

## Renasa Insurance Company Limited

### South Africa Insurance Analysis

October 2008

Security class	Rating scale	Currency	Rating	Rating outlook	Expiry date
Claims paying ability	National	Rand	BBB+	Positive	10/2009

#### Financial data:

(US\$m Comparative)

	30/06/07	30/06/08
R/US\$ (avg)	7.21	7.31
R/US\$ (close)	7.07	7.96
Total assets	7.8	7.2
Total capital	2.7	2.7
Cash & equiv.	4.6	4.7
GPI	26.8	35.8
U/W result	(1.1)	(0.1)
NPAT	(0.9)	0.3
Op. cash flow	(0.2)	0.7
Market cap		n.a.
Market share*		0.2%

\*Estimated market share based on GPI.

#### Fundamentals:

Renasa Insurance Company Limited ("Renasa") was established in 1998. In 2002, a consortium of local investors led by a shareholder of considerable financial strength acquired Renasa. Since the acquisition, new management and other key personnel have been appointed and the company has undergone vast reconstruction.

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#### Rating rationale

The rating is based on the following key factors:

- Renasa turned profitable in F08 for the first time since the consortium took control of the company, with a NPAT of R2.1m achieved. Although underwriting losses persisted for F08, the company is expected to return a positive result in F09 having surpassed critical mass, estimated at R300m, and achieved the economies of scale required post year end.
- Cognisance was taken of the company's heavy weighting in the motor class, which, as management identified, is undergoing systemic changes with regard to claiming patterns. Accordingly, in order to compete profitably in this segment of the market, Renasa has built a web based operating system, enabling the company to price risk more scientifically and control claims more effectively, giving it a competitive advantage relative to the multiline insurers operating in its target market.
- Solvency levels remain acceptable, supported by adequate reinsurance. Renasa's three-year treaty arrangements with Munich Re, Africa Re and Swiss Re underpin the insurer's ability to meet increased capital requirements associated with growth and near term underwriting risk.
- Liquidity levels remain strong.
- Management's ability to sustain economies will be tested in a challenging operating environment, under difficult economic conditions.

#### Solvency & liquidity

Total shareholders funds increased slightly to R21m in F08 (F07: R19m) on the back of positive retained earnings. Accordingly, the international solvency margin increased to 76%, supported by lower retention levels. Statutory solvency improved from 43% to 51%, driven by improved profitability. The reinsurance programme protects the insurer down to a net retention per risk of 6% of capital, and catastrophe cover limits losses to R1.2m per event. Liquidity levels remain more than adequate, at 20 months.



## **Operating environment**

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Notwithstanding a drop-off in vehicle sales and decreased turnover in mortgages, following the implementation of the NCA at midyear, GPI rose by 11.5% in 2007 (2006: 12.2%). A primary function of this growth is the sheer number of policies being issued. The commercial business continues to reflect relative buoyancy, reflecting high loyalty factors, whilst the corporate business continues to slowly recover on the back of high capex spend. Fierce competition persists in the personal lines, which continues to keep premiums at structurally low levels.

A deterioration in the claims environment, characterised by a higher incidence and severity of claims (on the back of increased asset values in the motor and property portfolios, changing weather patterns and natural hazards), together with soft rates, have culminated in rising loss ratios for the industry in recent years. Going forward, management expenses are set to continue outpacing average inflation in the face of a volatile Rand, as any overtures to improving IT systems will imply significant outlays. Cost ratios will be further pressurised by above inflation wage increases, necessitated by the need to retain and attract skills in the face of the skills shortage, and increased marketing outlay as competition intensifies.

Overall, underwriting margins have narrowed, with an underwriting result of R2.6bn reflected in 2007, down 5% from 2006. As such, and following higher earned premium income, the underwriting margin declined for a third consecutive year to 7.1% in 2007 from 8.8% previously (2005: 9.8%).

These challenges, exacerbated by low economic growth and volatile investment markets do not bode well for overall profitability in the short to medium term. The downward cycle only turns once rates begin to harden, on the back of, inter alia, unsustainable losses or reinsurance pressure. In view of sustained inflation targeting it is unlikely that rates will fall any lower, as this may well translate to negative real earnings. This, coupled with expected hardening in motor rates (a lead indicator), suggests overall rates should be on the rise.

### **Motor**

The motor class has traditionally been characterised by relatively thin underwriting margins. This stems from the high level of competition for this class of business, which is often used by insurers as a lead to provide opportunities for cross selling of other more profitable insurance products. The differential between the motor class underwriting margin and that of the overall industry widened between 2004 and 2006, driven by pricing pressure and a deterioration in the claims

environment, which is considered to be systemic as opposed to cyclical. This has been ascribed to increased traffic congestion, deteriorating road infrastructure, unlicensed and inexperienced drivers, atypical weather patterns and higher repair costs. A slight correction was evidenced in 2007, partly due to corrective pricing action. However, the challenging economic conditions have constrained demand and led to a higher incidence of policy cancellations, implying that consumers are likely to resist price adjustments in the near term. Given that the fundamentals that are currently driving elevated claims levels are unlikely to improve in the short term, motor class underwriting margins are expected to remain subdued in 2008.

Insurers have been particularly exposed to the rising cost of replacement parts, a function of the large component of imported parts (even in the case of locally produced vehicles), technological advancements and improved safety features. Policyholders attempt to negotiate lower premiums based on the depreciation in the market value of a vehicle over time. This would be factored into the underwriting model as a reduction in the sum insured and premiums adjusted accordingly. However, in the case of partial damage, replacement cost is the primary determinant of the insurer's liability to the insured. With the rise in replacement costs in recent years, this has become a larger component of insurers' overall claims costs. A distortion arises when the premium is based on a decreasing sum insured and there is a rising incidence of partial losses (for which costs are increasing).

## **Fundamentals**

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Renasa was incorporated in 1998 as a wholly owned subsidiary company of Reliance National Insurance Company (Europe) Limited ("Reliance Europe"), and was granted an unrestricted short term insurance license. The cessation of operations by Reliance Europe's parent led to the sale of Renasa, at which point Renasa entered a period of "run off". A consortium of shareholders acquired the company in January 2002, and underwriting activity recommenced in September 2002. At the beginning of 2005, a new management team was appointed and the reconstruction of Renasa began.

The insurer writes a range of business classes and distributes its products through 3 distinct channels, namely:

- Portfolio managers/administrators – these are system driven broker portfolio outsourcing companies. The company has made a commercial investment in some such entities, in order to entice a larger share of participation and release pricing

efficiencies. This channel is responsible for 61% of GPI.

- Brokers – Through this channel, the company has established relationships with small and large brokers with regional concentrations (32% of GPI).
- UMAs - This channel's underwritten risks currently consist mainly of construction performance guarantees; contractors all-risks business; marine, fine arts and taxi insurance business. However, the company has resourced a division to secure more UMA mandated niche operators (7% of GPI).

Commercial business remains the core focus of Renasa's business, and accounted for 49% (F07: 42%) of GPI. However, in order for the company to achieve critical mass, it is accepted that it must participate in the low margin personal lines segment of the market (F08: 51%).

Following the downward turn in the underwriting cycle and a historical period of losses that necessitated various recapitalisations from its shareholder, in March 2007, management took a decision to develop a scientific underwriting capability and improve claims control. The new IT infrastructure is built on a business intelligence system. The system consolidates the output of disparate lines of business operated by outsource partners that distribute Renasa products. It permits keen analysis of the consolidated experience on the basis of reliable data flows and raises efficiency of corrective strategies. To date, 73% of the insurer's book has been re-priced on a portfolio consistent basis. Moreover, implementation, which has historically been difficult, given the increasing "distance" between broker and client insured (through the increasing role of the portfolio administrator), seems progressively less problematic.

The second phase of its infrastructure development has been completed to achieve reductions in average claims costs. Incorporating an in-house assessing and auditing resource, the renegotiation of procurement panels and the securing of towing services, an intensive education initiative for the insured to use the service has been implemented.

### Competitive positioning

As reflected in Table 1, based on a comparison of other insurers of similar business mix, Renasa compares unfavourably. This is a result of the insurer's much higher cost base relative to premium earned. Cognisance is taken of the fact that Renasa's year end is June, therefore loss ratio comparison is not that meaningful given the current market cycle.

Renasa's performance in F08 was driven by the motor book, although management is confident that the performance will improve going forward, with the infrastructure changes set to improve risk selection, enforce correct pricing, and manage claims costs (supported by a 100% audit of motor collision claims) more effectively.

	Renasa Jun F08	New Nat. Dec F07	Compass Dec F07	Lion Dec F07
GPI	261.7	547.1	668.1	770.2
NPI	27.7	186.0	167.5	352.5
NEP	27.8	183.6	170.8	348.2
<b>U/W result</b>	<b>(0.9)</b>	<b>7.5</b>	<b>20.7</b>	<b>(22.7)</b>
Shareholders Funds	21.1	76.4	88.6	136.4
<b>Ratios (%)</b>				
International solvency	76.2	41.1	52.9	49.2
GPI growth	35.3	34.1	33.2	22.5
NPI / GPI	10.6	34.0	25.1	45.8
Claims/EP	80.6	86.5	61.3	64.5
Mng. exp/EP	58.2	6.3	48.3	28.5
Comm/EP	(35.5)	3.1	(21.8)	13.5
U/W result /EP	(3.3)	4.1	12.1	(6.5)

As at September 2008, the company has grown significantly and achieved the necessary critical mass.

### Risk diversification

The insurance book remains dominated by motor, contributing 62% of GPI in F08 (F07: 64%). The other significant exposure relates to the property class, which accounted for 22% of GPI in F08 from 20% in F07. Due to the company's aggressive growth strategy and the onset of the three-year reinsurance agreement, retention levels declined to 11% in F08 from 19%, in order to retain adequate capital requirements.

Class	GPI		NPI		Retention ratio	
	F07	F08	F07	F08	F07	F08
Property	19.8	21.8	17.5	17.7	16.3	8.6
Motor	63.5	62.1	67.7	67.7	19.7	11.5
Guarantee	4.2	3.8	2.3	3.0	10.0	8.6
Liability	0.4	0.3	0.0	0.0	0.0	0.0
Miscellaneous	12.1	12.0	12.6	11.6	19.2	10.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>18.5</b>	<b>10.6</b>

Source: Management

Although the company has achieved noticeable growth since cleansing its book in F06, profitability has historically been poor. For the period ending F08, Renasa delivered a positive technical underwriting result across all business classes. In light of the quality of the inherited book and the negative underwriting environment since the current management took control in 2005, this is considered a significant achievement.

Table 3: Technical U/W (R'm)	Earned premiums		Net claims paid		Net Commission		Tech. result	
	F07	F08	F07	F08	F07	F08	F07	F08
Property	6.3	4.9	(1.9)	(0.4)	0.4	2.9	4.8	7.4
Motor	24.3	18.8	(26.2)	(20.3)	(1.6)	3.6	(3.5)	2.1
Guarantee	0.6	0.9	(0.0)	(0.3)	1.9	1.5	2.5	2.0
Liability	0.0	0.0	0.9	0.1	(0.1)	0.0	0.8	0.1
Miscellan.	4.5	3.2	(2.2)	(1.5)	0.1	1.9	2.4	3.7
<b>Total</b>	<b>35.6</b>	<b>27.8</b>	<b>(29.4)</b>	<b>(22.4)</b>	<b>0.7</b>	<b>9.9</b>	<b>7.0</b>	<b>15.3</b>

Source: Management

In F08, Renasa's earned loss ratio improved to 80.6% from 82.7% in F07, notwithstanding a number of large CAT losses. If the latter were excluded from claims, and retentions were not reduced in F08, the overall loss ratio would have improved to 71.6%, achieved on the back of corrective action and a reduction in claims costs. A much improved property class positively impacted the earned loss ratio, and consequently contributed significantly towards overall profitability in F08. The earned loss ratio on the motor book remained high, however, at 108% for F08. If the effects of the CAT losses and reduced retention levels are stripped out, the loss ratio on motor reduces to 103%. Management remain confident that with the implementation of the company's improved infrastructure rollout, the motor book's gross loss ratio will reduce in F09, down to 83% from 91% in F08. This will be achieved by enforcing the appropriate pricing per risk and the effective management of claims costs.

Table 4: Loss ratios %	Gross ratio		Earned ratio		U/W ratio	
	F07	F08	F07	F08	F07	F08
Property	(44.2)	(58.7)	(30.3)	(7.2)	35.4	85.3
Motor	(88.5)	(91.6)	(107.8)	(107.7)	(57.0)	(45.3)
Guarantee	0.0	(35.2)	(8.5)	(41.2)	333.2	166.3
Liability	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	(41.5)	(44.4)	(50.2)	(46.1)	17.3	59.0
<b>Total</b>	<b>70.0</b>	<b>76.4</b>	<b>82.7</b>	<b>80.6</b>	<b>(23.0)</b>	<b>(3.3)</b>

Source: Management

## Reinsurance

Table 5: Reinsurance result (R'm)	F06	F07	F08*
Premium ceded	(66.3)	(157.7)	(234.1)
Claims recovered	45.5	115.0	177.5
Commission received	13.2	29.0	49.6
<b>U/W (loss) / profit</b>	<b>(7.6)</b>	<b>(13.7)</b>	<b>(7.0)</b>
Expenses recovered/paid	(0.7)	(2.0)	(1.5)
<b>Net (loss) / profit</b>	<b>(8.3)</b>	<b>(15.7)</b>	<b>(8.5)</b>

\* Provided by management

With effect from 1 July 2007, the company secured three-year treaty arrangements with its lead reinsurers Munich Re, Africa Re and Swiss Re, thereby securing capacity to grow the book in the medium term.

Renasa has established a technical partnership with Aon Re South Africa ("Aon Re"), under which Aon Re provides broad support to Renasa's processes.

Table 6:	Reinsurance treaties	
	Surplus treaties	
Class (lines)	Net retention	Treaty limit
Fire and Engineering	R5m	R45m
Quota share treaties		
Class	Quota share	U/W limit
Motor	(40:60)	R1.3m
Fire and Engineering	(40:60)	R5m
Marine	(75:25)	R20m
Bonds and Guarantees	(90:10)	R12m
Accident	(40:60)	R6m
Attritional net	(80:20)	R4.5m
Excess of loss treaties		
Class (layers)	Net retention	Treaty limit
General account XOL	R1.2m	R175m
Marine	R0.5m	R100m

## Solvency

Successive underwriting deficits resulted in the company's capital base being significantly eroded, necessitating three consecutive capital injections since 2005 (cumulatively amounting to R21m). In F08, the insurer posted a first time NPAT of R2.1m since the existing consortium acquired the company in 2002. Accordingly, shareholders funds increased to R21m (F07: R19m), with the international solvency ratio improving to 76% from 53% in F07, supported by lower NPI of R28m (F07: R36m). Statutory solvency was supported by profits in F08, increasing from 43% to 51%.

## Asset management

Given its infancy, the necessity to manage a liquid and conservative investment mix is noted. In this regard, liquidity levels have remained strong over the review period. Claims cash coverage of 20 months, from 13 months in F07, can be attributed to the 24% decline in claims, in addition to cash and cash equivalents increasing 15% in F08 (F07: 18%).

Given that the majority of the company's asset mix comprises cash and call deposits, investment returns are subject to interest rate fluctuations. Accordingly, in light of the rising interest rate environment, the insurer reported an increased cash investment yield of 9% from 6% in F07.

## Financial performance

A five-year financial synopsis of the company's results is reflected at the end of this report and brief commentary follows hereafter.

Table 8: Underwriting performance (R'm)	Actual F08	Budget F08	% of Budget
<b>GPI</b>	<b>261.7</b>	<b>319.9</b>	<b>81.8</b>
NPI	27.7	40.7	68.1
<b>EPI</b>	<b>27.8</b>	<b>35.9</b>	<b>77.4</b>
Net claims	(22.4)	(28.2)	79.4
Net commission	9.9	15.0	66.0
Mng. Expenses	(16.2)	(17.0)	95.3
<b>U/W profit/loss</b>	<b>(0.9)</b>	<b>7.2</b>	<b>(12.5)</b>
<b>Ratios (%)</b>			
GPI growth	35.3	65.3	
Retention ratio	10.6	12.7	
Earned loss ratio	80.6	78.6	
Commission ratio	(35.5)	(41.8)	
Expense ratio	58.2	47.4	
U/W margin	(3.3)	20.1	

Although the insurer achieved growth of 35%, the highest in its peer group, it fell 18% short of its budget for the year, with critical mass deemed to be R300m. A deliberate reduction in retention resulted in NPI reducing to R28m in F08 from R36m in F07. The insurer's high cost base highlights the need to achieve economies of scale and the importance of meeting growth forecasts. Expenses are mainly driven by staff costs, product and infrastructure development. Once critical mass is achieved, an increased top line will lessen the severity of management expenses on overall profitability. During F08, Renasa's expenses were 5% less than what was budgeted for, due to lower volume growth than what was forecast.

Notwithstanding the growth achieved, coupled with the systemic risks within the motor industry, claims incurred reduced to 81% of EPI in F08 (F07: 83%). It is expected that with the implementation of the rating platform, the insurer will be able to price risk on the motor book more efficiently and reduce loss ratios accordingly over time.

Given the insurer's beneficial reinsurance agreements (effected for the first time in F08), commission received positively contributed towards underwriting income, partially offsetting the high expense ratio. Accordingly, the delivery cost ratio declined from 40% in F07 to 23% in F08.

Underwriting profitability remained well below budget for F08. As previously mentioned, CAT losses stripped R3.4m off the bottom line. This coupled with the R60m shortfall in volumes, which translated into a further R3m in lost profits (assuming a loss ratio of 81%) would have seen the company return an underwriting margin of 20%, in line with forecasts.

Realised investment gains of R3m supported the underwriting loss of R0.9m, to achieve a net profit after tax of R2.1m in F08 (F07: net loss after tax of R6.3m).

## Future prospects

Renasa is forecasting significant growth for the next three years during which GPI is anticipated to grow aggressively. Acknowledging the importance of gaining critical mass to the achievement of forecast profit levels, as can be seen from F08, the surpassing, post year end, of Renasa's targeted break even critical mass of R300m GPI is a significant milestone. Retention levels are forecast to remain in line with F08, whilst the significant increase in commissions received to R26m will facilitate the turn around in underwriting profitability.

Table 9: YTD performance (R'm)	YTD Aug. 08	Budget F09	% of Budget
<b>GPI</b>	<b>57.3</b>	<b>520.0</b>	<b>11.0</b>
NPI	6.2	60.9	10.2
<b>EPI</b>	<b>6.2</b>	<b>53.5</b>	<b>11.6</b>
Net claims	(5.3)	(43.7)	13.3
Net commission	(0.4)	25.5	(1.6)
Mng. Expenses	(2.2)	(24.7)	(15.0)
<b>U/W profit/loss</b>	<b>(2.2)</b>	<b>10.6</b>	<b>(34.9)</b>
<b>Ratios (%)</b>			
GPI growth	31.4	98.7	
Retention ratio	10.8	11.7	
Earned loss ratio	85.5	81.7	
Commission ratio	6.5	47.7	
Expense ratio	35.5	46.2	
U/W margin	(35.5)	19.8	
Solvency	52.4*	40.0	

\*Annualised

For the period ending 31 August 2008, the insurer posted a net underwriting loss of R2.2m. This followed a large CAT loss, which negatively impacted the bottom line by R2.1m. On 1 September, the company secured a large block of business, which, if included in the year to date accounts, would have resulted in an underwriting profit of R146,000 (excluding the CAT loss, an underwriting profit of R2.3m would have been achieved). With annualised revenue amounting to R501m at September 2008 (of which 73% is subject to enforced pricing), this would suggest that critical mass has been achieved together with control of the underwriting cycle.

Going forward, to achieve economies of scale and increase market penetration, the company remains committed to writing business derived from personal lines. Although this will provide scale, given the current soft market, the effectiveness of management's ability to secure appropriate pricing will be critical.

# Rena Insurance Company Limited

(R in millions except as noted)

Year ended : 30 June

	2003	2005*	2006	2007	2008	
<b>Income Statement</b>						
Gross premium income (GPI)	100.7	210.3	102.0	193.5	261.7	
Reinsurance premiums	(74.1)	(155.7)	(67.4)	(157.7)	(234.1)	
Net Premium income (NPI)	26.6	54.6	34.6	35.7	27.7	
(Increase) / Decrease in insurance funds	(0.4)	(0.1)	(0.4)	(0.1)	0.2	
<b>Net premiums earned</b>	<b>26.2</b>	<b>54.5</b>	<b>34.3</b>	<b>35.6</b>	<b>27.8</b>	
Claims incurred	(25.2)	(41.6)	(22.4)	(29.4)	(22.4)	
Commission	(2.2)	(2.5)	(1.8)	0.7	9.9	
Management expenses	(5.4)	(25.1)	(12.4)	(15.1)	(16.2)	
<b>Underwriting profit / (loss)</b>	<b>(6.7)</b>	<b>(14.7)</b>	<b>(2.3)</b>	<b>(8.2)</b>	<b>(0.9)</b>	
Investment income (incl. realised gains)	4.4	2.2	0.9	1.9	3.0	
Other income / (expenses)	0.8	0.0	0.0	0.0	0.0	
Taxation	0.0	0.0	0.0	0.0	0.0	
<b>Net income after tax</b>	<b>(1.5)</b>	<b>(12.5)</b>	<b>(1.5)</b>	<b>(6.3)</b>	<b>2.1</b>	
Unrealised investment gains / (losses)	0.0	0.0	0.0	0.0	0.0	
Unrealised fixed assets gains / (losses)	0.0	0.0	0.0	0.0	0.0	
<b>Cash Flow Statement</b>						
Cash generated by operations	(4.8)	(13.2)	(1.4)	(7.8)	(0.6)	
Cash flow from investment income	4.4	2.2	0.9	1.9	3.0	
Working capital decrease / (increase)	7.3	(16.4)	(2.0)	4.4	3.0	
Cash available from operating activities	6.9	(27.5)	(2.5)	(1.6)	5.4	
Tax paid	0.0	0.0	0.0	0.0	0.0	
<b>Cash flow from operating activities before dividends</b>	<b>6.9</b>	<b>(27.5)</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>5.4</b>	
Dividends paid	0.0	0.0	0.0	0.0	0.0	
<b>Cash flow from operating activities</b>	<b>6.9</b>	<b>(27.5)</b>	<b>(2.5)</b>	<b>(1.6)</b>	<b>5.4</b>	
Purchases of investments	(0.4)	(0.7)	(0.2)	(0.5)	(0.5)	
Proceeds on disposal of investments	0.0	0.0	0.0	0.0	0.0	
Other investing activities	0.0	0.0	0.0	0.0	0.0	
<b>Cash flow from investing activities</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>(0.5)</b>	
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>5.5</b>	<b>8.0</b>	<b>7.0</b>	<b>0.0</b>	
<b>Net cash inflow / (outflow)</b>	<b>6.6</b>	<b>(22.6)</b>	<b>5.4</b>	<b>4.9</b>	<b>4.9</b>	
<b>Balance Sheet</b>						
<b>Shareholders interest</b>	<b>18.8</b>	<b>11.7</b>	<b>18.3</b>	<b>18.9</b>	<b>21.1</b>	
Insurance funds	2.1	0.4	0.8	0.9	0.7	
Other liabilities	47.7	22.9	23.3	35.0	35.5	
<b>Total capital &amp; liabilities</b>	<b>68.5</b>	<b>35.1</b>	<b>42.3</b>	<b>54.9</b>	<b>57.3</b>	
Fixed assets	1.2	0.5	0.4	0.7	0.9	
Investments	0.0	0.0	0.0	0.0	0.0	
Cash and short term deposits	45.2	22.5	27.9	32.8	37.8	
Other current assets	22.1	12.1	14.0	21.3	18.7	
<b>Total assets</b>	<b>68.5</b>	<b>35.1</b>	<b>42.3</b>	<b>54.9</b>	<b>57.3</b>	
<b>Key Ratios</b>						
<b>Solvency / Liquidity</b>						
Shareholders funds / NPI	%	70.5	21.5	79.1	53.0	76.2
Solvency margin (Act)	%	(11.9)	19.8	42.7	43.0	51.3
Financial base	%	78.3	22.3	82.5	55.6	78.8
Outstanding claims / NPI	%	91.0	26.6	70.9	40.4	33.1
Insurance funds / NPI	%	7.7	0.8	3.5	2.6	2.7
Claims cash coverage	mth	21.5	6.5	22.4	13.4	20.2
<b>Profitability</b>						
ROaE (before unrealised gains / losses)	%	(7.8)	(82.0)	(6.6)	(33.9)	10.5
ROaE (after unrealised gains / losses)	%	(7.8)	(82.0)	(6.6)	(33.9)	10.5
Investment yield (including unrealised gains / losses)	%	10.5	6.5	2.3	6.2	8.5
Cash investment yield (average)	%	10.5	6.5	2.3	6.2	8.5
<b>Efficiency / Growth</b>						
GPI Growth	%	2,156.6	39.3	(27.0)	89.6	35.3
Premiums reinsured / GPI	%	73.6	74.0	66.0	81.5	89.4
Earned loss ratio	%	96.4	76.3	65.3	82.7	80.6
Commissions / Earned premiums	%	8.4	4.6	5.3	(2.1)	(35.5)
Management expenses / Earned premiums	%	20.7	46.1	36.3	42.4	58.2
Underwriting result / Earned premium	%	(25.5)	(27.0)	(6.8)	(23.0)	(3.3)
Trade Ratio	%	125.5	127.0	106.8	123.0	103.3
<b>Operating</b>						
Effective tax rate	%	0.0	0.0	0.0	0.0	0.0
Dividend cover	X	n.a.	n.a.	n.a.	n.a.	n.a.

\* 18 months ended 30 June, prior to which 31 December year end - relevant ratios annualised.