

# The Heritage Insurance Company Kenya Limited

## Audited results of the group and company

for the year ended 31 December 2019

# Heritage

Insurance Company

A member of  LIBERTY

Regulated by the Insurance Regulatory Authority

*Overall Top*  
General insurer of the year  
Think Business insurance awards 2019

### Statement of financial position

KSh's'000	Group		Company	
	2019	2018	2019	2018
<b>Shareholders' funds</b>				
Share capital	1,000,000	500,000	1,000,000	500,000
Retained earnings	2,569,789	2,717,452	2,471,899	2,585,766
Other reserves	152,790	143,265	-	-
<b>Equity attributable to equity holders</b>	<b>3,722,579</b>	<b>3,360,717</b>	<b>3,471,899</b>	<b>3,085,766</b>
Non-controlling interests	264,624	281,045	-	-
<b>Total shareholders' funds</b>	<b>3,987,203</b>	<b>3,641,762</b>	<b>3,471,899</b>	<b>3,085,766</b>
<b>Assets</b>				
Property and equipment	79,108	89,974	61,990	69,858
Right-of-use assets	194,673	-	164,737	-
Intangible assets	56,585	51,529	34,534	31,850
Other investments	-	-	146,557	146,557
Financial investments	4,948,723	4,009,851	4,726,565	3,779,642
Equity investments at fair value through profit and loss (quoted)	11,304	285,196	11,304	285,196
Equity investments at fair value through profit and loss (unquoted)	40,671	40,071	-	-
Government securities and corporate bonds	4,640,148	3,421,700	4,458,661	3,231,562
Loans receivable	256,600	262,884	256,600	262,884
Receivable arising out of reinsurance arrangements	320,375	110,318	123,439	8,699
Receivable arising out of direct insurance arrangements	493,267	733,582	493,267	733,582
Reinsurer's share of insurance liabilities	2,709,114	2,625,590	1,555,614	1,742,350
Deferred acquisition costs	85,285	36,673	69,381	33,284
Deferred tax	230,763	221,492	189,799	174,965
Other receivables	276,185	117,013	213,697	128,847
Current tax receivable	23,441	94,922	-	94,922
Cash and cash equivalents	3,067,876	3,542,017	1,651,725	2,255,777
<b>Total assets</b>	<b>12,485,395</b>	<b>11,632,961</b>	<b>9,431,305</b>	<b>9,200,333</b>
<b>Liabilities</b>				
Insurance contract liabilities	3,598,041	3,452,303	2,717,200	2,742,958
Unearned premium reserve	2,995,655	2,846,218	2,311,574	2,263,150
Lease liabilities	199,720	-	169,054	-
Creditors arising from reinsurance arrangements	511,319	626,594	22,883	405,232
Creditors arising from direct insurance arrangements	493,243	552,382	489,631	545,618
Current tax payable	65,098	2,693	65,098	-
Other payables	635,116	511,009	183,966	157,609
<b>Total liabilities</b>	<b>8,498,192</b>	<b>7,991,199</b>	<b>5,959,406</b>	<b>6,114,567</b>
<b>Net assets</b>	<b>3,987,203</b>	<b>3,641,762</b>	<b>3,471,899</b>	<b>3,085,766</b>

### Statement of comprehensive income

KSh's'000	Group		Company	
	2019	2018	2019	2018
Gross written premium	8,097,759	7,371,809	5,634,335	5,435,642
Outward reinsurance premium	(3,677,773)	(3,771,111)	(2,014,239)	(2,247,852)
<b>Net written premium</b>	<b>4,419,986</b>	<b>3,600,698</b>	<b>3,620,096</b>	<b>3,187,790</b>
Gross earned premiums	7,942,948	7,423,310	5,585,912	5,528,256
Less: reinsurance premium ceded	(3,843,195)	(3,715,425)	(2,179,661)	(2,382,052)
<b>Net earned premiums</b>	<b>4,099,753</b>	<b>3,707,885</b>	<b>3,406,251</b>	<b>3,146,204</b>
Commissions earned	757,430	721,608	462,507	524,514
Investment income	371,887	383,062	426,509	442,001
Interest income on financial assets held at amortised cost	225,281	188,197	139,715	113,170
Fair value gain/(loss) on financial investments	5,685	(18,658)	4,232	(33,716)
Other income	19,865	42,346	13,508	16,285
<b>Total income</b>	<b>5,479,901</b>	<b>5,024,440</b>	<b>4,452,722</b>	<b>4,208,458</b>
<b>Net claims and policyholders benefits</b>	<b>(1,733,531)</b>	<b>(1,891,448)</b>	<b>(1,475,575)</b>	<b>(1,673,685)</b>
Claims and policyholder benefits	(3,355,768)	(3,705,132)	(2,514,838)	(3,130,996)
Less: Reinsurers' share of claims	1,622,237	1,813,684	1,039,263	1,457,311
Commissions expenses	(949,628)	(810,086)	(610,767)	(612,075)
Operating and other expenses	(1,869,040)	(1,673,543)	(1,511,878)	(1,395,184)
<b>Profit before tax</b>	<b>927,702</b>	<b>649,363</b>	<b>854,502</b>	<b>527,514</b>
Income tax expense	(300,455)	(209,963)	(245,369)	(146,866)
<b>Profit after tax</b>	<b>627,247</b>	<b>439,400</b>	<b>609,133</b>	<b>380,648</b>
Other comprehensive income	(5,638)	(29,966)	-	-
<b>Total comprehensive income</b>	<b>621,609</b>	<b>409,434</b>	<b>609,133</b>	<b>380,648</b>
Dividends - interim dividends paid	(276,168)	(383,332)	(223,000)	(328,000)

The Statements of Financial Position and Statements of Comprehensive Income are extracts from the group's financial statements as audited by KPMG Kenya and have received an unqualified audit opinion. The complete set of financial statements will be made available on the company's website ([www.heritageinsurance.co.ke](http://www.heritageinsurance.co.ke)) on or before 15 May 2020.

The financial statements were approved by the board on 26 March 2020 and signed on its behalf by

**PN Gethi** Chairman  
**GR May** Director  
**GM Kioi** Principal Officer

### Key company indicators

RETURN ON EQUITY

**17.5%**

(2018: 12.0%)

CLAIMS RATIO

**43%**

(2018: 53%)

CAPITAL ADEQUACY RATIO

**310%**

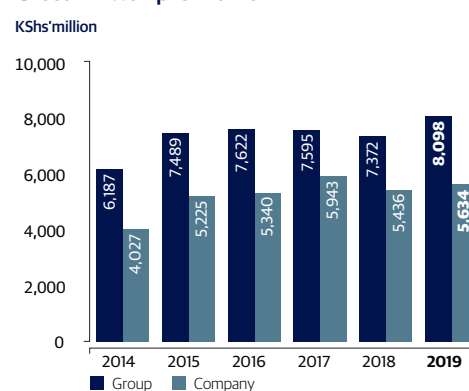
(2018: 246%)

EXPENSE RATIO

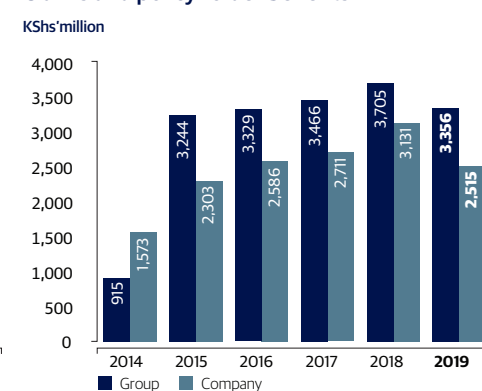
**31%**

(2018: 27%)

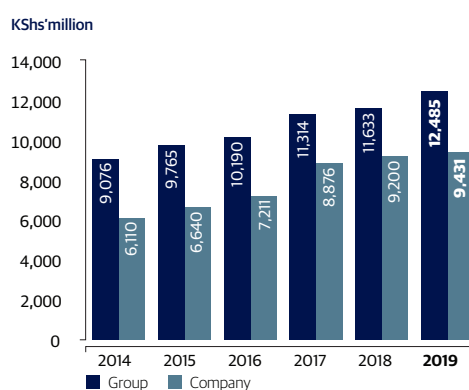
### Gross written premiums



### Claims and policyholder benefits



### Total assets



### Shareholders' fund

