SOLVENCY AND FINANCIAL CONDITION REPORT 2020

NICOZDIAMOND
INSURANCE LIMITED
You never know what will happen

a member of FIRST MUTUAL HOLDINGS LIMITED

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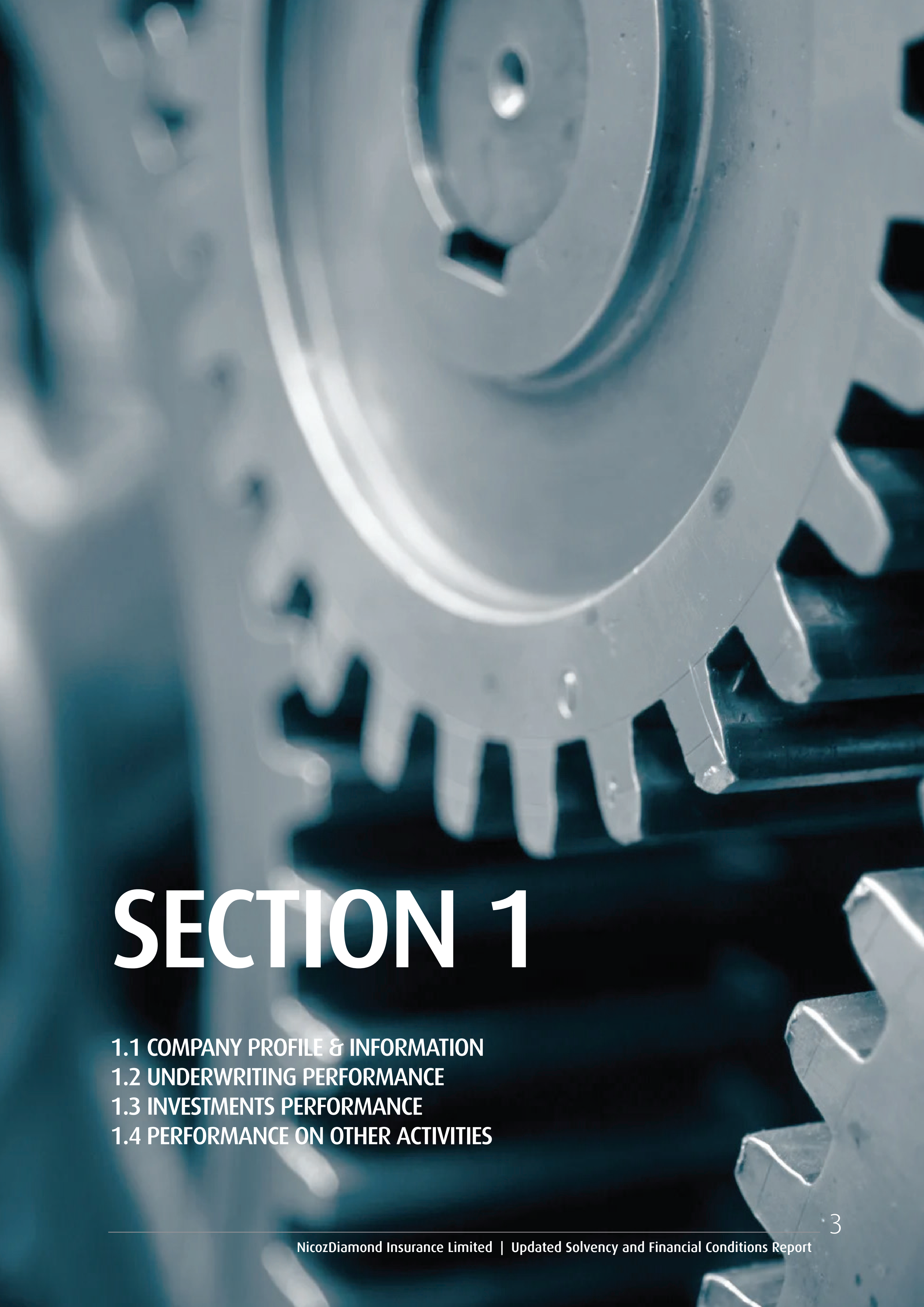

SECTION 1

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SECTION 1

1.1 BUSINESS PERFORMANCE

1.1.1 Information about the Company

NicozDiamond Insurance Limited ("NDIL") ("the Company") is an insurance company incorporated and domiciled in Zimbabwe. The Company's registered office is located at 30 Samara Machel Avenue Harare, Zimbabwe. The main business of NicozDiamond Insurance Limited is the provision of short-term insurance risk solutions and property investments. The Company is a wholly owned subsidiary of First Mutual Limited (FMHL). NicozDiamond Insurance has maintained regional performance through its Subsidiary Diamond Seguros operating from Mozambique and United General Insurance an Associate Company in Malawi. NicozDiamond Limited holds 34% in United General Insurance Company and 71.4 % of the shares of Diamond Seguros and the non-controlling party holds the remaining 28.6% of the company. The main business of Diamond Seguros Insurance is the provision of short-term insurance solutions to the Mozambican market. The company also has a 45% interest in Clover Leaf Panel Beaters which is also treated as an Associate.

NDIL is an established premier insurer and its performance is supported by a strong balance sheet, strong brand, high visibility and its consistency in being awarded an A+ financial strength rating by the Global Credit Rating Company of South Africa.

1.1.2 Key Products Offered

The Company principally issues the following type of general insurance contracts: motor, fire, marine, accident, engineering and credit. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of risk and level of insured benefits. Below are the various key products that the Company offers:

1.1.2.1 Motor Vehicle Insurance which provides cover under;

Third party which covers the motorist's liability to others for damage to vehicles and/or other property, death and injury to third parties.

Third party fire & theft – covers insured vehicle for damage due to fire or theft plus the benefits for third party

Comprehensive – most extensive form of insurance which, in addition to providing the cover listed above, provides accidental damage cover to your vehicles.

1.1.2.2 House Owners and Householders

House owners' section which covers private dwellings, outbuildings, walls, fences and gates for the cost of re-building following damage caused by fire, lightning, explosion, storm, flood, earthquake, theft and accidental damage to fittings and fixtures. Cover extends to the cost of rentals in similar accommodation for a specified period.

House holders' section which covers all movable contents of the home for replacement value less depreciation. Perils are the same as above and extends to include theft from washing line, deterioration of foodstuff, property of guests and domestic workers or injuries caused to other persons by domestic pets.

1.1.2.3 Travel Insurance

Covers travelling emergencies such as medical expenses journey cancellations and loss of luggage.

1.1.2.4 Personal Accident Insurance

Covers the insured person in case of death or bodily injury caused by accidental violent and visible means. Cover extends to include permanent disability, temporary disability and medical expenses.

1.1.2.5 Hospital Cash Plan

The Hospital Cash Plan is insurance cover that provides financial support for individuals when one suffers some form of income loss due to the hospitalisation of dependents (spouse or children).

1.1.2.6 Assets All Risks

This is an all-encompassing insurance option for businesses to cover the following: Property loss or damage, Business interruption, Business all risks, Account receivables, Money Glass and Fidelity guarantee.

1.1.2.7 Liabilities Insurance

Covers a business's exposure to various forms of legal liabilities for death or injury and /or damage to property, arising from negligent commission or omission of duty of care, such as: Public Liability, Products Liability, Environmental Liability, Employers Liability, Professional Indemnity, Residual Liability.

1.1.2.8 Marine Insurance

Marine Insurance policy protects against accidental damage to marine cargo or loss or damage to marine hull, machinery and third-party liabilities arising from use or ownership of such equipment. We cover cargo originating from or to destinations outside our borders while in transit by sea, air and road.

1.1.2.9 Aviation Insurance

Covers accidental loss of or damage to the aircraft and liability to third parties i.e. persons and/or property outside the aircraft and liability to passengers.

1.1.2.10 Engineering Insurance

Covers machinery breakdown and resultant deterioration of stock, plant and erection all risks, contractors all risks and resultant liabilities. This class of insurance covers a wide range of engineering related risks. Our solutions are set up to provide strong financial back up for all engineering projects:

- Contractor's all risks
- Machinery Breakdown
- Plant and Erection all risks
- Electronic Equipment

1.1.2.11 Bond and Surety

Offered by NicozDiamond to protect an employer against non-performance on the part of the contractor. The cover includes the Performance Bond, Bid/Tender Bond, Retention Bond and Advance Payment Bond.

1.1.2.12 Farming Insurance

Crop insurance that covers against any loss or damage to crops such as tobacco, potatoes, cotton, maize and sugarcane from growing stage to the selling stage, against perils such as hail, windstorm and fire.

Livestock Insurance covers against fire, lightning, impact and malicious damage to property. It also covers the risk of theft and straying.

Farming Equipment offers farmers insurance for their mechanical utilities so they are not at risk of being left stranded when they most need implements.

1.1.2.13 Mining Insurance

Mining presents unique risks almost always requiring tailor made insurance covers. NicozDiamond provides specialised cover for most mining needs.

1.1.3 External Environment

1.1.3.1 Economic Environment

The economic environment for 2020 can be categorised into two distinct parts. The first part of the year was a continuation of the volatility witnessed in 2019 after the currency reforms. Year on year inflation continued to rise, peaking at 837.53% in the month of July while the local currency continued to deteriorate on the parallel market in spite of attempts to fix the interbank rate in March 2020. Following a raft of measures which included the introduction of a foreign exchange auction system, partial return to a multicurrency regime and a more concerted effort to reign in money supply, the second half of the year saw relative stability of the exchange rate and a gradual easing of year-on-year inflation which closed the year at 348.6%.

The COVID-19 pandemic had a devastating impact on the economy as the country endured protracted periods of lockdown and depressed economic activity. According to the Ministry of Finance the economy contracted by -4.1% in 2020 though it's expected to recover by 5.1% in 2021

1.1.3.2 Monetary Developments

The Reserve Bank of Zimbabwe transitioned from the interbank system to a Dutch auction system in order to improve transparency in the allocation of foreign currency. The rate which had been fixed at ZWL 25 to the US Dollar moved to 81.78 as at 31 December 2020. Monetary Policy Committee ("MPC") was put in place to oversee the monetary policy of the bank leading to a more stringent money supply regime.

1.1.3.3 Impact of COVID - 19

The pandemic is still unfolding and therefore requires continuous monitoring and assessment. There has been global disruption in supply chains and increases in the cost of doing business due to the pandemic. The business was not spared from the disruptions caused by the COVID -19 pandemic. The impact included additional costs of doing business, suspension of channels that require physical interaction, changes in work routines and affordability challenges for clients as a result of restricted trading. The Group will retain resources to respond as necessary to the impact of the pandemic. We express our sympathy to the victims of the pandemic and their families. NicozDiamond is doing everything it can to protect the health of its clients, staff members and their families by adhering to the safety measures as detailed by the World Health Organisation (WHO) and local authorities.

1.1.3.4 Hyperinflationary Economy

The country continued to operate in a hyperinflationary environment and as a result the pronouncement issued by the Public Accountants and Auditors Board ("PAAB") in 2019 continued to apply therefore the International Accounting Standard IAS") 29 - Financial Reporting in Hyperinflationary Economies was used in the preparation of the group and the company's financial statements

1.1.3.5 Economic Outlook

Although considerable headwinds continue to threaten the recovery of the Zimbabwean economy there is general consensus that the Zimbabwean economy will see a recovery in 2021 bouyed by a good agricultural season and strong commodity prices. Efforts by authorities to sustain economic stability will also add to prospects. The Group intends to continue leveraging on its diverse business portfolio as well as regional footprint to sustain a positive growth trajectory into the future. The Group is confident of the country's medium-term economic prospects and will thus continue to invest in its core businesses and complementary areas. We will retain our focus on balance sheet preservation and strive to ensure that our businesses achieve operating profits in a volatile environment.

1.1.3.6 Company Objectives and Strategy

NicozDiamond seeks to strategically position itself as a highly visible and preferred provider of innovative risk management solutions in its chosen markets through focusing on its core values which include professionalism, accountability, care innovation, integrity and sustainability.

1.2 UNDERWRITING PERFOMANCE

1.2.1 Gross Premium Written

The Company wrote gross premium income of $1.4 billion for the year ended 31 December 2020 which was a growth of 664% compared to the prior. The growth was mainly driven by asset revaluations to protect clients against insurance value erosion by inflation and organic growth within the existing portfolios. The Motor and Fire classes were the major contributors towards revenue contributing 44% and 30% respectively.

1.2.2 Reinsurance Expenses

The retention ratio closed the year at 39%. The lower retention ratio compared to budget was driven by higher than anticipated USD business that is being fronted to reinsurers. The motor and engineering classes had the highest retention ratios of above 50% due to regular reinsurance treaty reviews in line with the economic environment.

1.2.3 Claims Expenses

The overall claims ratio was 36% for the period ended December 2020. The lower claims ratio was driven by the COVID-19 induced lockdowns that restricted movement and hence lower claims incidences. The motor and engineering class had the highest loss ratios of 41% and 37% respectively.

1.2.4 Commission Expenses

NicozDiamond registered a commission ratio of 1 % in the prior trading period. This was due to the significant commission earned from fronted USD business.

1.2.5 Underwriting Profit

The company closed the year 2020 with a technical result of $321milliion before incorporating operating expenses. Despite the increase in expenses driven by inflationary pressures the business had an overall combined ratio was 86% thereby closing the year with an underwriting profit of $71 million.

The tables below show the detailed underwriting performance per class.

Table 1: Underwriting Performance Per Class

All Figures are in (ZWL'000)	Total	Fire	Marine	Motor	Engineering	Accident	Aviation	Credit	Farming
Gross Premium Written	**1,444,247**	**435,906**	**46,167**	**636,615**	**55,297**	**64,073**	**99,477**	**51,198**	**55,515**
Reinsurance	(883,036)	(338,443)	(41,037)	(263,185)	(24,320)	(40,641)	(99,490)	(23,143)	(52,777)
Net Premium Written	**561,211**	**97,463**	**5,130**	**373,430**	**30,977**	**23,432**	**(13)**	**28,055**	**2,737**
Unearned Premium	(46,946)	(11,322)	(293)	(26,780)	(2,243)	(2,545)	-	(3,930)	167
Earned Premium	**514,265**	**86,141**	**4,837**	**346,650**	**28,734**	**20,887**	**(13)**	**24,124**	**2,904**
Net claims Expenses	(184,899)	(20,345)	(44)	(141,894)	(10,045)	(7,826)	-	(7,751)	(3,007)
Commission Expenses	(7,598)	6,143	1,821	(13,137)	(3,100)	(2,881)	(4,657)	(3,652)	2,551
Underwriting Result	**321,767**	**71,938**	**6,615**	**191,619**	**15,590**	**10,179**	**4,644**	**12,722**	**8,462**
Operating Expenses	(251,112)	(43,609)	(2,296)	(167,090)	(13,861)	(10,484)	(6)	(12,553)	(1,225)
Underwriting Profit	**70,656**	**28,329**	**4,319**	**24,529**	**1,728**	**(304)**	**4,650**	**169**	**7,237**

Table 2 : Key Performance Indicators Per Class

	Total	Fire	Marine	Motor	Engineering	Accident	Aviation	Credit	Farming
Retention Ratio	39%	22%	11%	59%	56%	37%	0%	55%	5%
UPR Ratio	8%	12%	6%	7%	7%	11%	0%	14%	-6%
Claims Ratio	36%	24%	1%	41%	35%	37%	0%	32%	-104%
Commission Ratio	1%	-7%	-38%	4%	11%	14%	35112%	15%	-88%
Admin cost Ratio	49%	51%	47%	48%	48%	50%	45%	52%	42%
Combined Ratio	86%	67%	11%	93%	94%	101%	35156%	99%	-149%

Table 3: Performance Geographical Location

All Figures are in (ZWL'000)	TOTAL	HARARE	BULAWAYO	MUTARE	GWERU	MASVINGO
Gross Premium Written	**1,444,247**	**1,300,085**	**93,716**	**19,101**	**20,246**	**11,099**
Reinsurance	(883,036)	(813,107)	(49,227)	(11,272)	(8,245)	(1,185)
Net Premium Written	**561,211**	**486,978**	**44,489**	**7,829**	**12,001**	**9,914**
Unearned Premium	(46,946)	(39,254)	(3,880)	(1,428)	(1,258)	(1,127)
Earned Premium	**514,265**	**447,724**	**40,609**	**6,401**	**10,743**	**8,787**
Net Claims Expenses	(184,899)	(159,988)	(19,003)	(1,796)	(2,449)	(1,663)
Net Commission Paid	(7,598)	(2,057)	(2,649)	(1,050)	(3,199)	(743)
Technical Result	**321,768**	**285,679**	**18,957**	**5,655**	**5,095**	**6,381**

1.2.6 Reinsurance Covers

Reinsurance security selection was conducted using the standard selection criteria of looking at security rating and claims paying ability.

Types of reinsurance arrangements in place

- Fire & Engineering Surplus Treaty
- Fire & Engineering Excess of Loss
- Miscellaneous Accident Surplus
- Motor Excess of Loss
- Accident Excess of Loss
- Accident Surplus Treaty
- Facultative Obligatory (all classes)
- USD Treaties for motor, accident and fire& engineering
- 10 Farming Quota share

The table below shows reinsurance participants for the covers held

Table: 4 Reinsurance participants

	Reinsurer	Rating	Rating Agent	Proportion (ZWL)
1.	FBC Re	A	GCR	22%
2.	Emeritus Re	A-	GCR	20%
3.	Zep Re (PTA Re)	B+	AM Best	20%
		AAA+	GCR	
4.	FM Re	BBB	GCR	17%
5.	ZB Re	BBB	AUGUSTO	10%
6.	Grand Re	AA+	GCR	7.5%
7	Waica Re	B+	AM Best	3.5%
		A+	GCR	

1.3 INVESTMENTS PERFOMANCE

1.3.1 Investments Performance Overview

Nicoz Diamond seeks to achieve superior risk-adjusted investment returns relative to liabilities which entails optimizing investment returns while minimizing or eliminating exposure to unintended or uncompensated risks. Since risks are inherent and an integral part of investment management activities, NDIL has adopted a disciplined approach to identify, assess and respond to external and internal risks that have the potential to impact its investment strategic objectives. The business has a structured, comprehensive, dynamic, integrated and inclusive risk management approach aimed at identifying, analysing and managing the company's risks to an acceptable level, so as to enhance opportunities, reduce losses, and thus ensure sustainable performance of its investment portfolio.

The business holds various investment assets as part of its balance sheet and are a considerable source of its income.

The table below shows the market values of the investment portfolio by asset class as at 31 December 2020 and 31 December 2019.

1.3.2 Investments Portfolio

Table 5: Investment by asset class

Asset Class	Dec-20 Market Value ZWL	Weight	Dec-19 Market Value ZWL	Weight	Growth
Financial assets at fair value through profit or loss	137,426,579	36%	29,107,904	47%	372%
Debt securities at ammortised Cost	44,841,988	12%	5,154,470	8%	770%
Cash and cash equivalents	204,201,717	52%	27,479,470	45%	643%
Total	**386,470,284**	**100%**	**61,741,844**	**100%**	**526%**

The investments portfolio grew by 526 % from $62 million in 2019 to ZW$ 386 million in 2020 driven by market value appreciation in local equities as the Zimbabwe Stock Exchange was bullish in the period under review. The increase in cash and equivalents was mainly driven by foreign denominated balances which were converted using the official exchange rate.

1.3.3 Investment Income

The business generated investment income of $157million for the year under review compared with $101 million for the prior year. The investment gains were driven by fair value gains on listed and unlisted equities in line with the general performance of the ZSE Industrial Index.

1.4 PERFOMANCE ON OTHER ACTIVITIES

The two wholly owned subsidiaries of NicozDiamond Insurance Limited, Thirty Samora Machel and Marabou are involved in property investment. These involve leasing out office space as well as holiday resort areas to clients. NicozDiamond is a lessee to Thirty Samora Machel one of its properties located in Harare. The lease arrangement is a financial lease due to its long-term nature. Below is the summary performance of Thirty Samora Machel and Marabou as at 31 December 2020

Table: 6 Performance of other subsidiaries

MARABOU	Dec-20 ZWL	Dec-19 ZWL	
Revenue	321,502	13,168	2342%
Operating(Loss)/ Profit	(399,040)	(3,871)	10210%
Profit Before tax	5,120,960	(3,871)	132404%
THIRTY SAMORA MACHEL	**ZWL**	**ZWL**	
Revenue	10,840,203	480,889	2154%
Operating profit	5,428,762	185,428	2828%
Profit Before tax	295,818,762	185,428	159433%

SECTION 2

SYSTEM OF GOVERNANCE
2.1 GENERAL INFORMANTION ON SYSTEM OF GOVERNANCE
2.2 FIT AND PROPER
2.3 INTERNAL CONTROLS
2.4 INTERNAL AUDIT
2.5 ACTUARIAL FUNCTION
2.6 OUTSOURCING

SECTION 2

2.1 GENERAL INFORMATION ON SYSTEM OF GOVERNANCE

2.1.1 System of governance overview

NDIL is committed to the principles of good corporate governance. The directors recognise the need to conduct the business of the Company with integrity and following generally accepted corporate practices to safeguard stakeholders' interests. The Board and management believe the governance systems and practices in place are appropriate for the Company and are essentially in line with the National Code on Corporate Governance Zimbabwe (ZIMCODE). The Company is committed to promoting the highest standards of ethical behaviour amongst all its employees.

The company is compliant with the minimum standards for the conduct of insurance business in terms of the Directive on Governance and Risk Management for Insurance Companies issued by the Insurance and Pension Commission in terms of section 5)(a) of the Insurance Act [Chapter 24:07]. The directive details the minimum guiding principles to ensure that insurers have effective systems of risk management including governance structures, internal controls and oversight functions.

2.1.2 Administrative and Management Bodies

NIDL is under the supervision of an Executive Committee, Board of directors and the Audit Committee at company level. There is however oversight from the First Mutual Holdings Limited (FMHL) Board and its various Board Committees which include the Audit and Actuarial Committee, Human resources and Governance, Investments Committee and the Risk Committee. Below is the composition of the NDIL Board of Directors and Audit Committee

Table 7 (a) Board of Directors composition

Name of Director	Executive/Non executive	Nationality
Elisha K. Moyo	Board Chaiman (Non-Executive)	Zimbabwean
Bruce Campbell	Non- Executive Director	South African
John Mapani	Non- Executive Director	Zimbabwean
Antony Makonese	Non- Executive Director	Zimbabwean
Tembiwe Moyo	Non- Executive Director	Zimbabwean
Fungayi Primrose Chatiza	Non- Executive Director	Zimbabwean
Nester Mukwehwa	Non- Executive Director	Zimbabwean
David Nyabadza	Executive	Zimbabwean
Douglas Hoto	Executive	Zimbabwean

Table: 7 (b) Audit Committee Members

Name of Director	Executive/Non executive	Nationality
Bruce Campbell	Non- Executive Director	South African
Antony Makonese	Non- Executive Director	Zimbabwean
Tembiwe Moyo	Non- Executive Director	Zimbabwean

The FMHL Board is supported by various Committees in executing its responsibilities. The main Committees meet at least quarterly to review performance and provide guidance to management on both operational and policy issues. Each Committee acts within written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board monitors the effectiveness of controls through reviews by the Combined Audit and Actuarial Committee and an independent assessment by the independent auditors. The following are the summary roles of the FMHL Board Committees.

Table 8: Summary of Roles and Responsibilities

Committee	Summary of Roles and Responsibilities
Group Human Resources and Governance Committee	This Committee comprises three (3) non-executive directors of First Mutual, one of whom is the Chairperson. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives. The Committee is responsible for reviewing and assessing organisational structure in line with the Strategy and make recommendations to the Board. The Committee reviews recruitment procedures and strives to ensure that remuneration packages remain competitive. The Committee acts as a Nominations Committee for Directors to Boards in the Group of Companies and, also, the Committee considers wider corporate governance issues and related party transactions. The Committee has responsibility for drafting the remuneration policy. This draws on local and regional survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times,
Group Investments Committee	This Committee comprises three (3) non-executive directors one of whom is the Chairperson. The Group Chief Executive Officer and Group Finance Director attend in ex officio capacities. The Committee formulates investments strategy and policy, reviews the performance of investments within the Group and recommends new investments for approval by the Board. The Committee assists the Board in reviewing the implementation of its investment policies and ensures that portfolio management conducted following the Group's policies.
Group Risk Committee	This Committee comprises three Non-Executive Directors of First Mutual Holdings Limited. The Committee reviews Group's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risk's aspects of proposed strategic transactions. The committee liaises with other Board Committees as necessary.

2.1.3 Remuneration Policy

NDIL's remuneration policies are under the supervision of the First Mutual Holdings Limited Group Human Resources and Governance Committee. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives. The Committee is responsible for reviewing and assessing organisational structure in line with the Strategy and make recommendations to the Board. The Committee reviews recruitment procedures and strives to ensure that remuneration packages remain competitive. The Committee acts as a Nominations Committee for Directors to Boards in the Group of Companies and, also, the Committee considers wider corporate governance issues and related party transactions. The Committee has responsibility for drafting the remuneration policy. This draws on local and regional survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.

The remuneration structures at First Mutual Holdings Limited are designed to attract and retain talent at all levels. The remuneration packages are geared to the employee's level of influence and role complexity.

2.2 FIT AND PROPER REQUIREMENTS

2.2.1 Fit and Proper Overview

NicozDiamond is committed to applying the highest standards of ethics and integrity that promote sound corporate governance standards aimed at ensuring that the company is prudently and soundly managed by persons responsible for management oversight who possess the appropriate skills, experience and knowledge, and act with honesty and integrity.

Members of the Board and Senior Management provide strategic leadership that influences the financial condition, performance and future direction of NDIL. As such, persons who are responsible for the management and oversight of NDIL, and persons employed by the Group whose activities may materially affect the business or financial standing of the company, need to have appropriate skills, experience and knowledge, and act with honesty and integrity.

These skills and qualities strengthen the protection afforded to shareholders, policyholders, regulators and other stakeholders. The expectations on the suitability of persons in key positions are an extension of the corporate governance framework and are also aimed at ensuring that NDIL is led by persons of integrity, credibility and competency

2.2.2 Fit and Assessment Criteria

- The fit and proper criteria sets high internal standards of ethics and integrity that promote sound corporate governance, appropriate expertise, educational qualifications, experience, skills and knowledge in respect of the duties that such a person shall perform.
- The person in the responsible position must have the appropriate skills, experience and knowledge to perform that role and must act with the requisite character, diligence, honesty, integrity and judgement to effectively execute their duties.
- In order to be deemed fit, an assessment of both managerial and technical competency must be considered. At a minimum, the assessment includes professional, industry and formal qualifications including compliance with any applicable legislation, regulations or standards, applicable to the person's professional qualification or area of work, knowledge and relevant experience within the insurance, investment, industries/sectors, other financial sectors, or other businesses. Where relevant, the insurance, investment, financial, accounting, actuarial and management skills of the person and, whether the person has demonstrated due skill, care, diligence and compliance with the relevant legislation, regulations and standards of the area/sector that he/she has worked in.
- The assessment of whether an individual can be deemed fit, must explicitly take into account the specific role and duties that would be allocated to the person, in the work place. This includes consideration of the knowledge, skills and resources necessitated by the size and nature of the business, and the role in the business.
- For the purpose of establishing whether a person is fit and proper to hold a key responsible position, the company will consider the following major areas:

a) Competence and capability

b) Probity, personal integrity and reputation

c) Financial soundness

2.2.3 Competence and Capability

A person must have the necessary skills, experience, ability and commitment to carry out the role. Competency and capacity are demonstrated by a person who possesses the relevant qualification, experience and ability to understand the technical requirements of the position.

Assessment of competence and capability of a responsible person includes the following aspects:

- Appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position and in the case of directors, having regard to their other commitments.
- Satisfactory past performance or expertise in the nature of the business being conducted or position being appointed to.
- Disciplinary cases by a professional, trade or regulatory body, dismissed or requested to resign from any position or office for negligence, incompetence, mismanagement, fraud or other criminal conduct.
- Conflict of interest or otherwise that can impair the person's ability to discharge his/her duties.

- In relation to a person who should be a registered professional, such as an auditor, public accountant, actuary, or senior manager; whether such registration subsists.
- Sound knowledge of the business and the responsibilities of the position (soundness of judgment is derived from lack of adverse information and cannot stand alone).

The following is a summary of the minimum qualifications and competence for the responsible persons:

Table: 9 Minimum qualifications and Complete

Responsible Person	Minimum Qualifications and Competence
Director	• Director's minimum qualifications, skills and competence are specified by Group Human Resources and Governance Committee. Such competencies take the collective knowledge, competence and experience of the Board into consideration. • A Director must possess any of the following: market knowledge, business strategy; the systems of governance, risk management and internal control, but with particular reference to the risks faced by the Company, financial and actuarial analysis; and the regulatory framework and requirements. • A minimum of a university degree or a professional qualification in finance, accounting, economics, business studies, insurance, legal, banking or any professional qualification recommended by the Group Human Resources and Governance Committee.
Principal Officer or Managing Director	• A qualification in insurance, or any other qualification approved by the insurance regulator. The person must have more than 10 years' experience in a managerial position in the insurance sector.
Managers of Technical departments (Underwriting, Claims)	• To be Chartered Insurers or Fellows in insurance or any recognised professional qualifications.
Manager of Finance function	• Qualified Chartered Accountant (CA, ACCA or CIMA) or any other local professional body recognized by IPEC.
Heads of Control Functions	• The specific competencies are specified in the approved Job Responsibilities. • Must meet IPEC requirements.
Appointed Actuary	• Has appropriate formal qualifications • Is not the chief executive nor a director of the business or of a related entity • Has a minimum of five years relevant experience in the provisions of actuarial services to entities carrying on insurance business and it will be prudent to conclude that the person is familiar with current issues in the provision of actuarial services to such insurance entities • Is a fellow or accredited member of an approved actuarial institute in accordance with the directive on actuaries, • Authorised by IPEC to provide actuarial services.
External Auditors	• Possession of appropriate formal qualifications. • Should be a registered company auditor under Zimbabwean law. • Should have a minimum of three years' experience in the audit of insurance entities and has experience relating to insurers that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of insurers. • Is a member of a recognised professional body • Is ordinarily resident in Zimbabwe.

2.2.4 Probity, Personal Integrity and Reputation

A responsible person must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness and a disciplined and on-ongoing commitment to high ethical standards. The assessment of propriety must, at least, consider the person's reputation and integrity; encompassing an assessment of whether there are reasons to believe, from past conduct, that the person may not discharge their duties, in line with applicable rules, regulations and guidelines. NDIL will consider matters including, but not limited to the following;

- Criminal, financial or supervisory malpractice.
- Has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice.
- Has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies.
- Has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.
- Has been engaged in any business practices in a negligent, deceitful, oppressive or otherwise improper (whether unlawful or not), or otherwise discreditable business or professional practices.
- Has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a license to conduct any trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated and whether there is proof that the person's actions or failure to act contributed to receivership, insolvency, or liquidation.

2.2.5 Assessment Process

- At a minimum, Responsible Persons shall be assessed according to the process defined in the Fit and Proper Policy
- Affidavit of Fitness and Probity, the Group Company Secretary shall ensure that the Affidavit of Fitness and Probity reflects the minimum fit and proper requirements, defined by the policy in place. The Group Company Secretary must satisfy himself / herself that the Affidavit of Fitness and Probity will capture sufficient detail, to enable an objective assessment of whether or not a person is fit and proper to discharge the duties being assigned to them. The Group Company Secretary shall review the Affidavit of Fitness and Probity, on at least an annual basis.
- All Responsible Persons are required to complete and sign, the Affidavit of Fitness and Probity. The affidavit should be submitted to the Group Human Resources and Governance Committee (where appointment falls within their mandate), for consideration and approval, prior to appointment of the individual. Individuals who do not meet the fit and proper criteria for Responsible Persons, as defined in the fit and proper policy, will not be appointed into that respective key role.
- In this context, the above fit and proper appointment process shall extend to the internal recruitment and promotion process for key roles in the company.
- All documentation relating to the fit and proper assessments will be retained to demonstrate the fitness and propriety of key persons and their immediate predecessors.
- As part of the initial fit and proper assessment, responsible persons are required to submit the following documents:

a) Affidavit of Fitness and Probity

b) Police clearance

c) Curriculum vitae

d) Tax clearance

e) Past and present directorship positions

2.2.6 Ongoing Assessment

Assessment shall not be limited to the time of employment. It must extend to arranging for further professional training, as necessary, so that Responsible Persons are able to meet the changing, or increasing requirements, of their assigned duties. At a minimum, the Group Human Resources Executive and the Group Company Secretary shall ensure that Responsible Persons receive training, on at least an annual basis, and that the training programme includes an assessment that will allow the company to satisfy itself, as to the ongoing fitness and propriety of Responsible Persons in the business. Prior to any changes that occur within the Board; the Company should be able to demonstrate that the collective knowledge of the members of the Board will be maintained at an adequate level, so that the sound and prudent management of the company will continue.

2.3 INTERNAL CONTROLS

NicozDiamond maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are executed and recorded in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). Management constantly checks and reviews the systems which are designed to provide maximum accountability at all levels. This includes measures to detect any irregularities or fraudulent activities, monitoring loss prevention and the systems of internal controls.

The company's internal controls are set out in the relevant procedures manuals which also set the required standards and key control activities. These are underpinned by adequate segregation of duties to enhance the effectiveness of these controls. The accounting policies are reviewed periodically by the Audit and Actuarial Committee, internal control functions and the external auditors.

The Group Internal Audit Department works closely with the business to asses and ensure the adequacy of the internal controls making the necessary recommendations to the Board. It plays an independent appraisal role which examines and evaluates the company's activities.

2.4 INTERNAL AUDIT

The NicozDiamond internal audit activities are carried out by the Group Internal Audit Department. The department is headed by the Internal Audit Executive and it reports to the subsidiary company audit committee and to the Group Combined Audit and Actuarial Committee and has unrestricted access to these Committees.

The internal audit function plays an independent appraisal role in examining and evaluating the Company's activities. Its objective is to assist the board and executive management in the effective discharge of their responsibilities. The scope of the internal audit function is to review the reliability and integrity of financial and operations information, the systems of internal control, the means of safeguarding assets, the efficient management of the company's resources and the effective conduct of operations. The review mechanism is supported by IT generated data, procedural, operational and policy manuals which are periodically updated in line with changes to operational as well as commercial risks within the company's principal activities.

The Head of Internal Audit has unrestricted access to the Chairperson of the Audit Committee. A report is furnished to directors on a quarterly basis, but any items considered to be of a serious nature are communicated immediately. The Audit Committee also ensures that risk is minimised and assesses the adequacy of internal controls and makes the necessary recommendations to the Board.

NicozDiamond is audited regularly according to the audit plan. The main activities of the Internal audit department are to address the following issues;

- Appraising of systems, procedures and management controls and providing recommendations for improvements
- Evaluating the integrity of management and financial information
- Assessing controls over the company's assets

- Reviewing compliance with applicable legislation, regulations, group policies and procedures.

2.5 ACTUARIAL FUNCTION

Actuarial services are offered the Group Actuarial Department and African Actuarial Consultants. The Audit Committee reviews the actuarial valuation reports and monitors the implementation of recommendations. Actuarial valuation reports are prepared half yearly and annually.

2.5.1 Roles and responsibilities of the actuarial function

The Actuary perform services and activities relating to the business of the Company as may be appropriate, including but not limited to the following;

- Carrying out mid-year and year-end statutory actuarial valuations which include calculation of technical reserves, and checking adequacy. The actuarial department should also establish the minimum capital required for regulatory purposes as well as establish the Company's solvency position.
- Assessment of assets backing technical Liabilities in view of their admissibility
- Participating in data the clean-up exercise for year-end valuations as well as assisting management in peer-reviewing the valuation results,
- Checking data for validity, reasonability, consistency and adequacy for a financial soundness valuation.
- Assessing the sufficiency and quality of the data used for actuarial calculations
- Reviewing of the existing products in liaison with the Company.
- Determining the overall retention limits for reinsurance optimization
- Pricing of new insurance products
- Providing support in review and finalisation of yearly financial budgets
- Providing support in review of investment strategy and risk management
- Holding quarterly update meetings with senior management of the Company

2.5.2 Objectives of the actuarial function

The key objectives of the actuarial department include the following;

- To assess and report on capital adequacy, solvency position and the financial soundness of the company
- To give recommendations and comment on the regulatory and external environment factors affecting solvency.
- To provide an assurance regarding the accuracy of the calculations and the suitability of the assumptions underlying insurance liabilities and the capital adequacy requirements.
- To comment on any material risks arising from the risk management framework of the insurer.

2.6 OUTSOURCING

2.6.1 Outsourcing – Overview

NDIL has an outsourcing policy which provides a framework within which the board and management can outsource control functions and material functions which would otherwise have been performed by NicozDiamond inhouse. The policy also intends to ensure that NicozDiamond will still be able to satisfy customer needs and the fair treatment of customers, by selecting service providers that have adequate acceptable business practices, financial soundness, governance, risk management, compliance structures, processes and operational efficiencies to perform outsourced activities based on criteria defined and assessed by NicozDiamond.

The policy applies to all employees of NicozDiamond, including the Board of Directors, Executive Committee, Managers, permanent staff and contracted business partners involved in outsourcing. The policy applies to the outsourcing of the Control Functions and Material Business Functions. Outsourcing applies to any services provided by any external legal person, including companies related to NicozDiamond such as the First Mutual Holdings Limited Group.

2.6.2 Material Service Providers

Material Function includes any function that has the potential if disrupted, to have a significant impact on the insurance business operations to manage risk effectively, including risk to the fair treatment of customers. Below are the business functions which are regarded as material functions

Business Function	Ownership and Location
Information Technology	Group Shared Service
Human Resources	Group Shared Service
Treasury	Group Shared Service
Marketing	Group Shared Service
Procurement	Group Shared Service
Administration	Group Shared Service
Legal services	Group Shared Service
Catering services	External Service Provider

NDIL also has control functions which are offered by the First Mutual Holdings Limited Group Shared Services which include Risk Management, Compliance, Internal audit and the Actuarial function.

SECTION 3

RISK MANAGEMENT
3.1 UNDERWRITING RISK
3.2 MARKET RISK
3.3 CREDIT RISK
3.4 LIQUIDITY RISK
3.5 OPERATIONAL RISK
3.6 ASSET LIABILITY MODELLING RISKS
3.7 ANY OTHER MATERIAL RISKS

SECTION 3

3.1 UNDERWRITING RISK

3.1.1 Underwriting Risk Summary

Underwriting risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing exposes NDIL to financial loss and the consequent inability to meet its liabilities. There is unexpected change in the value of insurance liabilities when the pricing and provision assumptions on claims payments differ to the actual payments.

3.1.2 Risk exposure

The frequency and severity of the insured events leads to higher expenses than revenue resulting in negative underwriting results. The following are the sources of underwriting risks:

Table 10: Underwriting Risks

Risk source	Description
Non-Renewal Policy/Lapse risk	Discontinuity of policies after expiry of the insurance period
Expense Overrun risk	Claims and operating expenses higher than revenue generated. The frequency, severity and timing of insured claims may differ from those expected
Premium risk	The claims cost for future claims exceeds the expected level resulting in adverse changes in the value of the insurance liabilities.
Breach of Underwriting Limits risk	Underwriting decisions are not consistent with underwriting guidelines or by unauthorised personnel.
Reserve risk	Relates to incurred claims, resulting from insured events which have occurred at or prior to the balance sheet date. As a result, technical provisions are not sufficient to cover the cost for already incurred claims and there is a loss or adverse changes in the value of insurance liabilities
Policy Cancellation risk	Discontinuity of insurance contracts mid-term
Catastrophe risk	Once off occurrence of an event or chain of events with high severity impact for perils covered

3.1.3 Risk Concentration

The business's exposure is spread over a diversified portfolio of products, sources of business and portfolio sizes. No individual producer or client is large enough to represent concentration as a proportion of NDIL total risk exposure in the context of the business concentration risk policy.

3.1.4 Mitigation strategies

Reinsurance is used by NDIL to reduce underwriting risk exposure and the panel of participants on the reinsurance programme is based on international standards claims paying rating guide.

For business falling within the company's retention levels, underwriting risks are managed through the use of appropriate and regularly monitored activities and these are as follows:

- Sound underwriting policies, standards, guidelines & exposure limits
- Actuarially determined premium rates and claims reserves/provisions
- Monitoring of claims experience
- Sound underwriting expertise
- Consistent underwriting profitability

NDIL actively monitors the actual experience of the above and any divergence which can expose the business to underwriting risks are identified and appropriate measures are implemented.

3.1.5 Risk Appetite

NDIL uses underwriting profit or loss as a basis for evaluating its underwriting performance. The company aims for stability and consistency and to underwrite prudently and equitability in order to achieve its strategic profitable growth objectives.

3.1.6 Sensitivity analysis

As part of the company's internal risk management processes, the impact of the underwriting risk scenarios is monitored.

3. 2 MARKET RISK

Market risk encompasses the risk of financial loss resulting from movements in market prices. Risk can arise from changes in interest rates, credit spreads, foreign exchange rates, equity prices and other relevant parameters, such as market volatility and market implied default probabilities. The company has a market risk management policy whose main objective is to manage NDIL's market risk by applying a comprehensive and integrated system to support the identification and assessment, monitoring and reporting, control and mitigation of market risks so as to enhance opportunities, reduce threats, and thus ensure sustainable performance. The company also considers the general market and macroeconomic conditions in which it operates in, its assessment and management of market risks and its loss absorbing capacity. The risk processes and capital levels for NicozDiamond shall be adequate for countering the impact of potential stress developments, including significant deterioration of market liquidity conditions, which emanate from its operating environment.

3.2.1 Risk Exposure

The company is exposed to the following types of market risks:

3.2.1.1 Interest rate Risk

Risk that the fair value or future cash flows of a financial instrument will fluctuate because of interest rate changes. The Company analyses its interest rate exposure on a dynamic basis and various scenarios are simulated. Interest rate risk is also managed at both Board level through the Group Investments Committee and at management level through regular reviewing of policies that relate to interest rate risk management. Key activities include daily monitoring of costs of funds, monthly analysis of interest rate re-pricing gaps and monthly interest rate simulations. The Company's exposure to the risk of changes in the market interest rates relates primarily to cash and cash equivalents, including financial instruments earning interest at fixed interest rates.

3.2.1.2 Foreign Exchange Risk

Risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Foreign exchange risks arise from recognised monetary financial assets and liabilities future commercial transactions, that are not denominated in the functional. The Company is exposed to and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States of America Dollar. Malawi Kwacha ("MWK"), Mozambique Metical ("Metical") The Company manages foreign exchange risk by increasing investments in illiquid assets such as high value unquoted equity securities in foreign currency generating investments.

3.2.1.3 Equity Price Risk

Equity price risk is the potential loss arising from changes in the market price of a financial instrument as a result of fluctuations in the market price. A substantial part of the equity portfolio comprises listed counters. Unquoted counters are subjected to periodic financial analysis and review. The equity price risk is managed by setting and monitoring objectives on investments, diversification of portfolios and setting limits on investment in each sector.

3.2.1.4 Credit Spread Risk

Related to the potential decline in market value due to perceived change in the credit quality of the issuers of the securities held in the portfolio.

3.2.2 Concentration

The business has a small exposure to market risk concentration due to its diversified investment portfolio governed by a well-structured, comprehensive, dynamic, intergrated and inclusive risk management approach. Board approved limits within the investment mandate and a low-risk appetite framework for market risk strictly limits exposure to the type of assets held and exposure to an individual risk.

An effective asset allocation strategy with room for diversifying investments over the permissible classes result in a reduction of risk and volatility while achieving robust returns. NDIL followed a diversified investment strategy subject to the benchmark portfolio mix as shown below:

3.2.3 Market Risk Mitigation and Monitoring

The company has a limits framework that covers the mitigation and monitoring of all market risks associated with the business. The limits are consistent with the Company's business plan and market risk policy and commensurate with its risk-bearing capacity. The level of risk permitted under the limits set on market risk taking are taken into account in the NDIL's capital adequacy planning. The limits set must be reviewed on a regular basis and be reviewed whenever the business plan is updated or otherwise required. In conjunction with Group Risk function, risk owners are responsible for periodic self-assessments to determine the inherent risk of market risk within their respective areas, the effectiveness of the controls in place and the resulting residual risk.

The risk-control function segregated from the Company's risk-taking activities monitors compliance with set limits and report excess exposures. Guidelines are in place to deal with exposures in excess of set limits. The Company allocates appropriate limits for different units and lines of business, specific portfolios, products and even individual employees (dealers) according to the business structure. The Company hedges the investment portfolio against currency risk by having a portfolio with a mixture of dollar defensives and local defensives to hedge company risk.

Quantifying market risk based on the exposure NDIL has through its market risk activities. This is done through stress, sensitivity and scenario tests of macroeconomic variables that influence market risk.

NDI manages its market risks primarily through the Board Investment Committee which manages and monitor the impact of external economic factors, NDIL investments portfolio mix, liquidity position and forecasts. Market risk mitigation is executed through the following:

- Investments limits framework which is consistent with the company's strategy, market risk policy and the business's risk bearing capacity. The limits sets are reviewed on a regular basis and or when the business strategy is updated or when otherwise required.
- In conjunction with the FMHL Group Risk function periodic risk assessments are conducted to determine the inherent market risk, the effectiveness of the controls in place and the residual risk. The risk-control function segregated from the Company's risk-taking activities monitors compliance with set limits and reports excess exposures which are then addressed as per the set guidelines.
- Properly diversify NDIL Investments across class, industries and counterparties so as to avoid excessive reliance on any particular asset, issuer belonging to the same group thus manage the concentration risk.
- Invest assets held in a manner appropriate to the nature and duration of insurance liabilities to the best interest of shareholders and policyholders
- NDIL hedges portfolio against currency risk by having a portfolio with a mixture of dollar defensives and local defensives to hedge company risk.
- Where possible assets of similar duration to liabilities are held to mitigate interest rate risk

3. 3 CREDIT RISK

3.3.1 Credit Risk Overview

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge debt securities investments carried at amortised cost and other outstanding receivables as well as credit exposures to insurers and retrocession recoveries.

3.3.2 Credit Risk Exposure

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	Historical Cost	
	Company	
	2020	2019
	ZWL	ZWL
Other receivables (excluding prepayments and statutory receivables)	75 013 666	3 467 132
Insurance receivables	484 569 891	68 224 229
Amounts due from related parties	9 422 570	3 515 533
Debt securities investments at amortised cost	44 841 988	5 154 470
Cash and cash equivalents (excluding cash on hand)	189 037 151	26 186 034
	802 885 266	**106 547 398**

3.3.3 Credit Risk Exposure

The Group manages and analyses credit risk for each of their customers which include the insured, brokers, agents, tenants and cedants, before standard payment, delivery terms and conditions are offered. Exposure limits are set for each counterparty or group of counterparties. It is the Group's policy that all customers who trade on credit terms be subjected to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with respect to credit risk arising from other financial assets of the Group, which comprise cash and balances with banks and debt securities investments at amortised cost, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- Exposure limits are set for each counterparty or group of counterparties (i.e., limits are set for investments counterparties and cash deposit)
- Reinsurance is placed with counter parties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date management performs an assessment of creditworthiness of reinsurers and reviews the reinsurance placement strategy.

The following additional policies and procedures (by each financial instrument) are in place to mitigate the Companies 's exposure to credit risk.

3.3.4 Debt securities investments at amortised cost

The Group's debt instruments consist of bonds such as Government and municipal stocks, bonds and treasury bills, which are considered to be low risk investments as these are Government guaranteed and those that have matured to date have been honoured. The credit ratings of the investments are monitored for credit deterioration. All of the entity's debt securities investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. Instruments are considered to have low credit risk when they during the period was therefore limited to 12 months expected credit losses. Instruments are considered to have low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Management has thus concluded that the expected to be immaterial.

3.3.5 Insurance Receivables

The following policies and procedures are in place to mitigate credit risk:

- Exposure limits are set for each counterparty or groups of counterparties
- The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company
- Management information reported to the Board of Directors includes details of provisions for impairment on amounts due from customers and subsequent write-offs

Credit limits are monitored based on the financial position and history of the customer's ability to pay. In the view of management, the credit quality of receivables is considered sound. Management does not expect any losses from non-performance by counterparties. The credit risk in respect of customer balances incurred on non-payment of premium will only persist during the period specified in the policy document.

3.3.6 Other Receivables

The credit risk in respect of staff loans will only persist when an employee is no longer within the employment of the entity and if their exit package is inadequate to cover amounts owing. Management does not expect any losses from staff loans as they are recovered from employee remuneration. Furthermore, no losses are expected from the other receivable's balances.

3.3.7 Cash and cash equivalents

The Company has a policy that establishes counterparty trading limits for each banking institution that it trades with. These counter party limits are reviewed at least semi-annually and submitted to the Group Investments Committee for approval. In this process the financial results of the banking institutions which are published semi-annually, are reviewed together with other qualitative factors The limits computed are proposed to the Group Investments Committee for approval.

Credit risk from balances with banks and financial institutions is managed by the Group Investments Committee in accordance with the Group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group only trades with and receives services from banking institutions that meet regulatory requirements including minimum regulatory capital. Qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served. The banks are classified into three internal categories as set out below

- Tier 1 Banks - banks that are considered to have well above the regulatory capital and have a proven performance record. No security is required from these counterparties. The counterparty limit for each tier 1 banks is set as 60% (2019: 40%) of the Group's total money market The counterparty limit for each tier 1 banks is set as 60% (2019: 40%) of the Group's total money market investments.

- Tier 2 Banks - banks that are assessed to be significantly stable but have lower performance and shareholder ratings than Tier 1 Banks. Security is required for investments with these banks. The counterparty limit for each Tier 2 Bank is set as 50% (2019: 20%) of the Group's total money market investments.

- Tier 3 Banks - banks that are evaluated as currently not suitable to be classified as a trading counterparties.

The financial institutions holding the Company's cash and cash equivalents are classified as follows:

	Inflation Adjusted	
	2020	2019
	ZWL	ZWL
Tier 1	117 272 692	45 528 069
Tier 2	71 764 459	71 938 670
	189 037 151	**117 466 739**

	Historical Cost	
	2020	2019
	ZWL	ZWL
Tier 1	117 272 692	10 149 252
Tier 2	71 764 459	16 036 782
	189 037 151	**26 186 034**

Credit risk from balances with banks and financial institutions is managed by the Group Investments Committee in accordance with the Group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration. NDIL has four types of financial assets that are subject to the expected credit loss model:

- Insurance receivables
- Other receivables
- Amounts due from related parties
- Debt securities investments at amortised cost

3. 4 LIQUIDITY RISK

3.4.1 Liquidity Risk Overview

Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due, the consequences of which may be failure to meet the obligations to creditors. The Group identifies this risk through periodic liquidity gap analysis and the maturing profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps, it is the Group's policy to ensure that resources are at all times available to meet cash flow requirements as they arise from normal payment of claims and benefits falling due, purchase of investments and other operating expenses. Such out¬flows are generally adequately matched by inflows from premium income, maturing investments and investment income. The Group maintains comprehensive cash flow forecasts and budgets. The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- guidelines are set for asset allocation, portfolio limit structures and maturity profiles of assets in order to ensure sufficient funding is available to meet insurance obligations
- Contingency funding plans are in place, which specify minimum proportion of funds to meet emergency calls as well as specifying events that trigger such plans.
- Cash flow forecasting is performed by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets and where applicable extend regulatory and legal

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. Surplus cash held by the Group over and above the balance required for working capital management is invested in interest bearing instruments with appropriate maturities taking into consideration the Company's operational needs.

The table below analyses the Group's non-derivative financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Inflation Adjusted Company				
As at 31 December 2020	On demand and up to6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
	ZWL	ZWL	ZWL	ZWL	ZWL
Financial assets					
Financial assets at fair value through profit or loss*	-	-	137 426 579	-	137 426 579
Other receivables (excluding prepayments and	-	-	-	-	
statutory receivables)	75 013 666	-	-	-	75 013 666
Insurance receivables	392 341 919	92 227 972	-	-	484 569 891
Amounts due from related parties	9 422 570	-	-	-	9 422 570
Debt securities investments at amortised cost	-	44 841 988	-	-	44 841 988
Cash and cash equivalents	204 201 717	-	-	-	204 201 717
	680 979 872	**137 069 960**	**137 426 579**	**-**	**955 476 412**
Financial liabilities					
Lease liabilities (undiscounted)	2 704 433	2 704 433	10 814 049	3 355 349	19 578 264
Insurance liabilities (excluding insurance	-	-	-	-	-
provisions)	516 961 709	-	-	-	516 961 709
Amounts due to related parties	12 669 581	-	-	-	12 669 581
Other payables and accruals (excluding statutory	-	-	-	-	-
liabilities, provisions and deferred revenue)	66 179 646	-	-	-	66 179 646
	598 515 369	**2 704 433**	**10 814 049**	**3 355 349**	**615 389 200**
Liquidity gap	**82 464 503**	**134 365 527**	**126 612 530**	**(3 355 349)**	**340 087 211**
Cumulative liquidity gap	**82 464 503**	**216 830 030**	**343 442 560**	**340 087 211**	**-**

	Historical cost Company				
As at 31 December 2019	On demand and up to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
	ZWL	ZWL	ZWL	ZWL	ZWL
Financial assets					
Financial assets at fair value through profit or loss*	-	-	29 107 904	-	29 107 904
Other receivables (excluding prepayments and					
statutory receivables)	1 343 926	-	2 123 206	-	3 467 132
Insurance receivables	44 511 322	23 712 906	-	-	68 224 228
Amounts due from related parties	3 515 533	-	-	-	3 515 533
Debt securities investments at amortised cost	-	5 154 470	-	-	5 154 470
Cash and cash equivalents	27 479 470	-	-	-	27 479 470
	76 850 251	**28 867 376**	**31 231 110**	**-**	**136 948 737**
Financial liabilities					
Lease liabilities (undiscounted)	-	340 841	1 288 150	-	1 628 991
Insurance liabilities (excluding insurance provisions)	63 816 363	-	-	-	63 816 363
Amounts due to related parties	2 815 329	-	-	-	2 815 329
Other payables and accruals (excluding statutory					
liabilities, provisions and deferred revenue)	2 854 624	-	-	-	2 854 624
	69 486 316	**340 841**	**1 288 150**	**-**	**71 115 307**
Liquidity gap	**7 363 935**	**28 526 535**	**29 942 960**	**-**	**65 833 430**
Cumulative liquidity gap	**7 363 935**	**35 890 470**	**65 833 430**	**65 833 430**	**-**

*The approach taken to determine the categorising of the fair value through profit or loss investments has been derived from the group's business model in terms of its purchase and disposal of these shares, that is, the roll-over of the equities on the basis of the average expected date of sale.

3. 5 OPERATIONAL RISK

3.5.1 Operational risk overview

Nicoz Diamond Insurance operates in a complex and dynamic business environment which gives rise to a number of risks that negatively or positively affect the achievement of its strategic objectives. Recognising that risks are inherent and an integral part of its business, NicozDiamond has adopted a disciplined approach to identify, assess and respond to external and internal risks that have the potential to impact its business strategy. Accordingly, NDIL has implemented a structured, comprehensive, dynamic, integrated and inclusive risk management approach, effected across all levels of the organization, with the goal of identifying, analysing and managing the organization's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus ensure sustainable performance. The Company has identified operational risk as a distinct risk category which is inherent in all of its people, products, activities, processes and systems.

The company has an operational risk policy whose main objective is to establish and communicate a sound and prudent operational risk management approach to ensure that NDIL has a comprehensive and integrated system to support the identification and assessment, monitoring and reporting, control and mitigation of operational risks.

3.5.2 Operational Risk Identification and Assessment

The company through management ensures the identification and assessment of the operational risk inherent in all material products, activities, processes and systems to make sure that risks are well understood and appropriately managed. Risk identification and assessment are fundamental characteristics of an effective operational risk management approach where a sound process allows the Company to better understand its risk profile and allocate resources accordingly. When identifying its operational risk, NDIL considers both internal and external factors that could adversely affect the achievement of its objectives. NDIL uses (but not limited to) the following tools to identify and assess its operational risk exposures;

- Risk and Performance Indicators
- Escalation/Incident management process
- Risk registry and controls review
- New initiative review and approval process
- Quantification of operational risk

3.5.3 Operational Risk Monitoring and Reporting

The Company implements a process of monitoring operational risk profiles and material exposures to losses across the organization. Appropriate reporting mechanisms are in place at Board, senior management and operating levels which support proactive management of operational risk where reporting should be timely, accurate and frequent; and, actionable across operational areas and products.

3.5.4 Operational Risk Control and Mitigation

NDIL maintains a strong control environment that utilizes: policies, procedures and processes; individual mandates; technology systems; appropriate internal controls; and appropriate risk mitigation strategies. The ongoing effectiveness of controls is monitored and tracked by Group Risk Management function. Taking into account risk exposures and the cost of controls, in the context of NDIL's risk appetite. Strategies to mitigate risk exposures considers the outcome of operational risk assessments that contemplate likelihood and severity. NDIL maintain an effective internal control system which ensures;

- Appropriate segregation of duties
- Close monitoring of adherence to assigned risk limits or thresholds and investigation of breaches
- Maintaining safeguards for access to and use of company assets and records
- Staff has appropriate expertise and training;
- Identifying of business lines or products where returns appear to be significantly out of line with reasonable expectations
- Regular verification and reconciliation of transactions and accounts.

3. 6 ASSET LIABILITY MODELLING RISKS

Asset/ Liability Matching

The Company actively manages and monitors the performance of assets against liability benchmarks and liquidity risk is minimised through the process of planned asset and liability matching

The table below shows a comparison of the balance sheet cash and near cash assets and technical liabilities.

Table 15: Asset Liability matching

31-Dec-20			
Assets		**Liabilities**	
ZWL'000		**ZWL'000**	
Cash and Near Cash	998,577	Technical reserves	158,359
		Third party creditors	713,111
		Related parties	14,110
Total	**998,577**	**Total Current Liabilities**	**885,580**
Quoted Equities	112,105	Deferred taxation	235,392
Unquoted Equities	198,110		
Properties	793,116		
Other	17,724		
Total Assets	**2,119,632**	**Total Liabilities**	**1,120,972**

The near cash assets fully cover current liabilities using the SI 95 of 2017 basis on valuing technical liabilities as at 31 December 2020.

SECTION 4

REGULATORY STATEMENT OF FINANCIAL POSITION FOR

4.1 ASSETS AND LIABILITIES OVERVIEW

4.2 ASSETS

4.3 LIABILITIES

4.4 VALUATION OF LIABILITIES

SECTION 4

4.1 ASSETS AND LIABILITIES OVERVIEW

This section covers the valuation of assets (section 4.2) and liabilities provisions (section 4.3) for the Company. The valuation is determined in line with regulations.

In accordance with IFRS 4 requirements and unless expressly stated below, the Company has valued its assets and other liabilities at fair value. In order to establish the fair value of assets and other liabilities, the following principles have been applied:

- Assets have been valued at the amounts for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.
- Other liabilities have been valued at the amounts for which they could be transferred or settled between knowledgeable willing parties in an arm's length transaction.

Section 8.1.1 provides separately for each of the material classes of assets and liabilities (excluding technical provisions, a description of the methods and main assumptions used in their valuation for solvency purposes. An explanation of differences to the IFRS financial statements and application of SI 95 of 2017 is also provided The SI 95 of 2017 value of the assets and liabilities are set out together with IFRS 4 column in the table in section

The recognition and valuation methods used for the completion of the IFRS 4 column are used by companies in their financial statements in accordance with International Financial Reporting Standards (IFRS).

4.2 ASSETS

4.2.1 Types of Assets

This section covers the valuation of assets and liabilities on the Company's IFRS 4 and SI 95 of 2017 balance sheet. The table below sets out the IFRS 4 balance sheet and the admissible assets as per SI 95 of 2017 for the Company as at 31 December 2020.

Table 16: IFRS 4 Balance Sheet and Admissible Assets (Excluding Diamond Seguros)

	IFRS 4		Admissible assets (SI 95 of 2017)	
	31-Dec-20		31-Dec-20	
	ZWL'000	%	ZWL'000	%
Property, Plant and Equipment	8,564	0%	48	0%
Intangible Assets	669	0%	-	0%
Investment Properties	784,551	37%	470,731	32%
Quoted Equities	112,105	5%	89,684	6%
Unquoted Equities	25,321	1%	14,180	1%
Debt Securities at Amortised Cost	63,927	3%	63,927	4%
Investment in Associates	172,789	8%	96,762	7%
Insurance Receivables	556,642	26%	411,787	28%
Rental Receivables	7,942	0%	7,942	1%
Other Receivables	70,782	3%	2,642	0%
Intercompany Receivables	7,492	0%	-	0%
Investments: Short-term	74,143	3%	74,143	5%
Consumable Stocks	2,726	0%	-	0%
Deferred Acquisition Costs	14,329	1%	-	0%
Bank & Cash Balances	217,649	10%	217,649	15%
Total	**2,119,632**	**100%**	**1,449,495**	**100%**

4.2.2 Methods and assumptions used for valuation

The Company's IFRS 4 valuation principles (including the methods and main assumptions) for each asset and liability class are set out below. Details regarding the valuation of technical liabilities are covered separately.

Table: 17 Assumptions for valuation

Balance Sheet Item	Valuation Principles
Property, plant and equipment held for own use	**Property held for own use** In line with IFRS, owner-occupied property is stated at the market value, being an estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. **Plant and equipment held for own use** In the Company's IFRS statutory accounts, plant and equipment is initially recognised at cost and subsequently measured at cost less depreciation. Depreciation is charged to the income statement over two to 15 years depending on the length of time the Company expects to derive benefit from the asset. Where property, plant and equipment relate to a right-of-use lease asset, the right-of-use asset is initially measured at cost and subsequently depreciated using the straight-line method from commencement date to the end of the lease term. There is no valuation difference between the Solvency II balance sheet and the IFRS statutory accounts in property, plant and equipment held for own use.
Intangible assets	For IFRS 4 intangible assets are measured on the balance sheet at cost less accumulated amortisation and any impairment loss recognised to date.
Investment Properties	In line with IFRS, investment properties are stated at the market value, being an estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Quoted Equities	Recognises the fair value of the equities. The fair value of the equity instruments is based on their current bid prices in an active market.
Unquoted equities	Recognises the fair value of the unquoted equities. The fair value of the unquoted equity instruments is based on their historical cost.
Debt Securities at Amortised Cost	Management assessed that the fair values of debt securities investments approximate their carrying amounts largely due to the short-term maturities of these instruments.
Investments in Associates	Recognises the fair value of the unquoted equities. The fair value of the unquoted equity instruments is based on their historical cost.

Balance Sheet item	Valuation Principles
Insurance and intercompany receivables	Given their short-term nature, the carrying amount per the IFRS financial statements is considered to represent the fair value for these assets under IFRS 4.
Rental Receivables	Given their short-term nature, the carrying amount per the IFRS financial statements is considered to represent the fair value for these assets under IFRS 4.
Other Receivables	Under IFRS, prepayments are recognised as an asset at amount paid less expenses incurred.
Reinsurance Receivables	The value of reinsurance receivables is dependent on the expected claims and benefits arising under the related reinsured policies.
Investments: Short-term	Comprises short-term deposits that cannot be used to make payments before a specific maturity date or without any penalty.
Consumable Stock	Goods recognised at amount paid.
Deferred Acquisition Costs	In the Company's IFRS accounts, some costs incurred in issuing certain policies are deferred and amortised as Deferred Acquisition Costs ('DAC'). The carrying amount of the costs of issuing these policies is recognised as DAC.
Bank and cash balances	Cash and cash equivalents comprise of cash balances that are usable for all forms of payments without penalty or restriction.

4.2.3 Differences to Accounting Valuation of Assets

The SI 95 of 2017 assets have been arrived at by applying the following discounts as guided by the statutory instrument.

Table: 18 Valuation of Assets

Asset Type	SI 95 of 2017
Bank & cash balances	100%
Short term Investment	100%
Investments-Held to Maturity	100%
Quoted Equities- Afrexim bank	100% (prescribed asset)
Quoted Equities	80%
Unquoted Equities	56% (20% discount for non-marketability and 30% for illiquidity)
Property, plant and equipment	The forced sale value of the asset is admissible. However, in the absence of independent valuation of the asset, 40% of the value will be taken as derived from previous desktop valuations. 100% for Furniture and Equipment
Investment Property	Consider the Forced Sale Value
Investment in associates	20% non-marketability and 30% for illiquidity (Treated as Unquoted Equities)
Debtors	Recognise premium debtors aged below 90 days and other receivables aged below 60 days
Other	100%

4.2.4 Financial Instruments

The following table shows the financial instruments within the Company's portfolio and how they are valued:

Table:19 Valuation Principles

Balance Sheet item	Valuation Principles
Quoted Equities	Recognises the fair value of the equities. The fair value of the equity instruments is based on their current bid prices in an active market.
Unquoted equities	Recognises the fair value of the unquoted equities. The fair value of the unquoted equity instruments is based on their historical cost.
Debt Securities at Amortised Cost	Management assessed that the fair values of debt securities investments approximate their carrying amounts largely due to the short-term maturities of these instruments.
Investments in Associates	Recognises the fair value of the unquoted equities. The fair value of the unquoted equity instruments is based on their historical cost.

4.3 LIABILTIES

This section outlines the technical liabilities of the Company as at 31 December 2020. The best estimate of each liability class was determined based on the prescribed methods set out in Circular 1 of 2014. We also describe the methods used to value the liabilities and assumptions made and compare the results to prior years.

4.3.1 Outstanding Reported Claims Reserves

The following table shows the gross and net ZWL outstanding claims of the Company as at 31 December 2020 by line of business.

Table 20: Gross and net claims per class (ZWL)

Class	Gross (ZWL'000)	Recoveries (ZWL'000)	Net (ZWL'000)
Engineering	3,332	976	2,356
Farming	132	41	92
Fire	21,607	18,330	3,277
Miscellaneous, Accident	7,222	4,712	2,510
Liability	536	5	532
Marine	198	5	193
Motor	43,944	23,609	20,334
Total	**76,971**	**47,678**	**29,294**

The following table shows the gross USD outstanding claims of the Company as at 31 December 2020 by line of business.

Table 21: Gross outstanding claims (USD)

Class	Gross (USD'000)
Engineering	61
Farming	8
Fire	851
Miscellaneous, Accident	7
Liability	-
Marine	181
Motor	936
Total	**2,044**

4.3.2 Incurred but Not Reported Reserve

The following table shows the gross and net ZWL Incurred but Not Reported Reserve of the Company as at 31 December 2020 by line of business.

Table 22: Incurred but Not Reported Reserve (ZWL)

	December-20 (ZWL'000)		
Business line	**Gross**	**Recoveries**	**Net**
Miscellaneous Accident	18,411	13,188	5,223
Marine, Aviation, Liability, Farming	17,665	15,109	2,556
Engineering	5,163	492	4,671
Fire and Property	28,693	20,248	8,444
Motor	60,900	23,864	37,037
Total	**130,833**	**72,901**	**57,932**

The following table shows the gross and net USD Incurred but Not Reported Reserve of the Company as at 31 December 2020 by line of business.

Table :23 Incurred But Not Reported Reserve (USD)

	December-20 (USD'000)		
Business line	**Gross**	**Recoveries**	**Net**
Miscellaneous Accident	35	-	-
Marine, Aviation, Liability, Farming	99	-	-
Engineering	16	-	-
Fire and Property	229	-	-
Motor	156	9	1
Total	**535**	**9**	**1**

4.3.3 Unearned Premium Reserve

The following table shows the ZWL Unearned Premium Reserve as at 31 December 2020.

Table 24: Unearned Premium Reserve (ZWL)

	December-20 (ZWL'000)		
Business Line	**Gross UPR**	**Reinsurance UPR**	**Net UPR**
Motor	55,637	10,150	45,487
Fire	26,508	14,082	12,426
Marine	945	517	428
Engineering	6,615	3,491	3,124
Miscellaneous, Accident	7,445	770	6,675
Liability	2,954	732	2,222
Aviation	146	146	-
Farming	666	366	300
Total	**100,916**	**30,254**	**70,663**

The following table shows the USD Unearned Premium Reserve as at 31 December 2020.

Table 25: Unearned Premium Reserve (USD)

	December-20 (USD'000)		
Business Line	**Gross UPR**	**Reinsurance UPR**	**Net UPR**
Motor	901	896	5
Fire	1,802	1,802	-
Marine	292	292	-
Engineering	57	57	-
Miscellaneous, Accident	95	95	-
Liability	72	72	-
Aviation	21	21	-
Farming	513	513	-
Total	**3,753**	**3,748**	**5**

4.3.4 Methodology and Assumptions

The Inflation Adjusted Basic Chain Ladder (triangulation) was applied on the calculation of IBNR for all the classes of business except Farming, Aviation, Liability and Marine. The four classes and USD business had insufficient data for statistical analysis and guided by the regulatory approach (Circular 1 of 2014) of determining IBNR reserve through applying a minimum of 5% of Net Written Premium, we calculated the reserve to be 7% of written premiums.

The methodology makes a broad assumption that future claims development pattern will be comparable to past claims development. There is need to ensure that the claims development pattern is adjusted to factors that affect claims pattern, chief among them being inflation.

IBNR results based on the Bornhuetter Ferguson method were used to compare and check the appropriateness of inflation adjusted chain ladder method.

4.3.5 Inflation Adjustment

There is need to adjust for past inflation to ensure that claim amounts in past accident and development years are brought to present day terms for comparability. We applied past inflation in line with movement in the company's valuation factors.

Future claims inflation was assumed to be 10% per quarter or 46% per annum for future claims development periods.

4.3.6 Basis for Estimates

4.3.6.1 Outstanding Reported Claims Reserve

Case estimates set aside by the claims underwriting department were considered to be best estimate reserves for outstanding reported claims.

4.3.6.2 Unearned Premium Reserve

The liability in respect of future unexpired risk was calculated using the 365th method.

4.3.6.3 Incurred But Not Enough Reported (IBNER)

The Liability Adequacy Test was conducted on outstanding claims and settled claims for the past reporting periods.

4.3.6.3 Additional Unearned Premium Reserves (AUPR)

The Premium Adequacy Test was used to assess whether AUPR is required. The premium adequacy assessment considers the Company's combined ratio. If the combined ratio is less than 100% it means the UPR is adequate to cover the expected claims from unexpired risks.

4.3.7 Prior year comparisons

The following table compares the 2020 technical liabilities results to the 2019 position.

Table 28: Technical Liabilities

	GROSS			NET		
	ZWL'000	ZWL'000	Change	ZWL'000	ZWL'000	Change
	Dec-20	Dec-19		Dec-20	Dec-19	
Written Premiums	**1,444,247**	**189,034**	**664%**	**561,211**	**84,164**	**567%**
UPR	100,916	50,415	100%	70,663	24,101	193%
AURR	-	-	-	-	-	-
IBNR	130,832	11,009	1088%	57,932	5,469	959%
IBNER	-	-	-	-	-	-
ORCR	76,971	15,828	386%	29,294	6,189	373%
Total Reserves	**308,719**	**77,252**	**300%**	**157,889**	**35,759**	**342%**

Major business lines had significant increases in both gross and net Incurred But Not Reported, Outstanding Reported Claims Reserve and Unearned Premium Reserve reverses as a result of an increase in average claim size due to inflation. As expected, the total recommended liability increased between December 2019 and December 2020.

4.3.8 Other Liabilities

The following table shows the non-technical liabilities of the Company as at 31 December 2020.

Table 29: Non - technical liabilities as 31 December 2020

Liabilities 31-Dec-20 (ZWL'000)	
Deferred Taxation	235,392
Intercompany Payables	14,110
Reinsurance Premium	402,403
Commissions	96,628
Trade & Other Payables	176,171
Current Tax Liability	37,908
Total Liabilities	**962,612**

4.4 VALUATION OF LIABILITIES

The following are the valuation methods for the other liabilities in the table above.

Balance Sheet item	Valuation Principles
Deferred Taxation	Recognised by reference to expected future taxable profits and valued based on the differences between the carrying value in the balance sheet and its tax base.
Intercompany Payables	These are short term in nature and are valued at amortised cost.
Reinsurance Premium	Valued at fair value, i.e., amounts payable on the balance sheet date as they are also short term in nature.
Commissions	These are short term in nature and are valued at fair value, i.e., amounts payable on the balance sheet date.
Trade & Other Payables	In the Company's IFRS accounts, trade payables are recorded at amortised cost.
Current Tax Liability	Valued at fair value, i.e., amounts payable on the balance sheet date as they are also short term in nature.

SECTION 5

SECTION 5

5.1 CAPITAL MANAGEMENT

The operations of the Company are subject to regulatory requirements which impose certain restrictive provisions such as capital adequacy to minimise the risk of default and insolvency to meet unforeseen liabilities as these arise. It is the Company's objective to maintain a level of solvency to meet the regulatory capital adequacy requirements and a positive capital ratio to support the development of the business. Capital adequacy is actuarially determined and the actuary comments on the level of solvency considering the stipulated minimum capital requirements and any directives on capital management.

The shareholder always seeks to maintain a balance between higher returns for shareholders on equity held, and the security that a sound capital position provides. This is achieved by managing capital in a way that maximizes long-term shareholder value while maintaining financial strength within competitive range, and meeting regulatory, solvency and rating agency requirements.

5.2 CAPITAL POSITION

The table below shows the company's capital position as at 31 Dec 2020 calculated using statutory Instrument 95 of 2017

Table:30 Capital position as at December 2020 (Excluding Diamond Seguros)

	IFRS 4		Admissible assets (SI 95 of 2017)	
	31-Dec-20		31-Dec-20	
	ZWL'000	%	ZWL'000	%
Property, Plant and Equipment	8,564	0%	48	0%
Intangible Assets	669	0%	-	0%
Investment Properties	784,551	37%	470,731	32%
Quoted Equities	112,105	5%	89,684	6%
Unquoted Equities	25,321	1%	14,180	1%
Debt Securities at Amortised Cost	63,927	3%	63,927	4%
Investment in Associates	172,789	8%	96,762	7%
Insurance Receivables	556,644	26%	411,787	28%
Rental Receivables	7,942	0%	7,942	1%
Other Receivables	70,780	3%	2,642	0%
Intercompany Receivables	7,492	0%	-	0%
Investments: Short-term	74,143	3%	74,143	5%
Consumable Stocks	2,726	0%	-	0%
Deferred Acquisition Costs	14,329	1%	-	0%
Bank & Cash Balances	217,649	10%	217,649	15%
Total	**2,119,632**	**100%**	**1,449,495**	**100%**