AFRICAN REINSURANCE CORPORATION
GENERAL ASSEMBLY
7TH ANNUAL ORDINARY MEETING
ARUSHA, TANZANIA, 27-28 JUNE 1985

AFRICARE/GA/9/54

# Report of the Board of Directors covering the period 1st January to 31st December, 1984

**AFRICAN REINSURANCE CORPORATION**
**SOCIETE AFRICAINE DE REASSURANCE**

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Date: 27th June, 1985

Honourable Representatives
General Assembly
African Reinsurance Corporation

Your Excellencies,

In accordance with the provisions of the Agreement Establishing the African Reinsurance Corporation, in particular Articles 14 and 37 thereof, and of 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, 1984, as well as the Summary of the approved Administrative Budget for the 1985 financial year.

Please accept, Your Excellencies, my highest regards.

Côme SIMBANANIYE
Chairman of the Board of Directors

## COMPOSITION OF AFRICA RE BOARD OF DIRECTORS

*Chairman*
Côme Simbananiye (Burundi)

*Vice-Chairman*
E. Okwor (Nigeria)

*Directors*
E.M. Abdel Bary (Egypt)
S.H. Konie (Zambia)
G. Mwaikambo (Tanzania)
P.A. Dieng (Senegal)
A. Issad (Algeria)
M.S. Naas (Libya)
I.M. Hamed (African Development Bank)

*Alternate Directors*
C.M. Kokouendo (C.A.R.)
(Alternate to C. Simbananiye)
O. Dibba (Gambia)
(Alternate to E. Okwor)
S.R. Mensah (Benin)
(Alternate to P.A. Dieng)
S. Kanouni (Morocco)
(Alternate to M.S. Naas)
A.T. Kaminchia (Kenya)
(Alternate to S.H. Konie)
A. Bezabeh (Ethiopia)
(Alternate to G. Mwaikambo)
Abdel A. El-Dawi (Sudan)
(Alternate to E.M. Abdel Bary)
A. Sangowawa (ADB)
(Alternate to I.M. Hamed)
M.O. Haroun (Mauritania)
(Alternate to A. Issad)

## COMPOSITION OF AFRICA RE MANAGEMENT

Eyessus W. Zafu (Ethiopia)
General Manager and Chief Executive

Ahmed E.A. Elsanusi (Sudan)
Deputy General Manager

Bakary Kamara (Mauritania)
Secretary General

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# Foreword

This 7th Annual Report and Accounts for the Financial Year 1984 presents the final Technical Results of the Corporation's closed Underwriting Years 1978 to 1982 and still open Underwriting Years 1983 and 1984. It includes comments on the Corporation's performance during the Financial Year and the circumstances under which it operated, with indications of the prospects for its future growth and development, and the External Auditors' Report. Finally, the Report incorporates the resolutions adopted by the 6th Annual General Assembly which was held in Lagos on 19 and 20 July, 1984.

The last two Annual Reports expressed great concern over the grave problem of negative difference in exchange which far exceeded the Corporation's positive underwriting results of the financial years ended 31st December 1982 and 1983. Since its first appearance in the accounts for the financial year 1981, it had become one of the central issues which dominated the attention and time of the Corporation's Management, Board of Directors and External Auditors.

Following its identification however, a series of studies had been conducted and selected measures applied to reduce the quantum of such loss and to minimise its adverse financial effects. Modest success has been achieved. Thus when compared to exchange loss of US$5,254,315 and US$4,282,963 contained in the accounts of the financial years ended 31st December 1982 and 1983 respectively, this year's negative difference in exchange of US$2,714,784 shows an appreciable downward trend.

Among other factors, the application in 1984 of selected measures proposed by the External Auditors has resulted in reducing exchange loss and its adverse financial effects and in raising investment income. The Board of Directors wishes to record its recognition and thanks to the External Auditors, who were reappointed for the financial year 1984 with the additional mandate of assisting Management to reduce exchange loss, for the satisfactory discharge of their assignment.

However, this magnitude of exchange loss in relation to the Corporation's level of transaction is still high enough to significantly alter its otherwise satisfactory underwriting results. Accordingly, the Corporation has continued its studies of ways and means by which exchange loss and its effects could be reduced further. Some tenable conclusions in this regard have been arrived at. While this year's accounts could not benefit from a few of these conclusions, appropriate structural changes in the Corporation's Technical and Financial basis of operations to be implemented from 1st January, 1985 are expected to appreciably reduce future exchange loss and its effects.

The Corporation is realistically confident about its ability to effectively reduce exchange loss and its adverse effects. However, there is that aspect of exchange loss, the minimisation of which is more dependent upon the Exchange Control Authorities of Member States. The conversion of balances settled in original currencies by ceding companies in some Member States continues to be unduly delayed. Such delays continue to cost the Corporation in more ways than one. On the one hand, it loses interest income and on the other hand, such balances are occasionally subjected to drastic official devaluations and gradual depreciations. Negative difference in exchange resulting from this practice tends to defeat the intended objectives of the Corporation of maintaining accounts in some Member States with balances sufficient to pay for small claims and related costs. Besides, cedants settling balances by paying into such accounts consider themselves as having paid Africa Re and hence entitled to any claims recoveries from Africa Re. However, Africa Re's ability to pay claims whenever and wherever they arise is directly related to its ability to convert its balances in Member States without undue restraint and constraints.

During the year under review a smooth Management transition has been effected. The Management Team has quickly settled down and is presently engaged in consolidating the Corporation's past gains and charting its future developments.

The Board of Directors thanks both outgoing and present Management and Staff for their dedication and hard work.

# Background

### General Economic Conditions

The depressed economic conditions which had prevailed in Africa and, indeed, in the world in the past few years continued throughout 1984. Reduced economic activities, slower growth and more severe foreign exchange shortages characterised the economies of most African countries.

Most of Africa Re's income currencies continued to fluctuate though not as sharply as they did in the previous 2 to 3 years. The United States Dollar, the Corporation's reporting currency, continued to strengthen against all other currencies including those of Africa.

### Premium Income

The decrease in general economic activities of countries in which most of the Corporation's cedants operate tended to reduce insurance premiums in absolute terms in some markets and dampened the expected growth in others. This in turn had a depressing effect on Africa Re's Gross Premium Income.

The considerable appreciation in the value of the United States Dollar combined with the depreciations and official devaluations of many African currencies to bring about an appreciable contraction of the Corporation's Dollar translated income.

In the light of the foregoing factors, therefore, Africa Re's achieved Gross Premium Income of US$47,088,500 for the financial year 1984 may be considered satisfactory.

### Losses

Although there were no spectacular losses of the magnitude of Aswani Textile Industries (Nigeria) in 1982, Nigerian External Telecommunications (Nigeria), Société Nationale des Véhicules Industriels (ROUIBA, Algeria), National Weaving and Spinning (Libya) in 1983, there were however a greater number of smaller losses in 1984. The majority of these losses occurred in the Fire Branch: Central Bank of Tanzania, Nitrogen Chemical Plant of Zambia, Berger Paints of Kenya and Cyclone Domoina of Swaziland.

Apart from the increase in recent years in the incidence of industrial fires, efforts to minimise consequent losses and/or damages have not been very successful. This would indicate the apparent need for more efforts and measures aimed at not only preventing the occurrences of, but also minimising losses and/or damages resulting from such fires. In this connection, a more persistent and forceful requirement by underwriters for appropriate survey reports on risks being proposed for insurance and systematic follow-ups and implementations of recommended risk improvements can make positive contributions to both loss prevention and loss minimization.

### New/Amended Insurance Legislations/Regulations

During the course of the year 1984 some Member Countries introduced and are introducing new and/or amended measures to regulate their insurance industries, while some others took steps to allow insurance companies to align premium rates in given branches with claims trends. Notable developments in this respect were those of Kenya, Mauritius and Nigeria, where a review of existing legislations/ regulations are presently at their final stages and can be expected to come into effect in the next one to two years.

In Egypt agreement was reached amongst insurance companies to stabilise the market and the Supervisory Authorities have consented to modest increases in tariffs for almost all the branches of insurance. An equally significant and positive step taken in this market was the authorisation of insurance/reinsurance companies to use pre-agreed fixed exchange rates in their insurance transactions with effect from 1st January, 1985.

In Tanzania, motor tariffs were increased by 15% with effect from 1st January, 1984. This move took into congnizance the gradually worsening moto claims experience in that market.

In Morocco, a new 'Dahir' (regulation) aimed at, among others, establishing an equitable relationship between the deteriorating loss experience and the scale of indemnities for bodily injuries to victims of automobile accidents, has been introduced.

### Other Insurance/Reinsurance Developments

Three other developments in the African insurance/ reinsurance scene in 1984 that deserve mention were the commencement of reinsurance operations by a sister institution, the CICA-RE, the co-insurance pooling arrangement between companies of FANAF and the setting up of the African Aviation Pool initiated by the African Insurance Organisation.

### CICA-RE

Established in September 1981 by an agreement between the Member States of CICA, CICA-RE

commenced operations as a full-fledged reinsurance concern with its Headquarters in Lome, Togo with effect from 1st January, 1984. It represents a welcome addition to the retention capacity of the sub-region and indeed to Africa. Africa Re is already on the panel of CICA-RE's retrocessionaires and looks forward to a long future of co-operation, interaction and mutual development.

### FANAF Co-insurance Pool

Insurance companies affiliated to FANAF reached an agreement whereby a system of co-insurance was introduced to enable them spread, among themselves, the larger risks which are in excess of the capacities of the original insurers. Accordingly, such businesses are now to be offered first to participating members before seeking reinsurance cover from outside the region or the continent, thus significantly reducing the need for extra-regional and continental capacity and enhancing the retentions of the member companies.

### African Aviation Pool

It has long been recognised that African Airlines paid and continue to pay very high aviation insurance premiums. Among other reasons, the fact that African Airlines have neither the volume nor the technological back-up, that they do not pay premiums promptly etc., coupled with the contracting international market for Aviation Insurance, have continued to influence underwriters' approach to African Aviation business. The deterioration of the loss experience of Aviation business world-wide had tended to exacerbate an already unfavourable position.

The issue was raised and discussed at several meetings of the African Insurance Organisation. Several companies expressed interest in setting up an African Aviation Pool. The African Insurance Organisation set up a Technical Committee to study the possibilities and feasibility of establishing such a Pool. On the basis of the findings and recommendations of this Technical Committee, the African Aviation Pool was finally established with 24 Founding Members, and its management entrusted to the African Reinsurance Corporation.

The Pool commenced operation in 1984 with a projected premium income of US$400,000 for the first 12 months. It completed its first year of operation with modest success. It promptly paid its share of the Cash Call following the total loss of a Cameroun Airlines Boeing 737 early in 1984 and still closed the year with a positive result.

Managed from Africa Re's Regional Office in Casablanca it is presently participating in the insurance of almost all African Airlines. While the size of the Pool is not large enough and the Pool itself is not old enough to influence the rating of African Airlines at present, it is nevertheless expected to afford African Aviation Underwriters useful experience and more reliable statistics both of which are important pre-requisites for a more equitable and meaningful dialogue and co-operation with international Aviation Underwriters and Intermediaries.

# Operations

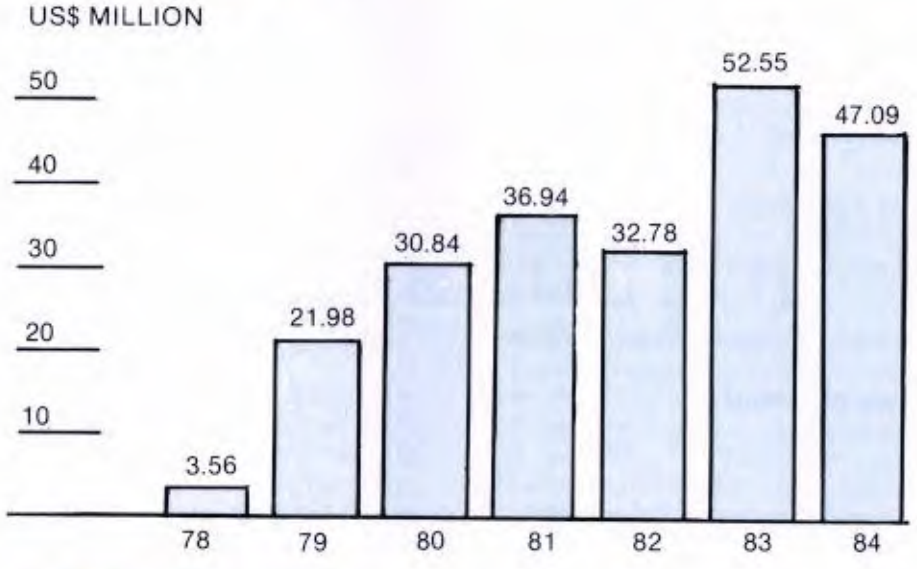
## INCOME GLOBAL

The Gross Premium Income (after Premium Portfolio Adjustments but before Retrocession) during the financial year 1984 was US$47.09 million as against US$52.55 million recorded in 1983. On the face of it, this year's income represents a drop of 10.4% from that of 1983.

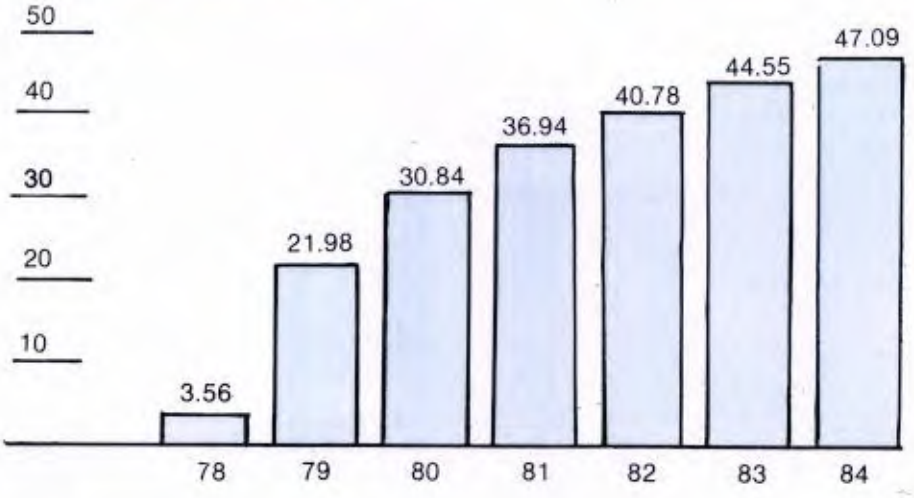
However, the recorded Gross Premium Income of US$52.55 million in 1983 contained premiums in excess of US$8.00 million which did not belong to that year. The findings of both the External Auditors and Management confirmed that the excess US$8.00 million belonged to the financial year 1982 which was understated by the same amount in 1983 (statements received in 1982 but processed and recorded in 1983). Accordingly, the Gross Premium Incomes for the financial years 1983 and 1982 were adjusted to US$44.55 million and US$40.78 million respectively to appropriately reflect the incomes of each of these years. Viewed against this background therefore, the Gross Premium Income achieved in the financial year 1984 represented a 5.7% increase over that of 1983.

### DEVELOPMENT OF GROSS PREMIUM INCOME—ALL CLASSES—BY FINANCIAL YEAR

#### A. BEFORE ADJUSTMENT

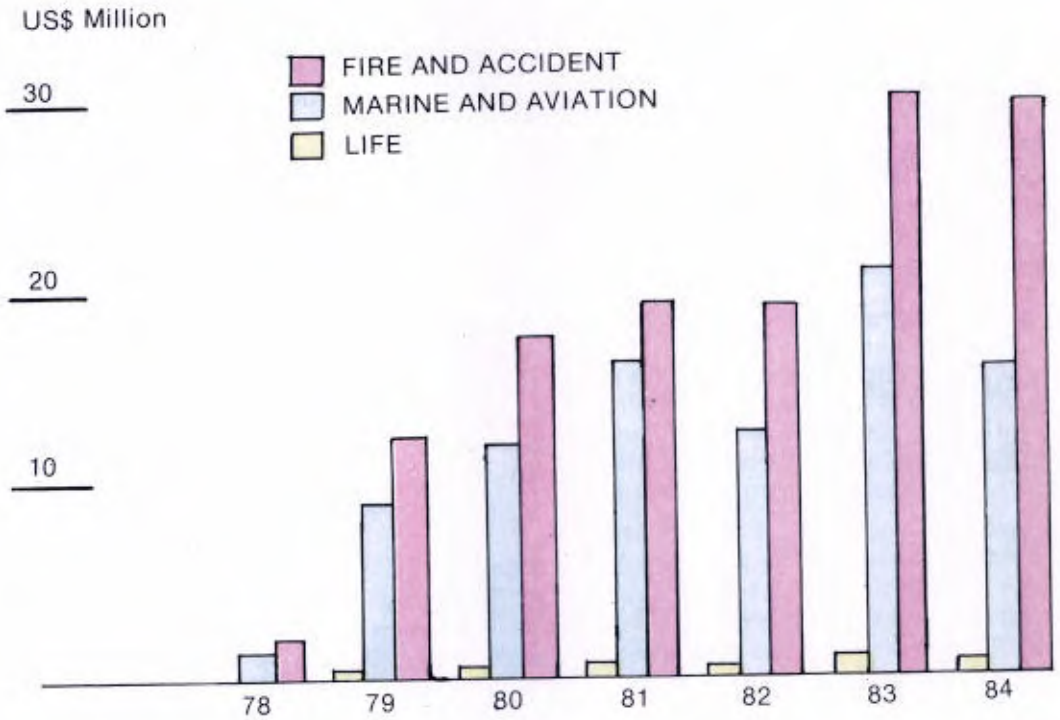



#### B. AFTER ADJUSTMENT

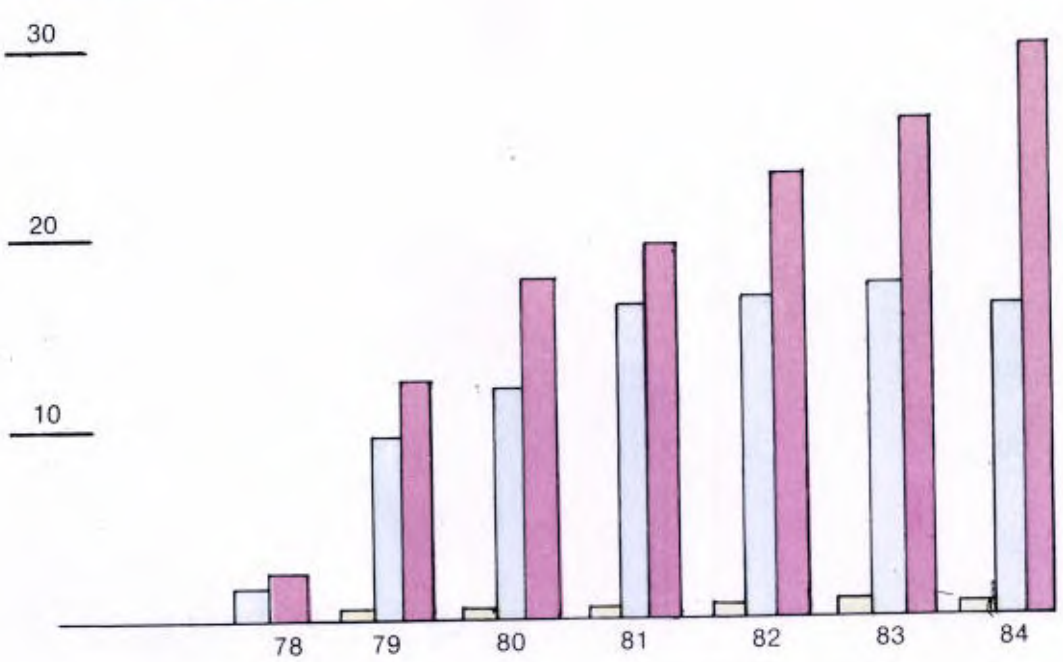


## DEVELOPMENT OF GROSS PREMIUM INCOME—BY CLASS—BY FINANCIAL YEAR

### A. BEFORE ADJUSTMENT




### B. AFTER ADJUSTMENT



Compared to the growth rates of 10.4% in 1982 and 9.2% in 1983, this year's 5.7% was the lowest. However, it was recognised that this year's income would have been significantly higher had it not been for the continued weakening, during the year, of most of the Corporation's income currencies and the relative strengthening of its reporting currency, the United States Dollar.

A marginal fall in the Gross Premium Income was also attributed to a somewhat recent but apparent development in the market place of reinsurance. More and more ceding companies are increasingly utilising Excess of Loss protections at considerably reduced premiums even for classes traditionally covered by proportional treaties.

Two other factors that contributed to a slight reduction in this year's Gross Premium Income were Africa Re's decision to reduce international inward and large African Facultative Acceptances as well as its Management decision to include in the 1984 Accounts only statements received on or before 31st December 1984 (in previous years books were kept open until the end of February).

On the whole the development of the Corporation's Gross Premium Income since it started operations in January 1978 appeared satisfactory. The graphical representations show the trends of this development before and after adjusting for the Premiums for the financial years 1982 and 1983.

Understandably, the highest growth rates were achieved during the initial years. Thus the 1979 Gross Premium Income was more than 5 times that of 1978 while the 1980 Gross Premium Income was 40.3% higher than that of 1979. In 1981 the Gross Premium Income was 19.8% more than that of 1980 while the corresponding growth rates in 1982 and 1983 were 10.4% and 9.2% respectively.

## SECTORAL SHARES

The Fire & Accident Class which included Engineering remained the dominant source of income for the Corporation. At US$30.15 million it represented 64% of the total Gross Premium Income for the financial year 1984. Using the adjusted figure, this branch had a Gross Premium of US$25.6 million in 1983 and represented 57.4% of that year's income.

The contribution of the Marine & Aviation Class in 1984 was US$ 1.96 million lower than in 1983. At US$16.30 million it accounted for 34.6% of total Gross Premium Income in 1984 as against US$18.25 million and a relative contribution of 41% in 1983.

**Gross Premium Income (1983 Adjusted)**
In US$ MILLION

| Gross Premium / Class | Fin. Year '84 Amt | % | Fin. Year '83 Amt | % |
|---|---|---|---|---|
| Fire & Accident Incl. Engineering | 30.15 | 64.0 | 25.60 | 57.4 |
| Marine & Aviation | 16.30 | 34.6 | 18.25 | 41.0 |
| Life | 0.64 | 1.4 | 0.70 | 1.6 |
| Total | 47.09 | 100 | 44.55 | 100 |

The fall in the Marine & Aviation income in 1984 was anticipated since the highest income sub-class, Marine Cargo, which is more sensitive to economic depressions and foreign exchange constraints than most other classes, was bound to be affected by the continued prevalence of these conditions throughout the year.

The income of the Life branch at US$0.64 million in 1984 was US$0.06 lower than the income of 1983 and its relative contributions were 1.4% in 1984 and 1.6% in 1983.

While the Corporation's income was mainly derived from the 5% cessions from companies in Member States, Africa Re was increasingly involved in writing additional lines as well as Facultative acceptances since mid-1982. The trend was slowed down in 1984 to enable the Corporation to concentrate on areas with better balance treaties. Therefore the income in 1984 from additional acceptances was relatively low.

## GEOGRAPHICAL DISTRIBUTION

The highest income in 1984 came from the North African markets. With a Gross Premium Income of US$16.09 million North Africa accounted for 34.10%. West Africa produced a Gross Premium Income of US$13.40 million or 28.50% of the income for the year. The Corporation's international inward acceptances came a far third with a Gross Premium Income of US$7.46 million or 15.80%, followed by Central Africa and East Africa each producing US$5.49 million or 11.70% and US$4.65 million or 9.90% respectively.

The income from international inward acceptances showed a significant increase in 1984 (from US$ 6.30 million in 1983 to US$ 7.46 million in 1984) in spite of the decision to reduce this type of business during the year. The increase was due to the

recording of a substantial amount of international inward business in the financial year 1984 in respect of acceptances made in underwriting years prior to 1984.

## OTHER INCOMES

### Short-Term Investment

The Corporation's income from short-term investments in 1984 showed a marked increase over that of 1983 (from US$334,592 in 1983 to US$491,739 in 1984). Interest income from reinsurance deposits in 1984 also showed a significant increase over similar income in 1983 (from US$485,926 in 1983 to UN$626,838 in 1984).

Although interest rates on short-term US Dollar accounts showed slight rise during the year (from 9.6875% in January to 10.75% in December, 1984) the increase in short-term investments by about US$1 million and improvements in interest rates being received on deposits withheld by ceding companies would appear to have been the main contributing factors to the overall increase in investment income.

### Long-Term Investment

As in the past, Africa Re's long term investment in a sister institution, the Company for Habitat and Housing in Africa (Shelter-Afrique) did not yield any income during 1984. However, this institution has now overcome difficulties usually associated with initial establishments and is expected to go operational from 1st January, 1985. While it would be unrealistic to expect quick returns on this investment, the Corporation is nevertheless confident that the investment will prove its economic worth in the not too distant future.

## OUTGO

### Gross Claims

### Global

The Gross Claims (after loss portfolio adjustment but before retrocession) for the financial year 1984 amounted to US$20.79 million as against US$14.84 million in 1983. This represented a 40.1% increase which, by any standard, was considered high and merited closer analysis.

### Sectoral

An examination of the sectoral dispersion of the Gross Claims showed that while loss in both Marine & Aviation and Life showed slight falls in 1984 (from US$6.99 million in 1983 to US$6.5 million in 1984 for Marine & Aviation and from US$0.28 million in 1983 to US$0.17 million in 1984 for Life) the loss in the Fire & Accident class had risen very steeply from US$7.57 million in 1983 to US$14.12 million in 1984. The relative proportions of the losses in this class were 67.9% in 1984 and 51.0% in 1983.

### Gross Claims
### (After Loss Portfolio Adjustment But Before Retrocession)

IN US$ MILLION

| Gross Claims / Class | Fin. Year 1984 Amt | % | Fin.Year 1983 Amt | % |
|---|---|---|---|---|
| Fire & Accident Incl. Engineering | 14.12 | 67.9 | 7.57 | 51.0 |
| Marine & Aviation | 6.50 | 31.3 | 6.99 | 47.1 |
| Life | 0.79 | 0.8 | 0.28 | 0.9 |
| Total | 20.79 | 100 | 14.84 | 100 |

In the light of the dominant proportion the Fire & Accident class bears to Africa Re's total business portfolio and the general nature of the Corporation's portfolio mix (few very high liability risks), its high contribution to the gross loss was not unexpected. However a jump of US$6.55 million or 86.5% over a corresponding figure for the previous year was considered alarming. Accordingly, a more detailed analysis of the Gross Claims for the financial year was carried out.

### Detailed Analysis
### By Underwriting Year

Relating the losses to the respective underwriting years showed that 1983 had recorded the highest Gross Loss, US$9.42 million or 45.31% of the total for the financial year 1984. Underwriting year 1982 (the year being closed for the first time) with US$6.46 million or 31.07% came second while the closed years 1978 to 1981 accounted for the gross loss of US$4.88 million or 23.47%. The loss recorded under underwriting year 1984 was only US$0.03 million or 0.15%; both these last figures were not considered developed enough to either justify further scrutiny or warrant any meaningful conclusions.

### By Region

A further exercise was carried out, this time, to identify the areas or regions associated with the larger losses. The analysis showed that North Africa topped the list with a recorded loss of US$7.42 million or 36% of the total gross loss for the financial year 1984. Next in line was world-wide (international inward) with a gross loss of US$6.44 million or 31%. A far third was West Africa with US$3.74 million or 18% followed in the fourth and fifth places by Central and East Africa with gross losses of US$2.13 million or 10% and US$1.06 million or 5% respectively.

Out of the total gross loss of US$20.79 million in 1984 69% (US$14.35 million) emanated from the Corporation's African business portfolio while the remaining 31% (US$ 6.44 million) came from its international inward acceptances.

### Loss Ratio

### Gross Basis

The foregoing analysis would not be complete without a brief look at the relationship between the gross premiums and the gross losses (gross loss ratio).

Admittedly, the gross nature of the resultant ratios would limit their usefulness as reliable indicators. Nevertheless they can justifiably be presumed sufficient pointers to the quality of the Corporation's business.

**GROSS CLAIMS OF FINANCIAL YEAR 1984**
**BY CLASS/BY UNDERWRITING YEAR**
IN US$ MILLION

| CLAIMS BY U/YEAR / CLASS | UNDERWRITING YEAR | | | | FINANCIAL YEAR |
|---|---|---|---|---|---|
| | 78—81 | 1982 | 1983 | 1984 | 1984 |
| **AFRICA** | | | | | |
| Fire & Accident | 1.98 | 1.76 | 5.54 | (0.40) | 8.88 |
| Marine & Aviation | 2.14 | 1.72 | 1.23 | 0.21 | 5.30 |
| Life | 0.04 | 0.02 | 0.09 | 0.02 | 0.17 |
| Total—Africa | 4.16 | 3.50 | 6.86 | (0.17) | 14.35 |
| **WORLD-WIDE** | | | | | |
| Fire & Accident | 0.57 | 2.32 | 2.17 | 0.18 | 5.24 |
| Marine & Aviation | 0.15 | 0.64 | 0.39 | 0.02 | 1.20 |
| Total—World-wide | 0.72 | 2.96 | 2.56 | 0.20 | 6.44 |
| Total—All Regions | 4.88 | 6.46 | 9.42 | 0.03 | 20.79 |
| As % of Total | 23.47 | 31.07 | 45.31 | 0.15 | 100 |

## All Classes
## All Regions

The gross loss ratio for the Corporation's total portfolio for the financial year 1984 worked out at 44.15% [(gross loss ÷ gross premiums) x 100]. This ratio could well exceed 50% when provisions for IBNR are included in the gross claims. On the other hand the exercise demonstrated that this high ratio was greatly influenced by the disastrous claims experience of the Corporation's international inward business shown in the table as "World-Wide." World-Wide during the 1984 financial year wrote gross premiums of US$5.82 million under Fire & Accident and US$1.64 million under Marine & Aviation. The gross claims under these two classes for the same period were US$5.24 million and US$1.20 million respectively, thus producing gross loss ratios of 90% and 73.2%. The two classes combined produced a gross premium of US$7.46 million and a gross loss of US$6.44 million resulting in a gross loss ratio of 86.3%. These results confirmed what was already recognised by Africa Re that the Corporation needed to exercise more caution and to apply fact-supported, selective underwriting criteria in each and every international inward acceptance.

By contrast, African business produced a gross premium income of US$39.63 million against a gross loss of US$14.35 million and a gross loss ratio of 36.2%. Viewed against earlier observations that the gross loss ratio recorded in 1984 was in fact 40.1% higher than that of 1983, the above loss ratio was considered quite satisfactory.

Fire & Accident businesses emanating from Africa produced an income of US$24.34 million against a loss of US$8.88 million resulting in a loss ratio of 36.5%. Similarly, the Corporation's African Marine & Aviation business registered a premium of US$14.65 million against a loss of US$5.30 million and a loss ratio of 36.2% while Life business recorded an income of US$0.64 million and a loss of US$0.17 million ending with a loss ratio of 26.6%.

A glance at the qualities and sizes of the Corporation's regional business portfolio clearly confirmed that North Africa during 1984 produced both the highest gross premium and the highest gross loss. With an income of US$16.10 million and a loss of US$7.42 million it produced the highest regional loss ratio of 46.1%. The Fire and Accident class of this region recorded a premium of US$8.3 million and a loss of US$3.92 million which worked out at a loss ratio of 44.9%. With a premium of US$7.14 million and a loss of US$3.41 million the regional Marine and Aviation class had a loss ratio of 47.8%.

With a much smaller income of US$5.49 million and a loss of US$2.13 million Central Africa produced the next highest loss ratio of 38.8%.

West Africa produced the second highest premium income of US$13.40 million against a loss of US$3.74 million and a loss ratio of 27.9%.

Finally East Africa as a region recorded the lowest premium income at US$4.64 million as well as the lowest loss at US$1.06 million to produce the lowest loss ratio of 22.8%.

### RATIO OF GROSS LOSS TO GROSS PREMIUM BY CLASS AND BY REGION

### FINANCIAL YEAR 1984

IN US$ MILLION

| GROSS LOSS/PREM. BY CLASS / REGION | FIRE & ACCIDENT | | | MARINE & AVIATION | | | LIFE | | | ALL CLASSES | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Claims | Gross Prem. | Loss Ratio % | Gross Claims | Gross Prem. | Loss Ratio % | Gross Claims | Gross Prem. | Loss Ratio % | Gross Claims | Gross Prem. | Loss Ratio % |
| West Africa | 2.62 | 8.32 | 31.5 | 1.09 | 4.83 | 22.6 | 0.03 | 0.25 | 12.0 | 3.74 | 13.40 | 27.9 |
| Central Africa | 1.43 | 3.86 | 37.0 | 0.66 | 1.58 | 41.8 | 0.04 | 0.05 | 80.0 | 2.13 | 5.49 | 38.8 |
| North Africa | 3.92 | 8.73 | 44.9 | 3.41 | 7.15 | 47.8 | 0.09 | 0.22 | 40.9 | 7.42 | 16.10 | 46.1 |
| East Africa | 0.91 | 3.42 | 26.5 | 0.14 | 1.10 | 12.7 | 0.01 | 0.12 | 8.3 | 1.06 | 4.64 | 22.8 |
| All Regions—Africa | 8.88 | 24.33 | 36.5 | 5.30 | 14.66 | 36.2 | 0.17 | 0.64 | 26.6 | 14.35 | 39.63 | 36.2 |
| World-wide | 5.24 | 5.82 | 90.0 | 1.20 | 1.64 | 73.2 | | | | 6.44 | 7.46 | 86.3 |
| All Regions | 14.12 | 30.15 | 46.8 | 6.50 | 16.30 | 39.9 | 0.17 | 0.64 | 26.6 | 20.79 | 47.09 | 44.15 |

## OTHER EXPENSES

### Management

Management expenses for the financial year ended 31st December, 1984 amounted to US$3.14 million as against US$3.04 million for 1983. While the increase of US$0.01 million was considered negligible, the 1984 expenses appeared to bear higher proportions in relation to the Gross Premium Income and/or Retained Premium Income. Management expenses for 1984 worked out at 6.66% of gross premium income and 8.59% of retained premium income as against 5.78% and 7.35% respectively for 1983 (using the 1983 gross premium before adjustment). However, if one were to relate the 1984 expenses to the adjusted gross and retained premium incomes for that financial year the proportions would have worked out at 6.82% and 8.67% respectively. Nevertheless the usefulness of these indicators is limited in view of certain facilities and privileges which the Corporation enjoyed and continues to enjoy without having to incur additional expenses.

### General Assembly and Board Meetings

During the year under report a significant reduction (from US$444,572 in 1983 to US$309,154 in 1984) was achieved in expenses related to General Assembly and Board of Directors' Meetings. This was attributed to increasing cost consciousness of both the Board and Management of Africa Re.

## RETENTION AND RETROCESSIONS

### Financial Year 1984

The Corporation in 1984 continued with the three basic Reinsurance Programmes that it had in 1983, those being the Priority Line Surplus, the General First Surplus and the Whole Account Excess of Loss. The capacity under the General First Surplus Programme was reduced from 10 lines in 1983 to 8 lines in 1984.

Africa Re maintained in 1984 the same levels of retentions (US$250,000 under Fire & Accident and US$150,000 under Marine & Aviation) as in 1983. The retained premium income for this year was US$36.53 million or 77.6% of the Gross Premium written (US$47.09 million) as against 78.6% in 1983. The marginal drop of 1% in the Corporation's retained premium could perhaps be partly attributed to the structure and mix of liabilities being written and partly to the slight increase in Facultative acceptances higher proportions of which were being retroceded.

### Underwriting Year 1982

A more accurate indication of the Corporation's retention performance could be found in the results of underwriting year 1982 which was closed this year for the first time and all the preceding closed years.

## RETENTION AND RETROCESSION BY UNDERWRITING YEAR

IN US$ MILLION

| Retn/Retro / U/Year | Gross Prem. Written | Africa Re Net Retn. | | RETROCESSION | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | African Companies | | Others | | Total | |
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 1978 | 20.81 | 13.28 | 63.81 | 1.99 | 9.57 | 5.54 | 26.62 | 7.53 | 36.19 |
| 1979 | 29.23 | 20.22 | 69.18 | 4.47 | 15.29 | 4.54 | 15.53 | 9.01 | 30.82 |
| 1980 | 35.79 | 25.77 | 72.00 | 5.65 | 15.78 | 4.37 | 12.22 | 10.02 | 28.00 |
| 1981 | 38.19 | 29.10 | 76.20 | 5.76 | 15.08 | 3.33 | 8.72 | 9.09 | 23.80 |
| 1982 | 42.45 | 33.88 | 79.80 | 8.15 | 19.20 | 0.42 | 1.00 | 8.57 | 20.20 |
| | 166.47 | 122.25 | 73.44 | 26.02 | 15.63 | 18.20 | 10.93 | 44.22 | 26.56 |

The Underwriting Year 1982 recorded a gross premium income of US$42.45 million as at 31st December, 1984, out of which Africa Re retained (for net account) US$33.87 million or 79.8% as gainst a comparable percentage of 76.2% for Underwriting Year 1981. The increase of 3.6% in the Corporation's net retention between 1981 and 1982 was accounted for by its decision in 1982 to raise its retentions from US$200,000 to US$250,000 under the Fire & Accident Class and from US$100,000 to US$150,000 under the Marine & Aviation Class.

However the true value to Africa of this Corporation's retention performance cannot be judged by its own net retention only. One of the cardinal purposes for which it was in the first place created was and still is its contribution to fostering the development of the insurance and reinsurance industry in Africa by way of promoting growth in the Continent's national, regional, and sub-regional underwriting and retention capacities.

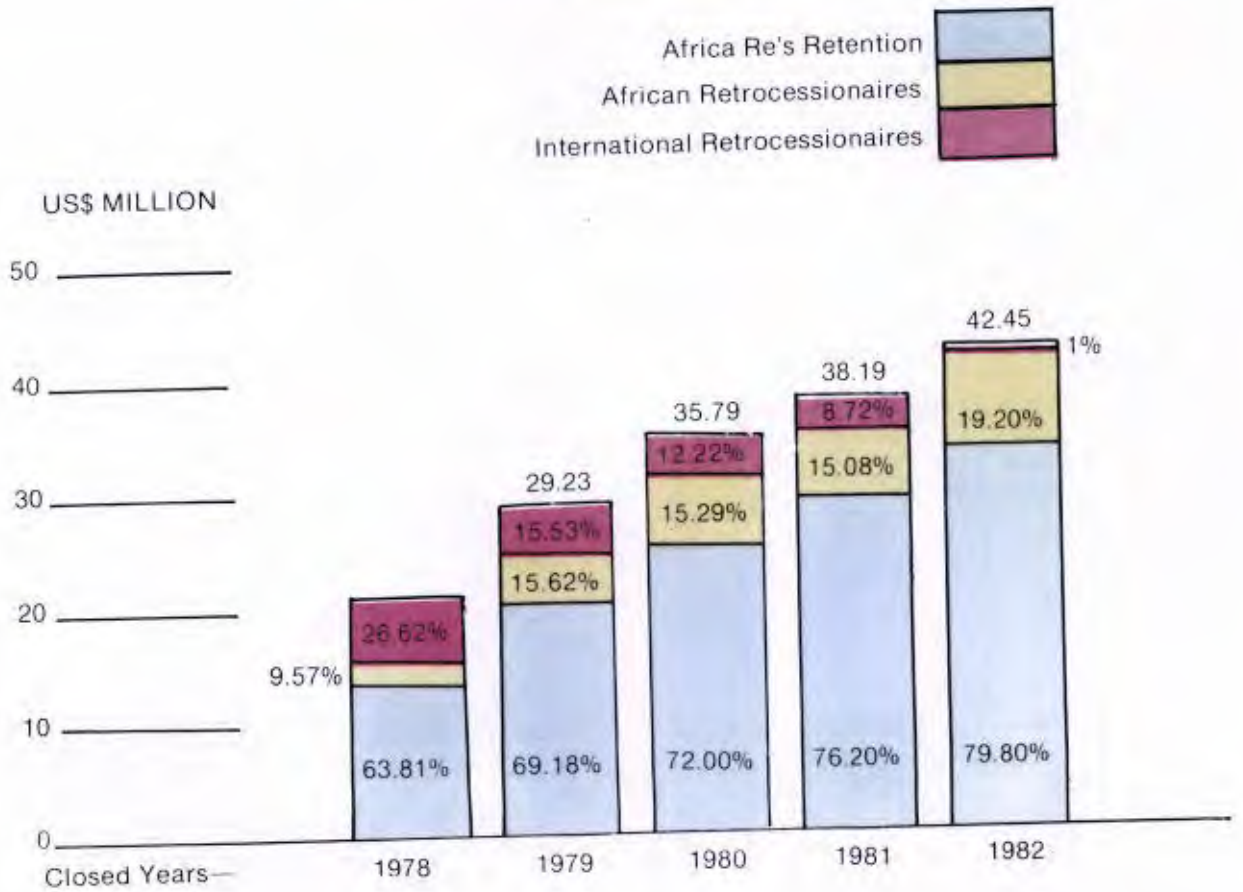
For the five closed underwriting years (1978 to 1982) Africa Re wrote a gross premium of US$166.47 million out of which it retained 73.44% for net account and retroceded US$44.22 million or 26.56%. Out of the retroceded premium of US$44.22 million, US$26.02 million or 58.84% went back to African companies while the balance of US$18.20 million or 41.16% went to companies outside the Continent.

The proportion retained by Africa Re and its African retrocessionaires showed a satisfactory development from 73.38% in 1978 to 99.00% in 1982; a convincing and practical demonstration of the validy and relevance of the African Reinsurance Corporation in the business of African insurance and reinsurance.

### Looking Ahead

Africa Re's performance since its inception in 1978 has, by and large, been satisfactory. It has made

**DEVELOPMENT OF RETAINED & RETROCEDED PREMIUMS**



positive contributions to fostering the development of the insurance and reinsurance industry in Africa. Its efforts to promote growth of African underwriting and retention capacities at all levels cannot be over-emphasized. Equally true however is the conviction that Africa Re can do a great deal more and better if all Shareholders were to fully comply with the practical imperatives of the Agreement that set it up, particularly those relating to the conversion and transfer of net balances due to it and resulting from reinsurance transactions. Were it not for the serious delays in some Member States in the transfer of funds due to the Corporation, Africa Re's technical and financial capacity would have today been double or three times its present capacity.

The Corporation's growing operational experience clearly indicates the profitability of its African business portfolio (characterised by a combined ratio of well under 100 and probably between 80 and 85).

Even with gradual deteriorating loss experience the reinsurance business of the Continent continues to yield underwriting profits. And the Life Assurance sector is demonstrably the most profitable.

Presently a considerably higher proportion of the reinsurance of African business is being purchased outside the Continent and therefore African insurance and reinsurance industry continues to be a net exporter of foreign exchange. Apart from practical limitations of technical and financial capacities, the African insurance and reinsurance industry will continue to purchase a fairly high proportion of its reinsurance from outside Africa for reasons of, among others, rating, training (technology transfer), communication, historical links and, to a lesser extent, reciprocal trading. On the other hand, there appears to be enough evidence to show that the present level of net foreign exchange outgo from the Continent could be brought down by a corresponding increase in the retention of the African insurance and reinsurance industry. In this regard therefore efforts to strengthen regional and sub-regional groupings, to reassess the treaty structures of African companies, to encourage or even require that new companies start with stronger capital base (as otherwise they will tend to operate as post boxes for the transfer of scarce foreign exchange) and to encourage existing companies to build their reserve funds to enable them retain more than they do at present, must be continued.

The African Reinsurance Corporation along with individual, national, sub-regional and regional sister companies is ideally placed to spur such a development. With the co-operation of monetary authorities in Member States, the facilities of various regional and sub-regional clearing houses, more exchange of insurance and reinsurance business within the Continent appears feasible and viable but only with the proviso that enhanced African underwriting/retention capacity is not mistaken for a 'cheaper' alternative to a hardening international market.

Even with its present modest financial capacity and technical competence Africa Re can write significantly higher proportions of the vast majority of African non-life Treaties and at least 10% to 20% of practically all African Life Treaties. Accordingly Africa Re plans to accelerate an existing initiative for increased participations in the treaties of most African companies on the basis of voluntary offer and acceptance. Admittedly, the Corporation's internal strength, technically, professionally and financially, will, among other factors, determine the success or otherwise of this intended drive.

Africa Re's twin objectives of professional excellence and financial viability will be pursued without relent. The achievement of these objectives is however as much dependent upon the continued support of its Cedants, its Shareholders and its Associates as it is upon its Staff, Management and Board.

## RESULTS OF THE UNDERWRITING YEAR 1982

In accordance with the accounting policy of the Corporation, the results of the Underwriting Year 1982 were determined for each class of business at the end of 1984, having been left open for three years in order to receive and bring into account late statements of account.

There was no change in the Corporation's basic system of computation to arrive at reserves for outstanding claims. However, after reassessing the loss trend from 1978 to date, it was thought prudent to marginally raise the reserves for the non-life portfolios to bring them to more realistic levels. Accordingly, the reserves for Fire & Accident for the Underwriting Year 1982 which is closed for the first time this year were increased by 5% while those of Marine & Aviation were raised by 7%. This exercise had the effect of raising the reserves for the non-Life business by US$1,995,000 which amount would have been transferred to the Profit and Loss Account had the Corporation applied the same reserving rates in 1984 as in 1983.

After meeting all obligations assumed under treaties ceded to the Corporation, and after making adequate reserves for outstanding claims for that

Underwriting Year, a profit of US$2,201,770 (1981—US$3,531,473) was made. This profit was transferred to the Profit and Loss Account.

## RESULTS OF THE FINANCIAL YEAR 1984

The technical transactions are accounted for in the Underwriting Revenue Accounts. The Underwriting Premium Income net of Retrocessions for the Financial Year 1984 amounted to US$36,533,546 (1983—US$41,298,917). Underwriting expenses amounted to US$33,356,240 (1983—US$28,140,240) leaving a net income of US$3,177,306 (1983—US$13,158,677). Reinsurance and reserve funds brought forward from the previous years total US$23,269,283 while the amount carried forward at December 31, 1984 in respect of these funds was US$23,880,231.

The reserves for the already closed years 1978—1981 were reassessed in the light of the outstanding deposits retained from the Corporation and all other information available to the Management in respect of outstanding losses. The reassessment resulted in the reserves for those years being increased by US$1,000,000 which amount would have otherwise been transferred to the Profit and Loss Account.

On the other hand, the sum of US$300,136 was taken out of the Life Fund and transferred to the Profit and Loss Account. The amount was determined by an appropriate valuation of the Fund. These transactions left a total balance of US$2,566,358 on the Underwriting Revenue Account for all the closed years which was transferred to the Profit and Loss Account.

Investment and other income yielded an amount of US$1,118,577 (1983—US$820,518). Other financial outgo totalling US$3,186,628 (1983—US$4,902,289) was also written off which left a net profit of US$498,307 (1983—US$342,131) for the Financial Year 1984.

*Members of Africa Re Management*

*Staff at Headquarters posing with former G.M., D.G.M. and new G.M. of AFRICA RE*

# Other Activities

## REGIONAL OFFICES

During the year under review there was no change in the number of the Corporation's Regional Offices. However, preliminary studies have been underway to investigate the feasibility or otherwise of a third regional office.

## RELATIONS WITH OTHER ORGANISATIONS

Africa Re during 1984 participated in functions of other organisations as Member, Associate Member and/or as Observer. The status of Africa Re's membership in such organisations were continued as in previous years.

| | ORGANISATION | AFRICA RE STATUS |
|---|---|---|
| 1. | African Insurance Organisation (A.I.O.) | Member<br>Executive Committee Member |
| 2. | Federation of Afro-Asian Insurers and Reinsurers (F.A.I.R.) | Ordinary Member |
| 3. | Organisation of African Unity (OAU) | Observer |
| 4. | Association of African Development Finance Institutions (AADFI) | Observer |

## STAFF MATTERS

The Corporation's first Team of Management consisting of Mr. Edward Mensah, General Manager and Chief Executive, Mr. Kabisi pene Yemba-Milanga, Deputy General Manager and Dr. Nabil Sedra Mohareb, Secretary General having completed its period of service left Africa Re during the year. A new Management Team was appointed—Messrs Eyessus W. Zafu, General Manager and Chief Executive, Ahmed Elnoman Abdella Elsanusi, Deputy General Manager and Bakary Kamara, Secretary General. They assumed duty respectively on 1st August, 21st August and 10th September, 1984. At the end of the financial year under review, the Corporation had a total of 107 employees broken down as follows: Headquarters 72, Regional Offices—Casablanca 19 and Nairobi 16, in addition to the 3 Members of Management mentioned above. On the whole the staff strength increased by 4 in 1984 over 1983.

The following table shows the distribution of staff by category and country of origin.

### ESTABLISHMENT STATUS AS AT 31ST DECEMBER 1984—BY COUNTRY/CATEGORY

| Countries | Professional | General Service | Manual | TOTAL AS AT | |
|---|---|---|---|---|---|
| | | | | 31.12.84 | 31.12.83 |
| Algeria | 1 | — | — | 1 | 1 |
| Angola | 1 | — | — | 1 | 1 |
| Benin | 1 | 2 | — | 3 | 3 |
| Cameroun | 1 | — | — | 1 | 2 |
| Congo | — | — | — | — | 1 |
| Ethiopia | 1 | — | — | 1 | 2 |
| Ghana | 6 | 1 | 1 | 8 | 9 |
| Kenya | 1 | 9 | 3 | 13 | 8 |
| Mauritius | 1 | — | — | 1 | 1 |
| Morocco | 2 | 9 | 3 | 14 | 13 |
| Nigeria | 9 | 35 | 12 | 56 | 50 |
| Senegal | 1 | — | — | 1 | 1 |
| Sierra Leone | 1 | — | — | 1 | 1 |
| Tanzania | 1 | — | — | 1 | 1 |
| Togo | 2 | 1 | — | 3 | 4 |
| Uganda | 2 | — | — | 2 | 4 |
| Zambia | — | — | — | — | 1 |
| Total | 31 | 57 | 19 | 107 | 103 |

*Table does not include the three Members of Management

In accordance with the Board's decision to establish the Staff Provident Fund as a separate account, such an account had been established and all the assets and liabilities of the Staff Provident Fund transferred to it. Separate accounts books were set up and the External Auditors have, in accordance with the Statutes of the Provident Fund, now audited the Fund, the audit statement for which had been included in the Financial Year's Accounts.

## NEW MEMBERSHIP

There was no new membership of the Corporation during the 1984 Financial Year. Membership remained at 36 States and the African Development Bank. However, at the invitation of the Hon. Minister of Finance of Zimbabwe, a delegation visited that country and discussed matters relating to co-operation between Africa Re and Zimbabwe Reinsurance Corporation, as well as the modalities of possible accession by Zimbabwe to the Agreement Establishing the African Reinsurance Corporation.

Although no definite expression of commitment was received as at the end of the year, Africa Re is nevertheless hopeful that Zimbabwe, and indeed all the other States, Members of the OAU already allocated shares will, in good time, join their sister States and take their rightful places as Member States of the Corporation.

## GENERAL ASSEMBLY

Following the contacts made by the Corporation and at the invitation of the Federal Military Government of Nigeria, the General Assembly held its 6th Annual Ordinary Meeting in Lagos on 19th and 20th July, 1984. The opening ceremony was presided over by the Federal Minister of Finance of Nigeria. Twenty Five States and the African Development Bank, accounting for 80.91% of voting powers were represented. Angola, Cape Verde and international organisations such as CICA and WAICA, as well as several African Ceding Companies and Retrocessionaires attended as observers.

The General Assembly approved the Report of the Board of Directors for the 1983 Financial Year and the Accounts closed on 31st December, 1983. It also considered a number of issues including the implementation of resolutions on allocation of the Corporation's share capital to non-Member States, on the need for government support in the recovery of reinsurance premiums and on capital, operations and administrative overheads.

The General Assembly finally decided to re-appoint as External Auditors of the Corporation for an exceptional mandate, the Egyptian Accounting Firm Z. Hassan, H. Hassan and Company (Egypt) so that it might complete its ongoing study on ways and means of reducing exchange loss.

The Representatives of Chad, Ethiopia, Senegal and Tunisia were elected members of the Resolutions Committee for the 7th Annual Ordinary Meeting which will take place in Arusha at the kind invitation of Tanzanian Authorities.

The text of the Resolutions adopted by the General Assembly at the meeting is attached as Annex II to this Report.

## BOARD OF DIRECTORS

During 1984, the Board of Directors held three meetings at the dates and venues indicated below:-

| Meetings | Dates | Venues |
|---|---|---|
| 28th | 23rd to 25th May | Nairobi, Kenya |
| 29th | 16th to 17th July | Lagos, Nigeria |
| 30th | 5th to 6th November | Lagos, Nigeria |

Apart from assessing the progress of the Corporation and defining an overall policy, the Board's attention was drawn to certain important issues. Among them were the accommodation assistance given to Nigerian staff at Headquarters and the reduction in administrative expenses in order to harmonise them with the objectives and resources of the Corporation. The Board also decided to increase the contribution of the Corporation and the staff to the Provident Fund to 14% and 7% of basic salary respectively. Membership of the Provident Fund was made compulsory for all permanent staff members with effect from 1st January 1984.

At its 28th Meeting, the Board appointed Messrs Eyessus W. Zafu, General Manager (Ethiopia) and Ahmed Elnoman Abdella Elsanusi, Deputy General Manager (Sudan). Mr. Bakary Kamara was appointed Secretary General (Mauritania) at the 29th Meeting.

The composition of the Board remained unchanged except for the appointment of Mr. Mohamed Ould Haroun (Mauritania) to replace Mr. A.E. Bilal (Somalia) as Alternate to Mr. A. Issad (Algeria), and Mr. A.T. Kaminchia (Kenya) in place of Mr. F.T. Nyammo (Kenya) as Alternate to Mr. S.H. Konie (Zambia).

*6th General Assembly, Lagos, Nigeria, July 1984*

## FINANCIAL HIGHLIGHTS
### for the year ended 31st December, 1984

| | | 1984 US$ | 1983 US$ |
|---|---|---|---|
| | **Underwriting Revenue Accounts** | | |
| 1. | Total Gross Premium income written in 1984 for Underwriting Years 1978 to 1984 | 47,088,500 | 52,551,375 |
| 2. | Gross Premium Retained in 1984 for Underwriting Years 1978 to 1984 | 36,533,545 | 41,298,917 |
| 3. | Net outgo being claims, commissions, charges and other expenses | 33,356,240 | 28,140,240 |
| 4. | Reserve Fund at 31st December 1984 | 12,100,000 | 9,424,569 |
| 5. | Reinsurance Fund at 31st December 1984 | 10,984,910 | 13,086,234 |
| 6. | Underwriting Profit | 2,566,358 | 4,423,902 |
| | **Investments and Income Therefrom** | | |
| 7. | Short-Term Investments | 4,918,976 | 3,922,077 |
| 8. | Income from Investments and Interest | 491,739 | 334,592 |
| | **Profit and Loss Account** | | |
| 9. | Expenses of General Assembly and Board of Directors' Meetings | 309,154 | 444,572 |
| 10. | Management Expenses | 3,137,351 | 3,036,836 |
| 11. | General Reserve and Retained Earnings at 31st December 1984 | (189,765) | (688,072) |
| 12. | Profit for the year | 498,307 | 342,131 |

**Financial Statements for the year ended 31st December, 1984 and the External Auditors Report thereon.**

The Financial Statements for the Year ended 31st December, 1984, Notes on the Accounts, Statement of Source and Application of Funds and the Report of the External Auditors thereon are given in the following pages.

## REPORT OF THE AUDITORS
### To the Members of African Reinsurance Corporation

We have examined the annexed 1984 financial statements of the 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 17 in accordance with our terms of reference and the requirements of the relevant financial regulations of the Corporation. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have obtained all the information and explanations which we considered necessary for the purpose of our audit.

Proper books of account have been kept by the Corporation and the 1984 financial statements are in agreement therewith.

In our opinion, the financial statements referred to above present fairly the financial position of the African Reinsurance Corporation as at December 31, 1984 and the results of its operations and the source and application of its funds for the year then ended, in conformity with generally accepted accounting principles.

(Z. Hassan, H. Hassan & Co.)
Public Accountants

## AFRICAN REINSURANCE CORPORATION
## BALANCE SHEET AS AT DECEMBER 31, 1984

| | Note | 1984 US $ | 1984 US $ | 1983 US $ | 1983 US $ |
|---|---|---|---|---|---|
| **RESOURCES EMPLOYED** | | | | | |
| Fixed Assets | 3 | | 519,882 | | 624,983 |
| Investments | 4 | | 4,918,976 | | 3,922,077 |
| Current Assets | | | | | |
| Amount due from companies on reinsurance accounts | 5 | 14,009,560 | | 13,270,381 | |
| Deposits retained by ceding companies | 6 | 32,265,452 | | 31,149,878 | |
| Sundry debtors, accrued interest and pre-payments | 7 | 276,200 | | 403,942 | |
| Bank and Cash Balances | 8 | 4,261,344 | | 2,124,245 | |
| | | 50,812,556 | | 46,948,446 | |
| Less: Current Liabilities | | | | | |
| Amount due to companies on reinsurance accounts | 9 | 14,628,129 | | 11,792,017 | |
| Deposits due to retrocessionaires | | 13,082,125 | | 11,750,597 | |
| Other Creditors, accruals and provisions | 10 | 986,015 | | 1,470,161 | |
| | | 28,696,269 | | 25,012,775 | |
| | | | 22,116,287 | | 21,935,671 |
| | | | 27,555,145 | | 26,482,731 |
| **FUNDED BY:** | | | | | |
| **CAPITAL STOCK** | | | 10,000,000 | | 10,000,000 |
| Paid Up Capital | 11 | | 4,660,000 | | 4,660,000 |
| General Reserve and Retained earnings | 12 | | (189,765) | | (688,072) |
| | | | 4,470,235 | | 3,971,928 |
| Reserve Fund | 1f & 15 | | 12,100,000 | | 9,424,569 |
| Reinsurance Funds | 1f & 15 | | 10,984,910 | | 13,086,234 |
| | | | 27,555,145 | | 26,482,731 |

**COME SIMBANANIYE Chairman**

**EYESSUS W. ZAFU General Manager**

The notes on pages 29 to 37 form an integral part of these accounts.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1984

| | 1984 | | 1983 | |
|---|---|---|---|---|
| | US $ | US $ | US $ | US $ |
| **Transfers from underwriting Revenue Account** | | | | |
| Fire and Accident | 1,011,936 | | 2,581,618 | |
| Marine and Aviation | 1,254,286 | | 1,842,284 | |
| Life | 300,136 | | — | |
| | | 2,566,358 | | 4,423,902 |
| **Income not credited to other accounts** | | | | |
| Income from investments | 491,739 | | 334,592 | |
| Interest on reinsurance deposits | 626,838 | | 485,926 | |
| | | 1,118,577 | | 820,518 |
| | | 3,684,935 | | 5,244,420 |
| **Expenses not charged to Underwriting Revenue Account** | | | | |
| General Assembly and Board of Directors' Meetings | 309,154 | | 444,572 | |
| Audit Fees | 50,000 | | 50,000 | |
| Depreciation and amortisation | 112,690 | | 124,754 | |
| Loss on Exchange | 2,714,784 | | 4,282,963 | |
| | | 3,186,628 | | 4,902,289 |
| | | 498,307 | | 342,131 |
| Net Profit for the Year | | (1,249,668) | | (1,591,799) |
| Balance brought forward from previous year | | | | |
| Balance carried forward (Loss) | | (751,361) | | (1,249,668) |

The Notes on pages 29 to 37 form an integral part of these accounts.

## UNDERWRITING REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1984

| | Fire and Accident US $ | Marine and Aviation US $ | Life US $ | 1984 US $ | 1983 US $ |
|---|---|---|---|---|---|
| **Underwriting Income:** | | | | | |
| Gross Premiums | 30,187,376 | 16,251,021 | 650,103 | 47,088,500 | 52,551,375 |
| Less: Retrocession Premiums | 6,901,565 | 3,653,389 | — | 10,554,954 | 11,252,458 |
| Net Premiums | 23,285,811 | 12,597,632 | 650,103 | 36,533,546 | 41,298,917 |
| **Underwriting Outgo** | | | | | |
| Claims | 11,989,470 | 5,585,663 | 164,830 | 17,739,963 | 11,687,712 |
| Commissions | 7,524,105 | 3,494,839 | 111,636 | 11,130,580 | 12,603,200 |
| Excess of loss premiums | 409,001 | 195,691 | — | 604,692 | 308,000 |
| Charges | 537,909 | 204,846 | 899 | 743,654 | 504,492 |
| Management expenses | 2,040,962 | 976,521 | 119,868 | 3,137,351 | 3,036,836 |
| | 22,501,447 | 10,457,560 | 397,233 | 33,356,240 | 28,140,240 |
| Excess of Income over outgo | 784,364 | 2,140,072 | 252,870 | 3,177,306 | 13,158,677 |
| Reinsurance and reserve funds at January 1, 1984 | 11,680,155 | 10,707,843 | 881,285 | 23,269,283 | 14,534,508 |
| | 12,464,519 | 12,847,915 | 1,134,155 | 26,446,589 | 27,693,185 |
| Less: Reinsurance and reserve funds at December 31, 1984 | 11,452,583 | 11,593,629 | 834,019 | 23,880,231 | 23,269,283 |
| Balance transferred to Profit and Loss Account | 1,011,936 | 1,254,286 | 300,136 | 2,566,358 | 4,423,902 |

The notes on pages 29 to 37 form an integral part of these accounts

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1984

| | 1984 | | 1983 | |
|---|---|---|---|---|
| | US $ | US $ | US $ | US $ |
| **SOURCE OF FUNDS:** | | | | |
| Net Operating Profit | 498,307 | | 342,131 | |
| Sale of Fixed Assets | 32,358 | | 3,529 | |
| | | 530,665 | | 345,660 |
| Adjustment for items not involving the movement of funds: | | | | |
| Depreciation and Amortisation | | 112,690 | | 123,588 |
| | | 643,355 | | 469,248 |
| **Other Sources of funds:** | | | | |
| Reserve Fund | 2,675,431 | | 2,416,507 | |
| Reinsurance Funds | (2,101,324) | | 5,559,790 | |
| | | 574,107 | | 7,976,297 |
| | | 1,217,462 | | 8,445,545 |
| **APPLICATION OF FUNDS** | | | | |
| Purchase of Fixed Assets | 39,947 | | 386,324 | |
| Payment of Dividend | 22,500 | | 271,000 | |
| | | 62,447 | | 657,324 |
| | | 1,155,015 | | 7,788,221 |
| Add/(Deduct): Movement in Current Assets & Current Liabilities: | | | | |
| Amount due from ceding companies on reinsurance accounts | (739,179) | | (2,261,542) | |
| Deposits retained by companies on Reinsurance accounts | (1,115,574) | | (6,624,741) | |
| Sundry debtors, accrued interest and pre-payments | 127,742 | | 200,083 | |
| Amount due to companies on reinsurance accounts | 2,836,112 | | 851,552 | |
| Deposits due to companies on reinsurance accounts | 1,331,528 | | 1,130,590 | |
| Other Creditors, Accruals and Provisions | (461,646) | | (431,021) | |
| | | 1,978,983 | | (7,135,079) |
| | | 3,133,998 | | 653,142 |
| Represented by: | | | | |
| Movements in investments and net Liquid Funds: | | | | |
| Investments | | 996,899 | | (32,456) |
| Cash and Bank Balances | | 2,137,099 | | 685,598 |
| | | 3,133,998 | | 653,142 |

The notes of pages 29 to 37 form an integral part of these accounts.

## NOTES ON THE 1984 FINANCIAL STATEMENTS

1 **Accounts Policies**

The following is a summary of the significant accounting policies adopted in the preparation of the financial statements:-

(a) **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation.

(b) **Depreciation**

Depreciation is calculated to write off the cost of fixed assets over the estimated useful life of each category of fixed assets in equal annual instalments as follows:-

| Fixed assets category | Annual depreciation rates |
|---|---|
| Freehold and Capital Leasehold Property | 2% or on the leasehold period if less than 50 years. |
| Furniture, fittings and equipment | Between 12½ and 33 1/3%. |
| Motor vehicles | 25%. |

(c) **Currency Translation**

(i) The corporation keeps its accounts in United States Dollars. Assets and liabilities in currencies other than the United States Dollars are translated at rates of exchange at balance sheet date.

(ii) Revenue and expense items originating in currencies other than the United States Dollar are translated at rates of exchange prevailing at the beginning of each quarter of the year.

(iii) Exchange differences (gains or losses) whether arising from settlement of Monetary items or from translation of assets and liabilities at year end rates of exchange are normally taken to the profit and loss account. Exchange differences on reinsurance deposits retained by ceding companies and on those retained by the corporation from its retrocessionaires for the still "open" underwriting years are debited (in case of exchange loss) or credited (in case of exchange gain) to the "reinsurance funds." However in case of exchange loss on reinsurance deposits the amount of exchange loss that is debited to the reinsurance funds is kept within the estimated technical surplus included in the reinsurance funds after allowing for a reasonable margin for unfavourable fluctuations in the loss ratios and also for reasonable underwriting profits. If by taking these factors into consideration, the reinsurance funds could not absorb the total exchange loss on reinsurance deposits for the still "open" underwriting years, the remaining part of exchange loss is charged to the profit and loss account for the current year.

(d) **Investments**

Short term investments (in securities) are stated at cost or market value whichever is the lower. Long term investments (in securities) are stated at cost unless there is a marked decrease in their value over many years, in which case a provision is made therefor.

(e) **Debtors**

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

(f) **Underwriting Revenue Account, Reinsurance Funds and Reserve Fund.** Statements of account received from ceding companies during the financial year are entered in the accounts in the same year. All underwriting accounts are maintained on underwriting year basis and 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." 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" is provided to meet any outstanding claims. The adequacy of the reserve fund is considered at the end of each subsequent year and necessary adjustments thereto are made accordingly.

As already mentioned in Note 1(c) on currency translation, reinsurance funds brought forward from the Revenue Account are debited or credited with the

exchange loss or gain on reinsurance deposits for the still "open" underwriting years. This exchange loss or gain is debited or credited back to the Profit and Loss Account when the reinsurance funds are brought back to the revenue account in the third year.

2. Life Assurance

Life cessions are included in the accounts only to the extent of statements received up to the end of the current financial year. Based on the fact that the bulk of life busines ceded to Africa Re is on risk-premium basis, a valuation of the life liabilities was carried out as at December 31, 1984 for the underwriting years 1978 to 1982. A Reserve Fund was created and the resulting underwriting profit for those years was taken to the Profit and Loss Account for 1984. As regards the underwriting years 1983 and 1984 which are the still open years, the surplus was carried forward in the Reinsurance Funds.

3. Fixed Assets

The figure of US$519,882 appearing in the accounts is made up as follows:-

| | Freehold and Capital Leasehold Property US$ | Furniture Fittings & Equipment US $ | Motor Vehicles US $ | Total US $ |
|---|---|---|---|---|
| Cost at January 1, 1984 | 380,870 | 654,215 | 105,744 | 1,140,829 |
| Additions during the period | 4,507 | 35,440 | — | 39,947 |
| Disposals during the period | (31,643) | (9,760) | — | (41,403) |
| | 353,734 | 679,895 | 105,744 | 1,139,373 |
| Accumulated depreciation at January 1, 1984 | 10,436 | 434,304 | 71,106 | 515,846 |
| Charges for the period | 7,579 | 86,236 | 18,875 | 112,690 |
| Disposals during the period | (1,371) | (7,674) | — | (9,045) |
| Depreciation at December 31, 1984 | 16,664 | 512,866 | 89,981 | 619,491 |
| Net book value at 31 December, 1984 | 337,090 | 167,029 | 15,763 | 519,882 |
| Net book value at 31 December, 1983 | 370,434 | 219,912 | 34,638 | 624,983 |

4. Investments:

The investments totalling US$4,918,976 are made up of:

| | 1984 US $ | 1983 US $ |
|---|---|---|
| Time deposits | 3,898,976 | 2,902,077 |
| Subscription in Shelter-Afrique | 1,020,000 | 1,020,000 |
| | 4,918,976 | 3,922,077 |

Subscription in Shelter-Afrique at year-end is valued at cost, the market value of which is not available.

## 5. Amount due from Companies on Reinsurance Accounts.

The balance of US$14,009,560 relates to balances due to the Corporation on current accounts of ceding companies and retrocessionaires, the breakdown being as follows:-

| | 1984 US $ | 1983 US $ |
|---|---|---|
| A—Ceding Companies | | |
| North Africa | 2,370,787 | 2,809,333 |
| East Africa | 935,284 | 1,154,802 |
| Central Africa | 1,586,193 | 1,519,635 |
| West Africa | 8,169,659 | 6,762,441 |
| Worldwide | 932,430 | 936,969 |
| | 13,994,353 | 13,183,180 |
| B—Retrocessionaires | 15,207 | 87,201 |
| | 14,009,560 | 13,270,381 |

## 6. Deposits retained by ceding companies

These are amounts retained by ceding companies under the terms of their treaties and comprise deposits for unexpired risks (unearned premiums) and outstanding claims. The total of US$32,265,452 is arrived at as follows:-

| | 1984 US $ | 1983 US $ |
|---|---|---|
| North Africa | 20,156,141 | 17,222,614 |
| East Africa | 2,010,790 | 1,818,774 |
| Central Africa | 5,077,413 | 5,575,020 |
| West Africa | 2,409,698 | 2,671,571 |
| Worldwide | 2,611,410 | 3,861,899 |
| | 32,265,452 | 31,149,878 |

## 7. Sundry Debtors, Accrued interests and Pre-payments

The sum of US$276,200 is made up as follows:-

| | 1984 US $ | 1983 US $ |
|---|---|---|
| Accrued interest | 69,517 | 29,875 |
| Staff debtors | 127,831 | 138,942 |
| Other debtors and prepayments | 78,852 | 235,125 |
| | 276,200 | 403,942 |

## 8. Bank and Cash Balances

This is made up as follows:-

| | 1984 US $ | 1983 US $ |
|---|---|---|
| Cash at bank | 4,259,791 | 1,990,204 |
| Bank deposit for provident fund | — | 131,743 |
| Cash in hand | 1,553 | 2,298 |
| | 4,261,344 | 2,124,245 |

Cash at bank includes an amount of US$2,054,626 representing a temporary short term deposit in African currencies awaiting local authorities' approval for conversion to US Dollars.

## 9. Amount due to Companies on Reinsurance Accounts

This is made up of balances due to companies as detailed below:-

| | 1984 US $ | 1983 US $ |
|---|---|---|
| A—Ceding Companies | | |
| North Africa | 4,336,373 | 2,474,732 |
| East Africa | 481,711 | 434,317 |
| Central Africa | 756,696 | 1,433,327 |
| West Africa | 1,309,410 | 1,195,418 |
| World-wide | 2,204,367 | 1,314,288 |
| | 9,088,557 | 6,852,082 |
| B—Retrocessionaires | 5,539,572 | 4,939,935 |
| | 14,628,129 | 11,792,017 |

## 10. Other Creditors, Accruals and Provisions

The sum of US$986,015 is made up as follows:-

| | 1984 US $ | 1983 US $ |
|---|---|---|
| Provident Fund Contributions (A & B) | — | 142,812 |
| Provision for Termination Allowance | 11,703 | 305,754 |
| Other creditors and Provisions | 855,292 | 832,362 |
| Accrued expenses | 119,020 | 189,233 |
| | 986,015 | 1,470,161 |

## 11. Capital Stock and Paid up capital:

The authorised capital of the Corporation is US$15,000.000. Of this amount US$10,000,000 is available for initial subscription out of which the actual subscriptions amounted to US$9,320,000. Fifty per cent of the subscribed capital was called up and fully paid by the end of 1982. The remaining fifty per cent of the subscribed capital shall be subject to call only as and when required by the Corporation. The figure of US$4,660,000 appearing on the balance sheet at December 31, 1984 is made up as follows:

| | 1984<br>US $ | 1983<br>US $ |
|---|---|---|
| Capital available for subscription | 10,000,000 | 10,000,000 |
| Unsubscribed capital | 680,000 | 680,000 |
| Subscribed capital | 9,320,000 | 9,320,000 |
| Deduct: Uncalled capital | 4,660,000 | 4,660,000 |
| Called and paid up capital | 4,660,000 | 4,660,000 |

## 12. General Reserve and Retained Earnings:-

This is made up as follows:-

| | 1984<br>US $ | 1983<br>US $ |
|---|---|---|
| Balance on General Reserve | 561,596 | 561,596 |
| Balance on Profit and Loss Account carried forward (Loss) | (751,361) | (1,249,668) |
| Balance carried forward (Loss) | (189,765) | (688,072) |

## 13. The Revenue Account and Reinsurance and Reserve Funds:

The revenue account is made up of the revenue and expense items still being received by the Corporation in respect of the years already "closed" (i.e. 1978, 1979, 1980 and 1981), the revenue and expense items of the underwriting year being closed in this financial year (i.e. 1982), and the revenue and expense items for the underwriting years that are still "open" (i.e. 1983 and 1984).

For the years that have already been closed and that which is closed this year, "reserve fund" is made to meet the outstanding claims, whereas for the years that are still open, the underwriting results are carried forward in the "reinsurance funds." Accordingly, we show hereunder three tables for the three categories of accounts.

## i. Underwriting Years 1978 to 1981 Accounts
(Closed in the last four Years)

| | Fire and Accident US $ | Marine and Aviation US $ | Life US $ | Total US $ |
|---|---|---|---|---|
| **Underwriting Income:** | | | | |
| Gross premiums | 2,730,934 | 1,297,636 | 49,670 | 4,078,290 |
| Less: retrocession premiums | 76,428 | 357,133 | — | 433,561 |
| | 2,654,506 | 940,553 | 49,670 | 3,644,729 |
| **Underwriting Outgo:** | | | | |
| Claims | 2,510,095 | 1,689,628 | 38,167 | 4,237,890 |
| Commissions | 685,509 | 122,747 | 18,712 | 826,968 |
| Charges | 5,440 | 14,370 | 40 | 19,850 |
| | 3,201,044 | 1,826,745 | 56,919 | 5,084,708 |
| **Excess of Income over Outgo** | (546,538) | (886,192) | (7,249) | (1,439,979) |
| Add: Reserve fund at January 1, 1984 | 4,219,000 | 4,657,000 | 548,569 | 9,424,569 |
| | 3,672,462 | 3,770,808 | 541,320 | 7,984,590 |
| Less: Reserve fund at Dec. 31, 1984 | 3,600,000 | 3,700,000 | 320,000 | 7,620,000 |
| Underwriting Balance Transferred to Profit and Loss Account | 72,462 | 70,808 | 221,320 | 364,590 |

## ii. Underwriting Year 1982 Accounts
(Closed for the first time in Financial Year 1984)

The cumulative revenue account for Underwriting Year 1982 in the three accounting years ended December 31, 1984 is as shown below:-

| | Fire and Accident US $ | Marine and Aviation US $ | Life US $ | Total US $ |
|---|---|---|---|---|
| **Underwriting Income:** | | | | |
| Gross premiums | 25,010,661 | 16,812,390 | 626,263 | 42,449,314 |
| Less: Retrocession premiums | 5,874,121 | 2,704,142 | — | 8,578,263 |
| | 19,136,540 | 14,108,248 | 626,263 | 33,871,051 |
| **Underwriting Outgo:** | | | | |
| Claims | 8,116,526 | 4,497,766 | 204,238 | 12,818,530 |
| Commissions | 6,259,532 | 4,386,042 | 110,386 | 10,755,960 |
| Excess of Loss premium | 258,378 | 130,591 | — | 388,969 |
| Other charges | 343,452 | 166,178 | 4,814 | 514,444 |
| Management expenses | 1,769,177 | 894,193 | 48,008 | 2,711,378 |
| | 16,747,065 | 10,074,770 | 367,446 | 27,189,281 |

| | | | | |
|---|---|---|---|---|
| **Excess of income over outgo:** | 2,389,475 | 4,033,478 | 258,817 | 6,681,770 |
| Less: Reserve fund at December 31, 1984 | 1,450,000 | 2,850,000 | 180,000 | 4,480,000 |
| Balance Transferred to Profit and Loss Account | 939,475 | 1,183,478 | 78,817 | 2,201,770 |

iii **Underwriting Years 1983 and 1984 Accounts**
(The still open Years)

| | Fire and Accident US $ | Marine and Aviation US $ | Life US $ | Total US $ |
|---|---|---|---|---|
| **Underwriting Income:** | | | | |
| Funds brought forward for U/Y 1983 | 3,920,178 | 1,069,182 | 119,847 | 5,109,207 |
| Gross premiums | 22,124,373 | 13,046,884 | 534,282 | 35,705,539 |
| | 26,044,551 | 14,116,066 | 654,129 | 40,814,746 |
| Less: Retrocession premiums | 5,719,495 | 3,037,759 | — | 8,757,254 |
| Net Premiums | 20,325,056 | 11,078,307 | 654,129 | 32,057,492 |
| **Underwriting Outgo:** | | | | |
| Claims | 5,723,465 | 1,792,961 | 110,412 | 7,626,838 |
| Commissions | 5,342,357 | 2,916,015 | 89,012 | 8,347,384 |
| Excess of loss premiums | 409,001 | 195,691 | — | 604,692 |
| Charges | 406,688 | 153,488 | 818 | 560,994 |
| Management expenses | 2,040,962 | 976,522 | 119,868 | 3,137,352 |
| | 13,922,473 | 6,034,677 | 320,110 | 20,277,260 |
| Balance Transferred to Reinsurance Funds Account | 6,402,583 | 5,043,630 | 334,019 | 11,780,232 |
| Made up of Funds applicable to: | | | | |
| 1983 Underwriting Year | 3,818,287 | 4,200,580 | 221,363 | 8,240,230 |
| 1984 Underwriting Year | 2,584,296 | 843,050 | 112,656 | 3,540,002 |
| Total Reinsurance Funds carried forward at December 31, 1984 | 6,402,583 | 5,043,630 | 334,019 | 11,780,232 |

## 14. Reinsurance and Reserve Funds at January 1, 1984

This is made up as follows:-

| | Fire & Accident US $ | Marine & Aviation US $ | Life US $ | Total US $ |
|---|---|---|---|---|
| A— Reserve Funds for Underwriting Years 1978-81 | 4,219,000 | 4,657,000 | 548,569 | 9,424,569 |
| B—Reinsurance Funds u/ys 1982 & 1983 | 7,461,155 | 6,050,844 | 332,715 | 13,844,714 |
| Total | 11,680,155 | 10,707,844 | 881,284 | 23,269,283 |

## 15. Reinsurance and Reserve Funds at December 31, 1984

This is made up as follows:-

| | Fire & Accident US $ | Marine & Aviation US $ | Life US $ | Total US $ |
|---|---|---|---|---|
| A—Reserve Fund: | | | | |
| Reserve for Underwriting Years 1978-81 | 3,600,000 | 3,700,000 | 320,000 | 7,620,000 |
| Reserve for Underwriting Year 1982 | 1,450,000 | 2,850,000 | 180,000 | 4,480,000 |
| | 5,050,000 | 6,550,000 | 500,000 | 12,100,000 |
| B—Reinsurance Funds: | | | | |
| Reinsurance Fund for Underwriting Year 1983 | 3,818,287 | 4,200,580 | 221,363 | 8,240,230 |
| Reinsurance Fund for Underwriting Year 1984 | 2,584,296 | 843,050 | 112,656 | 3,540,002 |
| | 6,402,583 | 5,043,630 | 334,019 | 11,780,232 |
| Exchange loss on Reinsurance Deposit U/Y 1983 | | | | (721,552) |
| Exchange loss on Reinsurance Deposit U/Y 1984 | | | | (73,770) |
| | | | | 10,984,910 |
| Total | | | | 23,084,910 |

## 16. Staff Provident Fund

In 1984 the Staff Provident Fund was given an independent entity or status to be run by a Committee of Trustees elected from the members of the staff. Accordingly the assets and liabilities of the provident fund, included in the financial position of AFRICA RE, were transferred to the new entity of the Staff Provident Fund. The Provident Fund is financed by contributions from the staff (A) and the Corporation (B) at 7% and 14% of the staff salaries respectively. When the serivce of a staff member is terminated he receives his accumulated contribution and that of the Corporation plus interest earned on the total of the two contributions.

Separate books of account are kept by the Provident Fund and its yearly financial statements are to be audited by the external auditors of the Corporation.

The funds transferred to the Provident Fund representing the accumulated contributions from the staff and the Corporation for the years 1978 to 1983 together with the accrued interest thereon amounted to US$381,800. The 1984 contributions (A&B) amounted to US$207,100. The table below shows the breakdwon of these figures.

| | Staff (A Contributions) US$ | Corporation (B Contributions) US$ | Total US$ |
|---|---|---|---|
| Accumulated Contributions 1978-1983 | 38,200 | 343,600 | 381,800 |
| (plus interest accrued thereon) | 69,000 | 138,100 | 207,100 |
| 1984 contributions | — | (11,700) | (11,700) |
| Prior year adjustments entered in 1984 | | | |
| | 107,200 | 470,000 | 577,200 |

## 17. Management Expenses

Management expenses have been apportioned to the classes of business in the Revenue Account on a premium basis but wholly charged to the current underwriting year 1984.

## STATEMENT OF SUBSCRIPTIONS AND VOTING POWERS OF MEMBER STATES AS AT 31ST DECEMBER, 1984

ANNEX 1

**Authorised Capital Stock US$** 15,000,000

| Members | Capital Available for Subscriptions: No. of Shares | Capital Available for Subscriptions: Amount | Amount Not Subscribed | Amount Subscribed | Called Portion (50% of Subscribed) | Amount Paid | Voting Power in % |
|---|---|---|---|---|---|---|---|
| 1. Algeria | 60 | 600,000 | — | 600,000 | 300,000 | 300,000 | 6.44 |
| 2. Benin | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 3. Burkina Faso | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 4. Burundi | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 5. Cameroun | 30 | 300,000 | — | 300,000 | 150,000 | 150,000 | 3.22 |
| 6. Central African Republic | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 7. Chad | 12 | 120,000 | — | 120,000 | 60,000 | 60,000 | 1.29 |
| 8. Congo | 13 | 130,000 | — | 130,000 | 65,000 | 65,000 | 1.40 |
| 9. Egypt | 60 | 600,000 | — | 600,000 | 300,000 | 300,000 | 6.44 |
| 10. Ethiopia | 28 | 280,000 | — | 280,000 | 140,000 | 140,000 | 3.00 |
| 11. Gabon | 16 | 160,000 | — | 160,000 | 80,000 | 80,000 | 1.72 |
| 12. Gambia | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 13. Ghana | 33 | 330,000 | — | 330,000 | 165,000 | 165,000 | 3.54 |
| 14. Guinea | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 15. Guinea Bissau | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 16. Ivory Coast | 25 | 250,000 | — | 250,000 | 125,000 | 125,000 | 2.68 |
| 17. Kenya | 26 | 260,000 | — | 260,000 | 130,000 | 130,000 | 2.79 |
| 18. Liberia | 10 | 100,00 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 19. Libya | 60 | 600,000 | — | 600,000 | 300,000 | 300,000 | 6.44 |
| 20. Mali | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 21. Mauritania | 12 | 120,000 | — | 120,000 | 60,000 | 60,000 | 1.29 |
| 22. Mauritius | 14 | 140,000 | — | 140,000 | 70,000 | 70,000 | 1.50 |
| 23. Morocco | 60 | 600,000 | — | 600,000 | 300,000 | 300,000 | 6.44 |
| 24. Niger | 10 | 100,000 | — | 100,000 | 50,000 | 50,000 | 1.07 |
| 25. Nigeria | 60 | 600,000 | — | 600,000 | 300,000 | 300,000 | 6.44 |
| 26. Senegal | 21 | 210,000 | — | 210,000 | 105,000 | 105,000 | 2.25 |
| 27. Sierra Leone | 13 | 130,000 | — | 130,000 | 65,000 | 65,000 | 1.40 |
| 28. Somalia | 12 | 120,000 | — | 120,000 | 60,000 | 60,000 | 1.29 |
| 29. Sudan | 30 | 300,000 | — | 300,000 | 150,000 | 150,000 | 3.22 |
| 30. Swaziland | 11 | 110,000 | — | 110,000 | 55,000 | 55,000 | 1.18 |
| 31. Tanzania | 24 | 240,000 | — | 240,000 | 120,000 | 120,000 | 2.58 |
| 32. Togo | 11 | 110,000 | — | 110,000 | 55,000 | 55,000 | 1.18 |
| 33. Tunisia | 25 | 250,000 | — | 250,000 | 125,000 | 125,000 | 2.68 |
| 34. Uganda | 22 | 220,000 | — | 220,000 | 110,000 | 110,000 | 2.36 |
| 35. Zaire | 19 | 190,000 | — | 190,000 | 95,000 | 95,000 | 2.04 |
| 36. Zambia | 34 | 340,000 | — | 340,000 | 170,000 | 170,000 | 3.65 |
| 37. African Development Bank | 100 | 1,000,000 | — | 1,000,000 | 500,000 | 500,000 | 10.73 |
| Total | 932 | 9,320,000 | — | 9,320,000 | 4,660,000 | 4,660,000 | 100.00 |

Shares which have been allocated to Members of the Organisation of African Unity, but not yet subscribed.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. | Botswana | 10 | 100,000 | 100,000 | — | — | — | — |
| 2. | Equatorial Guinea | 10 | 100,000 | 100,000 | — | — | — | — |
| 3. | Lesotho | 10 | 100,000 | 100,000 | — | — | — | — |
| 4. | Madagascar | 18 | 180,000 | 180,000 | — | — | — | — |
| 5. | Malawi | 10 | 100,000 | 100,000 | — | — | — | — |
| 6. | Rwanda | 10 | 100,000 | 100,000 | — | — | — | — |
| 7. | Angola | 17 | 170,000 | 170,000 | — | — | — | — |
| 8. | Cape Verde | 10 | 100,000 | 100,000 | — | — | — | — |
| 9. | Comoros | 10 | 100,000 | 100,000 | — | — | — | — |
| 10. | Djibouti | 10 | 100,000 | 100,000 | — | — | — | — |
| 11. | Mozambique | 19 | 190,000 | 190,000 | — | — | — | — |
| 12. | Sao Tome & Principe | 10 | 100,000 | 100,000 | — | — | — | — |
| 13. | Seychelles | 10 | 100,000 | 100,000 | — | — | — | — |
| 14. | Zimbabwe | 30 | 300,000 | 300,000 | — | — | — | — |
| | | 184 | 1,840,000 | 1,840,000 | | | | |
| | Total | 1,116 | 11,160,000 | 1,840,000 | 9,320,000 | 4,660,000 | 4,660,000 | 100.00 |