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Global Alliance Seguros

Mozambique Insurance Analysis **March 2010**

Security class	Rating scale	Currency	Rating	Rating watch	Expiry date
Claims paying ability	National	Metical	A	No	03/2011

Financial data:

(US$'m Comparative)

	31/12/08	31/12/09
Mt/US$ (avg)	24.24	26.99
Mt/US$ (close)	25.18	27.50
Total assets	10.6	16.9
Total capital	4.1	8.1
Cash & equiv.	5.7	2.3
GWP	18.0	23.3
U/w result	0.1	1.4
NPAT	0.1	0.7
Op. cash flow	1.3	0.6
Market cap.	n.a.	
Market share*	24%	

*Based on estimated GPI at 31 December 2009.

Fundamentals:

Global Alliance Seguros (GA) was registered in 1993, and has its head office situated in Maputo. The company has a composite licence to transact both non-life and life insurance. GA is a 99.4% owned subsidiary of Global Alliance Holdings, an investment holding company with an annual turnover of around US$130m. The bulk of the insurer's business is sourced from the corporate market, which includes the large multinationals and several large parastatals. Efforts are, however, increasingly being applied across other key insurance segments.

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Rating rationale

The rating is based on the following key factors:

- GA's position as one of the leading insurance companies operating in Mozambique, supported by long standing relationships with key brokerages, a high level of client support (including some of Mozambique's leading companies), and strong branding.
- While the insurer expects to generate healthy, stable investment returns (well above prevailing bank rates) following a substantial investment in a new head office property, key liquidity measures were significantly undermined as a result of the purchase.
- The insurer achieved a robust international solvency margin on the back of investment property revaluations, to levels well above historical norms.
- Concentration risk remains high, with the fairly volatile motor book accounting for roughly half of net written premiums. This is expected to increase further in line with the company's venture into direct line motor insurance, albeit reducing existing broker concentrations somewhat.
- The relatively high fixed cost base undermines financial flexibility, particularly in a poor claims environment.

Solvency and liquidity

Driven by substantial property revaluation gains (Mt80m) and unrealised forex movements (Mt23m), shareholders interest advanced a significant 119% to Mt224m in F09. Net written premiums increased by a comparatively lower 44%, thereby supporting a 28 percentage point increase in international solvency to 80% (excluding these unrealised gains, solvency amounts to less than 50%). Similarly, the financial base ratio increased to 98% in F09, from 74% previously. Statutory solvency of 188% was well above the minimum requirement of 100%. An XOL reinsurance programme limits the insurer's maximum net retention on both a per risk and per event basis to US$250,000, or around 3% of the FYE09 capital base. Following the allocation of substantial internal funds towards a new head office property investment, cash and cash equivalents evidenced a significant 56% decline to Mt64m in F09. The claims cash coverage ratio was accordingly impacted, falling to a review period low 7.5 months from 21 months in F08.

Economic overview

Having averaged around 7.7% per annum since the beginning of the decade, macroeconomic growth in Mozambique fell to 6.8% in 2008, and further to an estimated 4.3% in 2009. This was largely due to falling world demand for commodities, lower levels of foreign direct investment and reduced public investment financed with external assistance. This, in turn, resulted in production cuts and the cancellation of several capital investment projects across various key sectors.

Mozambique's GDP is largely dependent on the agriculture and manufacturing sector, which cumulatively accounts for more than 40% of national GDP. However, diversification efforts are starting to materialise. Specifically, the gas, electricity and construction sectors have all experienced double-digit growth rates (1993 to 2008) related to various megaprojects (including the Mozal aluminium smelter, hydroelectricity from the Cahora Bassa dam, and natural gas exported to South Africa), albeit all starting from low levels of contribution to GDP. Growth in most other export items (prawns, cotton, cashews, forestry, tea etc) has been subdued over the same period. Going forward, in addition to various mining, gas, oil, coal and construction projects, insurance opportunities are expected to arise following the rehabilitation of the Maputo Port.

Table 1: Economic indicators	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009f**
Real GDP growth (%)	6.5	7.9	8.4	8.7	7.0	6.8	4.3
GDP per capita (US$)	248.3	297.9	335.8	338.1	368.7	399.7	401.6
Inflation (%)	13.5	12.6	6.4	13.2	8.2	10.3	3.5
Population (million)	18.8	19.1	19.6	20.0	20.5	21.0	21.8

Source: IMF

Access to finance is constrained by the relatively high lending rates imposed by Mozambique's 11 banks, at around 15%, well above prevailing inflation. Furthermore, deposit rates are nominal on Metical deposits, and zero on foreign currency holdings. In line with most emerging market currencies, the Mozambique Metical deteriorated further in 2009 (a direct consequence of the global financial crisis), closing the year at Mt27.5/US$, representing depreciation of 9.2% over 2008.

Operating environment

Insurance activities in Mozambique are regulated under the control of the Inspector General of Insurance, on behalf of the Ministry of Planning and Finance. While the insurance market in Mozambique was liberalised in 1997, there still remains a considerable lack of clarity regarding insurance legislation. Six insurance companies currently operate in Mozambique, which ranked by non-life market share include: State owned Empresa Mocambicana de Seguros ("EMOSE"), Segurado Internacional De Mocambique ("SIM"; 90% owned by Banco International de Mocambique), GA, Hollard, Mocambique Companhia de Seguros and relative newcomer Austral. Combined non-life GWP is estimated at over US$100m as at 31 December 2008 (2007: US$93m). EMOSE controls a sizeable percentage of the market (roughly 35%), albeit well below historical levels given increasing competition. GA is comfortably the third largest insurer (after SIM with roughly 32%), accounting for around 24% of market GWP, with Hollard Seguros representing the bulk of the remainder, at roughly 8%. Notwithstanding continued strong annual premium growth evidenced across the industry (from a cumulative gross book of around US$30m in 2002), the insurance penetration rate in Mozambique remains very low (at just over 1% of annual GDP).

The broker market in Mozambique is largely unregulated, yet plays an important role in facilitating client business. There are currently 13 licensed brokers operating in the insurance sector, dominated by South African and Portuguese owned shareholders. A major risk to the industry is the long delays in collecting premiums from brokers, who in turn rely on clients to pay their premiums after contracting.

The latest available industry data is from 2005, which indicates that non-life business accounted for 87% of total gross premium income in the industry. It is believed that subsequent strong growth in the short term insurance industry has diluted the life sectors contribution further. However, an accurate perspective of market trends is difficult to determine given that insurance companies are not obliged to release financial data into the public domain.

Risk diversification

GA participates predominantly in the commercial arena, having secured and retained several large accounts of companies operating across a broad range of industries in Mozambique. This has, however, resulted in a position whereby the company is often forced to defend its book of business from competitors. Cumulatively, commercial business comprised a significant 85% of gross premiums written in F09 (F08: 89%). GA dominates the broker market, with the three largest multinational intermediaries (AON, Alexander Forbes and Glenrand) procuring between 60% and almost 100% of their business specifically for GA. The four largest brokers (including locally based National) accounted for 76% of the insurer's GWP in F09. While the high reliance on broker derived business is considered a business risk, cognisance is taken of GA's long standing relationships with these intermediaries, in particular the multinationals with which GA's sister companies have business relationships outside Mozambique. The largest client represented around 8% of GWP in F09, with the five largest totalling less than 20%. Direct sales continued to evidence an increasing component of the insurer's book, accounting for 22% of gross premiums from 19% in

F08. Ongoing marketing initiatives geared towards the personal lines market (discussed under future prospects) is expected to see a larger component of direct business in the medium term, thereby mitigating broker reliance somewhat. Around 50% of GA's book is priced annually, although bi-annual and quarterly premiums are increasingly becoming the preferred methods of policy issuance. This is positively viewed in the context of an improved ability to re-price poor performing risks.

Table 2: Class analysis (%)	GWP F08	GWP F09	NWP F08	NWP F09
Motor	25.6	26.2	44.7	48.5
Fire	19.1	27.4	9.1	12.3
Engineering	21.9	18.0	8.5	5.4
WCA	8.2	7.2	15.4	14.0
Marine	4.8	4.0	2.4	2.0
Personal Acc.	3.7	2.7	2.6	2.1
Liability	4.4	4.0	1.2	2.2
Goods in transit	1.8	2.1	3.1	3.7
Toursure	2.8	2.5	4.9	4.7
Other	7.8	5.8	8.1	5.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Note: Based on management accounts.

An assessment of premium income reveals little movement across most classes of business from F08 to F09, with the exception of the fire and engineering books. According to management, this was mainly due to a reclassification of risks between these two classes, although relatively strong fire premium growth was reported in F09, driven by the take on of a handful of large corporate related risks, mainly in the oil, gas and coal industries. Given the potentially high value of claims, these risks are largely reinsured, with fire and engineering comprising 12% and 5% of the net book respectively (from around 9% each in F08). The fire and engineering books are anticipated to continue to register strong growth going forward, on the back of continued infrastructural development in Mozambique. The motor book sustained a strong growth trajectory, following the passing of a regulatory ruling towards the end of 2009 that all vehicles be insured by 1 August 2010 (suggesting further strong growth post F09, given that only an estimated 35% of vehicles are currently insured). As motor premiums are largely retained, the motor book continued to dominate almost half of the overall net book, with WCA contributing a further 14% in F09.

Table 3: Class performance (%)	Earned loss ratio F08	Earned loss ratio F09	U/w margin F08	U/w margin F09
Motor	71.1	64.4	(15.1)	2.0
Fire	49.3	(4.2)	(17.1)	20.7
Engineering	0.8	28.8	40.2	19.9
WCA	32.9	36.7	20.1	24.0
Marine	44.9	0.6	(42.4)	18.3
Personal Acc.	29.0	16.4	(7.1)	25.8
Liability	11.7	2.6	(40.7)	28.2
Goods in transit	(10.7)	34.2	64.1	26.1
Toursure	23.2	23.5	31.3	43.4
Other	88.4	51.4	(36.7)	(8.9)
Total	**45.3**	**40.7**	**0.6**	**12.5**

Note: Based on management accounts.

Given its high weighting in terms of earned premiums, the overall underwriting margin is noticeably impacted by the motor account. In terms of claims experience, the motor book reflected a healthy improvement in F09, which supported a strong turnaround in the underwriting margin on this class, to a 2% profit from a loss position previously. According to management, this follows improved pricing and assessment procedures, as well as a continuation of positive results being achieved with respect to contracted panel-beaters, in particular through improved efficiencies in the sourcing of parts. Note is taken of some fairly large cyclone related claims in February F08, which although heavily reinsured, impacted GA's fire book for that year given the insurer's retention of 21%. In the absence of any major fire related claims in F09, as well as a more conservative approach (with retention declining to 15% from 21%), the fire book evidenced a healthy turnaround relative to F08, posting a solid 21% underwriting margin. The engineering book, which mainly covers material damage to company machinery, saw net claims paid increase to Mt3.9m from an unusually low Mt0.2m in F08. Claims were, however, still relatively well contained and this class of business remained profitable. WCA related claims evidenced a slight deterioration in F09. Notwithstanding this, supported by a 5 percentage point decrease in the expense ratio to 19%, the WCA book remained very profitable, as did Toursure (compulsory 3rd party). Overall, assisted by a general improvement in relative claims across most remaining classes, and the healthy performance of the dominant motor book, GA's overall earned loss ratio decreased from 45% in F08 to 41% in F09.

Reinsurance

GA's reinsurance programme comprises both proportional and non-proportional treaties. The lead reinsurer across all treaties is international investment grade rated Munich Re (27.5%), and also includes Swiss Re, Africa Re and SCOR.

Proportional treaties

Table 4: Reinsurance (US$)	Reinsured's net retention	Total treaty capacity	Natural perils event limit
Fire surplus (20 lines)	1m	20m	70m
Eng. surplus (16 lines)	1m	16m	55m
Liability surplus (5 lines)*	1m	5m	n.a.

**Includes general, tenants, public, products, employer & third party.*

Non-proportional treaties

A general account excess of loss program (covering fire, accident, liability, motor, engineering, and marine cargo & hull), structured into three layers, covers losses ranging from US$250,000 to US$10m. GA's maximum exposure to any single risk or event amounts to US$250,000, or Mt7m (3% of FYE09 capital).

Reinsurance portfolio transfers increased from Mt177m in F08 to Mt306m in F09. This is primarily due to a significant drop in claims recoveries in F09 (compared to large cyclone exposure recoveries in F08), to 1.5% of premiums ceded from 17%. The net transfer is considered excessive relative to premiums.

Table 5: Reinsurance trade off (Mt'm)	F08	F09
Premium ceded	242.6	350.3
Commissions received	(24.2)	(39.2)
Claims recovered	(41.3)	(5.3)
Net transfer / (recovery)	**177.1**	**305.8**

Asset management

As at FYE08, GA's property portfolio totalled Mt25m, and was comprised of a rental generating guest house on Inhaca island (Mt13.1m) and a partially completed new head office (Mt11.6m had been spent). These properties are insured by GA and reinsured through its treaties. At the last rating review, according to management, a further US$2m (Mt54m) was required to complete construction in F09, bringing the total cost to around Mt66m. However, management has advised that total costs were subsequently revised upwards to US$3.9m (Mt105m). This was partly due to increasing construction costs resulting from the depreciation of the Metical, as well as a strategic decision to increase the property size in order to enhance leasing opportunities. The head office was valued by an approved appraiser in November 2009, who confirmed a market value of Mt185m, well above actual construction costs, translating into an Mt80m revaluation gain. As such, combined investment properties accounted for a significant 75% of total investments, well above the level of roughly 50% previously indicated by management, and significantly increases asset/liability matching risk.

Management has advised that a large portion of the head office property is being utilised to generate rental income. Specifically, the building is currently fully occupied, following the securing of three long term tenants (ranging from 3 to 5 years). Rental income of US$38,360 (around Mt1m) is being generated monthly, translating into a 7% investment yield. In this regard, while note is taken of the negative impact on liquidity resulting from the high property exposure, cognisance is taken of the comparatively higher yield being achieved compared to the nominal investment returns available on cash holdings in Mozambiquan banks.

Table 6: Investment portfolio	F08		F09	
	Mt'm	%	Mt'm	%
Cash & cash equivalents	**144.2**	**85.0**	**63.9**	**24.1**
Listed equities	0.5	0.3	1.3	0.5
Bonds	0.4	0.2	0.3	0.1
Investment property	24.7	14.5	199.2	75.3
Other investments	**25.5**	**15.0**	**200.8**	**75.9**
Total investments	**169.7**	**100.0**	**264.7**	**100.0**

As the aforementioned head office development was funded from internal cash reserves, cash and cash equivalents were recorded at a markedly lower Mt64m in F09 (F08: Mt144m). In this regard, cash holdings accounted for only 24% of total investments, well down on the level of 85% displayed in F08. The claims cash coverage ratio retreated to 8 months in F09 (F08: 21 months), well below historical levels. The overwhelming majority of cash holdings are held in US$, spread across BCI, Barclays and Standard Bank in Mozambique. Management has confirmed that unencumbered cash holdings will be maintained at a level of at least US$2.5m (around Mt68m) going forward.

Solvency and reserving

Driven by the aforementioned Mt80m revaluation gain on investment property, shareholders interest advanced a significant 119% to Mt224m in F09. Reserves were further supported by retained earnings of Mt19m (F08: Mt2m) and foreign exchange gains of Mt23m (F08: Mt13m). In this regard, GA reflected more than double the minimum stipulated capital requirement of Mt100m. Given the comparatively lower growth attained in net written premiums (of 44%), the international solvency margin climbed to a review period high of 80%, from 53% in F08. The substantial impact of the revaluation reserve on this ratio is noted, which if excluded would see international solvency recorded at 52% (falling well below 50% if forex movements are also excluded). From a statutory perspective, solvency amounted to 188% in F09 (F08: 153%), above the minimum requirement of 100%.

Average debtors collection increased to 79 days in F09, having been recorded at around 50 days from F05 to F08. According to management, this was due to a key broker retaining client premiums for periods longer than historically held, before passing these on to the insurer. Net debtors outstanding over 90 days amounted to Mt15.6m in F09, compared to Mt1.5m in F08. Excluding this from reserves, solvency totals a lower 75% (F08: 52%).

Financial performance

A 5-year financial synopsis is reflected at the back of this report and brief comment follows hereafter. GWP came in ahead of expectations, following growth of 44% to Mt629m. This includes an amount of Mt67m (F08: Mt48m) relating to administration fees, which are fees charged over and above premiums (an industry convention). In US$ terms, GWP was recorded 31% higher at US$23.6m. Retention levels were unchanged at 44% in F09, compared to a comparatively higher budgeted level of 53%. Accordingly, NWP were recorded 10% below budget, at Mt278m. Earned premiums were 94% of budget, although 46% higher than F08, at Mt270m in F09.

Table 7: Income statement F09 (Mt'm)	Actual	Budget	% of budget
Gross written premiums	**628.6**	**590.6**	**106.4**
Reinsurance premiums	(350.3)	(280.2)	125.0
Net written premiums	**278.3**	**310.4**	**89.7**
Net earned premiums	**270.0**	**287.6**	**93.9**
Net claims incurred	(102.8)	(93.0)	110.5
Net commission	(31.5)	(29.7)	106.0
Management expenses	(98.0)	(96.2)	101.9
Underwriting result	**37.7**	**68.7**	**54.9**

Note: Budget translated using an exchange rate of Mt27:US$

Notwithstanding the sharp increase in premiums, gross claims actually declined to Mt110m in F09, compared to the level of Mt112m posted in F08. However, reinsurance recoveries declined significantly, to Mt5.3m from Mt41.3m in F08, due to the previously mentioned cyclone related claims of 2008. Inclusive of IBNR and unexpired risk provision movements, net claims incurred advanced 24% to Mt103m in F09. This was well below relative earned premium growth, and accordingly, GA reported a 7 percentage point decrease in the earned loss ratio to 38% in F09, having recorded a level in excess of 40% in each prior year of the review period. This was, however, above budget of 32%.

The net commission expense ratio of 11.7% came in slightly lower than the level of 12.8% previously recorded, driven by a sharp rise in reinsurance commissions. Management expenses increased by 28% to Mt98m in F09, below earned premium growth, which supported a 5 percentage point improvement in the expense ratio, to 36%. Included in this amount is staff costs of Mt66m (F08: Mt42m), or 67% of total expenses (F08: 55%). Notwithstanding the improvement in the expense ratio, cognisance is taken of the fairly volatile trend evident over the review period, which serves to undermine the predictability of profits going forward. Overall, GA reported a marked improvement in its underwriting performance, posting a Mt38m profit from a Mt2m profit previously. The underwriting margin registered at 14% in F09 (F08: 1.2%). The volatile underwriting trend over the review period is noted. ROaE advanced to 11.7% in F09 (F08: 2.1%). Unrealised exchange rate gains amounted to a higher Mt23m in F09 (F08: Mt13m gain). Inclusive of these, ROaE amounted to 26% in F09, compared to 16% in F08.

Future prospects

GWP is forecast 21% higher at Mt759m in F10, driven by an expected participation in a number of large new projects being undertaken in Mozambique. Retention levels are budgeted at around 50%, compared to 44% in F08 and F09, as the insurer intends gradually taking on more risk for its own account. Earned premiums are budgeted 23% higher relative to the prior year. The loss ratio is expected to improve slightly over F09, to 37%, below historical averages. In contrast, management expenses are budgeted to advance 37% to Mt135m, on the back of increased employment and advertising fees relating to the launch of two new divisions (discussed below), translating into a 4 percentage point increase in the expense ratio to 41%. Overall, a Mt34m underwriting profit is forecast for F10 (F09: Mt38m profit), equivalent to a 10% underwriting margin (F09: 14%). The solvency margin is budgeted at around 67%.

Table 8: Income statement F10 (Mt'm)	Alo Seguros*	Life*	Total budget
Gross written premiums	**17.9**	**19.1**	**759.1**
Reinsurance premiums	(0.0)	(0.5)	(377.9)
Net written premiums	**17.9**	**18.6**	**381.2**
Earned premiums	**17.9**	**18.6**	**331.8**
Net claims incurred	(3.5)	(7.7)	(121.1)
Commission	(0.4)	(1.7)	(42.0)
Management expenses	(14.0)	(6.8)	(134.5)
Underwriting result	**0.0**	**2.4**	**34.2**
Ratios (%)			
Retention	100.0	97.4	50.2
Earned loss	19.5	41.3	36.5
Commission	2.0	9.3	12.7
Management expense	78.4	36.7	40.5
Underwriting	0.1	12.7	10.3
International solvency	n.a.	n.a.	67.4

Note: Budget translated using an exchange rate of Mt27.5:US$
*New divisions to be launched in 2010, included in total budget.

GA was restructured into 3 core operating divisions towards the end of 2009, each with their own general manager and respective financial, underwriting and claims staff (overseen by the Managing Director). Each division is briefly discussed as follows:

- The primary division houses GA's existing commercial business, which currently accounts for the overwhelming majority of premiums.
- GA is in the final stages of launching Alo Seguros (May 2010), a direct line of motor insurance (previously scheduled for launch during 2H F09, but postponed due to various delays). This division will initially only target personal lines motor business. A capital outlay of US$0.5m (Mt14m, or 6% of the FYE09 capital base) has been allocated to this initiative (staffing, call centre, systems etc), a large component of which will be utilised towards a mass and ongoing marketing campaign. Targeted vehicle coverage has been budgeted at 2,800 in the first year of operation, doubling annually thereafter. All premiums will be 100% retained. The division is forecasting a breakeven position on the back of unusually low loss ratios (of 20%). This is due to the general lag in claiming patterns from policy initiation, with relative claims expected to increase beyond F10.
- A third division was launched towards the beginning of 2010 and entails GA's venture into the life domain. Initially, the company will focus on group life cover, with medium term expansion plans including bancassurance arrangements, as well as investment and funeral products. The Mozambiquan life market is relatively small and estimated at US$12m in GWP (Mt330m). To date, the insurer has captured 2 group schemes, with a combined annual premium of Mt4.3m, translating to around 22% of full year budgeted GWP. An XOL policy has been purchased in order to provide cover in the event of catastrophic losses. The life division expects to attain underwriting profitability in its first year of operation.

Global Alliance Seguros

(Meticais in millions except as noted)

Year ended : 31 December		2005	2006	2007	2008	2009
Income Statement						
Gross written premiums		269.1	339.1	368.2	435.6	628.6
Reinsurance premiums		(166.7)	(206.6)	(188.6)	(242.6)	(350.3)
Net written premiums		**102.4**	**132.5**	**179.6**	**193.1**	**278.3**
(Increase) / Decrease in insurance funds		(7.1)	(2.0)	(3.3)	(7.9)	(8.3)
Net earned premiums		**95.2**	**130.5**	**176.3**	**185.1**	**270.0**
Claims incurred		(38.2)	(59.8)	(73.6)	(82.8)	(102.8)
Commission		(6.7)	(13.1)	(13.4)	(23.6)	(31.5)
Management expenses		(50.3)	(48.6)	(44.1)	(76.5)	(98.0)
Underwriting profit / (loss)		**(0.0)**	**9.0**	**45.3**	**2.2**	**37.7**
Investment income		0.1	0.4	0.8	0.7	1.1
Other income / (expenses)		0.8	0.7	(0.7)	5.7	(0.1)
Taxation		(2.1)	(2.4)	(14.5)	(6.6)	(19.6)
Net income after tax		**(1.3)**	**7.7**	**30.9**	**2.0**	**19.0**
Unrealised foreign exchange gains / (losses)		5.7	(2.5)	(0.1)	13.0	22.7
Unrealised investment gains / (losses)		n.a.	n.a.	n.a.	2.3	79.7
Balance Sheet						
Shareholders interest		**66.9**	**71.8**	**87.2**	**102.0**	**223.6**
Insurance funds		22.6	27.5	29.9	40.0	48.1
Other liabilities		133.6	139.1	69.5	124.1	193.8
Total capital & liabilities		**223.1**	**238.4**	**186.5**	**266.0**	**465.5**
Fixed assets		3.9	4.2	4.4	4.7	6.8
Investments		4.8	7.7	18.7	25.5	200.8
Cash and short term deposits		51.5	127.9	120.1	144.2	63.9
Other current assets		162.9	98.6	43.4	91.6	194.1
Total assets		**223.1**	**238.4**	**186.5**	**266.0**	**465.5**
Key Ratios						
Solvency / Liquidity						
Shareholders funds / NWP	%	65.4	54.2	48.5	52.8	80.4
Statutory solvency	%	n.a.	n.a.	182.7	153.2	188.3
Financial base	%	87.4	75.0	65.1	73.5	97.7
Claims cash coverage	months	16.2	25.7	19.6	20.9	7.5
IBNR / EPI	%	5.1	7.5	6.0	6.9	6.7
Net outstanding claims / NWP	%	40.8	21.2	11.0	22.6	28.5
Insurance funds / NWP	%	22.1	20.8	16.6	20.7	17.3
Debtors days	days	48.3	52.9	51.6	51.5	78.7
Profitability						
ROaE (before foreign exchange gains / losses)	%	(2.0)	11.1	38.9	2.1	11.7
ROaE	%	6.9	7.4	38.8	15.9	25.6
Investment yield (including unrealised gains / losses)	%	8.5	(2.2)	0.5	8.9	11.0
Cash investment yield (average)	%	0.1	0.4	0.6	0.5	0.5
Efficiency / Growth						
GWP growth	%	25.2	26.0	8.6	18.3	44.3
Premiums reinsured / GWP	%	62.0	60.9	51.2	55.7	55.7
Earned loss ratio	%	40.1	45.8	41.7	44.7	38.1
Commissions / Earned premiums	%	7.1	10.0	7.6	12.8	11.7
Management expenses / Earned premiums	%	52.8	37.2	25.0	41.3	36.3
Underwriting result / Earned premiums	%	(0.0)	6.9	25.7	1.2	14.0
Trade ratio	%	100.0	93.1	74.3	98.8	86.0
Operating						
Effective tax rate	%	258.7	24.0	31.9	77.1	50.8

Note: Financial statements prior to 2007 restated to incorprate reduction of three zero's as per revised currency.