

PACIS INSURANCE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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FOR THE YEAR ENDED 31 DECEMBER 2024

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PACIS INSURANCE COMPANY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

BOARD OF DIRECTORS

DR. SAMUEL KIRUTHU	- Chairman
MRS. JEAN MOEGI	- Principal Officer
RT. REV. JAMES WAINAINA	- Retired 23 rd April 2024
REV. FR. SIMON NGÁNGÁ	
MS. MIRIAM WAMBUI	
MRS. EDITH AKOTH SIDDONDO	
MR. JAMES THEURI	
FR. JUDE WAWERU	- Appointed 2 nd January 2024
RT. REV. DOMINIC KIMENGICH	- Appointed 23 rd April 2024
MR. CHARLES KANJAMA	- Retired 26 th June 2024
MR. BRIAN OMWENGA	- Retired 26 th June 2024

REGISTERED OFFICE

Pacis Center, 4th Floor
Off Waiyaki Way, Westlands
P.O. Box 1870 - 00200
NAIROBI

PRINCIPAL PLACE OF BUSINESS

Pacis Center, 4th Floor
Off Waiyaki Way, Westlands
P.O. Box 1870 - 00200
NAIROBI

INDEPENDENT AUDITOR

Ernst & Young LLP
Kenya Re Towers, Off Ragati Road
P.O. Box 44286 - 00100
NAIROBI

COMPANY SECRETARIES

Bellmac Consulting LLP
I&M House, 3rd Floor, 2nd Ngong Avenue
P.O. Box 102 - 00202
NAIROBI

PRINCIPAL LEGAL ADVISORS

Nyiha, Mukoma and Company Advocates
Alta Towers, 7th Floor, Ring Road Kilimani
P.O. Box 28491- 00200
NAIROBI

PACIS INSURANCE COMPANY LIMITED
COMPANY INFORMATION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

PRINCIPAL BANKERS

Absa Bank Kenya PLC
Absa Head Quarters, Waiyaki Way
P.O. Box 30120 - 00100
NAIROBI

Kenya Commercial Bank Limited
Kencom House, 8th Floor, Moi Avenue
P.O. Box 48400 - 00100
NAIROBI

NCBA Bank Kenya PLC
NCBA Center, Mara and Ragati Road, Upper Hill
P.O. BOX 30437-00100
NAIROBI

Equity Bank (Kenya) Limited
Equity Centre, Hospital Road, Upper Hill
P.O. Box 75104-00200
NAIROBI

Stanbic Bank Kenya Limited
Stanbic Bank Centre, Westlands Road, Chiromo
P.O. Box 30550 - 00100
NAIROBI

Family Bank Limited
Family Bank Towers, Muindi Mbingu Street
P.O. Box 74145 - 00200
NAIROBI

The Co-operative Bank of Kenya Limited
Co-operative Bank House, Haile Selassie Avenue
P.O. Box 48231 - 00100
NAIROBI

Caritas Microfinance Bank
Cardinal Otunga Plaza, Kaunda Street
P.O. Box 15353 - 00100
NAIROBI

Smep Microfinance Bank
Kirichwa Road, Off Argwings Kodhek Road
P.O. Box 64063 - 00620
NAIROBI

African Banking Corporation Limited
ABC Bank House, Woodvale Grove, Westlands
P.O. Box 13889 - 00800
NAIROBI

Sumac Microfinance Bank
Nginyo Towers, Ground Floor
P.O. Box 11687 - 00100
NAIROBI

National Bank of Kenya Limited
National Bank Building, Harambee Avenue
P.O. Box 72866 - 00200
NAIROBI

Bank of Africa
BOA House, Karuna Close, Off Waiyaki Way
Westlands
P.O. Box 69562 - 00400
NAIROBI

Diamond Trust Bank Kenya Limited
DTB Centre, Mombasa Road
P.O. Box 61711 - 00200
NAIROBI

CONSULTING ACTUARY

Zamara Actuaries, Administrators & Consultants Limited
Zamara Place, Ground Floor, Chiromo Road/Waiyaki Way, Westlands
P.O. BOX 52439 - 00200
NAIROBI

PACIS INSURANCE COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2024, which shows the state of affairs of Pacis Insurance Company Limited ("the Company").

1. INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 1.

2. PRINCIPAL ACTIVITIES

The Company conducts all classes of general insurance business as defined by Section 31 of the Insurance Act (Cap 487), laws of Kenya with the exception of Aviation and Motor PSV (Matatu).

3. BUSINESS REVIEW

In the current year, the Company reported insurance revenue of KShs 2,876,438,000 (2023: KShs 2,393,885,000). This revenue mainly came from the Motor Private, Motor Commercial and Medical classes of business.

The Company reported a profit after tax of KShs 78,977,000 (2023: KShs 145,520,000).

As at 31 December 2024, the net asset position of the Company was KShs 984,359,000 (2023: KShs 909,605,000).

KEY PERFORMANCE INDICATORS	2024 KShs'000	2023 KShs'000
Insurance service result	954	130,845
Profit for the year	78,977	145,520

4. PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging, and this has a resultant effect on overall performance of the Company. The Company's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions, marketing strategies and innovativeness to obtain market share. The Directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the Company.

In addition to the business risks discussed above, the Company's activities expose it to a number of financial risks and insurance risks which are described in detail in Note 3 to the financial statements.

PACIS INSURANCE COMPANY LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

5. DIVIDEND

The Directors declared and paid an interim dividend in year 2024 of KShs 10,048,000 (2023: Nil). The Directors do not recommend any further dividend in respect of the year ended 31 December 2024.

6. DIRECTORS

The Directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the Company's Articles of Association, three Directors who were due for retirement by rotation in the year 2024 were re-elected into office during the Annual General Meeting held on 26th June 2024.

7. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

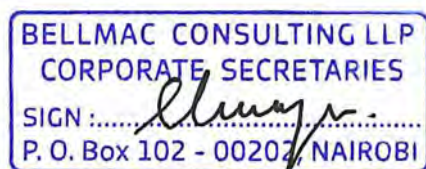
With respect to each Director at the time this report was approved:

- (a) there is, so far as the Director is aware, no relevant audit information of which the Company's auditor is unaware; and
- (b) the Director has taken all the steps that the Director ought to have taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. TERMS OF APPOINTMENT OF THE AUDITOR

Ernst & Young LLP continues in office in accordance Section 719 of the Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 3,906,977 has been charged to profit or loss in the year as disclosed in Note 7 to the financial statements.

BY ORDER OF THE BOARD



.....
COMPANY SECRETARY

28 March 2025

PACIS INSURANCE COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting and applying appropriate accounting policies; and
- iii. making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

The financial statements were approved by the board of Directors on 28 March 2025 and signed on its behalf by:



Dr. Samuel Kiruthu
Director



Rev. Fr. Simon Ngangá
Director



Jean Moegi
Principal officer

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PACIS INSURANCE COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Pacis Insurance Company Limited ('the company') set out on pages 11 to 104, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pacis Insurance Company Limited as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015 and Section 56 of the Kenyan Insurance Act, Cap. 487.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements of the company in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the company in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Notes 1.1.2 and 3.3 to the financial statements which indicate that the Company's Capital Adequacy Ratio (CAR) as at 31 December 2024 was 86% (2023: 109%) which was below the minimum regulatory requirement of 100%. Section 5(4) of the Kenyan Insurance (Capital Adequacy) Guidelines (Legal Notice 39 of 2017) require the Company to maintain a capital adequacy ratio of at least 100%. Section 18 of the guidelines further stipulate that, where the Authority ("IRA") determines that an insurer has not met the provisions of the guidelines, the Authority may impose any or all of the following administrative sanctions to correct the situation in accordance with the Kenyan Insurance Act: require the Company to invest in a specified manner; restrict or prohibit the insurer from investing in certain asset classes or individual assets to safeguard insurance funds; suspend, dismiss, disqualify or revoke the appointment of an officer of the insurer in a position as a board member, member of the senior management or key person in control function; impose additional reporting requirements on the Company; restrict declaration and payment of dividends by the Company, withdraw or impose conditions on the business license of the Company or take any other action as may be deemed necessary by the Authority. As stated in Notes 1.1.2 and 3.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contract Liabilities As at 31 December 2024, the Company's insurance contract liabilities amount to KShs 2.7 billion. Of this amount, KShs 1.4 billion relates to liabilities for incurred claims (LIC), KShs 1.2 billion being the present value of future cashflows and KShs 0.1 billion being the risk adjustment. The LIC reflects current, explicit, unbiased and probability-weighted estimate of the present value of the expected future cashflows (best estimate), and an explicit risk adjustment for non-financial risk. The estimation of the LIC is a complex process, applying actuarial and statistical methods over historical data and patterns requiring the use of estimates and judgements. It requires the use of complex formulas and computational tools that may be incorrectly configured, and for which inaccurate input data may be used. Additionally, the expected future cashflows relating to the LIC for catastrophes which are usually of less frequency but higher severity, are more difficult to estimate and their calculation require the use of expert judgement, especially for events taking place close to year end. Accordingly, we have identified the valuation of insurance contract liabilities as a key audit matter. The material accounting policies and detailed disclosures on insurance contract liabilities are included in Note 1.3 – Insurance Contracts, Note 5.1 Insurance Contract assets and liabilities per portfolio and Note 17 movements in Insurance Contract liabilities.	To test the valuation of insurance contract liabilities, our audit procedures included, but were not limited to the following: • We assessed the methodology and assumptions with respect to compliance with the Company's policies. • We tested the completeness and accuracy of data utilized by the Company in estimating the insurance contract liabilities by reconciling such amounts to the underlying accounting records and performing data-enabled audit procedures and claims data plausibility checks on the selected samples. • We performed audit procedures over key assumptions, including the implementation of those assumptions into the models. These procedures included testing underlying support and documentation, including reviewing a sample of experience studies supporting specific assumptions, challenging the nature, timing and completeness of changes recorded, and assessing whether individual changes were errors or refinements of estimates. • We tested the methodology and calculation of the insurance contract liabilities through both review of the calculation logic within the models, and through calculating an independent estimate of the fulfilment cashflows for a samples insurance contracts and comparing the results to those determined by the Company. • We assessed the adequacy of the Company's disclosures in the notes to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

<i>Valuation of Investment properties</i>	
As at 31 December 2024, the carrying amount of the Company's investment properties was Kshs 712 million as disclosed in Note 13 to the financial statements. The investment properties are measured at fair value in accordance with the International Accounting Standard (IAS) 40 Investment Property. The Company's policy is to revalue the investment properties annually with the assistance of an external valuer. The basis adopted in the valuation of investment properties was open market value assessed using the current replacement cost and market comparable approach. Given that the fair valuation of investment properties involves significant estimation and assumptions (such as future rent rates, replacement cost and prices of similar properties in the neighbourhood) and the importance of the disclosures relating to the assumptions used in the valuation, we considered this as a key audit matter	We performed the following audit procedures in response to this matter: • Evaluated the objectivity and independence of the external valuer • Assessed whether the underlying assumptions applied in the determination of the fair value were justifiable in the context of the industry and nature of the investment properties. • Assessed whether the valuation methodologies and assumptions adopted in determining the fair values of the investment properties were in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board • Evaluated whether the determined fair values were in line with the market values for similar properties in similar locations • Assessed the adequacy of the Company's disclosures in respect of the assumptions used in valuation as set out in Note 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises of the information included in the Annual Report other than the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon except as prescribed by the Kenyan Companies Act, 2015, as set out below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015 and Section 56 of the Kenyan Insurance Act, Cap. 487, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

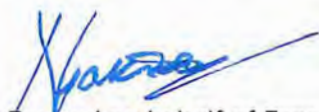
In our opinion the information given in the report of the directors on pages 3 and 4 is consistent with the financial statements.

REPORT ON OTHER MATTERS REQUIRED BY SECTION 56 OF THE KENYAN INSURANCE ACT, CAP. 487

As required by section 56 of the Kenyan Insurance Act, Cap. 487 (the "Act"), we report to you based on our audit of the accompanying financial statements hereafter ("accounts and statements") that:

- a) The accounts and statements in respect of the year ended 31 December 2024 for the Company appear to be in accordance with the Act.
- b) The accounting records of the Company in respect of the year ended 31 December 2024 appear to have been properly kept and to record and explain correctly the transactions and financial position of the Company;
- c) In respect of the year ended 31 December 2024, we obtained the information and explanations that we requested;
- d) We are satisfied that the accounts and statements referred to in paragraph (a) above agree with the accounting records of the Company and represent the transactions and financial position of the Company in respect of the financial year ended 31 December 2024;
- e) Amounts required by Section 53 of the Act to be apportioned have been equitably apportioned;
- f) All management expenses wherever incurred in respect of the Company's business, whether directly or indirectly, have been fully debited in the revenue account or profit and loss account as expenses;
- g) Every reserve has been calculated in accordance with the method approved for the reserve by the Commissioner;
- h) There are adequate disclosures on related parties' transactions and compliance with section 71 of the Insurance Act;
- i) The management and disposal of salvages is in compliance with the guidelines on claims management for the insurance industry;
- j) All assets owned by the Company are kept in its name in accordance with section 47;
- k) No assets have been charged by the Company to secure a mortgage as required by section 47 of the Insurance Act.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Tom Nyakoe, Practising Certificate Number 2283.



For and on behalf of Ernst & Young LLP,
Certified Public Accountants
Nairobi, Kenya

28 March, 2025

PACIS INSURANCE COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

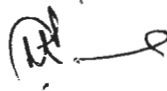
	Notes	2024 KShs '000	2023 KShs '000
Insurance revenue	4	2,876,438	2,393,885
Insurance service expense	4	<u>(2,884,983)</u>	<u>(2,256,740)</u>
Insurance service result before reinsurance contracts held		(8,545)	137,145
Allocation of reinsurance premiums	5.2	(489,378)	(387,616)
Amounts recoverable from reinsurers for incurred claims	5.4	<u>498,877</u>	<u>381,316</u>
Net expense from reinsurance contracts held		9,499	(6,300)
Insurance service result		954	130,845
Allowance for expected credit losses	3.2.7	31,776	13,676
Interest revenue calculated using the effective interest method	6.1	79,469	39,943
Investment income	6.2	50,374	47,634
Other operating income	6.3	<u>39,982</u>	<u>19,282</u>
Total investment income		201,601	120,535
Insurance finance expenses for insurance contracts issued	4	(124,756)	(67,551)
Reinsurance finance income for reinsurance contracts held	5.3	<u>46,396</u>	<u>27,997</u>
Net insurance financial result		(78,360)	(39,554)
Finance costs	4	<u>(7,674)</u>	<u>(9,690)</u>
Profit before tax		116,521	202,136
Income tax expense	10.1	<u>(37,544)</u>	<u>(56,616)</u>
Profit for the year		78,977	145,520
Other comprehensive income that will not be reclassified to the income statement			
Revaluation gain on property and equipment	11	6,853	7,598
Deferred tax	14	<u>(1,028)</u>	<u>(1,140)</u>
Other comprehensive income for the year, net of tax		<u>5,825</u>	<u>6,458</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>84,802</u>	<u>151,978</u>

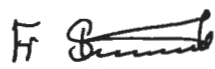
The notes on pages 15 to 104 form an integral part of these financial statements.

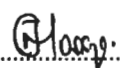
PACIS INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		31 December 2024	31 December 2023
	Notes	KShs 000	KShs000
ASSETS			
Cash and bank balances	26	231,493	93,074
Deposits with financial institutions	20	404,325	126,618
Other receivables	19	60,431	90,381
Receivables arising out of direct insurance arrangements	18	577,140	607,385
Receivable from related parties	18	62,113	80,900
Tax recoverable	10	46,093	48,782
Quoted equity investments at fair value through profit or loss	16	-	55
Government securities - 'amortised cost'	15	289,033	215,847
Investment properties	13	712,168	867,852
Property and equipment	11	137,429	134,378
Right-of-use assets	22	45,567	56,226
Intangible assets	12	344	683
Reinsurance contract assets	5.5	<u>1,403,055</u>	<u>1,108,752</u>
TOTAL ASSETS		<u>3,969,191</u>	<u>3,430,933</u>
LIABILITIES			
Insurance contract liabilities	5	2,710,681	2,220,874
Lease liabilities	23	51,447	61,998
Deferred tax liabilities	14	37,385	15,930
Other payables and accruals	24	<u>185,319</u>	<u>222,526</u>
TOTAL LIABILITIES		<u>2,984,832</u>	<u>2,521,328</u>
EQUITY			
Share capital	21	502,698	502,698
Share premium	21	5,712	5,712
Shareholder's contribution pending allotment	21	185,861	185,861
Revaluation reserve	21	24,799	18,974
Retained earnings		<u>265,289</u>	<u>196,360</u>
TOTAL EQUITY		<u>984,359</u>	<u>909,605</u>

The financial statements on pages 11 to 104 were approved and authorised for issue by the Board of Directors on 28 March 2025 and were signed on its behalf by:


.....
Dr. Samuel Kiruthu
Director


.....
Rev. Fr. Simon Ngángá
Director


.....
Jean Moegi
Principal officer

The notes on pages 15 to 104 form an integral part of these financial statements.

PACIS INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Share capital KShs'000	Shareholders' contribution pending allotment KShs'000	Share premium KShs'000	Revaluation reserve KShs'000	Retained earnings KShs'000	Total KShs'000
Restated balance as at 1 January 2023		381,982	305,577	5,712	12,516	50,840	756,627
Profit for the year		-	-	-	-	145,520	145,520
Other comprehensive income for the year		-	-	-	6,458	-	6,458
Total comprehensive income		-	-	-	6,458	145,520	151,978
Additional share capital awaiting allotment	21.2	-	1,000	-	-	-	1,000
Allotment of shares		120,716	(120,716)	-	-	-	-
31 December 2023		502,698	185,861	5,712	18,974	196,360	909,605
1 January 2024		502,698	185,861	5,712	18,974	196,360	909,605
Profit for the year		-	-	-	-	78,977	78,977
Other comprehensive income for the year		-	-	-	5,825	-	5,825
Total comprehensive income		-	-	-	5,825	78,977	84,802
Dividends paid		-	-	-	-	(10,048)	(10,048)
31 December 2024		502,698	185,861	5,712	24,799	265,289	984,359

The notes on pages 15 to 104 form an integral part of these financial statements.

PACIS INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KShs'000	2023 KShs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operating activities	25	276,856	(26,352)
Tax paid	10.2	<u>(14,428)</u>	<u>(2,051)</u>
Net cash generated from/ (used in) operating activities		262,428	(28,403)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received	6.2	-	931
Interest on government securities	6.1	30,585	22,733
Interest from bank deposits and current accounts	6.1	48,884	17,210
Purchase of property and equipment	11	(3,821)	(5,592)
Proceeds from disposal of property and equipment		-	104
Disposal of quoted equity investments	16	-	19,437
Purchase of long-term deposits with financial institutions		(319,216)	49,205
Purchase of government securities		(144,200)	(169,200)
Proceeds from maturity of government securities		136,200	169,200
Proceeds from disposal of investment property		<u>200,564</u>	<u>13,000</u>
Net cash generated from/ (used in) investing activities		<u>(51,004)</u>	<u>117,028</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from contributions pending allotment	21.2	-	1,000
Dividends paid		(10,048)	-
Interest paid on borrowings		-	(3,644)
Interest paid on lease liabilities	23	(7,674)	(6,046)
Lease liabilities paid during the year	23	<u>(16,432)</u>	<u>(18,120)</u>
Net cash used in financing activities		<u>(34,154)</u>	<u>(26,810)</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		175,500	113,685
Increase in cash and cash equivalents		<u>177,270</u>	<u>61,815</u>
Cash and equivalents at 31 December	26	<u>352,770</u>	<u>175,500</u>

The notes on pages 15 to 104 form an integral part of these financial statements.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

1.1.1. Historical cost convention

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into consideration when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and other comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

The financial statements are presented in Kenya shillings (KShs), and all values are rounded to the nearest thousand - KShs'000, except when otherwise indicated.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.1. Basis of preparation (continued)

1.1.2. Going concern

As disclosed in Note 3.3., the Company's Capital Adequacy Ratio (CAR) was 86% (2023: 109%) which was below the minimum regulatory requirement of 100%. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, its ability to realise assets and discharge liabilities in the normal course of business. The material uncertainty arises from the risk that IRA may decide to impose sanctions on the Company in accordance with Section 18 of the Kenyan Insurance Capital Adequacy Guidelines (Legal Notice 39 of 2017) which include: requiring the Company to invest in a specified manner; restricting or prohibiting the Company from investing in certain asset classes or individual assets to safeguard insurance funds; suspending, dismissing, disqualifying or revoking the appointment of an officer of the Company in a position as a board member, member of the senior management or key person in control function; imposing additional reporting requirements on the Company; restricting declaration and payment of dividends by the Company; withdrawing or imposing conditions on the business license of the insurer; or taking any other action as may be deemed necessary by IRA.

The Company's directors have made an assessment of the Company's ability to continue as a going concern and concluded that despite the material uncertainty noted above, the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. This assessment is based on the following:

- The Company has net equity of KShs 984,359,000 (2023: KShs 909,605,000) which indicates reasonable liquidity.
- Following a commitment received from the shareholders to inject KES 191,000,000 additional capital in the form of land in the year 2023, the transactions were concluded and a portion of the same disposed and converted into cash. This further strengthened the Company's financial position.
- The Company's management and directors are actively pursuing the following strategies which are expected to remediate the capital inadequacy:
 - Premium debt collection - Enforcement of cash and carry culture to reduce creation of new debt, and aggressive collection of outstanding premium debt from brokers and customers.
 - Profitable business growth - Entrenching experience-based pricing to deliver sustainable profitable underwriting across all non-motor product lines, and aggressively weeding out remaining loss-making motor businesses to deliver motor profitability.
 - Efficient financial investments management to deliver sustainable returns, including incremental allocation of free cashflows to low-risk profitable assets to support stabilisation of the capital adequacy ratio.

Having considered the above, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that the capital position will be rectified to the minimum regulatory requirement and that the regulator will not withdraw or impose conditions on the Company's business license following the issuance of these financial statements which indicate that the Company's capital adequacy ratio is below the minimum regulatory requirement. The directors have therefore presumed that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Material accounting policies (continued)

1.2. New standards, amendments and interpretations (Continued)

1.2.1. New standards, amendments and interpretations adopted by the Company

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new and amended standards and interpretations effective as of 1 January 2024 that did not have a material impact on the Company are listed below:

	Effective for accounting period beginning on or after
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	01-Jan-24
Lease liability in a Sale and Leaseback - Amendments to IFRS 16	01-Jan-24
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01-Jan-24

1.2.2. New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented. The Company is still assessing their impact:

New standards or amendments	Effective for annual period beginning on or after
Lack of exchangeability - Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards Volume 11	1 January 2026
Power Purchase Agreements - Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	To be determined

1.3. Insurance Contracts

a) Classification and measurement

The Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA has the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cashflows and less amounts recognized in revenue for insurance services provided
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component
- Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

a) Classification and measurement (continued)

The Company capitalizes insurance acquisition cash flows for all product lines. The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flow is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2.

b) Presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contracts issued and reinsurance contracts held, respectively, and presents separately:

- Portfolios of insurance issued that are assets
- Portfolios of insurance issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

In the statement of profit or loss and other comprehensive there is separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

c) Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

d) Insurance and reinsurance contracts accounting treatment

i) Separating components from insurance and reinsurance contracts

The Company assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the host insurance contract. Currently, the Company's products do not include any distinct components that require separation.

ii) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). No group for level of aggregation purposes may contain contracts issued more than one year apart.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

For the aggregation of reinsurance contracts held by the Company, portfolios of similar risks will comprise individual reinsurance contracts held. As such, each reinsurance contract underwritten in a particular period is treated as a single group.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

d) Insurance and reinsurance contracts accounting treatment (continued)

iii) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the groups of contracts and
- The dates when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

iv) Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

Both the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. IFRS 17 Insurance Contracts (continued)

d) Insurance and reinsurance contracts accounting treatment (continued)

v) Measurement - Premium Allocation Approach

	ADOPTED APPROACH
PREMIUM ALLOCATION APPROACH(PAA) ELIGIBILITY	In determining the appropriate measurement method, the length of the contracts' coverage periods and the nature of insurance benefits provided under the contracts were considered. 99.8% of the insurance contracts underwritten by the Company have a coverage period of one year or less. These contracts therefore meet the criteria for PAA eligibility. Engineering insurance contain contracts with coverage periods greater than one year. However, these contracts are insignificant in relation to the entire portfolio, making up 0.2% of the entire portfolio. There is no material difference in the measurement of the liability for remaining coverage for these contracts between PAA and the general model and therefore they qualify for PAA. All the reinsurance contracts that the Company holds are one-year coverage period contracts. The contracts therefore qualify automatically for PAA measurement.
INSURANCE ACQUISITION CASH FLOWS FOR INSURANCE CONTRACTS ISSUED	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortized over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group. For all classes of business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
LIABILITY FOR REMAINING COVERAGE (LFRC), ADJUSTED FOR FINANCIAL RISK AND TIME VALUE OF MONEY	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC. For all classes of business, there is no allowance as the premiums are received within one year of the coverage period
LIABILITY FOR INCURRED CLAIMS (LFIC) ADJUSTED FOR TIME VALUE OF MONEY	LFIC is adjusted for the time value of money for all classes.
PREMIUM RECEIVABLE FROM INTERMEDIARIES	The Company has assessed all premium receivable from intermediaries under IFRS 9 and recognised an expected credit loss.
INSURANCE FINANCE INCOME AND EXPENSE	The change in LFIC as a result of changes in discount rates will be captured within profit or loss for all product lines

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

e) Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary or
- For contracts longer than one year, the Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with:

- Increase in the duration of cover
- Size of the discount rates
- Loss ratios
- Deviation from the uniform distribution of risk across the period

The Company has set the below thresholds in assessing suitability of the PAA approach:

- The difference between the general model and the PAA liability in respect of long-term contracts should be within a threshold of 1% for the contracts to be deemed eligible for PAA measurement. The threshold set is considered to be an acceptable limit for accounting purposes
- The comparison of the general model and PAA results will also be assessed under the following stress scenarios:
 - An increase in the loss ratio by 10%
 - An increase in the expense ratio by 10%
 - An increase in the discount rate by 10%

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the new outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous groups depicting the losses recognised.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

f) Reinsurance contracts – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

In determining the percentage of expected reinsurance recoveries for purposes of computing the loss recovery component, the Company will assess the historical recovery rate in respect of each portfolio of reinsurance contracts taking into consideration any changes in treaty terms such as retention limits and making adjustments accordingly.

In computing the reinsurance asset in respect of incurred claims, reinsurance contract cashflows will be derived by applying a reinsurance recovery percentage to the cashflow projections in respect of underlying contracts. The reinsurance asset in respect of the risk adjustment will also be computed by applying a recovery ratio to the risk adjustment in respect of the underlying contracts. Similar discount rate assumptions will apply for groups of reinsurance contracts held and underlying groups of contracts issued. This will effectively ensure that the assumptions driving the cashflow projections in respect of reinsurance contracts held are consistent with the assumptions in respect of underlying contract cashflows.

g) Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortization of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous groups depicting the losses recognised.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

h) Reinsurance contracts held - subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

i) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- Insurance acquisition cashflows that are directly attributable to a group of insurance contracts to that group
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

All expenses incurred by the Company are deemed to be attributable. For purposes of allocating expenses across groups, the Company will allocate the expenses under each portfolio based on the proportion of the size of the total liabilities attributable to each group. The liabilities will include both premium liabilities for remaining coverage and liabilities for incurred claims excluding associated unallocated loss adjustment expenses (ULAE).

The Company has developed an expense allocation approach which is applied on allocating expenses across the Company's classes of business for purposes of preparing revenue accounts. The expense allocation approach is described as follows:

- Expenses relating to commissions and premium taxes are directly allocated to the classes of business from which they arise
- All other expenses are allocated based on the relative proportion of premiums written across the various classes of business

Expense cashflow projections in respect of ULAE will be estimated as the product of expense ratios based on incurred claims liabilities, derived from the expense allocation to IFRS 17 groups and projected cashflows in respect of claims. For the projection of expenses cashflows relating to remaining coverage fulfilment cashflows, the expense ratio will be applied to future projections of the PAA premium releases or earned premiums.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

In determining the asset for insurance acquisition cash flows, the Company will only consider commissions payable as acquisition cash flows. Accordingly, only commissions are considered in determining the Deferred Acquisition Cost (DAC) asset in respect of unexpired risks.

At the end of each reporting period, the Company revises the amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

j) Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled, or expired) or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

k) Risk adjustment

The present value of future cashflows are adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of cashflows that arises from non-financial risk.

The risk adjustment reflects the following:

- The degree of diversification benefits the entity includes when determining the compensation it requires for bearing that risk; and
- Both favourable and unfavourable outcomes, in a way that reflects the entity's degree of risk aversion.

The Company will adopt the value at risk (VaR) approach based on a confidence level of 75%. Under the value at risk approach, the risk adjustment is estimated as the additional amount over the best estimate liability required to cover losses arising from extreme events. The approach entails stressing the various assumptions underlying the calculation of the best estimate liability. The assumptions are stressed one at a time to represent extreme events with a low likelihood of occurrence in accordance with the selected level of confidence. For each stress scenario, the difference between the best estimate liability and the liability computed based on the stressed assumptions is estimated to represent the additional amount required to cover losses arising from a given stress event.

l) Presentation

The Company has presented separately, in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contract they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

m) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

n) Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

o) Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

p) Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company presents finance income or expenses on insurance contracts in the statement of profit or loss.

q) Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1.4. Interest and dividends

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. The Company only includes interest on financial instruments at amortised cost. Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate. The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount of the financial asset.

Dividend income is recognised when the right to receive the payment is established.

1.5. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

1.6. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any except for buildings (owner-occupied portion of the investment property), which is measured based on revalued amounts. Cost excludes the cost of day-to-day servicing. Replacement or major inspection cost are capitalized when incurred and if probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Buildings are shown at fair value on initial recognition, based on valuations by external independent valuers, less subsequent accumulated depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from 'revaluation reserves' to retained earnings.

Depreciation is calculated on a straight-line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Motor vehicles	25%
Computer equipment	30%
Furniture, fittings and office equipment	12.5%
Buildings	32 years

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.6. Property and equipment (Continued)

The assets residual values and useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date and adjusted prospectively if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining (loss)/profit before tax.

1.7. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.8. Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be four years.

1.9. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by external registered valuers/Directors (Level 3). Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.10. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.10. Impairment of non-financial assets (Continued)

Impairment losses of continuing operations are recognised in the income statement in those expenses categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. Such assets are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognized.

A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

1.11. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instrument.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IFRS 9 are as follows:

Description	Classification Under IFRS 9	2024 KShs' 000	2023 KShs' 000
Other receivables	Amortised cost	34,146	84,443
Receivables arising out of direct insurance arrangements	Amortised cost	577,140	607,385
Receivable from related parties	Amortised cost	62,113	80,900
Deposits with financial institutions	Amortised cost	404,325	126,618
Cash and bank balances	Amortised cost	231,493	93,074
Government securities	Amortised cost	289,033	215,847
Quoted shares	FVTPL	-	55
Lease liabilities	Amortised cost	51,447	61,998
Other liabilities	Amortised cost	174,013	209,498
Financial guarantees	Amortised cost	25,000	25,000

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.11.1. Financial assets

Financial assets are recognised initially using the trade date accounting which is the date the Company commits itself to the purchase or sale.

The Company classifies its financial assets into the following categories:

a) Amortised Cost:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and, Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

b) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement.

Notwithstanding the above, the Company may:

-on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are in line with the business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

Derecognition /write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset. Write off of financial assets measured at amortized costs is done through the profit and loss. No such write-off has been done by the company.

Default

The expect credit losses are estimated through making reference to past default experience of the counterparties involved in the various classes of financial assets. For receivables arising out of direct insurance arrangements, default is assumed to have occurred when the debt is past due by more than 90 days. This is guided by the insurance revenue authority. For other financial assets, probabilities of default are guided by the counterparty's rating with accredited rating agencies.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.11.1. Financial assets (Continued)

Impairment

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Receivables arising out of direct insurance arrangements
- Receivables from related parties
- Other receivables
- Government securities
- Deposits with financial institutions
- Cash and cash equivalents

No impairment loss is recognised on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than for insurance contract assets and reinsurance contract assets has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.11.2. Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

- All other financial liabilities are classified and measured at amortised cost.
- All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.11.3. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

1.13. Translation of foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than Kenyan shillings, the entity's functional currency, i.e. foreign currencies, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences on monetary assets and liabilities are recognised in profit or loss in the period in which they arise.

Exchange differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.14. Accounting for leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

1.14.1. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to be incurred to restore the underlying asset back to its original state; and lease payments made at or before the commencement date less any lease incentives received. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Currently, the Company's leases have a term of between 4 to 6 year.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that is not accounted for as a separate lease. The lease payments are remeasured when there is a change in the lease term, future lease payments resulting from a change in an index or rate used to determine such lease payments, the amounts expected to be payable under the residual value guarantees or a change in the assessment of an option to purchase the underlying asset.

1.14.2. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.15. Employee benefits

1.15.1. Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Company and employees. The employees of the Company are also members of the National Social Security Fund ("NSSF"). The Company's contribution to the defined contribution scheme and NSSF are charged to profit or loss in the year they relate to.

1.15.2. Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

1.16. Income tax

Income tax expense is the aggregate amount charged/ (credited) in respect of current tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

1.16.1. Current Income tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Kenyan Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

1.16.2. Deferred income tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable Company and the same taxation authority.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies (continued)

1.17. Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date, whereby, disclosure is made in the financial statements as appropriate.

1.18. Receivables arising out of direct insurance arrangements

Premiums receivable from an intermediary

The policyholder pays in cash the premiums that are due under an insurance contract to an intermediary, and thereby discharges its obligations under the contract. The Company has not yet received in cash the premiums from the intermediary but is legally obliged to provide insurance contract services from this point.

Because the payment by the policyholder discharges its obligations under the insurance contract, the Company considers the right to receive premiums from the policyholder to be settled by the right to receive premiums from the intermediary. The Company, therefore, determines that the premiums receivable from the intermediary are not future cash flows within the boundary of an insurance contract but, instead, a separate financial asset. When the policyholder pays the premiums to the intermediary, the Company removes the premiums from the measurement of the group of insurance contracts and, applying IFRS 9, recognises a separate financial asset.

The Company applies the premium allocation approach on all contracts. Therefore, the Company increases the liability for remaining coverage in when the policyholder pays the premiums to the intermediary and recognises a separate financial asset.

1.19. Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

1.20. Share capital

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Revenue reserve relates to retained earnings and revaluation differences on financial instruments carried at fair value through other comprehensive income.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Significant accounting judgements, estimates and assumptions

In the application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.1. Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

2.2. Liability for remaining coverage

2.2.1. Insurance acquisition cash flows

All insurance contracts issued by the Company have a coverage period of one year or less. The Company is therefore eligible to choose to either recognize insurance acquisition cash flows as an expense immediately as incurred, or to allocate the insurance acquisition cash flows to related groups of insurance contracts recognized in the statement of financial position.

For all classes of insurance, insurance acquisition cash flows are allocated to related groups of insurance contracts recognized in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flow is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

The effect of electing to allocate insurance acquisition cash flows to related groups of insurance contracts recognised in the statement of financial position is to reduce the liability for remaining coverage by the value of the asset for insurance acquisition cash flows.

2.2.2. Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on the underlying contracts and the recovery expected on such claims from reinsurance contracts held.

2.3. Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years. Large claims are usually separately assessed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Significant accounting judgements, estimates and assumptions (continued)

2.3. Liability for incurred claims (continued)

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

2.4. Discount rates

Discount rates will only apply in the computation of the fulfilment cashflows in respect of incurred claims. Cashflows arising from incurred claims may be viewed as moderately illiquid as the contracts cannot be surrendered or cancelled post the coverage period. However, the variability in the claim settlement pattern limits the predictability of the cashflows and hence the ability to find a perfectly matching portfolio which can be held to maturity.

The method adopted for determining discount rates is the bottom-up approach, which entails adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underly the rates observed in the market and the liquidity characteristics of the insurance contracts.

The liquidity characteristics of insurance contracts are assessed with regard to the level of predictability of the associated liability cashflows.

In determining the discount rates to use, the Company used observable current market inputs as required by the standard. The NSE Yield Curve was adopted given it provided readily available information that reflected current market conditions for the required period.

Discount rates applied for discounting of future cash flows were based on the NSE Yield Curves for the respective periods as shown below:

Tenor	2024	2023
91-day	9.89%	13.70%
182-day	10.02%	13.50%
1	11.41%	14.00%
2	12.30%	17.00%
3	13.44%	17.50%
4	14.16%	17.60%
5	14.14%	17.60%
6	13.87%	16.90%
7	13.60%	16.30%
8	13.47%	15.90%
9	13.61%	15.60%
10	13.60%	15.50%

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Significant accounting judgements, estimates and assumptions (continued)

2.5. Measurement of expected credit losses (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The Company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For receivables arising out of direct insurance arrangements, the Company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognized on the basis of a provisioning matrix.

The carrying amounts of the Company's financial assets that are subject to impairment assessment are disclosed in note 3.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Significant accounting judgements, estimates and assumptions (continued)

2.6. Useful lives and residual values of property and equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the Directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment, intangible assets and right-of-use assets are disclosed in Notes 11, 12 and 22, respectively.

2.7. Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease term/period

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in office leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of right-of-use and lease liabilities assets are disclosed in Notes 22 and 23, respectively.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk

The Company's activities expose it to a variety of risks, including insurance and financial risks (credit risk, and the effect of changes in debt and equity market prices and interest rates). The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

3.1 Insurance risk

The Company principally issues the following types of non-life insurance contracts: engineering; domestic package; fire industrial; public liability; marine; motor private; motor commercial; group personal accident; medical; theft; workmen's compensation and miscellaneous insurance. For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risk mitigation program. Reinsurance held is placed on a proportional basis. Proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to its marine business. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

3.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry, and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

The reinsurance arrangements include excess, surplus and quota coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses of more than set limits per class of business in any one year. In addition to the overall company reinsurance programme, individual business units are permitted to purchase additional reinsurance protection.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.1. Insurance risk (continued)

3.1.1 Frequency and severity of claims (continued)

The Company has specialised claims units dealing with the mitigation of risks surrounding known claims. This unit investigates and adjusts all claims. The claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

3.1.2 Sources of uncertainty in the estimation of future and discounted cashflows

Claims on all insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time and a large element of the liability for incurred claims relates to provisions for claims which have not fully developed but are expected to be incurred based on historical ultimate loss ratios. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered and damage or loss to property.

The tables below disclose the concentration of insurance liabilities by the class of business in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amounts of the insurance liabilities (gross and net of reinsurance) arising from insurance contracts:

Concentration by class of business and maximum insured loss year ended 31 December 2024

Maximum insured loss

		KShs 0 - KShs 15M - KShs '000	KShs 15- KShs 250M KShs '000	Above KShs 250M KShs '000	Total KShs 250M KShs '000
Engineering	Gross	7,029	13,686	9,369	30,084
	Net	6,707	10,477	3,467	20,651
Fire domestic	Gross	4,003	7,035	5,451	16,489
	Net	3,996	5,958	4,468	14,422
Fire industrial	Gross	5,779	69,638	87,099	162,516
	Net	5,176	51,638	33,120	89,934
Liability	Gross	19,761	33,017	248,258	301,036
	Net	19,079	27,573	109,839	156,491
Marine	Gross	1,313	2,525	1,930	5,768
	Net	965	567	1,836	3,368
Motor private	Gross	530,074	8,209	-	538,283
	Net	530,118	5,667	-	535,785
Motor commercial	Gross	572,717	4,237	-	576,954
	Net	572,911	4,230	-	577,141
Personal accident	Gross	31,590	2,291	3,978	37,859
	Net	28,618	2,156	3,730	34,504
Medical	Gross	-	-	-	-
	Net	-	-	-	-
Theft	Gross	23,903	29,299	4,868	58,070
	Net	23,287	13,474	2,377	39,138
WCA	Gross	35,678	82,663	28,374	146,715
	Net	40,026	72,109	13,193	125,328
Miscellaneous	Gross	3,393	5,486	-	8,879
	Net	<u>2,669</u>	<u>1,641</u>	<u>-</u>	<u>4,310</u>
Total	Gross	<u>1,235,240</u>	<u>258,086</u>	<u>389,327</u>	<u>1,882,653</u>
	Net	<u>1,233,552</u>	<u>195,490</u>	<u>172,030</u>	<u>1,601,072</u>

The concentration by sector or maximum insured loss at the end of the year is broadly consistent with the prior year.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.1 Insurance risk (continued)

3.1.2 Sources of uncertainty in the estimation of future and discounted cashflows (continued)

Concentration by class of business and maximum insured loss Year ended 31 December 2023
Maximum insured loss

		KShs 0 - KShs 15M - KShs '000	KShs 15- KShs 250M KShs '000	Above KShs 250M KShs '000	Total KShs 250M KShs '000
Engineering	Gross	5,836	14,546	13,954	34,336
	Net	5,836	8,432	2,179	16,447
Fire domestic	Gross	3,674	11,454	706	15,834
	Net	3,674	9,880	454	14,008
Fire industrial	Gross	33,789	78,424	102,940	215,153
	Net	20,622	60,275	15,338	96,235
Liability	Gross	31,252	21,566	371,306	424,124
	Net	31,252	20,025	82,408	133,685
Marine	Gross	2,283	4,008	-	6,291
	Net	2,249	2,418	-	4,667
Motor private	Gross	538,673	6,133	-	544,806
	Net	538,457	4,626	-	543,083
Motor commercial	Gross	555,439	5,943	-	561,382
	Net	537,214	5,363	-	542,577
Personal accident	Gross	30,181	3,671	-	33,852
	Net	26,155	3,127	-	29,282
Medical	Gross	-	-	-	-
	Net	-	-	-	-
Theft	Gross	23,664	22,102	1,453	47,219
	Net	24,433	5,259	292	29,984
WCA	Gross	40,779	80,610	4,521	125,910
	Net	41,237	76,357	-	117,594
Miscellaneous	Gross	2,128	1,430	-	3,558
	Net	<u>1,507</u>	<u>715</u>	<u>-</u>	<u>2,222</u>
Total	Gross	<u>1,267,698</u>	<u>249,887</u>	<u>494,880</u>	<u>2,012,465</u>
	Net	<u>1,232,636</u>	<u>196,477</u>	<u>100,671</u>	<u>1,529,784</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.1 Insurance risk (continued)

3.1.2 Sources of uncertainty in the estimation of future and discounted cashflows (continued)

The breakdown of insurance contracts issued and reinsurance contracts held that are in an asset position and those in a liability position is set out in the table below:

Insurance contracts issued and reinsurance contracts held	2024	2023
Engineering	52,864	29,738
Fire domestic	7,768	7,704
Fire industrial	102,116	86,331
Liability	401,630	248,461
Marine	2,398	1,601
Motor private	771,884	727,410
Motor commercial	676,435	544,399
Personal accident	18,031	18,910
Medical	512,581	439,049
Theft	50,828	27,512
WCA	107,986	87,284
Miscellaneous	<u>6,160</u>	<u>2,475</u>
Total insurance contract liabilities	<u>2,710,681</u>	<u>2,220,874</u>
Reinsurance contracts held	1,403,055	1,108,752
Total net insurance contracts	<u>1,307,626</u>	<u>1,112,122</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.1. Insurance risk (continued)

3.1.3 Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

The assumptions are as follows:

	Insurance contract liabilities	Re-insurance liabilities	Net
31 December 2024			
Average claim cost (KShs)	176,628	21,899	154,729
Average number of claims	<u>5,118</u>	<u>231</u>	<u>4,887</u>
31 December 2023			
Average claim cost (KShs)	176,681	16,632	160,049
Average number of claims	<u>4,976</u>	<u>318</u>	<u>4,658</u>

	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
31 December 2024					
Average claim cost (KShs '000)	+/- 10%	90,398	75,616	75,616	52,931
Average number of claims	+/-10%	253	473	473	473
Average inflation	+/-10%	72,280	61,438	61,438	43,007
31 December 2023					
Average claim cost (KShs '000)	+/- 10%	87,916	74,551	74,551	52,186
Average number of claims	+/-10%	246	466	466	466
Average inflation	+/-10%	76,668	65,168	65,168	45,617

The sensitivity analysis includes all components of the insurance contract liability including liability for remaining coverage and liability for incurred claims.

Sensitivity analysis - motor claims

The Company derives a substantial portion of its revenue from motor insurance. The claims payable under third party motor claims are most sensitive to changes in the average claims awarded to claimants.

These claims are influenced by changes in the inflation rates and the level of general claims awarded by the courts. In the opinion of the Directors, the claims provisions as at 31 December 2024 were adequate. Inflation affects motor and liability claims which may take more than one year to be concluded by the courts.

3.1.4 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported for each successive accident year at each reporting date, together with cumulative payments to date.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.1. Insurance risk (continued)

3.1.4 Claims development table (continued)

	2020 KShs'000	2021 KShs'000	2022 KShs'000	2023 KShs'000	2024 KShs'000	Total KShs'000
Claims Outstanding as at the end of year:						
Accident year	40,498	81,040	113,266	292,559	415,798	943,161
One year later	214,687	245,624	253,628	325,397	415,798	1,455,134
Two years later	117,246	142,657	147,999	292,559	-	700,461
Three years later	75,244	91,012	113,266	-	-	279,522
Four years later	51,633	81,040	-	-	-	132,673
Five years later	40,498	-	-	-	-	40,498
	-	-	-	-	-	-
Total claims liability	<u>40,498</u>	<u>81,040</u>	<u>113,266</u>	<u>292,559</u>	<u>415,798</u>	<u>943,161</u>
						KShs'000
Outstanding claims for accident year 2019 and prior year						169,380
Outstanding claims for medical class as at 31 December 2024						87,265
Incurred but not reported claims						<u>400,395</u>
Total gross claims liabilities						<u>1,600,201</u>

3.2 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. It manages these positions with an Asset Liability Management (ALM) framework that has been developed to achieve investment returns in excess of obligations under insurance contracts. The Company produces regular reports at portfolio and asset and liability class level that are circulated to the Company's key management personnel. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings). The Company does not use hedge accounting.

The Company has not changed the processes used to manage its risks from previous periods. The notes below explain how financial risks are managed using the categories utilised in the Company's ALM framework.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.1 Short-term insurance contracts

The Company engages in short term insurance contracts and funds the insurance liabilities with a portfolio of equity investments, debt securities and deposits with financial institutions exposed to market risk. An analysis of the Company's financial assets and its short term insurance liabilities is presented below;

	2,024	2,023
	KShs'000	KShs'000
Financial assets		
Armortised cost:		
- Government securities - treasury bonds	82,830	86,073
- Government securities - treasury bills	206,203	129,774
Receivables arising out of direct insurance arrangements	577,140	607,385
Reinsurance contract assets	1,403,055	1,108,752
Receivable from related parties	62,113	80,900
Other receivables (excluding non-financial assets)	34,146	84,443
Cash and bank balances	231,493	93,074
Deposits with financial institutions	404,325	126,618
Fair value through profit or loss:		
Quoted equity investments	-	55
Total	<u>3,001,305</u>	<u>2,317,074</u>
Short - term insurance liabilities		
Insurance contract liabilities	<u>2,550,558</u>	<u>2,067,685</u>
Total	<u>2,550,558</u>	<u>2,220,874</u>

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest rates on the level of loss incurred by the Company's policyholders (where a reduction of interest rate would normally produce a higher insurance liability), the Company matches the cash flows of assets and liabilities in this portfolio by estimating their mean duration.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from the insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date). The mean durations are:

	2024	2023
Net short term insurance liabilities - property risk	0.30 years	0.30 years
Net short term insurance liabilities - casualty risk	0.06 years	0.06 years
Financial assets (excluding equity securities)	1 year	1 year

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.1. Short-term insurance contracts (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's Asset Liability Management (ALM) framework for management of short-term insurance contracts as of 31 December 2024:

	Carrying Amount KShs'000	No stated maturity KShs'000	Contractual cash flows (undiscounted)					Total undiscounted cash flows
			0-1 year KShs'000	1-2 years KShs'000	2-3 years KShs'000	> 5 years KShs'000		
Armotised cost:								
- Investments in Government securities	289,033	-	231,200	9,000	9,000	156,500	405,700	-
Fair value through profit or loss:								
- Quoted equity investments	-	-	-	-	-	-	-	-
Receivable arising out of direct insurance arrangements	577,140	-	642,539	-	-	-	-	642,539
Reinsurance contract assets	1,403,055	-	1,489,111	-	-	-	-	1,489,111
Receivable from related party	62,113	-	-	66,632	-	-	-	66,632
Other receivables	34,146	-	34,146	-	-	-	-	34,146
Cash and bank balances	231,493	-	232,770	-	-	-	-	232,770
Deposits with financial institutions	404,325	-	405,452	-	-	-	-	405,452
	<u>3,001,305</u>	-	<u>3,035,218</u>	<u>75,632</u>	<u>9,000</u>	<u>156,500</u>	<u>3,276,350</u>	
Short term insurance liabilities:								
Insurance contract liabilities	2,550,558	-	2,780,378	-	-	-	-	2,780,378
Lease liabilities	51,447	-	17,144	15,424	15,212	22,427	70,207	
Other liabilities	174,013	-	174,013	-	-	-	174,013	
Financial guarantees	25,000	-	28,565	-	-	-	28,565	
	<u>2,801,018</u>	-	<u>3,000,100</u>	<u>15,424</u>	<u>15,212</u>	<u>22,427</u>	<u>3,053,163</u>	
Difference in contractual cash flows	<u>200,287</u>	-	<u>35,118</u>	<u>60,208</u>	<u>(6,212)</u>	<u>134,073</u>	<u>223,187</u>	

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.1. Short-term insurance contracts (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of short-term insurance contracts as of 31 December 2023:

	Carrying Amount KShs'000	No stated maturity KShs'000	Contractual cash flows (undiscounted)					Total undiscounted cash flows
			0-1 year KShs'000	1-2 years KShs'000	2-3 years KShs'000	> 5 years KShs'000		
Armortised cost:								
- Investments in Government securities	215,847	-	145,200	9,000	9,000	278,000	441,200	
Fair value through profit or loss:								
- Quoted equity investments	55	55	-	-	-	-	55	
Receivable arising out of direct insurance arrangements	607,385	-	721,085	-	-	-	721,085	
Reinsurance contract assets	1,108,752	-	1,114,808	-	-	-	1,114,808	
Receivable from related party	80,900	-	-	82,932	-	-	82,932	
Other receivables	84,443	-	84,443	-	-	-	84,443	
Cash and bank balances	93,074	-	96,500	-	-	-	96,500	
Deposits with financial institutions	126,618	-	130,141	-	-	-	130,141	
	<u>2,317,074</u>	<u>55</u>	<u>2,292,177</u>	<u>91,932</u>	<u>9,000</u>	<u>278,000</u>	<u>2,671,164</u>	
Short term insurance liabilities:								
Insurance contract liabilities	2,067,685	-	2,342,559	-	-	-	2,342,559	
Lease liabilities	61,998	-	34,299	72,105	-	-	106,404	
Other liabilities	209,498	-	209,498	-	-	-	209,498	
Financial guarantees	25,000	-	27,857	-	-	-	27,857	
	<u>2,364,181</u>	<u>-</u>	<u>2,614,213</u>	<u>72,105</u>	<u>-</u>	<u>-</u>	<u>2,686,318</u>	
Difference in contractual cash flows	<u>(47,107)</u>	<u>55</u>	<u>(322,036)</u>	<u>19,827</u>	<u>9,000</u>	<u>278,000</u>	<u>(15,154)</u>	

The insurance contract liabilities presented are not based on contractual cash flows, but rather on expected cash flows due to the uncertainties involved in estimating the amount and timing of the liability.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk that affects the Company is interest rate risk and currency risk.

a) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The Company's management monitors the sensitivity of reported interest rate movements monthly by assessing the expected changes in the different portfolios due to a parallel movement in all yield curves of financial assets and financial liabilities. These exposures illustrate the Company's overall exposure to interest rate sensitivities included in the Company's ALM framework and its impact on the Company's profit or loss by business.

	Percentage increase or decrease in interest rate	Effect on profit before tax 2024 KShs'000	Effect on equity 2024 KShs'000	Effect on profit before tax 2023 KShs'000	Effect on equity 2023 KShs'000
Deposits with financial institutions	2%	8,087	5,661	2,532	1,772
Lease liabilities	2%	1,029	720	1,240	868

b) Equity price risk

The Company is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets fair value through profit or loss. Exposure to equity shares in aggregate is monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Stock Exchange.

The Company has a defined investment policy which sets limits on the Company's exposure to equities both in aggregate terms and by industry. This policy of diversification is used to manage the Company's price risk arising from its investments in equity securities.

If equity market indices had increased/ decreased by 10%, with all other variables held constant, and all the Company's equity investments moving according to the historical correlation with the index, the profit for the year would increase/ decrease by KShs 0 (2023: KShs 2,191,173). Equity would increase/ decrease by KShs 0 (2023: KShs 1,533,821).

c) Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company primarily transacts in Kenya shilling and its assets and liabilities are denominated in the same currency. The Company is not exposed to material currency risk.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3 Legal risk

a) Laws and regulations:

Management considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The management facilitates the compliance through the analysis of statutory and regulatory requirements, and monitoring the implementation and execution thereof.

b) Compliance with investment mandates:

Management reviews compliance with investment mandates on a monthly basis. When a possible breach is detected, management ensures that immediate remedial action is taken.

The capital is invested in equities and interest-bearing instruments that are valued at fair value and are therefore susceptible to market fluctuations. Management assesses the trend in the equity market prices and the interest rates and ensures a smoothening effect by balancing the portfolios, without contravening investment mandates, in order to ensure investment income growth as well as stability in equities.

3.2.4 Operational risk

The Company mitigates this risk through its culture and values, a comprehensive system of internal controls and other measures such as back-up facilities, contingency planning and insurance. The initiation of transactions and their administration is conducted on the basis of the segregation of duties, designed to ensure the accuracy, completeness and validity of all transactions.

3.2.5 Reputational risk

Actions with a potential reputational impact are escalated to the appropriate level of senior management. The Board of Directors are involved as required. Events with an industry-wide reputational impact are addressed through industry representative groups.

3.2.6 Concentration risk

The Company writes a diverse mix of business, and continually monitors this risk and the opportunities for mitigating actions through reinsurance. All insurance products that the Company offers are focused on different market segments, resulting in a mix of individual and institutional clients, as well as entry-level, middle market and high net worth clients.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.7 Credit risk

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Key areas where the Company is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Reinsurance contract assets;
- Receivable from related parties;
- Deposits with financial institutions;
- Other receivables;
- Bank balances; and
- Government securities.

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder.

In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Directors include details of provisions for impairment on receivables and subsequent write offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.7. Credit risk (continued)

The table below shows the carrying amounts of assets bearing credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed below:

	2024 KShs'000	2023 KShs'000
Financial assets		
Reinsurance contracts held (Note 5.5)	698,206	501,858
Investments in government securities (Note 15)	289,033	215,847
Receivables arising out of direct insurance arrangements (Note 18.1)	577,140	607,385
Receivable from related parties (Note 18.2)	62,113	80,900
Other receivables (excluding non-financial assets) (Note 19)	34,146	84,443
Bank balances (Note 26)	231,493	93,074
Deposits with financial institutions (Note 20)	<u>404,325</u>	<u>126,618</u>
	<u>2,296,456</u>	<u>1,710,125</u>

Insurance contract and reserves and other receivables are all performing and no impairment losses have been recognised for them.

As at 31 December, the ageing analysis of receivables arising out of direct insurance arrangements is as follows:

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix. Management considers default to have occurred when trade receivables are outstanding for more than 90 days.

2024	0 to 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
Expected credit loss rate	3.86%	4.61%	7.31%	13.80%	10.18%
Estimated total gross carrying amount at default	<u>110,401</u>	<u>90,911</u>	<u>60,822</u>	<u>380,405</u>	<u>642,539</u>
Expected credit loss	<u>4,259</u>	<u>4,191</u>	<u>4,445</u>	<u>52,504</u>	<u>65,399</u>
2023	0 to 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
Expected credit loss rate	6%	10%	15%	20%	16%
Estimated total gross carrying amount at default	<u>126,053</u>	<u>95,708</u>	<u>58,073</u>	<u>441,251</u>	<u>721,085</u>
Expected credit loss	<u>7,914</u>	<u>9,547</u>	<u>8,632</u>	<u>87,607</u>	<u>113,700</u>

The net allowance for expected credit losses, increase/ (decrease) charged to profit and loss is as below:

	2024 KShs'000	2023 KShs'000
Financial assets		
Receivables arising out of direct insurance arrangement (Note 18.1)	48,301	4,475
Receivable from related parties (Note 18.2)	(2,487)	1,205
Other receivables (Note 19)	(707)	(1,545)
Deposits with financial institutions (Note 20)	2,396	9,020
Bank balances (Note 26)	2,149	360
Investment in government securities (Note 15)	<u>(17,876)</u>	<u>161</u>
	<u>31,776</u>	<u>13,676</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.8 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The Company is exposed to daily calls on its available cash for claims settlement and other expenses. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. On large claims arrangements are in place to obtain cash calls from reinsurers.

The table below presents the undiscounted cash flows payable by the Company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the reporting date. The remaining contractual undiscounted cash flows are disclosed in note 23. All figures are in Kenya Shillings.

31 December 2024	0-1 year KShs'000	1-2 years KShs'000	2-5 years KShs'000	Over 5 years KShs'000	Total KShs'000
Liabilities					
Insurance contract liabilities	1,787,350	700,461	412,195	40,498	2,940,504
Other payables	<u>174,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,013</u>
Total financial liabilities	<u>1,961,363</u>	<u>700,461</u>	<u>412,195</u>	<u>40,498</u>	<u>3,114,517</u>
31 December 2023					
Liabilities					
Insurance contract liabilities	1,224,240	556,816	536,675	178,018	2,495,749
Other payables	<u>209,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,498</u>
Total financial liabilities	<u>1,433,738</u>	<u>556,816</u>	<u>536,675</u>	<u>178,018</u>	<u>2,705,247</u>

3.3 Capital management

The Company's objectives when managing capital, which is a broader concept than the 'shareholders' funds' on the financial position are to:

- to comply with the capital requirements as set out in the Kenyan Insurance Act;
- to comply with regulatory solvency requirements as set out in the Kenyan Insurance Act;
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Management of insurance and financial risk (continued)

3.3. Capital management (continued)

The Insurance (Capital Requirements) Regulations 2015 under Section 180 of the Insurance Act require that a Company, should maintain risk-based capital determined by its size and risk profile. Such a Company should achieve the prescribed capital requirement and maintain a capital adequacy ratio which shall at all times be at least 100%. The Company's capital adequacy ratio as at the reporting date was below the regulatory minimum requirement as indicated below:

	2024 KShs'000	2023 KShs'000
Tier-1 capital	984,354	839,789
Deductions	<u>(193,247)</u>	<u>(98,949)</u>
Total Capital Available (TCA)	<u>791,107</u>	<u>740,840</u>
Absolute Amount Minimum 1	600,000	600,000
Volume of Business Minimum 2	405,213	294,050
Risk Based Capital Minimum	915,765	676,666
Minimum Required Capital	915,765	676,666
Capital Adequacy Ratio	86%	109%

The Insurance Guidelines stipulate that the level of supervisory intervention by IRA to address a breach or potential breach of Capital Adequacy will be determined by the extent of the breach or potential breach as indicated by the capital adequacy ratio. The sanctions stated in the Insurance Guidelines are that IRA may:

- require the insurer to invest in a specified manner;
- restrict or prohibit the insurer from investing in certain asset classes or individual assets to safeguard insurance funds;
- suspend, dismiss, disqualify or revoke the appointment of an officer of the insurer in a position as a board member, member of the senior management or key person in control function;
- impose additional reporting requirements on the insurer;
- restrict declaration and payment of dividends by the insurer;
- withdraw or impose conditions on the business license of the insurer; and
- take any other action as may be deemed necessary.

Management of the Company is actively pursuing the following to ensure that capital is at least 100%:

- a) Premium debt collection - Enforcement of cash and carry culture to reduce creation of new debt, and aggressive collection of outstanding premium debt from brokers and customers
- b) Profitable business growth - Entrenching experience-based pricing to deliver sustainable profitable underwriting across all non-motor product lines, and weeding out loss-making motor businesses to deliver motor profitability
- c) Efficient financial investments management to deliver sustainable returns, including incremental allocation of free cashflows to low-risk profitable assets to support stabilize CAR.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

4. Insurance service revenue and expenses

2024 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	28,064	17,288	165,769	266,638	4,448	547,634	557,654	34,592	1,054,921	55,454	139,433	4,543	2,876,438
Incurred claims and other expenses	(52,704)	(7,726)	(155,050)	(202,124)	(2,051)	(740,510)	(630,045)	(21,714)	(1,040,966)	(38,709)	(113,916)	(4,719)	(3,010,234)
Amortization of insurance acquisition cash flows	(5,176)	(3,358)	(39,365)	(53,259)	(796)	(54,074)	(55,218)	(7,033)	(102,290)	(10,687)	(28,873)	(335)	(360,464)
Losses on onerous contracts and reversals of those losses	-	-	-	9,751	227	15,031	-	-	-	-	-	-	25,009
Changes to liabilities for incurred claims	(5,485)	236	11,708	(8,339)	238	172,819	106,897	9,145	159,489	(2,336)	16,209	125	460,706
Insurance service expense	(63,365)	(10,848)	(182,707)	(253,971)	(2,382)	(606,734)	(578,366)	(19,602)	(983,767)	(51,732)	(126,580)	(4,929)	(2,884,983)
Insurance service result before reinsurance contracts held	(35,301)	6,440	(16,938)	12,667	2,066	(59,100)	(20,712)	14,990	71,154	3,722	12,853	(386)	(8,545)
Interest accreted	(1,169)	(24)	(1,816)	(14,810)	(36)	(44,304)	(31,422)	(1,318)	(14,234)	(1,114)	(4,236)	(20)	(114,503)
Effect of changes in interest rates	(165)	(1)	(600)	(1,691)	-	(4,279)	(2,875)	(28)	(69)	(214)	(331)	-	(10,253)
Insurance finance expense	(1,334)	(25)	(2,416)	(16,501)	(36)	(48,583)	(34,297)	(1,346)	(14,303)	(1,328)	(4,567)	(20)	(124,756)
Finance cost	75	44	442	711	12	1,460	1,489	93	2,814	151	371	12	7,674

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

4. Insurance service revenue and expenses (continued)

2023 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	29,555	14,061	164,093	134,862	2,982	481,780	422,381	32,830	954,174	24,074	111,310	21,783	2,393,885
Incurred claims and other expenses	(23,214)	(5,400)	(115,849)	(173,187)	(3,161)	(731,801)	(513,138)	(25,199)	(943,428)	(18,770)	(75,045)	(7,649)	(2,635,841)
Amortization of insurance acquisition cash flows	(6,180)	(2,727)	(35,546)	(27,002)	(499)	(46,714)	(41,590)	(6,757)	(92,492)	(4,275)	(23,069)	(4,088)	(290,939)
Losses on onerous contracts and reversals of those losses	-	-	-	(4,965)	127	18,303	-	-	-	-	-	-	13,465
Changes to liabilities for incurred claims	6,167	1,202	43,504	(18,434)	1,039	272,640	177,447	9,019	118,446	11,228	34,280	37	656,575
Insurance service expense	(23,227)	(6,925)	(107,891)	(223,588)	(2,494)	(487,572)	(377,281)	(22,937)	(917,474)	(11,817)	(63,834)	(11,700)	(2,256,740)
Insurance service result before reinsurance contracts held	6,328	7,136	56,202	(88,726)	488	(5,792)	45,100	9,893	36,700	12,257	47,476	10,083	137,145
Interest accreted	(675)	(103)	(3,987)	5,723	(74)	(12,383)	220	(801)	(9,547)	(434)	(3,565)	(5)	(25,631)
Effect of changes in interest rates	(420)	(1)	(474)	(5,187)	-	(18,065)	(15,694)	(415)	(323)	(495)	(845)	(1)	(41,920)
Insurance finance expense	(1,095)	(104)	(4,461)	536	(74)	(30,448)	(15,474)	(1,216)	(9,870)	(929)	(4,410)	(6)	(67,551)
Finance cost	120	57	664	546	12	1,950	1,710	133	3,862	97	451	88	9,690

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

5. Insurance and reinsurance contracts
5.1. Insurance contract assets and liabilities per portfolio

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

Insurance contracts issued	Assets	Liabilities 2024	Net	Assets	Liabilities 2023	Net
Engineering	-	52,866	52,866	-	29,743	29,743
Fire Domestic	-	7,769	7,769	-	7,705	7,705
Fire Industrial	-	102,116	102,116	-	86,331	86,331
Liability	-	401,632	401,632	-	248,463	248,463
Marine	-	2,398	2,398	-	1,600	1,600
Motor Private	-	771,883	771,883	-	727,408	727,408
Motor Commercial	-	676,435	676,435	-	544,399	544,399
Personal Accident	-	18,033	18,033	-	18,911	18,911
Medical & Health	-	512,580	512,580	-	439,048	439,048
Theft	-	50,827	50,827	-	27,511	27,511
W.C.A	-	107,984	107,984	-	87,282	87,282
Miscellaneous	-	6,158	6,158	-	2,473	2,473
Total insurance contracts issued	-	<u>2,710,681</u>	<u>2,710,681</u>	-	<u>2,220,874</u>	<u>2,220,874</u>
Reinsurance contracts held	<u>1,403,055</u>		<u>1,403,055</u>	<u>1,108,752</u>	-	<u>1,108,752</u>
Total reinsurance contracts assets	<u>1,403,055</u>		<u>1,403,055</u>	<u>1,108,752</u>	-	<u>1,108,752</u>

The Company disaggregates information to provide disclosure in respect of major product lines separately. This disaggregation has been determined based on how the company is managed.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
5.2 Allocation of reinsurance premiums

	2024 KShs'000	2023 KShs'000
Actual premium received for future service	(482,654)	(520,285)
Premium reserve total release	<u>(6,724)</u>	<u>132,669</u>
Allocation of reinsurance premiums (Note 17)	<u>(489,378)</u>	<u>(387,616)</u>

5.3 Reinsurance finance income for reinsurance contracts held

Interest income on amounts recoverable from reinsurers for incurred claims	49,236	35,775
Effect of change in discount rates	<u>(2,840)</u>	<u>(7,778)</u>
Reinsurance finance income for reinsurance contracts held (Note 17)	<u>46,396</u>	<u>27,997</u>

5.4 Amounts recoverable from reinsurers for incurred claims

Gross amounts recoverable from reinsurers for incurred claims	391,957	281,990
Effect of discounting and risk adjustment on claim recoveries	<u>106,920</u>	<u>99,326</u>
Amounts recoverable from reinsurers for incurred claims (Note 17)	<u>498,877</u>	<u>381,316</u>

5.5 Reinsurance contract assets

Reinsurance premium	183,893	189,578
Present value of reinsurance incurred claims cash flows	607,012	423,372
Net amounts recoverable from reinsurers	698,206	501,858
Experience adjustment	<u>(86,056)</u>	<u>(6,056)</u>
Amounts recoverable from reinsurers for incurred claims (Note 17)	<u>1,403,055</u>	<u>1,108,752</u>

6. Interest revenue, investment and other income

6.1 Interest revenue calculated using the effective interest method

	2024 KShs'000	2023 KShs'000
Interest from Government securities	30,585	22,733
Interest from bank deposits and current accounts	<u>48,884</u>	<u>17,210</u>
	<u>79,469</u>	<u>39,943</u>

6.2 Investment income

Rental income from investment properties	50,429	49,169
Dividend income from quoted equity investments	-	931
Loss on valuation of quoted shares	<u>(55)</u>	<u>(2,466)</u>
	<u>50,374</u>	<u>47,634</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

6.3 Other operating income

	2024 KShs'000	2023 KShs'000
Gain on disposal of property and equipment	-	104
Gain arising from changes in the fair value of investment properties (Note 13)	14,132	17,450
Gain arising from disposal of investment property*	24,160	-
Miscellaneous income**	3,112	1,727
Foreign exchange (loss)/ gain	(1,422)	<u>1</u>
	<u>39,982</u>	<u>19,282</u>

* Investment property with a book value of KShs 165,700,000 was sold for KShs 189,860,000. Not all proceeds from the sale had been received by 31st December 2024.

** Miscellaneous income includes tender fees and cost of medical card replacements.

7. Operating and other expenses

Insurance service expense is arrived at after charging the following attributable operating expenses:

	2024 KShs'000	2023 KShs'000
Staff costs (Note 8)	349,112	301,285
Directors' fees (note 27)	12,551	9,782
Bank charges	5,758	4,896
Depreciation on right-of-use assets (Note 22)	16,539	16,598
Amortisation of intangible assets (Note 12)	339	339
Stationery	19,489	25,764
Marketing	121,125	80,711
Depreciation on equipment (Note 11)	11,739	12,076
Auditors' remuneration	3,907	3,595
Stamp duty	716	914
Premium tax	27,612	24,672
Repairs and maintenance expenditure	3,347	2,569
Licenses	17,033	8,778
Motor vehicles expenses	3,303	2,503
Motor vehicles insurance certificates	3,519	3,892
Office expenses	30,299	26,097
Policyholders' compensation fund	6,903	6,262
Professional and legal fees	37,226	33,568
Telephone and postage	12,775	14,491
Miscellaneous expenses	7,209	2,441
Investment properties expenses	<u>-</u>	<u>4,697</u>
	<u>690,501</u>	<u>585,930</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Staff costs

	2024 KShs'000	2023 KShs'000
Salaries and wages	263,437	232,203
Staff medical covers	34,233	31,827
Staff welfare	34,955	26,686
Retirement benefit costs - defined contribution scheme	<u>16,487</u>	<u>10,569</u>
	<u>349,112</u>	<u>301,285</u>

The average number of persons employed during the period, by category, were:

	2024 Number	2023 Number
- Underwriting	29	30
- Marketing	35	31
- Claims	27	27
- Management, administration and finance	<u>37</u>	<u>36</u>
Total	<u>128</u>	<u>124</u>

9. Profit before tax

	2024 KShs'000	2023 KShs'000
The profit before tax is arrived at after charging:		
Staff costs (Note 8)	349,112	301,285
Depreciation on equipment (Note 11)	11,739	12,076
Amortisation of intangible assets (Note 12)	339	341
Depreciation on right of use assets (Note 22)	16,539	16,598
Directors' remuneration (Note 27)	12,551	9,782
Auditors' remuneration (Note 7)	3,907	6,440

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

10. Tax

10.1 Income tax expense

	2024 KShs'000	2023 KShs'000
Deferred tax charge	20,427	48,262
Adjustments in respect of current income tax of previous year	<u>17,117</u>	<u>8,354</u>
Tax charge	<u>37,544</u>	<u>56,616</u>
Profit before tax	116,521	202,136
Tax calculated at the rate of 30%	34,956	60,641
Tax effect of:		
Expenses not deductible for tax purposes	468	(6,642)
Deferred tax on fair value gain on investment property 15%/5%	2,120	2,617
Prior year deferred tax losses overprovision on overstated tax losses	<u>-</u>	<u>-</u>
Tax charge	<u>37,544</u>	<u>56,616</u>

10.2 Tax recoverable

At 1 January	48,782	55,085
Current income tax expense	(17,117)	(8,354)
Income tax paid	<u>14,428</u>	<u>2,051</u>
At 31 December	<u>46,093</u>	<u>48,782</u>

Tax recoverable relates to advance tax paid by the Company. The increase relates to payments during the year.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Property and equipment

31 December 2024	Buildings *	Motor vehicles	Computer equipment	Furniture and fittings	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost					
At January 2024	104,849	131	19,131	115,825	239,936
Additions	-	-	2,563	1,258	3,821
Transfer from investment property	4,116	-	-	-	4,116
Elimination of depreciation during the year	(2,985)	-	-	-	(2,985)
Revaluation gain (Note 1.6)	<u>6,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,853</u>
At 31 December 2024	<u>112,833</u>	<u>131</u>	<u>21,694</u>	<u>117,083</u>	<u>251,741</u>
Accumulated depreciation					
At January 2024	-	92	14,254	91,212	105,558
Charge for the year	2,985	33	3,005	5,716	11,739
Elimination of depreciation during the year	<u>(2,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,985)</u>
At 31 December 2024	<u>-</u>	<u>125</u>	<u>17,259</u>	<u>96,928</u>	<u>114,312</u>
Net carrying amount at 31 December 2024	<u>112,833</u>	<u>6</u>	<u>4,435</u>	<u>20,155</u>	<u>137,429</u>
31 December 2023					
Cost					
At January 2023	100,299	131	35,506	113,476	249,412
Additions	-	-	3,234	2,358	5,592
Elimination of depreciation during the year	(3,048)	-	-	-	(3,048)
Revaluation gain (Note 1.6)	7,598	-	-	-	7,598
De-recognition of fully depreciated assets	-	-	(19,514)	-	(19,514)
Disposals	<u>-</u>	<u>-</u>	<u>(95)</u>	<u>(9)</u>	<u>(104)</u>
At 31 December 2023	<u>104,849</u>	<u>131</u>	<u>19,131</u>	<u>115,825</u>	<u>239,936</u>
Accumulated depreciation					
At January 2023	-	58	30,889	85,200	116,147
On disposal	-	-	(95)	(9)	(104)
Derecognition of fully depreciated assets	-	-	(19,514)	-	(19,514)
Charge for the year	3,048	34	2,974	6,022	12,078
Elimination of depreciation during the year	<u>(3,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,048)</u>
At 31 December 2023	<u>-</u>	<u>92</u>	<u>14,254</u>	<u>91,212</u>	<u>105,558</u>
Net carrying amount at 31 December 2023	<u>104,849</u>	<u>39</u>	<u>4,877</u>	<u>24,613</u>	<u>134,378</u>

* Buildings comprise of the owner occupied portion of Pacis Centre. The owner-occupied portion of the property is 20.7% of the entire building. The value of the owner-occupied portion is derived as a percentage of the value of the entire investment property.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

12. Intangible assets

	Computer software KShs'000	Total KShs'000
31 December 2024		
Cost		
At 1 January 2024	42,164	42,164
Additions	-	-
At 31 December 2024	<u>42,164</u>	<u>42,164</u>
Amortisation		
At 1 January 2024	41,481	41,481
Charge for the year	339	339
At 31 December 2024	<u>41,820</u>	<u>41,820</u>
Net carrying amount at 31 December 2024	<u>344</u>	<u>344</u>
31 December 2023		
Cost		
At 1 January 2023	97,779	97,779
Additions	-	-
De-recognition of fully amortised software	<u>(55,615)</u>	<u>(55,615)</u>
At 31 December 2023	<u>42,164</u>	<u>42,164</u>
Amortisation		
At 1 January 2023	96,757	96,757
Charge for the year	339	339
De-recognition of fully amortised software	<u>(55,615)</u>	<u>(55,615)</u>
At 31 December 2023	<u>41,481</u>	<u>41,481</u>
Net carrying amount at 31 December 2023	<u>683</u>	<u>683</u>

13. Investment properties

	2024	2023
At 1 January	867,852	792,801
Transfer to property and equipment (Note 11)	(4,116)	-
Acquisition of investment property	-	151,900
Disposal of investment property	(165,700)	(94,300)
Net gain from fair value remeasurement	<u>14,132</u>	<u>17,451</u>
At 31 December	<u>712,168</u>	<u>867,852</u>

The Company's investment properties consist of the following:

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

13. Investment properties (continued)

Property description	Type	2024		
		Land KShs'000	Developments KShs'000	Totals KShs'000
Pacis Centre Office Building - Nairobi	Commercial	300,000	412,168	712,168
Land at Kwale/Diani	Land	-	-	-
Land at Kipkelion	Land	-	-	-
		<u>300,000</u>	<u>412,168</u>	<u>712,168</u>
Property description	Type	2023		
		Land KShs'000	Developments KShs'000	Totals KShs'000
Pacis Centre Office Building - Nairobi	Commercial	300,000	402,152	702,152
Land at Kwale/Diani	Land	13,800	-	13,800
Land at Kipkelion	Land	<u>151,900</u>	<u>-</u>	<u>151,900</u>
		<u>465,700</u>	<u>402,152</u>	<u>867,852</u>
			2024 KShs'000	2023 KShs'000
Rental income derived from investment properties (Note 6.2)			50,430	49,168

Direct operating expenses (including repairs and maintenance) generating rental income (included in other operating and administrative expense) - 4,697

The valuation of investment properties and buildings (Note 11) was performed by Knight Frank Limited, registered valuers and an industry specialist in valuing these types of investment properties, based on an open market valuation as at 31 December 2024. The valuation takes into account recent prices of similar properties with adjustments made to reflect any changes in economic conditions since the date of the transactions at those prices.

The fair value of investment property and buildings is determined using recognised valuation techniques. These techniques comprise both the Market Value (MV) method and current replacement cost method. Under the MV method, a property's fair value is the price received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions. The current replacement cost method reflects the amount that would be required currently to replace the service capacity of an asset. The fair value of investment properties and buildings is included within Level 3 of the fair value hierarchy.

The following assumptions have been used in the valuation of Pacis Center:

	2,024	2,023
Method used	Discounted cash flow	Discounted cash flow
Current occupancy	100%	100%
Applicable Yield - ARY	8.50%	8.50%
Annual growth rate	5.00%	5.00%
reversionary risk premium	0.35%	0.50%
RARY - Exit Yield/ Cap Rate	8.85%	9.00%
Discount Rate (ARY + Annual Growth Rate)	13.50%	13.50%
Irrecoverable landlord expenses	1.00%	2.50%
Permanent voids	5.00%	5.00%
Letting fees	7.50%	7.50%

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

14. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	2024 KShs'000	2023 KShs'000
At 1 January	(15,930)	33,471
Charge/ (credit) to profit or loss (Note 10.1)	(20,427)	(48,262)
Charge/ (credit) to OCI	<u>(1,028)</u>	<u>(1,140)</u>
At 31 December	<u>(37,385)</u>	<u>(15,930)</u>

Deferred tax are attributable to the following items:

31 December 2024	1 January 2024 KShs'000	Charge/(credit) to profit or Loss KShs'000	Charge/(credit) OCI KShs'000	31 December 2024 KShs'000
Property and equipment	7,125	(5,981)	-	1,144
Intangible assets	850	(425)	-	425
Leave pay provision	3,909	(517)	-	3,392
Allowance for expected credit loss	40,448	(11,416)	-	29,032
Tax losses carried forward	-	-	-	-
Lease liabilities	1,732	32	-	1,764
Fair value measurement on investment properties	(66,553)	(2,120)	-	(68,673)
Revaluation of buildings (owner occupied)	<u>(3,441)</u>	<u>-</u>	<u>(1,028)</u>	<u>(4,469)</u>
Net deferred tax liability	<u>(15,930)</u>	<u>(20,428)</u>	<u>(1,028)</u>	<u>(37,385)</u>
31 December 2023	1 January 2023 KShs'000	Charge/(credit) to profit or Loss KShs'000	Charge/(credit) OCI KShs'000	31 December 2023 KShs'000
Property and equipment	4,851	2,274	-	7,125
Intangible assets	1,087	(237)	-	850
Leave pay provision	1,892	2,017	-	3,909
Allowance for expected credit loss	46,212	(5,764)	-	40,448
Tax losses carried forward	43,479	(43,479)	-	-
Lease liabilities	2,188	(456)	-	1,732
Fair value measurement on investment properties	(63,935)	(2,618)	-	(66,553)
Revaluation of buildings (owner occupied)	<u>(2,301)</u>	<u>-</u>	<u>(1,140)</u>	<u>(3,441)</u>
Net deferred tax asset / (liability)	<u>33,473</u>	<u>(48,263)</u>	<u>(1,140)</u>	<u>(15,930)</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

15. Investments in government securities

	2024 KShs'000	2023 KShs'000
Amortised cost financial assets		
Treasury bonds	88,879	89,304
Treasury bills	<u>221,261</u>	<u>129,774</u>
	310,140	219,078
Expected credit loss	<u>(21,107)</u>	<u>(3,231)</u>
	<u>289,033</u>	<u>215,847</u>
The movement in expected credit loss is as shown below:		
At 1 January	3,231	3,392
(Increase)/ decrease in expected credit loss (Note 3.2.7)	<u>17,876</u>	<u>(161)</u>
At 31 December	<u>21,107</u>	<u>3,231</u>
Treasury bills and bonds maturing:		
Within 91 days	95,000	8,000
Within 91 days to 1 year	136,200	121,774
Maturing within 2 to 25 years	<u>78,940</u>	<u>89,304</u>
	<u>310,140</u>	<u>219,078</u>

Treasury bonds and bills are debt securities issued by the Government of Kenya and are classified as held at amortized cost. The effective interest rate realised on these securities for the year ended 31 December 2024 was 13% (2023: 10%).

Included in Government securities are treasury bonds and treasury bills with Central Bank of Kenya amounting to KShs 182.7 million (2023: KShs 182.7 million) which are under lien as required by the Insurance Regulatory Authority. The Company has the intention and ability to hold the securities until maturity.

16. Quoted equity investments at fair value through profit or loss

	2024 KShs'000	2023 KShs'000
At 1 January	55	21,958
Disposal of equity instruments	-	(19,437)
Remeasurement recognised in profit or loss	<u>(55)</u>	<u>(2,466)</u>
At 31 December	<u>-</u>	<u>55</u>

The Company's quoted equity investments at fair value through profit or loss comprise investments in equity instruments of companies listed on the Nairobi Securities Exchange.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability

2024 - ALL PORTFOLIOS

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	insurance acquisition cash flows	
Insurance contract liabilities as at 01/01	1,175,842	41,526	1,001,221	153,189	(150,904)	2,220,874
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,175,842	41,526	1,001,221	153,189	(150,904)	2,220,874
Insurance revenue	(2,876,438)	-	-	-	-	(2,876,438)
Insurance service expenses	-	(25,009)	2,558,990	(9,462)	360,464	2,884,983
Incurred claims and other expenses	-	-	2,935,183	75,051	-	3,010,234
Amortization of insurance acquisition cash flows	-	-	-	-	360,464	360,464
Losses on onerous contracts and reversals of those losses	-	(25,009)	-	-	-	(25,009)
Changes to liabilities for incurred claims	-	-	(376,193)	(84,513)	-	(460,706)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(2,876,438)	(25,009)	2,558,990	(9,462)	360,464	8,545
Insurance finance expenses	-	-	108,360	16,396	-	124,756
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(2,876,438)	(25,009)	2,667,350	6,934	360,464	133,301
Cash flows						-
Premiums received	3,025,044	-	-	-	-	3,025,044
Claims and other expenses paid	-	-	(2,288,184)	-	-	(2,288,184)
Insurance acquisition cash flows	-	-	-	-	(380,354)	(380,354)
Total cash flows	3,025,044	-	(2,288,184)	-	(380,354)	356,506
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,324,448	16,517	1,380,387	160,123	(170,794)	2,710,681
Insurance contract liabilities as at 31/12	1,324,448	16,517	1,380,387	160,123	(170,794)	2,710,681
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,324,448	16,517	1,380,387	160,123	(170,794)	2,710,681

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - ALL PORTFOLIOS

	Liabilities for remaining coverage		Loss component	Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component			Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	866,144	54,991		1,016,254	155,488	(102,055)	1,990,822
Insurance contract assets as at 01/01	-	-		-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	866,144	54,991		1,016,254	155,488	(102,055)	1,990,822
Insurance revenue	(2,393,885)	-		-	-	-	(2,393,885)
Insurance service expenses	-	(13,465)		1,993,728	(14,462)	290,939	2,256,740
Incurred claims and other expenses	-	-		2,559,978	75,863	-	2,635,841
Amortization of insurance acquisition cash flows	-	-		-	-	290,939	290,939
Losses on onerous contracts and reversals of those losses	-	(13,465)		-	-	-	(13,465)
Changes to liabilities for incurred claims	-	-		(566,250)	(90,325)	-	(656,575)
Impairment of assets for insurance acquisition cash flow	-	-		-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-		-	-	-	-
Investment components	-	-		-	-	-	-
Insurance service result	(2,393,885)	(13,465)		1,993,728	(14,462)	290,939	(137,145)
Insurance finance expenses	-	-		55,388	12,163	-	67,551
Effect of movements in exchange rates	-	-		-	-	-	-
Total changes in the statement of comprehensive income	(2,393,885)	(13,465)		2,049,116	(2,299)	290,939	(69,594)
Cash flows							-
Premiums received	2,703,583	-		-	-	-	2,703,583
Claims and other expenses paid	-	-		(2,064,149)	-	-	(2,064,149)
Insurance acquisition cash flows	-	-		-	-	(339,788)	(339,788)
Total cash flows	2,703,583	-		(2,064,149)	-	(339,788)	299,646
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts							-
Other movements	-	-		-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,175,842	41,526		1,001,221	153,189	(150,904)	2,220,874
Insurance contract liabilities as at 31/12	1,175,842	41,526		1,001,221	153,189	(150,904)	2,220,874
Insurance contract assets as at 31/12	-	-		-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,175,842	41,526		1,001,221	153,189	(150,904)	2,220,874

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - ENGINEERING	Liabilities for remaining coverage			Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Assets for insurance acquisition cash flows		
Insurance contract liabilities as at 01/01	16,978	-	13,842	2,120	(3,202)	29,738	
Insurance contract assets as at 01/01	-	-	-	-	-	-	
Net insurance contract (assets)/liabilities as at 01/01	16,978 (28,064)	-	13,842	2,120	(3,202)	29,738 (28,064)	
Insurance revenue	-	-	56,566	1,623	5,176	63,365	
Insurance service expenses	-	-	51,106	1,598	-	52,704	
Incurred claims and other expenses	-	-	-	-	5,176	5,176	
Amortization of insurance acquisition cash flows	-	-	-	-	-	-	
Losses on onerous contracts and reversals of those losses	-	-	5,460	25	-	5,485	
Changes to liabilities for incurred claims	-	-	-	-	-	-	
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-	
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-	
Investment components	-	-	-	-	-	-	
Insurance service result	(28,064)	-	56,566	1,623	5,176	35,301	
Insurance finance expenses	-	-	1,110	224	-	1,334	
Effect of movements in exchange rates	-	-	-	-	-	-	
Total changes in the statement of comprehensive income	(28,064)	-	57,676	1,847	5,176	36,635	
Cash flows						-	
Premiums received	29,857	-	-	-	-	29,857	
Claims and other expenses paid	-	-	(37,325)	-	-	(37,325)	
Insurance acquisition cash flows	-	-	-	-	(6,041)	(6,041)	
Total cash flows	29,857	-	(37,325)	-	(6,041)	(13,509)	
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-	
Other movements	-	-	-	-	-	-	
Net insurance contract (assets)/liabilities as at 31/12	18,771	-	34,193	3,967	(4,067)	52,864	
Insurance contract liabilities as at 31/12	18,771	-	34,193	3,967	(4,067)	52,864	
Insurance contract assets as at 31/12	-	-	-	-	-	-	
Net insurance contract (assets)/liabilities as at 31/12	18,771	-	34,193	3,967	(4,067)	52,864	

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 – ENGINEERING

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	11,713	-	16,953	2,595	(2,438)	28,823
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	11,713	-	16,953	2,595	(2,438)	28,823
Insurance revenue	(29,555)	-	-	-	-	(29,555)
Insurance service expenses	-	-	17,762	(715)	6,180	23,227
Incurred claims and other expenses	-	-	23,016	198	-	23,214
Amortization of insurance acquisition cash flows	-	-	-	-	6,180	6,180
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(5,254)	(913)	-	(6,167)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(29,555)	-	17,762	(715)	6,180	(6,328)
Insurance finance expenses	-	-	855	240	-	1,095
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(29,555)	-	18,617	(475)	6,180	(5,233)
Cash flows	-	-	-	-	-	-
Premiums received	34,820	-	-	-	-	34,820
Claims and other expenses paid	-	-	(21,728)	-	-	(21,728)
Insurance acquisition cash flows	-	-	-	-	(6,944)	(6,944)
Total cash flows	34,820	-	(21,728)	-	(6,944)	6,148
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	16,978	-	13,842	2,120	(3,202)	29,738
Insurance contract liabilities as at 31/12	16,978	-	13,842	2,120	(3,202)	29,738
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	16,978	-	13,842	2,120	(3,202)	29,738

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - FIRE DOMESTIC

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		Total
Insurance contract liabilities as at 01/01	9,280	-	214	32	(1,822)	7,704
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	9,280	-	214	32	(1,822)	7,704
Insurance revenue	(17,288)	-	-	-	-	(17,288)
Insurance service expenses	-	-	7,428	62	3,358	10,848
Incurred claims and other expenses	-	-	7,631	95	-	7,726
Amortization of insurance acquisition cash flows	-	-	-	-	3,358	3,358
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(203)	(33)	-	(236)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(17,288)	-	7,428	62	3,358	(6,440)
Insurance finance expenses	-	-	21	4	-	25
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(17,288)	-	7,449	66	3,358	(6,415)
Cash flows						-
Premiums received	16,488	-	-	-	-	16,488
Claims and other expenses paid	-	-	(6,808)	-	-	(6,808)
Insurance acquisition cash flows	-	-	-	-	(3,201)	(3,201)
Total cash flows	16,488	-	(6,808)	-	(3,201)	6,479
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	8,480	-	855	98	(1,665)	7,768
Insurance contract liabilities as at 31/12	8,480	-	855	98	(1,665)	7,768
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	8,480	-	855	98	(1,665)	7,768

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 – FIRE DOMESTIC

	Liabilities for remaining coverage	Loss component	Liabilities for incurred claims	Assets for insurance acquisition cash flows	Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	7,470	-	979	(1,466)	7,133
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	7,470	-	979	(1,466)	7,133
Insurance revenue	(14,061)	-	-	-	(14,061)
Insurance service expenses	-	-	4,333	2,727	6,925
Incurred claims and other expenses	-	-	5,372	-	5,400
Amortization of insurance acquisition cash flows	-	-	-	2,727	2,727
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(135)	-	(1,202)
Impairment of assets for insurance acquisition cash flow	-	-	28	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	(1,039)	-	-
Investment components	-	-	-	-	-
Insurance service result	(14,061)	-	4,333	2,727	(7,136)
Insurance finance expenses	-	-	87	-	104
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(14,061)	-	4,420	2,727	(7,032)
Cash flows					
Premiums received	15,871	-	-	-	15,871
Claims and other expenses paid	-	-	(5,185)	-	(5,185)
Insurance acquisition cash flows	-	-	-	(3,083)	(3,083)
Total cash flows	15,871	-	(5,185)	(3,083)	7,603
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	9,280	-	214	(1,822)	7,704
Insurance contract liabilities as at 31/12	9,280	-	214	(1,822)	7,704
Insurance contract assets as at 31/12	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	9,280	-	214	(1,822)	7,704

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - FIRE INDUSTRIAL

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment			
Insurance contract liabilities as at 01/01	81,102	-	21,289	3,257	(19,317)	86,331	-
Insurance contract assets as at 01/01	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	81,102	-	21,289	3,257	(19,317)	86,331	-
Insurance revenue	(165,769)	-	-	-	-	(165,769)	-
Insurance service expenses	-	-	142,432	910	39,365	182,707	-
Incurred claims and other expenses	-	-	152,159	2,891	-	155,050	-
Amortization of insurance acquisition cash flows	-	-	-	-	39,365	39,365	-
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(9,727)	(1,981)	-	(11,708)	-
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-
Insurance service result	(165,769)	-	142,432	910	39,365	16,938	-
Insurance finance expenses	-	-	2,107	309	-	2,416	-
Effect of movements in exchange rates	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(165,769)	-	144,539	1,219	39,365	19,354	-
Cash flows	-	-	-	-	-	-	-
Premiums received	162,515	-	-	-	-	162,515	-
Claims and other expenses paid	-	-	(127,237)	-	-	(127,237)	-
Insurance acquisition cash flows	-	-	-	-	(38,847)	(38,847)	-
Total cash flows	162,515	-	(127,237)	-	(38,847)	(3,569)	-
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	77,848	-	38,591	4,476	(18,799)	102,116	-
Insurance contract liabilities as at 31/12	77,848	-	38,591	4,476	(18,799)	102,116	-
Insurance contract assets as at 31/12	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	77,848	-	38,591	4,476	(18,799)	102,116	-

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 – FIRE INDUSTRIAL

	Liabilities for remaining coverage	Loss component	Estimates of the present value of future cash flows	Liabilities for incurred claims	Risk adjustment	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities as at 01/01	49,072	-	-	40,279	6,163	(11,374)	84,140
Insurance contract assets as at 01/01	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	49,072	-	-	40,279	6,163	(11,374)	84,140
Insurance revenue	(164,093)	-	-	-	(3,546)	-	(164,093)
Insurance service expenses	-	-	-	75,891	2,275	35,546	107,891
Incurred claims and other expenses	-	-	-	113,574	-	-	115,849
Amortization of insurance acquisition cash flows	-	-	-	-	-	35,546	35,546
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	(37,683)	(5,821)	-	(43,504)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-
Insurance service result	(164,093)	-	-	75,891	(3,546)	35,546	(56,202)
Insurance finance expenses	-	-	-	3,821	640	-	4,461
Effect of movements in exchange rates	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(164,093)	-	-	79,712	(2,906)	35,546	(51,741)
Cash flows	-	-	-	-	-	-	-
Premiums received	196,123	-	-	-	-	-	196,123
Claims and other expenses paid	-	-	-	(98,702)	-	-	(98,702)
Insurance acquisition cash flows	-	-	-	-	-	(43,489)	(43,489)
Total cash flows	196,123	-	-	(98,702)	-	(43,489)	53,932
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	81,102	-	-	21,289	3,257	(19,317)	86,331
Insurance contract liabilities as at 31/12	81,102	-	-	21,289	3,257	(19,317)	86,331
Insurance contract assets as at 31/12	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	81,102	-	-	21,289	3,257	(19,317)	86,331

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - LIABILITY	Liabilities for remaining coverage			Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component		Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	120,817	9,750		123,272	18,860	(24,238)	248,461
Insurance contract assets as at 01/01	-	-		-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	120,817	9,750		123,272	18,860	(24,238)	248,461
Insurance revenue	(266,638)	-		-	-	-	(266,638)
Insurance service expenses	-	(9,751)		202,474	7,989	53,259	253,971
Incurred claims and other expenses	-	-		190,656	11,468	-	202,124
Amortization of insurance acquisition cash flows	-	-		-	-	53,259	53,259
Losses on onerous contracts and reversals of those losses	-	(9,751)		-	-	-	(9,751)
Changes to liabilities for incurred claims	-	-		11,818	(3,479)	-	8,339
Impairment of assets for insurance acquisition cash flow	-	-		-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-		-	-	-	-
Investment components	-	-		-	-	-	-
Insurance service result	(266,638)	(9,751)		202,474	7,989	53,259	(12,667)
Insurance finance expenses	-	-		14,527	1,974	-	16,501
Effect of movements in exchange rates	-	-		-	-	-	-
Total changes in the statement of comprehensive income	(266,638)	(9,751)		217,001	9,963	53,259	3,834
Cash flows						-	-
Premiums received	301,036	-		-	-	-	301,036
Claims and other expenses paid	-	-		(91,791)	-	-	(91,791)
Insurance acquisition cash flows	-	-		-	-	(59,910)	(59,910)
Total cash flows	301,036	-		(91,791)	-	(59,910)	149,335
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-	-
Other movements	-	-		-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	155,215	(1)		248,482	28,823	(30,889)	401,630
Insurance contract liabilities as at 31/12	155,215	(1)		248,482	28,823	(30,889)	401,630
Insurance contract assets as at 31/12	-	-		-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	155,215	(1)		248,482	28,823	(30,889)	401,630

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - LIABILITY

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	17,082	4,785	50,891	7,786	(3,368)	77,176
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	17,082	4,785	50,891	7,786	(3,368)	77,176
Insurance revenue	(134,862)	-	-	-	-	(134,862)
Insurance service expenses	-	4,965	180,746	10,875	27,002	223,588
Incurred claims and other expenses	-	-	164,488	8,699	-	173,187
Amortization of insurance acquisition cash flows	-	-	-	-	27,002	27,002
Losses on onerous contracts and reversals of those losses	-	4,965	-	-	-	4,965
Changes to liabilities for incurred claims	-	-	16,258	2,176	-	18,434
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(134,862)	4,965	180,746	10,875	27,002	88,726
Insurance finance expenses	-	-	(735)	199	-	(536)
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(134,862)	4,965	180,011	11,074	27,002	88,190
Cash flows						-
Premiums received	238,597	-	-	-	-	238,597
Claims and other expenses paid	-	-	(107,630)	-	-	(107,630)
Insurance acquisition cash flows	-	-	-	-	(47,872)	(47,872)
Total cash flows	238,597	-	(107,630)	-	(47,872)	83,095
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	120,817	9,750	123,272	18,860	(24,238)	248,461
Insurance contract liabilities as at 31/12	120,817	9,750	123,272	18,860	(24,238)	248,461
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	120,817	9,750	123,272	18,860	(24,238)	248,461

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - MARINE	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	1,372	227	211	32	(241)	1,601
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,372	227	211	32	(241)	1,601
Insurance revenue	(4,448)	-	-	-	-	(4,448)
Insurance service expenses	-	(227)	1,831	(18)	796	2,382
Incurred claims and other expenses	-	-	2,037	14	-	2,051
Amortization of insurance acquisition cash flows	-	-	-	-	796	796
Losses on onerous contracts and reversals of those losses	-	(227)	-	-	-	(227)
Changes to liabilities for incurred claims	-	-	(206)	(32)	-	(238)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(4,448)	(227)	1,831	(18)	796	(2,066)
Insurance finance expenses	-	-	32	4	-	36
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(4,448)	(227)	1,863	(14)	796	(2,030)
Cash flows						-
Premiums received	5,770	-	-	-	-	5,770
Claims and other expenses paid	-	-	(1,915)	-	-	(1,915)
Insurance acquisition cash flows	-	-	-	-	(1,028)	(1,028)
Total cash flows	5,770	-	(1,915)	-	(1,028)	2,827
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,694	-	159	18	(473)	2,398
Insurance contract liabilities as at 31/12	2,694	-	159	18	(473)	2,398
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,694	-	159	18	(473)	2,398

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - MARINE

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		Total
Insurance contract liabilities as at 01/01	1,086	354	851	130	(180)	2,241
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,086	354	851	130	(180)	2,241
Insurance revenue	(2,982)	-	-	-	-	(2,982)
Insurance service expenses	-	(127)	2,235	(113)	499	2,494
Incurred claims and other expenses	-	-	3,131	30	-	3,161
Amortization of insurance acquisition cash flows	-	-	-	-	499	499
Losses on onerous contracts and reversals of those losses	-	(127)	(896)	-	-	(1,039)
Changes to liabilities for incurred claims	-	-	-	(143)	-	-
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(2,982)	(127)	2,235	(113)	499	(488)
Insurance finance expenses	-	-	59	15	-	74
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(2,982)	(127)	2,294	(98)	499	(414)
Cash flows						
Premiums received	3,268	-	-	-	-	3,268
Claims and other expenses paid	-	-	(2,934)	-	-	(2,934)
Insurance acquisition cash flows	-	-	-	-	(560)	(560)
Total cash flows	3,268	-	(2,934)	-	(560)	(226)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements						-
Net insurance contract (assets)/liabilities as at 31/12	1,372	227	211	32	(241)	1,601
Insurance contract liabilities as at 31/12	1,372	227	211	32	(241)	1,601
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,372	227	211	32	(241)	1,601

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - MOTOR PRIVATE	Liabilities for remaining coverage		Liabilities for incurred claims			Assets for		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	acquirement cash flows			
Insurance contract liabilities as at 01/01	272,177	31,549	390,567	59,757	(26,640)			727,410
Insurance contract assets as at 01/01	-	-	-	-	-			-
Net insurance contract (assets)/liabilities as at 01/01	272,177	31,549	390,567	59,757	(26,640)			727,410
Insurance revenue	(547,634)	-	-	-	-			(547,634)
Insurance service expenses	-	(15,031)	579,921	(12,230)	54,074			606,734
Incurred claims and other expenses	-	-	720,510	20,000	-			740,510
Amortization of insurance acquisition cash flows	-	-	-	-	54,074			54,074
Losses on onerous contracts and reversals of those losses	-	(15,031)	-	-	-			(15,031)
Changes to liabilities for incurred claims	-	-	(140,589)	(32,230)	-			(172,819)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-			-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-			-
Investment components	-	-	-	-	-			-
Insurance service result	(547,634)	(15,031)	579,921	(12,230)	54,074			59,100
Insurance finance expenses	-	-	42,216	6,367	-			48,583
Effect of movements in exchange rates	-	-	-	-	-			-
Total changes in the statement of comprehensive income	(547,634)	(15,031)	622,137	(5,863)	54,074			107,683
Cash flows								-
Premiums received	538,282	-	-	-	-			538,282
Claims and other expenses paid	-	-	(548,095)	-	-			(548,095)
Insurance acquisition cash flows	-	-	-	-	(53,396)			(53,396)
Total cash flows	538,282	-	(548,095)	-	(53,396)			(63,209)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts								-
Other movements	-	-	-	-	-			-
Net insurance contract (assets)/liabilities as at 31/12	262,825	16,518	464,609	53,894	(25,962)			771,884
Insurance contract liabilities as at 31/12	262,825	16,518	464,609	53,894	(25,962)			771,884
Insurance contract assets as at 31/12	-	-	-	-	-			-
Net insurance contract (assets)/liabilities as at 31/12	262,825	16,518	464,609	53,894	(25,962)			771,884

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - MOTOR PRIVATE	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	231,310	49,852	445,354	68,139	(22,360)	772,295
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	231,310	49,852	445,354	68,139	(22,360)	772,295
Insurance revenue	(481,780)	-	-	-	-	(481,780)
Insurance service expenses	-	(18,303)	472,914	(13,753)	46,714	487,572
Incurred claims and other expenses	-	-	708,045	23,756	-	731,801
Amortization of insurance acquisition cash flows	-	-	-	-	46,714	46,714
Losses on onerous contracts and reversals of those losses	-	(18,303)	-	-	-	(18,303)
Changes to liabilities for incurred claims	-	-	(235,131)	(37,509)	-	(272,640)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(481,780)	(18,303)	472,914	(13,753)	46,714	5,792
Insurance finance expenses	-	-	25,077	5,371	-	30,448
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(481,780)	(18,303)	497,991	(8,382)	46,714	36,240
Cash flows	-	-	-	-	-	-
Premiums received	522,647	-	-	-	-	522,647
Claims and other expenses paid	-	-	(552,778)	-	-	(552,778)
Insurance acquisition cash flows	-	-	-	-	(50,994)	(50,994)
Total cash flows	522,647	-	(552,778)	-	(50,994)	(81,125)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	272,177	31,549	390,567	59,757	(26,640)	727,410
Insurance contract liabilities as at 31/12	272,177	31,549	390,567	59,757	(26,640)	727,410
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	272,177	31,549	390,567	59,757	(26,640)	727,410

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - MOTOR COMMERCIAL

	Liabilities for remaining coverage		Liabilities for incurred claims	Assets for insurance acquisition cash flows		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	269,761	-	261,334	39,984	(26,680)	544,399
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	269,761	-	261,334	39,984	(26,680)	544,399
Insurance revenue	(557,654)	-	-	-	-	(557,654)
Insurance service expenses	-	-	524,147	(999)	55,218	578,366
Incurred claims and other expenses	-	-	610,574	19,471	-	630,045
Amortization of insurance acquisition cash flows	-	-	-	-	55,218	55,218
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(86,427)	(20,470)	-	(106,897)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(557,654)	-	524,147	(999)	55,218	20,712
Insurance finance expenses	-	-	30,038	4,259	-	34,297
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(557,654)	-	554,185	3,260	55,218	55,009
Cash flows	-	-	-	-	-	-
Premiums received	576,954	-	-	-	-	576,954
Claims and other expenses paid	-	-	(442,719)	-	-	(442,719)
Insurance acquisition cash flows	-	-	-	-	(57,208)	(57,208)
Total cash flows	576,954	-	(442,719)	-	(57,208)	77,027
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	289,061	-	372,800	43,244	(28,670)	676,435
Insurance contract liabilities as at 31/12	289,061	-	372,800	43,244	(28,670)	676,435
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	289,061	-	372,800	43,244	(28,670)	676,435

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 – MOTOR COMMERCIAL

	Liabilities for remaining coverage	Loss component	Liabilities for incurred claims	Risk adjustment	Assets for insurance acquisition cash flows	Total
	Excluding loss component		Estimates of the present value of future cash flows			
Insurance contract liabilities as at 01/01	182,959	-	287,011	43,913	(17,906)	495,977
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	182,959	-	287,011	43,913	(17,906)	495,977
Insurance revenue	(422,381)	-	-	-	-	(422,381)
Insurance service expenses	-	-	342,543	(6,852)	41,590	377,281
Incurred claims and other expenses	-	-	495,573	17,565	-	513,138
Amortization of insurance acquisition cash flows	-	-	-	-	41,590	41,590
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	-	-	-
Impairment of assets for insurance acquisition cash flow	-	-	(153,030)	(24,417)	-	(177,447)
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(422,381)	-	342,543	(6,852)	41,590	(45,100)
Insurance finance expenses	-	-	12,551	2,923	-	15,474
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(422,381)	-	355,094	(3,929)	41,590	(29,626)
Cash flows						-
Premiums received	509,183	-	-	-	-	509,183
Claims and other expenses paid	-	-	(380,771)	-	-	(380,771)
Insurance acquisition cash flows	-	-	-	-	(50,364)	(50,364)
Total cash flows	509,183	-	(380,771)	-	(50,364)	78,048
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements						-
Net insurance contract (assets)/liabilities as at 31/12	269,761	-	261,334	39,984	(26,680)	544,399
Insurance contract liabilities as at 31/12	269,761	-	261,334	39,984	(26,680)	544,399
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	269,761	-	261,334	39,984	(26,680)	544,399

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - PERSONAL ACCIDENT

	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Assets for insurance acquisition cash flows	
Insurance contract liabilities as at 01/01	9,299	-	9,906	1,516	(1,811)	18,910
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	9,299	-	9,906	1,516	(1,811)	18,910
Insurance revenue	(34,592)	-	-	-	-	(34,592)
Insurance service expenses	-	-	13,430	(861)	7,033	19,602
Incurred claims and other expenses	-	-	21,266	448	-	21,714
Amortization of insurance acquisition cash flows	-	-	-	-	7,033	7,033
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(7,836)	(1,309)	-	(9,145)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(34,592)	-	13,430	(861)	7,033	(14,990)
Insurance finance expenses	-	-	1,176	170	-	1,346
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(34,592)	-	14,606	(691)	7,033	(13,644)
Cash flows	-	-	-	-	-	-
Premiums received	37,859	-	-	-	-	37,859
Claims and other expenses paid	-	-	(17,408)	-	-	(17,408)
Insurance acquisition cash flows	-	-	-	-	(7,686)	(7,686)
Total cash flows	37,859	-	(17,408)	-	(7,686)	12,765
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	12,566	-	7,104	825	(2,464)	18,031
Insurance contract liabilities as at 31/12	-	-	-	-	-	-
Insurance contract assets as at 31/12	12,566	-	7,104	825	(2,464)	18,031
Net insurance contract (assets)/liabilities as at 31/12	12,566	-	7,104	825	(2,464)	18,031

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - PERSONAL ACCIDENT

	Liabilities for remaining coverage		Loss component	Liabilities for incurred claims		Assets for insurance acquisition cash flows
	Excluding loss component			Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 01/01	8,783	-	-	13,517	2,068	22,798
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	8,783	-	-	13,517	2,068	22,798
Insurance revenue	(32,830)	-	-	-	-	(32,830)
Insurance service expenses	-	-	-	16,913	(733)	22,937
Incurred claims and other expenses	-	-	-	24,716	483	25,199
Amortization of insurance acquisition cash flows	-	-	-	-	-	6,757
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	-	(7,803)	(1,216)	(9,019)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(32,830)	-	-	16,913	(733)	(9,893)
Insurance finance expenses	-	-	-	1,035	181	1,216
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(32,830)	-	-	17,948	(552)	(8,677)
Cash flows	-	-	-	-	-	-
Premiums received	33,346	-	-	-	-	33,346
Claims and other expenses paid	-	-	-	(21,559)	-	(21,559)
Insurance acquisition cash flows	-	-	-	-	-	(6,998)
Total cash flows	33,346	-	-	(21,559)	-	4,789
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	9,299	-	-	9,906	1,516	18,910
Insurance contract liabilities as at 31/12	9,299	-	-	9,906	1,516	18,910
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	9,299	-	-	9,906	1,516	18,910

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - MEDICAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	318,932	-	131,614	20,138	(31,635)	439,049
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	318,932	-	131,614	20,138	(31,635)	439,049
Insurance revenue	(1,054,921)	-	-	-	-	(1,054,921)
Insurance service expenses	-	-	888,701	(7,224)	102,290	983,767
Incurred claims and other expenses	-	-	1,026,447	14,519	-	1,040,966
Amortization of insurance acquisition cash flows	-	-	-	-	102,290	102,290
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(137,746)	(21,743)	-	(159,489)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(1,054,921)	-	888,701	(7,224)	102,290	(71,154)
Insurance finance expenses	-	-	12,015	2,288	-	14,303
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(1,054,921)	-	900,716	(4,936)	102,290	(56,851)
Cash flows	-	-	-	-	-	-
Premiums received	1,142,619	-	-	-	-	1,142,619
Claims and other expenses paid	-	-	(901,287)	-	-	(901,287)
Insurance acquisition cash flows	-	-	-	-	(110,949)	(110,949)
Total cash flows	1,142,619	-	(901,287)	-	(110,949)	130,383
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	406,630	-	131,043	15,202	(40,294)	512,581
Insurance contract liabilities as at 31/12	406,630	-	131,043	15,202	(40,294)	512,581
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	406,630	-	131,043	15,202	(40,294)	512,581

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - MEDICAL

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	299,104	-	100,243	15,337	(29,666)	385,018
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	299,104	-	100,243	15,337	(29,666)	385,018
Insurance revenue	(954,174)	-	-	-	-	(954,174)
Insurance service expenses	-	-	821,887	3,095	92,492	917,474
Incurred claims and other expenses	-	-	924,220	19,208	-	943,428
Amortization of insurance acquisition cash flows	-	-	-	-	92,492	92,492
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(102,333)	(16,113)	-	(118,446)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(954,174)	-	821,887	3,095	92,492	(36,700)
Insurance finance expenses	-	-	8,164	1,706	-	9,870
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(954,174)	-	830,051	4,801	92,492	(26,830)
Cash flows						-
Premiums received	974,002	-	-	-	-	974,002
Claims and other expenses paid	-	-	(798,680)	-	-	(798,680)
Insurance acquisition cash flows	-	-	-	-	(94,461)	(94,461)
Total cash flows	974,002	-	(798,680)	-	(94,461)	80,861
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	318,932	-	131,614	20,138	(31,635)	439,049
Insurance contract liabilities as at 31/12	318,932	-	131,614	20,138	(31,635)	439,049
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	318,932	-	131,614	20,138	(31,635)	439,049

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - THEFT

	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk for insurance acquisition cash flows adjustment	Assets for insurance acquisition cash flows	
Insurance contract liabilities as at 01/01	20,475	-	9,672	1,480	(4,115)	27,512
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	20,475	-	9,672	1,480	(4,115)	27,512
Insurance revenue	(55,454)	-	-	-	-	(55,454)
Insurance service expenses	-	-	39,374	1,671	10,687	51,732
Incurred claims and other expenses	-	-	36,952	1,757	-	38,709
Amortization of insurance acquisition cash flows	-	-	-	-	-	-
Losses on onerous contracts and reversals of those losses	-	-	-	-	10,687	10,687
Changes to liabilities for incurred claims	-	-	-	-	-	-
Impairment of assets for insurance acquisition cash flow	-	-	2,422	(86)	-	2,336
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(55,454)	-	39,374	1,671	10,687	(3,722)
Insurance finance expenses	-	-	1,182	146	-	1,328
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(55,454)	-	40,556	1,817	10,687	(2,394)
Cash flows	-	-	-	-	-	-
Premiums received	58,070	-	-	-	-	58,070
Claims and other expenses paid	-	-	(21,803)	-	-	(21,803)
Insurance acquisition cash flows	-	-	-	-	(10,557)	(10,557)
Total cash flows	58,070	-	(21,803)	-	(10,557)	25,710
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	23,091	-	28,425	3,297	(3,985)	50,828
Insurance contract liabilities as at 31/12	-	-	-	-	-	-
Insurance contract assets as at 31/12	23,091	-	28,425	3,297	(3,985)	50,828
Net insurance contract (assets)/liabilities as at 31/12	23,091	-	28,425	3,297	(3,985)	50,828

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - THEFT	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		Total
Insurance contract liabilities as at 01/01	16,251	-	13,365	2,045	(3,224)	28,437
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	16,251	-	13,365	2,045	(3,224)	28,437
Insurance revenue	(24,074)	-	-	-	-	(24,074)
Insurance service expenses	-	-	8,274	(732)	4,275	11,817
Incurred claims and other expenses	-	-	17,968	802	-	18,770
Amortization of insurance acquisition cash flows	-	-	-	-	4,275	4,275
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(9,694)	(1,534)	-	(11,228)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(24,074)	-	8,274	(732)	4,275	(12,257)
Insurance finance expenses	-	-	762	167	-	929
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(24,074)	-	9,036	(565)	4,275	(11,328)
Cash flows	-	-	-	-	-	-
Premiums received	28,298	-	-	-	-	28,298
Claims and other expenses paid	-	-	(12,729)	-	-	(12,729)
Insurance acquisition cash flows	-	-	-	-	(5,166)	(5,166)
Total cash flows	28,298	-	(12,729)	-	(5,166)	10,403
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	20,475	-	9,672	1,480	(4,115)	27,512
Insurance contract liabilities as at 31/12	20,475	-	9,672	1,480	(4,115)	27,512
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	20,475	-	9,672	1,480	(4,115)	27,512

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - WCA

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	53,117	-	39,137	5,988	(10,958)	87,284
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	53,117	-	39,137	5,988	(10,958)	87,284
Insurance revenue	(139,433)	-	-	-	-	(139,433)
Insurance service expenses	-	-	98,084	(377)	28,873	126,580
Incurred claims and other expenses	-	-	111,137	2,779	-	113,916
Amortization of insurance acquisition cash flows	-	-	-	-	28,873	28,873
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(13,053)	(3,156)	-	(16,209)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(139,433)	-	98,084	(377)	28,873	(12,853)
Insurance finance expenses	-	-	3,919	648	-	4,567
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(139,433)	-	102,003	271	28,873	(8,286)
Cash flows	-	-	-	-	-	-
Premiums received	146,715	-	-	-	-	146,715
Claims and other expenses paid	-	-	(87,181)	-	-	(87,181)
Insurance acquisition cash flows	-	-	-	-	(30,546)	(30,546)
Total cash flows	146,715	-	(87,181)	-	(30,546)	28,988
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	60,399	-	53,959	6,259	(12,631)	107,986
Insurance contract liabilities as at 31/12	60,399	-	53,959	6,259	(12,631)	107,986
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	60,399	-	53,959	6,259	(12,631)	107,986

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - WORKMEN'S COMPENSATION

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	39,824	-	46,756	7,154	(8,347)	85,387
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	39,824	-	46,756	7,154	(8,347)	85,387
Insurance revenue	(111,310)	-	-	-	-	(111,310)
Insurance service expenses	-	-	42,634	(1,869)	23,069	63,834
Incurred claims and other expenses	-	-	72,247	2,798	-	75,045
Amortization of insurance acquisition cash flows	-	-	-	-	23,069	23,069
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(29,613)	(4,667)	-	(34,280)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(111,310)	-	42,634	(1,869)	23,069	(47,476)
Insurance finance expenses	-	-	3,707	703	-	4,410
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(111,310)	-	46,341	(1,166)	23,069	(43,066)
Cash flows						-
Premiums received	124,603	-	-	-	-	-
Claims and other expenses paid	-	-	(53,960)	-	-	124,603
Insurance acquisition cash flows	-	-	-	-	(25,680)	(53,960)
Total cash flows	124,603	-	(53,960)	-	(25,680)	(25,680)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	53,117	-	39,137	5,988	(10,958)	87,284
Insurance contract liabilities as at 31/12	53,117	-	39,137	5,988	(10,958)	-
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	53,117	-	39,137	5,988	(10,958)	87,284

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - MISCELLANEOUS

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	2,532	-	163	25	(245)	2,475
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	2,532	-	163	25	(245)	2,475
Insurance revenue	(4,543)	-	-	-	-	(4,543)
Insurance service expenses	-	-	4,602	(8)	335	4,929
Incurred claims and other expenses	-	-	4,708	11	-	4,719
Amortization of insurance acquisition cash flows	-	-	-	-	335	335
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(106)	(19)	-	(125)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(4,543)	-	4,602	(8)	335	386
Insurance finance expenses	-	-	17	3	-	20
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(4,543)	-	4,619	(5)	335	406
Cash flows	-	-	-	-	-	-
Premiums received	8,879	-	-	-	-	8,879
Claims and other expenses paid	-	-	(4,615)	-	-	(4,615)
Insurance acquisition cash flows	-	-	-	-	(985)	(985)
Total cash flows	8,879	-	(4,615)	-	(985)	3,279
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	6,868	-	167	20	(895)	6,160
Insurance contract liabilities as at 31/12	6,868	-	167	20	(895)	6,160
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	6,868	-	167	20	(895)	6,160

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - MISCELLANEOUS	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 01/01	1,490	-	55	8	1,397
Insurance contract assets as at 01/01	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,490	-	55	8	1,397
Insurance revenue	(21,783)	-	-	-	(21,783)
Insurance service expenses	-	-	7,596	16	11,700
Incurred claims and other expenses	-	-	7,628	21	7,649
Amortization of insurance acquisition cash flows	-	-	-	-	4,088
Losses on onerous contracts and reversals of those losses	-	-	-	-	4,088
Changes to liabilities for incurred claims	-	-	(32)	(5)	(37)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-
Investment components	-	-	-	-	-
Insurance service result	(21,783)	-	7,596	16	(10,083)
Insurance finance expenses	-	-	5	1	6
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(21,783)	-	7,601	17	(10,077)
Cash flows	-	-	-	-	-
Premiums received	22,825	-	-	-	22,825
Claims and other expenses paid	-	-	(7,493)	-	(7,493)
Insurance acquisition cash flows	-	-	-	-	(4,177)
Total cash flows	22,825	-	(7,493)	-	11,155
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-
Other movements	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,532	-	163	25	2,475
Insurance contract liabilities as at 31/12	2,532	-	163	25	2,475
Insurance contract assets as at 31/12	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,532	-	163	25	2,475

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2024 - REINSURANCE CONTRACT ASSETS	Assets for remaining coverage	Amounts recoverable on assets for incurred claims	Liabilities for reinsurance acquisition cashflows	Total
	Excluding loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 01/01	232,826	862,994	56,180	1,108,752
Reinsurance contract liabilities as at 01/01	-	-	-	-
Net Reinsurance contract assets/(liabilities) as at 01/01	232,826	862,994	56,180	1,108,752
An allocation of reinsurance premiums	(489,378)	-	-	(489,378)
Amounts recoverable from reinsurers for incurred claims	-	390,876	805	498,877
Amounts recoverable for incurred claims and other expenses	-	663,705	47,475	711,180
Amortization of reinsurance acquisition cash flows	-	-	-	-
Loss-recovery on onerous underlying contracts and adjustments	-	-	107,196	107,196
Changes to amounts recoverable for incurred claims	-	(272,829)	(46,670)	(319,499)
Reinsurance investment components	-	-	-	-
Net income or expense from reinsurance contracts held	(489,378)	390,876	805	9,499
Reinsurance finance income	-	40,287	6,109	46,396
Effects of changes in non-performance risk of reinsurers	-	-	-	-
Total changes in the statement of comprehensive income	(489,378)	431,163	6,914	55,895
Cash flows	-	-	-	-
Premiums paid	482,654	-	-	482,654
Amounts received	-	(138,089)	-	(138,089)
Reinsurance acquisition cashflows	-	-	-	(106,157)
Total cash flows	482,654	(138,089)	-	238,408
Other movements	-	-	-	-
Net Reinsurance contract assets/(liabilities) as at 31/12	226,102	1,156,068	63,094	1,403,055
Reinsurance contract assets as at 31/12	226,102	1,156,068	63,094	1,403,055
Reinsurance contract liabilities as at 31/12	-	-	-	-
Net Reinsurance contract assets/(liabilities) as at 31/12	226,102	1,156,068	63,094	1,403,055

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. Movements in insurance contract liability (Continued)

2023 - REINSURANCE CONTRACT ASSETS	Assets for remaining coverage		Amounts recoverable on assets		Liabilities for reinsurance acquisition cashflows	Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment		
Reinsurance contract assets as at 01/01	100,157	-	683,945	51,261	(24,585)	810,778
Reinsurance contract liabilities as at 01/01	-	-	-	-	-	-
Net Reinsurance contract assets/(liabilities) as at 01/01	100,157	-	683,945	51,261	(24,585)	810,778
An allocation of reinsurance premiums	(387,616)	-	-	-	-	(387,616)
Amounts recoverable from reinsurers for incurred claims	-	-	296,496	107	84,713	381,316
Amounts recoverable for incurred claims and other expenses	-	-	677,342	59,641	-	736,983
Amortization of reinsurance acquisition cash flows	-	-	-	-	84,713	84,713
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	(380,846)	(59,534)	-	(440,380)
	-	-	-	-	-	-
	-	-	-	-	-	-
Reinsurance investment components	-	-	-	-	-	-
Net income or expense from reinsurance contracts held	(387,616)	-	296,496	107	84,713	(6,300)
Reinsurance finance income	-	-	23,185	4,812	-	27,997
Effects of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(387,616)	-	319,681	4,919	84,713	21,697
	-	-	-	-	-	-
Cash flows	-	-	-	-	-	-
Premiums paid	520,285	-	-	-	-	520,285
Amounts received	-	-	(140,632)	-	-	(140,632)
Reinsurance acquisition cashflows	-	-	-	-	(103,376)	(103,376)
Total cash flows	520,285	-	(140,632)	-	(103,376)	276,277
	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net Reinsurance contract assets/(liabilities) as at 31/12	232,826	-	862,994	56,180	(43,248)	1,108,752
	-	-	-	-	-	-
Reinsurance contract assets as at 31/12	232,826	-	862,994	56,180	(43,248)	1,108,752
Reinsurance contract liabilities as at 31/12	-	-	-	-	-	-
Net Reinsurance contract assets/(liabilities) as at 31/12	232,826	-	862,994	56,180	(43,248)	1,108,752

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

18.1 Receivables arising out of direct insurance arrangements

	2024 KShs'000	2023 KShs'000
Gross receivables arising out of direct insurance arrangements	642,539	721,085
Expected credit loss	(65,399)	(113,700)
Net receivables arising out of direct insurance arrangements	577,140	607,385
The movement in expected credit loss is as shown below:		
At 1 January	113,700	118,175
Decrease in expected credit loss (Note 3.2.7)	<u>(48,301)</u>	<u>(4,475)</u>
At 31 December	<u>65,399</u>	<u>113,700</u>
Historical experience was used to compute the probabilities of default and the percentage of loss given default. Default is deemed to have occurred if premiums are outstanding for more than 90 days.		

18.2 Receivable from related party

	2024 KShs'000	2023 KShs'000
Receivable from sale of unquoted shares	66,632	82,932
Expected credit loss	<u>(4,519)</u>	<u>(2,032)</u>
	<u>62,113</u>	<u>80,900</u>
The movement in expected credit loss is as shown below:		
At 1 January	2,032	3,237
Increase/(decrease) in expected credit loss (Note 3.2.7)	<u>2,487</u>	<u>(1,205)</u>
At 31 December	<u>4,519</u>	<u>2,032</u>

19. Other receivables

Rent receivable	4,601	7,776
Staff loans and advances	253	835
Rental deposits*	7,000	7,000
Other deposits with various institutions**	1,063	1,947
Receivable from sale of investment property	24,794	69,743
Expected credit loss	<u>(3,565)</u>	<u>(2,858)</u>
	34,146	84,443
Prepayment	<u>26,285</u>	<u>5,938</u>
	<u>60,431</u>	<u>90,381</u>
The movement in expected credit loss is as shown below:		
At 1 January	2,858	1,313
Increase in expected credit loss (Note 3.2.7)	<u>707</u>	<u>1,545</u>
At 31 December	<u>3,565</u>	<u>2,858</u>

* Rental deposits relate to refundable deposits held by landlords.

** Other deposits with various institutions represent amounts held on lien as securities for provider guarantees.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

20. Deposits with financial institutions

	2024 KShs'000	2023 KShs'000
Deposits with commercial banks	405,452	110,141
Deposits with related party	<u>-</u>	<u>20,000</u>
	<u>405,452</u>	<u>130,141</u>
Expected credit loss on deposits with commercial banks	(1,127)	(1,705)
Expected credit loss on deposits with related party	<u>-</u>	<u>(1,818)</u>
	<u>(1,127)</u>	<u>(3,523)</u>
	<u>404,325</u>	<u>126,618</u>

The movement in expected credit loss is as shown below:

At 1 January	3,523	12,543
Decrease in expected credit loss (Note 3.2.7)	<u>(2,396)</u>	<u>(9,020)</u>
At 31 December	<u>1,127</u>	<u>3,523</u>

Deposits with financial institutions have an average effective maturity period of three months. Deposits with related party relates to deposits with Caritas Microfinance Bank. Both Caritas Microfinance Bank and the Company are owned by the Catholic Church in Kenya.

Other deposits relate to treasury bonds with the Central Bank of Kenya which were under lien that had matured as at year end but was yet to be rolled over. The effective interest rate realised on the deposits during the year ended 31 December 2024 was 12.8% (2023: 7.9%).

21. Share capital

21.1 Paid up share capital

	2024 KShs'000	2023 KShs'000
Authorised capital:		
8,000,000 (2023: 8,000,000) ordinary shares of KShs 100 each	800,000	800,000

The movement in share capital is as shown below:

	Number of Shares		Share premium		Share capital	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
At 1 January	5,027	3,820	5,712	5,712	502,698	381,982
Alloted shares during the year	<u>-</u>	<u>1,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,716</u>
At 31 December	<u>5,027</u>	<u>5,027</u>	<u>5,712</u>	<u>5,712</u>	<u>502,698</u>	<u>502,698</u>

Authorised share capital:

8,000,000 (2023: 8,000,000) ordinary shares of KShs 100 each	800,000	800,000
Issued and fully paid up share capital:	502,698	502,698
5,026,981 (2023: 5,026,981) ordinary shares of KShs 100 each		

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

21.2 Shareholders' contribution pending allotment

	2024 KShs'000	2023 KShs'000
At 1 January	185,861	305,577
Additional share capital	-	1,000
Alloted shares	-	(120,716)
Transfer to receivables from related parties	-	-
At 31 December	<u>185,861</u>	<u>185,861</u>

This is share capital contribution by the shareholders to the Company pending allotment of the Company shares. The allotment will be completed once the requisite documents have been filed with the registrar of Companies and share certificate issued to the shareholder.

21.3 Revaluation reserves

Revaluation reserves represent gain or loss arising from changes in the fair value of property and equipment and is made up as below;

	2024 KShs'000	2023 KShs'000
At 1 January	18,974	12,516
Net gain arising from changes in the fair value of property and equipment	<u>5,825</u>	<u>6,458</u>
	<u>24,799</u>	<u>18,974</u>

22. Right-of-use assets

	2024 KShs'000	2023 KShs'000
At 1 January	56,226	39,479
Additions	5,880	33,345
Depreciation charge for the year (Note 9)	<u>(16,539)</u>	<u>(16,598)</u>
At 31 December	<u>45,567</u>	<u>56,226</u>

The Company leases various offices. The leases of offices are typically for periods of between 4 and 6 years, with no options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee

23. Lease liabilities

	2024 KShs'000	2023 KShs'000
At start of year	61,998	46,772
Additions	5,881	33,346
Interest charged to profit or loss	7,674	6,046
Cash flows:		
- Payments under leases (interest)	(7,674)	(6,046)
- Payments under leases (principal)	<u>(16,432)</u>	<u>(18,120)</u>
At end of year	<u>51,447</u>	<u>61,998</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

23. Lease liabilities (Continued)

The leases expiring within one year are subject to review at various dates during the next financial year. Below is the maturity analysis of lease liabilities based on contractual discounted payments:

	2024 KShs'000	2023 KShs'000
6 months or less	2,366	-
6 - 12 months	-	-
1 - 5 years	<u>49,081</u>	<u>61,998</u>
	<u>51,447</u>	<u>61,998</u>

Weighted average effective interest rates at the reporting date was 13%.

The carrying amounts of the Company's lease liabilities are denominated in Kenya shillings. Maturity analysis of the repayment structure of lease liabilities based on contractual undiscounted cashflows is as follows:

	2024 KShs'000	2023 KShs'000
Gross lease liabilities - minimum lease payments		
Not later than 1 year	20,578	34,299
Later than 1 year and not later than 5 years	<u>49,629</u>	<u>72,105</u>
Total gross lease	<u>70,207</u>	<u>106,404</u>

The following amounts are recognized in profit or loss:

Depreciation expense of right of use assets	16,539	16,598
Interest expense on lease liabilities	<u>7,674</u>	<u>6,046</u>
Total amount recognized in profit or loss	<u>24,213</u>	<u>22,644</u>

24. Other payables and accruals

Customers' rent deposit	14,078	16,975
Commissions payable	111,171	104,359
Trade creditors	26,253	46,720
Dividend payable	2,080	1,120
Other payables*	<u>20,431</u>	<u>40,324</u>
	174,013	209,498
Leave accrual	11,306	13,028
	<u>185,319</u>	<u>222,526</u>

*Other payables represent accrued expenses as at year end.

The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

25. Cash flows from operating activities

	2024 KShs'000	2023 KShs'000
Profit/ (loss) before tax	116,521	202,136
Adjustments for:		
Dividend income from quoted equity investments (Note 6.2)	-	(931)
Interest on government securities (Note 6.1)	(30,585)	(22,733)
Interest on deposits with financial institutions (Note 6.1)	(48,884)	(17,210)
Loss on valuation of quoted shares (Note 6.2)	55	2,466
Fair value gain on revaluation of investment properties (Note 6.3)	(14,132)	(17,450)
Gain on sale of investment property	(24,160)	-
Allowance for expected credit losses (Note 3.2.7)	(31,776)	(13,675)
Increase/ (decrease) in experience adjustment for reinsurers	80,000	(5,538)
Gain on disposal of property and equipment	-	(104)
Depreciation on right-of-use assets (Note 22)	16,539	16,599
Depreciation on property and equipment (Note 11)	11,739	12,074
Amortization of intangible assets (Note 12)	339	341
Interest on lease liabilities (Note 23)	7,674	6,046
Interest on borrowings (Note 25)	-	3,644
Operating profit before working capital changes	83,330	165,665
Changes in working capital:		
Increase in reinsurance contract assets	(374,303)	(292,434)
Increase in insurance contract liabilities	489,807	230,052
Decrease in other receivables	54,281	6,799
(Decrease)/ increase in receivables arising out of direct insurance arrangements	78,546	(124,691)
Decrease in other payables	(54,805)	(11,743)
Cash generated from/ (used in) operating activities	<u>276,856</u>	<u>(26,352)</u>
Reconciliation of liabilities arising from financing activities		
At start of year	-	75,000
Interest charged during the year	-	3,644
Interest paid	-	(3,644)
Repayments and transfers into account	-	(535,798)
Proceeds from bank and transfers from account	<u>-</u>	<u>460,798</u>
	-	-

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

26. Cash and bank balances

	2024 KShs'000	2023 KShs'000
Cash at bank and in hand	232,770	96,500
Expected credit loss	<u>(1,277)</u>	<u>(3,426)</u>
	<u>231,493</u>	<u>93,074</u>

The movement in expected credit loss is as shown below:

At 1 January	(3,426)	(3,786)
Increase in expected credit loss (Note 3.2.7)	<u>2,149</u>	<u>360</u>
At 31 December	(1,277)	(3,426)

For the purposes of the statement of cash flows, the period-end cash and cash equivalents comprise the following:

Cash at bank and in hand (Note 26)	232,770	96,500
Investments in Government securities maturing within 91 days (Note 15)	95,000	8,000
Deposits with financial institutions maturing within 90 days	<u>25,000</u>	<u>71,000</u>
	<u>352,770</u>	<u>175,500</u>

27. Related parties' transactions and balances

The Company is owned by the Catholic Church in Kenya through the various Archdioceses, Dioceses, the Catholic Missionary Priests, and the Association of the Catholic Nuns together with affiliated institutions of the Church. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered in the ordinary course of business.

Transactions with related parties and outstanding balances with related parties arise from the normal sale of insurance contracts and other transactions to the various Catholic Church Archdioceses, Dioceses, the Catholic Missionary Priests, and the Association of the Catholic Nuns together with affiliated institutions.

	2024 KShs'000	2023 KShs'000
a) Transactions with related parties		
Sale of insurance contracts	<u>110,237</u>	<u>110,298</u>
Claims paid	<u>57,411</u>	<u>116,316</u>
Interest from bank deposits and current accounts	<u>-</u>	<u>2,306</u>
Depreciation on right-of-use assets	<u>5,918</u>	<u>5,918</u>
Lease liabilities interest	<u>935</u>	<u>1,989</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

27. Related parties' transactions and balances (continued)

a) Outstanding balances with related parties:	2024 KShs'000	2023 KShs'000
Receivables arising out of direct insurance arrangements	18,143	83,132
Receivable from sale of unquoted shares and issue of share capital	62,113	80,900
Insurance contract liabilities	41,446	56,456
Right-of-use assets	35,510	35,510
Lease liabilities	2,366	11,102
b) Loans to related parties		
Key management compensation:		
Short term employee benefits:		
- key management compensation	71,527	57,432
Shareholder contribution pending allotment	185,861	185,861
Directors' fees	12,551	9,782
Deposits with financial institutions (Note 20)	-	20,000

Outstanding balances at the reporting date are unsecured and settlement will take place in cash. Related parties have been assessed for impairment according to provisions of IFRS 9 as disclosed in notes 1.11 and 18.2.

Depreciation on right-of-use assets and lease liabilities interest relate to depreciation and interest charged on the lease contracts with various lessors for spaces occupied at branches.

28. Fair value of financial instrument Comparison by class of the carrying amount and fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

28. Fair value of financial instruments (continued)

28.1 Comparison by class of the carrying amount and fair values of the financial instruments (Continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Management has assessed that investment in Government securities- treasury bills, deposits with financial institutions, cash and bank balances, other receivables, receivables arising out of direct insurance arrangements, receivables arising out of reinsurance arrangements trade receivables, trade payables, other payables, borrowings and payables arising out of reinsurance arrangements approximate their carrying amounts largely due to the short-term maturities of these instruments.

The table below sets out the Company's classification of each class of financial assets and liabilities, and comparison of the carrying amount and their fair values:

	Carrying amount		Fair values	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets:				
Quoted equity investments at FVTPL	-	55	-	55

All other financial instruments not carried at fair value. Their carrying amounts approximate their fair value due to the short-term nature of the balances.

28.2 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

In valuing level 2 assets, inputs derived from market factors are taken into account. For quoted equity investments, these factors include closing stock prices as listed at the Nairobi Stock Exchange. For investment in government securities, amortization of total cashflows is done based on the internal rate of return at the time of purchase of the security for long term bonds. Treasury bills are valued using discount methods.

Fair value hierarchies are determined at the time of acquisition of an asset class and remain unchanged throughout the life of that class of assets. There was no movement between levels in the period.

31 December 2024	Level 1	Level 2	Level 3	Total
Quoted equity investments (Note 16)	-	-	-	-
Investments in government securities (Note 15)	-	289,033	-	289,033
Investment properties (Note 13)	-	-	712,168	712,168
31 December 2023	Level 1	Level 2	Level 3	Total
Quoted equity investments (Note 16)	55	-	-	55
Investments in Government securities (Note 15)	-	215,847	-	215,847
Investment properties (Note 13)	-	-	867,852	867,852

The valuation techniques and inputs for the level 3 - investment properties have been disclosed in Note 13.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

29. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

31 December 2024	Within 12 months KShs'000	After 12 months KShs'000	Total KShs'000
Assets			
Cash and bank balances	231,493	-	231,493
Deposits with financial institutions	404,325	-	404,325
Other receivables	60,431	-	60,431
Receivables arising out of direct insurance arrangements	577,140	-	577,140
Receivable from related party	-	62,113	62,113
Tax recoverable	46,093	-	46,093
Quoted equity investments at fair value through profit or loss	-	-	-
Government securities - 'amortised cost'	231,200	57,833	289,033
Investment properties	-	712,168	712,168
Property and equipment	-	137,429	137,429
Right-of-use assets	-	45,567	45,567
Intangible assets	-	344	344
Reinsurance contract assets	<u>1,403,055</u>	<u>-</u>	<u>1,403,055</u>
	<u>2,953,737</u>	<u>1,015,454</u>	<u>3,969,191</u>
Liabilities			
Insurance contract liabilities	1,787,350	923,331	2,710,681
Lease liabilities	20,578	30,869	51,447
Deferred tax liabilities	-	37,385	37,385
Other payables and accruals	<u>185,319</u>	<u>-</u>	<u>185,319</u>
	<u>1,993,247</u>	<u>991,585</u>	<u>2,984,832</u>
Net (liabilities)/ assets	<u>960,490</u>	<u>23,869</u>	<u>984,359</u>
31 December 2023			
Assets			
Cash and bank balances	93,074	-	93,074
Deposits with financial institutions	126,618	-	126,618
Other receivables	90,381	-	90,381
Receivables arising out of direct insurance arrangements	607,385	-	607,385
Receivable from related party	-	80,900	80,900
Tax recoverable	48,782	-	48,782
Quoted equity investments at fair value through profit or loss	-	55	55
Government securities - 'amortised cost'	129,774	86,073	215,847
Investment properties	-	867,852	867,852
Property and equipment	-	134,378	134,378
Right-of-use assets	-	56,226	56,226
Intangible assets	-	684	684
Reinsurance contract assets	<u>1,108,752</u>	<u>-</u>	<u>1,108,752</u>
	<u>2,204,766</u>	<u>1,226,168</u>	<u>3,430,934</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

29. Maturity analysis of assets and liabilities (continued)

31 December 2023 (continued)	Within 12 months KShs'000	After 12 months KShs'000	Total KShs'000
Liabilities			
Insurance contract liabilities	1,224,240	996,635	2,220,875
Lease liabilities	34,299	27,699	61,998
Deferred tax liabilities	-	15,930	15,930
Other payables and accruals	<u>222,526</u>	<u>-</u>	<u>222,526</u>
	<u>1,481,065</u>	<u>1,040,264</u>	<u>2,521,329</u>
Net (liabilities)/ assets	<u>723,701</u>	<u>185,904</u>	<u>909,605</u>

30. Operating leases

Operating lease commitments - the Company as a lessor

The Company has entered into operating leases on its investment property portfolio consisting of certain office buildings (see Note 13). These leases have terms of between 5 and 6 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognised by the Company during the year is KShs 50,429,000(2023: KShs 49,169,000).

The future minimum lease payments receivable under non-cancellable operating leases as at 31 December are as follows:

	2024 KShs'000	2023 KShs'000
Not later than 1 year	65,189	61,846
Later than 1 year and not later than 5 years	<u>87,908</u>	<u>154,151</u>
	<u>153,097</u>	<u>215,997</u>

31. Contingent liabilities and commitments

In common with the insurance industry in general, the Company is subject to litigation arising in the normal course of insurance business. The Directors are of the opinion that any outstanding litigation in this respect will not have a material effect on the financial position or (loss)/profits of the Company.

	2024 KShs'000	2023 KShs'000
Commitments		
Financial guarantees	30,481	25,000
Bid bond	5,000	5,000

The guarantees facility relates to the documents written by the bank to support performance by the Company to third parties in the ordinary course of the Company's business. The guarantees are held with Bank of Africa Kenya and NCBA Bank.

The bid bond facility is utilized by the bank for issuance of bid bonds in favour of third parties in the ordinary course of the Company's business.

32. Events after the reporting date

The estimates and judgements applied to determine the financial position at 31 December 2024, most specifically as they relate to the calculations of impairment, were based on a range of forecast economic conditions as at that date.

The Directors are not aware of any other event after the reporting date, as defined by IAS 10 Events after the Reporting Period, that require disclosure in or adjustments to the financial statements as at the date of this report.

PACIS INSURANCE COMPANY LIMITED
Supplementary information (Unaudited)
FOR THE YEAR ENDED 31 DECEMBER 2024
GENERAL INSURANCE BUSINESS REVENUE ACCOUNT

2024 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	28,064	17,288	165,769	266,638	4,448	547,634	557,654	34,592	1,054,921	55,454	139,433	4,543	2,876,438
Incurred claims and other expenses	(52,704)	(7,726)	(155,050)	(202,124)	(2,051)	(740,510)	(598,269)	(21,714)	(1,040,966)	(38,709)	(113,916)	(4,719)	(2,978,458)
Amortization of insurance acquisition cash flows	(5,176)	(3,358)	(39,365)	(53,259)	(796)	(54,074)	(55,218)	(7,033)	(102,290)	(10,687)	(28,873)	(335)	(360,464)
Losses on onerous contracts and reversals of those losses	-	-	-	9,751	227	15,031	-	-	-	-	-	-	25,009
Changes to liabilities for incurred claims	(5,485)	236	11,708	(8,339)	238	172,819	106,897	9,145	159,489	(2,336)	16,209	125	460,706
Insurance service expense	(63,365)	(10,848)	(182,707)	(253,971)	(2,382)	(606,734)	(546,590)	(19,602)	(983,767)	(51,732)	(126,580)	(4,929)	(2,853,207)
Insurance service result before reinsurance contracts held	(35,301)	6,440	(16,938)	12,667	2,066	(59,100)	11,064	14,990	71,154	3,722	12,853	(386)	23,231
Interest accreted	(1,169)	(24)	(1,816)	(14,810)	(36)	(44,304)	(31,422)	(1,318)	(14,234)	(1,114)	(4,236)	(20)	(114,503)
Effect of changes in interest rates	(165)	(1)	(600)	(1,691)	-	(4,279)	(2,875)	(28)	(69)	(214)	(331)	-	(10,253)
Insurance finance expense	(1,334)	(25)	(2,416)	(16,501)	(36)	(48,583)	(34,297)	(1,346)	(14,303)	(1,328)	(4,567)	(20)	(124,756)
Finance cost	75	44	442	711	12	1,460	1,489	93	2,814	151	371	12	7,674
2024 (KShs'000)													
Insurance revenue	28,064	17,288	165,769	266,638	4,448	547,634	557,654	34,592	1,054,921	55,454	139,433	4,543	2,876,438
Incurred claims and other expenses	(52,704)	(7,726)	(155,050)	(202,124)	(2,051)	(740,510)	(630,045)	(21,714)	(1,040,966)	(38,709)	(113,916)	(4,719)	(3,010,234)
Amortization of insurance acquisition cash flows	(5,176)	(3,358)	(39,365)	(53,259)	(796)	(54,074)	(55,218)	(7,033)	(102,290)	(10,687)	(28,873)	(335)	(360,464)
Losses on onerous contracts and reversals of those losses	-	-	-	9,751	227	15,031	-	-	-	-	-	-	25,009
Changes to liabilities for incurred claims	(5,485)	236	11,708	(8,339)	238	172,819	106,897	9,145	159,489	(2,336)	16,209	125	460,706
Insurance service expense	(63,365)	(10,848)	(182,707)	(253,971)	(2,382)	(606,734)	(578,366)	(19,602)	(983,767)	(51,732)	(126,580)	(4,929)	(2,884,983)
Insurance service result before reinsurance contracts held	(35,301)	6,440	(16,938)	12,667	2,066	(59,100)	(20,712)	14,990	71,154	3,722	12,853	(386)	(8,545)
Interest accreted	(1,169)	(24)	(1,816)	(14,810)	(36)	(44,304)	(31,422)	(1,318)	(14,234)	(1,114)	(4,236)	(20)	(114,503)
Effect of changes in interest rates	(165)	(1)	(600)	(1,691)	-	(4,279)	(2,875)	(28)	(69)	(214)	(331)	-	(10,253)
Insurance finance expense	(1,334)	(25)	(2,416)	(16,501)	(36)	(48,583)	(34,297)	(1,346)	(14,303)	(1,328)	(4,567)	(20)	(124,756)
Finance cost	75	44	442	711	12	1,460	1,489	93	2,814	151	371	12	7,674

PACIS INSURANCE COMPANY LIMITED
Supplementary information (Unaudited)
FOR THE YEAR ENDED 31 DECEMBER 2024
GENERAL INSURANCE BUSINESS REVENUE ACCOUNT

2023 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	29,555	14,061	164,093	134,862	2,982	481,780	422,381	32,830	954,174	24,074	111,310	21,783	2,393,885
Incurred claims and other expenses	(23,214)	(5,400)	(115,849)	(173,187)	(3,161)	(731,801)	(513,138)	(25,199)	(943,428)	(18,770)	(75,045)	(7,649)	(2,635,841)
Amortization of insurance contracts and reversals of acquisition cash flows	(6,180)	(2,727)	(35,546)	(27,002)	(499)	(46,714)	(41,590)	(6,757)	(92,492)	(4,275)	(23,069)	(4,088)	(290,939)
Losses on onerous contracts and reversals of those losses	-	-	-	(4,965)	127	18,303	-	-	-	-	-	-	13,465
Changes to liabilities for incurred claims	6,167	1,202	43,504	(18,434)	1,039	272,640	177,447	9,019	118,446	11,228	34,280	37	656,575
Insurance service expense	(23,227)	(6,925)	(107,891)	(223,588)	(2,494)	(487,572)	(377,281)	(22,937)	(917,474)	(11,817)	(63,834)	(11,700)	(2,256,740)
Insurance service result before reinsurance contracts held	6,328	7,136	56,202	(88,726)	488	(5,792)	45,100	9,893	36,700	12,257	47,476	10,083	137,145
Interest accreted	(675)	(103)	(3,987)	5,723	(74)	(12,383)	220	(801)	(9,547)	(434)	(3,565)	(5)	(25,631)
Effect of changes in interest rates	(420)	(1)	(474)	(5,187)	-	(18,065)	(15,694)	(415)	(323)	(495)	(845)	(1)	(41,920)
Insurance finance expense	(1,095)	(104)	(4,461)	536	(74)	(30,448)	(15,474)	(1,216)	(9,870)	(929)	(4,410)	(6)	(67,551)
Finance cost	120	57	664	546	12	1,950	1,710	133	3,862	97	451	88	9,690