AFRICAN REINSURANCE CORPORATION
GENERAL ASSEMBLY
15TH ANNUAL ORDINARY MEETING
ABIDJAN, COTE D'IVOIRE, 24TH - 25TH JUNE 1993

AFRICARE/GA/17/105

Report of the Board of Directors covering the period 1st January to 31st December 1992

AFRICAN REINSURANCE CORPORATION
SOCIETE AFRICAINE DE REASSURANCE

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Honourable Representatives
General Assembly
African Reinsurance Corporation

Date:24th June,1993

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 1992, as well as the Summary of the Administrative Budget for the financial year 1993.

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

EUGENE OKWOR
Chairman of the Board of Directors
and General Assembly

COMPOSITION OF AFRICA RE BOARD OF DIRECTORS

E. Okwor
Chairman

A. A. Amavi
Vice-Chairman

S. Omari

N. N. Kadadi

P. J. Blackburn

K. Makani

Mohamed Y. Ali

M. Belaziz

H. C. Ouazzani

ALTERNATE DIRECTORS:

MR. P. KPODO (Ghana), MRS. A. SAMAKE (Mali), MR. M. EL BEIDAWI (Mauritania), MR. K. SAMAKAI (Zambia), MR. E. Ye ILONDO (Zaire), MR. H.M. KUMSA (Ethiopia), MR. M.S. NAAS (Libya), MR. K.S.M. NYAHE (ADB)

MEMBERS OF AFRICA RE MANAGEMENT

Bakary Kamara
Secretary General

Eyessus W. Zafu
General Manager & Chief Executive

A.E.A Elsanusi
Deputy General Manager

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FOREWORD

The 15th annual report of the Board of Directors and Accounts for the financial year ended 31st December, 1992 contains the final results for underwriting year 1990 (closed for the first time), all previously closed years (1978 - 1989) and the accounts for the still-open years of 1991 and 1992. It also contains comments about the Corporation's trading environment and its operations, the report of the External Auditors on the accounts, resolutions adopted by the 14th Annual Ordinary Meeting and a summary of the 1993 administrative budget as approved by the Board.

FINANCIAL HIGHLIGHTS

The year under report recorded a written premium income (net of cancellations) of US$34,754,970 (1991: 37,015,587) which, after retrocessions and adjustments for movement in reserves, produced a net earned premium of US$29,017,523 (1991: US$32,799,905).

At the close of business for the financial year, the Corporation recorded an underwriting profit (after management expenses) of US$2,330,325 (1991: US$772,733), which was transferred to the Profit & Loss Account. Adding to this amount the income from investments & other sources of US$1,333,315 (1991: US$1,227,907), interest on reinsurance deposits of US$903,104 (1991: US$988,800) and the realised gain on exchange of US$192,247 (1991: US$108,940) produced an operating profit for the year of US$4,758,991 (1991: US$3,098,380). After deducting other expenses not charged to the revenue account of US$637,704 (1991: US$458,634), a net profit for the year of US$4,121,287 (1991: US$2,639,746) was realised.

In line with its standing accounting practice, the result (excess of income over outgo) for the still-open years, 1991 and 1992 amounting to US$15,376,855 (1990 & 1991: US$13,990,008), was carried forward as reinsurance fund while the reserve for outstanding losses at year-end was established as US$14,208,938 (1991: US$13,432,901).

Cumulative translation adjustments for the year resulted in a negative difference of US$4,595,322 (1991: US$1,766,623) which was taken to the Balance Sheet in accordance with International Accounting Standard No.21(IAS21).

The economies of most African countries went through yet another difficult year in 1992. The debilitating effects of already weak demand and output, heavy debt burden, markedly reduced capital inflow from external sources were exacerbated by severe drought and the adverse (hopefully temporary) impact on economic activities of protracted popular pressures for democratisation in many African states. It was not unexpected, therefore, for the insurance sub-sector to experience considerable deterioration in premium income, liquidity and net asset value.

For companies engaged in "cross-border" trade, such as Africa Re, the repercussions of such grim economic circumstance as manifested by severe devaluation/depreciation of national vis-a-vis convertible currencies were particularly adverse. The Corporation's marketing efforts which were markedly more intense in 1992 than in previous years (as reflected by a 14.51% growth in the proportion of its premium from voluntary cessions, which rose from 34.73% in 1991 to 39.77% in 1992, and a 23.38% increase in its gross premium at exchange rates which prevailed at the beginning of the year) were totally eroded by an average fall in the value of income currencies against the US Dollar of nearly 32%. Thus, instead of a gross premium of US$45.67m, it only achieved US$34.76m, a fall of 6.11% from that of the previous year.

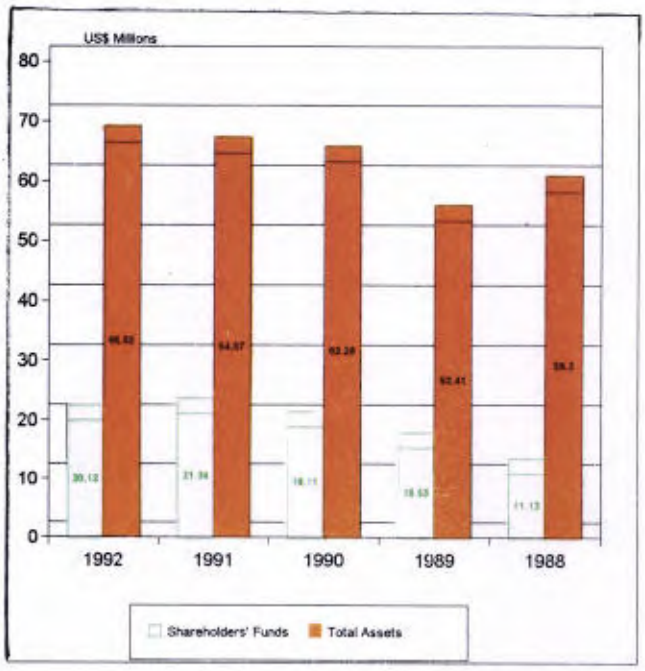
Although the Corporation maintained in 1992 the same retention limits as in 1991, its earned premium of US$29,017,523 (1991: US$32,799,905) was 11.53% lower than that of the previous year, reflecting a slightly lower retention ratio of 83.49% of written premium compared to a corresponding ratio of 88.6% in 1991. This development was the result of the lower written premium on the one hand, and, on the other hand, the growing disparity between premiums and liabilities (same or lower premium for higher or same liability).

Fortunately for the Corporation and unlike the prevailing global trend in reinsurance, its significantly reduced income was accompanied by an equally significant fall in incurred losses (from US$19,553,097 gross and US$17,851,798 net in 1991 to US$14,269,069 gross and US$13,659,472 net in 1992) to register an impressive improvement in underwriting profitability. From such a profit of only 2.4% of earned premium (US$772,733) in the previous year, 1992 recorded a rate of profit of about 8.0% (US$2,330,325), more than three times as much.

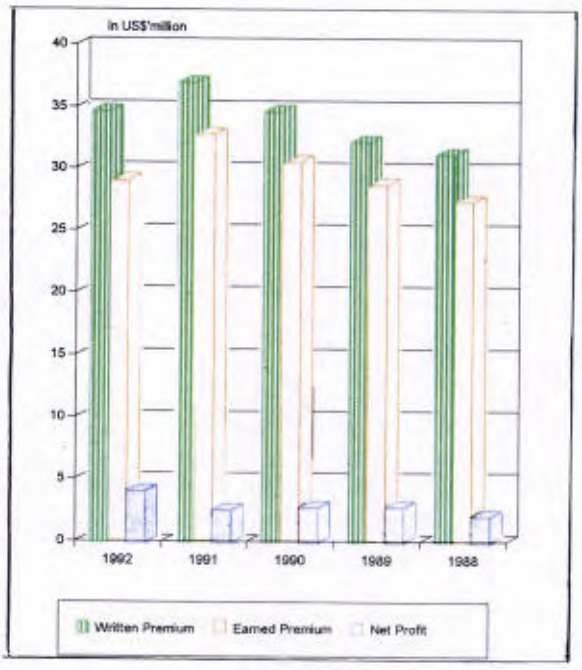
FINANCIAL HIGHLIGHTS

In US$ '000	1992	1991	1990	1989	1988
RESULTS					
WRITTEN PREMIUM	34,755	37,016	34,723	32,315	31,314
EARNED PREMIUM	29,018	32,800	30,554	28,714	27,369
NET PROFIT	4,121	2,640	2,860	2,892	2,162
FINANCIAL POSITION					
SHAREHOLDERS' FUNDS	21,145	21,340	19,107	15,530	11,126
TOTAL ASSETS	66,521	64,673	63,280	53,405	58,298

FINANCIAL POSITION 1988 - 1992



RESULTS 1988 - 1992



In spite of prevailing, almost record-low interest rate levels, income from investments and other sources which amounted to US$1,333,315 was higher than the US$1,227,907 achieved in 1991. It was made possible by the combination of diversification of investment instruments and currencies on the one hand and significantly higher investible funds on the other hand. The fall in interest on deposits from US$988,800 in 1991 to US$903,104 in 1992 was more than compensated for by the relatively higher realised exchange gain (US$192,247 in 1992 as against US$108,940 in 1991). There was, however, an increase in respect of other expenses not charged to the revenue account (from US$458,634 in 1991 to US$637,704 in 1992). These, combined with the year's high underwriting profit, produced a record net profit for the year of US$4,121,287.

Just as it seriously eroded the effect of the Corporation's increased marketing efforts and initiatives, the spate of severe devaluation/depreciation of major income currencies during the year substantially reduced the values of such assets as reinsurance deposits withheld by and balances due from ceding companies. Withholding of premium and loss deposits by cedants is in the nature of reinsurance business and does not per se degrade the value of such assets. Rather, it is the devaluation/depreciation against the US Dollar (the Corporation's unit of account) of the currencies in which these deposits are held which give rise to such translation difference - a trade risk every international reinsurer has to face.

Out of the US$4,595,322 unrealised translation loss recorded for Financial Year 1992, 45% or US$ 2,073,764 was accounted for by diminution, in US Dollar terms, of deposits held by cedants while the rest emanated from delays in settlement/conversion of balances and effects of exchange rate fluctuations on multi-currency investments and bank deposits. Cumulative translation loss as at 31st December, 1992 reached US$9,200,965 -almost double what it was at the end of the previous year. Transfer to the Balance Sheet of this substantial loss adversely impacted on the net asset value by effectively neutralising the positive effect of the high net profit for the year. Thus, in spite of some US$560,000 received during the year as new subscriptions to the Corporation's capital stock, its Equity at year-end remained almost unchanged from what it was a year ago. Trading largely in currencies consistently weakening against its unit of account, Africa Re remains exposed to and threatened by a negative difference in exchange.

Management expenses increased both in absolute terms (from US$3,065,482 in 1991 to US$3,141,605 in 1992) and as a proportion of earned premium (from 9.35% in 1991 to 10.83% in 1992).

As anticipated, the necessary number of shareholders with the requisite voting power having ratified the amendments to the Establishment Agreement passed by the 12th Annual General Meeting during the first half of 1992, the increase of the authorised capital from US$15.0m to US$30.0m and the opening of one-third of the capital stock for subscription by national insurance/reinsurance institutions were put into effect from 1st April, 1992. Already, a number of companies have subscribed and paid, and more institutions are expected to join in 1993.

In accordance with the relevant resolution of the 14th Annual Ordinary Meeting, part of the profits retained as at 31st December, 1991 (US$6,810,000) was capitalised, and bonus shares issued to shareholders in good standing as at that date, bringing the total paid-up capital of the Corporation at 31st December, 1992 to US$17,070,000.

During the year under review, the Corporation's plans to up-grade computer hardware and implement its fully integrated reinsurance computer system in all its office locations were satisfactorily executed. The resulting benefits are expected to impact its operations more significantly in the years ahead.

The Corporation's 5th annual reinsurance seminar was held at Ogere Training Centre, between 28th September and 2nd October, 1992. For sometime now, there has been a growing demand by cedants for two such seminars per year, one each in the two official languages of the Corporation. Africa Re intends to meet this demand in the near future.

Globally, operating results of reinsurance companies during the last six consecutive years have been characterised by unprecedented losses. Many had to rely more on investment income while several had to dip into reserves and still some had to either withdraw from specific markets or cease writing certain classes of business. Against this prevailing trend, Africa Re has consistently achieved both underwriting and net profits. This success record is the result of a combination of several factors ranging from timely restructuring of business portfolio and dogged commitment to underwriting for profit to the

strong, growing support by cedants, present and prospective shareholders. The Board of Directors, on behalf of shareholders, Management and Staff of the Corporation wishes to record deep appreciation to the African States and the ceding companies operating therein. Particular thanks are due to those Member States which host the Corporation's Headquarters and its Regional Offices for the enabling environment and material facilities they continue to provide.

In full recognition of the difficult trading environment within which the Corporation operated during the year and the commendable results achieved, the Board expresses its appreciation to Management and Staff for a job well done and encourages them to persevere in their dedication and hard work for even better achievements in the future.

TRADING ENVIRONMENT

Judging from the economic performance of Africa as a whole, the financial year which just ended, 1992, was not very different from the previous ones for the majority of countries in the continent. Eventhough pockets of economic revival witnessed here and there were further consolidated (in North, West and Southern Africa), the general observation remains that Africa is being further marginalised. This state of affairs is characterised by an ever-increasing impoverishment of the region and aggravated political crises resulting in most cases in acts of violence, all committed in an atmosphere of general indifference from the rest of the World.

The Southern Africa sub-region was hit by a serious drought which not only adversely affected agricultural production but undermined to a considerable extent the structural adjustment programmes set up by a number of countries and which, in some cases, had started bearing fruit. The effects of this natural disaster would still be felt for a long time to come and would have a lasting negative impact on the economic revival of the countries concerned.

In the other regions of the continent, political changes and instability have mostly brought about important economic disruptions, eventhough the long-term objective in the affected countries is to implement fundamental changes capable of reviving their ailing economies.

During the year under review, a further fall in the price of agricultural export commodities (coffee, cocoa, tea, banana) was recorded and this, coupled with competition from South Asian countries and the protectionist measures adopted by Member States of the European Economic Community in favour of imports from the West Indies, was detrimental to the African producers. Situations however differed from one country to the other.

For instance, the drought in Morocco in 1992 resulted in a 70% fall in agricultural production compared to the 1990-91 cropping season.This natural disaster coupled with protectionist measures taken to its detriment in favour of Southern European countries producers of citrus and other fruits and vegetables (Spain, Portugal, Italy), dashed hopes entertained by this African country to attain an annual growth rate of more than 5%, inspite of the good performance recorded by the manufacturing industry. In Tunisia however, results recorded during the year under review, which was characterised by the pursuit of the country's economic liberalization policy, were satisfactory. Despite a modest increase in the level of investment, forecasts for its growth rate stood at 8.6% compared to the 6% rate envisaged at the beginning of the year. The recent convertibility of the Dinar is yet another testimony to the sustained growth of the Tunisian economy.

However, it should be noted that Morocco and Tunisia are among the small group of trailblazers in Africa in terms of economic performance. In most cases, the remaining countries were confronted with the two-pronged handicap of monetary devaluation and uncontrolled inflation, despite an increase in the volume of exports. Thus, a number of national currencies were subjected to significant and repeated devaluations, sometimes attaining 100% or more. Cases of such depreciations of currencies abound and need not be mentioned here. Africa Re, which has the African continent as its main zone of operation, was adversely affected by the repercussions of these successive devaluations.

Inflation reached unprecedented levels in several countries thus aggravating the already critical living conditions of the people.

Faced with difficulties of such magnitude as well as the need to honour an ever-increasing debt repayment, the State, which in most cases is the main economic operator, was unable to mobilise the necessary resources for investments capable of reviving the economy.

Structural adjustment programmes implemented in nearly all the countries hardly

attained the target objectives and had in most cases social repercussions, bringing about instability and consequently a drop in productivity.

The privatization of local companies, hitherto regarded as a panacea to economic stagnation and lack of competition, appears not to have lived up to expectations. Indeed, in most cases it was synonymous to the taking over of these companies by foreign groups rather than a means of encouraging local entrepreneurship.

It should be stated however that the world economy itself appeared to have considerably slumped in 1992. In effect, the failure of GATT negotiations on the liberalization of world trade, the low annual growth rate (only 0.7% in 1991 and nearly 1% in 1992), the marked stagnation of the two economic giants - Japan and Germany - and the serious monetary instability resulting from the implosion of the European Monetary System (E.M.S.) are all factors which make the prospects of global economic revival look very bleak .

The insurance industry, which is a pointer to the state of the economy, was also affected by this situation and unfortunately this will be amplified in the years to come, because of the band-wagon effect of these developments on this service sector where repercussions of events are felt sometime after their occurrence.

Already the biggest insurance market in the World, the United States of America, has labelled 1992 as the worst in recent years, due basically to the high level of catastrophic losses (22 billion dollars). The loss ratio could attain 114.8% in 1992 whilst the corresponding 1991 ratio was 108.8%.

The Lloyds crisis, with recorded losses of nearly 1 billion dollars as early as June 1991, compounded with the withdrawal of several "names" from this renowned institution further aggravated the fate of the insurance industry in general and activities of the reinsurance sector in particular.

The traditional reinsurance sector witnessed a gradual reduction of capacity to the extent that 1993 renewals were arranged under somewhat unfavourable terms for the cedants, even though in the final analysis the ultimate aim was to restore technical stringency and the tariff balance which the insurance professionals should never have departed from. Once again it is regrettable that African cedants pay the "high price" since they buy covers at rates which are not commensurate with the relatively good loss experience of the continent's insurance industry.

The prediction of various analysts referred to in the previous annual report (1991 report, page 9) are thus confirmed and are in fact happening earlier than expected. In effect, whilst the reduction in the number of professional reinsurers occurred as predicted, the drastic fall in underwriting capacity was sudden and of unexpected magnitude.

The events ended up not only in affecting the reinsurance programmes drawn up by African cedants, but could in the long term cause the closure of some of these ceding companies. In effect, the stringent conditions coupled with the wind of privatization blowing across the African continent would in the near future bring about a complete change in the African insurance industry.

The end of the State monopoly in member countries as diverse as Benin, Congo, Mauritania, Tanzania and Zambia is in itself an essential change in economic policies adopted by these states and results in greater liberalization. The signing of the CIMA Treaty (Inter African Convention of Insurance Markets) in July 1992 by the 14 African countries of the CFA zone was aimed at attaining the following objectives: harmonising insurance legislation (contract laws and supervision regulation), institution of compensation scale for bodily injuries for road accident victims or their beneficiaries and finally restructuring of the insurance market (licensing, supervision and withdrawal of licences). Even though the last objective is commendable, indeed salutary, one is apprehensive that it might lead to the marginalisation and ultimate liquidation or takeover of small and medium scale enterprises which represent national interests.

There is also cause for concern when one notes that during the year under review, several markets recorded business stagnation, in some cases drop, as well as a significant reduction in direct insurance premium income even in original currencies, which, to make matters worse, were subjected to several devaluations.

Africa Re is concious of all these challenges (devaluations, business contraction, privatization etc.) and is bracing itself to face them,because,as a multinational institution, it is aware that in order to survive and expand constantly, there is need to adapt to major changes occurring in its business environment.

The Board, Management and Staff of the

Corporation remain confident and are convinced that the Institution would face the challenges.

OPERATIONS

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

- Fire and Accident (including Engineering);
- Marine and Aviation;
- Life;

The production centres, have remained unchanged:

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

Run off business from non-African sources, insignificant in terms of volume, is still being classified as "Inward International" or "Worldwide Business". The West Africa Division, Worldwide acceptances, Africa Re's Autofac treaty, the African Aviation Pool and the African Oil and Energy Insurance Pool are administered from the Corporation's Headquarters in Lagos while the three Regional Offices situated in Abidjan, Casablanca and Nairobi manage their respective trading areas.

The comparative analysis of the Corporation's operations will be effected along the lines of the table below, which summarizes the key figures:

DESCRIPTION	1992			1991		
IN US$000	Gross	Retro	Net	Gross	Retro	Net
INCOME						
PREMIUM (less cancellattions)	34755	4351	30404	37016	4805	32211
Movement in Premium Reserve	(2809)	(1422)	(1387)	703	114	589
Earned Premium	31946	2929	29017	37719	4919	32800
OUTGO						
LOSSES PAID	13736	852	12884	18799	2079	16720
MOVEMENT IN LOSS RESERVE	533	(242)	775	754	(378)	1131
INCURRED LOSSES	14269	610	13659	19553	1701	17851

PREMIUM INCOME

In 1992, the Corporation recorded a gross premium income of US$34.76 million, i.e. 6.11% less than the 1991 figure of US$37.02 million. This apparent decline in premium volume occurred after three consecutive years of premium growth (1989 to 1991), which were preceded by four years of decline (from 1985 to 1988).

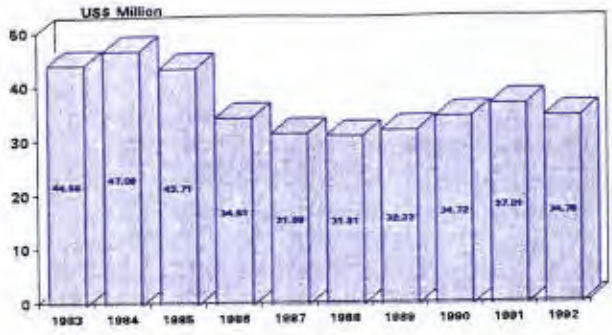
The drop recorded is due to the following factors:

- a severe depreciation of several original currencies during the year resulting, contrary to forecasts, in a significant drop in income in US Dollars, the Corporation's reference currency;
- a less severe but persistent depreciation of

most of the other African currencies during the year.

Since premium income is calculated on the basis of exchange rates in force as at 31st December of a given year, it should be recognised that the combined effects of the afore-mentioned factors have defied the 1992 forecasts.

DEVELOPMENT OF GROSS PREMIUM INCOME



The table in annex illustrates the evolution of gross premium income in original currencies and their US Dollar equivalents during the last five years.

The analysis of the table (evolution of premium income in original currencies) shows that:

- Premium income in original currencies generally recorded improvement from one year to the other. This development became more pronounced from 1991 to 1992 to the extent that the effects of devaluations were either curbed (e.g. the Zimbabwian Dollar, the Ghanian Cedi etc) or their impact reduced (e.g. the Zambian Kwacha, the Nigerian Naira etc);

- A marked depreciation of several original currencies occurred in 1992, especially in Anglophone West Africa and East and Southern Africa. For instance, compared to the exchange rate in force as at 31st December, 1991, the Nigerian Naira lost 114% of its value, the Ethiopian Birr 141%, the Angolan Kwanza 547%, the Zaire 2795%, the Sudanese Dinar (formerly Pound) 565% as at 31st December, 1992;

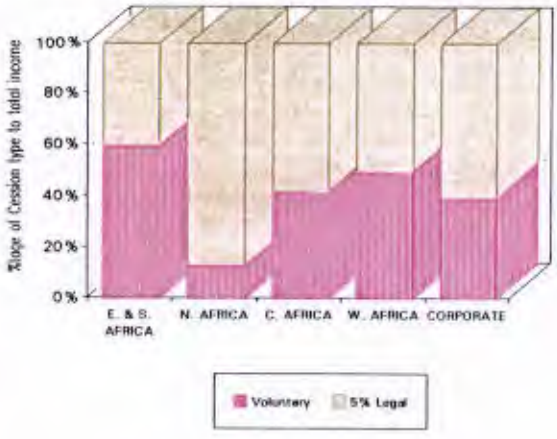
- The small number of currencies that remained relatively stable in 1992 were in the CFA Franc Zone and North Africa.

The depreciation of African currencies reduced the 1992 premium income by about US$11 million compared to a reduction of US$4 Million in 1991.

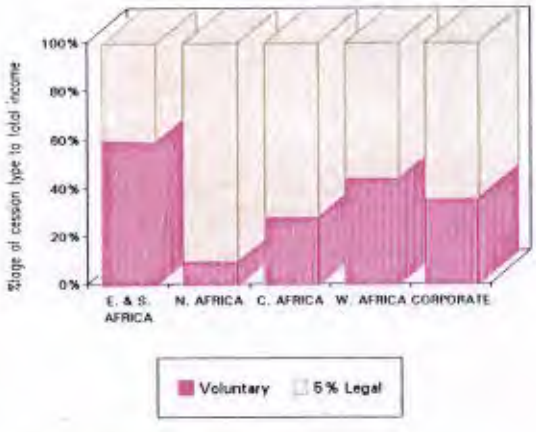
PROPORTION OF VOLUNTARY CESSIONS BY TRADING AREA

Corporate voluntary cessions increased from 34.73% in 1991 to 39.77% in 1992. The Corporation's main trading objectives in the years to come are to increase the additional shares in cedants' reinsurance treaties and also to develop facultative businesses.

FINANCIAL YEAR 1992



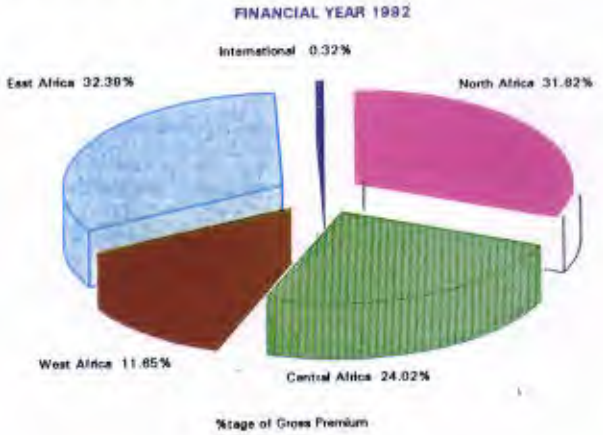
FINANCIAL YEAR 1991

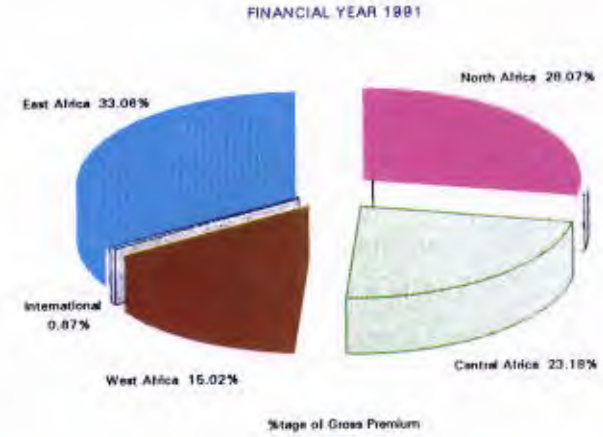


GEOGRAPHICAL DISTRIBUTION

For the fifth consecutive year, the East and Southern Africa sub-region produced the highest premium income of US$11.26 million in 1992. However, this represents an 8.00% decrease compared to the 1991 premium income of US$12.24 million due to reasons underlined above.

The sub-region produced 32.39% of the Corporation's total premium income for the year, compared to 33.06% in 1991. As in the previous year, 60% of the sub-region's premium income was derived from voluntary cessions.





The second best performance was achieved by North Africa, with a premium income of US$10.99 million, i.e. 31.61% of Corporate total. This works out to an increase of 5.77% over the 1991 premium income of US$10.39 million. The voluntary cessions increased from 10.27% to 13.50% of the sub-region's total.

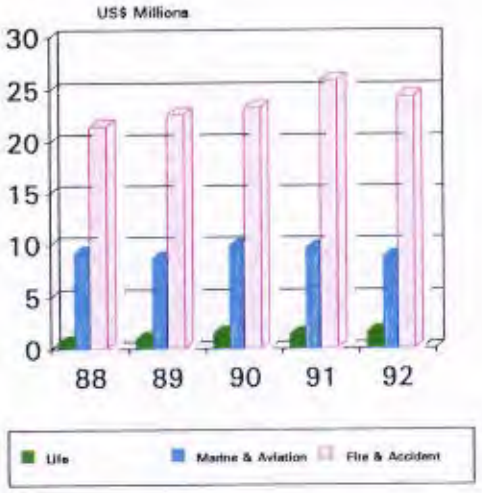
Central Africa wrote a premium income of US$8.35 million or 24.02% of the total premium recorded in 1992. This represents a slight drop of 2.68%, compared to the 1991 gross premium of US$8.58 million. The proportion of voluntary cessions in this trading area was 42.00% of total premium in 1992, as against 28.74% in 1991.

In 1992, West Africa recorded a premium income of US$4.05 million (11.65% of total premium) compared to the 1991 figure of US$5.56 million, representing a decline of 27.16%. This fall is due to the depreciation of the Nigerian Naira. The proportion of voluntary cessions remained high at 48.45%, as against 42.30% in 1991.

Finally, the balance of US$0.11 million which accounts for only 0.33% of corporate total, emanated from the international market.

SECTORAL DISTRIBUTION

The Fire and Accident class remained the major source of the Corporation's premium income, generating US$24.33 million, which represents 69.99% of the portfolio compared with 70.04% in 1991. The premium volume generated by this class fell by 6.17% (US$25.93 million in 1991). The Marine and Aviation class recorded a reduction of 8.70% in premium income from US$9.65 million in 1991 to US$8.81 million in 1992. Its share in the total portfolio also slightly declined from 26.07% in 1991 to 25.35% in 1992. Under the Life class, a total premium of US$1.62 million was written in 1992, representing 4.66% of the year's total, compared to US$1.44 million or 3.89% in 1991. This represents an increase in premium income of 12.50%.



OTHER INCOMES

Long Term Investments

The only long term investment of the Corporation is in the ordinary shares of Shelter Afrique. The company has not declared any dividend since 1982 when the shares were acquired.

Income from Short-Term Investments and Other Sources.

Despite the continuous fall in the rates of interest on US Dollar and Pound Sterling deposits, there was an increase of US$ 105,407 over the US$1,227,907 recorded in 1991. This increase was mainly as a result of combined effects of:

- The bonds purchased in 1991 that were held throughout the year at the same coupon rate as in the previous year and therefore generating more income, and
- The term deposits that were re-invested with the interests earned at maturity.

The interest earned on term deposits and current accounts amounted to US$982,365 (1991: US$1,009,432) while interest on bonds was US$265,602 (1991: US$ 148,948). The fees from the Management of the pools were US$ 83,740 (1991: US$53,284).

OUTGO

LOSSES

The year 1992 recorded a marked improvement in the total loss experience compared to 1991 (44.66% against 51.83% in 1991). Corporate losses paid in 1992 amounted to US$13.74 million compared to US$18.80 million in 1991.

Losses incurred dropped from US$19.55 million (paid losses: US$18.80 million, movement in loss reserves: US$0.75 million) in 1991 to US$14.27 million (paid losses: US$13.74 million, movement in loss reserves: US$0.53 million) in 1992.

This improvement was attributable to the drop in the ratios of the Corporation's two main classes, Fire and Accident, which improved from 51.13% in 1991 to 43.34% in 1992, and Marine and Aviation from 54.16% in 1991 to 46.91% in 1992. The Life class ratio increased to 52.35% against 45.38% in 1991.

GROSS LOSS RATIO BY CLASS -FINANCIAL YEAR 1992
CURRENCY : US $ M

CLASS OF BUSINESS	REGIONAL BUSINESS			INTERNATIONAL INWARD			TOTAL CORPORATE			1991
	Loss Incurred	Earned Premium	LOSS RATIO %	Loss Incurred	Earned Premium	LOSS RATIO %	Loss Incurred	Earned Premium	LOSS RATIO %	LOSS RATIO %
FIRE & ACCIDENT (Including Eng.)	8.88	22.27	39.87	0.81	0.09	900.00	9.69	22.36	43.34	51.13
MARINE & AVIATION	3.72	8.08	46.04	0.08	0.02	400.00	3.80	8.10	46.91	54.16
LIFE	0.78	1.49	52.35	-	-	-	0.78	1.49	52.35	45.38
TOTAL	13.38	31.84	42.02	0.89	0.11	809.09	14.27	31.95	44.66	51.83

The loss experience per trading area is as follows:-

- Once again the market served by the West Africa Division produced the lowest ratio of 26.93% compared to the 1991 figure of 34.43%.
- The ratio recorded by the Abidjan Regional office also improved from 48.04% in 1991 to 31.12% in 1992.
- In East Africa the ratio was 33.90%, which represented an improvement over the figure of 52.10% achieved in 1991.
- North Africa had the highest loss ratio of 51.14% in 1992. This, however, constitutes an improvement over the 1991 ratio of 55%.

COMMISSIONS AND CHARGES

In 1992, Commissions and Charges stood at US$9,886,121, or 34.07% of retained premiums, against US$11,109,892 or 33.87% in 1991. As in the previous years both Commissions and Charges continued to be higher in North Africa than elsewhere.

MANAGEMENT EXPENSES

The management expenses increased from US$ 3,065,482 in 1991 to US$ 3,141,606 in 1992. The 2.48% increase was mainly due to the rising cost of goods and services which, in most cases outweighed the effect which the depreciation of the local currencies would have had on the value of expenses for the year.

The management expense ratio which stood at 9.35% in 1991 went up to 10.83% as a result of combined effects of increase in the expenses and reduction in the US Dollar value of the retained premium.

OTHER EXPENSES NOT CHARGED TO THE UNDERWRITING REVENUE ACCOUNT.

There was a reduction in the expenses for the General Assembly and Board of Directors' Meetings from US$ 303,393 in 1991 to US$ 291,471 in 1992 due to meeting facilities obtained at lesser costs than in the previous year. The Depreciation and Amortisation reduced slightly from US$ 115,087 in 1991 to US$ 111,234 in 1992, while the Audit fees remained the same.

RESULTS OF THE CLOSED UNDERWRITING YEAR 1990

In accordance with the Corporation's practice, the 1990 underwriting year which had been kept open for 3 consecutive years was closed on 31st December, 1992.

The underwriting year produced a total gross premium income of US$34,671,040, out of which US$3,643,975 was retroceded. Claims amounted to US$11,254,023, whilst commissions, charges and Management expenses added up to US$13,435,956. A reserve of US$4,035,982 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$2,301,104 was realised, representing an increase of 45% over the profit of US$1,585,392 realised for the 1989 closed year. The surplus was transferred to the profit and loss account.

RESULTS OF THE FINANCIAL YEAR 1992.

The underwriting results, after considering the reinsurance and reserve funds as at 31st December, 1992 and other obligations for business accepted by the Corporation, show a profit of US$2,330,325 (1991: US$ 772,733). Except for the interest on reinsurance deposits that reduced by 9% and the audit fee that remained at the same level, all other items contributed to the increase in the profit of the year. The underwriting profit increased by 202%, income from investment and other sources increased by 74%, realised gain on exchange increased by 76%, the General Assembly and Board of Directors expenses reduced by 6% and depreciation and amortization reduced by 3%. The overall profit for the year stood at US$4,121,287 which was 56% higher than the result of 1991 - US$2,639,746.

APPROPRIATION OF RESULTS

In accordance with Resolution No. 4/1992, the Board of Directors proposes to appropriate the net profit for the 1992 financial year, i.e. US$4.121.287 as follows:

- US$ 2,060,644 to the General and other reserves,
- US$ 1,024,200 to be distributed as dividends at the rate of US$ 600 per share subscribed and paid up as at the end of the financial year under review, and
- the balance, i.e. US$1,036,443, to be carried forward.

Furthermore, it should be recalled that within the financial year under review, 681 bonus shares were allocated to member States and the ADB following the capital increase in compliance with Resolution No.4/1990. This is another way of distributing profits to shareholders.

OTHER ACTIVITIES

ADHESION

The year 1992 witnessed the acquisition of full membership by Angola. In effect, following the ratification of the Agreement by that country's parliament in 1991, the Angolan Authorities, during the year under review, undertook the payment of the share capital allocated to and subscribed by it.

Despite the absence of new adhesions,it is important to recall that Africa Re operates on the

markets of all African countries, irrespective of whether they are members or not.

RELATIONS WITH SISTER ORGANISATIONS

The Corporation's relations with sister organisations were cordial and founded on the imperial necessity to support inter-African co-operation on viable, healthy and technical bases.

Africa Re was represented at the periodic meetings of FANAF (Fédération des Sociétés d'Assurances de Droit National), UGAA (Union Générale des Assureurs Arabes), AIO (African Insurance Organisation), WAICA (West African Insurance Companies Association), FAIR (Federation of Afro-Asian Insurers and Reinsurers) and the General Assemblies of ADB and ADF.

STAFF MATTERS

After the salary review(for SP, G and M category staff) in November 1991 (with effect from 1st January, 1992), the Board during the year, had to adjust salaries of employees in Lagos following the major devaluation of the Nigerian Naira. The rising cost of living in Morocco and Côte d'Ivoire necessitated an increase in the Duty Post Differential for professional staff in Casablanca and Abidjan. The staff strength of the Corporation as at 31st December,1992 stood at 120 members from 17 countries comprising 28 senior officers (D and P), 75 General Category staff (SP and G) and 17 manual workers.

TECHNICAL ASSISTANCE AND TRAINING

Between 28th September and 2nd October, 1992, the Corporation organised in Lagos the annual seminar on reinsurance practice. The seminar brought together 39 participants from 10 countries of all the sub-regions of the continent. Apart from this training programme, the Corporation was represented in the AIO technical sub-committee set up to study the modalities for the implementation of an Agricultural Insurance Scheme in African countries. When the work is completed, a basic document will be made available to interested Member States.

Besides, Africa Re provides Member states and insurance companies with technical assistance, by way of participation in the management of national institutions who so desire. In accordance with Article 37 of its Establishment Agreement, and in implementation of Resolution No 4/1990, it subscribed to the capital of an insurance company, this financial year. It intends to get more involved in this type of action in future.

GENERAL ASSEMBLY

Following the invitation of the Republic of Seychelles, the 14th Annual Ordinary Meeting of the General Assembly was held in Mahe on 26th and 27th June, 1992 . Twenty seven Member States and the A.D.B. representing 82.02% of the voting powers of the General Assembly participated in the meeting which was declared open by Mr. James MICHEL, Minister of Finance of Seychelles.

In his opening address, the Chairman of the Board of Directors and the General Assembly reviewed the progress made by the Corporation, which had its paid up capital increased to USD16,400,000 as at 31st March, 1992, following a decision to that effect by the 12th Annual Ordinary Meeting ; the increase which was made possible by the capitalisation of part of the reserves resulted in the distribution of bonus shares. It should be recalled that the payment of the increased portion of the capital was preceded in 1988 by that of the second half , without the shareholders being called upon to finance it.

The Chairman informed the General Assembly of the Board's proposal to pay regularly part of the profit for any one financial year as dividends, in view of the future participation of private African interests in the capital of Africa Re.

Similarly, it was decided that new shareholders who would buy shares after the opening of the capital to national institutions could pay for their shares in line with the following modalities: half of the share value in the first year, 25% in the second year and 25% in the third year following adhesion.

His excellency, the Honourable Minister, in his reply to the Chairman's speech, welcomed all delegates to Seychelles. He pointed out that Africa Re represents an important instrument for the achievement of the ideals of Inter-African co-operation and the objective of retaining a maximum of premium within the continent. In spite of an unfavourable economic environment, it was able, over the years, to strengthen its financial base by self-financing. The decision to open up its capital is timely and falls in line with the liberalisation policy that is sweeping through the

whole of Africa. However, it should be observed that economic liberalisation should be implemented with care so as to avoid the negative effects of a hasty decision.

During its working sessions, the General Assembly considered the final accounts of the Corporation (Balance sheet, Profit and Loss Account and the Underwriting Revenue Account) as at 31st December, 1991, which showed a net profit of USD 2,639,746. Therefore, in accordance with resolution No. 4/1990 on the increase and opening of the capital, the General Assembly decided to transfer part of this profit into the reserves and carry forward the remaining part, in order to pay for the share of the increased capital on behalf of current shareholders. This shall be done by transferring the necessary amount from "Reserves" and "Carried Forward" to "Paid-up Capital".

Furthermore, the General Assembly renewed the appointment of Akintola Williams and Co. as the External Auditors to audit the final accounts for the year ended 31st December,1992 and elected the Resolutions Committee for the 15th Annual Ordinary meeting.

Finally the General Assembly elected the following members of the 6th Board of Directors for a mandate of 3 years(June 1992-June 1995):

Messrs Eugene OKWOR (Nigeria)- Chairman
Ayi A. AMAVI (Togo)- Vice- Chairman
Ezzat Abdel BARY (Egypt)
Mohamed BELAZIZ (Algeria)
Percy Jacques BLACKBURN (Mauritius)
N. N. KADADI (Chad)
Kidola MAKANI (Tanzania)
Hassan Chahdi OUAZZANI (Morocco)

It also took note of the appointment of Messrs. S. OMARI and K.S.M. NYAHE as Director and Alternate Director respectively, representing the A.D.B.

The General Assembly also took note of the appointment of the following Alternate Directors:

O.M.El Moctar El BEIDAWI (Mauritania)
Haile Michael KUMSA (Ethiopia)
E. Ye Nkoy ILONDO (Zaire)
A. M. DAFFE (Guinea)
E. K. SAMAKAI (Zambia)
Mohamed Yousif Ali (Sudan)
Musa S. NAAS (Libya)
Patrick KPODO (Ghana)
Mr. Ayi A. AMAVI later appointed Mrs. A. SAMAKE (Mali) to replace Mr. A.M. DAFFE.

BOARD OF DIRECTORS

During the year 1992 , the Board held 4 meetings on the following venues and dates:

- 54th meeting in Abidjan on 13th April,
- 55th meeting in Mahe on 23rd June,
- 56th meeting in Mahe on 27th June, and
- 57th meeting in Lagos on 16th and 17th November.

In addition to issues relating to the direction of the general activities of the Corporation, the Board took various decisions, some of which have been mentioned in this report.

Opening ceremony of the 14th Annual Ordinary Meeting of Africa Re (Seychelles)

EVOLUTION OF PREMIUM INCOME
IN ORIGINAL CURRENCIES/US$ EQUIVALENT
R.O.E AS AT END OF YEAR

CURRENCY IN MILLION

CURRENCY	1988	1989	1990	1991	1992
1.Algeria Dinar	4.18	8.59	16.58	12.77	32.51
US$	0.6594	1.0757	1.3805	0.6033	1.4711
2.Egypt Pound	2.72	3.80	4.24	5.31	5.11
US$	1.2535	1.7364	1.5324	1.6285	1.5979
3.Libya Dinar	0.96	0.76	0.56	0.63	0.71
US$	3.3608	2.5574	2.0729	2.1804	2.4691
4.Mauritania Ouguiya	12.43	12.99	11.95	10.85	7.58
US$	0.1576	0.1496	0.1516	0.1297	0.0714
5.Morocco Dinar	14.79	20.26	26.31	26.44	29.96
US$	1.8290	2.5343	3.2696	3.2871	3.5851
6.Sudanese Dinar	3.58	5.23	5.04	11.19	26.01
US$	0.7968	0.4672	0.4401	0.7436	0.2597
7.Tunisia Dinar	0.50	0.56	0.59	0.93	0.86
US$	0.5588	0.6257	0.7071	1.0641	0.9161
8.Gambia Dalasi	0.24	0.13	0.22	0.43	0.60
US$	0.0349	0.0174	0.0293	0.0467	0.0684
9.Ghana Cedi	67.32	78.06	92.12	88.69	132.99
US$	0.2902	0.2550	0.2687	0.2267	0.2557
10.Nigeria Naira	21.23	28.36	30.64	43.90	59.07
US$	3.9669	3.7322	3.5192	4.4636	2.8110
11.Sierra Leone, Leone	0.03	0.03	8.04	9.06	14.88
US$	0.0007	0.0005	0.0479	0.0221	0.0283
12.CFA Franc	2,249.60	1,871.69	2,044.03	2,152.90	2,211.68
US$	7.4278	6.4697	8.0346	8.2961	8.1425
13.Guinea Bissau Peso	2.20	5.70	0.99	0.47	-
US$	0.0034	0.0088	0.0015	0.00009	-
14.Guinea Republic Fran	0.65	29.53	46.09	84.95	58.99
US$	0.0022	0.0989	0.0743	0.1042	0.0726
15.Zaire Republic Zaire	23.72	26.04	38.20	45.59	-
US$	0.0886	0.0599	0.0204	0.0007	-
16.Angola Kwanza	19.57	24.80	36.10	33.70	262.20
US$	0.6485	0.8290	1.1966	0.3815	0.4585
17.Botswana Pula	0.37	0.41	0.60	1.75	1.80
US$	0.1931	0.2193	0.3234	0.8392	0.7938
18.Burundi Franc	21.20	31.21	42.38	49.51	68.31
US$	0.1423	0.1837	0.2603	0.2624	0.2869
19.Djibouti Franc	9.04	11.22	2.99	-	16.02
US$	0.0522	0.0633	0.0171	-	0.0891
20.Ethiopia Birr	2.96	2.09	2.33	2.19	2.55
US$	1.4363	1.0208	1.1359	1.0635	0.5152
21.Kenya Shilling	65.35	101.62	125.42	156.30	150.63
US$	3.5685	4.7775	5.2281	5.5668	4.0203
22.Lesotho Maloti	0.25	0.20	0.15	0.31	0.26
US$	0.1033	0.0799	0.0584	0.1139	0.0856
23.Madagascar Franc	117.45	189.30	358.63	665.71	956.13
US$	0.0845	0.1448	0.2682	0.4324	0.5118
24.Malawi Kwacha	0.03	0.04	0.12	0.28	0.41
US$	0.01002	0.0169	0.0464	0.1084	0.0957
25.Mauritius Rupee	10.62	14.81	16.12	21.21	27.26
US$	0.7764	1.0121	1.1483	1.4508	1.6324
26.Mozambique Metical	-	5.30	12.44	54.29	101.99
US$	-	0.0065	0.0061	0.0174	0.0373
27.Rwanda Franc	21.79	22.11	9.34	15.87	22.38
US$	0.2839	0.2849	0.0786	0.1340	0.1526
28.Seychelles Rupee	0.37	0.29	0.39	0.70	0.65
US$	0.0696	0.0554	0.0793	0.1435	0.1268
29.Somali Shilling	1.94	1.79	1.06	-	-
US$	0.0080	0.0044	0.0004	-	-
30.Swazi Lilangeni	0.54	0.70	0.87	1.24	0.78
US$	0.2258	0.2750	0.3389	0.4503	0.2604
31.Tanzania Shilling	37.75	80.79	88.52	66.91	158.43
US$	0.3076	0.5124	0.4531	0.2871	0.4728
32.Uganda Shilling	8.93	30.04	55.34	84.72	144.66
US$	0.0542	0.8128	0.9470	0.9190	0.1187
33.Zambia Kwacha	1.91	2.92	6.83	18.00	41.08
US$	0.2000	0,1412	0.1488	0.2061	0.1263
34.Zimbabwe Dollar	2.33	1.78	1.81	1.58	4.24
US$	1.2085	0.7951	0.6836	0.3128	0.7817
35.United States Dollar	0.91	0.70	1.33	1.56	1.47
36.U.K. Pound Sterling	0.24	0.23	0.24	0.24	0.10
US$	0.4403	0.3781	0.4607	0.4541	0.1594

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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, 1992 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, 1992 and the result 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.

13th April, 1993.

Deloitte Touche Tohmatsu International

Ike Nwokolo, Victor G. Hammond, Olusegun A. Odubogun, Godwin O. Opurum, Emmanuel A. Avornyotse, Emmanuel O. Ikazoboh, Joseph L. Itie, Edwin I.Oyinze, Sesby S. Banjoh, E. Chukwuka Barber, M. Olumuyiwa Osho, Christian N.Akujuaobi, E. Babajimi A. Sokan, Mobolaji F. Lawal, Sampson C. Madu, P.Mulindwa-Lubega

Offices at: Benin City, Enugu, Jos,Kaduna, Kano, Maiduguri, Owerri, Port Harcourt, Warri (Nigeria). Douala (Cameroon). Abidjan (Cote d'Ivoire). Mbabane(Swaziland).

AFRICAN REINSURANCE
BALANCE SHEET AT

ASSETS	Note	1992 US$	1991 US$
CURRENT ASSETS			
Amounts due from Companies on Reinsurance Accounts		8,279,168	9,646,587
Deposits retained by Ceding Companies		31,043,726	30,725,619
Sundry Debtors, Accrued Interest and Prepayments		1,530,624	949,928
Cash and Bank Balances	3	5,676,864	5,233,534
		46,530,382	46,555,668
INVESTMENTS	2(d)&4	15,542,607	13,488,525
FIXED ASSETS	5	712,788	650,047
RETROCESSIONAIRES' SHARE IN RESERVE FUNDS	8	3,735,593	3,978,440
		66,521,370	64,672,680

EUGENE OKWOR
Chairman

The accompanying notes form an integral part of the Financial Statements

CORPORATION
31ST DECEMBER, 1992

LIABILITIES, CAPITAL AND RESERVES	Note	1992 US$	1991 US$
CURRENT LIABILITIES			
Amounts due to Companies on Reinsurance Accounts		4,427,751	4,711,585
Deposits due to Retrocessionaires		6,550,672	6,260,345
Dividend Payable		1,024,200	-
Other Creditors, Accruals & Provisions		1,075,803	959,578
		13,078,426	**11,931,508**
PAID-UP CAPITAL	6	17,070,000	9,700,000
RESERVES			
Share premium		391,924	97,240
General Reserve		2,105,303	1,744,659
Other Reserves	7	3,235,616	2,110,331
Retained Earnings		6,519,680	12,293,237
Cummulative Translation Adjustment		(9,200,965)	(4,605,643)
		3,051,558	11,639,824
		20,121,558	**21,339,824**
REINSURANCE AND RESERVE FUNDS	8	**33,321,386**	**31,401,348**
		66,521,370	64,672,680

EYESSUS W.ZAFU
General Manager

The accompanying notes form an integral part of the Financial Statements

AFRICAN REINSURANCE
PROFIT & LOSS ACCOUNT FOR THE YEAR

EXPENDITURE	Note	1992	1991
		US$	US$
General Assembly and Board of Directors' Meetings		291,471	308,547
Audit Fee		35,000	35,000
Depreciation and Amortisation	5	111,233	115,087
Other Expenses		200,000	-
Profit for the Year		4,121,287	2,639,746
		4,758,991	3,098,380
APPROPRIATIONS:			
Bonus Shares	6	6,810,000	-
Proposed Dividend		1,024,200	-
Transfer to Reserves	9	2,060,644	893,599
Retained Profit at 31st December		6,519,680	12,293,237
		16,414,524	13,186,836

The accompanying notes form an integral part of the Financial Statements

INCOME	1992	1991
	US$	US$
Underwriting Profit	2,330,325	772,733
Income from Investments and Other sources	1,333,315	1,227,907
Interest on Reinsurance Deposits	903,104	988,800
Realised gain on Exchange	192,247	108,940
	4,758,991	3,098,380
Retained Profit at 1st January	12,293,237	9,762,431
Profit for the Year	4,121,287	2,639,746
Balances released on portfolio withdrawal	-	784,659
	16,414,524	13,186,836

The accompanying notes form an integral part of the Financial Statements

AFRICAN REINSURANCE
REVENUE ACCOUNT FOR THE YEAR ENDED

OUTGO	Gross	Retrocession	NET	NET
	US$	US$	US$	US$
			1992	1991
LOSSES PAID	13,735,879	852,444	12,883,435	16,720,396
Add:				
Outstanding Loss Reserve at the end of the year	17,944,531	3,735,593	14,208,938	13,432,901
Deduct:				
Outstanding Loss Reserve at the beginning of the year	17,411,341	3,978,440	13,432,901	12,301,499
LOSSES INCURRED	14,269,069	609,597	13,659,472	17,851,798
COMMISSIONS	10,811,493	1,437,626	9,373,867	10,650,721
CHARGES	557,202	44,948	512,254	459,171
	25,637,764	2,092,171	23,545,593	28,961,690
MANAGEMENT EXPENSES			3,141,605	3,065,482
Underwriting Profit transferred to Profit & Loss Account			2,330,325	772,733
			29,017,523	32,799,905

The accompanying notes form an integral part of the Financial Statements

CORPORATION
31ST DECEMBER, 1992

INCOME	Gross	Retrocession	NET	NET
	US$	US$	US$ 1992	US$ 1991
PREMIUM NET OF CANCELLATIONS	34,754,970	4,350,600	30,404,370	32,210,738
Add:				
Reinsurance Fund at the beginning of the year	16,319,618	2,329,610	13,990,008	14,579,175
Deduct:				
Reinsurance Fund at the end of the year	19,128,758	3,751,903	15,376,855	13,990,008
EARNED PREMIUM	31,945,830	2,928,307	29,017,523	32,799,905
			29,017,523	32,799,905

The accompanying notes form an integral part of the Financial Statements

AFRICAN REINSURANCE CORPORATION
UNDERWRITING RESULTS BY CLASS OF BUSINESS
FOR THE YEAR ENDED 31ST DECEMBER, 1992

	Fire and Accident	Marine and Aviation	Life	TOTAL 1992	TOTAL 1991
	US$	US$	US$	US$	US$
Underwriting Income:					
Gross Premiums	24,331,358	8,807,971	1,615,641	34,754,970	37,015,587
Less: Retrocession Premiums	4,030,229	320,371	-	4,350,600	4,804,849
	20,301,129	8,487,600	1,615,641	30,404,370	32,210,738
Underwriting Outgo:					
Claims	8,721,366	3,419,024	743,045	12,883,435	16,720,396
Commissions	6,399,263	2,553,964	420,640	9,373,867	10,650,721
Charges	406,532	103,097	2,625	512,254	459,171
Management expenses	2,199,384	796,179	146,042	3,141,605	3,065,482
	17,726,545	6,872,264	1,312,352	25,911,161	30,895,770
Excess of income over outgo	2,574,584	1,615,336	303,289	4,493,209	1,314,968
Reinsurance & Reserve Funds:					
At 1st January	13,620,030	11,784,230	2,018,649	27,422,909	26,880,674
At 31st December	(14,829,595)	(12,575,892)	(2,180,306)	(29,585,793)	(27,422,909)
Underwriting Profit transferred to Profit & Loss Account	1,365,019	823,674	141,632	2,330,325	772,733

AFRICAN REINSURANCE CORPORATION
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER, 1992

	1992	1991
	US$	US$
CASHFLOWS FROM OPERATIONS:		
Operating Profit	4,121,287	2,639,746
Adjustments to reconcile operating profit to net cash generated from operations:		
Depreciation and Amortisation	111,233	115,087
Loss / (Profit) from sale of fixed assets	1,171	(13,667)
Reinsurance & Reserve Funds	2,162,884	542,234
Amounts due from Companies on Reinsurance Accounts	1,367,419	480,658
Deposits Retained by Ceding Companies	(318,107)	(539,731)
Sundry Debtors, Accrued Interest & Prepayments	(580,696)	(57,644)
Amounts due to Companies on Reinsurance Accounts	(283,834)	(1,201,928)
Deposits due to Retrocessionaires	290,328	(253,455)
Other Creditors, Accruals & Provisions	116,225	451,484
	2,866,623	(476,962)
Net Cash generated from Operations	**6,987,910**	**2,162,784**
Adjustments for non-cash items taken to Shareholders Funds:		
Cumulative Translation Adjustment	(4,595,322)	(1,766,623)
Balances released on Portfolio withdrawal	-	784,659
Cumulative Translation on Investments	(574,715)	569,795
	1,817,873	1,750,615
CASHFLOWS FROM FINANCING ACTIVITY:		
Proceeds on sale of Shares	854,684	-
CASHFLOWS FROM INVESTMENT ACTIVITY:		
Proceeds on sale of Fixed Assets	7,431	18,589
Purchase of Fixed Assets	(182,576)	(136,342)
Short term Investments made	(2,054,082)	(67,145)
	(2,229,227)	(184,898)
Net Increase in Bank and Cash Balances	**443,330**	**1,565,717**
BANK AND CASH BALANCES:		
At 1st January	5,233,534	3,667,817
At 31st December	**5,676,864**	**5,233,534**

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 generally in 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 accounts 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 are stated at the lower of cost or market value. ***Long term investments*** are stated at cost unless there is a permanent decrease in their value, in which case a provision is made therefor.

(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 12.50% and 33.33%.
- *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 Revenue Account on the basis of the net premium and wholly charged to the current underwriting year.

NOTE 3

BANK AND CASH BALANCES

The balances include an equivalent of **US$1,862,672** (1991: US$ 1,763,732) representing temporary short term deposits in member States' currencies, of which part awaited approval for conversion to United States Dollars.

NOTE 4

INVESTMENTS

Investments at cost which include Straight Bonds with a market value of **US$ 3,210,102** at 31st December, 1992 (1991: US$ 3,297,827) are made up of:-

	1992 US$	1991 US$
Participation in Shelter-Afrique	1,020,000	1,020,000
Straight Bonds	3,151,829	3,151,829
Short-term deposits	11,370,778	9,316,696
	15,542,607	13,488,525

NOTE 5

FIXED ASSETS

	Freehold & Capital Leasehold Property US $	Furniture Fittings & Equipment US$	Motor Vehicles US$	Total 1992 US$	Total 1991 US$
COST					
At 1st January	369,709	1,325,394	216,496	1,911,599	1,822,232
Additions during the year	-	74,136	108,440	182,576	136,343
Disposals during the year	-	(3,450)	(15,934)	(19,384)	(46,976)
At 31st December	369,709	1,396,080	309,002	2,074,791	1,911,599
DEPRECIATION					
At 1st January	66,812	1,039,252	155,488	1,261,552	1,193,439
Charge for the year	7,323	64,692	39,218	111,233	115,087
On disposals during the year	-	(2,813)	(7,969)	(10,782)	(46,974)
At 31st December	74,135	1,101,131	186,737	1,362,003	1,261,552
NET BOOK VALUE					
At 31st December	295,574	294,949	122,265	712,788	650,047

NOTE 6

CAPITAL STOCK AND PAID-UP CAPITAL

(i) The Authorised Capital of the Corporation is US$ 30 million made up of 3,000 shares of US$ 10,000 each. Two-thirds of the share capital is available for subscription by the Member States of the Organisation of African Unity and the African Development Bank, while the remaining one-third is available to national insurance and / or reinsurance institutions of the Member States.

During the year, the sum of US$ 6,810,000 was capitalised out of retained earnings and credited as fully paid shares to existing shareholders while 56 shares were subscribed and fully paid by a member state and some national insurance / reinsurance companies.

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

	1992 US$	1991 US$
Capital Allotted	17,100,000	11,160,000
Unsubscribed Capital	(30,000)	(1,460,000)
Subscribed and Paid-up Capital (See Annex 1)	17,070,000	9,700,000

NOTE 7

OTHER RESERVES

	Reserve for Exchange Fluctuation	Reserve for Loss Fluctuation	Total 1992	Total 1991
	US$	US$	US$	US$
Balance at 1st January	2,110,331	-	2,110,331	1,426,676
Transfer - Cumulative Translation Adjustment	(574,715)	-	(574,715)	574,715
Transfer from Profit & Loss Account	1,500,000	200,000	1,700,000	108,940
	3,035,616	200,000	3,235,616	2,110,331

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 1992 US$	Total 1991 US$
GROSS					
- Reinsurance Fund	10,656,859	4,398,591	321,405	15,376,855	14,000,881
- Reserve for outstanding claims	4,270,237	11,815,392	1,858,902	17,944,531	17,400,467
	14,927,096	16,213,983	2,180,307	33,321,386	31,401,348
Retrocessionaires share in Reserve for outstanding claims	97,502	3,638,091	-	3,735,593	3,978,440

NOTE 9

TRANSFER TO RESERVES

Transfer to Reserves is made up of the following:

	1992 US$	1991 US$
General Reserve	360,644	784,659
Reserve for Exchange Fluctuation	1,500,000	108,940
Reserve for Loss Fluctuation	200,000	-
	2,060,644	893,599

NOTE 10

TAXATION

No provision for tax is made in the financial statements as the Corporation is not subject to tax in the markets in which it operates in accordance with Article 51 of the Establishment Agreement.

NOTE 11

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

Participants at the 14th Annual Ordinary Meeting of Africa Re (Seychelles)

STATEMENT OF SUBSCRIPTION AND VOTING POWERS OF
STATES AND ADB AS AT 31ST DECEMBER, 1992

ANNEX 1

MEMBER COUNTRIES	Number of shares	Value of Shares	Amount not Subscribed	Amount Subscribed	Called Up and Paid	Called Up and Unpaid	Voting Power
1.Algeria	98	980,000	-	980,000	980,000	-	5.74
2.Angola	28	280,000	-	280,000	280,000	-	1.64
3.Benin	17	170,000	-	170,000	170,000	-	1.00
4.Burkina Faso	18	180,000	-	180,000	180,000	-	1.05
5.Burundi	17	170,000	-	170,000	170,000	-	1.00
6.Cameroun	50	500,000	-	500,000	500,000	-	2.93
7.Central African Republic	17	170,000	-	170,000	170,000	-	1.00
8.Chad	20	200,000	-	200,000	200,000	-	1.17
9.Congo	22	220,000	-	220,000	220,000	-	1.28
10.Cote d'Ivoire	41	410,000	-	410,000	410,000	-	2.40
11.Egypt	98	980,000	-	980,000	980,000	-	5.74
12.Ethiopia	46	460,000	-	460,000	460,000	-	2.69
13.Gabon	28	280,000	-	280,000	280,000	-	1.64
14.Gambia	17	170,000	-	170,000	170,000	-	1.00
15.Ghana	55	550,000	-	550,000	550,000	-	3.22
16.Guinea	17	170,000	-	170,000	170,000	-	1.00
17.Guinea Bissau	17	170,000	-	170,000	170,000	-	1.00
18.Kenya	43	430,000	-	430,000	430,000	-	2.52
19.Liberia	17	170,000	-	170,000	170,000	-	1.00
20.Libya	98	980,000	-	980,000	980,000	-	5.74
21.Mali	17	170,000	-	170,000	170,000	-	1.00
22.Madagascar	30	300,000	-	300,000	300,000	-	1.76
23.Mauritania	20	200,000	-	200,000	200,000	-	1.17
24.Mauritius	23	230,000	-	230,000	230,000	-	1.35
25.Morocco	98	980,000	-	980,000	980,000	-	5.74
26.Niger	17	170,000	-	170,000	170,000	-	1.00
27.Nigeria	98	980,000	-	980,000	980,000	-	5.74
28.Rwanda	17	170,000	-	170,000	170,000	-	1.00
29.Senegal	35	350,000	-	350,000	350,000	-	2.05
30.Seychelles	17	170,000	-	170,000	170,000	-	1.00
31.Sierra Leone	22	220,000	-	220,000	220,000	-	1.28
32.Somalia	20	200,000	-	200,000	200,000	-	1.17
33.Sudan	50	500,000	-	500,000	500,000	-	2.93
34.Swaziland	18	180,000	-	180,000	180,000	-	1.05
35.Tanzania	40	400,000	-	400,000	400,000	-	2.34
36.Togo	18	180,000	-	180,000	180,000	-	1.05
37.Tunisia	41	410,000	-	410,000	410,000	-	2.40
38.Uganda	36	360,000	-	360,000	360,000	-	2.10
39.Zaire	31	310,000	-	310,000	310,000	-	1.82
40.Zambia	56	560,000	-	560,000	560,000	-	3.28
41.African Development Bank	200	2,000,000	-	2,000,000	2,000,000	-	11.72
SUB-TOTAL	1,668	16,680,000	-	16,680,000	16,680,000	-	97.71
NON MEMBER COUNTRIES							
1.Botswana	17	170,000	170,000	-	-	-	-
2.Cape Verde	17	170,000	170,000	-	-	-	-
3.Comoros	17	170,000	170,000	-	-	-	-
4.Djibouti	17	170,000	170,000	-	-	-	-
5.Equatorial Guinea	17	170,000	170,000	-	-	-	-
6.Lesotho	17	170,000	170,000	-	-	-	-
7.Malawi	17	170,000	170,000	-	-	-	-
8.Mozambique	31	310,000	310,000	-	-	-	-
9.Namibia	17	170,000	170,000	-	-	-	-
10.Sao Tome & Principe	17	170,000	170,000	-	-	-	-
11.Zimbabwe	50	500,000	500,000	-	-	-	-
	234	2,340,000	2,340,000	-	-	-	-
NON ALLOCATED SHARES	98	980,000	980,000	-	-	-	-
SUB-TOTAL	332	3,320,000	3,320,000	-	-	-	-
TOTAL	2,000	20,000,000	3,320,000	16,680,000	16,680,000	-	-

STATEMENT OF SUBSCRIPTION AND VOTING POWERS
OF NATIONAL INSURANCE/REINSURANCE COMPANIES

MARKETS- MEMBER COUNTRIES	Number of shares	Value of Shares	Amount not Subscribed	Amount Subscribed	Called Up and Paid	Called Up and Unpaid	Voting Power
1.Algeria	56	560,000	560,000	-	-	560,000	-
2.Angola	16	160,000	160,000	-	-	160,000	
3.Benin	9	90,000	-	90,000	90,000	-	0.53
4.Burkina Faso	10	100,000	100,000	-	-	100,000	-
5.Burundi	9	90,000	-	90,000	40,000	50,000	0.23
6.Cameroun	28	280,000	280,000	-	-	280,000	-
7.Central African Republic	9	90,000	90,000	-	-	90,000	-
8.Chad	11	110,000	110,000	-	-	110,000	-
9.Congo	12	120,000	120,000	-	-	120,000	-
10.Cote d'Ivoire	22	220,000	220,000	-	-	220,000	-
11.Egypt	56	560,000	560,000	-	-	560,000	-
12.Ethiopia	26	260,000	260,000	-	-	260,000	-
13.Gabon	15	150,000	150,000	-	-	150,000	-
14.Gambia	9	90,000	90,000	-	-	90,000	-
15.Ghana	30	300,000	300,000	-	-	300,000	-
16.Guinea	9	90,000	90,000	-	-	90,000	-
17.Guinea Bissau	9	90,000	90,000	-	-	90,000	-
18.Kenya	24	240,000	240,000	-	-	240,000	-
19.Liberia	9	90,000	90,000	-	-	90,000	-
20.Libya	56	560,000	560,000	-	-	560,000	-
21.Mali	9	90,000	90,000	-	-	90,000	-
22.Madagascar	17	170,000	-	170,000	170,000	-	1.00
23.Mauritania	11	110,000	110,000	-	-	110,000	-
24.Mauritius	14	140,000	140,000	-	-	140,000	-
25.Morocco	56	560,000	560,000	-	-	560,000	-
26.Niger	9	90,000	90,000	-	-	90,000	-
27.Nigeria	56	560,000	560,000	-	-	560,000	-
28.Rwanda	9	90,000	-	90,000	90,000	-	0.53
29.Senegal	19	190,000	190,000	-	-	190,000	-
30.Seychelles	9	90,000	90,000	-	-	90,000	-
31.Sierra Leone	12	120,000	120,000	-	-	120,000	-
32.Somalia	11	110,000	110,000	-	-	110,000	-
33.Sudan	28	280,000	280,000	-	-	280,000	-
34.Swaziland	10	100,000	100,000	-	-	100,000	-
35.Tanzania	21	210,000	210,000	-	-	210,000	-
36.Togo	10	100,000	100,000	-	-	100,000	-
37.Tunisia	22	220,000	220,000	-	-	220,000	-
38.Uganda	20	200,000	200,000	-	-	200,000	-
39.Zaire	18	180,000	180,000	-	-	180,000	-
40.Zambia	31	310,000	310,000	-	-	310,000	-
SUB-TOTAL	817	8,170,000	7,730,000	440,000	390,000	7,780,000	2.29
NON MEMBER COUNTRIES							
1.Botswana	9	90,000	90,000	-	-	-	-
2.Cape Verde	9	90,000	90,000	-	-	-	-
3.Comoros	9	90,000	90,000	-	-	-	-
4.Djibouti	9	90,000	90,000	-	-	-	-
5.Equatorial Guinea	9	90,000	90,000	-	-	-	-
6.Lesotho	9	90,000	90,000	-	-	-	-
7.Malawi	9	90,000	90,000	-	-	-	-
8.Mozambique	18	180,000	180,000	-	-	-	-
9.Namibia	9	90,000	90,000	-	-	-	-
10.Sao Tome & Principe	9	90,000	90,000	-	-	-	-
11.Zimbabwe	28	280,000	280,000	-	-	-	-
	127	1,270,000	1,270,000	-	-	-	-
NON ALLOCATED SHARES	56	560,000	560,000	-	-	-	-
SUB-TOTAL	183	1,830,000	1,830,000	-	-	-	-
GRAND TOTAL	3,000	30,000,000	12,880,000	17,120,000	17,070,000	7,780,000	100.00

ANNEX III

SUMMARY ADMINISTRATIVE BUDGET
FOR THE PERIOD
1ST JANUARY TO 31ST DECEMBER, 1993

	1993 US$ '000	1992 US$ '000
Capital Expenditure (including furniture, fittings and motor vehicles)	372	149
Annual General Assembly (including hall facilities, transportation, subsistence allowances and travel expenses relating thereto)	129	142
Board of Directors' Meetings (including hall facilities, transportation, subsistence allowances, attendance fees and travel expenses relating thereto)	253	225
Emoluments of Management and other staff	2,477	2,526
Travel & Subsistence Expenses relating to operations, education and training	285	206
General Expenses	1,056	950
	4,572	4,198