By the beginning of the year under review, it was clear that the above measures governing the operations of Africa Re would require more time in order that their significance and impact are adequately assessed. It was also obvious that radical frequent changes in policy elements of this type would not serve a useful purpose, and that modifications must be based on sufficient justifications in the best interest of the Corporation and its ceding companies. It was consequently decided that the above operational principles should be maintained throughout 1979 with possible revision at the beginning of the following year.

It was noted however that in view of the high limits arising from placing retrocessions on bouquet basis, a very limited proportion of retrocessions was accepted by African companies in 1978. In response to suggestions by these companies and in order to honour the spirit of the statutory obligation with respect to retaining as much business as possible within Africa, a slight modification had to be introduced to the method of placing retrocessions for 1979. While the bouquet basis had to be observed as to placing retrocessions in the international markets, African companies were given the option to choose from either the Surplus or Excess of Loss or both. It was felt that these arrangements may increase the ability of African insurance and reinsurance companies to accept a larger percentage of Africa Re retrocessions, without seriously affecting the prospects of trading the balance in the international markets. This was most likely to be the case as African companies were requested to accept these retrocessions for their net account only.

Premium Income Projection

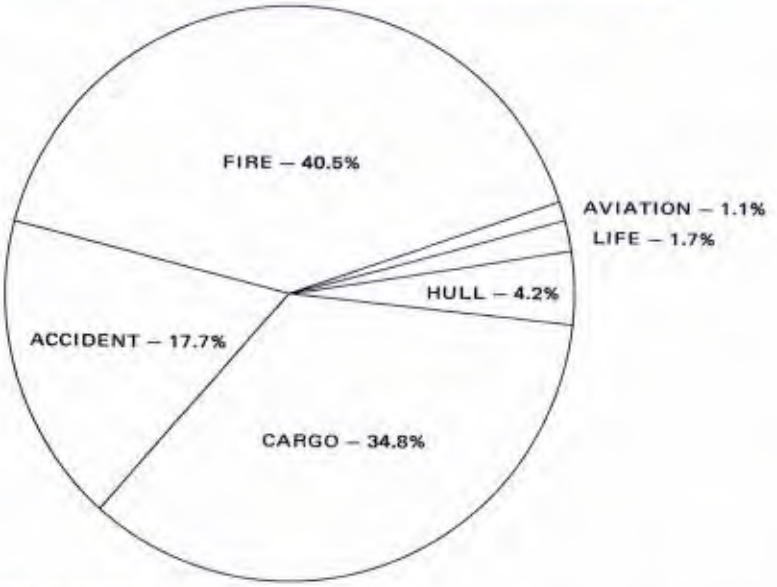
The marketing tour of Autumn 1978 suggested that the Corporation will be receiving the statutory cession from a larger number of companies during 1979 and that in some few cases the cessions will be higher than the minimum of 5%. A projection of Africa Re premium income for 1979 was prepared on the basis of information collected by our Marketing Teams.

The following table gives the 1979 projections of premium income by area and by class of business with the totals for 1978 for comparison.

Estimates of Gross Premium Income for 1978 and 1979
(in US $ thousand)

Area	Fire/Eng.	Accident	Cargo	Hull	Aviation	Total	
						1979	1978
A	6,810	1,730	3,675	1,200	90	13,505	9,740
B	2,055	703	2,054	30	100	4,942	4,321
C	703	703	703	—	90	2,199	1,126
D	2,595	2,162	3,997	40	60	8,854	10,413
Total	12,163	5,298	10,429	1,270	340	29,500	25,600
			Life (All Areas)			500	600
			Grand Total			30,000	26,200

Estimated Gross Premium Income by Class of Business 1979



Retention and Retrocession Programme

As mentioned earlier, the Corporation decided that the principles underlying the retention and retrocession programme of 1978 should be observed for 1979. By the end of 1978, the Corporation had received only about 22% of total expected statements for the said year, and it was too early to attempt any meaningful revision of the established retention and retrocession principles.

Retrocessions were to be offered in the first place to African companies, and these were given the option to choose from Surplus or Excess of Loss business or both. The surplus business was placed in the international markets either directly or through our Consortium of Brokers.

Under the above arrangements, the Corporation was expected to retain about 72.8% of its estimated gross premium income from within Africa in addition to a modest volume of inward business to be accepted from outside Africa for its net account. The proportion of Africa Re's retrocessions to be accepted by African companies for their net account was also estimated at 13.5% thus making a global retention within Africa of 86.3% of the total gross premium income of the Corporation.

The following table summarizes the projections made for the retention and retrocession programme in respect of the underwriting year 1979:

Estimates of Retention and Retrocession for 1979

		Percentage	
	Amount US $ 000s	of Gross Premium Income (%)	of Gross Retention (%)
Gross Premium Income	30,000,000	100	
Gross Income Retained	21,827,000	72.8	
Gross Income Retroceded	8,173,000	27.2	100
— to African companies	4,053,808	13.5	49.6
— to international markets	4,119,192	13.7	50.4

Expansion of Business Operations

During 1979 the number of companies ceding business to Africa Re as well as the number of treaties exceeded those of 1978. The following table shows the number of ceding companies and treaties handled in member and non-member African countries.

Number of Ceding Companies and Treaties Handled by Country—1978–1979

Country	Number of Companies (including Branches/Agencies of Foreign Companies)		Number of Treaties	
A. Africa Re Member Countries	1978	1979	1978	1979
Algeria	1	1	10	10
Benin	1	1	8	10
Burundi	–	1	–	6
Cameroun	9	11	79	117
Central African Republic	8	8	40	43
Chad	3	3	14	14
Egypt	4	6	31	62
Ethiopia	1	1	16	16
Gabon	6	8	52	77
Gambia	1	2	11	24
Ghana	8	9	100	104
Guinea	–	–	–	–
Guinea Bissau	–	–	–	–
Ivory Coast	10	17	34	102
Kenya	12	29	101	310
Liberia	–	–	–	–
Libya	2	2	27	27
Mali	3	5	15	26
Mauritania	1	1	5	5
Mauritius	1	16	11	148
Morocco	20	20	172	204
Niger	8	8	31	33
Nigeria	61	62	416	458
Senegal	9	13	37	77
Sierra Leone	3	4	49	38
Somalia	1	1	5	7
Sudan	8	9	91	91
Swaziland	–	–	–	–
Tanzania	1	1	19	20
Togo	5	6	26	30
Tunisia	1	2	18	21
Uganda	3	4	34	49
Upper Volta	3	4	15	20
Zaire	1	1	12	12
Zambia	1	1	25	27
Total	196	257	1,504	2,188

Country	Number of Companies (including Branches/Agencies of Foreign Companies)		Number of Treaties	
B. Non-Member Countries	1978	1979	1978	1979
Angola	–	–	–	–
Botswana	–	–	–	–
Cape Verde	–	–	–	–
Comoros	–	–	–	–
Congo	1	1	5	6
Djibouti	–	–	–	–
Equatorial Guinea	–	–	–	–
Lesotho	–	1	–	12
Madagascar	–	2	–	3
Malawi	–	–	–	–
Mozambique	–	–	–	–
Rwanda	–	1	–	12
Sao Tome and Principe	–	–	–	–
Seychelles	–	1	–	6
Total	1	6	5	39
Grand total	197	263	1,509	2,227

In view of the number of countries yet to join the Corporation, it is expected that the magnitude of its business operations from within Africa will continue to grow during the following years. Similarly, it is expected that the expanded geographical and institutional spread of risks will continue to improve the Corporation's potential.

Analysis of Statements Received

During the period January–December, 1979, the Corporation received 6,506 statements of accounts from ceding companies. This brought statements received during the two-year period 1978/1979 to a total of 7,642 statements. Of these, 5,122 statements were in respect of the 1978 business, and only 2,520 relating to the 1979 portfolio.

It is interesting to note, that the number of accounts received up to 31st December, 1979 represent 89% and 32% of expected accounts for 1978 and 1979 respectively. These percentages compare favourably with the number of statements received during 1978 in respect of that year's business which amounted to only 22% as mentioned in the previous Report. This comparison suggests that there has been a marked improvement in the pace at which ceding companies forward the statements of account; a development which would lead to speedy settlement of outstanding balances.

The following table shows the position of Gross Premium Income recorded for the Corporation up to 31st December, 1979 and gives an indication of the likely total retention within Africa:

Gross Premium Income Recorded
(As at 31st December, 1979)

U/Y	Accounts Received	% of Total Expected	Gross Prem. US $000s	Africa Re's Ret. US $000s	%	African Cos. US $000s	%
1978	5,122	89	18,220	11,723	64.3	1,718	9.4
1979	2,520	32	7,323	5,037	68.8	1,134	26.2
	7,642	56	25,543	16,760	65.6	2,852	11.1

Revision of full year's figures for 1978 on the basis of percentage of actual accounts received would seem to suggest that the Corporation's Gross Premium Income for the 1978 underwriting year would probably be in the neighbourhood of US $22 million representing about 84% of the initial projection of 26 million made in 1977 shortly before commencement of operations in January 1978. As only a small number of 1979 statements of accounts had been received by 31st December it is too early yet to make any meaningful prediction as to the likely total gross income for that year.

Cash Loss Payments and Recoveries

During the year under review the Corporation was called upon to pay cash losses amounting to US $1,228,472 of which US $451,112 related to claims for the underwriting year 1978 and US $777,360 in respect of 1979. The following table shows the classification of business affected by cash losses:

Cash Loss Claims

Class of Business	Cash Losses Paid US $		Total
	1978	1979	US $
Fire	118,384	108,417	226,801
Accident	17,360	14,266	31,626
Cargo	302,312	640,853	943,165
Hull	12,205	1,643	13,848
Aviation	851	6,161	7,012
Life	—	6,020	6,020
Total	451,112	777,360	1,228,472

Recoveries from our retrocessionaires in respect of cash claims amounted to US $863,741. Of this amount US $219,679 related to the underwriting year 1978. The share of African companies amounted to US $377,500 or 43.7% while Non-African retrocessionaires' share amounted to US $486,181 or 56.3%.

Technical Operations Results 1978/1979

It will be observed from the earlier analysis of statements received that still a number of statements of accounts, amounting to 11% is yet to be received by the Corporation on its business for 1978 and about 68% for 1979. It is hoped that the rest of accounts relating to the 1978 portfolio will be received during 1980, and a final account of the technical operations results for the said year published in the next Annual Report. This delay in arriving at the net results of annual operations and in drawing up a complete final account thereon is a normal feature common to all concerns which underwrite international reinsurance business, and is due to the long time-lag ranging from 6 to 36 months for the statements of accounts to be received from ceding companies.

The 1980 Portfolio

Renewal arrangements were made before the close of 1979 for the 1980 portfolio, as is traditional in the industry. Provisional projections put the gross premium income from Africa for 1980 at US $31 million, or 3.33% over the estimate for 1979. This is partly due to the fact that some companies have decided to place with the Corporation a higher percentage of treaties than the statutory minimum of 5%. It is anticipated that more business will also be coming from companies operating in Non-Member African countries than was the case in 1979. In addition to income from Africa the Corporation also expects to receive a modest volume of business from its trading partners outside the continent. It is estimated that US $3 million will be the likely additional income from this source.

As to retention and retrocession for 1980 it was decided to maintain the same policy elements followed in 1979, with a slight amendment of the Corporation's retention as to fire business from US $100,000 to US $200,000 per treaty programme per ceding company.

This was deemed to achieve for the Corporation a balance in retentions between the classes of business and also to have the possible effect of raising the Corporation's total retention to the level of approximately 75% of the estimated gross premium income at the expense of a marginal additional risk. Under this arrangement African insurance and reinsurance companies are expected to accept for their net accounts about 14% of the retrocession programme, thus bringing the estimated combined retention within Africa to almost 90% of the projected 1980 gross income.

SUB-REGIONAL OFFICES

During the year under review it was found necessary that the Corporation should make arrangements for closer proximity to its ceding companies in the vast geographical area of Africa. It was felt that such arrangements would enable the Corporation to maintain direct contact with its immediate partners through frequent visits and regular exchanges of views with a view to providing better quality services. It was therefore decided to establish two sub-regional offices, for East and North Africa; and to accept the invitations of the Governments of Kenya and Morocco to host these offices in Nairobi and Casablanca.

At the end of 1979, arrangements for the setting up of the Corporation's office in Casablanca were nearly completed with a view to becoming operational on 1st January, 1980. Discussions regarding the facilities required for the office in Nairobi were still going on, and these are hoped to be completed early in 1980 so that efforts can be put in motion immediately for setting it up.

Minister of Finance, Morocco, receives Board Members
and Management in his office in Rabat (1979)

OTHER ACTIVITIES

a) Relations with International and Regional Organisations

Reference was made in last year's Report to the initial contacts made with international organisations, and other regional and sub-regional African institutions whose objectives and functions are in one way or the other in common with those of the Corporation. These contacts were intended to introduce the newly established Corporation to the international community, and to pave the way for positive co-operation with its member organisations. It is believed that such relations would ensure cross fertilization of experiences and would be most beneficial to the economies of our member countries.

During the year under review, the Corporation was given consultative status with UN Conference on Trade and Development (UNCTAD). It was also registered temporarily as a 'Listed Visitor' at the Annual Meetings of the Boards of Governors of the World Bank and the International Monetary Fund, pending consideration for full observer status. Meanwhile, formalities for obtaining observer status with the Organisation of African Unity (OAU) were nearly completed, and a favourable decision will hopefully be taken to this effect in early 1980. This will be in addition to the membership status the Corporation received from the outset with the African Insurance Organisation (AIO), and the Federation of Afro-Asian Insurers and Reinsurers (FAIR), and the full observer status at the Annual Meetings of the Boards of Governors of the African Development Bank and the African Development Fund. The Corporation enjoys observer status in WAICA (West African Insurance Consultative Association) and is also actively involved in the Third World Insurance Congress.

b) Relations with the African Development Bank

It will be recalled that all preparatory work for setting up Africa Re was done by the African Development Bank which was later authorised by the Agreement to subscribe 10% of the Corporation's equity capital, and to occupy a permanent seat on its 9-member Board of Directors. Since seven out of 42 countries to whom equity capital allocations were initially made have not yet become members of the Corporation, the Bank continued to hold an impressive 11.01% of the total voting power at General Assembly level.

The Bank's voting power would drop to 10% of the total when these seven countries, namely, Botswana, Congo, Equatorial Guinea, Lesotho, Madagascar, Malawi and Rwanda accede to the Agreement establishing Africa Re. The percentage may later be reduced to a minimum of not less than 6% to enable other independent African States to join the Corporation. Expansion through more countries joining the Corporation beyond the 6% voting power mark for the Bank will necessitate an increase in the capital available for subscription, in a manner that would maintain the said relative voting power for the African Development Bank.

During the year 1979, the Bank and the Corporation continued to have cordial and constructive relationship, and there was a number of occasions for fruitful exchange of views. The Bank continued to manage the Corporation's funds which were not needed immediately for operational exigencies. On the other hand, the Corporation lent support to the Bank's efforts in relevant aspects, and particularly in the on-going endeavours for setting up an African institution to promote housing development in the Continent (Shelter-Afrique).

STAFF MATTERS

Reference was made in the last Report to the restrictive effect of the accommodation difficulties on the Corporation's ability to comply with its statutory obligation to adopt a recruitment policy of African personnel on as wide a geographical basis as possible. The Corporation continued to live with this problem during 1979 and consequently, nine out of the net increase in the personnel amounting to only ten people were Nigerian nationals.

It is hoped that the situation will ease up in the next few years through availability of additional facilities under the Headquarters Agreement, and also as a result of setting up offices at sub-regional level. The following table gives composition and geographical distribution of staff members of the Corporation as at 31st December, 1979 as compared with the figures for end 1978.

Staff Composition as at 31st December, 1979

Country	Professional	General Service	Manual	Total	
				1979	1978
Ethiopia	2	—	—	2	2
Benin	—	—	—	—	1
Cameroun	1	—	—	1	—
Congo	1	—	—	1	—
Ghana	9	2	1	12	11
Nigeria	10	16	11	37	31
Rwanda	1	—	—	1	1
Sierra Leone	1	—	—	1	1
Togo	2	3	—	5	3
Uganda	1	—	—	1	1
Total	28	21	12	61	51

The net increase of 10 staff during 1979 composed of 7 professional members and 3 of the general service category, and was the outcome of 18 new appointments of which 8 were to replace those who left during the year. The single professional staff member who left the service during the year was to join the newly established Insurance Institute of West Africa in Monrovia, Liberia in a management position. It can therefore be said that high staff turnover has hardly affected the core of the Corporations' personnel.

For historical reasons as well as the continuing accommodation difficulties referred to earlier, Nigerian citizens continued to account for the highest percentage of the Corporation's personnel, followed by those coming from Ghana and Togo. By the end of 1979, the staff of the Corporation numbered 61 coming from 9 African countries. Two out of the total came from Central Africa, while 4 and 55 came from East and West Africa respectively. The setting up of sub-regional offices will certainly enable the Corporation to remedy the present staff geographical imbalance shortly.

It is also useful to mention that, of the 28 professionals at year end, 13 were engaged in the reinsurance technical operations and 15 handled accounts and administration as against 11 and 10 respectively at the end of 1978.

MEMBERSHIP OF THE CORPORATION

At the end of 1978, the Corporation enjoyed membership of 35 African States and the African Development Bank. Liberia and Upper Volta, who acquired full membership status in accordance with a special resolution adopted by the General Assembly at its Inaugural Meeting in 1977, had not yet completed the formalities required to render their voting power effective at the Assembly Meetings.

The above situation persisted until the end of 1979, but contacts were going on with the Governments of Liberia and Upper Volta to remedy the situation. Other contacts were initiated with Non-Member African States with a view to discussing issues relating to their accession to the Agreement establishing the Corporation. It is hoped that positive results will be realized in this direction in the near future.

OTHER ACTIVITIES

a) Relations with International and Regional Organisations

Reference was made in last year's Report to the initial contacts made with international organisations, and other regional and sub-regional African institutions whose objectives and functions are in one way or the other in common with those of the Corporation. These contacts were intended to introduce the newly established Corporation to the international community, and to pave the way for positive co-operation with its member organisations. It is believed that such relations would ensure cross fertilization of experiences and would be most beneficial to the economies of our member countries.

During the year under review, the Corporation was given consultative status with UN Conference on Trade and Development (UNCTAD). It was also registered temporarily as a 'Listed Visitor' at the Annual Meetings of the Boards of Governors of the World Bank and the International Monetary Fund, pending consideration for full observer status. Meanwhile, formalities for obtaining observer status with the Organisation of African Unity (OAU) were nearly completed, and a favourable decision will hopefully be taken to this effect in early 1980. This will be in addition to the membership status the Corporation received from the outset with the African Insurance Organisation (AIO), and the Federation of Afro-Asian Insurers and Reinsurers (FAIR), and the full observer status at the Annual Meetings of the Boards of Governors of the African Development Bank and the African Development Fund. The Corporation enjoys observer status in WAICA (West African Insurance Consultative Association) and is also actively involved in the Third World Insurance Congress.

b) Relations with the African Development Bank

It will be recalled that all preparatory work for setting up Africa Re was done by the African Development Bank which was later authorised by the Agreement to subscribe 10% of the Corporation's equity capital, and to occupy a permanent seat on its 9-member Board of Directors. Since seven out of 42 countries to whom equity capital allocations were initially made have not yet become members of the Corporation, the Bank continued to hold an impressive 11.01% of the total voting power at General Assembly level.

The Bank's voting power would drop to 10% of the total when these seven countries, namely, Botswana, Congo, Equatorial Guinea, Lesotho, Madagascar, Malawi and Rwanda accede to the Agreement establishing Africa Re. The percentage may later be reduced to a minimum of not less than 6% to enable other independent African States to join the Corporation. Expansion through more countries joining the Corporation beyond the 6% voting power mark for the Bank will necessitate an increase in the capital available for subscription, in a manner that would maintain the said relative voting power for the African Development Bank.

During the year 1979, the Bank and the Corporation continued to have cordial and constructive relationship, and there was a number of occasions for fruitful exchange of views. The Bank continued to manage the Corporation's funds which were not needed immediately for operational exigencies. On the other hand, the Corporation lent support to the Bank's efforts in relevant aspects, and particularly in the on-going endeavours for setting up an African institution to promote housing development in the Continent (Shelter-Afrique).

STAFF MATTERS

Reference was made in the last Report to the restrictive effect of the accommodation difficulties on the Corporation's ability to comply with its statutory obligation to adopt a recruitment policy of African personnel on as wide a geographical basis as possible. The Corporation continued to live with this problem during 1979 and consequently, nine out of the net increase in the personnel amounting to only ten people were Nigerian nationals.

It is hoped that the situation will ease up in the next few years through availability of additional facilities under the Headquarters Agreement, and also as a result of setting up offices at sub-regional level. The following table gives composition and geographical distribution of staff members of the Corporation as at 31st December, 1979 as compared with the figures for end 1978.

Staff Composition as at 31st December, 1979

Country	Professional	General Service	Manual	Total	
				1979	1978
Ethiopia	2	—	—	2	2
Benin	—	—	—	—	1
Cameroun	1	—	—	1	—
Congo	1	—	—	1	—
Ghana	9	2	1	12	11
Nigeria	10	16	11	37	31
Rwanda	1	—	—	1	1
Sierra Leone	1	—	—	1	1
Togo	2	3	—	5	3
Uganda	1	—	—	1	1
Total	28	21	12	61	51

The net increase of 10 staff during 1979 composed of 7 professional members and 3 of the general service category, and was the outcome of 18 new appointments of which 8 were to replace those who left during the year. The single professional staff member who left the service during the year was to join the newly established Insurance Institute of West Africa in Monrovia, Liberia in a management position. It can therefore be said that high staff turnover has hardly affected the core of the Corporations' personnel.

For historical reasons as well as the continuing accommodation difficulties referred to earlier, Nigerian citizens continued to account for the highest percentage of the Corporation's personnel, followed by those coming from Ghana and Togo. By the end of 1979, the staff of the Corporation numbered 61 coming from 9 African countries. Two out of the total came from Central Africa, while 4 and 55 came from East and West Africa respectively. The setting up of sub-regional offices will certainly enable the Corporation to remedy the present staff geographical imbalance shortly.

It is also useful to mention that, of the 28 professionals at year end, 13 were engaged in the reinsurance technical operations and 15 handled accounts and administration as against 11 and 10 respectively at the end of 1978.

MEMBERSHIP OF THE CORPORATION

At the end of 1978, the Corporation enjoyed membership of 35 African States and the African Development Bank. Liberia and Upper Volta, who acquired full membership status in accordance with a special resolution adopted by the General Assembly at its Inaugural Meeting in 1977, had not yet completed the formalities required to render their voting power effective at the Assembly Meetings.

The above situation persisted until the end of 1979, but contacts were going on with the Governments of Liberia and Upper Volta to remedy the situation. Other contacts were initiated with Non-Member African States with a view to discussing issues relating to their accession to the Agreement establishing the Corporation. It is hoped that positive results will be realized in this direction in the near future.

General Assembly, Lomé, Togo, June, 1979

GENERAL ASSEMBLY

At the invitation of the Government of Togo, the General Assembly held its First Annual Ordinary Meeting in Lomé on 21st and 22nd June, 1979. His Excellency Mr. Têvi Têtê Benissan, Minister of Finance and Economy of the Republic of Togo presided over the formal opening of the Meeting.

The Meeting was attended by the Representatives of 28 Member States and the African Development Bank, accounting together for 87.34% of the total voting power of the Corporation. It was also attended by representatives of the Government of Mozambique, West African Insurance Consultative Association (WAICA) and the Economic Community of West African States (ECOWAS).

The General Assembly approved the Report of the Board of Directors covering the period from 1st April, 1977 to 31st December, 1978 and the accounts of the Corporation for the first financial year ending 31st December, 1978, and appointed external auditors for the following financial year. The Assembly reviewed progress of the Corporation, and drew-up 'Rules Governing Composition and Procedure of the Resolution Committee' which would examine in advance the agenda items of the Assembly, consider any draft resolutions to be submitted to it, and make appropriate recommendations to the plenary. The Representatives of Algeria, Benin, Burundi and Ethiopia were elected members of the Resolutions Committee for the First Annual Ordinary Meeting. The text of the resolutions adopted by the General Assembly at the said Meeting are given in Annex III of this Report.

BOARD OF DIRECTORS

During the year 1979, the Board of Directors held 4 meetings as shown in the following table:

Dates and Venues of Board Meetings — 1979

Meetings	*Dates*	*Venue*
9th	22/23 February	Mohammedia, Morocco
10th	19/20 April	Lagos, Nigeria
11th	19/23 June	Lomé, Togo
12th	6/7 November	Yaounde, Cameroun

In addition to drawing up General Policies of the Corporation and following progress made at short intervals, the Board had to consider and make appropriate decisions on a number of important issues during 1979. Most notable among these were the method of accounting to be followed by the Corporation, the organisational chart, and the setting up of offices at sub-regional level for East and North Africa. The 1979 budget was approved early in the year, and examination of the draft budget for 1980 was being considered during the 12th Meeting. On the other hand, the retrocession programme for 1980 was thoroughly considered and approved by the Board before year end.

The continuing inflation and depreciation of the US dollar, which is the denomination currency of the Corporation's adminstrative overheads, convinced the Board of the necessity to review salary scales of the Corporation by a modest percentage with effect from 1st January, 1979. The revision was meant as a temporary correction pending more permanent measures which would secure built-in mechanisms insuring staff members against the continuing erosion of large parts of their real income as a result of the ever mounting inflation. By the end of the year under review the matter was receiving serious attention, and the Board had favoured in principle the establishment of a cost of living allowance to be part of a package of comprehensive salary reform. The cost of living allowance will be in line with similar arrangements followed by other international and regional bodies with a view to protecting staff morale and retaining their continued loyalty to the Corporation. Other measures of salary reform would follow on the basis of a comprehensive study to identify the most appropriate salary structure for the Corporation with due consideration to its unique nature as a regional international body performing profit-making activities.

In recognition of the developmental role it is called upon to play, the Board continued to give blessing to the Corporation's association with the on-going efforts for the establishment of an African housing development institution (Shelter-Afrique). During the year under review, a Steering Committee to promote the project was set up of representatives of the African Development Bank (ADB), Commonwealth Development Corporation (CDC), and the African Reinsurance Corporation (Africa Re), and expressions of interest in taking part in the scheme were received from other development institutions and agencies, e.g. IFC of the World Bank Group, CCCE of France, DEG of West Germany, IFU of Denmark and the Industrial Promotion Services S.A.

During 1979 the Board was faced with a statutory problem relating to its own composition as a result of absence of regulations for declaring vacancies and filling them. One of the Directors, namely Mr. E. Sinyokosa (Zambia), was reported impeded temporarily early in the year from attending the 9th Meeting, but the impediment continued throughout the year. Unfortunately, his Alternate Director had been re-assigned to other functions, and he was not able to effectively appoint a successor to act for him during his absence. During the year under review, the Board examined the various possible solutions but was unable to declare vacant the position of Mr. Sinyokosa. Meanwhile, it was possible to draw up rules to avoid repetition of the event, and these would become effective on their approval by the General Assembly.

On the other hand, composition of the Board of Directors changed slightly before the close of 1979. The term of office of Mr. Thomas Okelo-Odongo as Executive Director of ADB ended in October, and he was replaced on the Board of Directors of the Corporation by Mr. Babacar N'Diaye, the Bank's Director of Finance; who appointed Mr. M. Challobah also of ADB to be his Alternate Director.

FINANCIAL HIGHLIGHTS

Underwriting Revenue Accounts

		1979 US $	1978 US $
1.	Total Gross Premium Income written in 1979 for Underwriting Years 1978 & 1979	21,980,344	3,561,269
2.	Gross Premium Retained in 1979 for Underwriting Years 1978 & 1979	13,878,212	3,125,694
3.	Net Outgo-claims, commission and other charges	7,312,701	1,712,503
4.	Reinsurance Funds at 31st December, 1979	4,932,468	245,165
	Investments and Income Therefrom		
5.	Short-Term Investments	2,067,213	1,431,626
6.	Income from Investments and interest	238,088	243,993
	Profit and Loss Account		
7.	Expenses of General Assembly and Board of Directors' Meeting	312,683	329,645
8.	Other General Expenses	1,633,043	1,168,984
9.	Loss for the Year	307,322	274,338

External Auditors' Report and Financial Statements for the year ended 31st December, 1979

Financial Statements for the year ending 31st December, 1979 and the Report of the External Auditors thereon, as well as Notes on the accounts are given in the following pages.

REPORT OF THE AUDITORS TO THE MEMBERS OF AFRICAN REINSURANCE CORPORATION

We have examined the annexed accounts of African Reinsurance Corporation comprising the Balance Sheet, Profit and Loss Account, Underwriting Revenue Account, Statement of Source and Application of Funds, and the Notes thereon, numbered 1 to 15 in accordance with our terms of reference and have obtained all the information and explanations which we considered necessary.

Our examination was made in accordance with generally accepted auditing standards and the requirements of the relevant financial regulations of the Corporation and included such tests of the accounting records and other auditing procedures which we considered necessary. Proper books have been kept and the accounts are in agreement therewith.

In our opinion, the Balance Sheet, Profit and Loss Account, Underwriting Revenue Account, Statement of Source and Application of Funds together with the Notes thereon, give respectively a true and fair view of the financial position of African Reinsurance Corporation at 31st December, 1979, the balance on the Profit and Loss and Underwriting Revenue Accounts and the Source and Application of Funds for the year to that date.

AKINTOLA WILLIAMS & CO.

Chartered Accountants

Lagos, Nigeria
29th April, 1980

AFRICAN REINSURANCE CORPORATION

BALANCE SHEET AT 31st DECEMBER, 1979

	Note	1979 US $	1979 US $	1978 US $	1978 US $
RESOURCES EMPLOYED					
Fixed Assets	4		284,712		197,473
Investments	5		2,067,213		1,431,626
Current Assets					
Amount due from ceding companies		4,260,459		982,932	
Deposits retained by ceding companies		5,984,626		522,532	
Sundry debtors and prepayments	6	515,919		237,261	
Bank and cash balances	7	1,748,503		1,630,257	
		12,509,507		3,372,982	
Less: **Current Liabilities**					
Amount due to other companies on reinsurance accounts		3,736,546		461,646	
Deposits due to other companies on reinsurance accounts		2,110,952		10,377	
Other creditors and accrued expenses	8	347,637		320,245	
		6,195,135		792,268	
			6,314,372		2,580,714
Deferred Revenue Expenditure	9		229,511		306,014
			US $8,895,808		US $4,515,827
FUNDED BY:—					
Capital Stock	10		4,595,000		4,595,000
Deduct: Subscriptions Outstanding			50,000		50,000
			4,545,000		4,545,000
Profit and Loss Account			(581,660)		(274,338)
			3,963,340		4,270,662
Reinsurance Funds			4,932,468		245,165
			US $8,895,808		US $4,515,827

SAAD KANOUNI *Chairman*

EDWARD MENSAH *General Manager*

Notes 1 to 15 annexed form part of these accounts

AFRICAN REINSURANCE CORPORATION

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1979

	US $	1979 US $	US $	1978 US $
Income not credited to other accounts				
Investment income and interest received		238,088		243,993
Profit on assets disposed		5,099		—
		243,187		243,993
Deduct:				
Expenses not charged to Underwriting Revenue Accounts				
General Assembly and Board of Directors' Expenses	312,683		329,645	
Depreciation	93,809		36,241	
Auditors' Remuneration	25,000		25,000	
Difference in Exchange	42,514		50,942	
		474,006		441,828
		(230,819)		(197,835)
Deferred Revenue Expenditure—portion written off		(76,503)		(76,503)
Profit/(Loss) for the year		(307,322)		(274,338)
Balance brought forward from previous year		(274,338)		—
Balance being loss carried forward		US $(581,660)		US $(274,338)

Notes 1 to 15 annexed form part of these accounts

AFRICAN REINSURANCE CORPORATION

UNDERWRITING REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1979

	Note	Fire and Accident US $	Marine and Aviation US $	Life US $	Total 1979 US $	1978 US $
Underwriting Income						
Funds brought forward		147,628	97,029	508	245,165	—
Gross Premiums		12,550,204	9,225,359	204,781	21,980,344	3,561,269
		12,697,832	9,322,388	205,289	22,225,509	3,561,269
Less: Retrocession Premiums		5,937,921	2,409,376	—	8,347,297	435,575
Net Premiums		6,759,911	6,913,012	205,289	13,878,212	3,125,694
Interest Received		—	—	—	—	958
		6,759,911	6,913,012	205,289	13,878,212	3,126,652
Underwriting Outgo						
Claims	13	1,483,772	1,244,959	62,559	2,791,290	564,507
Commissions	14	1,919,702	2,117,170	46,015	4,082,887	787,996
Excess of loss Premiums		210,000	150,000	—	360,000	360,000
Charges	15	55,645	22,778	101	78,524	—
Management Expenses		1,077,809	538,904	16,330	1,633,043	1,168,984
		4,746,928	4,073,811	125,005	8,945,744	2,881,487
Reinsurance Funds being excess of Income over Outgo for the year		2,012,983	2,839,201	80,284	4,932,468	245,165
Made up of Funds applicable to 1978 Treaty Underwriting year					4,277,080	245,165
1979 Treaty Underwriting year					655,388	—
Total being Reinsurance Funds carried forward at 31st December, 1979					4,932,468	245,165

Notes 1 to 15 annexed form part of these accounts

AFRICAN REINSURANCE CORPORATION

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1979		1978	
	US $	US $	US $	US $
Source of Funds				
Net Operating Loss	(307,322)		(274,338)	
Sale of Fixed Assets	46,933		—	
		(260,389)		(274,338)
Adjustments for Items not involving the movement of funds—				
Depreciation	93,809		36,241	
Deferred Revenue Expenditure	76,503		76,503	
		170,312		112,744
Other Sources of Fund				
Capital Stock	—		4,545,000	
Reinsurance Funds	4,687,303		245,165	
		4,687,303		4,790,165
		4,597,226		4,628,571
Less: **Application of Fund**				
Purchase of Fixed Assets	227,981		233,714	
Deferred Expenditure	—		382,517	
		227,981		616,231
		4,369,245		4,012,340
Add/(Deduct) Movement in Current Assets and Current Liabilities—				
Amount due from ceding companies	(3,277,527)		(982,932)	
Deposits retained by ceding companies	(5,462,094)		(522,532)	
Sundry debtors and prepayments	(278,658)		(237,261)	
Amount due to other companies on reinsurance accounts	3,274,900		461,646	
Deposits due to other companies on reinsurance accounts	2,100,575		10,377	
Other creditors and accrued expenses	27,392		320,245	
		(3,615,412)		(950,457)
		US $753,833		US $3,061,883
Represented by				
Movement in Investment and Net Liquid Funds				
Increase in Investments		635,587		1,431,626
Increase in bank and cash balances		118,246		1,630,257
		US $753,833		US $3,061,883

AFRICAN REINSURANCE CORPORATION

NOTES ON THE ACCOUNTS

1. Accounting Policies

The following is a summary of the significant accounting policies adopted in the preparation of these accounts:—

(a) **Fixed Assets**

Fixed Assets are stated at cost less cumulative depreciation.

(b) **Depreciation**

Depreciation is calculated to write off the cost of fixed assets over the estimated useful life in equal annual instalments on the following basis:—

	Annual Rates
Furniture, Fittings and Equipment	Between 12½% and 33⅓%
Motor Vehicles	25%

(c) **Currency Translations and Conversions**

(i) Assets and liabilities in currencies other than the United States Dollar are converted at rates of exchange ruling at 31st December, 1979;

(ii) Revenue items originating in currencies other than the United States Dollar are translated at rates ruling on transaction dates;

(iii) Exchange differences are taken to the Profit and Loss Account.

(d) **Investments**

Investments are stated at cost.

(e) **Underwriting Revenue Accounts and Reinsurance Funds**

All underwriting accounts are maintained on a treaty year basis and the funds are kept open for three years, during which they are accounted for by the treaty underwriting year. Credit is taken in the accounts only for accounts received by the end of the accounting year.
The adequacy of the funds will be considered each year by reference to the claims by transfers to or from the Profit and Loss Account.

(f) **Debtors**

Debtors are stated after deducting provision made for specific debts considered doubtful of recovery.

2. Restatement of Accounts

The figures in the accounts relating to the year ended 31st December, 1978 have been restated, particularly in respect of the underwriting Revenue Accounts and Profit and Loss Account balances to take advantages of the Corporation's underwriting experience during the year ended 31st December, 1979.

Management expenses which in the accounts for the year ended 31st December, 1978 were charged to the Profit and Loss Account have been charged to the Underwriting Revenue Accounts in these accounts.

3. Life Reassurance

These are included only to the extent of the figures received up to the time of preparation of the Corporation's Accounts. No actuarial valuation was carried out as at 31st December, 1979.

4. Fixed Assets

The figure of US $284,712 appearing in the accounts is made up as follows:—

	Furniture, Fittings and Equipment	Motor Vehicles	Total
	US $	US $	US $
Cost at 1st January, 1979	155,114	78,600	233,714
Additions during the year	173,012	49,871	222,883
	328,126	128,471	456,597
Less: Disposal	—	45,804	45,804
	328,126	82,667	410,793
Accumulated depreciation at 1st January, 1979	19,890	16,351	36,241
Charges for the period	73,143	20,667	93,810
	93,033	37,018	130,051
Less: Accumulated depreciation on assets disposed	—	3,970	3,970
	93,033	33,048	126,081
Net book value at 31st December, 1979	US $235,093	US $49,619	US $284,712
Net book value at 31st December, 1978	US $135,224	US $62,249	US $197,473

5. Investments

The Investments totalling US $2,067,213 (1978 — US $1,431,626) are in time deposits.

6. Sundry Debtors and Prepayments

The sum of US $515,919 shown in respect of sundry debtors and prepayments is made up as follows:—

	1979	1978
	US $	US $
Staff Debtors	39,608	23,363
Other Debtors	430,840	127,863
Prepayments	45,471	86,035
	US $515,919	US $237,261

7. Bank and Cash Balances

This is made up as follows:—

	1979	1978
	US $	US $
Cash at Bank	1,745,695	1,175,258
Cash in Hand	2,808	4,999
Cash in Transit	—	450,000
	US $1,748,503	US $1,630,257

8. Other Creditors and Accrued Expenses

The sum of US $347,637 is made up as follows:—

	1979 US $	1978 US $
African Development Bank	201,687	207,506
Other Creditors and Provisions	93,468	46,130
Accrued Expenses	52,482	66,609
	US $347,637	US $320,245

9. Deferred Revenue Expenditure

All expenses incurred before 1st January, 1978 when the Corporation became fully operational were classified as "Deferred Revenue Expenditure". The amount is to be written off over five years commencing from 1st January, 1978. The balance of US $229,511 appearing in the accounts is arrived at as follows:—

	1979 US $	1978 US $
Balance brought forward	306,014	382,517
Deduct: Amount written off during the year	76,503	76,503
	US $229,511	US $306,014

10. Capital Stock

The authorised capital of the Corporation is US $15,000,000. Of this amount, US $10,000,000 is available for initial subscription. Fifty per cent of the subscribed capital is subject to call and payable upon subscription. The remaining fifty per cent of the capital stock of the Corporation shall be subject to call only as and when required by the Corporation to meet its obligations which cannot otherwise be met.

The figure of US $4,595,000 appearing on the balance sheet at 31st December, 1979 is made up as follows:—

	US $
Capital available for subscription	10,000,000
Deduct: Uncalled and unsubscribed capital	5,405,000
	US $4,595,000

More detailed breakdown of the Corporation's Capital Stock is contained in Annex 1 to these accounts.

11. Management Expenses

Management expenses have been apportioned to the Revenue Accounts on a premium basis.

12. Revenue Accounts and Reinsurance Funds

As all accounts and details of outstanding losses have not been received for the 1978 and 1979 underwriting years as on 31st December, 1979, the figures accounted for in the current "open" years are treated on a funded basis and are being carried forward to the next financial year when it would be possible to show the result of the first "closed" year after the adequacy of the funds is considered with particular reference to the claims to be met therefrom. The Accounts therefore, reflect underwriting revenue and outgo for all accounts received as on 31st December, 1979 in respect of the underwriting years 1978 and 1979. The Underwriting Revenue Accounts include those of the Underwriting Year 1978 in the current financial year. The total revenue recorded for the 1978 Underwriting Year in the two accounting years ended 31st December, 1979 was as follows:—

	Fire and Accident US $	Marine and Aviation US $	Life US $	Total US $
Underwriting Income				
Gross Premiums	9,888,881	8,187,960	142,977	18,219,818
Less: Retrocession premiums	4,685,561	2,171,590	—	6,857,151
	5,203,320	6,016,370	142,977	11,362,667
Underwriting Outgo				
Claims	1,270,600	1,157,941	51,364	2,479,905
Commissions	1,504,634	1,866,190	34,819	3,405,643
Other charges	20,240	10,774	41	31,055
Management expenses	701,391	455,904	11,689	1,168,984
	3,496,865	3,490,809	97,913	7,085,587
Reinsurance Fund for 1978 Treaty Underwriting year being Excess of Income over Outgo	US $1,706,455	2,525,561	45,064	4,277,080

13. Claims

The figure for claims is made up of:—

	Fire and Accident US $	Marine and Aviation US $	Life US $	Total US $
Gross claims paid	2,806,599	2,198,771	62,559	5,067,929
Less: Recoveries	1,322,827	953,812	—	2,276,639
	US $1,483,772	1,244,959	62,559	2,791,290

14. Commissions

Commissions are arrived at as follows:—

	Fire and Accident US $	Marine and Aviation US $	Life US $	Total US $
Commissions paid	3,906,072	2,919,870	46,015	6,871,957
Less: Commission received	1,986,370	802,700	—	2,789,070
	US $1,919,702	2,117,170	46,015	4,082,887

15. Charges

The figures for charges are made up as follows:—

	Fire and Accident US $	Marine and Aviation US $	Life US $	Total US $
Gross expenses paid	84,160	23,376	101	107,637
Less: Recoveries	28,515	598	—	29,113
	US $55,645	22,778	101	78,524

AFRICAN REINSURANCE CORPORATION

Statement of Subscriptions at 31st December, 1979

(expressed in US Dollars)

Annex I

Authorised Capital Stock US $15,000,000

Country	Capital Available for Subscriptions		Uncalled Portion 50%	Called Portion				50%
	No. of Shares	Amount	Amount	Un-subscribed	Subscribed	Amount Paid-in	Amount outstanding	Total
1. African Development Bank	100	1,000,000	500,000	—	500,000	500,000	—	500,000
2. Algeria	60	600,000	300,000	—	300,000	300,000	—	300,000
3. Benin	10	100,000	50,000	50,000	50,000	50,000	—	50,000
4. Botswana	10	100,000	50,000	—	—	—	—	50,000
5. Burundi	10	100,000	50,000	—	50,000	50,000	—	50,000
6. Cameroon	30	300,000	150,000	—	150,000	150,000	—	150,000
7. Central African Republic	10	100,000	50,000	—	50,000	50,000	—	50,000
8. Chad	12	120,000	60,000	—	60,000	60,000	—	60,000
9. Congo	13	130,000	65,000	65,000	—	—	—	65,000
10. Egypt	60	600,000	300,000	—	300,000	300,000	—	300,000
11. Equatorial Guinea	10	100,000	50,000	50,000	—	—	—	50,000
12. Ethiopia	28	280,000	140,000	—	140,000	140,000	—	140,000
13. Gabon	16	160,000	80,000	—	80,000	80,000	—	80,000
14. Gambia	10	100,000	50,000	—	50,000	50,000	—	50,000
15. Ghana	33	330,000	165,000	—	165,000	165,000	—	165,000
16. Guinea	10	100,000	50,000	—	50,000	50,000	—	50,000
17. Guinea Bissau	10	100,000	50,000	—	50,000	50,000	—	50,000
18. Ivory Coast	25	250,000	125,000	—	125,000	125,000	—	125,000
19. Kenya	26	260,000	130,000	—	130,000	130,000	—	130,000
20. Lesotho	10	100,000	50,000	50,000	—	—	—	50,000
21. Liberia	10	100,000	50,000	—	50,000	—	50,000	50,000
22. Libya	60	600,000	300,000	—	300,000	300,000	—	300,000
23. Madagascar	18	180,000	90,000	90,000	—	—	—	90,000
24. Malawi	10	100,000	50,000	50,000	—	—	—	50,000
25. Mali	10	100,000	50,000	—	50,000	50,000	—	50,000
26. Mauritius	14	140,000	70,000	—	70,000	70,000	—	70,000
27. Mauritania	12	120,000	60,000	—	60,000	60,000	—	60,000
28. Morocco	60	600,000	300,000	—	300,000	300,000	—	300,000
29. Niger	10	100,000	50,000	—	50,000	50,000	—	50,000
30. Nigeria	60	600,000	300,000	—	300,000	300,000	—	300,000
31. Rwanda	10	100,000	50,000	50,000	—	—	—	50,000
32. Senegal	21	210,000	105,000	—	105,000	105,000	—	105,000
33. Sierra Leone	13	130,000	65,000	—	65,000	65,000	—	65,000
34. Somalia	12	120,000	60,000	—	60,000	60,000	—	60,000
35. Sudan	30	300,000	150,000	—	150,000	150,000	—	150,000
36. Swaziland	11	110,000	55,000	—	55,000	55,000	—	55,000
37. Tanzania	24	240,000	120,000	—	120,000	120,000	—	120,000
38. Togo	11	110,000	55,000	—	55,000	55,000	—	55,000
39. Tunisia	25	250,000	125,000	—	125,000	125,000	—	125,000
40. Uganda	22	220,000	110,000	—	110,000	110,000	—	110,000
41. Upper Volta	11	110,000	55,000	—	55,000	55,000	—	55,000
42. Zaire	19	190,000	95,000	—	95,000	95,000	—	95,000
43. Zambia	34	340,000	170,000	—	170,000	170,000	—	170,000
Total	1,000	10,000,000	5,000,000	405,000	4,595,000	4,545,000	50,000	5,000,000

Note: Some member countries who have not paid-up their subscriptions are still to ratify the agreement.

Annex II

VOTING POWERS OF MEMBERS AS AT 31st DECEMBER, 1979

Member	Capital in US $ Thousand		Voting power %
	Called	Paid in	
Algeria	300	300	6.60
Benin	50	50	1.10
Burundi	50	50	1.10
Cameroun	150	150	3.30
Central African Republic	50	50	1.10
Chad	60	60	1.32
Egypt	300	300	6.60
Ethiopia	140	140	3.08
Gabon	80	80	1.76
Gambia	50	50	1.10
Ghana	165	165	3.63
Guinea	50	50	1.10
Guinea Bissau	50	50	1.10
Ivory Coast	125	125	2.75
Kenya	130	130	2.86
Liberia	50	Nil	Nil
Libya	300	300	6.60
Mali	50	50	1.10
Mauritania	60	60	1.32
Mauritius	70	70	1.54
Morocco	300	300	6.60
Niger	50	50	1.10
Nigeria	300	300	6.60
Senegal	105	105	2.31
Sierra Leone	65	65	1.43
Somalia	60	60	1.32
Sudan	150	150	3.30
Swaziland	55	55	1.21
Tanzania	120	120	2.64
Togo	55	55	1.21
Tunisia	125	125	2.75
Uganda	110	110	2.42
Upper Volta	55	55	(1.21)
Zaire	95	95	2.09
Zambia	170	170	3.74
ADB	500	500	11.01
Total	4,595	4,545	100.00